

14327

14327  
Intelligence Report No. 29

# P. I. REHABILITATION



UNCLASSIFIED

Assistant Chief of Staff for Intelligence, G-2  
Army Forces Western Pacific, APO 707  
To Polby #

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HEADQUARTERS  
UNITED STATES ARMY FORCES WESTERN PACIFIC  
Office of the AC of S for Int, G-2

AFPO 707  
20 June 1946

INTELLIGENCE  
REPORT NO. 29

SUBJECT: Philippine Rehabilitation

SOURCE: The basic information is from the government and business officials who are listed on page 2. The information was obtained and compiled under the direct supervision of 1st Lt Herbert P. Stuber by staff members of the Intelligence Division: Lt Wallace Ross, John C. Orendain, Miss Nellie Flynn, and Corporals James S. Royer, Herbert Dobuler and Robert Treuer. Plan, editing and final rewrite by Major Edward G. Lansdale, Chief, Intelligence Division, Evaluation: A-2.

SUMMARY: This report answers request Source Control No. P-227, MIS, WDGS.

As the Philippines become independent, rehabilitation is still the number one problem of the country. The economy, the cities, the life of the people are far behind what the United States expected the Philippines to have in the original plans for independence. Total destruction and damage by the war cannot be estimated, they were so great. Much of the hard work already done and the large sums of money which have been spent only took care of the disaster phase of rehabilitation. Work on the more permanent type of rehabilitation has been slow, hindered by lack of equipment and materials. Pre-war norms have been reached by few government and private enterprises. However, enough work has been done to sustain the country temporarily and much of the work now being done is of a more permanent nature. It is believed that President Roxas will be successful in speeding up the transition from planning stage to actual accomplishment and that most of the permanent rehabilitation projects will be well under way by the end of 1946.

A table of contents is given on page 3 and a detailed evaluation of the situation is given on page 4.

*W. A. Chester*

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SOURCES OF INFORMATION

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## 1. The Situation

This is June 1946. In a few days, the Philippines become an independent nation. What is the condition of this country as the American regime ends and the Filipinos at last inherit their full responsibilities?

The situation is far worse than what was envisioned in 1941. Nobody knows the total extent of damage from the war, but property damage alone is estimated between \$700 and \$800 million. The Philippine government faces probable expenditures of P186 million for its first fiscal year, with an estimated income of only P6 million. Lawlessness is rampant. Foreign trade is too scant to sustain the Philippine economy as formerly. The cost of living has risen to 6-1/2 times the pre-war level, while the 1945-46 food crop is 30% below normal. Many necessities of life are nearly impossible to obtain, except through the black market. Many cities and towns were battlegrounds of the war and still bear the ugly scars of destruction; in Manila alone, there was 70% damage to housing, with little permanent re-building having been done to date. Nearly 80% of the schools need to be re-built. Only 40% of the pre-war power plants are operating today. Throughout the land, there is a desperate lack of equipment and materials to do the job of rehabilitation.

On the other hand, the situation is far more encouraging than it was right after the liberation in the Spring of 1945. The money and supplies which poured in from the United States were successful in handling the first, or disaster, phase of rehabilitation. Since then, there has been steady improvement in many fields. There is cause for optimism in the general health situation: there have been no serious epidemics of disease; the hospitals and medical supplies turned over by the U.S. Army are adequate for the moment. The major ports in the Philippines have been put back into fair working shape, with some of them vastly improved (although warehouses and other facilities are still in ruins).

The Philippine Army has been reconstituted and equipped. Transportation is nearly normal again, with a great increase of motor vehicles (mostly U.S. Army surplus converted into jitneys and buses). Inter-island travel is more encouraging as surplus Army shipping is sold to private operators and as private airlines extend their services. The main highways, which were not maintained by the Japanese and were given only emergency rehabilitation by the U.S. Army at first, are now getting into fair shape. The postal system is operating on nearly a pre-war basis. And, public water-works are in good shape.

There is another, but more intangible, sign of encouragement. The individual Filipino is awakening to his responsibility. The citizens of the Philippines elected, as their first president by an overwhelming majority, a man who appealed to them primarily as a person of great energy and forcefulness who has the economic understanding necessary to rebuild their country. At the same time, independence is becoming a reality rather than an idealistic dream to the average citizen, whose attitude until now has been to expect the United States to do most of his personal rehabilitation for him. Filipinos are starting to look to themselves for help.

The general situation is as stated above. In the following pages, a more detailed account is given of separate economic and governmental fields. For each, an evaluation is made of its pre-war status, damage by war, its current status and its future plans. For some, the evaluation is only approximate, since the figures compiled by one agency were totally different from those of another agency's. However, most of the evaluations are close to the truth and serve to give a fairly accurate picture. As far as is known, this is the first report which presents the whole broad picture of Philippine rehabilitation.

## 2. Peace and Order

Filipinos put "peace and order" first among their post-war plans. One third of the entire Philippine budget for the fiscal year 1947 has been set aside for the Philippine Army and the Military Police Command. The proposed expenditure is nearly 85 million pesos.

This emphasis is understandable. The Philippines intend to act in accord with the United States in case of another global conflict, and realize that they may well be attacked early. Of more immediate interest, however, is the internal problem. The end of the war found the Philippines with numerous bands of armed men who had learned the easy way of making a living at the point of a gun. An abundance of arms, disorganized government, and the high cost of living made it natural for this condition to continue.

The Philippine Army will be discussed in the next section. Here, in this section, is a discussion of the problem of coping with internal lawlessness.

a. Pre-War - Crime statistics for the Philippines before the liberation in the Spring of 1945 are not available in the Philippines. As far as is known, records were destroyed during the war. However, it is generally agreed that the Philippines was a law-abiding nation before the war, with lawlessness of the present type mainly confined to the provinces of Sulu and Lanao in Mindanao. The national police force was the Philippine Constabulary, with cities such as Manila, Baguio and Zamboanga having their own police forces.

During the war, the Japanese reorganized the Constabulary and it soon became infamous throughout the Philippines. The Constabulary was dissolved upon the liberation of the Philippines and the Military Police Command became the national police force.

b. Present Status - There is lawlessness in the Philippines today. The major agency for law and order is the Military Police Command, which is aggressively striving to bring about real public security by Independence Day, 4 July 1946, if possible. In doing this, it is acting on the direct orders of President Roxas.

The MPC keeps records of crime in the provinces outside the cities. These records for the provinces (minus the cities) show that in the last four months of 1945, there were 654 cases of murder and homicide, and 693 cases of armed robbery. For the first four months of 1946, there were 684 cases of murder and homicide, and 542 cases of armed robbery. The records contain incidents such as the murder of American officers to gain possession of their jeeps, the ambushing of inter-city buses, and political kidnappings and murders.

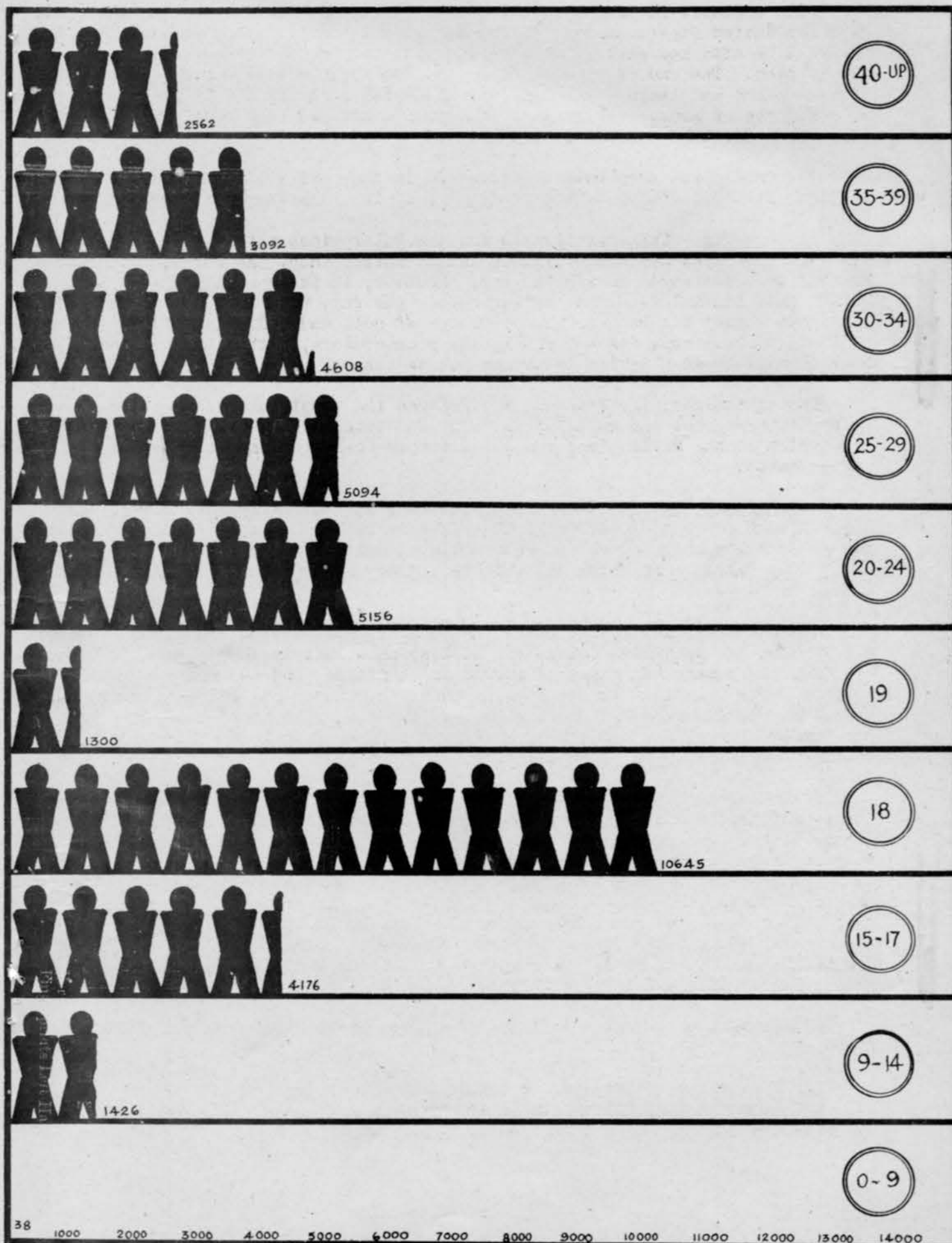
According to MPC, the present rate of greatest lawlessness is centered in three provinces of Luzon namely: Batangas, Bulacan, La Union and also in Leyte of the Visayan group. (It is note worthy that U.S. Army bases are found in all four of these provinces). Base X borders Bulacan, Base M is in La Union, Base J is in Batangas and Base K is in Leyte. During the months of January through March: Batangas, Bulacan and Leyte provinces had the highest rate of murder cases; Batangas, Leyte, Samar the highest rate of homicide; Batangas and Leyte most rape cases; Mountain Province, La Union, Isabela, Laguna, Leyte for armed robbery; Cavite, Laguna, Nueva Ecija and Pampanga for kidnapping; La Union, Mountain Province, Negros Oriental and Samar for theft.

