

Table 3

ESTIMATED LOSSES OF CARABAOS

PROVINCE	FARMS SAMPLED		DE- CREASE	NUMBER IN:	NUMBER IN:	LOSS
	1938-39	1945-46		PROVINCE PRE-WAR	PROVINCE AT PRESENT	
Rizal	788	231	71%	29,000	9,000	20,000
Cavite	537	232	57%	29,000	13,000	16,000
Bulacan	2,294	1,543	33%	69,000	46,000	23,000
Pampanga	5,428	3,398	37%	63,000	40,000	23,000
Tarlac	2,790	2,012	28%	73,000	53,000	20,000
Nueva Ecija	2,688	1,080	60%	158,000	63,000	95,000
Ilocos Norte	281	226	20%	51,000	41,000	10,000
La Union	330	234	29%	40,000	28,000	12,000
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	879	413	53%	34,000	16,000	18,000
Batangas	556	420	25%	27,000	20,000	7,000
Isabela	454	248	44%	102,000	57,000	45,000
Iloilo	3,048	1,737	43%	151,000	86,000	65,000
Capiz	978	497	49%	79,000	40,000	39,000
Negros Oriental	1,303	308	76%	45,000	11,000	34,000
Bohol	516	446	14%	90,000	77,000	13,000
Marinduque	129	98	24%	13,000	10,000	3,000
Zamboanga	344	297	14%	61,000	52,000	9,000
TOTAL	23,343	13,420	43%	1,114,000	662,000	452,000

Table 4

ESTIMATED LOSSES OF CATTLE

Province	Number on Farms Sampled		De- crease	Number in:		LOSS
	1938-39	1945-46		Province: Pre-War	Province: At Present:	
Rizal	194	9	95%	7,300	400	6,900
Cavite	215	30	86%	11,000	1,500	9,500
Bulacan	470	117	75%	9,000	2,300	6,700
Pampanga	325	11	97%	1,900	100	1,800
Tarlac	1,212	70	94%	4,500	300	4,200
Nueva Ecija	n.a.	n.a.			n.a.	n.a.
Ilocos Norte	180	112	38%	24,400	15,100	9,300
La Union	182	86	53%	16,000	7,500	8,500
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	n.a.	n.a.			n.a.	n.a.
Batangas	846	563	34%	62,000	41,000	21,000
Isabela	94	44	53%	19,500	9,200	10,300
Iloilo	1,918	295	85%	69,200	10,400	58,800
Capiz	455	40	91%	11,000	1,000	10,000
Negros Oriental	1,137	47	96%	51,100	2,000	49,000
Bohol	992	58	41%	36,200	21,400	14,800
Marinduque	12	3	75%	4,000	1,000	3,000
Zamboanga	315	86	73%	41,900	11,300	30,600
TOTAL	8,547	1,571	82%	369,000	124,500	244,500

Table 5

ESTIMATED LOSSES OF HORSES

Province	Number on Farms		De-crease	Number In:		Loss
	1938-39	1945-46		Province Pre-War	Province At Present	
Rizal	40	3	92%	2,200	200	2,000
Cavite	109	61	44%	8,600	4,800	3,800
Bulacan	226	105	54%	4,100	1,900	2,200
Pampanga	279	144	48%	3,700	1,900	1,800
Tarlac	53	27	49%	4,300	2,200	2,100
Nueva Ecija	n.a.	n.a.			n.a.	n.a.
Ilocos Norte	40	5	88%	4,200	500	3,700
La Union	52	38	27%	3,400	2,500	900
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	n.a.	n.a.			n.a.	n.a.
Batangas	194	123	36%	20,300	13,000	7,300
Isabela	78	32	60%	11,800	4,700	7,100
Iloilo	80	31	60%	1,700	700	1,000
Capiz	15	3	80%	900	200	700
Negros Oriental	45	21	53%	10,600	5,000	5,600
Bohol	48	20	58%	5,800	2,400	3,400
Marinduque	30	13	57%	6,900	3,000	3,900
Zamboanga	46	18	61%	3,300	1,300	2,000
TOTAL	1,335	644	52%	91,800	44,300	47,500

Table 6

ESTIMATED LOSSES OF HOGS

Province	Farms Sampled		De-crease	Number In:		Loss
	1938-39	1945-46		Province : Pre-War	Province : At Present	
Rizal	426	32	93%	20,000	1,000	19,000
Cavite	336	129	62%	31,000	12,000	19,000
Bulacan	2,119	704	67%	50,000	17,000	33,000
Pampanga	4,193	1,543	63%	49,000	18,000	31,000
Tarlac	2,306	752	67%	58,000	19,000	39,000
Nueva Ecija	n.a.	n.a.			n.a.	n.a.
Ilocos Norte	311	201	35%	52,000	34,000	18,000
La Union	354	241	32%	39,000	27,000	12,000
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	n.a.	n.a.			n.a.	n.a.
Batangas	1,114	554	50%	93,000	46,000	47,000
Isabela	759	191	75%	112,000	28,000	84,000
Iloilo	1,180	549	53%	72,000	34,000	38,000
Capiz	631	148	76%	45,000	11,000	34,000
Negros Oriental	510	208	59%	149,000	61,000	88,000
Bohol	601	268	55%	160,000	72,000	88,000
Marinduque	94	70	26%	16,000	12,000	4,000
Zamboanga	401	250	38%	78,000	48,000	30,000
TOTAL	15,335	5,840	62%	1,024,000	440,000	584,000

Table 7

ESTIMATED LOSSES OF CHICKENS

Province	Number on Farms Sampled		De- crease	Number in: Province Pre-War	Number in: Province At Present	Loss
	1938-39	1945-46				
Rizal	5,552	584	90%	182,000	18,000	164,000
Cavite	3,476	1,131	67%	197,000	75,000	132,000
Bulacan	30,984	7,773	75%	493,000	123,000	370,000
Pampanga	28,276	11,129	70%	335,000	101,000	234,000
Tarlac	16,961	3,478	80%	523,000	105,000	418,000
Nueva Ecija	n.a.	n.a.			n.a.	n.a.
Ilocos Norte	3,797	1,845	51%	379,000	186,000	193,000
La Union	5,182	2,352	55%	357,000	161,000	196,000
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	n.a.	n.a.			n.a.	n.a.
Batangas	11,972	4,356	64%	583,000	210,000	373,000
Isabela	5,000	860	83%	530,000	90,000	440,000
Iloilo	14,163	7,374	48%	843,000	438,000	405,000
Capiz	8,808	1,857	79%	562,000	118,000	444,000
Negros Oriental	4,622	1,862	60%	580,000	232,000	348,000
Bohol	4,732	1,632	65%	606,000	212,000	394,000
Marinduque	953	354	63%	87,000	32,000	55,000
Zamboanga	2,827	1,103	61%	468,000	182,000	286,000
TOTAL	147,305	67,590	68%	6,725,000	2,273,000	4,452,000

Table 8

ESTIMATED LOSSES OF PLOWS

PROVINCE	FARMS 1938-39	SAMPLED 1945-46	DE- CREASE	NUMBER IN PROVINCE PRE-WAR	NUMBER IN PROVINCE AT PRESENT	LOSS
Rizal	609	165	73%	17,900	4,800	13,100
Cavite	459	302	34%	23,700	15,600	8,100
Bulacan	1,716	1,353	21%	40,900	32,300	8,600
Pampanga	2,522	2,079	18%	27,700	22,700	5,000
Tarlac	1,561	1,353	13%	36,300	31,600	4,700
Nueva Ecija	998	658	36%	89,100	57,000	32,100
Ilocos Norte	345	234	32%	44,700	30,400	14,300
La Union	256	178	30%	30,600	21,400	9,200
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	226	145	36%	12,700	8,100	4,600
Batangas	955	788	18%	48,200	39,500	8,700
Isabela	239	155	35%	44,900	29,200	15,700
Iloilo	1,785	1,450	19%	79,600	64,500	15,100
Capiz	583	225	61%	40,400	15,800	24,600
Negros Oriental	531	213	60%	35,900	14,400	21,500
Bohol	402	334	17%	55,500	46,100	9,400
Marinduque	131	88	33%	7,000	4,700	2,300
Zamboanga	285	241	16%	20,800	16,800	4,000
T O T A L	13,603	9,961	27%	655,900	454,900	201,000

Table 9

ESTIMATED LOSSES OF HARROWS

PROVINCE	FARMS SAMPLED		DE- CREASE	NUMBER IN		LOSS
	1938-39	1945-46		PROVINCE PRE-WAR	PROVINCE AT PRESENT	
Rizal	422	155	63%	12,500	4,600	7,900
Cavite	266	169	36%	14,400	9,200	5,200
Bulacan	1,366	1,095	20%	34,500	27,600	6,900
Pampanga	2,294	1,756	23%	24,200	18,600	5,600
Tarlac	1,463	1,263	13%	29,300	20,600	8,700
Nueva Ecija	n.a.	n.a.			n.a.	n.a.
Ilocos Norte	248	218	12%	38,300	33,700	4,600
La Union	230	186	19%	26,600	21,500	5,100
Abra	n.a.	n.a.			n.a.	n.a.
Zambales	n.a.	n.a.			n.a.	n.a.
Batangas	690	554	20%	19,700	15,800	3,900
Isabela	181	128	29%	34,600	24,600	10,000
Iloilo	1,385	1,082	22%	62,300	48,600	13,700
Capiz	482	221	54%	33,100	15,200	17,900
Negros Oriental	200	110	45%	5,100	2,800	2,300
Bohol	214	199	7%	29,500	27,400	2,100
Marinduque	102	83	19%	4,600	3,700	900
Zamboanga	196	176	10%	8,300	7,500	800
T O T A L	9,739	7,395	24%	377,000	281,400	95,600

UNITED NATIONS
RELIEF AND REHABILITATION ADMINISTRATION
AGRICULTURAL REHABILITATION DIVISION
Philippine Mission -- Manila

30 January 1946

WAR DAMAGE TO PHILIPPINES AGRICULTURE

SUPPLEMENTARY REPORT

Since preparation of the above report, data have become available from seven further provinces. Time has not permitted of an analysis as full as that submitted for regions from which survey results were received earlier, but the attached sheet provides a brief summary of the position in these additional provinces.

It will be seen that the results fully bear out the earlier conclusions. If anything the deterioration in conditions has been even greater than was judged earlier.

W. H. Pawley

W. H. PAWLEY
Agricultural Economist.

PERCENTAGE DECREASES IN CROP PRODUCTION AND LIVESTOCK
AND FARM IMPLEMENT NUMBERS IN SEVEN ADDITIONAL PROVINCES

(All figures based on 1938-39 as a norm)

Province	R i c e		Carabaos	Cattle	Hogs	Chickens	Plows	Harrows
	Dec. in:	Dec. in:	Decrease:	Decr.:	Decr.:	Decr.:	Decr.:	Decr.:
	Area	Prod	in nos.	in nos.	in nos.	in nos.	in nos.	in nos.
Bataan	55%	57%	81%	100%	98%	90%	51%	59%
Cagayan	81%	85%	51%	59%	80%	82%	29%	18%
Ilocos Sur	37%	62%	23%	30%	31%	56%	24%	7%
Nueva Vizcaya	60%	62%	74%	98%	87%	92%	69%	72%
Sorsogon	7%	31%	58%	84%	58%	83%	27%	22%
Cebu (Corn)	29%	33%	20%	61%	58%	73%	10%	23%
Pangasinan: (Incomplete)	7%	17%	26%	37%	32%	39%	6%	5%

See p. 2

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

TALK BY DR. DOROTHY GRANT JACQUELIN, AREA ECONOMIST, SWPA

TO

THE ECONOMIC SOCIETY OF AUSTRALIA AND NEW ZEALAND.

18 January, 1946

THE STATUS OF UNRRA'S WORK IN THE FAR EAST

The story of UNRRA's work in the Far East, especially on the operational side, is predominantly one of assistance to China, the country which suffered longer than any other the ravages of a total war with Japan. I intend going into some detail regarding the UNRRA program in China, but before doing so, I shall sketch briefly a few other aspects of UNRRA's work in the Far East.

As you know, over a year ago the Southwest Pacific Area Office of UNRRA was established in Sydney. At that time it was the closest possible point to the scene of military operations and a logical place for advance planning. At that period we did not as yet know whether or not UNRRA would be called upon to assist in relief and rehabilitation work in the Netherlands Indies, Burma, Malaya, French Indo-China and other parts of the Southwest Pacific. As UNRRA must co-operate most closely with the Military in the early stages of its work in any country, it was necessary to be in contact also with the Southeast Asia and Southwest Pacific commands. Furthermore, Australia and New Zealand were sources for recruitment of personnel for operations in Europe and the Far East, and also for the procurement of supplies. To date 148 people have been recruited from this area and sent overseas for service in Europe and China. Among them are:

Administrative Personnel	82
Agricultural "	2
Engineers	6
Medical Personnel	32
Welfare Officers	20

including many renowned figures such as Commander R.G. Jackson who is now Deputy Director General of UNRRA at Headquarters; Sir Raphael Cilento, Chief of UNRRA operations in the British Zone in Germany; and Matron Muriel K. Dogherty, who made such a success of the hospital established at the infamous Belsen concentration camp that she has been appointed Chief Nurse for UNRRA in Poland. Large quantities of clothing, blankets, food-

stuffs

stuffs, medical supplies, and miscellaneous industrial and agricultural equipment have also been procured in Australia and New Zealand for the relief of the suffering millions in Europe. Supplies are also now beginning to go forward to China.

The role of India, like that of Australia and New Zealand, is also a contributing one, and a Supply Office has been set up in that country for the purpose of securing needed supplies. All the other countries of the Southwest Pacific Area were over-run by the Japanese and, instead of being contributors, would be eligible for relief upon request. As it has developed, however, the United Kingdom, France, and the Netherlands have signified that they are in a position to take care of relief problems in their own colonies.

The case of the Philippines is a little more complicated. The United States is planning a large reconstruction program, and it is probable that UNRRA will only have a comparatively minor job of relief and rehabilitation in those islands. Shortly after liberation conditions in these islands were so bad that an emergency relief program was volunteered by UNRRA, and for this purpose \$3 million have been set aside to be spent chiefly on food, clothing and medical supplies. There was, and there still is, plenty of money in the Philippines resulting from the employment of Philippine labor by the American Army, but there is nothing to buy. As a result prices have increased fantastically and, of course, the black market is rampant. The first UNRRA relief ship arrived in Manila last August, followed shortly thereafter by several others. The arrival of relief supplies, in addition to feeding the hungry, served to cut into the inflationary price of necessities -- a loaf of bread which previously cost 4 pesos (over 12/-) could be bought, after the relief supplies' arrival, for 40 centavos, or slightly over 1/-. The arrival of UNRRA milk dropped black market prices of dried milk from 25 to 2 pesos overnight. The arrival of used clothing and cloth cut the price of materials from 60 to 15 pesos, and so on. UNRRA established a small office in Manila to facilitate operations in that area. Mr. Frank Gaines, who is Director of the SWPA Office here in Sydney, is also Director of the Manila office. The reports which we receive indicate that these small quantities of relief supplies have been of great immediate aid. However, the Philippines present extreme need for rehabilitation assistance in their war-torn islands.

A possible field of UNRRA operations are Korea and Formosa which, as part of the former Japanese Empire, were not eligible for UNRRA aid except by special authorization. This subject was brought up for discussion at the Council Meeting in London

/last

MEMO:

29 January 1946

TO : Mr. K. McKenna

FROM: Mr. Glen Briggs

The following is an outline of information you requested in your memorandum:

1. Tasks of the Agricultural Rehabilitation Division in the Philippine Mission:
 - (a) So far to secure an adequate vegetable seed supply in time for the October-December crop planting season.
 - (b) To make factual economic surveys to determine surplus and deficiency crop food production areas.
 - (c) To make investigations regarding the fishing industry, its destruction, and needs to produce suitable local protein food to supplement starchy diets.
 - (d) To determine the destruction or loss of livestock, especially work animals; of farm tools and implements used in food production.
 - (e) To determine requirements.
 - (f) To assist the Philippine Government to re-establish production and develop a sound agricultural program.
2. There are no documents available instructing Agricultural Rehabilitation Division to tackle these tasks or defining the scope of its work except Mr. Gaines' directive to establish a Philippine Mission in accordance with the policy and regulations of UNRRA.
3. To-date, the achievements of the Agricultural Rehabilitation Division are:
 - (a) Seed received in time for planting, thus making possible a supply of vegetables for the population in the provinces.
 - (b) Completion of preliminary fisheries program and developing requirements for the industry.
 - (c) Economic survey has been used by UNRRA, PRRA, State Department, High Commissioner, American Consulate, USCC, and Philippine Government as the only comprehensive post-war survey and reliable information available upon which to base a program for the Philippine Islands. This survey has also served to lessen political pressure when not based on factual evidence or need in the various provinces.

4. Recommendations made to the Philippine Government:

- (a) Fisheries School was recommended and arrangements are under way for its establishment.
- (b) Seed program has been accepted and put into operation.
- (c) Livestock purchase and saving of breeding animals formerly developed and adapted to the Philippines for future breeding purposes..

5. Main difficulties encountered have been lack of data and facilities with which to work; conflicting and unreliable agricultural and fisheries statistics; no authorization or funds allocated from Washington for an agricultural program (outside of seed); lack of adequate transportation in early stages to make surveys as to destruction, damage or farm conditions following liberation; limited understanding of UNRRA's relief and rehabilitation to help producers instead of government departments.

6. Outside my own specific field, I have worked on the distribution of relief supplies; helped repatriate Chinese refugees; acted as Chief of Mission; have been surplus procurement agent, purchasing for both China and the Philippines; made talks on UNRRA before different organizations; co-operated with PRRA in assembling requirements for the entire Philippine program.

Glen Briggs
GLEN BRIGGS
Chief Agricultural
Rehabilitation Officer

for Mc Kenna

MEMORANDUM:

TO : Mr. Glen Briggs

FROM : K. McKenna

SUBJECT: Material for History of Philippine Mission.

