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DIGEST OF U.S. GOVERNMENT ACTIVITIES IN THE REPUBLIC OF THE PHILIPPINES

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UNITED STATES GOVERNMENT ACTIVITIES
IN THE REPUBLIC OF THE PHILIPPINES

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SEPTEMBER, 1949

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This Pamphlet Contains Information Concerning:

1. The Republic of the Philippines
2. The United States Embassy at Manila
3. United States Armed Forces Establishments
in the Philippines
4. Other United States Government Agencies
Currently Operating in the Philippines

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Prepared by Staff Members of the Embassy and the Agencies Concerned
for the
Far Eastern Survey Mission of the House of Representatives
Committee on Expenditures in Executive Departments

September 10, 1949

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PART I

BRIEF DESCRIPTION OF THE PHILIPPINES

General Information

Resources of the Philippines

Foreign Trade

BRIEF DESCRIPTION OF THE PHILIPPINES

ITS RESOURCES AND FOREIGN TRADE

A. GENERAL INFORMATION

Location. -- The Republic of the Philippines occupies a chain of over 7,000 islands off the southeastern coast of Asia stretching over a thousand miles from the north coast of Borneo to the south coast of Formosa. Strategically, the Philippines commands the South China Sea and the Pacific Ocean approaches to Hongkong, the Gulf of Tonkin, the Gulf of Siam and the Straits of Malacca and Macassar.

Area. -- A land area of approximately 115,600 square miles ranks the Philippines in size with the United Kingdom, Italy, and Japan. It is more than half the size of Spain and more than twice the size of Greece.

Population. -- The population of the Philippines according to the last Census, that of 1948, was 19,234,182; for 1949 it is approximately 19,700,000. The population is thus greater than that of any country in the Western Hemisphere except the United States, Mexico, and Brazil. Due to the high vitality of the Filipino race and the unusual development during the past half century of public health service and preventive medicine, the population is increasing rapidly -- about 2.5 percent per annum -- and should reach 50,000,000 by the year 2000.

The foreign population exceeds 200,000 of which possibly 80 percent are Chinese and other citizens of Asia. The number of United States citizens voluntarily registered is around 18,000 and the total must approximately 25,000.

Geographical division. -- Each of three geographical regions is represented by a star in the Philippine flag. These regions, together with the name and area of their principal islands and population, are listed below.

	<u>Area</u> (Sq. miles)	<u>Population</u> (1948 Census)
Luzon or Northern Region:		
Luzon	40,420.0	9,073,705
Mindoro	3,758.5	167,705
Masbate	1,262.2	211,113
Catanduanes	552.4	112,121
Romblon	512.4	108,817
Marinduque	346.8	85,828
Batanes Islands	76.4	10,705

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	<u>Area</u> (Sp. miles)	<u>Population</u> (1948 Census)
Visayas or Central Region:		
Samar	5,050.2	757,212
Negros	4,905.5	1,482,219
Panay	4,446.0	1,491,759
Leyte	2,785.5	1,006,891
Cebu	1,702.7	1,123,107
Bohol	1,492.2	553,407
Mindanao-Sulu or Southern Region:		
Mindanao	36,536.7	2,702,498
Palawan	4,550.2	106,269
Sulu	1,086.2	240,826
All Philippines	115,600.0	19,234,182

Culture. -- The Filipinos are presently a distinct race blended chiefly from ancient Malayan, Indonesian, and Mangoloid stock. During the past three centuries the bulk of the population has discarded most of its orientalism, and the nation is now considered definitely Western in culture.

As a result of the free public school system established in the earliest days of American occupation more than half the population is now literate. The Filipinos have several native languages and numerous dialects. There are 3 official languages: English, Spanish, and the national language based on Tagalog (the language of the people native of Manila and south central Luzon). Over a fourth of the people speak English and only about 3 percent speak Spanish. English is the language of instruction in all schools, public and private; it is practically the sole language of government, commerce, trade and industry. All books, newspapers and journals of general circulation are published in English.

Religion. -- Approximately 80 percent of the people are Roman Catholics, 10 percent other Christians, 5 percent Mohammedans, and 5 percent pagan generally with well developed animistic cults. The Mohammedans live in the Sulu Archipelago and in the islands of Mindanao and Palawan. The pagans live in the mountainous interiors of Luzon, Mindoro, Mindanao, and Palawan, where they are being gradually assimilated through missionary effort and the political policy of attraction. Mohammedans and pagans sit with Christians in the Congress and hold the more important government offices in the provinces and municipalities where they predominate. Along the lines of contact between the religious groups instances of strife are rare, and tolerance and goodwill are the rule.

Present form of government. -- The Philippine Government is a representative republic. The constitution recognizes the sovereignty of the people and is patterned closely after that of the United States, except that it is of the central rather than federal type. The executive, legislative and judicial powers are separate and designed to check each other, but certain constitutional provisions accent the authority of the executive, and the bill of rights, standard in other respects, does not provide for trial by jury.

The central government organization consists of a president, a vice-president, and a bicameral congress, all elected directly through the universal suffrage of adult men and women. The president is assisted by an appointive cabinet of eleven Secretaries. All important presidential appointments are subject to the consent of a Commission on Appointments whose membership derives from both houses of Congress.

The judiciary consists of a Supreme Court of eleven members, a Court of Appeals, several provincial Courts of First Instance, and municipal Justice of Peace Courts. The President appoints all justices and judges. There is no separate provincial judicial system which would correspond to State Courts in the United States.

The Philippines is divided politically into over 1200 municipalities and 22 chartered cities. The municipalities are grouped into 50 provinces. Each municipality consists of a town center of "pueblo" and a surrounding area which is divided into villages or "barrios". Each village consists of a number of hamlets or "sitios." Each municipality is governed by elective authorities consisting of a mayor, vice-mayor and a municipal council. However, in all but routine matters, their ordinances and appropriations are subject to approval by the Provincial Board and the intervention of the Department of the Interior.

Provinces are governed by an elective Governor and a Provincial Board composed of the governor and two additional elective members. The jurisdiction of provincial boards is wider than that of municipal councils, but it is also subject to review and intervention by several departments of the central government, particularly the Department of the Interior.

Chartered cities have mayors appointed by the President. In several cities a majority of the council consists of central government officials and presidential appointees. The Department of the Interior exercises final jurisdiction over city governments.

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Central Bank and Monetary System. -- The Central Bank, established on January 3, 1949, is wholly-owned by the Government and is headed by a Monetary Board consisting of seven members. The Secretary of Finance, the President of the Philippine National Bank, and the Chairman of the Board of Governors of the Rehabilitation Finance Corporation are ex-officio members of the Board. The other four members, including the Governor of the Bank, are appointed by the President for 6-year terms. The bank has a monopoly of the issue of currency.

Prior to the establishment of the Bank the peso had to be backed 100 percent by U.S. dollars. With the Bank's inception, however, the monetary system was changed, and there is no longer any requirement as to the amount and type of foreign currency which must back the peso. The value of the peso is fixed at U.S.\$0.50. This value cannot be changed nor can any restriction be imposed upon the convertibility of pesos into dollars except with the agreement of the President of the United States, as provided by the terms of the Trade Agreement of 1946.

Money and commercial banks. -- Over the six-month period ending June 30, 1949, the money supply declined by ₱108 million. The reduction in demand deposits amounted to ₱67 million as compared to a reduction of notes and coins in circulation of ₱41 million. The money supply during this period averaged ₱1,142 million and was larger than in 1947, when it averaged ₱910 million, but was at approximately the same level as the 1948 average of ₱1,093 million.

At present there are nine domestic banks and five branches of foreign banks, all of which operate their headquarters in Manila.

Balance of payments. -- During the three-year period 1946-48, U.S. Government outlay in the Philippines--chiefly to finance U.S. Army programs, to compensate for war damage, both public and private, and for military services rendered by Filipinos--amounted to approximately \$1.4 billion. As a result, the Philippines has been able to finance large trade deficits which, including freight and insurance, averaged \$300 million annually during the three-year period, and also was able to finance an ample volume of non-trade transactions, including the transfer of interest, dividends and profits, capital, and the movement of personal remittances. Such transactions in 1948 amounted to over \$100 million.

During the three-year period 1949-51, however, U.S. Government outlay in the Philippines is scheduled for reduction owing to the completion and diminution of U.S. Army programs--to about \$600 million, or somewhat less than 45 percent of its magnitude during the preceding three-year period. In 1949 and 1950 this outlay is

expected to be in the neighborhood of \$250 million annually, or about \$100 million less than in 1948. In 1951, following upon the termination of the activities of the War Damage Commission, the reduction is expected to be even sharper.

The international reserves of the Philippine economy have declined materially since the beginning of the year. At the end of July they were about \$100 million less than at the beginning of the year, when they amounted to approximately \$400 million.

Public finance. -- Total revenues and expenditures of the Philippine Government in 1948 amounted, respectively, to ₱361 million and ₱375 million, resulting in a deficit of approximately ₱14 million. Tax revenues before apportionment to political subdivisions accounted for about three-fourths of total revenues. The most important taxes, then and now, are excises levied on cigarettes and on gasoline and oil, a general sales tax and the income tax. There has been an annual increase in tax revenues since liberation but it has been about matched by increased ordinary budgetary expenses. Thus, in fiscal 1949 tax revenues are expected to be about ₱60 million higher than in 1948. But the increased operating expenses of the Department of Education alone will absorb this amount.

Large expenditures for national defense and the maintenance of law and order characterize the settled accounts for 1948. Almost one-fourth of the total was spent for such purposes; about 20 percent went for education and another 15 percent for economic development.

Public debt. -- The public debt of the Philippines is small. As of June 30, 1949, gross obligations of the National Government, direct and guaranteed, amounted to approximately ₱310 million. Accumulated sinking funds on the same date amounted to about ₱107 million, leaving a net obligation of about ₱200 million. The net obligations of the National Government include loans extended by the United States Reconstruction Finance Corporation aggregating ₱120 million.

B. RESOURCES OF THE PHILIPPINES

Agricultural Resources:

General. -- The predominant resource of the Philippines is agricultural. A total of 35 million acres, half of the land area of the Philippines, is suitable for agriculture, but only 10 million acres are actually under cultivation. These 10 million acres are divided into 1.6 million farms having an average size of about 6 acres. Three quarters of the population live on the farms and the other quarter is engaged mainly in the processing, transporting, and distribution of farm produce and products of the forests and mines, for domestic consumption and for export, in servicing the farm population, and in government employment.

Food production.-- The basis of the Philippine diet is rice, corn, root crops, and fish supplemented by relatively small per capita quantities of poultry, meat, vegetables, sugar, fat from coconut oil, and fruit. Under normal conditions and except for fish, the farms of the Philippines produce nearly, but not quite enough of the foregoing commodities to supply the domestic demand for them. The normal minor deficiencies are part of the rice for the urban population and temperate zone foodstuffs imported for consumption by resident foreigners and wealthy nationals who follow the western diet.

Export crop production.-- The Philippines before the war obtained the money and credit to cover the cost of imports, to support the government, and to provide new capital and reserves of wealth by exporting centrifugal and refined sugar, copra, coconut oil, desiccated coconut, Manila hemp (abaca), canned pineapple, leaf tobacco, minerals, timber and embroideries. Except for minerals, timber, and embroideries, the farms of the Philippines produce the raw materials from which these exports are processed. The war disrupted production for export and destroyed at least two-thirds of the mills and other installations required to process sugar, coconut products, and tobacco products. Their rebuilding has been slow due principally to inability to procure the needed equipment and construction materials rather than to a lack of available capital. This situation was ameliorated both for the farming community and the country at large by the rapid rehabilitation of copra exports to a level exceeding that of prewar and of Manila hemp exports to 50 percent or more of the prewar level. These two products are processed at farm site with little mechanical equipment and postwar production has commanded exceptional prices.

Forest Resources:

Commercial timber covers about forty per cent of the land area of the Philippines and constitutes an immense but relatively undeveloped natural resource. The stand of timber includes not only Philippine mahogany, well-known and widely marketed in the United States as a furniture wood, but also a wide variety of exceptionally fine hardwoods of superior strength, grain and finish practically unknown abroad. The forests are administered by the Bureau of Forestry which delimits communal forests, grants concessions for logging, licenses sawmills, and collects stumpage taxes. Prior to the war there were over 1,000 logging concessions and over 200 sawmills capitalized at over 34 million pesos, employing over 30,000 persons, which together with the estimated cut from communal forests logged approximately 1 billion board feet per year. A little less than half of the cut was processed as sawn lumber partly in mills and partly by hand for domestic consumption. Over 200 million board feet were exported mostly in the form of logs and fitches. Rattan is the principal minor product; 6 million linear meters of unsplit and over 2,000 tons of split were collected in 1949.

During enemy invasion logging was reduced to a minimum and all sawmills were destroyed or critically damaged. The industry has been reestablished through equipment furnished by the United States Army, and from surplus property made available through the Office of the Foreign Liquidation Commissioner and importation of new equipment. Present production is estimated at the rate of over 400 million board feet. Rattan collection is estimated at nearly double the prewar volume.

Mineral Resources:

The subsurface of the Philippines is heavily endowed with gold, copper, silver (as by-product of gold and copper), iron, chrome (metallurgical and refractory), manganese, and coal (sub-bituminous). There is also an ample supply of limestone, building stone, and earths suitable for brick, glass, tile and ceramic industries. Lead, zinc, gypsum, asbestos, sulphur and asphalt have been found in undetermined quantities. For a number of years past the government and various private interests have been exploring for petroleum.

In 1940-41 there were some 40 gold mines of which 30 capitalized at about 60 million pesos were in active production, with an annual export valued at nearly 76 million pesos. Iron mines produced 6 million pesos worth of ore, all of which was exported to Japan. The output of chrome exceeded 4 million pesos; copper 2.5 million pesos; silver, 2 million pesos; and manganese, 1.5 million pesos. Two cement plants produced over a million barrels all of which and more was required for local consumption.

All the larger mining companies were rendered inoperative by war damage. Rehabilitation is under way but substantial production is presently reported only from 5 gold properties, one copper mine, two chrome mines, and one cement mill. Rehabilitation of gold mines has not progressed beyond approximately one-third of prewar output due to the high costs of operation. Only a limited market (Japan) is in sight for iron ore unless the Philippines should develop a pig-iron or steel industry. Excepting the possibility of a petroleum strike, rapid growth of mining through development of new properties is unlikely since the adoption of the "Regalian" theory in the 1936 revision of the mineral lands act.

Fishery Resources:

The most important item in the diet of the Filipinos after rice, corn, and root crops is fish. It is estimated that prewar not less than 400,000 tons of fish were caught and consumed annually. Fully three-fourths of this volume represented the unrecorded, non-commercial catch of the coastal population who regularly cover the schools in the vicinity of their villages. Their equipment is simple: outrigger canoes, small sailing craft, and homemade nets, corrals and traps.