The present lawlessness in the Philippines is attributed to the following factors:

- (1) Possession of firearms by unauthorized personnel
- (2) Economic instability within the country
- (3) Lawless organized bands led by opportunists

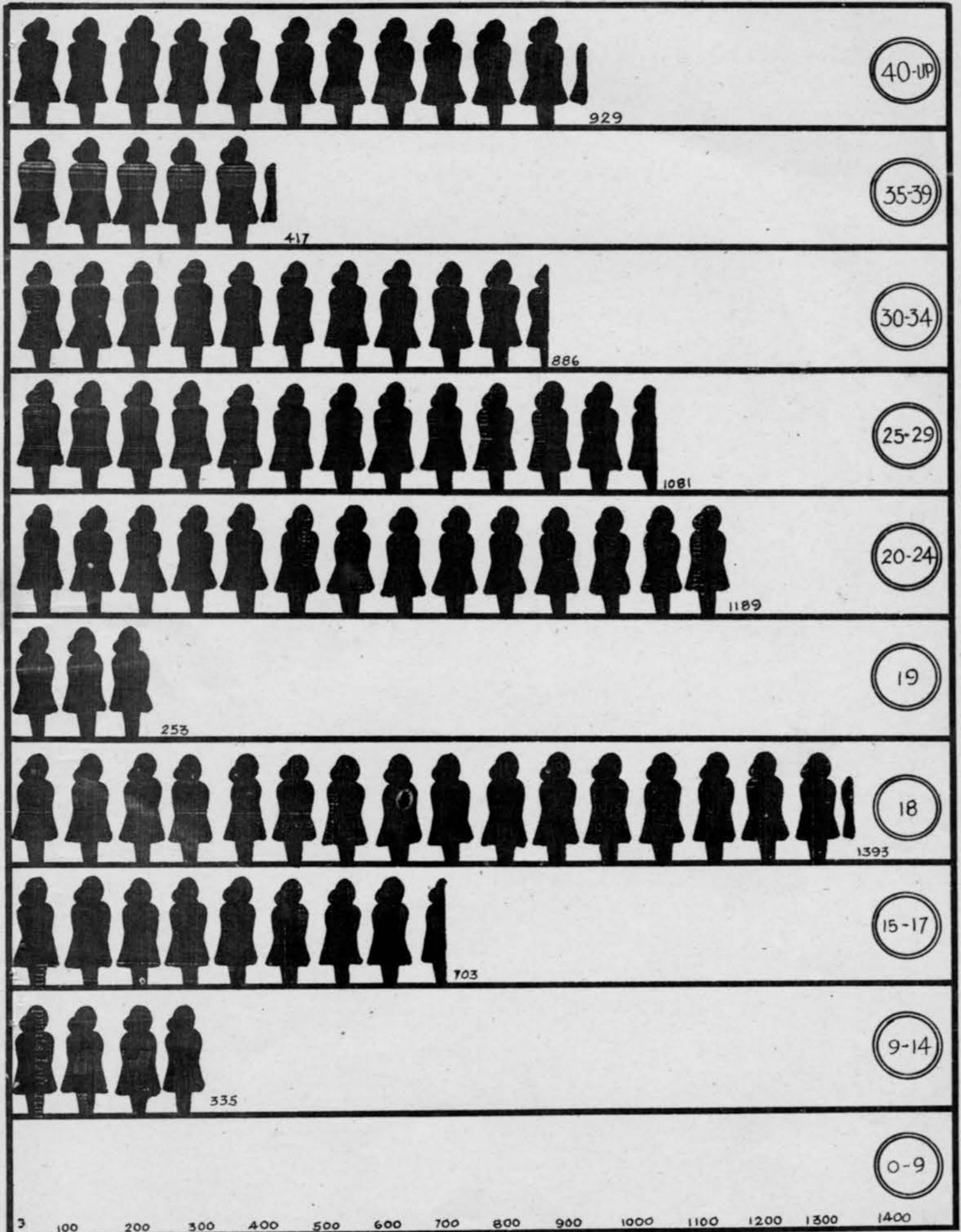
# ANALYSIS OF ARRESTS BY AGE & SEX

★ AS OF MAY-DEC 1945 JAN-APRIL 1946 INCLUSIVE



# ANALYSIS OF ARRESTS BY AGE & SEX

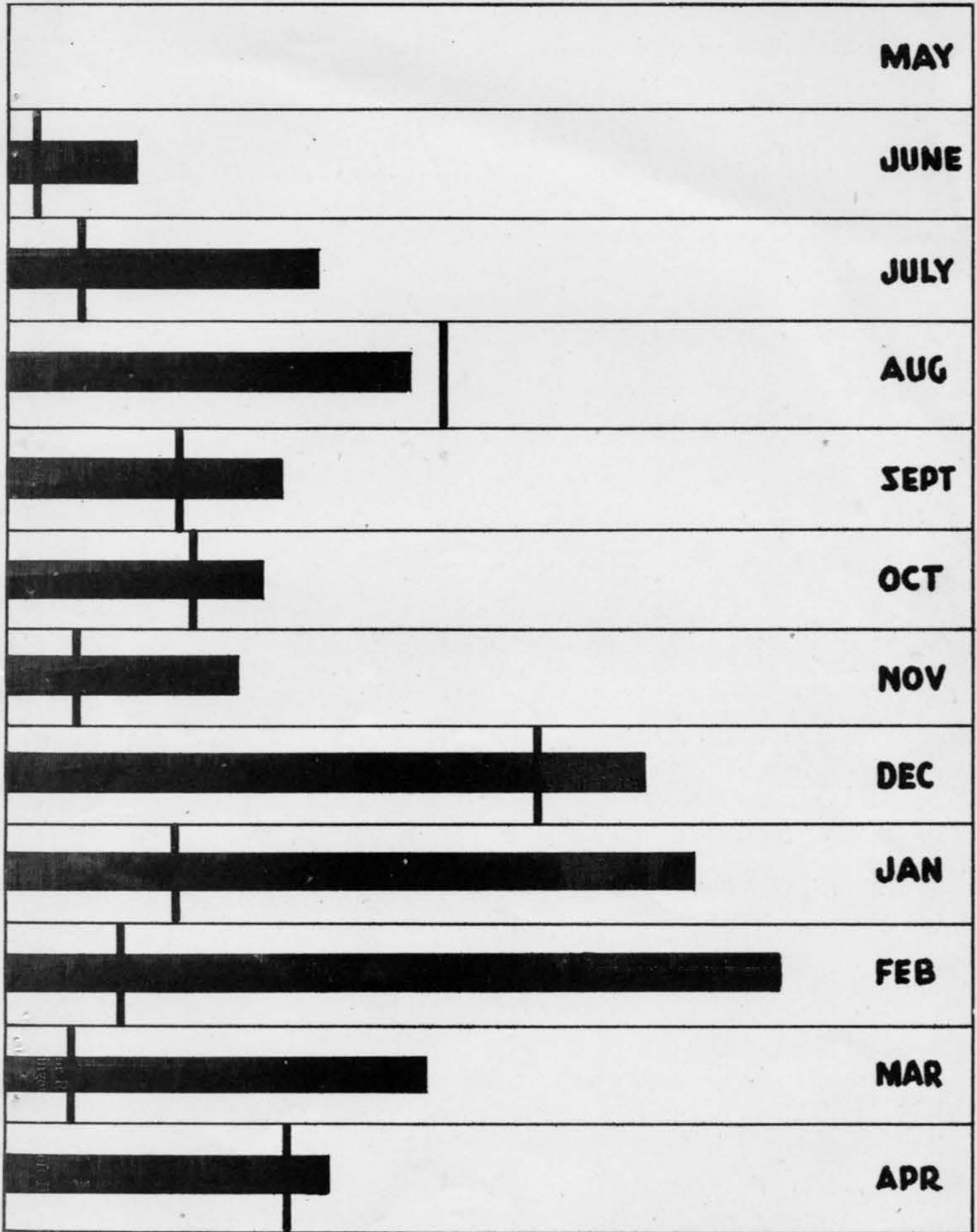
## AS OF MAY-DEC 1945-JAN-APR 1946 INCLUSIVE