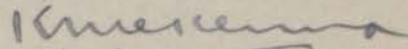
In gathering material for the history of this Mission, I would appreciate information from you on the following points:

- (1) What in brief have been the tasks of the Agricultural Rehabilitation Division in the Philippine Mission?
- (2) Are any documents available instructing Agricultural Rehabilitation to tackle these tasks or defining the scope of its work?
- (3) What are the achievements to date of Agricultural Rehabilitation?
- (4) What recommendations have been made to the Philippine Government? Has any of them been acted on?
- (5) What have been the main difficulties encountered and what are the lessons to be learned?
- (6) What, very briefly, have you and Agricultural Rehabilitation done outside your own specific field?

If in the next couple of days you could let me have answers to these questions, either in writing or discussion,

I would remain, Sir,

Your grateful historian,



K. McKENNA
Public Information Officer

Jan 25, 1946

Notes from U.S. ARMY SERVICE FORCES MANUAL
M365-1: Civil Affairs Handbook
Philippine Islands: Geographical
and Social Background.

Rice and coconuts are found in all provinces of the Philippines.

The Central Plain of Luzon is the most important rice area in the islands.

Negros is the chief sugar centre.

South ern Luzon is the main coconut and abaca (hemp) region.

North-eastern Luzon grows 80% of P.I. tobacco.

Visayan Islands constitute the chief corn-producing area.

The summer capital, Baguio, in Mountain Province, is 4,756ft above sea level

Municipalities and municipal districts are divided into barrios, 17,000 in all, which are rural or semi-rural areas somewhat like townships in the US. Many barrios have a centre or centres of population, in physical respects somewhat similar to American villages.

Estimated population of the Philippines - 17,000,000 to 18,000,000.

Manila's estimated population in 1941 - 684,800.

Cebu's prewar population was 146,800 (that is, the city), and Baguio's 24,000.

XXXXXXXXXXXXXXXXXX

REHABILITATION PROBLEMS OF THE RURAL DISTRICTS

By

MANUEL A. ROXAS (President of the Senate)

AN ABSTRACT OF SENATOR ROXAS'
SPEECH ON THE FLOOR OF THE
SENATE, SEPTEMBER 10, 1945.

The Philippines today is economically prostrate. Our national economy has been destroyed and our country is economically weaker now than in 1899 when the American forces first landed on our shores. At that time we suffered from no ravages of war. Our agriculture then was sufficient to provide the country with its food requirements. Our people were probably not luxuriously clothed and sheltered, but we had food to eat, which is the first requirement of existence. Today we are without these essentials for reasons or faults that can not be attributed to us.

Our agriculture is prostrate because we have lost about 75 per cent of our work animals - the old reliable carabao, without which Philippine agriculture can not continue - we have lost over 80 per cent of our mechanized equipments. In Negros alone, only five percent of the tractors have not been destroyed, and even these require repairs that can not be immediately done before they can be commissioned to operate. Our farms have been disorganized, farmers and farm hands have evacuated to distant districts for refuge and it would take time to get our rural communities settled down to the old peaceful and busy life again. Farm houses have been destroyed, whole farming barrios were ransacked and burned. Thousands of farmers are still living in make-shift shacks that their families may get protection from inclement rainy season.

Our expected rice harvest is altogether going to be far below normal production of pre-war days. Reports of investigation indicate that the expected crop will not be more than fifty percent of last years' production estimated at 56 million cavans of palay. I fear that by December and January of next year, it will not be possible to obtain one half of 56 million cavans. The prospect for corn, camote, and other auxiliary substitute crops is equally gloomy.

(Figure's question)
KMM

T E N M O N T H S O F P R E S I D E N T

O S M E N A ' S A D M I N I S T R A T I O N

* * * * *

A R E V I E W O F W O R K D O N E

U N D E R U N P R E C E D E N T E D D I F F I C U L T I E S

* * * * *

IN LESS THAN ONE YEAR THE COMMONWEALTH OF THE
PHILIPPINES HAS SPRUNG TO THE TASK OF RECONSTRUCTION
IN SPITE OF THE MANY HEART-BREAKING DIFFICULTIES THAT
CONFRONTED IT AFTER THE LIBERATION. SOME OF THESE
DIFFICULTIES HAVE BEEN OVERCOME, BUT MANY IF NOT MOST
OF THEM STILL REMAIN. BUT THEY HAVE NOT DISCOURAGED
US. WE ARE MOVING FORWARD, AND WITHIN OUR LIMITED
RESOURCES WE ARE ACCOMPLISHING OUR MOST URGENT TASKS.

THE FOLLOWING FACTS SPEAK FOR THEMSELVES. THEY
ARE SUBMITTED TO THE PEOPLE THAT THEY MAY KNOW WHAT
HAS BEEN DONE AND ACCOMPLISHED SO FAR.

*For State of Country on Liberation see
Rehab of Banks
Public works
Postal etc Services
Public Instruction*

DEPARTMENT OF FINANCE

The Department of Finance has certified that funds are available to cover the release of a total appropriation of P44,404,643.40 for various purposes, as follows:

For the payment of life insurance policies issued by the Government Service Insurance System, C. A. No. 706	P1,670,000.00
Aid to national, provincial and city hospitals and their dispensaries, C. A. No. 705	1,285,973.40
For the rehabilitation of the Manila Railroad Company, C. A. No. 707	2,500,000.00
To continue the payment of retirement gratuities or pensions under existing laws, C. A. No. 710	2,000,000.00
For a bonus for public school teachers and other low-salaried employees, C. A. No. 714..	5,566,670.00
To be paid as bonus from July 1, 1945, to enlisted men of the army, the army band and the air corps, Philippine Army, C.A.No.717..	30,000,000.00
To continue the agronomical survey of the Philippines, C. A. No. 718	168,000.00
For the establishment, improvement, development, maintenance and operation of agricultural experiment and demonstration stations, C. A. No. 718	160,000.00
To continue the classification, survey and subdivision of agricultural lands of the public domain, C. A. No. 718	472,000.00
Bureau of Forestry	68,000.00
To continue the reforestation and afforestation of watersheds, denuded areas, and cogen or open lands within forest reserves, communal forests, National parks and timberlands, sand dunes, etc., C. A. No. 718	216,000.00
For the creation of the Cinchona Plantation Revolving Fund, C. A. No. 718	60,000.00
To rehabilitate the cadastral survey revolving fund, C. A. No. 719	238,000.00
T o t a l	<u>P44,404,643.40</u>

In order to expedite the payment of the two months gratuities to officials and employees of local governments as well as to those of government-owned or controlled corporations as authorized in Executive Order No. 83 dated December 24, 1945, Department Order No. 16 dated January 9, 1946 has been issued.

The Department exercises direct supervision and control over the financial officers and affairs of local governments through the Division of Provincial and Municipal Finance. The immediate task of the Division upon reconstitution was the reestablishment of the provincial, city and municipal treasury service.

Practically all of the pre-war provincial and city treasurers had been recalled to duty and reappointed or designated to their pre-war positions. All of the Provincial and City Treasurers, except that of the City of Manila, have been designated Acting Assessors in their respective provinces and cities without additional compensation. After the reconstitution of the provincial treasuries, that of municipal treasuries immediately followed as a matter of course. The Department had to reconstitute the local

treasuries without waiting for the reconstitution of the offices of the local chief executives in order that the tax collection service might be set to function immediately. This had to be done because of the need for funds with which to finance the operation of the Government and its branches. As of December 31, 1945, provincial treasurers had been appointed for 38 regular provinces, 11 special provinces, 10 cities, and 4 special municipalities of Romblon.

Upon the liberation of the provinces, cities, and municipalities from enemy occupation, there was practically no money in their coffers with which to defray the expenses incident to the reconstitution of their governments under the Commonwealth Government. This must have been foreseen by the Administration because under Executive Order No. 19-W of the President of the Philippines, an appropriation of P10,000,000.00 for the reconstitution of the local governments has been set aside. The allotments made and released to the provinces, cities and municipalities by the Department of Finance by authority of the President from this appropriation, which all in all amounted to P2,364,942.63, hastened the reconstitution of the local governments. With a view to raising funds as much as possible to finance local government administration after the reconstitution of the local governments, instructions have been issued to the provincial, city and municipal treasurers to resume the collection of taxes and fees as provided by the existing laws of the Commonwealth Government at the rates prevailing as of December 31, 1941. However, on account of the disastrous effects of the war on agriculture and business and of the loss of various tax records, not much has been accomplished. In order, therefore, to enable the local governments to function properly, it became necessary to extend to them financial assistance. For this purpose, the amount of P17,347,279.19 has already been allotted by this Department to 48 provinces and their municipalities, 10 cities and 4 special municipalities in the province of Romblon out of the sums of P10,000,000.00 appropriated in Commonwealth Act No. 674 and P20,000,000.00 in Commonwealth Act No. 723 as aid to the local governments. The minimum aid given to a province, city or municipality represents 50% of its ordinary expenses for essential services during the fiscal year 1939, as reflected in the report of the Auditor General for said year, the only financial report available. Where a province, city or municipality needs more than the minimum aid herein referred to, as reflected in its budget, additional aid has been granted it to cover the deficit in its budget. It may, however, be stated that because of the fact that their budgets for the current fiscal year have not been received in this Department certain provinces, cities, and municipalities have not as yet been given the full amount of the financial assistance that they may need during the current fiscal year for the purpose of defraying their operating expenses for ordinary essential activities.

Due to the extensive and intensive tax-collection campaign of the local treasurers pursuant to our instructions, some appreciable progress has been attained. The net result, however, cannot compare favorably with the pre-war collections for the simple reason that, as stated above, agriculture, industry and business have been severely hit by the war. In addition, the tax records on which to base collection have, in the majority of cases, been destroyed. Appropriate steps have already been taken toward the reconstruction of said records.

Because of the present precarious conditions of the local finances, the Department of Finance has adopted the policy of not authorizing the creation of positions which did not exist as of December 31, 1941, and the granting of salary increases, except

in meritorious cases, and in the interest of public service. However, in order to extend certain relief to small-salaried employees, the Department of Finance has made exceptions to the said policy by allowing salary increases proposed for employees receiving less than ₱600 per annum, ₱50 a month or ₱2 a day.

In order to determine the extent of the destruction or damage suffered by the assessment and other tax records, such as the schedules of values, assessor's field sheets, tax declarations, property tax registers, etc., some of which are necessary for the collection of the real property tax, the provincial treasurers have been instructed to submit a report on the condition in which such records were found upon the liberation of the provinces and to state whether or not it is possible to reconstruct the destroyed or damaged records without the necessity of undertaking a general revision of real property assessments, which would take a long time and require much expense to complete. The reports received indicate that the destruction or damage caused to the assessment and other tax records is very extensive and that in many cases it would not be possible to reconstruct the records unless a revision of assessment of individual properties is made. In spite of the insufficiency of funds and the lack of printed assessment forms and office equipment, the reconstruction work is going on as fast as facilities permit.

In the expectation that many assessment appeals would be filed, because in many cases the old assessments had to be changed on account of the changed conditions of the property, steps have been taken to reconstitute the boards of tax appeals in the provinces and cities, as well as to obtain the approval of the rules and regulations governing the procedure of filing appeals to the Central Board of Tax Appeals created under Commonwealth Act No. 530.

The operation of the Philippine Charity Sweepstakes office which comes under the administrative supervision of the Department by virtue of the appointment of the Secretary of Finance as Chairman of its Board of Directors, had to be suspended because sweepstakes races could not be held as both racetracks were occupied by the U. S. Army. The repeated recommendations made by this Department for the early reopening of the Office by the holding of lotteries in the meantime were not favorably considered. Recently, however, its new Board of Directors has been appointed, with the Secretary of Finance as Chairman and Messrs. Rafael Rocas, Gabriel Daza, Alfonso Feneo Enrile, and Dr. Aristee Ubalde as members. The Board will meet soon to consider the appointment of the Manager of the Philippine Charity Sweepstakes Office, for its prompt reorganization and its program of activities. The reopening of this Office will not only provide much needed relief funds for civic, health and charitable organizations, but also increase government revenue and give employment to many. Besides, it will enable the Office to pay outstanding obligations, such as the unpaid prizes of the December, 1941 draw, the three months' advance salary and gratuity due its pre-war employees, and other miscellaneous accounts.

Tax measures intended not only to provide additional revenue but also to correct, in certain cases, inequalities in tax rates, were prepared and recommended for enactment. These proposed bills sought to increase the fixed and percentage taxes on business, the basic and additional residence taxes, documentary stamps taxes, charges on forest products, and the rates of income tax. A measure intended to tax at high rates income during the enemy occupation was also recommended. However, only the bill extending the period for the filing of returns and payment of internal revenue taxes was enacted into law (Commonwealth Act No. 722).

REHABILITATION OF BANKS

The Bureau of Banking was reestablished under the Commonwealth Government on 3 March 1945.

The Bureau of Banking is vested with the visitorial power of the government over banks and banking in the interest of the maintenance of sound banking service and the smooth flow of credit. Upon the outbreak of war in 1941, in addition to its regular duties of banking supervision, the President of the Philippines, by Executive Order, instituted strict control over capital movement and entrusted upon the Bureau of Banking the effectuation of the Order. The timely execution of a program of licensing of withdrawals from banks made possible the conservation of bank funds and assets which were later evacuated to the United States, and thus prevented from falling into the hands of the enemy.

Three years of occupation of the Philippines by the enemy has brought havoc upon the entire economy of the country, particularly upon the centripital and vital part of that economy, the banks, resulting from looting of banks by the Japanese, flooding the country, through force, with worthless currency and ultimately, the destruction of bank premises. The liberation of the Philippines found the banking institutions in an abject state of collapse. In this state, the reconstruction of the economy of the country had to start with the resumption of operations of banks.

Under Executive Order No. 25, dated 18 November 1944, all banks in liberated areas were ordered closed and their existing accounts frozen. However, mindful of the indispensability of banks in the day-to-day life of the community, the President ordered the Banking Division of the National Treasury opened, under Executive Order No. 33, dated 10 March 1945, with ₱30,000,000 capital to tide over until the old established banks could be allowed to resume operations.

It was the initial task of the Bureau to determine the actual financial position of all banks as of date of liberation. Having accomplished this about the middle of the second quarter of 1945, the Bureau of Banking was well prepared to assume responsibility of licensing the resumption of banks. Forthwith, the President by Executive Order No. 48 dated 6 June 1945, authorized the Bureau of Banking to reopen banks that were found in condition to resume operation. As it was necessary to determine the true extent of the liability of banks for commitments undertaken during the period of enemy occupation, Executive Order No. 49, dated 6 June 1945, was promulgated, and on the basis thereof, an examination was made into the assets and liabilities of every bank to supplement preliminary analyses previously made.

Subsequently, the following banks were licensed to perform their usual banking functions as of dates indicated.

1. National City Bank of New York June 15, 1945
2. Philippine National Bank July 23, 1945
3. Chartered Bank of India, Australia
and China July 23, 1945
4. China Banking Corporation July 23, 1945
5. Philippine Bank of Communications July 27, 1945
6. Agricultural and Industrial Bank August 6, 1945
7. Hongkong and Shanghai Banking Cor-
poration August 6, 1945
8. Nederlandsch Indische Handelsbank, N. V. August 6, 1945

Philippine National Bank Branches:

1. Bacolod, Negros Occidental	August 27, 1945
2. Baguio, Mountain Province	July 30, 1945
3. Catantuan, Nueva Ecija	July 23, 1945
4. Cebu, Cebu	July 31, 1945
5. Dagupan, Pangasinan	August 11, 1945
6. Iloilo, Iloilo	July 30, 1945
7. Legaspi, Albay	August 18, 1945
8. Lucena, Tayabas	July 23, 1945
9. Tarlac, Tarlac	July 23, 1945
10. Davao, Davao	November 8, 1945

Philippine National Bank Agencies:

1. Abra	October 1, 1945
2. Agusan	October 23, 1945
3. Albay	October 11, 1945
4. Antique	October 1, 1945
5. Bataan	September 28, 1945
6. Batangas	August 2, 1945
7. Bohol	November 1, 1945
8. Bulacan	August 2, 1945
9. Cagayan	October 17, 1945
10. Camarines Norte	October 23, 1945
11. Camarines Sur	October 16, 1945
12. Capiz	November 16, 1945
13. Cavite	September 19, 1945
14. Cebu	October 19, 1945
15. Cotabato	October 24, 1945
16. Ilocos Norte	September 1, 1945
17. Ilocos Sur	October 24, 1945
18. Iloilo	September 1, 1945
19. Isabela	November 10, 1945
20. Laguna	September 10, 1945
21. Lanao	November 1, 1945
22. Leyte	November 7, 1945
23. Marinduque	October 6, 1945
24. Mindoro	December 15, 1945
25. Masbate	November 19, 1945
26. Mountain Province	December 11, 1945
27. Nueva Ecija	September 26, 1945
28. Occidental Misamis	December 1, 1945
29. Nueva Vizcaya	September 8, 1945
30. Occidental Negros	November 21, 1945
31. Oriental Negros	November 26, 1945
32. Pampanga	August 14, 1945
33. Pangasinan	October 1, 1945
34. Rizal	September 20, 1945
35. Samar	October 3, 1945
36. Sorsogon	November 5, 1945
37. Tarlac	October 2, 1945
38. Tayabas	September 17, 1945
39. Zambales	September 25, 1945
40. Zamboanga	December 29, 1945

Other Provincial Sub-Agencies:

Chartered Bank of India, Australia and China

Iloilo	October 15, 1945
Cebu	January 2, 1946

Hongkong and Shanghai Banking Corporation

Iloilo	December 4, 1945
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Under the provisions of Commonwealth Act No. 672, which provides for the rehabilitation of the Philippine National Bank, Philippine government deposits held by the bank prior to enemy occupation, inclusive of ₱15,000,000 from the capital of the Banking Division of the National Treasury, have been blocked and made available for writing off the losses incurred by the Philippine National Bank by reason of the enemy occupation of the Philippines. The aggregate of government deposits so blocked amount to over fifty-two and one-half million pesos. The aggregate losses of the bank have not as yet been finally determined, but it is estimated that by the application of the blocked government deposits to these losses the resulting capital structure of the bank will not be less than ₱10,000,000. Commonwealth Act No. 672 allows the bank a period of one year within which to determine the losses of the bank and to charge the same against the blocked government deposits. The charging of these losses against the blocked account is placed expressly by law under the supervision of the Bureau of Banking.