Prior to the war practically all of the off-shore fishing fleet supplying Manila and other urban centers was owned or operated by Japanese. Neither the personnel nor their equipment survived the war, a circumstance which has resulted during the past three years in an inadequate fish supply and exorbitant prices in the Manila area. Insofar as they can acquire equipment, Filipinos are gradually working their way into the off-shore fishing industry and it is anticipated that by the end of 1950 the city will be amply supplied by the combined in-shore, off-shore and fishpond catch.

Power Resources:

The Philippines does not have the resources in water power which might be expected to exist in a country with high mountains and heavy rainfall because of the short length and quick run-off of most rivers and the marked dry season. Nevertheless, there are several excellent sources in Luzon and the famous Maria Cristina Falls in Mindanao, allowing a rough estimate of undeveloped hydroelectric resources of over a million kilowatts.

Prewar development of hydro-electric capacity was rated at about 22,400 kilowatts, nearly all of which was delivered to the Manila area. A large part of this system was destroyed during the war but for the most part it has been reconstructed, and through the installation of additional units at Calliraya, active capacity has in fact been increased. The Government has announced plans for the partial development of the Agno River (Luzon), the Maria Cristina Falls (Mindanao) and twelve smaller projects.

C. FOREIGN TRADE

Preferential trade with the United States.--- General free trade between the United States and the Philippines was instituted by action of Congress in 1909 and continued without significant alteration until the period 1934 to 1939 when Congress enacted a series of laws (48 Stat. 31, 48 Stat. 670, 49 Stat. 340, 50 Stat. 903 and 53 Stat. 1226) which placed absolute quotas on the quantities of Philippine cordage and sugars and, to begin in 1941, declining (by steps of 5%) duty-free quotas on the quantities of Philippine cigars, leaf tobacco, coconut oil and shall buttons which might enter the United States for consumption annually from the Philippines. In the same series of laws it was provided that annually increasing fractions (increments of 5%) of United States duties should be levied during the period 1941 to 1946 on all Philippine articles entering the United States from the Philippines, except Philippine articles covered in the declining duty-free quotas; and, finally, that all trade preferences should cease with independence.

In 1945, to make possible in spite of the havoc of war the restitution of Philippine trade, which was considered necessary for the successful institution of independence on the date set, all responsible leaders of the Philippine government requested and obtained enactment of the Philippine Trade Act of 1946 (Public 371-79th Cong.). This Act specified in detail the terms of a post independence trade agreement between the United States and the Philippines. The agreement was signed July 4, 1946. Its principal terms are:

(1) To July 3, 1954: (a) Absolute quotas on the quantities of Philippine sugars, cordage, cigars, leaf tobacco, coconut oil, rice and shell buttons which may enter the United States for consumption annually from the Philippines; (b) Free trade both ways, -- i.e. Philippine articles to be admitted to the United States for consumption and United States articles to be admitted to the Philippines for consumption, respectively, free of the ordinary customs duties of either country.

(2) From July 4, 1954 to July 3, 1974: (a) Continuation of the absolute quotas on the quantities of Philippine sugars, cordage, rice, cigars, leaf tobacco, coconut oil and shell buttons which may enter the United States for consumption annually from the Philippines; (b) Declining (by steps of 5%) duty-free quotas (within the corresponding absolute quotas) on the quantities of Philippine cigars, leaf tobacco, coconut oil and shell buttons which may enter the United States for consumption annually from the Philippines; (c) Imposition of annually increasing fractions (increments of 5%) of Philippine import duties on United States articles entering the Philippines and of United States import duties on Philippine articles entering the United States, except on the articles covered in the declining duty-free quotas listed in 2 (b) above.

(3) No export taxes to be imposed by the United States on articles exported to the Philippines, nor by the Philippines on articles exported to the United States.

(4) The Philippines binds itself to maintain the present parity of the peso with the dollar (2 for 1); not to suspend convertibility of the peso into the dollar, and not to impose restrictions on transfer of funds from the Philippines to the United States without the consent of the President of the United States.

(5) The Philippines binds itself to accord to United States citizens and corporations national treatment in respect to disposition, exploitation, development and utilization of all agricultural, timber, and mineral lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces and sources of potential energy,

and other natural resources of the Philippines, and in respect to the operation of public utilities.

Recent trade data. -- The values of the principal Philippine exports and imports in thousands of pesos for 1939 and 1940, representative prewar years, and for 1946 to 1948, are given by main categories as follows:

	<u>Category</u>	<u>1939</u>	<u>1940</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>
Exports						
	Coconut products	60,244	50,957	83,869	392,000	417,163
	Fibers and manufac- tures	38,931	39,715	13,447	72,948	82,492
	Forest products	7,637	8,328	1,531	1,957	7,441
	Mineral products	85,327	92,326	1,648	5,685	28,538
	Sea products	1,035	963	1,355	1,394	1,792
	Sugars	99,518	94,533	101	4,641	44,323
	Tobacco & manufac- tures	14,532	10,292	2,503	4,382	2,676
	Unclassified	6,361	8,206	1,603	2,932	10,219
	Re-exports	<u>2,199</u>	<u>6,529</u>	<u>22,318</u>	<u>45,157</u>	<u>43,766</u>
	<u>Total exports</u>	<u>315,784</u>	<u>311,849</u>	<u>128,375</u>	<u>531,096</u>	<u>638,410</u>
	Exports to the United States	259,059	258,308	75,318	306,481	418,185
	Percent to the United States	82	83	59	58	66
Imports						
	Foodstuffs	45,035	43,833	191,648	263,192	272,800
	Metals & manufactures	67,381	75,147	48,321	222,208	267,108
	Non-metallic miner- als, chemicals, & mnfrs.	44,006	55,983	70,548	123,569	163,093
	Textiles & mnfrs.	51,591	51,684	132,166	260,397	262,361
	Paper & mnfrs.	9,076	13,008	23,192	38,887	44,715
	Tobacco & mnfrs.	13,945	14,755	45,141	43,962	49,391
	Unclassified	<u>14,096</u>	<u>15,278</u>	<u>80,790</u>	<u>70,485</u>	<u>76,941</u>
	<u>Total imports</u>	<u>245,130</u>	<u>269,688</u>	<u>591,716</u>	<u>1022,700</u>	<u>1136,409</u>
	Imports from U.S.	167,383	210,374	515,332	882,151	939,229
	Percent from U.S.	68	78	87	86	83

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Visible balance of trade. -- The unfavorable visible balance of trade amounted to ₱498 million in 1948. Preliminary data for the first six months of 1949 show: Imports ₱576 million, exports ₱283 million, unfavorable visible balance ₱293 million. Visible "losses" in trade have been offset to date by extraordinary United States Government disbursements including army and navy expenditures and war damage and rehabilitation payments.

Import control. -- In view of the persistent adverse balance of visible trade in recent years, presenting a risk that dollar reserves might not be adequate to meet capital expenditures essential to the economy, the Philippine Government passed Republic Act No. 330, effective July 15, 1948, to provide for control of unessential imports. The act creates an Import Control Board and empowers the President to fix quotas of non-essential imports as recommended by the Board until the end of 1949. It was implemented at the end of 1948 by an executive order which established quotas for imports of a specific list of commodities. Effective August 1, 1949, the list of commodities was expanded and the restrictions on a number of items in the original list were intensified. The most optimistic estimate of the reduction of imports of controlled commodities to be realized in the year 1949 is ₱140 million.

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PART II

THE UNITED STATES EMBASSY AT MANILA

Chief of Mission

Operating Staff

Organization

Management

Operating Costs

Duties of Operating Sections

THE UNITED STATES EMBASSY AT MANILA1. Chief of Mission

The Chief of Mission of the United States Embassy in Manila is Ambassador Myron M. Cowen.

2. Operating Staff

Personnel currently on duty at the Embassy consists of 103 Americans and 315 local employees.

3. Organization

The organization of the Embassy follows, in a general way, the pattern found in most diplomatic missions of this rank. It differs to some extent from other similar posts because of (1) the scope and importance of the United States-Philippine Rehabilitation Program authorized by Public Law 370, 79th Congress and (2) the necessity for close and continuing liaison with United States Army, Navy and Air Force installations.

An organizational chart will be found further on in this pamphlet. The Embassy operates through the following offices and sections:

<u>Office or Section</u>	<u>Title of Section Head</u>	<u>Americans</u>	<u>Local Employees</u>	<u>Total</u>
Office of Chief of Mission	- - -	7	0	7
Political Section	Chief of Section	5	1	6
Commercial Section	Chief of Section	8	5	13
Financial Section	Treasury Attache	2	1	3
Agricultural Section	Agricultural Attache	1	2	3
Public Affairs Section (USIS)	Chief Public Affairs Officer	20	165	185
Consular Section	Consul General	8	18	26
Military Liaison Section	Chief of Section	3	0	3
Administrative Section	Administrative Officer	28	123	151
Service Attache Section	Chief of Section	11	0	11
Rehabilitation Agencies Section	Chief of Section	2	0	2
Regional Security	Regional Security Supervisor	6	0	6
Foreign Buildings Operations	- - -	2	0	2
	<u>Totals</u>	103	315	418

In addition to the foregoing, 4 Americans and 274 local employees are assigned to the management of the Philippine Rehabilitation Agencies housing area located on Dewey Boulevard.

4. Management

The Administrative Section is responsible for the establishment and maintenance of all administrative and management services. These services include personnel, property management, budget and fiscal control, communications, supplies and equipment and security.

5. Operating Costs

The Embassy's operating costs for the fiscal year 1949 were as follows:

General Program

American salaries and allowances	\$ 328,676.34
Salaries of local employees	113,590.68
General operating expenses	<u>67,097.31</u>
<u>Total</u>	\$ 509,364.33

Information and Education Program (USIS)

American salaries and allowances	\$ 110,707.25
Salaries of local employees	132,211.26
General operating expenses	<u>114,301.35</u>
<u>Total</u>	\$ 357,219.86

Operation of Rehabilitation Housing Area \$ 375,476.70

In addition to expenses financed from appropriated funds as listed above, the Embassy expended in the fiscal year 1949 the sum of \$389,871.53 which was received from the Philippine Government under the Surplus Property Agreement of September 11, 1946. This sum was used to finance the Fulbright Program as authorized by Public Law 584, 79th Congress, and for the acquisition and improvement of real property.

6. Duties of Embassy Operating Offices and Sections

a. Office of the Chief of Mission

The Ambassador, as Chief of Mission, is responsible for the overall direction and supervision of the work of the Embassy. Among the chief functions of the Embassy are:

- (1) Promotion of understanding and good will between the two countries.
- (2) Execution of policies and instructions of the Department of State.
- (3) ~~Recommendation~~ Recommendation of policies and procedures to the Department of State.
- (4) Protection of the interests of the United States in accordance with treaties and international law.
- (5) Advise, protect and assist American citizens residing, traveling or having interests in the Philippines.
- (6) Negotiate treaties, conventions and protocols.
- (7) Observe, analyze and report on significant political, social and economic conditions and trends.
- (8) Assist the Philippine Government in the development of plans for economic development and in the implementation of such plans.

Assisting the Ambassador in the direction and supervision of the Embassy's total program are two Counselors who, together with the Ambassador and four secretaries, comprise the staff of the Office of Chief of Mission.

b. Political Section

The political section is responsible for observing Philippine relations with other states, as well as domestic Philippine political developments, particularly as they may affect United States-Philippine relations. It is charged with the task of assisting the Ambassador in the discharge of his duty to prepare and transmit to the Department of State, and to other interested Foreign Service establishments, timely reports on such developments.

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It maintains liaison, with respect to appropriate political matters, with the Philippine Foreign Office. It also is responsible to the Ambassador for the preparation on his behalf, for submission to the Department, of recommendations with respect to policies to be pursued in our relations with this country.

Current Political Situation

The Philippines is but two months removed from its next presidential and congressional elections. A brief review of the country's political parties may therefore be in order. There are today in the Philippines three principal political groups:

The major group is the Liberal Party headed by President QUIRINO, who took office upon the death of Manuel ROXAS in April 1948, and by Eugenio PEREZ, speaker of the House of Representatives. It is supported by a commanding majority in the House of Representatives, but is probably not at this time able to count on a working majority in the Senate. It is believed that a majority of the provincial governors are affiliated with this party. President Quirino is, of course, his party's candidate for the presidency in the elections to be held November 8th. Vice presidential candidate is Senator Fernando LOPEZ, a wealthy sugar planter and newspaper owner.

Jose AVELINO is the presidential candidate of what is termed another wing of the Liberal Party. Prior to the party split, he had been campaign manager of the Liberal Party during the campaign which resulted in the election of Roxas in 1946. As Chairman of the Liberal Party Executive Committee and President of the Senate, Avelino became Quirino's chief rival within the party and the Government. Suspended from the Senate for one year in February 1949, after having been charged with conduct unbecoming to his office, Avelino apparently regards the election as an opportunity to obtain the vindication of the people. Senator Vicente FRANCISCO, an outstandingly successful criminal lawyer, is his running mate.

The third principal party is the Nacionalista. As a party which has been joined by a number of minority groups, it counts on the support of a rather broad band, from left to right, of elements which oppose the present majority party. In the 1946 elections its presidential candidate was ex-President Sergio OSMEÑA. This year its candidates are Dr. Jose P. LAUREL and former Supreme Court Justice Manuel BRIONES.

c. Commercial Section

The Commercial Section has the dual function of (a) trade assistance and (b) economic reporting.

Trade promotional activities and commercial intelligence are formalized functions described in an Economic Manual and in sections of the Foreign Service Regulations. American business is assisted in making trade contacts by correspondence on trade inquiries, advice to callers at the Embassy, preparation of classified trade lists to be distributed by the Department of Commerce and an economic reference library. Trade relations are promoted by investigation of local firms for the World Trade Directory of the Department of Commerce and assistance in amicable settlement of disputes arising from international trade. Reports to the Department of Commerce on market conditions are also distributed to American exporters and importers to stimulate and guide the expansion of trade.

The Commercial Section, by answers to inquiries and by voluntary reporting, keeps the Departments of State and Commerce abreast of economic developments affecting business between the two countries. In addition to analysis of the markets for American products and foreign trade, such reports cover developments in local industry, utilities, transportation services, customs, patents and other regulations, mineral resources, investment opportunities, living costs and labor conditions. (Reports on minerals are also used by the Department of Interior and on labor by the Department of Labor.)

The staff of the Commercial Section consists of one senior commercial officer, one or more junior commercial officers, a commercial investigator, and secretarial and clerical assistance as required, and functions under the immediate supervision of the Counselor of Embassy for Economic Affairs.