# PROPERTY STOLEN AND RECOVERED

AS OF MAY-DEC 1945 JAN-APRIL 1946 INCLUSIVE



50,000 100- 150- 200- 250- 300- 350- 400- 450- 500- 550- 600- 650- 700- 750- 800- 850- 900-



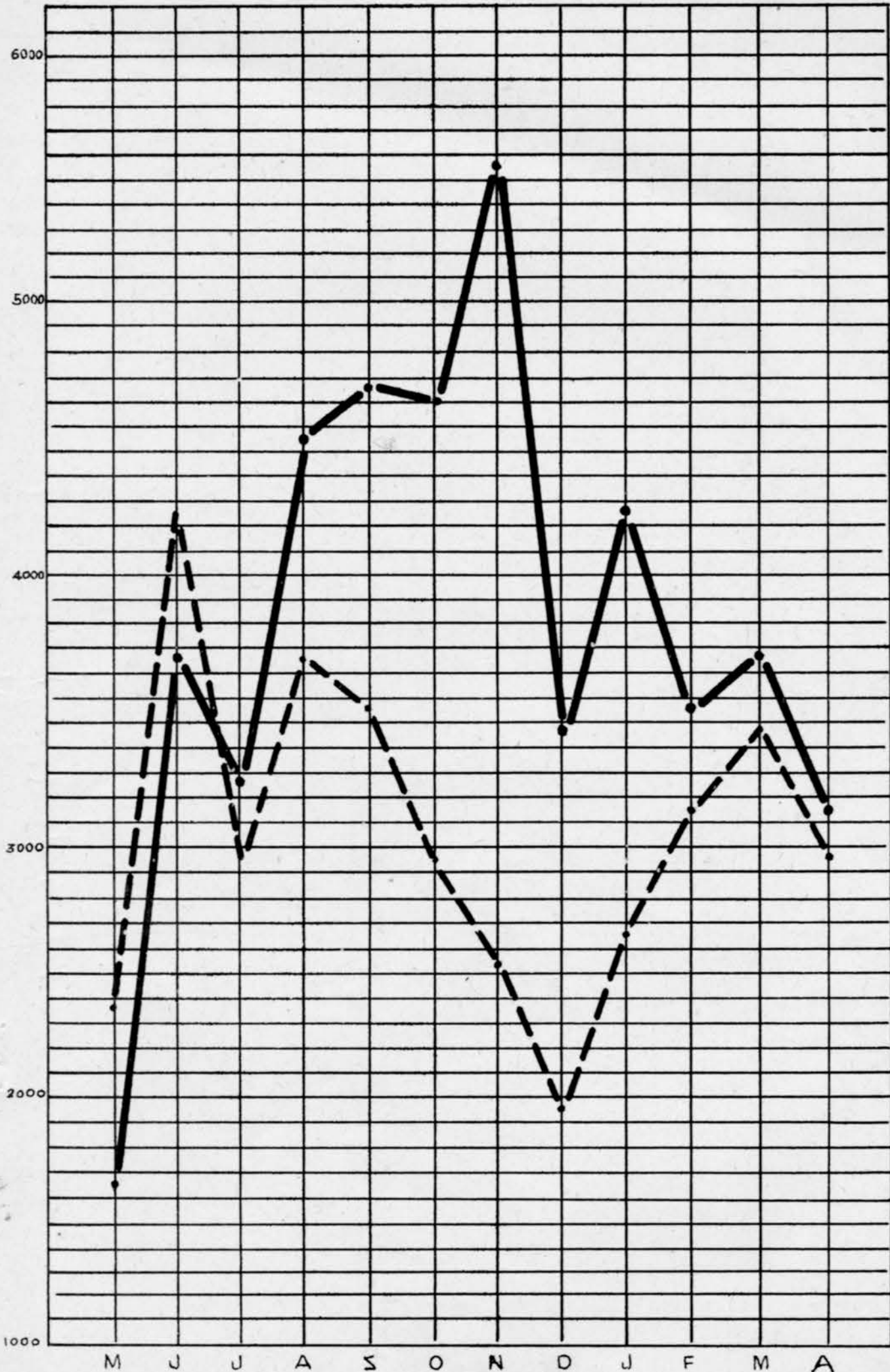
**STOLEN**



**RECOVERED**

# COMPARATIVE STUDY OF OFFENSES-ARRESTS

AS OF MAY-DEC-1945 JAN-APRIL 1946 INCLUSIVE



PREPARED BY CRRD-MPD  
STATISTIC-DRAFTING SEC

----- OFFENSES  
————— ARRESTS

The Military Police Command is an organization under the direction of the Provost Marshal General, Philippine Army. Recently, by Executive Order, the command was transferred from the jurisdiction of the Department of National Defense to the Department of Interior.

The present MPC is organized as follows: Philippine Islands are divided into three zones: Luzon zone, Visayan zone and Mindanao zone. Each of these zones is sub-divided into provinces. In each province at present there are four to eight MP Companies, (previously there were from 1 to 3 Constabulary companies per province). The T/O of these MP Companies is 149 officers and men as compared to the pre-war Constabulary T/O strength of 60. Operational control of the MPC (PA) now rests with the Filipinos; American Army personnel are now concerned only with the pay and supply of these forces. After 4 July, these functions, too, will revert to the Philippine Government.

The equipment of the MPC is former U.S. Army equipment. The table of organization and equipment prescribed for a U.S. Army MP Bn is the basis for issuance of equipment to MPC, Philippines. It is believed that the MPC will continue to receive U.S. Army equipment up to the 1st of July 1946.

c. Future Outlook At this writing, the MPC is pursuing a campaign to confiscate all unauthorized weapons. With President Roxas taking a personal interest in this phase of establishing law and order, it is felt that the confiscation will be fairly successful. The main areas where arms are in the hands of unauthorized persons is in central Luzon, southern Luzon and Leyte. The one well organized group which possesses arms illegally is the Hukbalahap of central Luzon. Trouble in this area might occur over the seizure of arms before this report can be published. However, the MPC and the Philippine army are strong enough to carry out the national will in this area.

President Roxas intends to demilitarize the MPC once the lawless elements are disarmed. He will create a national police force, to operate under the Department of the Interior. The new force will combine features of the pre-war Constabulary, the F.B.I. and State police forces of the United States.

d. Manila Manila boasts the oldest city police force in the Islands. The present force is reported to be under-staffed, under-paid and over-worked. Still its work is typical of the police work of all such city forces and the police of Manila do fairly well in the face of many obstacles. Accurate records of its pre-war work were destroyed during hostilities. However, pre-war Manila's rate of lawlessness was not high for a city of 900,000, compared to world standards.

Since the liberation, Manila has known much lawlessness. In May 1945, there were 2,469 criminal offenses. In June, 1945 the number rose to 4,015 offenses. For the most part, the trend of crime ran downhill for the next 6 months, reaching the low of 1943 in December 1945. But since then, there has been a steady rise, until in March offenses totalled 3,496. About 81% of those arrested are men and about 19% are women. Arrests in the 20-24 year old group have been conspicuously high. Juvenile offenders also are many. Here are some 1946 statistics:

| <u>MONTHS</u> | <u>OFFENSES</u> | <u>ARRESTS</u> | <u>OFFENSES CLEARED BY ARRESTS</u> |
|---------------|-----------------|----------------|------------------------------------|
| January       | 2,653           | 4,179          | 1,931                              |
| February      | 3,155           | 3,523          | 2,557                              |
| March         | 3,496           | 3,788          | 2,778                              |

A break down of the offenses is as follows:

| <u>MONTHS</u> | <u>THEFT</u> | <u>MURDER &amp; HOMICIDE</u> | <u>ROBBERY</u> | <u>RAPE</u> |
|---------------|--------------|------------------------------|----------------|-------------|
| Jan           | 751          | 27                           | 206            | 16          |
| Feb           | 457          | 23                           | 170            | 8           |
| Mar           | 570          | 27                           | 200            | 12          |

[REDACTED]

In March, only about 20% of stolen property was recovered. In the past 6 months, 4,384 vehicles (mostly U.S. Army) were stolen in the Manila area and 2,814 were recovered. In March, 756 vehicles were stolen. Recoveries now average about 33%.

The Manila Police Department was released from the direct supervision of Provost Marshal, AFWESPAC, 1 March 1946. The organization of the Manila Police Department is as follows: There is a Chief of Police and a Deputy Chief of Police; under them are the following divisions: Juvenile, Inspection, Administrative Training, Detective, Police, Criminal Reports & Records, Medical, and Traffic. The Police Division is divided into 6 Precincts which cover the city.

Efforts are being made to secure firearms of any type. Equipment is being obtained from the U.S. Army. The Police Department has already received guns, ammunition, jeeps, radios and a modern laboratory. Many of the officers now in charge attended MP Schools in the United States. Most of the patrolmen are still new at their work. American MPs give supervision and assistance where needed.

Manila Police officials intend to perfect their new organization and, with the modern innovations recently added, expect an increase in efficiency. It is believed that illegal arms must be confiscated before anything like peace and order can be restored. At present some attempts are being made to license weapons.

### 3. Philippine Army

Of all phases of the national life, the Philippine Army has been most completely rehabilitated. When the Philippines become independent on 4 July, the country will have a well trained and equipped force of 37,000 officers and men.

a. Pre-war - The National Defense Act of 1935 provided for a regular Philippine Army cadre of 4,000, a Constabulary of 10,000 and a compulsory military training program, designed by Gen Douglas MacArthur, which furnished 40,000 men a year for a period of 5½ months training, plus refresher courses as increased age moved them progressively through three reserve classifications. The Act and subsequent orders of the Department of National Defense also provided for an Off shore Patrol reserve, the officers of which were required to have a college degree or graduation from ROTC, and a Nurse Corps.