REHABILITATION OF OTHER CLOSED BANKS

With respect to the other banks which were in operation before the war but which to date remain closed, various measures have been proposed by this Bureau to permit their reopening. In the Second Special Session of the Congress of the Philippines, a bill was passed appropriating the amount of ten million pesos for the rehabilitation of private banks and providing for a Financial Institution Rehabilitation Board for the management and investment of the appropriated amount. However, this proposed legislation enacted by Congress was vetoed by the President on the ground that the appointment of the members of the Rehabilitation Board unduly limited the prerogatives of the President as provided in the Constitution. In the Fifth Special Session of Congress, a bill was again passed providing for the rehabilitation of Philippine banks and appropriating the sum of ten million pesos to constitute a Special Fund to be managed by a Financial Institution Rehabilitation Board. This measure has been signed by the President.

MANILA CLEARING HOUSE ASSOCIATION

At the instance of the Bureau of Banking, the operation of the Manila Clearing House Association was resumed simultaneously with the reopening of the Philippine National Bank on July 23, 1945. All operating banks, except the Agricultural and Industrial Bank, are members of this Association. With a modest beginning of a total clearing balance of only ₱1,500,000 at the end of the first day of clearing, the operating fund has since grown to a sizable amount of ₱26,000,000 as of December 29, 1945.

REHABILITATION OF BUILDING AND LOAN ASSOCIATIONS

Like banks, all building and loan associations in the Philippines suffered the ravages of war. The importance of rehabilitating these associations can be well appreciated if we take into consideration the fact that they are specialized institutions dedicated to financing home construction. Having ascertained the present condition of these associations, the Bureau of Banking proceeded in search of ways and means for their rehabilitation. With the cooperation of building and loan executives, the Bureau of Banking has been able to present to the Secretary of Finance a formula of rehabilitation which, it is believed, if put into effect, will permit normal operation of all associations already in existence.

PERIODIC REPORTS AND EXAMINATIONS OF BANKS

Effective supervision of banks calls for intimate knowledge by the Bureau of Banking of the constantly changing conditions of

each institution reflected by their day-to-day transactions. This is achieved through examination by a staff of well trained bank examiners of regular and periodic reports rendered to the Bureau by the subject banks and examination of the original books and records at intervals, utilizing the element of surprise.

TANGIBLE BENEFITS FROM REOPENING OF BANKS

Since the reopening of banks, the pooling of surplus funds of the community has been tremendously accelerated, with bank deposits as of 29 December 1945 reaching an all-time record of over 259 million pesos, exclusive of deposits of public funds of over 81 million pesos. These figures will show the extent of funds canalized to banks in combating inflationary tendencies and serving as a stable basis for generating the productive flow of credit. The financing of imports from the United States which is reportedly to the extent of almost a million pesos every day has been undertaken through the medium of banks, thus enabling the constant flow of goods and commodities into Philippine homes and reestablishing normal standards of living for the people. Through extensions of bank credit, commerce and industry are assuming normal aspects and the productive potentials of the country are being generously assisted for sound development and growth after the period of atrophy resulting from enemy occupation.

WORK AT THE TREASURY

The pre-war functions of the different divisions comprising the Bureau of the Treasury have been restored, with the exception of the Mint Division, which is not yet operating. The Mint used to handle the manufacture and production of subsidiary coins needed to ease out the dearth of coins in the Islands, and thus help facilitate retail trade transactions. At present these coins are being minted in the United States. This Office plans to have the Mint resume operations as soon as facilities therefor are available.

Considerably increased are the activities in the Currency Division of this Bureau. The inflow of money to this Treasury is to such an extent that this Office has been constrained, for the sake of an efficient public service, to employ eight emergency money counters at the rate of \$100 per month each to reinforce the pre-war and regular thirteen (13) money counters in this Bureau. The increase in the volume of work has been brought about by the resumption of the National Treasury of selling exchanges against its dollar deposits in the United States. From January 4 to 11, 1946, this Office has sold 26 demand drafts aggregating ₱32,643,000.00. Of this amount, ₱243,000.00 pertained to premiums charged on these exchanges at the rate of three-fourth (3/4) per cent. Deposits from the different bureaus and offices, provinces, cities, government-owned corporations and other entities have also increased. From July 1 to December 31, 1945, the deposits received in this Treasury aggregated ₱24,623,159.54. Treasury warrants drawn on the National Treasury and duly paid for the same period amounted to ₱57,727,218.67. Actual cash transfers from the United States depositories to the Treasury vaults of the amount of ₱60,000,000.00 have also been effected during the said period. Mutilated currency redeemed since liberation totalled ₱5,826,668. Heavy demand by the public for minor and subsidiary coins has been noticeable. Subsidiary coins of various denominations amounting to ₱36,016,200.00 have been made available to the Army for disposition and this Treasury has already requisitioned from the Army a considerable portion of the above coins for disbursement, thus easing out the dearth of small coins in the islands. In view of this great volume of work in the Treasury, the treasury vault in the Charity Sweepstakes Building is inadequate to accommodate the big volume of currency turned over to this Treasury either for deposit or for payment of demand drafts and telegraphic transfers that it had to utilize the vaults in three other different places. This Office plans to recommend the setting up of a better building for this Bureau where better vault facilities could be installed.

The Fidelity Fund, one of the special funds under the administration of this Bureau, is now also operating. This fund takes charge of the insurance of the fidelity of officers and employees of the Government entrusted with the custody of public funds. The premium charged for such insurance is one-fourth (1/4) of one per cent per annum. Up to and including December 31, 1945, there were 6888 bonded positions, varying in amounts from \$100 to \$150,000. There was no transaction in the public debt during the enemy occupation and since liberation up to the present. This Office has submitted a statement embodying requiring sinking fund up to and including June 30, 1947. The Government is taking steps to provide funds for the payment of interest in arrears on bonds issued and sold in the Philippines.

INSPECTION DIVISION

During the period from the re-establishment sometime in April, 1945 of the Office of the Insurance Commissioner of the Philippines up to this date, said Office had licensed 74 insurance companies to operate in this country. Of this number, 18 companies are domestic, 22 are American and 34 are foreign. Of the 18 local companies now in operation, 5 are new companies and 2 were given conditional permits only. Said Office also has under consideration the applications of 2 new American companies to engage in the business of insurance in the Philippines.

As there were only 98 companies, both local and foreign, in operation at the outbreak of the war in 1941, the Office of the Insurance Commissioner, in licensing 74 insurance companies, has contributed much towards the restoration of insurance and bonding business, and credit facilities of the country. It may be said that insurance business has already been restored to normalcy.

In the case of the 18 domestic companies, before they were licensed, they have been examined by the examiners of the Insurance Commissioner's Office. Considering the fact that, during normal times, it usually takes the whole period of one year for the examiners to examine an equal number of companies, the speed with which the said examiners have examined the local companies now in operation which took only a period of a little more than half that required during normal times, may be pointed out with justifiable pride as a commendable achievement.

There were 585 agents' licenses issued by the Office of the Insurance Commissioner during the period under review as against 1,387 licenses in force at the close of the fiscal year ended June 30, 1941. As of this date, there are 42 pending agents' applications for authority to solicit and procure insurance. The difference in the number of agents actually licensed as of this date and that in force on June 30, 1941, may be due to the fact that most of the foreign life insurance companies as well as the 2 local life insurance companies, which companies had the biggest number of agents before, have only recently been granted permits to operate.

During the period under review, the Office of the Insurance Commissioner, in its desire to help policyholders and beneficiaries having claims against closed insurance companies, had published notices in the local papers that it was ready to render assistance relating to claims against said companies. Responding to said notice, a number of policyholders and claimants have filed claims and complaints against insurance companies, which claims and complaints have been duly attended to by the Insurance Commissioner's Office and the companies concerned.

On December 31, 1941, there were around 229 societies or associations authorized to engage in mutual benefit, relief, and benevolent activities under license issued by the Office of the Treasurer of the Philippines, pursuant to the provisions of section 1628-B of the Administrative Code, as amended by Act No. 3612. The annual financial reports submitted by mutual benefit societies during the year aggregated 280 and the examinations made into the financial affairs and condition of such societies aggregated 62 organizations and 22 duly organized branches.

Since the liberation of the Philippines and the reestablishment of the Commonwealth Government, 7 societies have filed applications for licenses to engage in mutual benefit activities. Of the said applicant organizations, 2 have been granted licenses and the rest (5 applications) are still pending consideration either on account of the failure of the applicant organizations to submit the required amendments on their constitutions and by-laws or for incomplete papers.

GOVERNMENT SERVICE INSURANCE

After the liberation of Manila, or on March 16, 1945, the Office of the President authorized a skeleton force to take charge of the records and property of the Government Service Insurance System. Immediate steps were taken by the force to gather together and arrange all the records of the System which were found mixed up and scattered, but which, luckily, were not burned or destroyed. Efforts were also exerted to locate the furniture and equipment of the System and to ascertain what were lost or missing. With a view to determining the status of the policies of the System, the opinion of the Secretary of Justice on the matter was requested on April 14, 1945. Said official replied on June 21, 1945, stating that by virtue of Executive Order No. 72 issued by the Chairman of the Philippine Executive Commission on July 31, 1942, all policies of the System were terminated on December 31, 1941, and that the System was not liable for any death and disability that occurred on or after that date irrespective of the circumstances surrounding the same.

However, in view of the desire of the Government to live up to its commitments, and in order to do justice to the members of the System, steps were taken to determine the true financial condition of the System and to compute the additional amount needed to enable it to pay all benefits promised under its policies. For this purpose some insurance examiners of the Bureau of the Treasury were detailed to the System, and the services of a private actuary, Dr. Eustacio Roa, were availed of to make an actuarial valuation of the System. On September 18, 1945, Dr. Roa submitted his report in which he recommended that the "Insular Government should appropriate \$4,000,000.00 in order to cover the deficit. This will rehabilitate the System as of December 31, 1941." In the same report Dr. Roa stated that from December 31, 1941, to December 31, 1945, there was an increase in policy reserves of \$14,651,071.00. This increase in policy reserves must be counterbalanced by premiums receivable from the members corresponding to prior years.

\$4,000,000 APPROPRIATED

In accordance with the recommendation of Dr. Roa a bill was approved by Congress on October 3, 1945, reviving all policies of the System which were in force on December 31, 1941; honoring all obligations of the System under its policies; and appropriating the sum

of ₱4,000,000.00 to help the System pay said obligations. That bill became Commonwealth Act No. 706 on November 1, 1945, when it was approved by the President of the Philippines.

By law the administration of the System is vested in the Government Service Insurance Board. The members of said Board were appointed on December 3, 1945, and its first meeting was held on December 10, 1945. At that meeting Hon. Fernando E. V. Sison, Undersecretary of Public Works and Communications, was elected Chairman of the Board, and Mariano G. del Rosario was appointed Acting General Manager pending the appointment of a permanent incumbent. Upon the recommendation of the Board, the Office of the President released on December 22, 1945, the sum of ₱1,670,000.00, representing part of the appropriation of ₱4,000,000.00 authorized in Commonwealth Act No. 706, in order to enable the System to pay insurance claims and other obligations.

In accordance with existing laws, the Government Service Insurance System is also in charge of the payment of pensions to retired teachers, retired officials and employees of the Bureau of Health, and retired officers and enlisted men of the Philippine Constabulary. The payment of said pensions was stopped during the Japanese occupation, except that the pensions of retired teachers were restored effective April 1, 1944, although very few cared to collect their pensions during that time because of the little purchasing value of money then.

PAYMENT OF GRATUITIES

Inasmuch as after liberation all pension systems had no funds available for disbursement, and in order to alleviate the financial condition of pensioners, most of whom are old or disabled or without means of livelihood, the Government, by virtue of Commonwealth Act No. 710 approved on November 1, 1945 appropriated the sum of ₱2,000,000.00 "for the payment of retirement gratuities or pensions to all persons who under existing laws have been receiving such gratuities or pensions, including payment of pensions or gratuities as of December 8, 1941." From said appropriation the sum of ₱1,370,820 was released by the Office of the President on December 12, 1945, to enable the System to resume the payment of pensions effective July 1, 1945.

Besides paying pensions, death claims, disability benefits, maturity or old-age benefits, cash surrender values, dividends, and policy loans, the System may give medical aid and other forms of financial assistance in order to rehabilitate the people. In the reconstruction of the country the System also plans to play an important role by adopting such policies in the investment of its vast funds as would improve the economic condition of the nation and help it rise from the ruins of the last war.

PURCHASE AND SUPPLY

Reorganized on March 15, 1945, with twelve (12) employees and six (6) laborers to carry on the function of procuring supplies for the Commonwealth Government, the Division of Purchase and Supply has up to this time of writing, around eighty (80) employees including laborers, all of the regular employees being the same as those prior to the outbreak of the War. Thirteen (13) Buyers and Assistant Buyers have been recalled, one (1) Buyer less than the pre-war

force. As supplies and equipment have been ordered from the United States for stock, the Supplies Division has been reinforced in order to cope with its enlarged function.

Around six thousands (6,000) Buyer's Orders and Contracts under the Circular Proposal have been issued covering office desks, chairs, revolving chairs, bookcases, aparadors, steel safes, typewriters, adding and mimeograph machines, stationery and office supplies such as bond, mimeograph and onion skin paper, clips, pencils, pens, pen points, etc. for the Departments of National Defense, Public Works and Communications, Finance, Justice, Instruction, Office of the President, Labor, Agriculture and Commerce, People's Court, Private Prosecutor, and all the reorganized bureaus and offices as well as provinces, cities, municipalities and Government owned or controlled Corporations. Contracts under the Direct Order and Payment System for hot asphalt and emulsified asphalt, explosives, water meters and heavy and light hardwares for delivery beginning January 1, 1946, have been entered into with the leading merchants in the City. These articles costing about ₱5,000,000.00 will be used mostly for public works projects.

Supplies and equipment valued approximately at ₱500,000.00 have been received since about the middle of July, 1945, from the United States, and have since then been issued to the different departments, bureaus and offices as well as provinces, cities, municipalities and Government owned or controlled corporations. These supplies have greatly broken the black market as their prices are, in the main, just slightly above the pre-war level.

In order to maintain price equilibrium, it is the plan of this Office to carry in stock supplies in the amount of around ₱1,000,000.00, to be set aside as Reimbursable Fund. Stationeries will mostly constitute the articles for stock.

CUSTOMS SERVICE AND FOREIGN TRADE

The Bureau of Customs was reorganized under President Osmeña in March, 1945. Since then all the pre-war divisions of the Bureau have been reestablished and former officials and employees have been recalled. Only exception is the lighthouse service, delay in the reorganization of which is due to the destruction of lighthouses by the enemy and the lack of revenue cutters to be used in the inspection and maintenance of lighthouses, buoys and navigation aids.

The eight pre-war ports of entry, namely, Cebu, Iloilo, Aparri, Jose Panganiban, Legaspi (now Tabaco), Zamboanga, Jolo and Davao have been reorganized and are now open to domestic and foreign trade. The opening of each port was made as early as possible in order to hasten the return to normalcy by the resumption of shipping and local trade. The latest port of entry made available to coastwide and foreign trade is Tacloban, Leyte, which was opened on August 16, 1945.

The foreign trade is fast being resumed and expanded. The first foreign vessel carrying commercial cargo arrived on August 31, 1945. Since then 22 foreign vessels have arrived carrying consumer goods and construction materials, which are absolutely necessary for rehabilitation and reconstruction. From ₱3,007,873 in August, the amount of exportation has grown

by leaps and bounds and was expected to reach about ₱15,000,000 in December.

The increase in importation has resulted in a corresponding increase in customs collection, which reached its highest in December, amounting to ₱2,246,780.45.

The Bureau is taking all necessary measures to protect imported merchandise from thievery, pilferage and damage in order to attract foreign shipping and thus reduce the price of essential commodities through increased importation.

Domestic trade is becoming active and expanding as shown by the increasing number of licenses that the Bureau has issued to vessels engaged in bay and river business and coastwise trade. The Bureau has licensed a total of 183 motor boats, barges, cascos and sailing vessels for bay and river trade, and a total of 389 motor launches, motorships, steamers and sailing vessels for coastwise trade.

The Bureau plans to:

1. Reconstruct port facilities. Most of our piers, wharves and warehouses were damaged during the enemy occupation. In the work of reconstruction, the Osmeña administration has the pledge of support from President Truman and other American officials. Already experts from the U. S. Army and Navy have conducted surveys on the reconstruction needs.

2. Restore the coastguard and lighter services. Revenue cutters are needed to patrol our seas, enforce customs and navigation laws, etc.

3. Take over the arrastre service. This branch of the customs service takes charge of the receiving, care and delivery of imported merchandise. Before the war it was leased to different companies. This service should be handled by the Bureau instead of awarding it to a private company. Apart from the manifest advantages from government supervision and control, a big income could be realized and made available for government expenditures.

One of the reliable indications of the swift return of normalcy under the Osmeña administration is the tremendous spurt in import trade. An unprejudiced source, the Reuters News Agency, gives the following account of the development of this trade:

MANILA, Jan. 14-(Reuter)-- The spectacular expansion of Philippine import trade since the resumption of shipments to the Islands in June 15 shown in official figures compiled here.

"From a total of ₱3,646 in June, the value of commercial goods shipped to the Islands jumped to ₱3,007,873 in August even before war's end, spurted further to ₱5,049,096 in September following V-J Day, and then doubled to ₱9,445,002 in October.