The Maritime Attache functions as a member of the Commercial Section. He prepares reports, conducts interviews and correspondence relating to the practical aspects of high seas and coastwise shipping. The practical field covers the following subjects: new services which supplement or compete with United States vessels; steamship rate conferences and methods employed by the foreign governments to control rates; prospective trade routes; port conditions, including congestion and other causes for demurrage; port regulations, charges and dues; cargo handling methods and costs; ship building and repairs; continuously revised account of types, number, and total gross of deadweight tonnage of ships entering the foreign area; and maritime labor conditions.

On the policy side, the Maritime Attache advises the Chief of Mission and the Economic Counselor in respect to analysis and appraisal of foreign shipping policies, including subsidies and

other aids, legislation and executive orders of the foreign government affecting ships, and trends toward discrimination against American shipping, and relationship of foregoing with international treaties and agreements governing trade and commerce.

The Maritime Attache is presently assisted by one secretary and is under the immediate supervision of the Counselor of Embassy for Economic Affairs.

d. Financial Section

The Financial Section is headed by the Treasury Attache who is the representative of the Secretary of the Treasury and functions as financial advisor to the Embassy. The work of this Section involves the performance of research and the formulation of policy recommendations particularly in connection with balance of payments problems, the tax system and administration thereof, the budget and public debt, and currency and banking problems -- as they bear on relations between the United States and the Philippines.

In the field of money, banking and finance the Treasury Attache functions as liaison with the Philippine Government and in respect thereto conducts negotiations, prepares cables and submits reports to Washington.

The Treasury Attache has under his jurisdiction one administrative assistant and one clerk-messenger, and functions under the immediate supervision of the Chief of Mission.

e. Agricultural Section

The Agricultural Section is headed by the Agricultural Attache. The principal function of the Section consists of the preparation of regularly scheduled reports, cables and despatches covering the main developments in Philippine agricultural commodities, programs and policies. These reports are particularly used by the Department of Agriculture and the Department of Commerce in Washington in the preparation and publication of world summaries and trade reviews for distribution to American businessmen. In addition to the regular reports, voluntary reports are forwarded on such subjects as new crops, new programs, pests and diseases, and climatic conditions affecting crop growth, etc.

Assistance is extended to American firms which desire information on Philippine agriculture, possibilities of foreign trade and other matters. Likewise, information is supplied local businessmen who want background on American agricultural products and equipment.

Information on new agricultural practices, methods and materials developed in the United States is passed on to the Philippine Department of Agriculture. The Agricultural Attache cooperates with other members or sections of the Embassy in the preparation of overall economic reports and other joint projects. Regular contact is maintained with the local business community and government officials. During postwar years the Agricultural Attache has made estimates on food deficits and surpluses for use in international food allocations.

To obtain first hand information on agricultural crops and conditions, field surveys are made when possible and necessary. Arrangements are made for official visitors who wish to investigate particular phases of Philippine agriculture and the Agricultural Attache usually accompanies these visitors. When an international conference takes place in the foreign country, the Agricultural Attache usually attends as a representative of the United States.

The Agricultural Attache is assisted by one research analyst and a secretary, and functions under the immediate supervision of the Counselor of Embassy for Economic Affairs.

f. Public Affairs Section

This Section is charged with the responsibility of carrying out the United States Information & Education Program in the Philippines.

(1) Objectives: The three over-riding purposes of the USIE program are -

(a) To provide the Filipino people with information to further their understanding of our government and its foreign policy, our people and their way of life, our achievements in the various fields of human endeavor and our role in the family of nations.

(b) To increase mutual understanding between the two countries and to furnish technical and scientific assistance to the Philippine Nation by an exchange of professors, research scholars, students and scientific and technical experts.

(c) To strengthen Philippine democracy, both as a form of government and as a way of life, that its benefits may be increasingly enjoyed by the Filipino people and as an inspiration and example for the millions of other people in this part of the world who are hoping, working and fighting for the better life which democracy can provide.

(2) Program: The USIE program in the Philippines consists of four general types of activity as follows:

(a) Mass Media program

Daily news releases: Issued to 165 newspapers, radio stations, magazines, commercial news agencies and officers of the Philippine Government. Contain addresses of the President of the United States, the Secretary of State and other leading officers of the United States Government; also policy statements of the United States Government, editorial round-ups on vital issues and general background materials.

Americana: A varied-subject periodical for Filipinos of the professional class. Contains articles such as "Point Four Program", "The Iron Curtain vs. the Open Mind", "Projects for Peace", and "Yardstick for Democracy". Published twice monthly. Circulation: 1800.

American Arts, Education Newsletter, Engineering Notes, Labor Notes, Medical Notes: These are monthly publications containing articles on the latest American developments in fine arts, education, engineering, medicine and labor. Each pamphlet goes to approximately 3,000 men and women interested in that particular field.

Moving pictures: Moving pictures dealing with the American scene are shown to audiences of 400,000 - 500,000 per month in all parts of the Islands. These pictures deal with public health, modern agricultural methods, college life in the United States, American cities such as Washington and Old Williamsburg and many other phases of life in the United States.

(b) Library program

We operate a 10,000 volume library in Manila, a 5,000 volume library in Iloilo, a 4,000 volume library in Cebu, and a 3,000 volume library in Davao; also a children's library in Manila. In addition to books, these libraries receive 350 monthly periodicals including a large number of United States scientific, literary and cultural journals; also many thousands of government and non-government pamphlets which are valuable for research and specialized study.

At present these libraries are used by 25,000 - 30,000 readers per month -- teachers, students, lawyers, bankers, exporters, newspapermen, government officials -- 95% of whom are Filipinos and 50% college students.

In addition to the books kept on the shelves or loaned to individual readers by these three libraries, we have loaned on a long-term basis to schools and public libraries throughout the Islands, approximately 60,000 volumes.

Thirty thousand more are being processed at the present time for similar loans.

In view of the fact that practically all public, private, college and school libraries were destroyed by the Japanese during the period of occupation, our libraries are making an extremely important contribution to the educational and cultural rehabilitation of the Philippine Islands.

(c) Exchange-of-persons program

* Under Public Law 594, educational exchange programs for 1948 and 1949 have provided full grants for 26 visiting professors from the United States, travel grants for 80 Filipino students to study in the United States, 8 full grants for United States students for study in Philippine institutions and 4 full grants for United States research scholars for work in the Philippines.

Under Public Law 402, a scientific and technical exchange program has been submitted to the Department of State, calling for the services of 26 United States technical experts and the training in the United States of 65 Philippine Government employees. Fields represented include agriculture, education, social welfare, public health, finance and labor.

Under "Point Four Program" tentative proposals for 23 technical experts and 35 trainees have been submitted to the Department of State.

(d) Radio broadcasting program

We operate short-wave and medium-wave broadcasting facilities at a station 30 miles north of Manila (Malolos). This station relays Voice-of-America programs, originating in New York, to China, Russia, Manchuria, Korea, Burma and India. Languages used are English, Mandarin, Cantonese, Russian and Korean. We are on the air approximately six hours daily.

* For further details see Surplus Property Report in this pamphlet.

g. Consular Section

The Consular Service of the United States was originally established to protect and to promote the interests of American business throughout the world. With the passing of time and the increasing importance of the United States in world affairs, however, the functions of American consulates have expanded vastly until today, nearly all activities of persons who come from, or wish to go to, the United States - whether American citizens or aliens - fall within the purview of the consular officer. Consulates act as notary publics, welfare agencies, general information offices, and, with American seamen, as employment agencies. They handle the constant stream of American requests for passports, maintain registration lists of all American citizens, execute reports of birth and death of Americans in the country to which they are accredited, act as witnesses to marriages, take depositions in court cases, assist in settlement of estates, and perform a most valuable function in the issuance of immigrant and non-immigrant visas to aliens desiring entrance into the United States. Indeed, a consulate embraces a multitude of functions, and the consular officer, perhaps more than any other Foreign Service Officer, comes into closer contact with, and more nearly represents America to, both the American abroad, and the rank and file of the people in the country to which he is assigned.

The Consular Section of the Embassy in Manila carries on the general functions of a consulate as indicated above particularly with respect to the many unique problems arising from the nearly 50 years during which the Philippines was considered as a part of the United States, the preponderant American business interest here in the field of foreign capital, and the many and complex citizenship problems raised by intermarriage between Filipinos and Americans during the years preceding Philippine Independence.

The Consular Section is an integral part of the Embassy and is normally under the charge of a Foreign Service Officer with the rank of Consul General. Each unit into which it is divided for functional purposes (i.e., passport and citizen unit, shipping unit, welfare and protection unit, visa unit, notariats and legal services) is, under optimum conditions, in charge of a vice consul or consular assistant who is assisted by one or more locally-employed clerks. In addition, the units which have the most contact with the public are supplied with personable young American receptionists. Files are, of course, kept by a qualified American archivist.

With this limited staff, the Manila Consular Section of the Embassy performs an amazing number of the above described services. For example, to take a month's summary of work at random, during April of this year there were 178 invoice services rendered. In the Citizenship Unit, 373 registration applications were processed, 125 registration certificates and cards were issued, 66 service passports issued, plus amendments, extensions, renewals, verifications and applications totalling 175, or a grand total of 739 citizenship cases

handled during this single sample month. In the Visa Unit, total visa services for this one month reached 245, of which the majority or 142 were non-immigrant and transit visas, 54 immigration visas and 41 crew list visas. Indicative of the extent of Notarial and Legal services rendered, 444 notarials were executed. In the Shipping and Seaman Unit, 42 U. S. vessels entered Manila, 41 cleared; 31 American seamen were, with consular assistance, shipped or discharged. Also during April, 49 new Whereabouts or Welfare cases were opened.

A word about the business aspect of the Consular Section may be of interest. While many of the service functions are performed on a gratis basis for Americans and for foreign officials and their families, total receipts for Invoice Services during FY 1949 amounted to \$1,328.50; passports brought in \$11,307.00, while visa receipts totalled \$16,489.25, and Miscellaneous Services a total of \$5,408.50. And the volume of business, including receipts taken in for services rendered, is continually on the increase.

As the United States represents the interests of the Philippine government in many countries, the Consular Section acts as the liaison and coordinating office between the Department of Foreign Affairs and the American Foreign Service establishments protecting Philippine interests. The Consular Section acts as an entry permit office for the Combined Travel Board of the Western Zones of Germany, and receives applications for entry into Japan.

The task of the visa unit is complicated at the present time by the presence in the United Nations Evacuation Center at Guiuan of nearly 4,000 refugees from China. Of these, nearly 3,000 have applied for admission into the United States, and the Consular Section is doing every thing possible under existing legislation to facilitate their rapid resettlement.

The Consulate at Cebu is organized along similar lines, though with a much smaller staff, and performs nearly the same functions as the main office at Manila. As increased trade and changing conditions warrant, the establishment of new consulates at strategic points throughout the Islands is contemplated.

h. Administrative Section

This section is responsible for the establishment and maintenance of all administrative and management services. Its specific duties include:

- (1) All matters pertaining to personnel-pay, housing, records, etc.
- (2) Management and custody of government properties and equipment
- (3) Operation of communication services
- (4) Procurement of supplies and equipment

- (5) Budget control and payment of all moneys expended locally
- (6) Security of persons, buildings, grounds, equipment, mail and records.

1. Military Liaison Section

The major function of the section is the expediting and handling of relations between the United States armed forces in the Philippines and the Philippine Government. This is done in a capacity complimentary to the functions of the office of the Military Attache in that that office does not correspond directly or officially with the Philippine Government.

In connection with its duties the section deals with the Philippine Department of Foreign Affairs on all matters pertaining to the United States armed forces including the transmission of correspondence, informal verbal requests or representations, and more formal negotiations and discussions, arising out of the activities or privileges granted the United States forces in the islands. It also is a function of the section to insure that the terms of existing protocols, agreements, or treaties relative to the armed forces of the United States are being observed by the Philippine Government.

Special negotiation assignments have covered to date the relinquishment of temporary military reservations under the terms of the Military Bases Agreement, the formulation of an agreement for the hospitalization of Philippine veterans, and the establishment of an Adjutant General Records Depository for the United States Army.

Routine functions include the handling of a large volume of correspondence addressed to the Embassy concerning the claims of veterans and private individuals against the United States armed forces, the Veterans Administration, and the War Damage Commission.

Mr. McConnell's temporary assignment to the section is in conjunction with the work of the section in that he is at present engaged in negotiations with the Philippine Government aimed to terminate the Surplus Property Agreement which has been the topic of much discussion with the Philippine Government with relation to the turnover of United States Military installations and the improvements thereon under the terms of the Bases Agreement.

j. Service Attache Section

The Service Attaches, Army and Air, under the Senior Military Attache, occupy a two-fold position. On the one hand they are responsible to the ambassador. On the other hand they represent their respective services in the Philippines. They work within the diplomatic framework to serve as advisors to the Chief of Mission, as liaison officers between the services and the Embassy, and to serve as foreign reporters to their own departments.

In addition they have the role of representatives of their own services to the corresponding armed services of the Republic of the Philippines.

In the performance of reporting duties, each Service Attache inquires from the military angle about the many facets of industrial, political, social, cultural and economic life of the nation in order that his department may evaluate the war potential of the nation, estimate its capabilities, and predetermine probable intentions. The wide variety of interests necessitates a wide range of acquaintances, constant observation and inquiry, and a flow of information to the department for analysis and evaluation.

k. Rehabilitation Agencies Section

Title IV of Public Law 370, 79th Congress (Philippine Rehabilitation Act of 1946) requires that the functions, powers, and duties exercised in the Philippines by any officer, employee, department or agency of the United States in carrying out the provisions of this Act shall be exercised under the general supervision of a representative appointed for that purpose by the President of the United States, and the agencies shall be deemed to be attached to the Embassy. To implement the terms of the above legislation, President Truman, on July 8, 1949, named the Ambassador as the person to exercise this supervision. In accordance with the above legislation, therefore, the affected agencies, Civil Aeronautics Administration, Coast and Geodetic Survey, Corps of Engineers, Fish and Wildlife Service, Maritime Commission, Public Health Service, Bureau of Public Roads, War Damage Commission and Weather Bureau, are considered to be attached to the Embassy and to exercise their functions under the general supervision and direction of the Ambassador.

This involves clearing matters of policy, United States commitments, basic procedures and other essential items with the Embassy before consultation with Philippine Government entities, forwarding to the Embassy copies of all important correspondence, telegrams, telephone transcriptions, conversations, and other documents passing between the missions and Philippine Government entities, and between the missions and their home offices; making contacts with the Philippine Government at Cabinet level and above through the Embassy; arranging all important conferences with Philippine Government representatives through the Embassy and providing Embassy representation when needed. Routine contacts at working level are normally made without Embassy representation. The Embassy is thus kept informed on all operations and other activities concerned with important or inter-agency action or policy in sufficient detail to permit discharge of its responsibility.