The Islands were divided into ten military districts which were set up for the purpose of recruiting and training draftees for the compulsory military education. Trainees were taken at the age of 20 and passed through three reserve classifications--22 to 31, 32 to 41 and 42 to 51 years of age. The original pay scale was: ground forces, 14 to 45 pesos a month for all enlisted; air, 17 to 85 a month for all enlisted; medics, 22 to 45 a month for all enlisted. A 3rd Lieutenant received 2,400 pesos a year while a Major General received 16,000 pesos. Allowances were established for all grades.

The first permanently appointed Chief of Staff of the Philippine Army was Maj-Gen Paulino Santos (1936-38). He was succeeded by Maj-Gen Basilio J. Valdes (1939-1946). The present C of S is Maj-Gen Rafael Jalandoni who has held the position from Jan, 1946 to the present. At the outbreak of the war, all Filipino armed forces had been called to Federal Service and were integrated with the US Army forces under the Far East Command of MacArthur.

b. Present Status - Three years later, in October 44 when the Americans returned to the Philippines, Maj-Gen Valdes was re-appointed Chief of Staff, and continued serving as Secretary of National Defense for a short period. All guerrilla units were recognized if their commanding officers had been appointed by MacArthur. Since liberation, the primary function of HPA (Headquarters Philippine Army), with the guidance of AFWESPAC, has been the demobilization of over 200,000 men who were the armed forces of the Resistance. This demobilization was set out in three stages, and the first two have been virtually accomplished. As of 8 June, 123,871 men have been demobilized. By 30 June 46, when the Commonwealth assumes direct control, a force of 37,000 men is contemplated. This group will act as the nucleus for the continuation of compulsory military training which is scheduled to recommence in 1947.

At present, complete control over all PA functions still rest with the CG, AFWESPAC, who maintains advisory and liaison staffs in each G-section. All general orders, promotions, and matters policy must meet with his approval before taking effect. For example; a directive is issued by G-3 AFWESPAC to G-3 HPA, who issues the order to PA units, but first the order must have returned to AFWESPAC for approval. The ten military districts are still in existence and the commanders are responsible to the heads of the three present AFWESPAC area-commands in the islands.

c. Future Plan - When jurisdiction over the Philippine Army is transferred to the Commonwealth on 30 June 46, United States Army influence will continue to dominate policies, plans and operations for at least three years. Since Liberation, control over HPA has been fixed in AFWESPAC's staff sections, but at the same time the sections have been drafting an overall plan for an independent Philippine Army. To supervise the overall organization and initial training of the Philippine Army, G-3 of AFWESPAC is planning a U.S. Army Mission, numbering approximately 200 officers and men. This Mission will advise and assist HPA, as well as help re-establish the National Military School at Baguio (completely demolished), which is already reactivated and provided with a T/O & T/B.

When HPA assumes unhindered control over its forces, it will have an authorized strength of 37,000, of which 21,000 will belong to the Military Police Command or to the National Police Force. Added to these forces will be the equivalent of a regiment of infantry plus a training cadre and a headquarters. Army headquarters will be located at Camp Murphy, Manila, with subordinate headquarters in each of the ten districts. Components of the Philippine Army will be:

| <u>UNITS</u>   | <u>STRENGTH</u> |
|--|-----------------|
| <u>Divisional</u>  |                 |
| Hq. 2d Inf Div   | 154             |
| 22d Inf Regt (less one Bn)   | 1948            |
| 2d Ord L Maint Co  | 97              |
| 2d QM Co   | 164             |
| 2d Sig Co  | 143             |
| 2d Engr Combat Bn (less three<br>Combat Cos)   | 147             |
| 2d Med Bn (less two Collecting Cos &<br>one Litter Bearer Plat,<br>one Plat Clearing Co) | 156             |
| 21st FA Bn (75 How)  | 308             |
| 24th FA Bn (105 How)   | 203             |
| One (1) Bn, 63d Inf Regt   | 860             |
| Btry A, 43d FA Bn (75 How)   | 73              |
| Btry A, 53d FA Bn (75 How)   | 73              |
| One (1) Cnl Mortar Co  | 154             |
| <u>Ordnance</u>  |                 |
| 1st Ord Base Small Arms Maint Co   | 63              |
| 2d Ord Hv Automotive Maint Co  | 152             |
| 1st Ord Medium Maint Co  | 132             |
| 5th Ord Bomb Disposal Sqd  | 7               |
| 6th Ord Bomb Disposal Sqd  | 7               |
| Three (3) Tire Repair Teams, 1st Tire<br>Repair Co                                       | 40              |
| <u>Medical</u>   |                 |
| 1st Gen Hosp (500 beds)  | 330             |
| 1st Sta Hosp (50 beds)   | 49              |
| 26th Sta Hosp (25 beds)  | 30              |
| 27th Sta Hosp (25 beds)  | 30              |
| 31st Sta Hosp (25 beds)  | 30              |
| 32d Sta Hosp (25 beds)   | 30              |
| 52d Malaria Control Unit   | 12              |
| Army Nurse Corps   | (52)            |
| Seven (7) Sta Hosps atchd to Military<br>Police Command (See MPC)                        |                 |

| <u>UNITS</u>                                   | <u>STRENGTH</u> |
|--|-----------------|
| <u>Quartermaster</u>                           |                 |
| 1st QM Ldry Co                                 | 270             |
| One (1) Plat, 1st QM Trk Co                    | 28              |
| QM Sales & Commissary Store Det                | 33              |
| <u>Counter Intelligence Corps</u>              |                 |
| (One (1) Regional & eight (8) Area Dets)       | 132             |
| 1st CIC Det                                    |                 |
| 2d CIC Det                                     |                 |
| 3d CIC Det                                     |                 |
| 4th CIC Det                                    |                 |
| 5th CIC Det                                    |                 |
| 7th CIC Det                                    |                 |
| 9th CIC Det                                    |                 |
| 10th CIC Det                                   |                 |
| 12th CIC Det                                   |                 |
| <u>Off-Shore Patrol (Consisting of)</u>        | 495             |
| Hq, Off-Shore Patrol                           |                 |
| Off-Shore Patrol School                        |                 |
| Off-Shore Patrol Base                          |                 |
| 1st Div, 1st PC Sq                             |                 |
| 1st Cutter Sq                                  |                 |
| Med Det, Off-Shore Patrol                      |                 |
| <u>Air Corps (Consisting of)</u>               | 2,186           |
| Hq & Hq Sq (PAF)                               |                 |
| Avn & Med Examining Team                       |                 |
| Psychological Processing Team                  |                 |
| Sig Sv Det                                     |                 |
| Med Air Evacuation Flt                         |                 |
| Hq, Trp Carr Gp                                |                 |
| 1st Trp Carr Sq                                |                 |
| 2d Trp Carr Sq                                 |                 |
| Hq & Base Sv Sq                                |                 |
| 1st Air Engr Sq (T/C)                          |                 |
| 1st Air Material Sq (T/C)                      |                 |
| Hq, 1st Ftr Gp                                 |                 |
| 1st Ftr Sq                                     |                 |
| 2nd Ftr Sq                                     |                 |
| 1st Bomb Sq (L)                                |                 |
| Hq & Base Sv Sq (Ftr)                          |                 |
| 2d Air Engr Sq (Ftr)                           |                 |
| 2d Air Material Sq (Ftr)                       |                 |
| 1st Liaison Sq (for MPC)                       |                 |
| <u>Military Police Command (Consisting of)</u> | 21,983          |
| Hq, MPC  |                 |
| Hq & Sv Co                                     |                 |
| 3 Zone Hqs                                     |                 |
| 50 Provincial Hqs                              |                 |
| 112 MP Cos                                     |                 |
| Med Regt (Composite)                           |                 |
| Sig Sv Bn                                      |                 |
| 1st Ord Automotive Maint Bn (PA) (Composite)   |                 |
| 1st MP Escort Gd Co                            |                 |
| 3d Army Band                                   |                 |
| Army Hospitals attached:                       |                 |
| 2d Sta Hosp (250 beds)                         |                 |
| 25th Sta Hosp (25 beds)                        |                 |
| 23th Sta Hosp (25 beds)                        |                 |
| 29th Sta Hosp (25 beds)                        |                 |
| 30th Sta Hosp (25 beds)                        |                 |
| 33d Sta Hosp (25 beds)                         |                 |
| 34th Sta Hosp (25 beds)                        |                 |



U.S. decision to pay its Philippine Scouts in pesos corresponding to the amount paid in dollars to U.S. soldiers is a rate that cannot as yet be met by the Philippine Army because of the limited Philippine revenue.

## BUSINESS AND FINANCE

### 4. Government Corporations

As of 1 May 46, the Commonwealth had twenty-seven government owned or controlled commercial entities having an independent juridical personality. Most of these entities are incorporated (some by special act of the Philippine Legislature or National Assembly, others by incorporation under the general incorporation law), but some are administrative divisions given an independent existence by law. In general it may be said that all these corporations were created to develop the agriculture and commerce of the country, to provide the people with essential public services at rates lower than private companies, and to grant aid to deserving indigents.