"Official statistics on the value of importation during the last two months of 1945 are still unavailable, but estimates place the figures at around ₱12,000,000 in November and ₱15,000,000 in December.

"Another significant feature of the import trade is the fact that the Philippines is now trading with about a score of nations -- at least purchasing goods from them to help in the relief and rehabilitation program here. Up to October, some 17 nations had supplied the Philippines with goods ranging from flour to rice and other grains, and from canned goods to textiles.

"Imports from nations other than the United States, however, represented merely transshipments through United States ports. Nations which have already helped send relief goods to the Philippines include Brazil, Canada, Mexico, Spain, Chile, Britain, West Indies, Argentina, Cuba, Costa Rica, Guatemala, Portugal-British Africa, White Russia, France, Sweden and the Netherlands.

"The preponderant portion of shipments to the Islands, however, came direct from the United States sources, almost ₱8 million worth of imports in October having been supplied by American exporters out of a total of ₱9-1/2 million worth of shipments from all exporting countries during that month.

"Canada came next to the United States in supplying the Philippines with relief goods which passed through private trade channels, accounting for more than a million pesos worth from August to October alone. Canadian shipments consisted largely of flour, Canada being one of the largest food granaries of the world.

"With the virtual termination of import restrictions as of Dec. 31, 1945, the Philippines hope to procure more supplies from many of the pre-war sources and also eventually to export Philippine products to those countries which represented some of the Islands' best customers."

I N T E R N A L R E V E N U E

The reorganization of the Bureau of Internal Revenue was started on March 6, 1945, under great difficulties. The lack of an adequate office building and office equipment retarded the opening of the different divisions and units.

During the first week of the reorganization of the Bureau, only a small number of former officials and employees were available. Employees have been recalled to the service gradually so that on December 31, 1945, a total of 848 were actually on duty. Of this total, 433 are now assigned in Manila and 415 in the different provincial inspection units. There were 141 employees whose appointments were recommended but who have not yet reported for duty. During the period under review, sixty-three (63) promotional appointments were approved by the Secretary of Finance.

The activities of the Bureau cover the collection of all the national internal revenue taxes, fees, and charges and the enforcement of all forfeitures, penalties, and fines connected therewith. The Bureau also administers the supervisory and police power conferred to it by the National Internal Revenue Code and other laws. From the date of the reorganization of the Bureau to December 31, 1945, the total collection was ₱8,835,785.08.

From the time of the reorganization of the Bureau to December 31, 1945, as a result of the activities of the Inspection Division with a field force distributed in 32 inspection units throughout the archipelago, a total of ₱518,095.05 as deficiency taxes, surcharges and compromise was collected; 16,916 privilege tax-receipts were issued; 24,352 business establishments were inspected; 5,220 violations of the internal revenue laws were detected, and 5,199 internal revenue cases were settled.

The Prohibited Drugs Section of the Inspection Division issued during the period under review 18 permits for the importation of prohibited drugs, 46 special permits for the importation of non-taxable prohibited drugs, and 45 permits for local purchases of prohibited drugs under the Narcotic Act of the United States Congress and the Regulations of the Department of Finance. During the same period the number of manufacturers of products subject to specific taxes authorized and duly licensed by this Bureau to operate are as follows:

<u>Kind</u>	<u>Number</u>
Cigar factories	72
Cigarette "	43
Mfg. tob. "	20
Distillers	220
Comproers	98
Reproers	4
Exproers	-

The net cost to the National Government for the operation of the Bureau of Internal Revenue during the period from March 6, 1945, to December 31, 1945, was ₱739,062.08. The total internal revenue collections during the same period amounted to ₱8,835,785.08. Thus, the unit cost of operation of the Bureau of Internal Revenue during the period under consideration was only ₱0.0833 for each peso tax collected.

THE NATIONAL DEVELOPMENT COMPANY

The Board of Directors of the National Development Company was reorganized on July 14, 1945.

To help the Philippine Air Lines, Inc. resume its former activities, the Company has increased its holdings in said corporation by subscribing for an additional 5,300 shares of stock valued at ₱571,834.12.

It has also granted financial aid to the Far Eastern Air Transport, Inc. (formerly INAEC) by subscribing to ₱150,000.00 worth of shares of said Corporation.

To finance the rehabilitation of the sugar industry, the Company secured a loan of ₱4,500,000.00 from the Philippine National Bank to be used in financing the production of the 1946-47 sugar crop.

TEXTILE DEPARTMENT

1. The pre-war stock of textile goods of the Textile Mills amounting to about 1,200,000 yards have been sold direct to the public and through cooperatives organized in Manila and in the provinces, thereby relieving in a measure the present shortage of this material.

2. 27,600 cones of thread (6000 yards to a cone) have been distributed to the public.

3. To help the home weaving industry established in the Ilocos regions, Malabon, Rizal and other weaving centers, 155,000 lbs. of weaving yarns have been distributed in these localities.

4. One thousand yards of simple ducks have been sold to shoe manufacturers for the manufacture of rubber footwear.

To relieve the present scarcity of textile goods, the Company is planning to increase the present capacity of the textile mills to its ultimate goal of from 40,000 to 50,000 spindles and about 1,200 looms, under which condition it would then be possible to manufacture about 35,000,000 yards of cloth per year, using 15,000,000 pounds (6,800 metric tons) of cotton. The company will also manufacture thread for sewing purposes, weaving yarns to foster the home weaving industry, and such other products as will relieve industrial and occupational needs of the country. Sufficient raw cotton and the necessary spare parts for our machinery have been ordered from the United States.

SABANI ESTATE

The Sabani Estate has been operating since February of last year. This year the company expects approximately 5,000 cavans of palay. Various licenses for the cutting of lumber and other minor forest products within the Sabani Estate have also been granted. In accordance with the wishes of President Osmeña, arrangements are now being made to sell the sub-divided lots of the Estate to bona fide tenants and tillers thereof.

FOOTWEAR MANUFACTURE

The National Footwear Corporation resumed operations on Sept. 22, 1945, when it started issuing raw materials to the Marikina shopowners for the manufacture of hand-made shoes. At the beginning it supplied only 12 shopowners but now it is supplying 31 shopowners with approximately 600 to 700 shoemakers served.

Before the war the National Footwear Corporation has about 250 shoe shops in the towns of Marikina, San Mateo, Montalban and Pateros but most of these shopowners had lost their belongings and some died from torture and starvation during the Japanese occupation.

Since September 22, 1945, the corporation has produced 15,617 pairs of shoes for men, women and children at an approximate cost of ₱187,404. On November 10 it opened a store in the compound of the National Development Company to sell shoes to the public. Sales have been 6,925 pairs of shoes up to January 12, 1946, valued at ₱129,476.80. There is now in stock in the store and the bodega 8,692 pairs for men, women and children, valued at ₱126,816.00.

The present stock of raw materials is but enough to manufacture about 8,000 to 9,000 pairs of shoes representing a value of ₱45,000.

FOOD PRODUCTS CORPORATION

In line with the present policy of operating only available and ready projects, the NDC is operating the semillero in Pampanga. This is an important project since it serves as the source of seedlings stocked up in fishponds in Bulacan, Pampanga and Bataan. Last year it could not operate to full capacity owing to difficulties then existing immediately after liberation but it will be possible during the coming fry season (April to June) to supply fishpond owners with seedlings at reasonable prices. Properly stocked with enough bangus fry, this project will not only give a fair return on the investment but will also go a long way in helping stabilize the prices of fresh bangus.

The NDC fishponds in Capiz are now being repaired to put in condition about 2,000 hectares ready for planting next April. It is hoped to stock up these ponds during the coming fry season and within this year to begin harvesting. These fishponds ought to be in full blast production now if the operation was not suspended early last year after the liberation. It is presumed that even without a canning plant in Capiz now the fish to be harvested would prove of inestimable value especially at this time when marine fishing has not yet resumed.

Upon resumption of the governmental functions of the Philippine Commonwealth on February 27, 1945, a salvage crew was hired to salvage machineries, equipment, supplies, building materials, etc. The total amount salvaged so far is estimated at about ₱300,000, while the amount of money spent so far is approximately ₱50,000.00.

The total number of employees and laborers up to December 31, 1945, was 57. On January 1, 1946, the Board of Directors approved the increase of personnel to 111 in order to prepare the foundations for the new machineries that will replace the destroyed ones and to start repairs on damaged equipment. The storeroom, the chemical warehouse and the carbon warehouse have already been repaired. The men are at present busy dismantling the boilers, turbines, switch-

board, pipings and electrical wirings which have been damaged due to mines, bombs, shell explosions and fires.

The Insular Sugar Refining Corporation may be expected to start operations within eight months after the delivery of the materials imported for replacements. On or before August 1, 1946, it expects to recall a total of 300 employees and laborers. Before the war, the Refinery had approximately 500 employees and laborers. The minimum wage has been increased from ₱1.00 a day in 1941 to ₱3.00 a day. The employees are given their pre-war salaries plus a bonus of ₱50.00 for those receiving ₱100.00 or less and ₱30.00 for those receiving ₱101.00 to ₱200.00 a month.

In view of the shortage of the sugar crop, the Refinery may not be able to operate in 1946 at its present site at Mandaluyong but it is expected to operate in 1947. However, it is possible that the Refinery may refine sugar in some centrals in Luzon by lending some of its equipment and technical aid to sugar centrals so that the necessary amount of refined sugar may be produced this year. The essential consumers of refined sugar are hospitals, drug stores, nurseries, bakeries, soft drink manufacturers, hotels, restaurants and the United States Army and Navy. The Insular Sugar Refining Corporation is now in a position to transfer temporarily its refining operation to any of the centrals in Luzon while the Mandaluyong plant is being rehabilitated. In other words, if sufficient brown sugar can be produced by the sugar centrals to meet local demand, the Insular Sugar Refining Corporation can produce, out of this amount, sufficient refined sugar to obviate importation from abroad.

PROMOTION OF COMMERCE

Under President Osmeña, the Bureau of Commerce has:

1. Supplied trade information and data to 673 parties.
2. Assisted 14 local importers establish business connections with U.S. manufacturers, and 86 provincial dealers and retailers make direct connections with Manila merchants.
3. Completed economic survey in 24 provinces. Reports from 20 provinces are not yet submitted.
4. Organized 2 provincial trading corporations, 4 city business associations (all in Manila) and 8 municipal merchants' associations of Filipino businessmen to engage in the importation of foodstuffs and other essential commodities as well as to help Filipinos get a bigger share of our retail trade.
5. Renewed market quotation service by issuing weekly reports on prices of 310 commodity items, with graphical presentation of weekly changes in price levels of 150 selected commodities.
6. Registered 3,179 business names and 233 aliases; licensed 87 merchandise brokers, 86 exchange brokers, 8 ship brokers, 30 real estate brokers and 3 real estate salesmen.
7. Issued 13 trade opportunity notices in connection with inquiries from abroad seeking trade connections with local importers.
8. Investigated possible exportation of important pre-war Philippine products.
9. Gathered materials for the importers' and exporters', industrial and business directories.
10. Reorganized 18 provincial offices.
11. Investigated extent of war damages to important Philippine export products.

The Bureau plans:

1. To establish commercial agencies in the U.S., China and Europe.
2. To establish branch offices in all provinces, instead of only in 18, as at present, in order to extend its services as widely as possible.
3. To revive the Manila Trading Center and the National Produce Exchange.
4. To send qualified personnel to American consular offices abroad for training in trade promotion work.

PROMOTION OF PLANT INDUSTRY

The Bureau of Plant Industry has:

1. Reopened 10 out of its 18 experiment stations and seeds farms.
2. Resumed agricultural extension work in 40 provinces.

3. Established 125,062 home, commercial, community and school gardens with an aggregate area of 12,615 hectares.

4. Distributed seeds and plant materials to 348,627 farmers as follows: Seed palay, 2,351 cavans; corn, 184 cavans; cassava, 190,742 cuttings; camote, 121,019 cuttings; gabi, 3,877 kilos; beans, 889 kilos; vegetables seeds, 17,415 kilos; vegetable seedlings, 366,815; fruit-tree seedlings, 8,335.

5. Reopened 33 of the 84 pre-war provincial and municipal nurseries; planted 110 hectares of land to different vegetables for seeds production; and formulated 40 recipes for wheat meal preparations.

The Bureau plans to:

1. Reopen all the closed experiment stations, seed farms, and provincial and municipal nurseries.

2. Establish one regional seed farm each in Luzon (Bicol Region), Visayas (Iloilo), and Mindanao (Cotabato); one introduction garden in Luna, Mountain Province; and one experiment station in Davao.

3. Intensify agricultural extension activities especially in connection with the current food production campaign.

4. Procure and distribute pedigreed seeds and plant materials.

5. Resume researches and investigations on rice, corn, sugar cane, coconut, abaca, rami and other fibers, tobacco, vegetables, fruits and nuts, coffee, cacao, rubber, etc., and on the utilization of these crops as well as the control of plant pests and diseases.

6. Send abroad pensionados on plant exploration, food technology, agricultural extension and plant propagation.

The Bureau has recalled 373 employees.

ANIMAL INDUSTRY

In the few months that it has been operating under the Commonwealth Government, the Bureau of Animal Industry has:

1. Reestablished meat inspection service in six cities and 158 municipalities.

2. Promoted the control of animal diseases, vaccinating 17,397 carabaos, 1,190 cattle, 191 hogs and 425 chickens.

3. Manufactured 35,000 doses of anthrax vaccine, 10,000 doses of fowl pox vaccine.

4. Established nine research projects on the control and treatment of destructive parasitic diseases.

5. Collected and cultivated medicinal and forage plants for research on the control of parasites.

6. Extended public breeding services to 10 stations and centers of the bureau.

7. Arranged for the purchase abroad of breeding animals.

8.

8. Promoted production of good livestock by castrating 531 carabaos, 148 cattle, 10 horses, 1,070 hogs, 803 chickens, 72 goats.

9. Procured work animals for needy farmers by contacting parties with such animals for sale. 138

PLANS: The Bureau plans to:

1. Purchase breeding animals and needed equipment with the P500,000 appropriated under Commonwealth Act No. 721.

2. Establish and maintain additional breeding stations with the P500,000 appropriated under Commonwealth Act No. 450.

3. Stop indiscriminate slaughter of animals, by campaigning to this end and securing legislation penalizing such slaughter.

4. Seek a revolving fund of P200,000 for the purchase of work and breeding animals found for sale.

PERSONNEL: Four hundred and forty officials and employees were in the service as of December 31, 1945.

WORK ON FORESTRY

Since it was reorganized by President Osmeña, the Bureau of Forestry has:

1. Established the Bataan National Park of about 31,000 hectares.

2. Received 2,298 applications for timber licenses, of which number 1,118 were granted, 116 were rejected and the rest are pending action.

3. Undertaken a survey of the extent of damage to the lumber industry and to our forests.

4. Granted 1,170 permits for minor forest products, including 425 for firewood, 429 for rattan, 49 for almaciga and 267 for other forest products.

5. Collected forest charges amounting to P93,754.44, including P86,274.88 for timber and the rest for minor forest products.

6. Sold forest products amounting to P2,463.38 from the Makiling National Park and P3,003.00 from the Arayat National Park.

7. Reestablished the 120-hectare ipil-ipil research tract in Los Baños.

8. Rebuilt the forest herbarium, which has a collection of 4,444 specimens representing 91 families, 333 genera and 468 species.

9. Rebuilt a mycological collection consisting of 135 specimens of wood-rotting fungi.

10. Classified 6,000 wood hand specimens salvaged from the vault of the bureau.

11. Prepared a bibliography of Philippine literature on forestry. So far 750 bibliographic entries have been assembled.

12. Reopened six of the 35 reforestation projects in operation in 1941. The others will be reopened as soon as possible.

13. Reopened the 344 hectares of cinchona plantation in Bukidnon. Of the million and a half cinchona trees in the plantation, only one-half million have survived. However, funds released by the administration will soon enable the bureau to renew its former activities in this field and in the manufacture of quinine.

14. Cooperated with the U.S. Army by furnishing various units with maps, surveying instruments, forest data, etc.

15. Salvaged and classified 79,144 sketches of preliminary data, 5,990 blueprint copies of cadastral communal and land classification maps; and 1,500 tracings.

16. Prepared tracings of 112 progressive maps, 750 ordinary timber license areas, 13 land classification projects, and compilation of vegetative data in control maps.

17. Reopened 17 forest districts; 100 of the 135 forest stations in 1941.

18. Reinstated 531 forestry employees.

ADMINISTRATION OF PUBLIC LANDS

The Bureau of Lands has:

1. Reopened 20 land districts and 17 provincial land offices.
2. Reopened five friar lands agencies.
3. Reopened the school of surveying.
4. Acted on the following applications and other public land matters:
 - a. 90 orders for approval, transfer, issuance of patents, etc.
 - b. Four patents issued.
 - c. 151 permits issued.
 - d. 13 applications reinstated, rejected or cancelled.
 - e. 25,858 actions taken on miscellaneous matters.
 - f. Administrative settlement of conflicts, land registrations, and other legal matters.
5. Taken steps to legalize by proper application the settlement and acquisition of public lands subdivisions by evictees.
6. Look after the enforcement of 22 public laws affecting public lands, 26 lands administrative orders, 33 circulars and bulletins, and 67 land registration, cadastral and civil cases.
7. Investigated 51 claims to lands covered by public lands applications.
8. Examined 28 applications for registration of lands and acted on 92 decisions on land registration cases.

9. Done computation work on 7,839 lots.
10. Verified and approved surveys of 1,053 lots.

The Bureau plans to:

1. Ask for release of P236,000 for the construction and repair of the irrigation system in the friar land estate.
2. Start new cadastral surveys.
3. Resume 20 pre-war projects of public lands subdivisions covering approximately 1,000,000 hectares of rich agricultural public lands.

The Bureau has recalled 1,029 employees.