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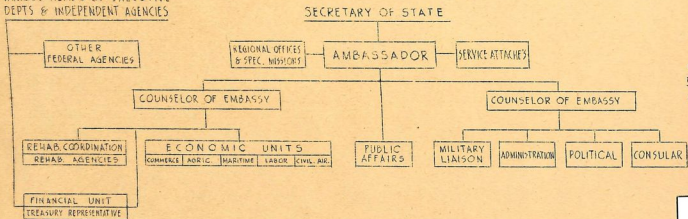
A representative of the Embassy is also available upon invitation to participate in agency deliberations and staff meetings to facilitate consideration of such matters by the Embassy when some may be presented to us at a later date. This contact in the Embassy is centered in a separate section of Philippine Rehabilitation Agency Affairs.

In addition to the agencies named above, the Philippine Alien Property Administration and the Bureau of Employees Compensation maintain a similar contact through this section. The other United States agencies not specifically mentioned above report directly to the Ambassador at such frequencies and in such detail as will permit him to be fully informed at all times of their activities and problems. All members of the Embassy staff likewise consult with the affected agency before preparing reports or communications to the Department or before contacting Philippine Government officials.

* * *

ORGANIZATION CHART, U.S. EMBASSY, MANILA

VARIOUS HEADS OF EXECUTIVE
DEPTS & INDEPENDENT AGENCIES



SEPTEMBER, 1949

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PART III

ARMED FORCES ESTABLISHMENTS

United States Army

United States Navy

United States Air Force

Joint United States Military Advisory Group

DIGEST OF UNITED STATES ARMY ACTIVITIES
IN THE
REPUBLIC OF THE PHILIPPINES

The United States Army command in the Philippines, called the Philippines Command (Philcom), is based in the Philippines under authority contained in the "Agreement Between the Republic of the Philippines and the United States of America Concerning Military Bases" signed on 14 March 1947. The Philippines Command is a component of the United States Army Forces in the Far East, under the command of General MacArthur.

The Philippines Command has been charged for the past three years with the establishment and maintenance of the Army and Air Force bases authorized under the Military Bases agreement, and with the following additional interim tasks:

Disposition of the huge invasion-of-Japan stock piles of equipment that remained here after V-J day.

Handling of claims of USAFFE personnel, of guerrillas, and for services rendered by individuals and corporations arising out of the late war and the administration of the Missing Persons Act.

Assisting JUSMAG in its work with the Philippine Armed Forces.

Conducting the Philippine Scout program (now completed except for the hospitalization of tubercular scouts).

Conducting the program of recovering and repatriation of World War II dead in the Far East.

On the date that the Philippine Republic was inaugurated, 4 July 1946, the Army troop strength in the Philippines was 44,000 plus approximately 30,000 Philippine Scouts. This strength has been reduced to its present nominal figure in a gradual manner. At one time following liberation 284,000 local civilians were employed by the Army (contributing an estimated 1,000,000 pesos per day to the Philippine economy.

In addition to the normal appropriations for the operation of the Army, including the construction of temporary installations and of such huge permanent bases as Clark Air Force Base, the Philippines Command disburses funds for the settlement of war claims and the Missing Persons Act.

The present status of Army activities is as follows:

The exact limits and boundaries of the military bases provided for under the bases agreement are still being determined, but virtually all of the Army and Air Force bases are completely constructed, manned with troops and in operation in the manner intended.

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The war claims service is completed, except for certain administrative matters relating to final adjudication, which will be completed by 1 January 1950.

Recovery of World War II dead is virtually finished, and repatriation and burial, already in the late stages, will be completed by 1 February 1950.

The Philippine Scout program is finished; however, some 800 scouts who have become tubercular are being treated in the United States Army Philippine Scout Hospital here just outside Manila. It is hoped they will be discharged to the care of the Veterans Administration upon enactment of enabling legislation within the next year.

Determination of the service of those persons governed by the Missing Persons Act is virtually completed; however, certification of service to the Veterans Administration, still a function of the Army, will continue indefinitely.

DIGEST OF ACTIVITIES
U. S. NAVAL FORCES
PHILIPPINES

U. S. Naval Activities and Facilities in the Philippines presently consists of (1) the Headquarters of Commander Naval Forces, Philippines, (and Commander Naval Operating Base, Philippines), located at, and supported by, the Naval Station, Sangley Point, (2) the U. S. Naval Station, Sangley Point, (3) the U. S. Naval Station, Subic Bay, and (4) the Fleet Weather Central Manila, at Sangley Point; all component activities of Naval Operating Base, Philippines.

Commander Naval Forces Philippines Headquarters include the Naval Communication Station and facilities at Sangley Point, with the outlying stations at Bagobantay (transmitting station) and Las Pinas (receiving station).

The inactivation of the Naval Air Station, Sangley Point, was completed on 30 June 1949.

The reduction of the Naval Station, Subic Bay, to limited maintenance status by 1 January 1950, is progressing according to the planned schedule.

(The detailed Task Organization of U. S. Naval Forces in the Philippines is as shown by Appendix 1, appended hereto).

The day to day maintenance and operating cost for both ComNavPhil and Naval Station Sangley is allotted from BuDocks. Although ComNavPhil has allotted \$20,000 in the first quarter for maintenance and operation, their second quarter allotment will be reduced by \$9,500 and allotment for the Naval Station Sangley increased by the equivalent amount.

Personnel, military and civilian, are being progressively reduced in accordance with current directives establishing new reduced ceilings for 1 January 1950.

Civilian allowance includes boat and district craft maintenance personnel employed by Naval Station, Sangley Point.

The mission of the Fleet Weather Central Manila (Sangley Point) is to act as a center for weather collection and dissemination for the U. S. Navy Fleet and Shore activities in the Philippine Area; to issue storm warnings if necessary, to broadcast at six hourly intervals current synoptic weather data; if requested or directed, to provide synoptic weather map analyses and forecasts to naval activities afloat and ashore; and to inform and advise the Commander Naval Forces Philippines concerning aerological matters.

The Commander Naval Forces Philippines has recently submitted the Philippine Government's unsatisfactory counter proposals to the U. S. Navy's proposals for settlement of naval bases in the Philippines to the

Navy

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YO 46	1 YO
BCS 3646, 4981	2 BCS
YD 115, 127	2 YD
YTB 414, 496	2 YTB
YW 123	1 YW
YSR 4	1 YSR
YSD 42	YSD

Docking Unit, Naval Station, Subic Bay - LT L. E. Biechlin.

AFDL 10, 11	2 AFDL
AFDM 5	1 AFDM

(AFDL 10 and 11 are excess and listed for disposal or placing in reserve)

Fleet Weather Central, Manila, - CDR R. K. Etnire.

VR-23 Detachment, Philippines - LCDR H. M. Young

2 PBV-5A
2 R-4-D

Note: Based at Clark Field Air Force Base - under operational control of Commander U. S. Naval Forces Philippines.

Coast Guard Air Detachment, Sangley Point - LT T. M. MacWhinney.

1 PBV-5AC

THE UNITED STATES AIR FORCE IN THE PHILIPPINES

Thirteenth Air Force - the "Jungle Air Force" - Major General H. M. Turner, USAF, Commanding, is the sole United States Air Force Tactical Unit in the southwest section of the West Pacific area. Its home station is Clark Air Force Base, an inland military reservation located on the great Luzon plain approximately sixty air miles north of the city of Manila.

The huge, present day, Clark Air Force Base, is a far cry from the early Air Force Installation in this location which was little more than a landing strip or two located on the edge of Fort Stotsenburg, a Department of the Army military reservation since 1902. Even as late as the beginning of World War II, Clark Air Force Base represented but a minor portion of the overall military investment and activity. Since 1945 however, the picture has changed and this military activity is now almost 100% Air Force and is officially identified as Clark Air Force Base. The combined Clark Air Force Base - Stotsenburg area represents a land area of approximately 158,000 acres of which Clark Air Force Base proper constitutes 10,259 acres.

Clark Air Force Base was severely damaged in the first days of the Japanese Invasion; it suffered further from military action at the time of its recapture in 1945. Since its re-occupation by United States Armed Forces, a continuous program of rehabilitating, expansion, and improvement has been in effect. For example, the post war permabase construction program of housing, administration facilities, community facilities, storage facilities, recreational, religious and athletic facilities, utilities, operational facilities, hospital facilities, roads, railroads, fences, etc., represents an outlay of over \$42,000,000. It is estimated that this United States installation - from 1902 until the present date - represents a grand total investment of \$101,334,000 independent of the cost of land. Current monthly operating expenses are in the neighborhood of \$2,000,000.

Clark Air Force Base, so-named in honor of Major Harold M. Clark, killed in an airplane wreck in Panama, 21 May 1919, is today an active, thriving community consisting of approximately 14,000 United States military and civilian personnel and employed Philippine Nationals.

Because of security restrictions the mission of the Thirteenth Air Force, its composition, personnel strength and related details of Intelligence value to a foreign government cannot be presented in this paper. However, it should be noted that aside from its "Area of Responsibility" (Classified), Thirteenth Air Force has an "Area of Interest" that includes the entire Southwest Pacific, all of Southeast Asia, China, and extending in a westerly direction to encompass India and intermediate countries.

Thirteenth Air Force is a major subordinate Command of the Far East Air Force, Lt. General George C. Stratemeyer, Commanding.

THE JOINT UNITED STATES MILITARY ADVISORY GROUP TO THE
 REPUBLIC OF THE PHILIPPINES

The Military Advisory Group was established by Joint Chiefs of Staff Document 1519/7, 1 November 1947, pursuant to provisions for military assistance to the Republic of the Philippines contained in Public Law No. 454, 79th Congress and the Military Assistance Agreement between the United States and the Republic of the Philippines signed on 21 March 1947.

The primary mission of the Group is to provide advice and assistance to the Government of the Philippines on military, naval and air matters as necessary to accomplish the purposes set forth in Article I of the United States - Philippine Military Assistance Agreement.

In furtherance of its mission the Group has, since its inception, closely allied itself to the top-level staffs of the Philippine Armed Forces and Constabulary. Initially the advisors, separately and collectively offered technical and skilled advice in: the organic and physical establishment of the Ground, Navy and Air Forces; analysis of requests for funds and materiel, making appropriate recommendations to obtain favorable action on such requests as were deemed necessary and/or desirable; rendering constructive criticism in preparation of development plans, defense plans, fiscal procedures and personnel policies; assisting in the formulation of the Reserve Training program; rendering technical inspection and criticism in such matters as construction, automotive maintenance, ordnance storage, communication facilities and operations and maintenance problems peculiar to the Navy and Air Forces; rendering training inspections at United States' Service Schools by Philippine military personnel. The Constabulary Advisor maintained a close alliance with the Constabulary, giving that unit the utmost assistance in matters such as the above to the utmost extent of his capabilities, and passed on to the Chief Advisor such needs as could properly be consummated by the Group.

The Group is authorized twenty-four (24) officers, eighteen (18) enlisted men for Army affairs and Group administration and services; four (4) officers, four (4) enlisted men for Navy affairs; and four (4) officers, four (4) enlisted men for Air affairs - total of thirty-two (32) officers, twenty-six enlisted men. The Chief Advisor is provided from Army sources within the stated authorization. Two (2) United States Civil Service employees are authorized for Secretariat. The Philippine Army furnishes a small detachment for security and housekeeping.

United States appropriated funds is the principal source for the administrative and functional expenses of the Group, except that office and quarters are provided by the Philippine Government and certain expenditures are made on a reimbursable basis.

The program has achieved the major portion of its mission to date and the current projects are primarily materiel replacement, limited technical advice and fiscal supervision of any United States funds that may be made available for military assistance to the Philippines.

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It is provided in the basic agreement that the military assistance program will terminate 3 July 1951, unless extended.

The problems encountered in administering this program are seldom of major import and can be solved locally in all instances.

The program is supervised by the Joint Chiefs of Staff.

While it is not practical to describe the extent of the program's contribution to complete Philippine recovery, the program has effected extensive recovery and improvement of the Philippine Armed Forces and Constabulary, without which the recovery program would have been seriously hampered.

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PART IV

OTHER UNITED STATES GOVERNMENT AGENCIES

Introductory Statement
Bureau of Public Roads
Civil Aeronautics Administration
Coast and Geodetic Survey
Corps of Engineers
Fish and Wildlife Service
Maritime Commission
Public Health Service
War Damage Commission
Weather Bureau
Foreign Liquidation Commission
Bureau of Employees Compensation
Veterans Administration
Philippine Alien Property Administration

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INTRODUCTORY STATEMENT

In addition to the Armed Forces establishments, there are 16 United States civil agencies or groups cooperating with the Embassy in various capacities.

The Philippine Rehabilitation Act of 1946 (P.L. 370--79th Congress) created 1 new independent commission, the War Damage Commission, and authorized 8 existing agencies, all to operate as a joint mission attached to the Embassy and supervised by the Ambassador, to administer a program of rehabilitation and aid approximating \$540,000,000. The program includes the rehabilitation of marine and land transport facilities, charting of coasts and harbors, repair of docks and wharves, improvement of fishing methods to develop more of this basic food, weather forecasting for safety and crop assistance, and the reduction of human resource losses due to disease, together with a program to lift the general health level. The greater portion of these funds are allocated to compensate for losses of private and public property, including government buildings, schools, hospitals and other public works.

6 other United States groups provide for safety inspections, regulations regarding United States air carriers operating to and through the Philippines and enforcement thereof; for handling of compensation claims of Philippine and American employees injured or killed in line of duty in these varied activities; for handling and disbursing of funds for the United States Treasury; for acquiring and disposing of former enemy-owned property in the Philippines; for handling all war veterans' affairs, both American and Filipino; and for assisting and advising the Philippine Government in a search for minerals.

Only 3 of these agencies are in the Philippines for the exclusive service of United States activities, the remainder being for the purpose of pursuing aid programs of primary benefit to the Philippines. For this latter purpose, the \$540,000,000 program authorized by the Philippine Rehabilitation Act of 1946 is the largest and is designed as one of the basic instruments of economic aid to the Philippines. The funds so expended are only of indirect benefit to the United States as they strengthen Philippine economy and trade, help in the effort to recover from the war, and, to some extent, discharge America's wartime pledge to make good Filipino war losses caused in fighting with the Allies. Some phases of this program are to end on June 30, 1950, the remainder by June 30, 1951. Our studies indicate that material losses will largely have been restored by these dates, but physical scars will remain for another generation.