These government corporations are all functioning today, although most of them are operating on a limited scale due to lack of finances.

| <u>Name</u><br>(and Address)                           | <u>INCORPORATION</u>                   |             | <u>Ownership</u>            | <u>Purpose</u>  |
|--|--|-------------|-----------------------------|---|
|  | <u>How</u>                             | <u>Date</u> |                             |   |
| <u>I. Credit &amp; Financial Institutions:</u>         |  |             |                             |   |
| 1. Phil. National Bank, Manila                         | Act 2612                               | 1916        | Principal                   | To facilitate credit to Filipino farmers and businessmen. |
| 2. Agricultural & Industrial Bank, Regina Bldg, Manila | C.A. 459                               | 1939        | Principal                   | -Idem-  |
| 3. Postal Savings Bank, Bur. of Posts Bldg, Manila     | Act 2657                               | 1916        | Division of Bureau of Posts | Savings Bank  |
| <u>II. Public Utility Corporations:</u>                |  |             |                             |   |
| 1. Manila Railroad Co. Manila                          | By incorporation during Spanish regime |             | Principal                   | Railway and other kinds of transportation.                |
| 2. Metropolitan Water District, Arroceros, Manila      | Act 2832                               | 1919        | Principal                   | Provide water to Manila & suburbs.                        |
| 3. Nat Power Corp., El Hogar Bldg, Manila              | C.A. 120                               | 1936        | Principal                   | Development of Hydroelectric power.                       |
| <u>III. Agricultural &amp; Ind. Development Corp:</u>  |  |             |                             |   |
| 1. Nat Development Co, Pureza, Manila                  | C.A. 182                               | 1937        | Principal                   | An agency of the Commonwealth's economic policy.          |
| 2. Cebu Portland Cement Co, Cebu                       | Act 1459                               | 1922        | Subsidiary Nat Dev Co       | Manufacture and sell of Portland cement.                  |
| 3. Insular Sugar Refining Corp, NDC Compound           | Act 1459                               |             | Nat Dev Co                  | To refine sugar.  |
| 4. Binalbagan Estate, Escolta, Manila                  | Act 1459                               |             | Sub., P.N.B.                | Sugar Central   |
| 5. Nat Food Products Corp, Pureza, Manila              | Act 1459                               |             | Sub., N.D.C.                | Develop Canning Ind.                                      |



| Name<br>(and Address)                                | INCORPORATION |           | Ownership               | - Purpose -  |
|--|---------------|-----------|-------------------------|--|
|  | How           | Date      |                         |  |
| 6. Nat Footwear Corp,<br>Pureza, Manila -----        | Act           | 1459      | Sub. N.D.C.             | Footwear Industry  |
| 7. Nat Textile Corp,<br>Pureza, Manila -----         | Act           | 1459      | Sub. N.D.C.             | Textile Industry   |
| 8. Nat Rice & Corn Corp,<br>Pureza, Manila -----     | Act           | 1459 1936 | Sub. N.D.C.             | Develop Rice and<br>Corn Industry.   |
| 9. Nat Trading Corp, Re-<br>gina Bldg, Manila -----  | Act           | 1459      | Sub. N.D.C.             | Nationalize Retail<br>Trade.   |
| 10. Nat Exchange Co, Inc,<br>PNB Bldg, Manila -----  | Act           | 1459 1920 | Sub. P.N.B.             | General Mercantile<br>Business.  |
| 11. Nat Warehousing Corp.---                         | Act           | 1459 1938 |                         | To promote & create<br>warehousing facilities.   |
| 12. Nat Abaca & Other<br>Fiber Corp. -----           | C.A.          | 332 1938  |                         | To promote a per-<br>manent, suffi-<br>cient & balanced<br>production of ab-<br>aca & other fi-<br>bers.     |
| 13. Nat Coconut Corpora-<br>tion, Tanduey, Manila--- | 518           | 1940      | Principal               | To establish, keep,<br>maintain & oper-<br>ate coconut cen-<br>trals to adjust<br>the coconut in-<br>dustry. |
| 14. Nat Tobacco Corp -----                           | C.A.          | 519 1940  | Principal               | To promote the ef-<br>fective merchan-<br>dising of leaf<br>tobacco.   |
| 15. Nat Produce Exchange ---                         | C.A.          | 192 1936  | Principal               | To establish pro-<br>duct exchanges<br>agricultural pro-<br>ducts.   |
| 16. Nat Land Settlement<br>Adm. -----                | C.A.          | 441 1939  | Principal               | To facilitate the<br>acquisition, set-<br>tlement cultiva-<br>tion of lands.                                 |
| 17. People's Homesite Corp-                          | Act           | 1459      | Principal               | To sell lands at<br>Quezon City.   |
| 18. Nat Housing Commission-                          | C.A.648       | 1941      | Principal               | To provide decent<br>housing facili-<br>ties for the P.I.  |
| 19. Manila Hotel, Luneta,<br>Manila -----            | Act           | 1459      | Subsidiary<br>M.R.R.Co. | To operate a pub-<br>lic inn and hos-<br>telry.  |

| Name<br>(and Address)  | INCORPORATION |      | Ownership | Purpose  |
|--|---------------|------|-----------|--|
|  | How           | Date |           |  |
| <b>IV. Eleemosynary Institutions:</b>  |               |      |           |  |
| 1. Phil. Charity Sweeps-<br>takes Office, Corner<br>Rizal Ave & Tayuman,<br>Manila ----- | Act 4130      | 1934 | Principal | To devote money<br>obtained from swee-<br>takes to charita-<br>ble purposes. |
| 2. Gov't Service Insur-<br>ance System, Port<br>Area, Manila -----                       | C.A.<br>186   | 1936 | Principal | To provide insur-<br>ance to govern-<br>ment employees.                      |

Unfortunately, these corporations were not created according to a pre-conceived plan but merely as the need for them arose, until the initial years of the Commonwealth when the need to adjust Philippine economy to coming independence gave rise to the creation of myriad corporations, one for each of the main Philippine products.

To effect the lack of centralized planning, the President of the Philippines on August 5, 1941, through Executive Order No. 360, created the National Enterprises Central Board to supervise, coordinate and pass upon the program of activities and yearly budget of expenditures of the government's agricultural and industrial development corporations. This Board has not been reconstituted since liberation and, in effect, the Government corporate counsel is the only agent of the Government to maintain any sort of supervision.

The war losses of all government corporations is not known even now after a year of liberation. Complete losses have been drawn up only for the National Development Company. This corporation was originally set up to be the holding company for all government corporations. Of its own accord, it could give grants-in-aid to further Philippine economy.

STATEMENT OF WAR LOSSES OF THE NATIONAL DEVELOPMENT COMPANY  
AND SUBSIDIARIES

|                                  | LOSSES OF FIXED ASSETS |                      | LOSSES                |                       |
|----------------------------------|------------------------|----------------------|-----------------------|-----------------------|
|                                  | Due to<br>Depreciation | Due to<br>the War    | OF<br>CURRENT ASSETS  | T O T A L             |
| Nat Dev Co ----                  | P123,351.11            | P 947,466.16         | P 1,432,972.67        | P 2,503,789.94        |
| Textile Mills                    | 459,940.80             | 55,623.08            | 1,437,513.82          | 1,953,077.70          |
| Sabani Estate                    | 525.77                 | 28,670.37            | 12,495.63             | 41,691.77             |
|                                  | <u>583,817.68</u>      | <u>1,031,759.61</u>  | <u>2,882,982.12</u>   | <u>4,498,559.41</u>   |
| Cebu Portland<br>Cement Co ----  | ----                   | 1,161,713.25         | 2,850,013.42          | 4,011,726.67          |
| Nat Rice &<br>Corn Corp ----     | ----                   | 766,369.23           | 2,805,720.00          | 3,572,029.23          |
| Nat Food Prod<br>Corp -----      | 10,381.41              | 542,082.89           | 845,652.44            | 1,398,116.74          |
| Nat Warehouse-<br>ing Corp ----- | 38,781.75              | 81,093.60            | 11,772.11             | 131,652.46            |
| Insular Sugar<br>Refining Corp - | 160,447.86             | 721,183.25           | 1,428,812.12          | 2,310,443.23          |
| People's Home-<br>site Corp ---- | 25,950.39              | 88,208.05            | 55,180.42             | 169,338.86            |
| Nat Footwear<br>Corp -----       | 1,514.14               | 15,572.73            | 338,257.89            | 355,344.76            |
|                                  | <u>P820,893.23</u>     | <u>P4,407,987.61</u> | <u>P11,218,390.52</u> | <u>P16,447,271.36</u> |

What future plans the Roxas administration may have for these government entities is not known at present. It is known that Filipinos tend to look to the government for such support of their economic life and that Roxas has str-

economic plans for the future, presumably based on some centralized, governmental control. The Osmena administration contemplated a merger of all public utility and agricultural and industrial development corporations into one corporation called "National Enterprises, Inc.", with full ownership vested in the Commonwealth Government. To that end, drafts of two distinct bills (one providing for full merger, the other simply for coordinated administration) were prepared and submitted to the President. No action, however, has been taken on the proposed merger.

##### 5. Taxation and Internal Revenue

The Department of Finance, Commonwealth Government, is sub-divided into four bureaus. There is a Bureau of Customs, a Bureau of Internal Revenue, a Bureau of the Treasury and a Bureau of Banking. The present Secretary of Finance is Elpidio Quirino who is also Vice-President of the Philippines. The main revenue raising agency for the Government is the Internal Revenue Bureau, which oversees the collection of all taxes imposed by the Congress of the Philippines.