DIVISION OF FISHERIES

The Division of Fisheries has:

1. Surveyed the extent of damage to the industry.
2. Reopened two experimental stations abandoned during the war: Dagat-dagatan salt-water fishery experimental station, Navotas, Rizal; and Experimental Oyster Farm at Binacayan, Cavite.
3. Furnished information and technical advice on varied fishing subjects.
4. Issued 51 commercial fishing boat and 53 fisherman's licenses and fishponds permits.
5. Investigated and inspected fishponds.
6. Campaigned against illegal use of dynamite in fishing.
7. Studied commercial shells for exportation.
8. Assisted fishermen in the procurement of petroleum for fishing operations.

The Division plans:

1. To open the school of fisheries to train students in the science of fishing as an industry. In this connection, the Osmeña administration has been promised U.S. assistance.

The Division has recalled 75 employees.

RELIEF ACTIVITIES

In his capacity as Director of Public Welfare and as official representative of President Osmeña to the UNRRA, Dr. Juan Salcedo Jr. has taken steps to insure an equitable distribution of relief supplies to all provinces of the Philippines. As of December 31, 1945, the PRRA has issued the following relief supplies throughout the Philippines, including the Greater Manila area:

- 176,341 sacks of UNRRA flour at 50 lbs. per sack
- 28,594 sacks of Army flour at 100 lbs. per sack
- 2,542 sacks of Army flour at 80 lbs. per sack
- 2,766 sacks of Army flour at 50 lbs. per sack
- 80 sacks of Army flour at 40 lbs. per sack

- 31,936 bales of UNRRA civilian relief clothing
- 996 bales of Philippine War Relief clothing
- 1,211 bales of Salvaged Army clothing

- 284 cases of canned peas
- 7,064 cases of Canadian herring
- 890 sacks of edible peas at 100 lbs. per sack
- 2,981 cases of evaporated milk
- 2,784 sacks of rolled oats
- 1,813 cases of dehydrated beans

In Manila alone the Government served 65,042 families comprising a total of 386,364 persons, or 26.3 percent of the population of 1,045,000, during the period from June 15, to December 31, 1945. These figures do not include government personnel, on whom a separate report has been forwarded to the UNRRA.

The former Emergency Control Administration was reorganized into the Office of Procurement, Storage and Distribution of the PRRA; the activities of the cooperative division were transferred to the National Cooperatives Administration; the 7 ECA units were merged into 5 PRRA units; and the accounting and finance units were centralized.

These are the facts and figures regarding the ECA for Manila alone:

From June 8 to December 31, 1945, or a period of 206 days, the Office of Civilian Relief Supply Distribution, Greater Manila district, distributed by means of ration:

- 112,601,325 lbs. of food through the regularly authorized ECA stores, and
- 3,839,333 lbs. of food through relief units, hospitals, and other welfare institutions, or a total of
- 116,440,658 lbs.

This represented a total of 58,220 tons of food distributed at a daily average of 282.6 tons in 189 truckloads.

The average number of persons assisted daily during this period by ECA stores aggregated 1,327,063. In addition, a daily average of 37,416 persons was served with free relief.

In addition to the above, the CRSD has baked 5,650,497 loaves of bread weighing 4,350,883 pounds from September 3 to December 31, 1945. These have also been distributed through the regularly authorized ECA stores, relief units, hospitals, and welfare institutions.

The CRSD sold ₱15,237,061.67 worth of food and other relief supplies. This amount does not include the value of 3,339,333 pounds distributed free through relief units, hospitals, and welfare institutions.

In addition to the work taken over from the PCAU, this Office handled and warehoused the great bulk of UNRRA shipments. Of the UNRRA supplies in ECN warehouses, it issued to the different provinces on directives from the UNRRA Representative the following:

UNRRA Flour, sacks of 50#	98,680 sacks
UNRRA Milk, cases of 48 tins	2,968 cases
Canadian Herring, cases of 48 tins	795 cases
Rolled Oats, sacks of 110#	170 sacks
Dehydrated Beans, cases of 60#	77 cases
Canned Peas, cases of 27 tins	203 cases
Edible Dry Peas, sacks of 100#	682 sacks
Macaroni & Spaghetti, cases of 28#	103 cases
UNRRA Relief Clothing in bales	16,985 bales

It cost the Government during the 206-day period approximately ₱0.573 centavos per capita to serve the total daily average of 1,364,479 persons assisted, or approximately ₱0.0023 per capita per day.

The activities of the PRR. in the future will be along the following lines:

1. Procurement of more relief goods from the UNRRA, Philippine War Relief and other relief agencies in the United States.
2. An equitable and fair distribution of the above relief supplies to areas and individuals needing same.
3. An efficient and effective correlation of all relief and rehabilitation on activities of such agencies of the Commonwealth Government.
4. Close cooperation with other relief agencies not under the Commonwealth Government.
5. Immediate steps will be taken to start rehabilitation of farming, poultry, piggery and similar industries.
6. Carrying out of a national program of vocational training and of studies on the rehabilitation of major industries.

OTHER PUBLIC WELFARE ACTIVITIES: The Training School for Boys and Girls has been reorganized. At the end of the year it has 218 parolees under its care. Up to this time the school had made 208 visits, office interviews and miscellaneous contacts. The Government Orphanage is also in operation, looking after scores of boys and girls orphaned during the war. Furthermore, the Bureau of Public Welfare handled 416 probation cases referred to it by various courts in 1945.

PUBLIC WORKS

The greatest damage the Government has suffered due to the war has been in public works. Incomplete reports show that public improvements, national, provincial, city as well as municipal, amounting to P202,005,180, have been either destroyed or damaged. The loss of public buildings naturally handicapped the setting up of government offices everywhere. But the Administration showed ingenuity and adaptability in solving this problem, even going to the extent of putting up tables for government employees under trees, just so there would be no delay in the return of civil government.

Upon representations of the Administration, President Truman has ordered the U. S. Army, Navy and State Department to conduct a survey of the damage to port works, roads and highways and to help in the reconstruction of ports and highways. The Department of Public Works has cooperated with representatives sent here by President Truman to carry out his instructions, providing American engineers and experts with information and data.

For public works, particularly the repair and maintenance of roads and bridges and the maintenance and operation of irrigations systems, the President has already made available the sum of P9,900,000.00.

The Bureau of Public Works is preparing a 10-year program in all provinces and cities for the reconstruction of public works. For these projects, additional funds will soon become available notwithstanding what the critics of the Administration may say to the contrary. The funds have been promised by American authorities, and the promise will be carried out. The funds will be provided by the United States because the Administration was on the job, presenting the case of the Filipino people before America, instead of devoting its time to political sniping.

Thousands of vehicles are already being received from the U. S. Army, and these are being distributed to the government offices that have the greatest need for them.

To help food production, irrigation systems are being reopened. The initial sum of P135,000 has been released for the operation and maintenance of the systems, plus an additional sum of P391,000 for the same purpose.

The Department of Public Works and the various offices under it are drawing up or reconstituting plans for public works constructions. As quickly as funds are made available, these plans will be carried out.

POSTAL, TELEGRAPH AND RADIO SERVICES

Practically all the postal, telegraph and radio equipment of the Bureau of Posts was destroyed or lost through war operations. Notwithstanding this handicap, the Government has made great progress in reopening postal, telegraph and radio services.

Out of 1,062 post offices in operation in the Philippines prior to the war, 943 have already been reopened. Only the difficulty or lack of transportation to the other places have delayed the reestablishment of post offices there.

RECONSTRUCTION

Airmail service is available between Manila and Iloilo, Bacolod and Cebu. Airmail service is also available between the Philippines and the United States.

The exchange of money orders with the United States and Hawaii was resumed on September 20, 1945. The exchange of money orders and telegraphic transfers between post offices, as before the war, will be resumed as soon as the necessary forms and equipment are obtained. Practically all provincial post-offices have no safes wherein to keep postal funds. However, action has already been taken to obtain release of funds needed to purchase necessary equipment.

As a result of the war, telegraph lines and radio, telegraph and cable equipment, have almost all been lost but complete over-all plans and specifications for the rehabilitation of the electrical communication system have already been prepared.

Radio or telegraph stations, which accept commercial and private messages from the public, have been reestablished in Manila, Bacolod, Catbalogan, Cebu, Iloilo, Tacloban, Tagbilaran, Zamboanga, Balaña, Cabanatuan, Cavite, Dagupan, Iba (Zambales), Malolos, Paniqui, Pasig, San Fernando (Pampanga), and Tarlac. Former telegraph lines to Santa Cruz (Laguna), Batangas, and Lucena are now being reconstructed. Beyond Lucena toward Naga, the lines are also being reconstructed with salvaged materials and borrowed tools.

The Bureau of Posts is ready to undertake the reestablishment of 36 radio stations in preparation for the coming national elections. However, the project is held in abeyance until the U. S. Army authorities deliver the necessary equipment and materials. The Bureau of Public Works has already been asked to undertake construction of buildings for housing the proposed radio stations.

The Postal Savings Bank will be reopened upon receipt of the needed forms. The Congress of the Philippines recently passed an Administration Bill providing, among others, for the rehabilitation of the Postal Savings Bank, by making available the sum of P2,500,000 for the purpose.

Steps have already been taken to secure the release of the necessary amount to purchase safes, postal scales, mail distributing tables and pigeonholes, mail boxes, ordinary and rotary locks, bag-racks, mail bags, etc.

President Osmeña has created various agencies to step up the rehabilitation and reconstruction of the country. One of these agencies is the Petroleum Products Control Administration. The PEPCA has been charged with the work of rationing gasoline, kerosene and other petroleum products to essential civilian consumers.

Before the creation of the PEPCA, gasoline was sold in the black market at prohibitive prices. Consequently, illicit transportation companies charged scandalously high fares. Essential commodities likewise had to cost very much more than they should because of the great expense involved in moving them to consuming centers. After the PEPCA started operation, motor fuel became available at reasonable prices, making possible a great reduction in the fares charged by transportation companies. With reduced transportation costs, a greater flow of essential commodities

has become possible between Manila and the provinces, and vice versa.

The PEPCA also served motor launches, rice mills, ice plants, saw mills and other establishments, thus helping in the industrial ~~recovery~~ recovery of the country. By the end of the year, the PEPCA had served 593 rice mills and threshers, 170 motorboats and launches, 223 saw mills, ice plants and other industries. It had also served 9,697 owners of trucks for transportation of passengers, foodstuffs and other commodities, private cars used by hospitals, professional and business men and by educational and charitable institutions.

PUBLIC INSTRUCTION

Notwithstanding the almost insuperable obstacles, such as the destruction of school buildings, the lack of books and school equipment, and the failure of our best teachers to report for duty, the Administration has acted with speed and thoroughness in putting our educational system back on its feet.

In 1941 the elementary school enrollment was 1,508,524; by the end of 1945, a few months after the liberation, the enrollment was 1,720,457, or over 200,000 more than the pre-war enrollment. Enrollment for secondary, as well as normal and technical schools, is almost back to normal as shown by the following comparative figures:

	<u>1941</u>	<u>1945</u>
Secondary	86,328	84,558
Normal and technical ..	1,792	846

The comparative number of schools open in Manila and the provinces, in 1941 and in 1945, also tells the story:

	<u>1941</u>	<u>1945</u>
Elementary	9,375	9,047
Secondary	88	116
Normal and technical .	4	4

Please note that there are more secondary schools open now than there were before the war, and that the elementary enrollment has increased notwithstanding the fact that there are 300 less schools now than before. The elementary enrollment has been made possible through the increase in the size of classes and the holding of morning and afternoon sessions.

A total of P864,650 has been released for the maintenance and repair of school buildings. An appropriation of P150,000 is available for the purchase of animal stocks, hand tools, farm machinery, agricultural books and supplies for agricultural schools.

Realizing the importance of extending social justice to the teachers, who constitute a potent force in the rehabilitation of the country, the Administration is exerting itself to improve their lot. The payment of two months' gratuity to all loyal officials and employees and the payment of bonuses to low-salaried teachers and employees have relieved the situation considerably. In the distribution of relief goods, such as clothing and shoes, teachers are given preference. A call has been sent out to absent employees of the Department of Public Instruction who may want to come back to their jobs.

PRIVATE EDUCATION

The demand for education has been so great that in the short space of less than a year 79,589 have so far sought admission in 470 private educational institutions from the grades to the graduate level offering general, vocational or professional courses from Northern Luzon to Southern Mindanao. While these figures are still below the 190,471 enrolled in 871 private schools, colleges and universities before the war, it is reasonably anticipated that there will be an unprecedented increase both in the number of schools and in the size of enrollment over the pre-war figures.

THE UNIVERSITY OF THE PHILIPPINES

The State University, scene of heavy fighting during the Battle for South Manila, has reopened. Eight colleges and three schools report a total enrollment of about 2,000 students, or over one-fourth of the pre-war enrollment. Within a few months it is expected that this figure would have doubled. By 1948 the University hopes to transfer to its new Site at Diliman, which is at present being leased by the U.S. Army.

The formal reopening of the University took place when the Board of Regents, upon the recommendation of President Osmeña, re-elected Dr. Bienvenido M. Gonzalez as President of the University, on June 28, 1945. However, before this step, there had been preparatory work, mostly salvage. There was not much, it turned out, on which to start all over again.

The first problem that presented itself was the location. A survey of possibilities showed that not a single building of the University campus was suitable for immediate use. All University buildings were damaged, some so severely as to be beyond repair. The libraries, offices and laboratories, and the valuable scientific equipment in these, were a total loss. It was finally arranged to have the Cancer Institute, which was not very badly damaged, prepared for the opening. Immediate steps were taken to clear the debris, fix the roofing, and provide make-shift windows. When the building was about ready, the groundwork of the faculty reorganizations was completed; and the opening was announced to take place on August 6, 1945.

The units opened were the Colleges of Liberal Arts, Medicine (including Dentistry), Pharmacy, Engineering, Law, and Education in Manila, Veterinary Science in Pandacan, and Agriculture, School of Forestry, and the Rural High School in Los Baños. The enrollment in these units for the first semester of this academic year was as follows:

			<u>Pre-War</u>
Liberal Arts	665	students	2,322
Medicine	163	"	490
Pharmacy	166	"	169
Engineering	346	"	724
Law	100	"	562
Education	104	"	467
Veterinary Science	22	"	89
Agriculture	114	"	510
School of Forestry	11	"	182
School of Dentistry	36	"	71
Rural High	214	"	163
Others (Arts and Sciences in Baguio, Business Ad- ministration, Cebu Jr. College, Conservatory of Music, School of Fine Arts, Institute of Hy- giene, Sch. of Nursing, U.P. High, Graduate Dept.)	---	1,818
TOTALS			7,567

TOTALS 1,946

7,567

During the second semester, other buildings, this time on the campus itself, in the College of Medicine compound, were rehabilitated and this permitted a slightly larger enrollment.

The Junior College of Cebu was reopened on December 1, with an enrollment of 260, and the Conservatory of Music began enrolling students in January, 1946.

One other activity of the University deserves mention -- the Serum and Vaccine Laboratories at Alabang. Unlike the other units, the Alabang laboratories did not suffer very much damage from Japanese occupation. Because of the importance of its product, it functioned even ahead of the University.

The difficulties have been manifold as no facilities and no equipment were available when the University reopened. Some hardship was encountered in recalling members of the faculty. Due to the long period of inactivity, many found employment in more profitable work. On account of the prevailing inflation the position of the faculty has neither been happy nor secure. Love for the University and for the University work has been a steadying influence. The partial loss of student records, and the almost complete loss of financial records has created many vexing problems.

The immediate plans for future reconstruction and expansion include only the campus proper in view of the fact that the U.S. Army has leased the new site of the University at Diliman. Some of the buildings on the old campus are being repaired for temporary use. The University Infirmary and the medical stockroom have recently been roofed with salvaged iron and now house the U.P. High School and the Conservatory of Music, respectively.

The United States Army expects to turn over to the University in another four months some partially serviceable buildings on the main campus, including the College of Engineering Building, the Alumni Hall and one Chemistry building. Other buildings, such as the Villamor Hall, will be repaired for partial and temporary use. As soon as materials for construction become available, or their prices come within reason, temporary buildings will be built on the campus to accommodate prospective registrants.

When all these buildings become available, it will be possible to restore the University to considerably more than fifty percent of its pre-war enrollment and activities. The classrooms, laboratories and offices are gradually being re-equipped.

The permanent plans envisage the ultimate location of the University at Quezon City. Active construction will proceed as soon as funds and materials are available, since under the terms of the contract of lease with the U.S. Army the University may proceed with its building program. With the expiration of the lease in 1948, the University should be able to transfer to its new site.

HEALTH AND SANITATION

From March 12, 1945, the date of reorganization of the Bureau of Health, to December 31, 1945, the general health conditions of the Islands were fairly satisfactory. There were no epidemics of dangerous communicable diseases such as cholera or smallpox. There were only localized outbreaks of dysentery, malaria and measles, mostly in places where prolonged military operation had taken place. For example, dysentery flared up in Kiangan, Mountain Province, in August. Personnel of the central office, Bureau of Health, were immediately sent out with medicines and relief supplies. The disease was placed under complete control.

The problem of venereal disease control was aggravated by the concentration of the Forces of Liberation in the Islands, alarming even the military authorities. To correct the situation, the Government appropriated the sum of ₱200,000.00, from which the Bureau established five VD hospitals and four social hygiene clinics in Cebu, Iloilo, San Jose (Nueva Ecija), Dagupan, San Fernando (La Union), Pasay, Calamba and Angeles. Thousands of women were examined with over half their number being found sick with gonorrhea and syphilis.

The spread of malaria became inevitable following the return of evsuses from malarious regions. There was increased incidence and high mortality in Isabela, Pangasinan, Abra, Mindoro, Leyte, Occidental Negros, Oriental Negros, Lanao, Capiz, etc. Malaria health units were dispatched with adequate medicines and medical supplies to minimize the incidence.

In general terms, sanitation throughout the Islands was fairly satisfactory. In Manila garbage collection has improved considerably. The city health department is overseeing the sanitary facilities at commercial establishments, factories, schools, eating places, slaughterhouses and cemeteries.

