

DECLASSIFIED  
Authority NND 883078

BUR. OF POST EMPLOYEES (PANAY)



POLICY RE PANAY BUREAU OF POST EMPLOYEES  
AS APPROVED BY COLONEL MARCUS, DIRECTOR, RPD

21 December 1945

1. Civilian employees of the Bureau of Posts, Isle of Panay, remained employees of the Commonwealth Government regardless of their induction into USAFFE and did not obtain any status as War Department employees. They have no status under the Missing Persons Act.

2. These individuals on the Isle of Panay who served as "Volunteer Air Observers" have no status as War Department employees, and do not come under the Missing Persons Act.



CHECK SHEET

SUBJECT: Claims of Engineers, Cebu, P.I.

FROM: OIC, Civilian Section TO: Director, Rec Pers Div DATE:

1. We have approximately 1250 claims from persons on Cebu, P.I. claiming to have worked for the War Department between 8 December 1941 and 10 April 1942 on various engineering projects including Defense Construction, Building Construction, Airfield Construction and Corps of Engineers and construction projects of 82d and 83d Infantry.

2. a. Joaquin L. Panis, at present Under-Secretary of Public Works and Communication, Manila, and formerly District Engineer on Cebu, states that a total of 27 USAFFE projects (Exhibits A and B) were undertaken by the District Engineers between 15 December 1941 and 10 April 1942.

*Mr Panis makes the following statement*  
b. "All the laborers therefore working in different Army projects were paid in Army payrolls by Capt Villacastin, Finance Officer, USAFFE, except some of my higher salaried assistant engineers who preferred to collect their salaries from the Government. On or about the beginning of February 1942, at the height of our construction activities wherein we were employing about 6000 laborers in all Army projects, a schedule of daily wages and salaries was prepared by Quartermaster Colonel J. D. Cook and approved by the Commanding General relative to wages and salaries of the men employed under me. The schedule so far as I can remember provided for common laborers at ₱1.20 per day of eight hours with double pay for overtime and a maximum



of P8.00 for an assistant engineer in charge of a major project and P6.00 for an assistant engineer in charge of smaller projects. With this classification, many of my assistant engineers whose salaries in the government ranged between P2.40 per day to P125.00 a month preferred to be paid under Army payrolls. Some of them, however, continued to received their salaries from the Government as a sort of a bonus in view of the heavy assignments given to them, sometimes involving twenty-four hour service without extra for overtime. The paymasters were continuously in the field, paying out payrolls made weekly in many cases, and forth nightly in other cases where the work was quite distant from the Capital."

c. Mr. P. M. Lanas, a resident of Cebu, and engineer in charge of defense projects with the 82nd Division states in his affidavit (Exhibit C):

"I had about 1000 men working for me. Laborers, foremen and capataz were hired under the Cabo system and money for their payment came from USAFFE funds. It is possible that project engineers who were working for the District Engineer prior to the outbreak of the war received pay from the Commonwealth Government Offices while engaged in working for USAFFE. USAFFE funds may have been turned over to the Commonwealth Government in payment for the services of these engineers. I do know that the payrolls for these engineers were made up by Commonwealth Government clerks whereas my payroll was made up at USAFFE headquarters."

d. Benigno G. Karaos, Engineer, in his statement (Exhibit D), states:

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"I was engineer in charge on construction of barricades and air raid shelters in Cebu City and the waterworks in Camp 'X.' I had approximately 70 workers under my control. I was paid in full by the Commonwealth Government on 31 March 1942.

e. Ulpiano M. Presbitero, Engineer, (), states that:

"I was engineer in charge of the following projects that were initiated by the Bureau of Public Works and that on 27 December 1941 I and some of the other Engineers under my supervision began receiving pay from Captain Francisco Villacastin, Finance Officer, USAFFE, in Cebu."

It will be noted that these various projects were started 27 December 1941; lasting from three weeks to two months. (Exhibit E)

f. Fedelino C. Rodriguez, Chief Surveyor of the Office of the City Engineer states that: "I am a regular civil service employee of the City Government of Cebu and that I was assigned to investigate the proposed water supply for the Base Hospital and Camp "X". Then I was assigned to locate the proposed road from Bonbon to Sirao. That this party consisted of 6 other survey men." (Exhibit F)

g. Esperidion T. Lazaga, capataz, Road Construction and Defense Project, states that: "I was employed as Capataz in the Cabo system from 30 December 1941 to 2 March 1942 and that on 2 March 1942 I was rotated." (Exhibit G)

h. Aurelio Tangenti, Capataz, Dita-Adlawon Road Construction, USAFFE, states that: "I was employed as laborer in the Bureau of Public Works before commencing to work as a Capataz, Dita-Alawon Road Construction and that the Capataz system of employment was used. I hired 63 men." (Exhibit H)



Review of some of the payrolls that are available pertaining to various projects indicate that the Engineers and Assistant Engineers were paid at the rate of P4.00 to P6.00 per day, being paid weekly. Attached are three payrolls, marked as Exhibits i, j, k,.