When this rehabilitation program is ended, a satisfactory weather forecasting and general meteorological service will be functioning; adequate air navigation and communication facilities both domestic and overseas will have been established; needed docks and wharves for handling most of the inter-island and overseas commerce will be available to service ships of both domestic and foreign flags; a substantial part of ship tonnage in domestic service will have been provided by the program; research will have established the location and sufficiency of fishing grounds and provided the knowledge to utilize them; an adequate start will have been made toward development of a quarantine and general public health service program to operate and further expand within the means of the Philippines; virtually all war-damaged roads and bridges will have been restored; grade and high schools largely re-established, government buildings and hospitals provided in most instances,

Introductory Statement

and the majority of private claims for losses settled for a substantial part of the claimed amounts.

Physical and material rehabilitation measureable in dollars expended and in buildings, airports, bridges, piers, ships and instruments is and has been essential to Philippine recovery. The greatest basic contribution being made, however, is in the form of specialized advanced training given in the United States to 900 Filipino technicians and locally to several thousand more; as well as in the intangible rehabilitation of thousands of Filipinos who have been trained under the rehabilitation program and have developed the confidence to handle jobs which the Philippine Government must soon operate independently. This invisible development and rehabilitation of the people themselves is of greater purpose and significance than the more obvious physical restoration resulting from an expenditure of specified sums of money.

U. S. BUREAU OF PUBLIC ROADS
REHABILITATION PROGRAM IN THE PHILIPPINES

Public Law 370--79th Congress, Chapter 243--2d Session, entitled "An Act for the Rehabilitation of the Philippines" and cited as the "Philippine Rehabilitation Act of 1946", authorizes the U. S. Bureau of Public Roads "to plan, design, restore, and build, . . . such roads, . . . streets, and bridges as may be necessary from the standpoint of the national defense and economic rehabilitation and development of the Philippines." Subsequent appropriation acts have made available the sum of \$40,000,000 for this work.

Under the above authorization and funds as appropriated, the U. S. Bureau of Public Roads organized a Philippine Division. The Division Engineer and the nucleus of his staff arrived in Manila during the latter part of 1946 and by the early part of 1947 the new Division was in operation. A steady increase in the amount of work called for a corresponding increase in personnel and as of September 1, 1949, the Division was composed of a total of 56 American and 172 Filipino employees. The majority of Americans are regular permanent Civil Service employees of the organization transferred to the Philippines from their previous regular assignments in the States.

The first preliminary studies conducted by the new Division demonstrated that the \$40,000,000 appropriated would not be sufficient to fulfill the intent of the Act of 1946 unless partially matched with other funds. Accordingly the Philippine Government began to match United States funds to the extent possible with their regular highway revenues. The present Philippine appropriation is approximately 25 percent of the total program cost which is expected to be \$80,000,000 by the time all work is completed.

At the present time (September 1, 1949) the total program cost is \$49,230,000, six percent of which is allocated to administration. Of the total programmed amount United States funds make up \$37,250,000. A reserve of \$1,686,000 is being held in the unobligated and unprogrammed balance to finance unexpected overruns, etc.

The attached chart gives a clear graphic picture of the present progress and the anticipated completion. It is anticipated that all work now programmed can, with the full cooperation of the Philippine Government, be substantially physically completed by June 30, 1951.

Major problems in advancing the program have been a lack of qualified contractors, the difficulty of obtaining survey data from the field, and the difficulty in processing contracts and other papers through a too-small and undeveloped Philippine highway organization. To obviate these latter two difficulties a highway reorganization and revenue bill has been proposed to the Philippine Government, but as yet no action has been taken by the legislative branch.

The completed

The completed program will effect rehabilitation of the Philippine highways and bridges to at least a prewar standard and in most instances to an improved standard. Each project was inspected in the field by a U. S. Bureau of Public Roads engineer and a detailed report was written. This report then was correlated with such items as war damage, traffic, economics of the area involved, population served, and needs for national defense. The final program covers the whole of the Philippine Islands and provides a transportation plant which will allow free movement for commercial and private vehicles engaged in the Philippine recovery. The major part of the program has been the reconstruction of bridges, as they were the prime target for both offensive and defensive armies during the war. The program provides for 81 major highway projects totaling 359 miles and 228 major bridge projects totaling 118,000 feet in length, and another 1250 bridges receiving some assistance through other United States contributions to the Philippine Government of materials and equipment. In addition to these projects the U. S. Bureau of Public Roads is furnishing 40 concrete mixers, large quantities of other major equipment, and sufficient reinforcing steel for the Philippine Government to build 226 bridges of lesser importance which can be readily rebuilt by regular highway crews without going through the formality of providing detailed plans.

The Philippine economy with a highway user revenue of approximately \$25,000,000 per annum and with the aid of a reorganized Highway Division is capable of continuing improvements on a long-range plan which will provide adequate highway transportation facilities. However, such a long-range plan, making efficient use of the expected highway revenues, cannot be realized unless the previously mentioned new legislation is adopted and the highway organization is put on an efficient basis. When this is done and trained men are allowed to proceed with sound constructive planning the Philippines will be as well off as the average State highway department in the United States.

The activities of the program are supervised in Washington by Mr. Thos. H. MacDonald, Commissioner, Bureau of Public Roads, Department of Commerce (formerly Commissioner of Public Roads Administration, Federal Works Agency), Federal Works Agency Building, Washington 25, D. C.

CIVIL AERONAUTICS ADMINISTRATION

Authorization: Philippine Rehabilitation Act of 1946.

Mission: Construction of a new heavy-duty runway for the Manila International Airport; construction of radio communications stations for airways use, air traffic control facilities, and radio aids to air navigation; maintenance and operation, using American personnel, of communications stations, air traffic control facilities and radio aids to air navigation to the extent required to familiarize Filipinos with modern CAA techniques of maintenance and operation; training, in the United States, of not to exceed four groups of 50 Filipinos each in practices of air traffic control, aircraft communications, and maintenance of air navigation facilities. The program will provide the American air carriers operating in the Philippines with an airport adequate for the use of Boeing type 377 aircraft together with the minimum communications, air traffic control, and radio aids required for safety and reasonable regularity of operation.

Size of Staff: The number of Americans in the Philippines reached a maximum of 54 in June 1948, but the number of Americans presently engaged in the program is 25. Filipinos to the number of 157 are currently employed exclusive of some 50 workers employed by construction contractors on September 1, 1949.

Source of Funds: The United States Congress appropriated \$8,000,000 for construction, maintenance and operation, and approximately \$735,000 for the training program. The Philippine Government has paid for the salaries of some Filipinos engaged in maintenance and operation, to the extent of \$150,000 in 1949, and \$262,500 in 1950. The purchase price of airfield and radio sites bought by the Philippine Government amounted to approximately \$170,000.

Total U. S. Cost of Construction Program: \$8,000,000 of which 3% has been reserved for general administrative costs in Washington.

Present Status of Program: Seventy-five percent complete. As of June 30, 1949, there was an unencumbered balance of \$630,000 in the total construction allotment of \$5,700,000.

Major Problems Encountered: The rapid withdrawal of the U. S. military Forces in the Philippines in early 1947 made it necessary to consider how airways communications services, formerly furnished by the military, might be continued on a peacetime basis for U. S. flag air carriers operating into the Philippines. By cooperative action of U. S. agencies, temporary radio facilities were established in Manila and were operated and paid for by the US CAA from October 1947 through June 30, 1949. These temporary facilities are now operated and paid for by the Philippine CAA, but during the period of U. S. operation, Filipinos became proficient in U. S. CAA operating techniques.

Establishment

Establishment of temporary facilities using equipment surplus to the needs of the military was necessitated by the fact that the design and procurement of modern radio equipment used by CAA requires from 12 to 18 months time, after completion of a master plan showing circuit arrangements, traffic loads and frequency allocations. Radio equipment ordered in 1947 is only now being installed.

In the multitude of post-war problems facing the Philippine Government, aviation problems did not loom very large. In consequence, it has been difficult to get ready answers to problems involving participation of Philippine Government officials. Money for sites was very slow in being made available, and Philippine Government participation in financing CAA activities has been very hard to obtain.

Successful operation of CAA facilities requires people, money and supplies. We have provided a reservoir capable personnel; money problems are being solved, or are capable of solution; but the Philippine Government system of procurement needs revision, insofar as CAA is concerned. A way must be found to have replacement parts available instantly, when needed. Otherwise, some vitally needed facility may be rendered inoperative under circumstances which will result in the complete loss of an airplane. We have been unsuccessful, as yet, in obtaining a satisfactory solution to the problem of supply.

The Administrator of Civil Aeronautics, Mr. Delos W. Rentzel, Commerce Building, Republic 7500, is the person in Washington handling matters pertaining to the program here.

The sum of \$8,000,000 is but a small part of the amount needed to bring Philippine civil aviation up to modern standards. There is, for example, no night flying between the Islands, due to the lack of radio aids and lighted fields.

PARTICIPATION OF
 UNITED STATES COAST AND GEODETIC SURVEY
 IN THE PHILIPPINE REHABILITATION PROGRAM

Title III of Public Law 370, 79th Congress (Philippine Rehabilitation Act of 1946) Section 310, authorized the Coast and Geodetic Survey of the Department of Commerce:

- (a) To continue until June 30, 1950 the survey work which was being conducted by it in the Philippines prior to December 7, 1941.
- (b) To train not exceeding twenty Filipinos each year prior to July 1, 1950 to be designated by the President of the Philippines.
- (c) To train, supervise and assist in the establishment of an organization which prior to July 1, 1950 will be qualified to carry on the duties and functions assumed by the U.S. Coast and Geodetic Survey during the years 1901 to December 7, 1941.

The American supervisory force in the Philippines consists of three commissioned officers and five civilian technicians assigned as follows:

Commissioned Officers:

- (1) Director of Coast Surveys
- (2) Executive Officer and Training Officer
- (3) Commanding Officer of the Survey vessel TULIP

Civilian Personnel:

- (1) Technical Assistant to the Director and supervisor of the Nautical Chart Division and Computing Section
- (2) Instructor in Mathematics
- (3) Supervisor of the Cartographic Division
- (4) Supervisor and Instructor in Electronics
- (5) Secretary for American Personnel

The alien employees total 107 distributed as follows:

Employed aboard the survey vessel TULIP (WAGL 249) - - - - -	72
Seamen aboard the Picket Boat HORNET - - - - -	5
Office Clerical personnel - - - - -	3
Electronics Laboratory personnel - - - - -	1
Tide Observers throughout the Islands - - - - -	6
Philippine Trainees (in any year) - - - - -	20
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All funds expended upon this program by the U.S. Coast and Geodetic Survey are derived from the Philippine Rehabilitation Appropriation 1947-50 with the exception of pay and allowances for commissioned officers which comes from regular Department appropriations.

The total program cost on 30 June 1950 is estimated at \$1,143,000 which does not include pay and allowances of commissioned officers.

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Commander Alvin C. Thorson, is handling the administrative details of this program in Washington D.C. and is attached to the Division of Coastal Surveys U.S. Coast and Geodetic Survey, Commerce Building, Constitution Ave., Washington.

The availability of modern nautical charts and related hydrographic publications is of prime importance to the safety of life and property in water transportation in the Philippine Archipelago. Manila, Cebu, Iloilo and Tacloban are ports where a large tonnage of ocean-going shipping calls. In addition, overseas freighters take on cargoes of copra, hemp, and sugar from anchorages by lighters in many of the out of way ports among the Islands. Inter-island ships are deeper draft than pre-war and require adequate charts since the principal arteries of communication today as in the past is still the waterways of the Philippines.

Practically all the hydrographic surveys executed under this program have been vitally needed revision surveys of the principal ports, wreck strewn during the battle for liberation. Perhaps, 10 to 15 per cent of the waters of the Philippines were un-surveyed in a modern sense on 7 December 1941. Such areas lie in unfrequented waters for commercial shipping. Perhaps 40 per cent of the waters of the Philippines surveyed during the years prior to 1917 will require revision surveys in order to have the charts of these important waterways adequate to satisfy the requirements of present day shipping.

REHABILITATION OF THE PORT & HARBOR FACILITIES
 MANILA DISTRICT - CORPS OF ENGINEERS - U.S. ARMY

The rehabilitation of the port and harbor facilities of the Philippines was authorized by Section 303(a), Public Law 370--79th U. S. Congress, otherwise known as the Philippine Rehabilitation Act of 1946.

The primary mission of this activity involves the rehabilitation, improvement and construction of the port and harbor facilities of the Philippines which had been damaged or destroyed by military action during the course of hostilities in the Pacific area.

The staff of the Manila District on 1 September 1949 engaged in the accomplishment of the program comprised: 4 U. S. Army Officers, 40 American Civil Service employees, and 363 Filipino civilian employees.

Funds were authorized by the Congress of the United States in the Third Deficiency Appropriation Act, 1946, Public Law 521 - 23 July 1946, to the U. S. Department of State and transferred to the Department of the Army to finance this phase of the overall program.

The total cost of the program under the administration of the Manila District Corps of Engineers U. S. Army is limited to \$17,800,000. The estimated cost of administration is 4.0 percent of the total funds allocated for this phase of the program.

Since the initiation of the program in October 1946 and up to 1 September 1949, eleven projects, valued at \$6,322,595.56, have been completed and turned over to the Philippine Government through the American "embassy at Manila, including the 700 cubic yard sea-going hopper dredge "Barth" and the 21-inch pipe line dredge "Sacramento". There are currently under contract and in various stages of completion twelve projects located at nine ports throughout the Philippines. The overall program under the administration of the Manila District is approximately 70 percent complete and progressing according to schedule.

It is anticipated that the current program will be fully completed by 30 September 1950.

The major problem encountered in the operation of the program centered mainly about the contractors, because of the lack of equipment and supervisory and operating personnel with which to efficiently conduct the work in accordance with modern construction techniques required by the specifications and the difficulties attendant to the financing a job by reason of inadequate working capital. As a result, the secondary mission of the program was the rehabilitation of Filipino contracting organizations. In addition some difficulty was encountered in obtaining critical materials, primarily structural and reinforcing steel and corrugated metal.

Lewis A. Pick, Maj. Genl.
 Chief of Engineers U. S. Army
 Washington 25, D. C.
 Telephone - Republic 6700

Washington supervising agency:

It is the opinion of this agency that the port and harbor facilities which have been or are being rehabilitated under this program, and through which passes at least 85 percent of all the foreign import and export trade to and from the Philippines, and at least 60 percent of the interisland shipping, will be adequate to meet the shipping needs of the Philippines for the next 10 to 15 years at these ports.

The extent of the program's contribution toward effecting complete Philippine recovery is believed to be singularly outstanding. There are numerous benefits, both tangible and intangible, to be derived over a period of time, from adequate, modern port facilities, particularly in a country such as the Philippines, where a considerable block of revenue is obtained annually through the operation of these ports and where water transport is so necessary due to the physical separation of the country into over 7000 islands.