The nationwide program of mass immunization against cholera, dysentery, smallpox, and typhoid was carried on despite the lack of facilities. Over 380,000 were given triple vaccine injections in places where there was danger of cholera, dysentery and typhoid during the period from June 10 to November 30, 1935. Over 39,000 were given vaccination.

Child and maternity health conditions are constantly being improved. Activities in this direction received great impetus following the appropriation of ₱500,000 in addition to a previous appropriation of ₱72,000 for this purpose. These appropriations made possible the reactivation of 101 puericulture centers, with 132 more in the process of organization. Another appropriation of ₱700,000 has made possible the establishment of maternity and charity clinics in towns with less than 8,000 population. Great health benefits are also expected from the operation of 20 health mobile units, the plans for the operation of which are nearly complete.

The Bureau received from the U.S. Army millions of pesos worth of medicines, which have made possible the operation of the bureau's hospitals, clinics and dispensaries.

During the Japanese occupation, most of the lepers confined in leper colonies either absconded or died. In Cullion alone, where there were over 6,000 inmates, only 1,594 remained. After the liberation, leprosaria were reorganized by the Government. A total of 3,591 lepers were rounded up or voluntarily returned to the following leprosaria and treatment stations: Cullion, 1,978; Central Luzon leprosarium, 158; Western Visayas, 284; Eversley Childs, 656; Mindanao Central, 63; Lanao, 17; Jolo, 16; Cotabato, 19; San Lazaro Hospital, 316.

The Bureau has been busy with scores of other health activities, including those pertaining to public sanitation, sanitary engineering, food inspection, etc.

HOSPITALS: As a result of the war, many of the hospitals were damaged, some beyond repair. However, practically all the hospitals under the Bureau in Manila and the provinces have now been reopened. This has been made possible by the approval of the Administration bill appropriating \$3,779,000 as aid to hospitals. The benefit derived from this appropriation may be seen from the following table of admissions, discharges and deaths in various hospitals:

Name of Hospital	: Patients: : : remaining: Ad- : : by March: missions: Deaths: Dis- : 1945 : : charges
Albay Provincial Hospital	: 0 : 550 : 23 : 483
Baguio General Hospital	: 109 : 334 : 15 : 332
Bohol Provincial Hospital	: 0 : 942 : 19 : 899
Bataan Provincial Hospital	: 0 : 609 : 28 : 564
Bontoc Hospital	: 4 : 28 : 3 : 27
Capiz Provincial Hospital	: 3 : 30 : 1 : 23
Cuyo Hospital	: 0 : 68 : 0 : 50
Batangas Provincial Hospital	: 91 : 471 : 30 : 471
Bayombong Hospital	: 0 : 370 : 18 : 331
Eladia Memorial Hospital	: 9 : 125 : 6 : 123
Ilocos Norte Provincial Hosp.	: 0 : 383 : 14 : 357
Ilocos Sur Provincial Hosp.	: 5 : 161 : 6 : 149
Leyte Provincial Hospital	: 87 : 792 : 60 : 751
Laguna Provincial Hospital	: 0 : 753 : 38 : 672
Marinduque Provincial Hosp.	: 25 : 311 : 14 : 323
National Psychopathic Hosp.	: 292 : 586 : 83 : 372
Nueva Ecija Provincial Hosp.	: 31 : 2982 : 81 : 2830
North General Hospital	: 344 : 818 : 48 : 766
Occidental Negros Prov. Hosp.	: 192 : 339 : 30 : 401
Pampanga Provincial Hospital	: 134 : 2526 : 128 : 2427
Pangasinan Provincial Hosp.	: 83 : 2666 : 84 : 2575
Puerto Princessa Hospital	: 31 : 492 : 15 : 478
Rizal Memorial Hospital	: 0 : 80 : 1 : 67
Rizal Provincial Hospital	: 30 : 287 : 27 : 261
Samar Provincial Hospital	: 8 : 90 : 5 : 86
Sorsogon Provincial Hospital	: 16 : 233 : 14 : 224
San Lazaro Hospital	: 1233 : 14493 : 1875 : 13017
Tarlac Provincial Hospital	: 171 : 621 : 32 : 556
Taybas Provincial Hospital	: 99 : 850 : 9 : 852
Zamboales Provincial Hospital	: 31 : 395 : 11 : 417
Zamboanga General Hospital	: 110 : 449 : 19 : 449
Bulacan Provincial Hospital	: 80 : 1651 : 58 : 1615
	: : : : :

TUBERCULOSIS WORK: The Government reorganized the Philippine Tuberculosis Society on October 1, 1945, giving it an initial appropriation of \$300,000.00. Since then the Society has reopened its central office dispensary in Manila, the tu-

berculosis dispensaries in Vigan, Ilocos Sur; Taguegarao, Cagayan; and in the cities of Iloilo and Zamboanga. Since October 16, the central office dispensary alone has attended to 9,736 persons; made 6,828 X-ray examinations, rendered 7,376 treatments and made 2,732 home visits.

The Quezon Institute started operations on January 2, 1946, after the release of its buildings by the 80th General Hospital of the U.S. Army. Supplies and equipment were left at the hospital by the Army, making possible the resumption of the Quezon Institute's work. As of January 15, there were 118 patients, with admissions ranging from 10 to 20 daily. The former capacity was 750 beds, but there are indications that this would have to be expanded. It is possible to increase the capacity to 1,500 beds, provided funds are available.

War operations partly damaged the buildings of the Quezon Institute and the tuberculosis pavilions in Iloilo and Cebu cities. Vital tuberculosis equipment has been lost and would have to be replaced. Despite these difficulties, the Society is doing its level best to rehabilitate all its pre-war activities.

THE LABORERS' WELFARE

The Department of Labor was reconstituted shortly after the liberation of Manila, on the basis of its pre-war organization.

Among the matters to which the Department directed its attention soon after its reorganization were the questions of wages and the enforcement of the labor laws enacted before the war. With the aid of the Bureau of the Census and Statistics, a survey was made on the costs of living prevailing last year, and with the aid of the statistics gathered, it was possible to promote a campaign for substantial wage increases which would enable the laborer to meet the essential necessities of civilized life. Many employers labored under the impression that the pre-war labor laws had ceased to be binding and enforceable. It was necessary to correct such impression.

The Department of Labor has undertaken:

- (1) The inspection of labor establishments to determine compliance with labor laws and safety measures, particularly the Eight-Hour Labor Law, the Woman and Child Labor Law, and the Safety Orders issued by the Secretary of Labor. For the purposes of the first law, 1,043 establishments were inspected; of the second, 548 establishments; and of safety promotion, 611 establishments.
- (2) The conciliation and settlement of industrial disputes. It mediated in five industrial disputes, one of which was amicably settled by the parties themselves, one by the Department, and three were certified to the Court of Industrial Relations.
- (3) The registration of labor organizations. Only twenty legitimate labor organizations, with a membership of about 4,000 laborers, have yet registered and been permitted to operate as such, while there are eight applications still under study and consideration.
- (4) The control of recruitment of Filipino laborers for Hawaii and other foreign countries. The Hawaiian Sugar Planters' Association has been granted license to conduct such recruitment. This authority extends to the provinces of Ilocos Norte, Ilocos Sur, Abra, La Union, Pangasinan, and Bohol.
- (5) The extension of legal assistance to laborers in the collection of their unpaid wages and compensation for industrial injuries and other claims from their employers, and the defense of certain indigent persons accused of crimes.

(6) The enforcement and administration of the Workmen's Compensation Act and the Employers' Liability Act. It has handled a total of 181 compensation cases, 39 of which are Army cases and ~~sixteen~~ 141 are cases involving private employers and the government.

(7) The giving of assistance to laborers in the collection of their unpaid wages. Up to December 31, 1945, it handled 74 claims involving 231 claimants. Of these, 14 claims involving P5,815.44 have been amicably settled. The pending 52 cases are mostly claims filed by laborers who worked with the United States Army before the war and involve a total amount of P54,543.73.

(8) The extension of credit facilities to farm tenants who may need the same for the purpose of their support during the period of harvest seasons and to cover the expenses incident to the purchase of seeds and proper cultivation of the land which they are working. It is the policy of the Department to extend credit facilities to tenants through Farmers' Cooperative Associations. Four cooperative associations with a membership of 621 tenants have obtained loans amounting to P14,544.00. Textile costing P8,111.05 were also distributed to the four associations.

(9) The inspection of factories to promote the health of laborers therein and to estimate the extent of disabilities sustained by laborers under the Workmen's Compensation Act. Medical inspectors of the Department have inspected a total of 2,241 establishments employing 25,803 laborers.

(10) The contracting of the services of seamen, the extension of help to unemployed persons in their quest for jobs, and the supervision of the activities of employment agencies. Up to December 31, 1945, it has placed 210 unemployed, of whom 97 are non-skilled, 74 semi-skilled, and 39 skilled.

PLANS FOR THE FUTURE

The program of the Department covers the practical problems of administration and of labor legislation aimed at bringing about the social justice program of the Osmeña administration.

It will be necessary to enlarge the Department so that it can deal more adequately with the vastly increased problems of labor and capital in the Philippines, which will be rendered more acute by the influence of labor movements in America, Europe, and in other parts of the world. It is proposed to establish here a counterpart of the Conciliation Service of the United States Department of Labor with such modification in functions and

composition as may be justified by local conditions. Such a step is necessary, although we have compulsory arbitration, because adjustment of an industrial dispute by the agreement of the parties is more likely to promote industrial peace and induce harmony between the employer and the laborer than by the imposition of a third party or tribunal.

There is also need for improvement in the administration of the Workmen's Compensation Act, which should be vested in a board or commission, with quasi-judicial powers. The present method of combining pure administrative with judicial enforcement has been discarded in many countries, which have adopted either the board or the commission method.

It is also the purpose of the Department by administrative action to promote industrial democracy in the Philippines by encouraging the organization of sane, healthy, responsible, and intelligently-led labor unions and the processes of collective bargaining by which labor may have commensurate voice with that of capital in the solution of their common problems in industry. The development of industrial democracy is a necessary counterpart to our democratic political system and in the last analysis strengthens the system itself.

In connection with labor legislation, the Department proposes the amendment or revision of existing laws to make them up-to-date and the enactment of new ones in conformity with the established principles of Labor legislation so far as local conditions may permit.

We need to enact a law governing the contract of employment in the light of modern principles and the conditions existing in the Philippines, to take the place of antiquated provisions of the Civil Code which conceive of the labor contract as a lease, placing the labor of man in the same category as a chattel or any other piece of property--a concept utterly repugnant to the socialized spirit of our Constitution.

Our legislative program includes the enactment of a Wage-hour law along the same lines as the Fair Labor Standards Act of the United States, in which the wage regulations will be coordinated with those covering hours of work, in place of the present setup in which these two subjects are treated separately.

It is also proposed to establish a statutory minimum wage and a statutory maximum working period, and at the same time allow laborers to bargain with employers for higher wages or shorter working hours.

The Workmen's Compensation Act should be further amended to bring a larger number of laborers under its protection, to liberalize the death and disability benefits therein provided and to integrate a program of rehabilitation of disabled laborers with the administration of law.

Finally, it is the purpose of the Department to recommend the enactment of a social security law covering unemployment compensation, old age and invalidity insurance, widows' and orphans' insurance, and health insurance.

T H E P H I L I P P I N E A R M Y

The liberation of the Philippines started on October 20, 1944 when General Douglas MacArthur dramatically returned in Leyte as he promised. The Filipino people long expected this liberation and to them it was no surprise. It was the culmination of 3 years of hope and faith. When General MacArthur ordered the Filipino people to rally around him, they were ready long before he had planned to land in the Philippines. The guerrilleros met and led the men of Gen. MacArthur into the enemy areas, saving American lives.

President Sergio Osmeña of the Commonwealth of the Philippines landed with Gen. MacArthur in Leyte and by Executive Order No. 21 issued on October 28, 1944, he incorporated all the remnants of the USAFFE and the guerrillas into the service of the USAFFE and the Commonwealth. In effect, therefore, the Philippine Army never ceased to exist throughout the whole period of Japanese occupation.

The veterans of 1941-42 Campaign were not backward in rallying around Gen. MacArthur. Unfortunately, their old organization had long since vanished and so, they were relegated into the casual camps.

With the liberation of Manila on February 3, 1945, there arose a need for a more coordinated activation of the Philippine Army. First in the list was the recognition of and the incorporation into the USAFFE of all active and deserving guerrilla units. Second was the establishment of the replacement battalions to take care of officers and men of the USAFFE not in the active list of the guerrillas. Originally there were five replacement battalions established -- the 1st in Leyte, the 2d in Camp Bayambang, the 3d and 4th in Camp Murphy, the 5th in Lanao, and the 6th in Iloilo.

Immediately upon the return of a semblance of normalcy, it became apparent that the keeping of peace and order should take priority, thus the creation of the Military Police Command. The MP Command is the police force of the Commonwealth of the Philippines, supervised and directed jointly by the U. S. Army and the Philippine Army.

At about the time that Japan surrendered, there was already existent in the Philippine Army a total of 98,255 officers and men roughly organized into recognized guerrilla units, men in the casual camps, men attached for duty to U. S. Army as activated units.

The Philippine Army is at present organized into the following: (a) Central General Staff, (b) Special Staff, (c) Camp complements, (d) Activated Units, and (e) Others.

The Central General Staff is patterned after that of the U. S. Army, except that there is no G-5. The duties of the various sections are the same as before; namely, G-1 is personnel, G-2 is Intelligence, G-3 is Operations and Training, and G-4 is Supply.

The Special Staff has not been changed either. It still consists of the following: (a) Air Corps, (b) Off-Shore Patrol, (c) Adjutant General Service, (d) Inspector General Service, (e) Judge Advocate General Service, (f) Quartermaster Service, (g) Corps of Engineers, (h) Ordnance Service, (i) Signal Corps, (j) Medical Service, (k) Finance Service, (l) Auditing Service, (m) Chaplain Service, (n) Special Service, (o) Public Relations, (p) Procurement & Contract, and (q) Budget Service.

Unassigned officers and men are placed in casual camps which generally are being administered by a camp complement and replacement battalion organization. The replacement battalion locations have previously been enumerated. There are 5 Camp complements in the Philippine Army. The 1st is in Camp Olivas, the 2d in Camp Murphy, the 3d in Calasiao, the 4th in Camp Ord, and the 5th in Iloilo.

Members of guerrillas who were active during the liberation had been organized in the so-called activated divisions. There were 5 divisions activated. The 2d composed of the Volckman guerrilla units known as USAFIP NL, the 3d from the regiments in Central Luzon and points south of Manila, the 4th from units in Eastern Visayas, the 5th from Western Visayas and the 6th from Mindanao. Out of these five, however, only 4 actually took shape. The 3d Division (PA), though ordered activated, never took shape, and it has already been demobilized. The other divisions are gradually being demobilized in conformity with the demobilization plan of AFWESPAC dated 10 October 1945.

All other members of recognized guerrilla units have been temporarily left to themselves in various camps, pending disposition by the U. S. Army or Philippine Army.

For the period covering this report, all operations of the Philippine Army had been in conjunction with the U. S. Army. In most cases, these were not independent operations as small units had been attached to the U. S. Army for specific mission such as combat, reconnaissance, intelligence, etc. An outstanding exception is the case of the USAFIP NL which alone, of all the guerrilla units, had been allotted an independent sector by the U. S. Army and it performed its mission independent of any supervision by the U. S. Army.

What little training has been done in the Philippine Army had been conducted under the direct supervision of U. S. Army officers attached for duty as members of the U. S. Army Training Group more popularly designated "UTG". In most cases, training had been confined to the basic principles of military instruction. However, other schools basically non-military in nature have also been opened, such as the AGS School, the Cooks and Bakers School, the QMS Mess Management School. In addition, the opening of U. S. Army service schools to Philippine Army personnel has made it possible for carefully selected officers and men to further their military studies. This plan enables the Philippine Army to draw upon a reservoir of highly trained and skilled personnel pool. Many of these schools are located in the continental United States, although AFWESPAC has set up several installations in the Philippines for this same purpose. Among these may be mentioned the Engineer School at Clark Field, Pangasinan, the U. S. Army Athletic Staff School, and the CWS School in Alabang.

At present, there are definite plans to revive the Philippine Military Academy in Baguio as a means of providing a steady supply of young junior officers.

The Philippine Army is dependent on the U. S. Army not only for salary payments, but also for its food and clothing. In most cases, the supply of units in the Philippine Army activated or unactivated had been made by direct arrangement with the nearest U. S. Army Supply Base. Only when supply could not be secured through this means has the Philippine Army Headquarters intervened.

With the end of the war with Japan, it became obvious that there was no longer any need in maintaining an army of approximately 250,000 officers and men. Demobilization, therefore, became the next step. The demobilization had been divided into 3 phases with inclusive dates of execution of each phase. So far we have not been able to keep pace with our plans. The 1st phase was the inactivation of all units ordered activated but not actually organized, the reversion to inactive status of all officers and men in the casual camps and the demobilization of all authorized guerrilla units attached unassigned to U. S. Army. The 2d phase is the demobilization of certain activated units and others. The 3d phase is the demobilization of the remaining part of the army. At this instant, it should be made clear that demobilization is a function of the U. S. Army. Any part which the Philippine Army may have taken is purely for the purpose of aiding the U. S. Army in the performance of its mission.

The Philippine Army had been most fortunate in the influx of American soldiers into the Philippines for transportation in going back to the States had been vacant. As a result, we had been able to send to the United States more than our usual share of officers for training in U. S. Army Service Schools. Almost 90% of the regular officers had already been there and a large number of reserve officers and deserving guerrilla officers. No doubt these men will help improve the discipline and training of the Philippine Army.

To weed out undesirable men who took advantage of the years of occupation to further their own ends, the Philippine Army has established loyalty status boards to investigate whether these men were victims of circumstances or simply disloyal. A large number of these boards are in Manila but there are others organized in the replacement camps.

Due to the confusion during the surrender and the change of government, officers and men had been guilty of anomalies and irregularities involving misappropriation of funds and the maltreatment of prisoners of war. These men are being investigated by a board of officers especially created for this purpose.