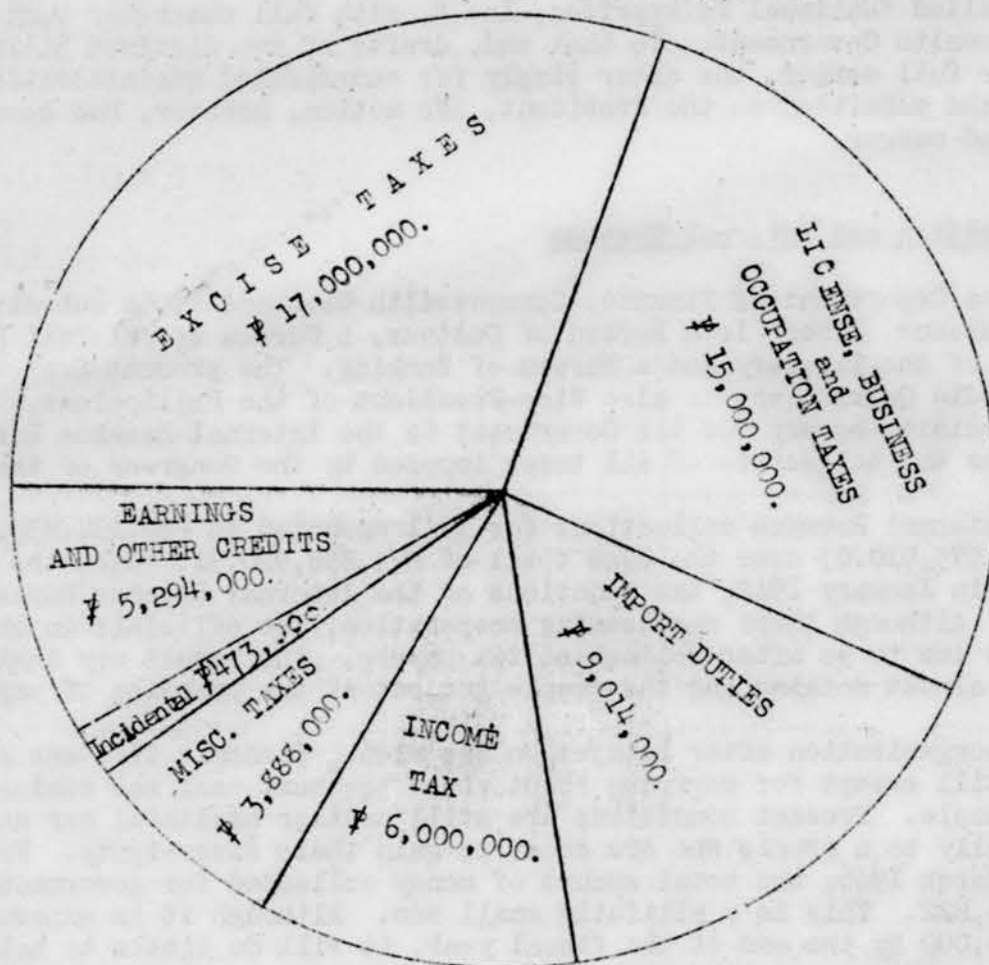
Internal Revenue collections for 1941 amounted to P80,434,830.34, which was P5,575,910.03 over the 1940 total of P74,858,920.31. When the Japs took Manila in January 1942, the functions of the Internal Revenue Bureau were paralyzed. Although there was seeming cooperation, the officials in charge did not use the law to go after delinquent tax payers. The result was that revenue fell off to almost nothing and the people got out of the practice of paying taxes.

Reorganization after Liberation was slow. Economic life was almost at a standstill except for worrying about where the next meal was coming from for most people. Present conditions are still neither healthful nor encouraging, especially to a people who are about to gain their sovereignty. From 1 July 1944 to 31 March 1946, the total amount of money collected for government use was P26,536,822. This is a pitifully small sum. Although it is expected to total P35,000,000 by the end of the fiscal year, it will do little to help a government which has no credit and no other liquid assets. There is a difference of P45,434,830.34 between the hoped for P35,000,000 and the P80,434,830.34 last collected in 1941.

In his message to Congress on "the state of the nation," President Roxas revealed that he had asked the American Congressional leaders for P800,000,000 to be paid in five yearly installments, to assist his government over the rough road of deficit financing in the years just ahead. Seeking to put the Filipino economic house in order, Roxas asked Congress to establish higher tax rates, wage and price controls, rent control and the right to establish a budget bureau. On the same day that he delivered his State-of-the-Nation address to Congress, President Roxas appointed a new Tax Board. This agency will revise the tax system of the Philippines with a view to meeting the increased government expenditures for vital public needs. These moves were all dictated by the grave need for readjustment of the financial structure of the Philippines.

The Collector of Internal Revenue, in his report to the Secretary of Finance recommended a plan to re-organize the Central Office of the Bureau and various offices in the provinces in order to coordinate essential functions and to attain a maximum efficiency. At the same time, he recommended an increase in the specific tax, residence tax, charges on forest products, estate and inheritance tax, and income tax. There is every indication that the present legislature will move to substantiate these recommendations.

According to the national budget for the fiscal year 1947, the estimated deficit on 30 June 1947 will be P247,881,596.35, expenditures during the year will amount to nearly 254 million pesos, while the total government income will be a little less than 57½ million pesos. Sources of government revenue, as estimated for the fiscal year 1947, are indicated by the following chart:



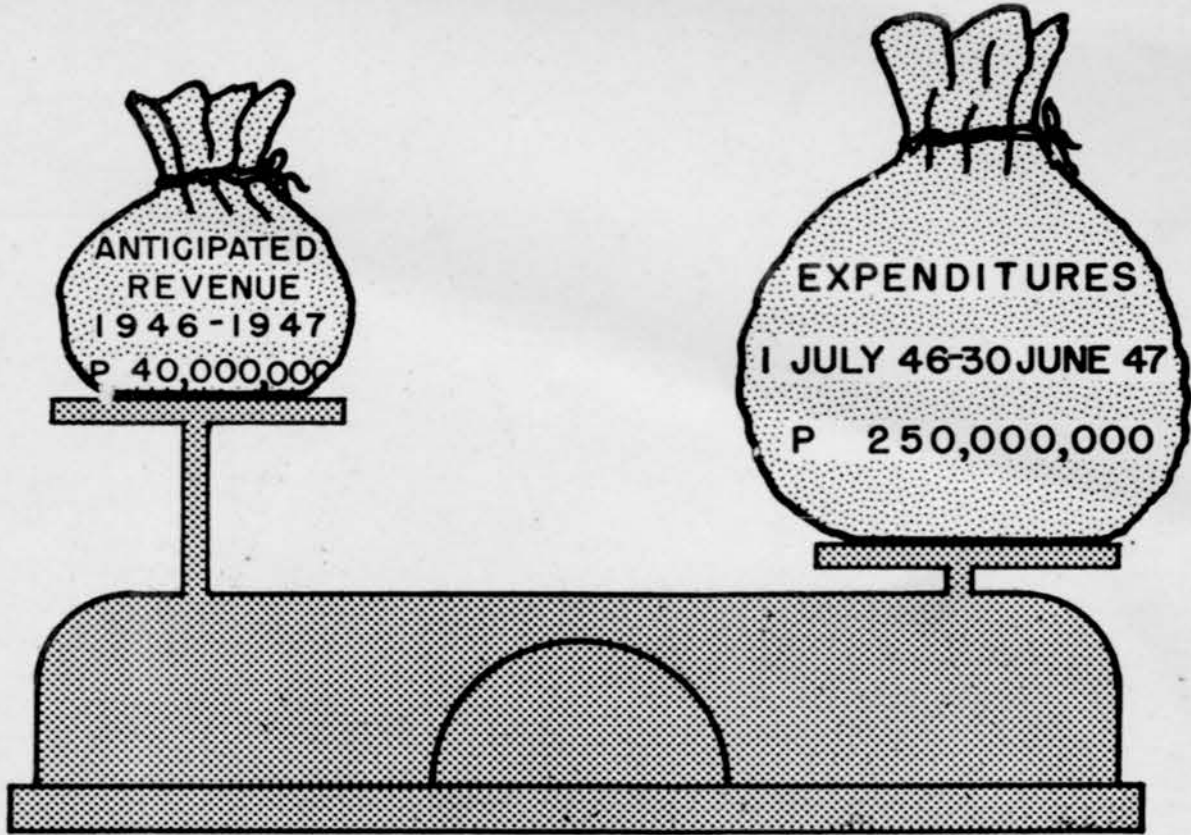
## 6. Banking

On 30 June 1941, the close of the fiscal year, the Bank Commissioner reported that the total assets of banks doing business was P371,356,511.75. This is less, by P15,854,996.83, than the total assets of P386,311,508.58 reported in 1939. Felix de la Costa, present Bank Commissioner, reports that the total resources of banks in operation as of 27 April 1945 was P762,192,498.00. This is better than 100% more than before the war and is due principally to U.S. Army money spent in the Philippines.

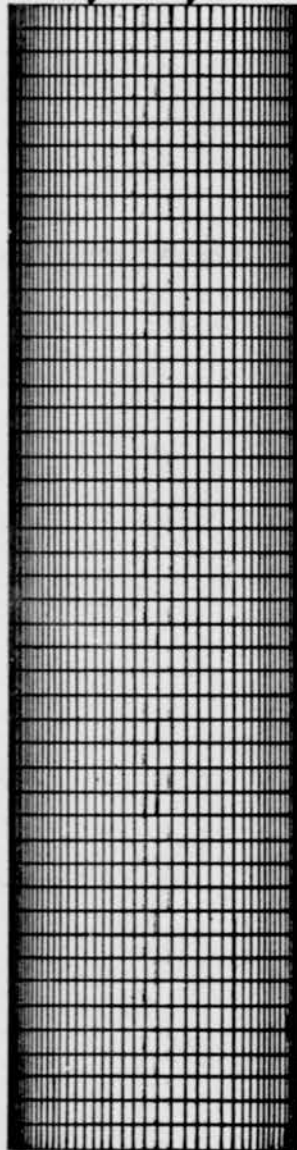
It is estimated that the domestic banks in the Philippines suffered a total of P150,000,000 losses during the war. However, due to fiat money issued, it is difficult to place the losses in exact figures. In his report of 15 Feb 46, the Banking Commissioner stated: "Three years of occupation of the Philippines by the enemy have brought havoc upon the entire economy of the country, particularly upon the banks resulting principally from flooding the country through force with worthless currency...Banks acquired these assets, which were worthless as a result of deposits made during the occupation. These assets increased from 131 million pesos prior to enemy occupation to 320 million pesos on the date of liberation. Pre-war loans for the same banks had been reduced from 80 million pesos as of the end of December 1941 to 21 million pesos at the close of Japanese occupation. The liberation of the Philippines found the banking institutions in an abject state of collapse."