PHILIPPINE FISHERY REHABILITATION

The Philippine Rehabilitation Act of 1946 (Section 309 of Public Law 370, 79th Congress, approved April 30, 1946) authorized the Fish and Wildlife Service of the Department of the Interior to cooperate with the Government of the Philippines and other appropriate organizations in the rehabilitation and development of the fishing industry and conservation of the fishery resources of the Philippines. To accomplish such purposes, oceanographic, biological, technological and economic studies and fishing demonstrations and explorations are being conducted. A training program also has been undertaken whereby each of 125 qualified Filipinos will be given not to exceed one year of training in practical fishery techniques in the United States. A staff of 28 Americans and 134 Filipinos are engaged in work on this program in the Philippines at the present time. Funds for the purpose are included in annual appropriations to the Department of the Interior Transfers from the Department of State to the Department of the Interior for the conduct of the program from its inception in 1946 to its expected termination on June 30, 1950 will amount to approximately \$3,748,540.

When rehabilitation funds were made available in the fall of 1946 wartime shortages of manpower, materials, supplies and equipment were very acute in the United States. These conditions caused seemingly endless delays in recruitment of a staff, outfitting of fishery vessels, procurement of other necessary supplies and equipment, and their transportation to a foreign country some 8,000 to 10,000 miles distant. War upheaval had paralyzed the economy of the Philippines and devastated the country, which caused further delays in initiation of the work. It was absolutely imperative that work be begun promptly in order to accomplish program objectives within the ever-present deadline date for termination. However, in the face of these difficulties American personnel were working in the Philippines by March 1947 and the work in all of its essential phases was underway by August 1947 - less than one year after funds were made available. The life-span of productive work has been curtailed further by the necessity for complete liquidation of the organization and its affairs and return of Americans to the United States by June 30, 1950. Productive work must cease of necessity at least three months prior to that date.

At present, an adequate staff of trained personnel is engaged on the problems involved in rehabilitating the fisheries. Three fishery vessels, laboratories and shore stations are adequately equipped for the purpose. The time remaining has been scheduled so as to accomplish the most important field work, analyze the results, and prepare final written reports. This work has been planned so as to provide an orderly liquidation of the program by June 30, 1950. In the case of those problems which cannot be solved before this date, provision is being made for an orderly transfer of the responsibility to the Philippine Government counterpart agency. This transfer will be accompanied by written recommendations as to the method of completing the work. Approximately 40% of the 125 selected trainees have completed their training in the United States and have

returned to the Philippines. These trainees are employed in the fishing industry or with the Government and have made substantial contributions to rehabilitation of the fisheries.

The field work has assumed three aspects, the first of which is the exploration of fishing grounds and the testing of the applicability of different types of modern fishing gear to conditions in the Philippines. New fishing grounds have been discovered and grounds previously exploited only by the Japanese have been explored and made available to the Philippine industry. Unused marine resources such as sharks and tuna have been studied and recommendations have been prepared for their development and utilization. The second aspect has been a comprehensive biological study of life cycles and other pertinent features of the natural history of several fishes, primarily tuna, sharks, mackerels and those fish living on the bottom of the sea. The third aspect has been a thorough survey of the oceanography of Philippine waters. The results of this survey will be included in a final report that will serve as a basis for interpreting cyclic and seasonal deviations of the hydrographic pattern upon which fish life is dependent. All of the above information will be of inestimable value to the Philippine government in the expansion and management of its fishing industry.

Advice and assistance have been given to a great number of new operators in the fishing business and the fleet has expanded from approximately 60 vessels of 3 tons and over in January 1946 to almost 500 at the present time. The program has been called upon to give advice in the conversion and adaptation of many of these craft to fishing purposes. The catch in the same period of time has increased about three times.

Experiments have been conducted in the shoreside laboratories and on the vessels of the program in the preservation of fishing gear, the improvement of salt manufacture, and the preservation and utilization of nutritive fish products. Vitamin assays have been made. Nutritive values of many fishes have been ascertained. New products adaptable to the Philippine industry have been developed and sponges, shells, oysters and other incidental resources have received due attention.

While the price of fish remains high in many sections, in others, the program has been able to stimulate production to the point that the price is roughly one quarter that of 1947.

Finally, the program has been interested in the pond fish industry. Experiments on increasing production have been inaugurated. Basic chemistry of soils and water have been studied and considerable attention has been given the expansion of the existing fish pond industry.

Present indications are that the waters immediately adjoining the Philippine Islands are incapable of producing, even under the most favorable conditions, sufficient fish to supply the increasing needs of the Philippine people. If these needs are to be met, the catch must be augmented by increased pond-fish culture, or by off-shore pelagic fishing, or probably both.

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Dr. Hilary J. Deason, Chief, Office of Foreign Activities, Fish and Wildlife Service, whose office is in Room 3153 Interior Building, Washington, D.C. and whose telephone number is Republic 1820, Extension 4054 has direct supervisory responsibility for program activities at the Washington level.

THE UNITED STATES MARITIME COMMISSION

The U. S. Maritime Commission, the American Federal Agency entrusted under the Philippine Rehabilitation Act of 1946 with restoring and improving Philippine inter-island commerce, has been quietly engaged for three years in rehabilitating the Philippine maritime industry and looking after the interests of Filipino seamen who served in American ships.

To carry out its portion of the Philippine Rehabilitation Program, the Agency started operations with a large staff in April 1945. Today, with most of its work done, the staff consists only of one American and one Filipino employee.

Perhaps the most important work of the Commission is the chartering on a "bareboat" basis of U. S. Maritime Commission-owned vessels to local steamship companies. The company that charters a boat on "bareboat" basis acquires the boat alone without supplies, furnishings and crews; the company itself has to supply these. At present there are nine ships chartered; two to the "Verett Oriental Lines, three to the Philippine Steam Navigation Company, three to the Compañia Maritima, and one to the Manila Steamship Company. These chartered ships, together with 48 other small vessels turned over to the Philippine Republic by the U. S. Army, have helped Philippine shipping establish normal interisland traffic once more.

At the time these vessels for charter were put to commercial use, many of the companies that chartered them were pessimistic about the enormous overhead expenses involved both in servicing and in operating the vessels. However, means were found to cut down on costs and today the country's seaways are traversed by ships that once flew the American colors but now display the flag of the Republic.

Shipping operators, whose first reactions to the U. S. Maritime Commission's aid were dubious, admit today that if this Federal Agency had not cut through maddening red tape in 1945 to secure ships for transporting badly needed consumer goods to the Philippines, the situation would have become critical. The first shipments started as a trickle in August of 1945, but later shipments flowed so copiously they choked harbor traffic.

Another important portion of the U. S. Maritime Commission's assignment is the training of Filipinos as future deck and engine officers. Paragraph B of Section 306 of the Philippine Rehabilitation Act of 1946 authorized the U. S. Maritime Commission to train Filipinos to be designated by the President of the Philippines at the U. S. Merchant Marine Academy at Kings Point, Long Island, New York. To date, seventy cadets have been sent. Fifty were sent in 1947 and are expected to graduate next year. Twenty were sent last February and will graduate in 1953. These students have been establishing records that reflect credit on the Philippines. An important part of their training is the one-year of sea duty

duty spent on American ocean-going merchant vessels. Each cadet serves at sea in the second year of his four-year course. The graduates will qualify either as officers in the Philippine merchant fleet or in the Philippine naval reserve.

The Maritime Commission, in looking after the interests of Filipino seamen who served in the American merchant fleet, has been paying the beneficiaries of those Filipinos who were killed during the war while serving in American ships. To date, all claims, with the exception of two whose beneficiaries can not be located, have been paid. Total value of all claims is \$600,000.

The U. S. Maritime Commission expects to wind up its affairs in the Philippines on June 30, 1950, in accordance with the terms of the Philippine Rehabilitation Act.

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PHILIPPINE PUBLIC HEALTH REHABILITATION PROGRAM

1. Authority for Program.--Activities authorized under Sections 305(a) and (b), Title III, Public Law 370--79th Congress.

2. Primary Mission.--To use all means possible in restoring public health services and facilities to the highest possible level consistent with ability of Philippine Government to assume responsibility for and to finance and operate such a program at termination of U.S. aid. Program embraces assistance in following 10 major public health fields: (1) Malaria, (2) tuberculosis, (3) general sanitation, (4) maternal-child health and nutrition, (5) venereal disease, (6) leprosy, (7) laboratory rehabilitation, (8) health education, (9) rehabilitation of training centers, and (10) national quarantine.

3. Staff.--With exception of 3 key positions, all personnel employed throughout program have been Filipinos.

As of June 30, 1948 As of Aug. 31, 1949

	3	3
U. S. employees	1,201	453
Filipino employees	1,204	456
Total		

4. Source of Funds.--Activity is financed solely from U.S. funds authorized by Public Law 370--79th Congress.

5. Program Cost and Administrative Cost as of August 31, 1949:

Cost of Program Operation	\$ 4,160,761	93.7%
Cost of Program Administration	281,474	6.3%
Total Cost of Program	\$ 4,442,235	100.0%

6. Present Status of Program.--As practically the entire Philippine public health structure had been destroyed, the magnitude of the public health rehabilitation problem at the time of the program's inception was immeasurable. The program had 2 limitations under enabling legislation, i.e., time and funds. The total time authorized was 4 years, the total funds \$5,000,000. It was obvious, therefore, at beginning of program that total public health rehabilitation was impossible to accomplish under the 2 limitations mentioned. The program as planned in accordance with paragraph 2 above and within the above cited limitations has been vigorously carried on and is running on schedule at the present time. The program was approximately 85% completed on June 30, 1949 and will be fully completed on or before March 31, 1950. Three months have been allowed for the settlement of all accounts, transfer of properties and the completion of other closing out procedures on or before June 30, 1950.

7. Expected Life of Program.--All field activities will be terminated on or before March 31, 1950. The agency office will be closed on or before June 30, 1950.

8. Major Problems Encountered.--No major problems have been encountered for which a satisfactory solution has not been found.

9. Washington Agency Supervising Activity.--Surgeon General, U.S. Public Health Service, Federal Security Building, Washington, D.C.

10. Extent of Program's Contribution Towards Effecting Complete Philippine Recovery.--A comparable evaluation of the extent to which the public health program has contributed towards effecting complete Philippine recovery can only be made through surveys and studies in economic research covering all phases of national life in which the following accomplishments in the major fields of public health rehabilitation endeavors would unquestionably be found to play a most important role:

Malaria.--Over 200 physicians, engineers, etc. were trained and activated into 20 mobile units. These units have treated gratuitously over 642,000 attacks of malaria and have reached over 1,330,000 persons in mass educational campaign. On the island of Negros alone (population 1,250,000, or 8% of Islands' total), where in 1945 there occurred over 320,000 cases of malaria with over 1,600,000 man days lost, the disease to date has been practically eliminated in all populated areas. Deaths from malaria have dropped from second to ninth place in list of deaths from all causes and initial cost of labor for production of copra, sugar, lumber, etc. has been reduced over 35%. Total cost of program, \$1,034,296. 23.3% of total program.

Tuberculosis.--Six chest clinics have been organized, equipped and staffed and the use of BCG vaccine introduced. One mobile x-ray unit activated. 618,826 persons x-rayed and over 13,000 BCG vaccinations performed. 10% of persons x-rayed were positive for tuberculosis. \$50,000 has been obligated to equip a new BCG laboratory. Cost of program operation, \$666,321. 14.9% of total program.

General Sanitation.--Exclusive of Manila, 401 communities in Islands have piped water supplies. At beginning of program none of these were equipped with any type of water purification equipment. Funds have been obligated to equip 333 of these supplies, serving 1,762,946 people, with purification equipment. 152 have been completed, remainder will be completed by December 31, 1949. 8 water analysis stations in various parts of Islands have been established, equipped and operated. Equipment has been furnished for the removal of Manila's garbage supply. A modern industrial hygiene laboratory has been activated, equipped, staffed and operated. Immunization units have administered 881,486 vaccinations against smallpox and have given 509,391 injections against cholera, dysentery and typhoid. Cost of program, \$673,157. 15.1% of total program.

Maternal-Child Health and Nutrition.--Twenty maternal and child health units were activated and have covered 320 municipalities and assistance rendered to 229,594 persons. Beriberi is the second largest cause of deaths in the Philippines. The introduction by this program of enriched rice to the Province of Batangas (68,000 people) has resulted in reduction of 72% in the number of deaths from beriberi in 9 months. By December 31, 1949, the disease will have been entirely eradicated. The program is now being extended to include over 1,800,000 population of the Islands (10%), among whom a corresponding reduction in the number of deaths from this disease will be effected. Cost of program, \$531,241. 12.0% of total program.

Veneral Disease.--A rapid treatment center for the intensive treatment of venereal disease was activated in Manila and sufficient drugs supplied to operate 16 provincial social hygiene clinics. Over 440,000 individuals have been examined, of whom over 81,000 were found positive for venereal disease and treated. Cost of program, \$272,075. 6.1% of total program.

Leprosy.--Four skin clinics for the treatment of skin lesions, including leprosy, were activated. Over 91,000 people were assisted. A preventorium for the separation of children from leprous parents at birth was activated and now has 40 inmates. Cost of program, \$161,902. 3.7% of total program.

Laboratory Rehabilitation.--The six national, municipal and university public health laboratories have been rehabilitated, 80% of the cost of which has been borne by this program. A new nutrition laboratory was activated. Cost of program, \$111,890. 2.5% of total program.

Health Education.--Three mobile health education units were activated. Attendance at lectures, health film showings, etc., over 1,050,000. Cost of program, \$70,015. 1.6% of total program.

Rehabilitation of Training Centers.--Health training centers in the Philippines have been rehabilitated to about 75% of pre-war status. 50% of this rehabilitation has been from this program. Cost of program, \$131,675. 3.0% of total program.

National Quarantine.--The facilities and activities of the National Quarantine Service have been completely rehabilitated even beyond a pre-war level. Total cost of program, \$511,189. 11.5% of total program.

11. Other Comments.--None

THE UNITED STATES PHILIPPINE WAR DAMAGE COMMISSION

Creation and authority: The United States Philippine War Damage Commission was created by the Philippine Rehabilitation Act of 1946, 80 Stat. 128, approved April 30, 1946 (P.L. 370--79th Congress), as amended, for the purpose of settling claims for war damage occurring in the Philippines after December 7, 1941 (Philippine time), and before October 1, 1945, as a result of prescribed perils of war. Claims are of two types, primate property claims authorized by Title I of the act, and public primate property claims, authorized by Title III, section 304 of the act.