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Reference is made to letter, AFPAC, dated 2 October 1945 addressed to Honorable C.F. Hanson, Deputy Commissioner, U.S. Employees Compensation Commission. (Exhibit L )

a. From what funds are these civilians paid and how are such funds disbursed?

(1) To provide a complete background in connection with the funds appropriated by the U.S. Government for used in the Philippines, it becomes necessary to trace the origin of such funds currently being used to the Independent Offices Appropriation Act, 1942 (Public Law 28-78th Congress) approved 5 April 1941, appropriating monies for "Emergency Funds for the President". This legislation enabled the President of the United States to make funds available for emergencies affecting national security extant at that time. This appropriation was continued in the First Supplemental National Defense Appropriation Act, 1942 (Public Law 353-77th Congress), under the heading entitled "Army of the Philippines", and provided that any expenditures heretofore or hereafter made from said appropriation, "Emergency Funds for the President", for the purposes and in the manner authorized under the heading in this Act are hereby authorized and validated. Funds made available by this Act to the Commonwealth of the Philippines are for the operation and maintenance of the Army of the Philippines, including the expenditures incident to pay, allowances, operation, maintenance, and other activities of units and personnel of the Philippine Army. Expenditures could be made without regard to the provisions of law regulating the expenditure of, or the accounting for, funds of the United States, but shall be expended in a manner prescribed by the President of the United States. (Executive Order 9011, 3 January 1942). Funds provided for in the above cited appropriation acts are advanced to the Commonwealth of the Philippines and are accounted for by the Commonwealth without reference to laws and regulations of accounting for public funds of the United States.

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In this connection it should also be noted the "statutory laws of the United States hereinafter enacted shall not apply to the Philippine Islands except when they specifically so provide or it is so provided in this act" (48 United States Code 1002).

(2) Prior to the enactment of the emergency legislation cited above, monies made available in the Military Appropriation Act could not legally be expended for Philippine Army operations when such expenditures involved a cost to that appropriation or any other cost over and above that was necessary to carry on the regular army functions (Section 2135, Digest of Opinions of the Judge Advocate General of the Army, 1912-1940). Accordingly, a limited sum of the funds used in the payment of civilian employees in the Philippine Army could be considered as appropriated monies of the United States, but qualified to the extent that such appropriated monies are for the purpose of assisting the Commonwealth of the Philippines in maintaining its army. Cognizance should be taken that the Commonwealth of the Philippines appropriates from its own sources funds to meet current expenses in the governmental branches.

(3) Disbursements made from the above mentioned sources are expended by Philippine Army disbursing officers in accordance with Philippine Army laws and regulations. To some extent, the Commanding General, United States Army Forces in the Far East, may administratively review expenditures made by Philippine Army disbursing officers, in accordance with Executive Order 9011. Generally speaking, however, such funds are managed, controlled and accounted for by the Commonwealth.

c. Are these persons regarded by the United States Army as employees of the United States Army or as employees of the Philippine Army?

(1) From the information furnished in reply to question a. above, it may readily be seen that Philippine Army civilian employees are not accorded the statutory rights granted United States civilian employees and as outlined above, the funds used in payment of services rendered would in the ordinary sense be considered as Philippine Army appropriations, therefore the United States Government could not consider employees under the Commonwealth of the Philippines direct control as employees of the United States Army.



Extract of Supplement II of the Military Laws of the United States, dated 31 Dec 42, page 444 is inclosed marked as Exhibit M

In view of the above information it appears that all construction activities in southern islands were that of the Philippine Army, Commonwealth Government, and not United States Government activities. The troops stationed in these islands were Philippine Army with some American officers in command of them and few in key positions. It will be noted that practically all employees were paid on General Form No. 7(a) (Time Bank and Pay Roll) which indicates to be a Commonwealth payroll.

It is therefore recommended that these construction activities be considered as project of the Commonwealth Government and not entitled to benefits under the Missing Persons Act.

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