When Gen. MacArthur landed in Leyte, Major General Basilio J. Valdes, prewar Chief of Staff of the Philippine Army, was with his party. He assumed command as Chief of Staff and Brig. Gen. Rafael Jalandoni was appointed as Deputy Chief of Staff. In November 1945, Major General Valdes resigned as Chief of Staff to sit on the board for the trial of Japanese war criminals in the Philippines. On December 21, 1945, Brigadier General Jalandoni was made Chief of Staff and Col. Macario Peralta, Jr., Deputy Chief of Staff.

The coming year will find the Army ready for any and all tasks assigned to it, according to its Chief of Staff.

The Philippine Army is a youthful and progressive organization. It has had its growing pains. It has had its liberal share of praise as well as abuse. It has weathered the test of battle. It has fought recrimination and insult. It is a citizen army for it draws its life-blood and sinew from the lowly tenant-farmer, the small-town clerk, the sugar baron's heir, the college student, the village teacher, the wharf stevedore, and the shipping magnate's son. It does not believe in military aristocracy nor in supermen. It is grounded on democracy and inspired by loyal service.

The Army has faced its problems with courage and decision. It has not shirked responsibility. It has placed its previous manhood to the test of battle with a clarity of vision and a peerless zeal that have been the envy of the world.

BUREAU OF AERONAUTICS

The Bureau of Aeronautics, which is entrusted with the function of promotion, development and control of air commerce, air communication and all forms of civil aeronautics in the Philippines, has accomplished the following since it was reconstituted under President Osmeña:

1. Studied the allocation of local air routes to two pre-war airline companies, namely, the Far Eastern Air Transport, Inc. (formerly INAEC), which resumed operations on November 15, 1945; and the Philippine Air Lines, Inc. (PAL), which is expected to reopen on or before January 30, 1946. With domestic and foreign air transport companies planning to operate soon in the Philippines, a tremendous expansion of air transport activities is expected soon.
2. Taken initial steps in order to enable local air line companies to operate to nearby countries such as China, Manchuria, Malaya, Borneo and Java.
3. Extended full cooperation to the representatives of the Civil Aeronautics Administration of the United States Government. These aeronautics experts came to the Philippines in October, 1945, in accordance with President Truman's directive to "study the needs, make recommendations, and cost estimates relative to adequate inter-island (Philippine) air routes."
4. Inspected and reconditioned landing fields for the use of local commercial airlines.
5. Secured an initial appropriation of ₱250,000 for the operation, maintenance and repair of existing airports and landing fields.
6. Reconstructed records, including aviation laws, rules and regulations, office files, plans, maps and aeronautical charts destroyed during the war.
7. Prepared estimates for the construction, improvement and repair of proposed and existing national airports and landing fields.
8. Exerted efforts for the acquisition of radio and meteorological equipment.

logical equipment.

9. Issued the following licenses:

- a. Airplane - 7
- b. Airline pilots - 9
- c. Transport pilots - 8
- d. Student pilots - 4
- e. Mechanics - 25

The Bureau plans:

- 1. To acquire and construct the Manila Central Airport to accommodate international and trans-oceanic airplanes.
- 2. To establish and maintain a network of aeronautical radio and weather stations.
- 3. To establish radio beacons and other aids to air navigation.
- 4. To improve and lengthen pre-war airfields.
- 5. To encourage aviation and promotion of air-mindedness.

COAST AND GEODETIC SURVEY

With the limited equipment, supplies and personnel, the Bureau of Coast and Geodetic Survey has been able to achieve the following:

- 1. Prepared or caused to be printed and issued to the Armed Forces and other agencies revisions of nine U. S. C. & G. S. Charts.
- 2. Prepared or caused to be printed and issued to the Armed Forces and other agencies one new chart.
- 3. Prepared, compiled and caused to be printed to the Armed Forces and other agencies one publication.
- 4. Established a Chart and Map Depot for the distribution of Philippine maps and charts to the Armed Forces and other agencies.
- 5. Assisted United States Army Engineers in preparing and executing leveling work in Manila and elsewhere.
- 6. Assisted United States Army Engineers in preparing for the extension of triangulation in the Philippine Islands.
- 7. Procured and issued to the Armed Forces, maritime interests, and other agencies, copies of coast pilots and predicted tide tables.
- 8. Assisted the United States Army Engineers in the distribution of charts for the Far East Theatre in Nielson Air Field.
- 9. Assisted the General Engineer District, U. S. Army, Manila, in the investigation and surveys of the Manila Harbor area.
- 10. Secured from the Allied Geographical Section and GHQ valuable publications, aerial photographs, terrain studies, charts, maps, and other publications dealing on the Philippines and used as records of the Bureau.

The Bureau is presently engaged in preparing plans, procuring equipment and supplies, selecting personnel for the resumption of its map and chart work and other activities undertaken previous to the war. A revision survey of Manila North Harbor is in progress. Revisions of other charts are also being undertaken. Plans and arrangements for moving the Office to the O'Racca building are being made. Records are being reconstituted and duplicated whenever possible.

Five additional U.S. Coast and Geodetic Survey officers have been requested from the United States and it is understood that two are now en route.

The Bureau plans to secure one or two large ships and other equipment from the surplus U. S. Navy property. Many instruments and field equipment have been assigned and are on shipment to the Bureau from the Japanese Hydrographic Office and Imperial Japanese Land Surveys. A search for map reproduction plant from the U. S. surpluses is presently being undertaken in order to reestablish the photolithographic activities of the Bureau before the war.

Plans for the appointment and training of more Filipino officers in the Bureau and in the United States are under consideration.

Plans have been formulated for the extension of closely spaced systems of triangulation and leveling schemes throughout the Islands. The work is to be done by the 29th Engineers assisted by this Bureau.

When ships and equipment become available an attempt will be made to restore the Coast Survey to its approximate peace time level.

Of the 68 office personnel, 50 have been reappointed.

NAUTICAL SCHOOL

As part of the program of the government to reconstruct and rehabilitate the Philippine merchant marine, the Philippine Nautical School was opened in August, 1945. It had to start with practically nothing, its facilities and equipment having been destroyed during the enemy occupation and during the liberation campaign, by shellfire. The school therefore could admit only first year students. More students will be admitted next school year, when the government appropriates more funds for its operation.

The United States Army Transport Service and the United States War Shipping Administration have had to employ marine officers without the proper certificate of competency because of the present acute shortage of marine officers, especially in the coastwise service. First year students in the Nautical School who have had little sea experience are among those given opportunity for employment by these United States Government agencies. By the end of March, 1946, about 50 coastal marine officers may be turned out by the School.

The present plans for the reconstruction and improvement of the School call for the establishment of two departments, as in

the U. S. Merchant Marine Academy, namely, the deck officer and the marine engineer departments; the acquisition of a new site of at least five hectares of land near the sea; its equipment with all the modern facilities in order to keep it abreast of the progress of the marine profession; the acquisition of a proper "Training Ship" of not less than 600 gross tons; and an annual appropriation of not less than two hundred thousand pesos.

LEGISLATION

Even before his return from the United States, President Osmeña's critics were already looking for an opportunity to charge him with ruling by decree, with ignoring the prerogatives of Congress, in short, with dictatorship. Almost the first act of the President, however, was to summon Congress to a session, which was followed by other special sessions.

Out of these sessions came the following legislative measures, most of which were initiated and sponsored by the Administration:

PNB REHABILITATION: On July 19, 1945, the President signed Commonwealth Act No. 672, providing that the Philippine National Bank shall resume business immediately, taking over the assets of the Banking Division, which had been organized early after the occupation to provide the first banking facilities in the Islands.

SALARIES AND ALLOWANCES FOR DECEASED P. I. FIGHTING MEN:

On July 24, 1945, the President signed Commonwealth Act No. 675, which provided for the "immediate payment of salaries and allowances of deceased Filipino members of the United States Army, United States Navy, Philippine Scouts, Philippine Army, including duly recognized guerrilla organizations, and civilian employees of the War and Navy Departments, and other Departments of the United States Government and of the Philippine Army."

THREE MONTHS' ADVANCE PAY: On July 28, 1945, the President signed Commonwealth Act No. 676, which authorized the payment of three months' advance pay to officials, employees and laborers of the Commonwealth Government who had not received such pay at the outbreak of the war.

TACLOBAN MADE PORT OF ENTRY: To speed the flow of imported goods into the Philippines, especially the Visayas, the President declared Tacloban, in the province of Leyte, a port of entry, by Commonwealth Act No. 677, signed by him on July 31, 1945. Tacloban has since become a boom town, helping in the return to normalcy of surrounding areas.

ANTI-TUBERCULOSIS WORK: On September 24, 1945, the President signed Commonwealth Act No. 681, appropriating one million pesos for the immediate rehabilitation of the Philippine Anti-Tuberculosis Society, including the Quezon Institute, and of other agencies engaged in the fight against and the control of tuberculosis. Quezon Institute has been reopened and is now taking care of Filipino fighting men sick with tuberculosis, as well as civilian patients.

VD CONTROL: In order to prevent the spread of venereal diseases, the President, under Commonwealth Act No. 685, on September 25, 1945 appropriated P200,000.00 for such purpose.

PEOPLE'S COURT: On September 25, 1945, the President signed Commonwealth Act No. 682, creating a People's Court and an Office of Special Prosecutors for the prosecution and trial of crimes against national security committed during the second World War. The trial of those accused of giving aid and comfort to the enemy is now going apace.

FOREIGN RELATIONS OFFICE: The President on September 25, 1945, created the Office of Foreign Relations, which is empowered to handle all matters affecting the relations of the Government of the Philippines with the United States and foreign nations, and such other matters of an international character as the President may consider proper to place under its charge.

THREE-MONTH BONUS: To help government employees tide over the difficulties of the post-liberation months, the President on September 26, 1945, signed Commonwealth Act No. 686, declaring as bonus the three months' advance pay authorized in Administrative Order No. 167, dated December 12, 1941. Through this act, all government officials, employees and laborers were relieved of the burden of reimbursing the three-month advance pay.

CATANDUANES MADE A SEPARATE PROVINCE: This was done under Commonwealth Act No. 687, of September 26, 1945, which helped to make that provincial government truly more representative.

PEGGING OF HOUSE RENTALS: To protect the civilian population, a large portion of which had become homeless on account of the war, the President took measures to penalize speculation on rents of buildings destined for dwelling purposes. Commonwealth Act No. 689, approved on October 15, 1945, provided among other things, that in a suit for ejection or for the collection of rents due and payable by virtue of a contract of lease of buildings, the fact that the rents are unjust and unreasonable shall constitute a valid defense.

FREE DISTRIBUTION OF LAND: Commonwealth Act No. 691, approved on October 15, 1945, provided for the free distribution, under certain conditions, of lots of 24 hectares each of agricultural land of the public domain. In the actual distribution, preference will be given to members of the Philippine Armed Forces and legitimate guerrillas. To carry out the purposes of the act, the sum of ₱500,000.00 was appropriated.

FARM MACHINERY AND TOOLS: Commonwealth Act No. 694 provided for the creation of the Agricultural Machinery and Equipment Corporation. This Corporation was recently organized by the President and a substantial portion of the ₱10,000,000 fund appropriated for it has been made available. Purchases of the machinery and equipment to be needed by Filipino farmers have already been ordered.

I N T E R N A T I O N A L C O M M I T M E N T S

THE PACIFIC WAR COUNCIL

The Pacific War Council was formed early in the war, on the initiative of President Roosevelt and Prime Minister Churchill, to direct the Pacific strategy of the Allied powers. Represented in the Council were the United States, Great Britain, China, Canada, the Netherlands, the Philippines, Australia, and New Zealand. President Osmeña used to sit on this Council in representation of the Philippines. In his capacity as member of that Council, President Osmeña helped hasten the liberation of the Philippines from the enemy.

THE UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION (UNRRA)

The United Nations Relief and Rehabilitation Administration was established to provide for the relief and rehabilitation of United Nations territories liberated from the enemy. Its functions and activities are global in scope. Through this organization, the Philippines has been able to secure several millions worth of clothing and foodstuffs, medicines and other essential commodities, which have already been brought to the Philippines for the much needed relief and rehabilitation of our people. This relief work is still going on. President Osmeña has presented to the UNRRA a program involving ₱200,000,000 of relief for the Philippines.

THE UNITED NATIONS ORGANIZATION

The United Nations Organization was conceived on January 1, 1942, with the signing, by 26 nations, of the United Nations Declaration, and born on June 25, 1945, with the promulgation of the United Nations Charter by the United Nations Conference on International Organization at San Francisco. The Philippines was the twenty-eighth signatory to the United Nations Declaration and one of the fifty-one nations that drew up the United Nations Charter. Head of the Philippine delegation to the San Francisco Conference was Resident Commissioner Carlos P. Romulo. Formal organization of the United Nations Organization is scheduled for January in London, England. Resident Commissioner Romulo is head of the Philippine delegation, and Representative Pedro Lopez and Manuel V. Gallego are members. Membership in this organization enables the Philippines to participate in the establishment and maintenance of world peace and security.

BRETTON WOODS AGREEMENTS

These agreements were reached at Bretton Woods about the middle of 1944. They provide for the International Monetary Fund and International Bank for Reconstruction and Development. As a member of the International Monetary Fund the Philippines is assured of a stable foreign exchange rate which will stabilize its currency and international trade with those of the other participating nations. Membership in the Bank likewise affords the Philippines the right to secure long-term loans which are necessary for the reconstruction of our devastated financial, industrial, and commercial structures and the development of our resources.

DEVELOPMENT OF HYDRAULIC POWERS Looking forward to supplying hydraulic power for the rich but undeveloped island of Mindanao, the Osmeña administration approved Commonwealth Act No. 700, which appropriates the sum of ₱10,000,000.00 for the development of hydraulic power from the Maria Cristina Falls, province of Lanao, and for the construction, operation and maintenance of a hydraulic power plant near the falls. When completed, this project will be comparable with the biggest power development projects in the world, according to the Associated Press, in reporting the signing of this measure by President Osmeña on November 1, 1945. In approving this ambitious plan to bring about the industrial development of Mindanao, the Osmeña administration went beyond the immediate needs of reconstruction and took a decisive step toward the future progress and prosperity of the country.

PROTECTION OF INFANCY, MATERNITY AND CHILD HEALTH: On November 1, 1945, President Osmeña signed Commonwealth Act No. 701, which appropriates P500,000 for the resumption of the activities and functions relative to the protection of early infancy, maternity and child health. This act made possible the reorganization, as quickly as practicable, of puericulture centers and maternity houses existing ~~xxxxx~~ before the approval of the act and to establish new ones in the places where such institutions are greatly needed. (See public welfare report on progress in this regard).

LAND TAX REMISSION: Realizing the need for affording relief to owners of lands, many of which have been ravaged and have therefore been unproductive, President Osmeña signed Commonwealth Act No. 703 on November 1, 1945. This act authorizes the remission of all land taxes and penalties due and payable for the years 1942, 1943, 1944 and 50 per cent of the tax due for 1945. The act declares that the land taxes and penalties due and payable for the second semester of 1941 shall also be remitted if the remaining 50 percent corresponding to 1945 shall have been paid on or before December 31, 1945. The act also remits the land taxes on all lands, used mainly for the construction of any building which has been burned or destroyed by reason of the war, until another building shall have been constructed, the period of exemption to last not more than a year.

MUNICIPAL MATERNITY AND CHARITY CLINICS: By signing Commonwealth Act No. 704, President Osmeña authorized the Director of Health to establish municipal maternity and charity clinics in municipalities and municipal districts having a population of not more than 8,000 inhabitants. President Osmeña thus extended the benefits of medical attention to small towns, where such service is needed most. These clinics shall attend to all obstetrical cases and render free service to indigent patients certified as such by the municipal treasurer. The sum of P700,000.00 was appropriated for this purpose.

AID TO PHILIPPINE HOSPITALS: On November 1, 1945, President Osmeña signed Commonwealth Act No. 705, which appropriates the total sum of P3,779,500.00 as aid to national, provincial and city hospitals and their dispensaries. When funds become available for this purpose, all government hospitals and their dispensaries, in Manila as well as in the provinces, will benefit from this act.

GOVERNMENT INSURANCE SYSTEM: Taking another important step in improving the lot of government personnel, President Osmeña signed Commonwealth Act No. 706 on November 1, 1945. This act provides that each and every life insurance policy issued by the Government Service Insurance System to its members which was in force as of December 31, 1941, shall be considered in force notwithstanding the nonpayment of premiums. It also provides that any policy which matured by death or otherwise, shall become payable to the insured or his beneficiaries. Four million pesos was appropriated to carry out the purposes of this act.

MANILA RAILROAD REHABILITATION: Personnel of the Manila Railroad Company, who like other employees of government corporations as well as government personnel in general need help in order to improve their living conditions during the present emergency, should take heart from the signing of Commonwealth Act No. 707 on November 1, 1945. The act sets aside the sum of P20,000,000.00 to be loaned without interest to the Manila Railroad Company for its rehabilitation particularly for the purchase of locomotives,

cars, rails, ties and other equipment and accessories of railroad transportation; for the repair of tracks and bridges; and--this is the significant point -- for the reorganization and salaries of personnel. As quickly as relief funds become available from the United States, the Manila Railroad Company will be rehabilitated under this act, and personnel of the company will get the government aid and support that is their due.

PENSIONS AND RETIREMENT GRATUITIES: On November 1, 1945, President Osmeña signed Commonwealth Act No. 710, which sets aside the amount of ₱2,000,000.00 or so much thereof as may be necessary, for the payment of retirement gratuities or pensions of all persons who under existing laws have been receiving such gratuities or pensions including payment of pensions or gratuities accruing as of December 8, 1941. This act reestablishes the right of beneficiaries, such as teachers and war veterans, to their pensions and gratuities, payment of which has been resumed.