Primary mission: When the time approached for the United States to grant independence to the Philippines it was apparent that the young Republic would be in a dire economic plight as an independent nation. Her factories had been bombed, burned and looted. Her major businesses had been destroyed and a considerable portion of the land on which her primary agricultural enterprises exist had been damaged. Many of her people had been driven from their homes, farmers had lost their work animals and tools, and thousands were practically penniless. Sources of employment had dried up. During the war years, United States officials and ranking officers of the armed forces had repeated to the Filipino people that they would be paid for the losses they incurred because of their loyalty to the United States and their fight against the common enemy. In April 1946, therefore, the Congress of the United States adopted the Philippine Rehabilitation Act creating the Commission and authorizing it to pay qualified claimants for private property losses and to pay public claims to the Philippine Government for the loss of public property of the national government, provincial governments, chartered cities, municipalities, and corporations wholly owned by the Commonwealth or the Republic.

Provision for a one-year filing period for the submission of private claims was made in the act and the Commission announced the period as March 1, 1947 to midnight, February 29, 1948. More than 1,250,000 private claims were filed with a claimed value fixed by claimants at nearly \$1,116,000,000.

A total of 1,800 public claims have been submitted with a claimed value approximating \$200,000,000. Under present law the Commission must complete this phase of its work by June 30, 1950.

Organization and staff: The Rehabilitation Act provides that the Commission should consist of three members, one of whom must be a Filipino. The staff consists of 107 American employees and 935 Filipinos.

Total program cost and administrative cost: Private claims payments, \$400,000,000; administrative cost 3 percent. Public claims payments, \$57,000,000; administrative cost 3 percent.

Present status of program: As previously stated, the Commission received more than 1,250,000 private claims and by September 1 had processed approximately 990,000 of them, paying into the Philippine economy more than \$210,000,000.

\$210,000,000. It has adjudicated claims at the rate of 3,000 a day and disbursed \$500,000 daily.

Of the 1,600 public claims submitted, 1,000 have been approved. The Commission allocated \$55,300,000 for the payment of public claims, and now has made awards of \$55,000,000 and paid \$34,000,000 to the Philippine Government.

The Commission will complete its operations under Title I (private property claims) well in advance of the legal deadline of April 30, 1951 and can complete payments to the Philippine Government under Title III (public property claims) by June 30, 1950. Physical reconstruction of facilities to be restored with these funds, however, will not be completed by this date and since supervision by the United States is contemplated under the act, it will require authorization by Congress to permit expenditures for personal services after June 30, 1950.

Major problems: (a) Private claims. When the Commission was created it had no precedents to follow and had the problems of organization incident to the formation of an agency to operate almost entirely on foreign soil. It was necessary to recruit a staff of key Americans, transport them thousands of miles from their homes, and to obtain housing and office accommodations for them in a city which was considered to be as war-ravaged as any other in the world, with the possible exception of Warsaw.

Claim forms, folders of information, and other forms for use by claimants had to be devised, printed in the United States and shipped to Manila for distribution. Shipping strikes delayed the original shipment which alone weighed approximately 50 tons, but the forms were received in advance of the first date for filing and distributed throughout the Philippines despite the very serious lack of communications and travel facilities which existed in the 7,000 islands of the Republic. Lack of communications also hampered the dissemination of newspaper and radio news and, because of insufficiency of newspaper and radio news, it was often necessary to use posters, sound trucks, and, in many instances, town criers so that, in so far as possible, there would be full knowledge of the Commission's operations and policies.

The requirements of the Rehabilitation Act relating to the qualifications of claimants, the dates and causes of loss, and types of property covered, produced problems of adjudication. Appraisals of property and field investigations had to be made in large numbers and American and Filipino personnel have had to undergo innumerable hardships in their travels throughout the islands. Travel facilities have been restricted and accommodations poor.

The claims of large companies have presented many problems of major importance. Arrangements between tenants, planters and sugar centrals are complicated and the Commission was forced to set values for standing and cut cane, and for milled sugar for domestic and export markets. The mining companies

companies submitted claims for lost stock-piled ore, ore in place, concentrates, and underground workings and formulas for equitable adjudication had to be determined. It was necessary to decide fair values for tobacco grown in different areas.

Under the provisions of the act, the Commission was required to make provision for the payment of all claims approved for \$500 or less and to pay \$500 on all claims approved for more than that amount before it could make any payments in excess of \$500. This forced the Commission to wait until all claims had been filed and an analysis made of a substantial percentage of them before it could determine what it could pay on claims approved for more than \$500 and not exceed the \$400,000,000 authorization. When that determination was made the Commission commenced paying, and is now paying 30 percent of the approved amount of all claims approved in excess of \$500. It should be pointed out, however, that claims are approved on the basis of prewar values and, as current costs are two to three times as great as they were then, the claimant receives only a small percentage of present day replacement costs.

(b) Public claims. The authorization of \$57,000,000 for claims for public property, like the \$400,000,000 for private claims is insufficient. The Commission, therefore, in agreement with the Philippine Government, has allocated the fund to schools, hospitals and dispensaries, national government buildings, provincial and municipal buildings, waterworks and irrigation systems, and government corporations.

Delays have occurred in the program of reconstruction of public buildings. Shortage of materials was the primary cause but local disputes have occurred regarding building sites when population changes made it appear inadvisable to rebuild on former sites and, in many instances, plans have not been completed on schedule. It is believed, however, that the major difficulties have been eliminated.

Extent of contribution: The Commission is confident that its disbursements have made a major contribution to the Philippine economy. Of the payments made, more than \$112,000,000 has been paid on 817,000 small claims submitted. In a recent survey, the Commission staff interviewed hundreds of small claimants at random and were told by the vast majority of payees that they had used their war damage payments to repair homes, buy land, tools, farm implements, work animals and other livestock and clothing for themselves and their families. The vast majority of them also expressed their appreciation to the people of the United States.

Claimants whose claims exceeded \$25,000 and who would be the ones to contribute the most to the Philippine economy have been paid nearly \$30,000,000. The Commission knows that many of these claimants have been able to refinance their companies so as to reconstruct. Others have been able to rehabilitate themselves in part. The Commission, therefore, is certain that the money it has paid has been of material benefit.

U. S. WEATHER BUREAU REHABILITATION OF PHILIPPINE WEATHER BUREAU

Authority. Section 308 of Public Law 370 - 79th Congress, known as the Philippine Rehabilitation Act of 1946, which was approved April 30, 1946, authorized the Chief of the U. S. Weather Bureau to establish weather facilities in the Philippines and to maintain such facilities until the Philippine Weather Bureau was reestablished and in a position to assume the responsibilities for the service.

Primary Mission. The primary mission of the U. S. Weather Bureau was threefold, as follows:

1. Establishment of a weather forecasting center in Manila, operated mostly by American forecasters primarily for aviation and typhoon warning while Philippine pensionados were being trained.
2. Establishment of a permanent network of (1) 45 telegraphic weather reporting stations throughout the Philippine Islands to provide essential surface and upper weather reports required for accurate forecasts and (2) 171 climatological weather stations for climatic and hydrology studies and correlations.
3. Training Philippine nationals, mostly in the United States, in the art of modern forecasting and weather reporting and gradually turning the meteorological service responsibilities over to them as they became qualified.

Staff. Thirty-seven Americans have served with the U. S. Weather Bureau Rehabilitation Project in the Philippines, however the maximum at any one time was only 25 in June of 1948. At the present there are only 15 Americans. Twelve Philippine citizens are currently employed by the U. S. Weather Bureau. The size of the U. S. Weather Bureau staff has been kept relatively small by limiting activities to supervision, with most of the work being done by Philippine Weather Bureau employees through reimbursable contracts.

Source of Funds. Funds for the rehabilitation of the Philippine Weather Bureau are those allocated by transfer to the U. S. Weather Bureau by the Department of State under terms of Title III of the Philippine Rehabilitation Act of 1946 covering the Restoration and Improvement of Public Property and Essential Public Services.

Cost. From the beginning of the Project until June 30, 1949 the following funds have been transferred, obligated and expended:

Transferred to Weather Bureau	\$2,251,166
Obligations	1,973,428
Disbursements	1,647,440

The Administrative cost of the Weather Bureau program has been 10%, 90% remaining for the Operational Program.

Present Status. Part 1 of the primary mission was completed on April 1, 1949, when the Philippine Weather Bureau assumed full responsibility for the forecast service. Part 2 of the primary mission to establish a permanent network of weather stations is approximately 90% complete. Part 3 of the primary mission to train Philippine Weather Bureau personnel in forecasting and observational techniques is approximately 85% complete.

Termination of Program. The U. S. Weather Bureau Primary Mission will be 100% complete on April 1, 1950, however a few fiscal personnel will be necessary until about June 15, 1950 to close out the books.

Problems. No major problems were encountered and although there were many small problems and difficulties, they were solved in sufficient time to avoid serious delay to the program. A most unfortunate event in connection with the Weather Bureau's program was that the first Chief of Mission contracted tuberculosis after being in the Philippines 18 months.

Washington Supervision. Dr. F. W. Reichelderfer
Chief, U. S. Weather Bureau
24th and M Streets, N.W.
Washington 25, D. C.
Telephone: Michigan 3200

Contribution to Philippine Recovery. This program, with emphasis on public service, has built a weather organization which will be able to take care of future as well as present demands of the Philippine agriculture and industry. In establishing this weather service nearly a million dollars was disbursed within the Philippine Islands, which contributed to the aggregate economy of the Islands.

Typical Rehabilitated Weather Stations.

Legaspi, Albay
Prefabricated Wood Construction

Dumaguete, Negros
Concrete and Hollow Block
Construction

DISPOSAL OF SURPLUS PROPERTY IN THE PHILIPPINES

Operations in connection with the disposal of surplus property in the Philippines have been conducted in accordance with the Surplus Property Act of 1944 (Public Law 457 - 78th Congress) as amended, the Philippine Rehabilitation Act of 1946, Title II (Public Law 370 - 79th Congress), the Foreign Buildings Act (Public Law 547 - 79th Congress), the Fulbright Act (Public Law 584 - 79th Congress) and Executive Order 9630 of September 27, 1945.

Shortly after its activation in October 1945 in anticipation of the passage of Title II of Philippine Rehabilitation Act, frequently referred to as the Tydings Act, the Office of the Foreign Liquidation Commissioner began negotiations with the Commonwealth of the Philippines leading to the acquisition of surplus property by that government. In these negotiations OFLC was represented by the Central Field Commissioner whose office in Manila covered operations in the entire Pacific Area. They culminated in two contracts both executed prior to the passage of the Tydings Act. Each was on a credit basis of 10 million dollars but they contained provisions for the absolving of the charges against such credits in the event of the passage of the Tydings Act. Property of many kinds, useful in the Philippine economy was transferred under those contracts to a total negotiated value of approximately \$14,700,000. However, the Philippine Procurement Commission worked very slowly in the selection of such property. Because of that fact, after the passage of the Rehabilitation Act, it was recognized that if other sales by OFLC continued at the current rate and properized having a fair value of approximately \$36,300,000 million dollars was not earmarked in some manner, then the unfortunate result would be that there would not be enough surplus property left in the Philippines to satisfy the requirements of Title II of that Act. That Title provides that "the Department of State ... acting through the Commonwealth of the Philippines, is hereby authorized to transfer to the Commonwealth of the Philippines, without reimbursement, property of the United States now or hereafter located in the Philippines and declared surplus under the Surplus Property Act of 1944"; and further "the fair value of the property transferred to the Commonwealth of the Philippines (Republic of the Philippines) provincial governments, chartered cities or municipalities under section 201, as estimated by the Commissioner, shall not exceed \$100,000,000 in the aggregate".

Therefore, OFLC and the Embassy negotiated for some weeks with President Roxas and his advisors until an agreement was reached as to the specific depots of surplus property which would be turned over to the Philippine Government. On the basis of the estimated procurement cost of the surplus property in those depots and estimated value on a percentage of cost basis, it was agreed that the transfer of such property would be considered by the Republic of the Philippines as satisfaction of the United States obligations set forth in Title II of the Rehabilitation Act. Only an oral agreement was reached concerning this particular feature because consideration of a more comprehensive transfer of surplus property intervened.

In August 1946 a large group headed by Commissioner McCabe, OFLC, came to the Philippines under specific instructions from President Truman to expedite the disposal of all surplus property in the Pacific. Upon their arrival negotiations were begun leading toward the sale of all surplus property located in the Philippines including that property previously agreed to as having 100 million dollar fair value. Such negotiations culminated in the so called Bulk Sale Agreement signed September 11, 1946. The highlights of that agreement are:

1. It sold all of the surplus property located in the Philippines on the date of the agreement except aircraft, ships (other than certain specified ships) and non-demilitarized combat materials subject to certain limitations principally to the effect that existing prior commitments for sale would not be included and that at the option of the U. S. to be exercised within 90 days property having a fair value of 10 million might be considered to be under prior commitment to other governments to which the U. S. had extended credit.
2. It provided that ships with a fair value of 6 million dollars be included in the property transferred.
3. It recognized the previous general understanding as to property considered to have a fair value of 100 million dollars.
4. It absorbed the existing credit contracts.
5. It provided that United States pay 25 million dollars to the Philippines in part payment of the U. S. obligations arising from the issuance of guerrilla currency or other military scrip and any unpaid advances, loans, credits and overdrafts by the Philippine National Bank, the Commonwealth of the Philippines or political subdivision thereof, during the war but prior to September 2, 1945. With such partial payment and the further payment of part of the surplus property the Philippines relieved the U. S. of all of the above obligations.
6. The Philippines agreed to pay the equivalent of 2 million dollars plus any unexpended balances of the real estate fund, for the implementation of later agreements concerning cultural activities.
7. The Philippines agreed to pay the equivalent of 3 million dollars for the purchase of real estate for the account of the U. S. Government.

Referring to the above Bulk Sale Agreement highlights by number, the following is a brief narrative of accomplishments to date and future plans.

1. Property having a procurement cost of approximately 513 million dollars has been transferred at a fair value figure set by the Commissioner at 94 million dollars. In addition property having a procurement cost of approximately 565 million dollars has been transferred without fair value being set and it is estimated that property having procurement cost of approximately 17 million dollars remains to be transferred. All property remaining

remaining to be transferred consists of fixed installations with the exception of less than one million dollars in procurement cost of various types of Army and Air Force surpluses. An agreement has been reached that no transfers will be made after 30 September 1949 except for the fixed installations.

2. Ships with procurement cost of approximately 45 million dollars have been transferred at fair value of 6 million dollars. They consist principally of 42 freighters put into immediate service by commercial concerns in interisland service.

3. & 4. The obligation rested on the Commissioner of OFLC to estimate the fair value of property transferred. He has done this and it is not mandatory that any further agreement be reached beyond that contained in the Bulk Sale Agreement. However in connection with current negotiations on other points an effort will be made to get an acknowledgment of 100 million dollar fair value by the Philippines.

5. Republic Act No. 369 was passed June 10, 1949 by the Philippine Congress to provide for the redemption of Guerrilla currency and approximately 34 million dollars has been appropriated for that purpose. The actual redemption is currently taking place.