The future rehabilitation of Philippine banks will depend upon what the Roxas administration does, to a large extent. On 3 June, Roxas said: "Full rehabilitation of the banks and the strengthening of our banking laws will be another long step toward trapping inflation and its localization in the consumption market. A commission will be appointed to study our banking laws and to recommend if it is desirable, a central bank to become the fiscal agency of the government in the central of credit, to act as the clearing house for inter-bank transactions, to manage bank reserves, and to afford more flexibility in our currency system."

# EXPENDITURES and REVENUES



P 80,434,830.34



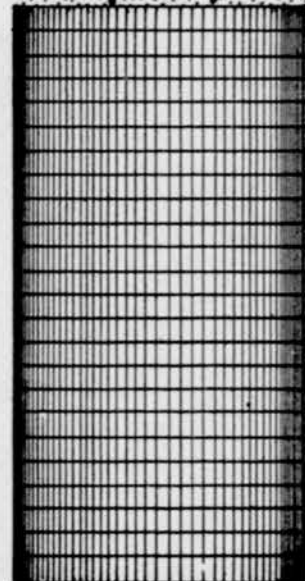
REVENUE

1941

DIFFERENCE  
IN REVENUE

P 40,434,830.34

P 40,000,000



ANTICIPATED  
REVENUE

1946 - 1947



The cement factory at Binangonan, Laguna de Bay, Rizal Province. This factory suffered little damage and was put back into operation by the Army.

## 7. Trade and Commerce

a. Pre-War - The overseas trade of the Philippines before the war amounted to over half a billion pesos annually. Despite adverse factors prevailing from 1939 to 1941, the volume of trade had steadily increased from P551,990,587 in 1937 to P593,452,761 in 1941. These figures do not include gold bullion which amounted to over P100,000,000 annually.

The most significant feature of the trade was the great dependence of the Philippines upon the United States. About 80 per cent of the total exports went to the United States and more than 70 per cent of the imports came from that country. The merchandise balance of trade was heavily in favor of the Philippines. The trade between the Philippines and the United States was very valuable and important to the latter country, not only because of the total value, but also because of the importance of the Philippines as the leading outlet for a wide variety of American products. The other countries that had extensive trade with the Philippines were Japan, Great Britain, Netherlands, China, Australia, Germany, Spain, France, Mexico, British South Africa, Canada, Brazil, Argentina, Uruguay, Russia, Burma, India, Dutch East Indies, British Malaya, Thailand and Hongkong.

b. During the War - The Japanese occupation of the Philippines put a sudden halt to the trade and commerce of the country. Save for a few articles needed by the Japanese Army, there was no export. Importations for civilian use were also halted. The Japanese operated some of the metal mines (base metals), while gold mining was completely neglected. The power and mill plants were destroyed by fire or demolished by bombs and the diesel engines removed by the Japanese. Equipment, machinery and tools of all major industries were either looted or destroyed. Fish and fish products were impossible to export since not enough were produced even for home consumption.

c. Current Status - Liberation, then, found the trade and commerce of the Philippines at a total standstill with no immediate resources, little machinery, no docking or warehouse facilities (warehouses had been 90% destroyed) and no Filipino capital. Due to the three years of isolation, there was a great demand for imported products, particularly foodstuffs, footwear and household goods. The subsequent rapid development of the import trade, amounting to a boom, has resulted in a deluge of orders for American products. It has also found the amassing of some wealth, mainly by the "middlemen," who buy the incoming merchandise then hold it until the demand raises the prices.

On the other scale of the economic balance, exports, which constitute the mainstay of an economy dependent to such a large degree on imports, have lagged behind and are negligible. For this reason, President Roxas has urged his countrymen to produce. In his inaugural address, he told them bluntly, "we must produce to live." Here is how the import-export picture looks:

| <u>IMPORTS</u>            | <u>1941</u> | <u>1945</u> | <u>% Decrease</u> |
|---------------------------|-------------|-------------|-------------------|
| Textiles                  | 60,612,038  | 2,752,887   | 95 %              |
| Metals                    | 51,587,058  | 3,307,855   | 94 %              |
| Tobacco                   | 16,627,966  | 2,409,828   | 89 %              |
| Grains                    | 16,010,420  | 12,058,873  | 25 %              |
| Meat & Dairy products     | 13,693,282  | 7,448,075   | 45 %              |
| Automobiles, tires        | 13,038,970  | 2,726,465   | 79 %              |
| Paper & Manufactures      | 13,000,712  | 2,174,424   | 83 %              |
| Non-metallic minerals     | 10,912,272  |             | 100 %             |
| Chemicals, drugs, dyes    | 10,205,974  | 2,978,503   | 70 %              |
| Vegetables & Preparations | 4,203,122   | 2,606,147   | 38 %              |
| Beverages, wines, liquors |             | 5,694,782   |                   |
| Others                    | 61,340,966  | 13,710,355  | 77 %              |
| <u>EXPORTS</u>            | <u>1941</u> | <u>1945</u> | <u>% Decrease</u> |
| Minerals & metals         | 110,703,037 | 50,000      | 99 %              |
| Cocoanuts & Products      | 66,603,065  | 1,000,000   | 98 %              |

| <u>EXPORTS</u> (Cont'd)   | <u>1941</u> | <u>1945</u> | <u>% Decrease</u> |
|---------------------------|-------------|-------------|-------------------|
| Sugar & Products          | 54,742,904  |             | 100 %             |
| Fibers & Manufactures     | 90,668,225  | 795,233     | 97.5%             |
| Cotton, Embroideries      | 9,415,555   | 47,520      | 99 %              |
| Timber, lumber & logs     | 8,874,925   | 4,452       | 99 %              |
| Tobacco Manufactures      | 7,208,387   | 3,550       | 99 %              |
| Fruits                    | 3,889,130   |             | 100 %             |
| Animal products, inedible | 912,609     | 37,000      | 95 %              |
| Rubber manufactures       | 841,368     | 137,899     | 85 %              |
| Others                    | 4,567,428   |             | 100 %             |

Missing from the 1945 figures, of course, is trade with Japan. In 1941, Japan did over 22 million pesos worth of business with the Philippines in major items alone, buying some 9 million pesos more than she sold to the Filipinos.

Another factor in the current trade and commerce situation is U.S. Army surplus. Many items of Army surplus which are being sold currently in the Philippines would be provided otherwise through commercial imports. The Foreign Liquidation Commission in Manila has sold surplus U.S. Army material worth (at procurement cost to the U.S.) nearly 150½ million dollars for a little over 44 million dollars (actually realized from sales) to Philippine government and commercial agencies. Sales included aircraft, chemicals, construction machinery, construction materials, electrical equipment, industrial machinery, medicines, photographic supplies, railroad equipment, real estate, textiles, tools, vehicles, vessels, and marine equipment. The sale of this surplus provided an emergency aid to Philippine commerce. However, many of the items sold were designed for combat or rough field usage and cannot be used economically when Philippine business resumes more normal operations.

d. Future - It will take several years before a stable economic balance between imports and exports can be reached. The fact that the main investors of capital in the new Philippine economic system are American, Chinese, British and Spanish is encouraging in that it means a fast rehabilitation and rebuilding of the various industries. It does not, however, constitute a sound method of economic development for an independent republic. Filipino investment capital remains in the hands of only a very few, however. Those big families who do have it are busy rehabilitating what was left of their own pre-war business. With the exception of Andres Soriano, who has branched into air lines, none of the others have reported much since liberation.

The influx of the rehabilitation money will make a great difference to the development of the export trade. Warehouses can be built and the reconstruction of docking facilities and ports will help. The Philippines, in its future plans is looking forward to being a shipping center in the Pacific, and is also contemplating being a center of aviation. The crux in the re-establishment of trade and commerce, as in all phases of Philippine life, is a matter of funds.

#### 8. Distilling and Brewing

The brewing and distilling industry, although damaged to some extent by the war, recuperated with amazing rapidity during the period immediately after the liberation when there were large numbers of U.S. troops in the Philippines. Many concerns produced more after the liberation than they did before, and have been considerably affected by the withdrawal of U.S. troops.

a. Distilling - There were 102 distilleries in the Philippines before the war, of which 26 were wine distilleries. The other 77 produced 11,222,250 proof liters yearly, of which exports to the U.S., China, Straights Settlement, Japan, Guam, Java and India amounted to 970,000 proof liters. Such exports were mostly rum, shipped to the U.S. The materials used, such as molasses, coco and nipa sa were locally raised.

The wine distilleries produced 612,700 p.l. yearly. Wine producers relied on raisins and other fruit for their flavors, since grapes are not grown in the Philippines. 126,500 p.l. were imported from Europe, while 5,000 liters were exported to the U.S. and Guam.