LAND SETTLEMENT: On November 1, 1945, President Osmeña approved Commonwealth Act No. 711, which appropriates the sum of ₱5,000,000. to enable the National Land Settlement Administration to resume its functions. In a subsequent executive order, the President reconstituted the NLSA and released part of the original appropriation for the purpose. (See Executive Orders.)

RADIO AND TELEGRAPH RECONSTRUCTION: To make possible the speedy reconstruction of destroyed radio and telegraph installations, President Osmeña signed Commonwealth Act No. 712 on November 1, 1945. This act appropriates ₱3,073,820.00 for the replacement, maintenance and operation of destroyed or damaged radio stations and installations in Manila and 36 other key radio communications center. It also appropriates ₱1,682,960.00 for the reconstruction of telegraph lines and reestablishment of necessary stations for 11 telegraphic circuits strategically located throughout the archipelago.

COOPERATIVE ASSOCIATIONS: To encourage the cooperatives movement in the Philippines, President Osmeña on November 1, 1945, signed Commonwealth Act No. 713, amending Section 5 of Commonwealth Act No. 565. As amended, the section creates a non-stock National Cooperatives Administration to take charge of the promotion, organization and supervision of cooperative and mutual aid associations now existing as well as those which may later be formed. The sum of ₱5,000,000.00 is set aside for the purpose.

BONUS FOR TEACHERS AND LOW-SALARIED EMPLOYEES: By approving Commonwealth Act No. 714, President Osmeña took an important step in enabling government personnel to meet the relatively high prices of essential commodities. Effective upon its approval on November 1, 1945, the act provides a monthly bonus, in addition to the basic salaries, for public school teachers and other low-salaried employees embraced in Grades 10 to 7, as follows:

(A) For rates in Grades 10, 9 and 8: ₱30.

(B) For rates in Grade 7; ₱25 for rate ₱80; ₱15 for rate ₱90; ₱5 for rate ₱100; provided that, a teacher or employee in this grade receiving salary other than any of the said rates shall be given a monthly compensation of ₱105, including bonus.

To carry out the purposes of this act, ₱16,700,000.00 has been appropriated.

REPARATIONS COMMISSION: On November 1, 1945, President Osmeña approved Commonwealth Act No. 715, which creates a Commission on Reparations to be composed of five members and which shall act as a fact-finding body as well as an agency to determine the most appropriate ways and means of securing indemnity for losses caused by the Japanese Armed Forces. Thus the Osmeña Administration called into being another agency to see to it that the Government and the people get properly indemnified for losses suffered during the war.

PHILIPPINE ARMY BUDGET: On November 1, 1945, President Osmeña approved Commonwealth Act No. 717, with additional sums totalling P52,861,254.00, for the operation of the Philippine Army for the fiscal year ending June 30, 1946. Approval of this budget is one of the measures of recognition of the role of the Army in the defense of the country and in helping to liberate it from the invader.

AGRICULTURAL REHABILITATION: Commonwealth Act No. 718, approved on November 1, 1945, appropriated P2,941,000.00 from the Coconut Oil Excise Tax Fund for important activities under the Department of Agriculture and Commerce. These activities include:

1. agronomical survey of the Philippines;
2. Establishment, development, improvement, maintenance and operation of agricultural experiment and demonstration stations;
3. reforestation and afforestation of watersheds, denuded areas, and cogon or open lands within forest reserves, communal forests, national parks, timberlands, sand dunes, etc.;
4. classification, survey and subdivision of agricultural lands of the public domain, especially those lying along the national highways;
5. organization, maintenance and operation of a School of Fisheries; and
6. creation of a Cinchona Plantation Revolving Fund, for the establishment, cultivation, development, maintenance and operation of cinchona plantations to feed the quinine and totaquina industry.

CADASTRAL SURVEY: On November 1, 1945, President Osmeña approved Commonwealth Act No. 719, which appropriates P1,700,000.00 for the rehabilitation of the Cadastral Survey Revolving Fund.

ANIMALS FOR BREEDING PURPOSES: Commonwealth Act No. 721, approved on November 1, 1945, appropriates P500,000 to buy locally or import animals for breeding purposes. This measure is expected to improve the quality of work animals and promote the cattle industry.

EXCHANGE STANDARD FUND: On November 14, 1945, President Osmeña approved Commonwealth Act No. 724, which amended Section 162 and 22 of the Administrative Code, regarding the Exchange Standard Fund, in order to make available to the Commonwealth Government the sum of approximately P50,000,000. This important Administration measure released money which, together with P142,000,000 in Excise Tax Funds released by the U. S. Treasury, enabled the Government to reopen government offices, pay salaries of government personnel and carry on the functions of government at a time when the national income was down to a fraction of what it was before the war.

ACCEPTANCE SPEECH OF PRESIDENT OSMEÑA
BEFORE THE NACIONALISTA CONVENTION,
21 JANUARY 1946

I feel profoundly grateful for the singular honor you have conferred upon me in selecting me as the candidate of our party, the Nacionalista Party, in the coming elections for the Presidency of the Philippines.

Ours is a grave responsibility. On the eve of independence, we are called upon to lift a country of eighteen million people from the misery of a cruel war. Our towns are wrecked, our fields devastated, and thousands of citizens have been killed. We must feed the hungry, clothe the naked, and minister to the sick. We must attend to the widows and orphans of our martyrs of freedom. Our highways must be repaired, homes and farms rebuilt, industries rehabilitated, and opportunities for a decent existence created. Above all, the Nacionalista Party must help restore to our people a vigorous faith in their future, and give them the assurance of a better life for all.

The task of building the Philippines will tax our strength to the utmost. But we must tell the Filipino people, as the late President Roosevelt told his people in the dark days of the depression, that the only thing we have to fear is fear itself. This country will revive and will prosper if we face the arduous task before us with courage and determination.

As the first principle in our platform, we state most emphatically that the Nacionalista Party is irrevocably committed to the independence of the Philippines on July 4, 1946. The Filipino people well know that the issue of independence is the very breath of life of the Nacionalista Party; that it came into being four decades ago to proclaim the right of the Filipinos to be free; and that under its leadership our people have demonstrated their capacity to maintain a stable, democratic government. Independence is now a closed issue, definitely resolved with great honor to both the United States and the Philippines.

To accelerate the execution of our program of rehabilitation, the environment of peace and order will be improved. After the chaos and disorder that prevailed in our country during the War, we cannot expect an immediate return to the even tenor of our pre-war days. But ours is an inherently peace-loving people. They are ready to give their full cooperation to an administration that seeks to restore order as an essential requirement for the resumption of our normal life.

The machinery for the trial of those who are accused of collaboration with the enemy has been set up and is functioning well. I am confident that the People's Court will continue to perform its functions with competence and dignity, and will apply to each and every case that may come up before it the yardstick of impartial justice.

Our country is pre-eminent agricultural. Our efforts should, therefore, be immediately directed to the reestablishment of our farms for the production of food in sufficient quantities for our domestic requirements as well as of those crops which we can profitably export abroad so we may be able to secure those commodities essential to our everyday life. I want to see not simply the restoration of our agricultural fields

to their pre-war condition, but the improvement of our methods of agriculture by the use of modern machinery and scientific methods of farming. I am determined to bring about a more equitable sharing of the crop between tenant and landowner as a basic condition for the ultimate liquidation of backward economic practices in the Philippines.

To foster commerce, to rehabilitate and expand our industries, and to strengthen our national unity, our public roads and bridges, our telegraph and telephone systems, our radio stations, our railroad lines and our airways should be restored, improved, and extended as fast as our finances will allow.

We will encourage our citizens to enter the field of international trade by the establishment of a merchant marine that will assure the movement of our domestic products to the markets of the world. We will put into execution measures designed to make our country the distributing center of trade in the Far East by establishing a free zone in the port of Manila.

The three long years of enemy occupation should convince us of the folly of remaining purely an agricultural country. During that period, when we were isolated from the rest of the world, our suffering was multiplied a thousandfold by the absence of industries for the manufacture of those imported commodities essential to our people's welfare and livelihood. The establishment of factories by which our nation can be made self-sufficient in those commodities essential to our individual and national life should form an important part of our national program.

For our huge program of reconstruction, the proceeds from taxes will obviously be insufficient. Fortunately, the help we will receive from the United States will be considerable. As a member of the United Nations Relief and Rehabilitation Administration the Philippines is now negotiating for substantial assistance from that source. Should more funds be needed, we shall make use of our privileges as a member of the International Bank for Reconstruction and Development.

Because the maintenance of democratic institutions depends upon an enlightened citizenry, the education of our people will always remain a prime concern of the Government. Emphasis, however, shall be shifted from purely academic instruction to vocational and technical training. Our program of industrialization and scientific agriculture calls for more and more Filipinos with this kind of preparation.

In our higher institutions of learning, however, we shall continue to encourage humanistic pursuits and studies in pure science for those who, by nature and inclination, are peculiarly fitted to undertake such tasks. The great leaders of the world today and in the past were men of broad culture and highly cultivated tastes. In this connection, I want to declare publicly my sincere advocacy of academic freedom in universities established by the State.

The end of the war should not make us forget those who struggled in various ways for the defense of our motherland. We should always be grateful for the work of our Army, our guerrillas, our volunteer guards, our bolo

battalions, and all the other components of our resistance movement. They rose as one man under the inspiration of President Roosevelt, encouragement of President Quezon, and the military leadership of General MacArthur. The defenders of Batuan and Corregidor, the men who cracked the enemy lines at Ipo Dam and Kiangun, and scaled the heights of the Villa Verde trail, will forever live in our hearts as true models of valor and patriotism. It shall be my constant endeavor to see to it that they shall be rewarded adequately for the sacrifices they made to bring about the liberation of our country. I am confident that their just claims for recognition and compensation will be recognized by the United States Government, and I pledge the resources of the Philippine Government to make such amends as may become necessary in the interest of fairness and equity.

I have made representations to the Government of the United States, through some of its outstanding officials, for the redemption of guerrilla notes which were issued in different parts of the country under proper authority. We have every reason to believe that the American Government in due time will redeem these notes. But that is not enough. I shall work for the grant of pensions and other benefits to veterans. It is my desire to express in tangible terms our feeling of gratitude to all of them.

You are well aware of the active participation the Commonwealth of the Philippines had in the establishment of the United Nations Organization in San Francisco. For all practical purposes our membership in that organization has actually launched us in the field of foreign relations even before the formal establishment of the Philippine Republic. This is but the fulfillment of the words of the late President Franklin D. Roosevelt who, in an address to the Filipino people on August 13, 1943, said: "The United States, in practice, regards your lawful Government as having the same status as the governments of other independent nations."

The cornerstone of our foreign policy will be the maintenance of friendly relations with the United States whose altruism has made possible the establishment of the Republic of the Philippines. The presence here of American bases for the mutual protection of the United States and the Philippines will naturally keep alive the interest of that great nation in our land after independence. On our part, we are bound to her by the strong ties of gratitude and of mutual sacrifice for common ideals. We shall strive to keep and strengthen our cultural ties with her, bearing constantly in mind our historic role as the bulwark of freedom and democracy in this part of the world. It will be our sacred duty to preserve the principles of individual freedom, government of laws, and progressive democracy which make up our priceless heritage from our long and fruitful association with America.

The mighty American resolve to redeem the Philippines from Japanese bondage was the dramatic culmination of that extraordinary association.

To two great men, above all others, goes the credit of averting a tragic end to the unparalleled story of Philippine-American collaboration in freedom and democracy: to the late President Roosevelt who personified the abiding

solicitude of the American people for the Philippines, and to the late President Quezon who personified the unswerving determination of our people to be free. The Philippine Republic shall be a living monument to the hallowed memory of these two great champions of human freedom.

On this memorable occasion, our minds turn to President Truman who has shown a sympathetic interest in our country. We are deeply indebted to him for his efforts to assist our people and we are profoundly grateful to the great American Army, Navy and Air Force for their glorious role in the liberation of our country.

To the youth of the land I wish to make a special appeal in this critical hour. We are not building for my generation alone. We are building principally for yours and the generations to come and we need the enthusiasm, the imagination, and the courage of the young. We shall need your vision of a better Philippines and a better world. It is for you, the youth of our land, to help remake our country. You must labor hard to shape it into the sort of a country that will give future generations of Filipinos a better and fuller life than your elders have known.

I have presented to you in bold strokes the salient features of the program I propose to follow. The others are mentioned in our Party platform. With the united support of our Party and with the cooperation of all our people, I pledge myself to carry them out faithfully, to the best of my ability. God grant us, one and all, the strength and wisdom to do our part in bringing about the successful establishment and maintenance of our Republic.

Fellow Nacionalistas -- I accept, in all humility, your nomination for President of the Philippines. Under the victorious banner of our Party, we march onward once more towards the final goal of independence, in search of national fulfillment within the framework of a happier humanity.

RESTRICTED.

June 28, 1945

Paraphrase of telegram from E.D. Hester to the Secretary of the Interior and Senator Tydings transmitted through the Secretary of War.

The adequate program of Philippine food relief which the United States Army heretofore financed and carefully administered is gradually being transferred by areas to the Commonwealth Government (on June 10 the Manila area was transferred, and all areas anticipated being transferred by September 1). Emergency control administration a special body established by Commonwealth under the Department of Interior will administer program and not Philippine Red Cross as originally suggested by President Osmena.

During April and May food relief was of two sorts, namely: sales below cost and free issue (canned fish, corn and meat approximately one half and rice approximately one fourth landed cost). Free relief Manila in April given to 305,000 persons and to 110,000 persons in May. In Manila 859,000 persons purchased food in April and 982,000 in May. Free distribution in Manila in April 2,300 short tons including 625 tons meat, 1,100 tons rice, 180 tons corn and 276 tons fish. Free distribution in May totalled 1,100 tons including 23 tons fish 600 tons rice, 200 tons meat. Sales in May totalled 12,200 tons including 500 tons flour, 2,200 tons meat, 2,300 tons of fish, 6,300 tons rice. Distribution outside of Manila in tonnage averages from one half to two thirds that of Manila with the ratio of sales to the total substantially higher.

Supplying of goods to Commonwealth by Army for sales relief and free issue for Manila area are made on receipt basis. Pending question exists whether transfer by Army in whole or part of inventories and goods afloat September first will be made to the Commonwealth for relief or to the Federal Economic Administration for Commercial sale. Data on quantities or costs involved unavailable. So far Commonwealth unable to obtain from surplus areas for distribution in deficit areas appreciable quantities locally produced foodstuffs or to finance either type relief from current revenue or general funds--current revenue reported negligible. I recommend, subject to the approval of the Commander in Chief and the Secretary of War, that the balance Philippine Civil Relief Act 1941 be transferred to Commonwealth under their guarantee to use only for free issue relief with no part for cost of relief administration.

The balance which is reported as \$ 25,000,000 would not be adequate to support a general relief program through subsidized sales but probably adequate for relief for fifteen months on free issue basis if rolls do not exceed 280,000 average and daily individuals ration one pound of rice plus estimated cost for other foods of ten cents including spoilage, canned fish, meat and milk for infants. According to Army at present free relief is being given to 80,000 people and is limited to three fourths pound of food per person daily the composition of the food being continually changed according to availability. I believe it desirable to discontinue subsidized sales owing to difficulty in limiting sales to low income groups, unavailability of sufficient financial support, impairment Federal Economic Administration plans for resumption of private trade in foodstuffs, and discouragement local rice production. Am advised by Foreign Economic Administration that an agreement with Commonwealth has been reached to discontinue Subsidized sales. When agreement is finalised I will advise details. Apparent that it will be necessary to raise minimum wage now one peso twenty five centavos to meet realistic food price levels when subsidized sales are discontinued otherwise there will be large increase in free issue rolls. Problems of increase in wages being given consideration by Army authorities.

Concurrence one or more following causes may aggravate relief program: possible increase free issue rolls during September to December due exhaustion up country cereal stocks prior to major rice harvest in December and January; if Commonwealth distribution proves less efficient than PCAU record of Army or the influence towards generosity by approach of November elections; if rice harvests should fall more than ten percent below normal (which seems almost inevitable); if the sudden cessation of war should result in urban unemployment.

None of the U.S. civil agencies established in Philippines would be competent to supervise, administer, or even audit a relief program on a free issue basis. It is reported that UNRRA is interested and has already provided token assistance to the total of \$1,000,000 principally clothing and flour. In my opinion outside help would be welcome by Commonwealth but outside control would be resented. Certainly appointment unilaterally of "Relief CZar" as suggested in Washington would be resented. If failure occurs or threatens Commonwealth attitude might change.

In conclusion I recommend that Army or American Red Cross be prepared to take over if conditions so require.

*Despatched by hand,
10 November 1945*

Mr. Gaines

Excellency:

I am writing to confirm the conversation which we had in my office on Wednesday.

There has been pending for some time a request by the Philippine Government for relief and rehabilitation assistance from UNRRA. In the meantime, I am informed that various steps have been taken by the United States Government looking towards the provision of economic assistance to the Philippines.

I realize that the need for relief in the Philippines is urgent and that it may take some time before the programs of the United States Government are sufficiently developed. As you know, UNRRA has previously extended to your Government assistance in the amount of one million dollars under a resolution of the UNRRA Central Committee authorizing the extension of emergency relief for particularly devastated districts. In view of the great need which now exists, I am

His Excellency

Sergio Osmena

President of the Commonwealth of the
Philippines

prepared, as I told you, to authorize an extension of further assistance in the amount of two million dollars of emergency supplies in order to bridge the gap between the present emergency and the eventual action by the United States authorities. This would permit prompt action to meet the current emergency. As I am sure you realize, UNRRA, by extending this assistance, is not assuming the basic responsibility for relief in the Philippines. Your request for large scale UNRRA assistance remains for consideration in accordance with my letter to you of 29 September and in the light of such steps as the United States may see fit to take to meet relief problems in the Philippines.

From our conversation of this morning, I understand that your Government appreciates this situation and is glad to accept the arrangement outlined in our conversation.

Accept, Excellency, the assurance of my highest consideration.

Herbert H. Lehman
Director General

Feller/Hawes:hh;js
9 November 1945

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HISTORY

8/53