6. The agreement referred to was executed on March 23, 1948. Under its terms a "U. S. Educational Foundation in the Philippines" was set up. It is composed of five Americans appointed by the Ambassador and five Filipinos appointed by the President of the Republic. It provides that the Philippines will make annual payments on a calendar basis in the amount of \$200,000 for a period of ten years. Payments for 1948 and 1949 have been received and either expended or obligated. For further detail in connection with this program see Paragraph C of the Section on USIE program.

7. To date approximately \$2,404,000 of the 3 million dollar fund has been expended and \$167,000 has been obligated. Of this total approximately 46% represents the cost of acquisition of land and/or buildings while 54% represents new construction or rehabilitation costs. Included in this program are the quarters for personnel of the Embassy and the various Rehabilitation Agencies and office buildings for the Consulate and War Damage Commission. Tentative plans for the use of the unobligated balance of the fund include acquisition of adequate quarters for the Consulates at Cebu, Iloilo and Davao.

In addition to the real estate program provided by the 3 million dollar account in the Bulk Sale Agreement, surplus property was used for the direct purchase and construction of property having a value of approximately \$2,407,000. This program provided additional quarters for Embassy personnel and an office building for Veterans Administration.

The office of the Foreign Liquidation Commissioner was closed on June 30, 1949 with no inventory of surplus on hand. However, it had some continuing responsibilities in connection of Bulk Sale Agreements and credit

credit agreements with numerous countries. These residual responsibilities are being carried on by various divisions of the Department of State in Washington with policy matters handled by the Division of Economic Property Policy. A few key personnel of OFLC were transferred to that division and the surplus property matters are under direct supervision of Francis T. Murphy, former Deputy Commissioner, OFLC.

Because the Bulk Sale Agreement with the Philippines contained no terminal date and because it contained a clause providing that the two governments will consult together to reach an appropriate adjustment in price provided a disparity is found to exist between the property transferred and the price paid and because the President of the Republic has informally indicated a lack of satisfaction on that point, the United States is interested in seeing the matter disposed of and closed for all time. Therefore at present, negotiations are under way in Manila which it is hoped will culminate in an agreement by the Philippines that all U. S. obligations under the contract have been fully met.

During these negotiations the facts have developed that 92 Bureaus, Offices and Corporations of the Republic have made use of surplus property, having procurement cost of approximately 100 million dollars. Also 64 provinces, cities and municipalities have used surplus property having procurement cost of between 15 and 20 million dollars. In addition the Republic has made extensive use of many of the valuable fixed installations transferred under the agreement and from its sales receipts the Surplus Property Commission has made nearly 14 million dollars available to the Rehabilitation Finance Corporation. All in all, it is evidence that the transfer of surplus property to the Philippines has been very worth while and a valuable contribution to post-war recovery.

FEDERAL SECURITY AGENCY
BUREAU OF EMPLOYEES' COMPENSATION

Section 3 (a) of Public Law 208 - 77th Congress, approved August 16, 1941, provided that the United States Employees' Compensation Commission may establish new compensation districts to carry out the provision of the Longshoremen's Compensation Act on Defense Bases. In accordance with this provision, the Western Pacific District was created with headquarters in Manila, Philippines.

The primary mission of the local office is to adjudicate and administer claims for compensation for disability or death resulting from injury while in the course of employment for the following:

- (1) Contractor employees or others engaged in employment at military, air and naval defense bases. Applicable law - Longshoremen's and Harbor Workers Compensation Act, approved March 4, 1927 (44 Stat 1424) as amended by the Defense Bases Act, PL 208, 77th Congress, approved 10 August 1941 and P.L. 784, 77th Congress, approved 2 December 1942.
- (2) Civil employees of the United States Government, regardless of nationality or citizenship. Applicable law - U. S. Employees' Compensation Act of 7 September 1916 (P.L. 267, 64th Congress) as amended by the Act of 28 July 1945, P.L. 161 - 79th Congress.

The Manila Branch Office personnel presently consists of two Americans and eleven locally hired Filipino employees.

All the activities of the Bureau are financed through appropriated funds of the U. S. Congress which have been disbursed as follows:

<u>Fiscal Year</u>	<u>Program Cost</u>	<u>Administrative Cost</u>	<u>%</u>
		\$ 9,801.68	4
1946	\$234,997.31	24,696.52	5
1947	496,291.82	7,678.25	3
1948	260,031.64	9,962.27	5
1949	199,908.53		

The above figures represent payments as made from Manila and does not include any payment made from Washington on locally reported claims. Effective 1 May 1947 payment of death benefits was transferred from the local office to the home office. This accounts for the decrease in the overall program cost as the large payments are on cases involving death.

Under the Federal Compensation Act we have received as of August 31, 1949, 9,586 cases of which number 1,423 fatal cases and 507 non-fatal cases or a total of 1,930 cases remain adjudicated. Under the Defense Bases Act we received for the same period 3,314 cases of which number there remains pending 16 fatal cases and 169 non-fatal cases or a total of 185 cases.

The Bureau's Manila Office handles claims from Guam, Japan, Korea, Okinawa, China, Australia, Philippines and all other areas in the Southwest Pacific. It is expected that it will be necessary to maintain a branch office in Manila for three more years. The recent enactment by the Congress of the War Claims Act, PL 896 -- 80th Congress, approved July 3, 1948 authorizes the Bureau to handle claims for disability and death of American citizens interned during the war years. While most of these cases will be processed in the states it can be expected that a small percentage will be filed in Manila by Americans residing here. The Manila Office will be required to assist in the investigation and verification of those cases filed in the states.

The major problem confronting the Bureau is the lack of official records of employment and casualties; particularly on Bataan, Corregidor, and in combat areas where the U. S. Army employed civilians to assist the troops. Due to the rapid deployment of troops following the cessation of actual fighting, hundreds of injuries and fatalities were never reported. These cases are presently being filed at an average rate of 100 per month. It is expected that we will continue to receive claims arising from accidents in 1944 and 1945 for at least one more year. These claims, unsupported by Army records, require close scrutiny and investigation by interrogation of neighbors, co-workers, labor recruiters, and municipal officials. The problem of establishing the casualties and setting the wage rates in the post liberation cases has been difficult. In the Philippines, as in other foreign countries, we have been confronted with the problem of obtaining documentary proofs of birth, marriages, and deaths. In most instances, records were completely destroyed and the Bureau has had to modify their requirements to meet the local situation.

Mr. Wm. McCauley, Director, is in charge of the Washington Office and maintains offices in the Federal Security Building, 4th St. & Independence Ave., S. W. - Telephone number - Executive 6300.

While not classified as a rehabilitation agency, the program administered by the Bureau has aided Philippine recovery to the extent of its payments in providing adequate accident compensation for injured employees and death benefits to the surviving next of kin.

U. S. VETERANS ADMINISTRATION

Except for the war years, the U. S. Veterans Administration, under various names, has had an office in the Philippines since July 1, 1922. Since the war, legislative authority for its operation has been extended periodically; currently it is P.L. 474--80th Congress, expiring June 30, 1950.

The mission of the Manila Regional Office is to administer the various benefits which have been granted by laws of the United States to all veterans and their dependents in the Philippines who are shown to have entitlement to such benefits. This covers a rather broad segment of the population since this veterans' population is an estimated 430,000. In addition to veterans of the U. S. forces, this includes 330,000 World War II veterans of the Philippine Army and Recognized Guerrillas.

The office is housed in the 8-story U. S. Veterans Administration building, a prewar but modern structure acquired and rehabilitated by the U. S. Government for that specific purpose. The staff comprises approximately 100 American and 500 Filipino employees, who during the Fiscal Year 1949 were paid \$1,224,673.23 in salaries.

Funds for operation of the office and for payment of all benefits are derived from the regular appropriation of the Veterans Administration exactly similar to other VA offices in the United States. During the Fiscal Year 1949 disbursements to beneficiaries in the Philippines totaled \$45,464,018.44; the administrative cost of the office during the same period was \$1,791,705.28, 3.9 percent of the program disbursement.

The work load of the office has been increasing steadily since the war because of claims being made for benefits administered. It currently is handling more cases than at any time in the past, and probably the peak of the regular program is being reached now. The program is a continuous one however as there is no time limit for making claims and changes will occur constantly in the entitlement of individuals to the running awards made because of death, marriage or other change in the status of payees. Also there are many other continuing responsibilities, important among which is the supervision of several thousand guardianships which will have to be handled. Under present laws there is no limit to its life and whether or not authority for the office is extended from time to time, the program must continue.

An important problem immediately confronting the Manila Regional Office is handling United States responsibilities in connection with the construction of hospitals and the hospitalization of veterans of the Philippine Army (including recognized guerrillas) who are in need of hospitalization for service connected disabilities. Funds for this purpose, as authorized by P.L. 865--80th Congress, are just now becoming available. The law provides payment as "grants in aid" to the Philippine Government for its action under such "rules, regulations and conditions" as the President may prescribe (now delegated so that detailed operation

is by

is by the Manila office). Close coordination for the past year with the Secretary of National Defense, representing the Philippine Government, has made possible rather comprehensive plans to handle this problem.

Generally the differences in language and customs and the uncertainty of communications make rather more difficult the transaction of business, particularly when it is of a personal nature, as with all VA claims. Divergences of law have been problems, but the Philippine government has been and is very cooperative in enacting laws to conform to U. S. procedures. Four such laws were enacted by the last session of the Philippine Congress.

Specifically, the great influx of compensation claims based on World War II service coupled with the inability of the Army to furnish promptly the necessary records of service caused a backlog of unadjudicated claims which at one time reached 90,000 and became the major problem the office has encountered. As personnel records were destroyed during the war or, as in the case of Guerrillas were almost non-existent in the first place, it was necessary for the Army to reconstruct them, getting information from many sources. Only since March of this year has real progress been made, but it now is anticipated that it will be current by July 1, 1960.

General Carl Gray, Administrator of Veterans Affairs, Washington, is responsible for the activities of the Manila Regional Office. Detailed supervision is in the office of Mr. J. Glenn Corbitt, Director, Foreign Relations Service, Veterans Administration Building, Washington, Telephone: Executive 4120.

The U. S. Veterans Administration is not a rehabilitation agency. Its funds are and must be paid to individuals having entitlement thereto under the law, without regard to specific rehabilitation or National recovery aspects. The assumption is logical, however, that paying \$5,000,000 monthly to 52,000 separate individuals in all walks of life in all communities of the Philippines does have a material effect on National economy. These funds very quickly reach "the butcher, the baker and the candlestick maker" and provide a quite material increase in buying power.

PHILIPPINE ALIEN PROPERTY ADMINISTRATION

This agency is established under authority of the Trading with the Enemy Act, as amended, implemented in the Philippines by Executive Orders 9789 and 9818. Its activities and authority are further prescribed by the Philippine Property Act of 1946.

Its mission is to vest property in the Philippines under Section 5(b) of the Trading with the Enemy Act, as amended, to administer such property; to hear and determine claims for the return of property under Section 32, and debt claims of creditors of the former enemy owners under Section 34; to make returns of property and payment of debts in proper cases; and finally, to transfer vested properties to the Philippine Government under the provisions of the Philippine Property Act of 1946.

The present staff in the Philippines consists of eleven Americans (two of which are to be released in the next few weeks) and ninety-nine local employees. The Washington Office has a staff of two Americans.

No tax or appropriated funds are spent by this agency. All operating funds are derived from enemy properties in the Philippines, by authorization of Congress.

Total cost of the program percentage-wise is estimated at between two and four per cent of the total value of vested properties administered. All costs are administrative. (Direct expenses for maintenance of vested properties are charged against the properties themselves, and are not included in the above estimate.)

The program is at present approximately two-thirds completed, and is expected to be virtually completed on a sharply reduced budget by June 30, 1952. The final closing date depends largely on the speed with which the Philippine and American courts dispose of litigation involving the enemy properties.

Major problems encountered are the difficulty both of proving and of resisting claims arising from the Japanese occupation and the destruction of many official and private records during the liberation, and the inherent difficulties of defending claims against the United States before foreign courts in suits for the return of vested properties (usually on the ground that the property was sold to Japanese under duress).

The director of the Washington Office is Anthony A. Bertsch, 331 H.O.L.C. Building, Washington 25, D.C., telephone Republic 8200.

All vested properties remaining after the settlement of claims are to be transferred to the Republic of the Philippines, pursuant to the Philippine Property Act of 1946 (passed U. S. Congress July 3, 1946).

TABLE OF AGENCIES OPERATING IN THE PHILIPPINES

<u>Office</u>	<u>American Employees</u>	<u>Non- American Employees</u>	<u>Total Employees</u>
American Embassy Myron M. Cowen, Ambassador	107	589	696
Joint U.S. Military Adv. Group Maj.Gen. Jonathan W. Anderson Chief	2	2	4
13th Air Force, Clark Air Force Base) Maj. Gen. Howard M. Turner) Commanding General)	581	10,376	10,957
Philippines-Command, U.S. Army) Camp John Hay, Baguio) Maj. Gen. George D. Shea) Commanding General)			
Commander, Naval Forces, Philippines Rear Admiral Francis P. Old, USN Commander	107	2,505	2,612
Civil Aeronautics Administration International Field Office Rex L. Carpenter, Coordinator	4	1	5
Coast Guard Lt. Thomas M. McWhinney In-Charge		No civilian employees	
Federal Security Agency, Bureau of Employees Compensation Joseph Gelfo, Assistant Deputy Commissioner	2	11	13
Philippine Alien Property Administration James McL. Henderson, Administrator	9	99	108
Treasury Regional Disbursing Office Bernard T. Flinn, Regional Disbursing Officer	2	33	35
Veterans Administration Brig.Gen. Ralph B. Lovett, Manager	98	498	596

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Table of Agencies Operating in Philippines

<u>Office</u>	<u>American Employees</u>	<u>Non-American Employees</u>	<u>Total Employees</u>
Bureau of Public Roads Robert S. Johnson, Division Engineer	52	179	231
Civil Aeronautics Administration Chandler B. Griggs Airways Engineer-in-Charge	26	169	195
Coast & Geodetic Survey Comm. Charles Pierce, USC & GS Director of Coast Surveys	5	82	87
Corps of Engineers Lt. Col. W. W. Ragland District Engineer	56	602	658
Fish & Wildlife Service H. W. Terhune, Administrator Philippine Fishery Program	27	134	161
Maritime Commission Hans G. Blocklin, Officer-in-Charge	1	9	10
Philippine War Damage Commission Frank A. Waring, Chairman Judge Francisco A. Delgado, Comm. John O'Donnell, Commissioner	103	970	1,073
Public Health Service Brig. Gen. Howard F. Smith In-Charge, USPHS for Far East	1	398	399
Weather Bureau Harold R. McBirney Chief of Mission	14	13	27
TOTAL	1,197	16,670	17,867

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