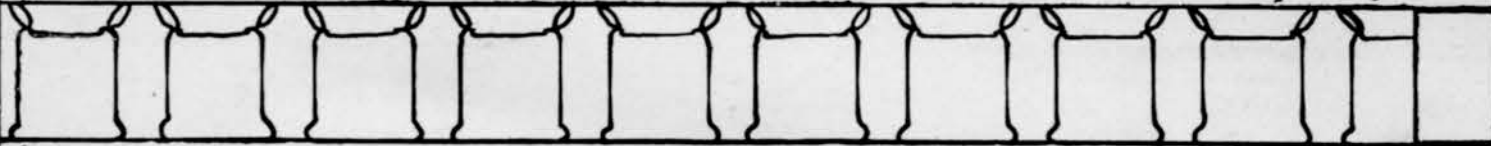


# VALUE OF PHILIPPINE EXPORTS IN 1940

## TOTAL VALUE - P 305,320,000

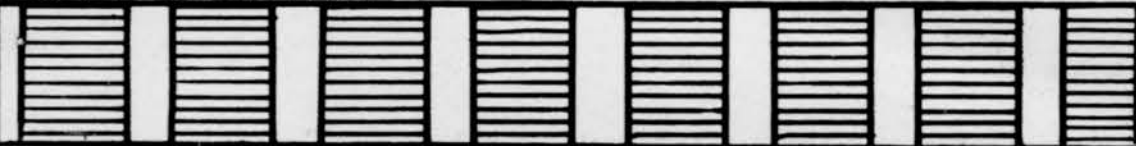
SUGAR

P94,307,000



GOLD & SILVER

P77,753,000



COCONUTS

P49,033,000



FIBERS

P30,032,000



BASE METALS

P13,955,000



TOBACCO

P10,291,000



EMBROIDERY

P8,961,000



LUMBER

P7,177,000



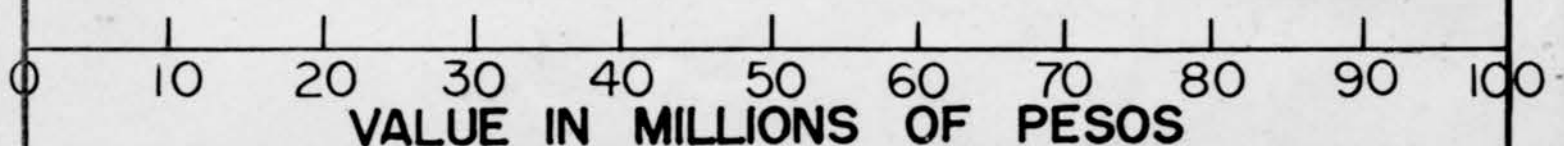
PINEAPPLE

P4,998,000



ALL OTHERS

P8,813,000



[REDACTED]

Incomplete figures put war damages to the distilleries at 10% in Manila, while more extensive damage was sustained in the provinces. July to September 1945 saw the peak production of the industry.

b. Brewing - The main brewing concern of the Philippine Islands is the San Miguel Brewery, which is operating a virtual monopoly in the industry. Although it had some competition from the B.B.B. Brewery, a Japanese owned concern, before the war and during the occupation, the B.B.B. is not operating now.

San Miguel worked on two shifts before Pearl Harbor, and produced 8,155 barrels per month, of which 8,132 were bottled. Of the total beer produced, about 2½% to 3% (225,240 proof liters) were exported to China, Japan, Guam, Java and India.

With the advent of the Japanese, the San Miguel Brewery was taken over to supply the imperial army with beer. The same personnel was retained (and has remained there all through the occupation and is still working there) under the supervision of the Japanese. The only damage incurred was the deterioration of machinery, due to the Japanese use of coconut oil for fuel. Coconut oil is corrosive substance. A glass plant, erected in 1937, was burned out during the battle for Manila.

Production in October 1945, with 3 shifts working 23 hours daily, was 5,715 bbls brewed and 484 bbls. bottled, but production has since risen to 13,617 bbls brewed and 12,528 bottled in April 1946. Col Soriano's San Miguel Brewery is under contract to sell the Army 80% of all beer produced. Due to the demobilization rate, the Army's needs have fallen off recently, and it has requested less than 80% of production. There is, however, a ready market among the civilian population.

The production of the brewhouse has decreased 25%, while the bottling plant efficiency has been cut 30%, all of which is due to the use of inferior fuel and lack of maintenance during the period of Japanese operation. Replacement of machinery and expansion of the present production set-up are the main items on the agenda, but machinery (in particular glass plants, bottling and brewhouse units) take from 18 months to 2½ years to procure. Col Soriano, during his present visit to the U.S., is negotiating for, among other things, faster delivery of machinery. The firm is, on the whole, in a financial position fully able to repair and replace machinery, even to expand its business without outside help.

#### NATURAL RESOURCES

##### 9. Agriculture

After three years of fear, danger and un-rest, the total farmlands of the Philippines are now from 15% to 35% un-tilled. This is so because of the shortage of labor, continued un-rest in the Central Provinces and a distinct lack of seed. It is also known that there is a 40% loss of farm animals and about a 25% loss of farm implements. These factors have all contributed to set back agriculture in the Philippines to such an extent that there is chaos and hunger as a result. The 1945-46 estimated food crop is 30% below the pre-war norm, while food requirements are estimated to be 17% higher than before the war. It has been discovered that the 1945 yield on some 60,000 hectares of land was 12% below the pre-war average yield on the same farms. In a recent survey covering 90% of the palay (rice with husks) area and production of the Commonwealth, it may be seen that there is going to be a serious food shortage and the months from August to November will be critical in the Philippines. The survey found:

|         | <u>Production</u><br>(Cavans)** | <u>Requirements</u><br>(Cavans) | <u>Balance</u><br>(Cavans) |
|---------|---------------------------------|---------------------------------|----------------------------|
| 1938-39 | 45,430,000                      | 43,774,000                      | + 1,656,000                |
| 1945-46 | 32,095,000                      | 51,125,000                      | -19,030,000                |

(\*\* A cavan of rice is equal to about 125 pounds)

██████████

After three years of war and a year of liberation, the Commonwealth Department of Agriculture has been unable to do more than barely start work on the rehabilitation of Philippine agriculture. It has appealed for help to UNRRA, as well as to other relief and rehabilitation agencies, and is now receiving advice and assistance from the UNRRA mission headed by Mr. Frank S. Gaines.

a. Plant Industry - Philippine agriculturists have planned a two-fold attack on the production problem: (1) They seek an increase in food production (rice and corn) to meet domestic demand. (2) They seek to increase the production of cash crops such as sugar, copra, abaca, ramie and tobacco in order to obtain a more favorable trade balance.

Neither of these undertakings can be accomplished until there is an adequate seed supply, which must be imported and tested in soils before a crop can be brought in. Pre-war figures show that 2,000,000 hectares of land were planted to rice, while some 600,000 hectares were devoted to corn.

The Bureau of Plant Industries has established a series of experiment stations all over the islands which are helping the farmer to a limited degree. The government has re-opened those parts of the Agricultural College at Los Baños, Laguna Province, which are devoted to Plant and Animal Husbandry. The Bureau is also attempting to overcome the seed shortage by fostering a cooperative movement through the National Corporations charged with supervising various crop production (such as NARIC, Nat'l Rice & Corn Corp). The Bureau has prompted the Commonwealth Government to seek seed rice abroad from Siam, China, Brazil and the United States. Meanwhile, the Bureau has attempted to supervise the distribution and planting of available seed in the Philippines, especially in hunger-stricken regions.

b. Animal Husbandry - The work animal of the Philippines is the carabao. It provides just about the sole source of Philippine farm power, other than human labor. The loss of a large number of carabaos is therefore a major disaster. The results of a survey conducted by the Commonwealth Department of Agriculture show that carabao losses have been extensive. The overall loss has been an average of 44% or, out of a total of 2,526,000 carabaos in 1939, some 1,100,000 have been lost. While horses in the islands are seldom used for draught purposes, their population, too, has suffered. Losses average 55% or about 140,000.

The principle meat animals of the islands are cattle, hogs and chickens. In the Philippines as a whole, cattle losses are about 66%; this means some 770,000 head. Hogs also suffered a great slaughter during the three years of occupation. Out of a total of an estimated 3,000,000 in 1939, total losses are nearly 1,800,000 hogs or 61%. Chickens suffered about a 70% loss in their total number of 18,500,000. It was estimated that in October and November of 1945, the chicken population of the islands was about 6,000,000.





The survey shows that there has been a tragic drain on the livestock capital of the Philippines during the period of the occupation. It will take many years to restore the flocks and herds to pre-war levels, much less to build them up an additional 20% which is the extent of present need. Both meat and egg supplies will be drastically reduced for some time to come and will remain below pre-war levels for several years.

Rehabilitation emphasis has been placed on getting work animals into the Islands to replace those which were lost, for the recovery of the food crops depends on work animals. Carabaos have been imported from Siam and from French-Indo China, but in too small a number yet to meet the demand. Certain livestock firms have already placed large orders with firms in the U.S. for hatching eggs and for blooded cattle such as Holstein heifers and bulls. It is estimated that a revolving fund of some P10,000,000 is needed for Animal Husbandry alone. The capital is needed for the procurement of work animals, breeding stock, improved breeds of swine and poultry and for essential animal husbandry appliances such as incubators, brooders, building and fencing materials for livestock farms.






c. Sugar - Commonwealth sugar officials estimate that they can effect a complete recovery of the sugar industry within 2 to 3 years. However, with an estimated P47,295,000 to 60,000,000 in damages confronting them, they'll be

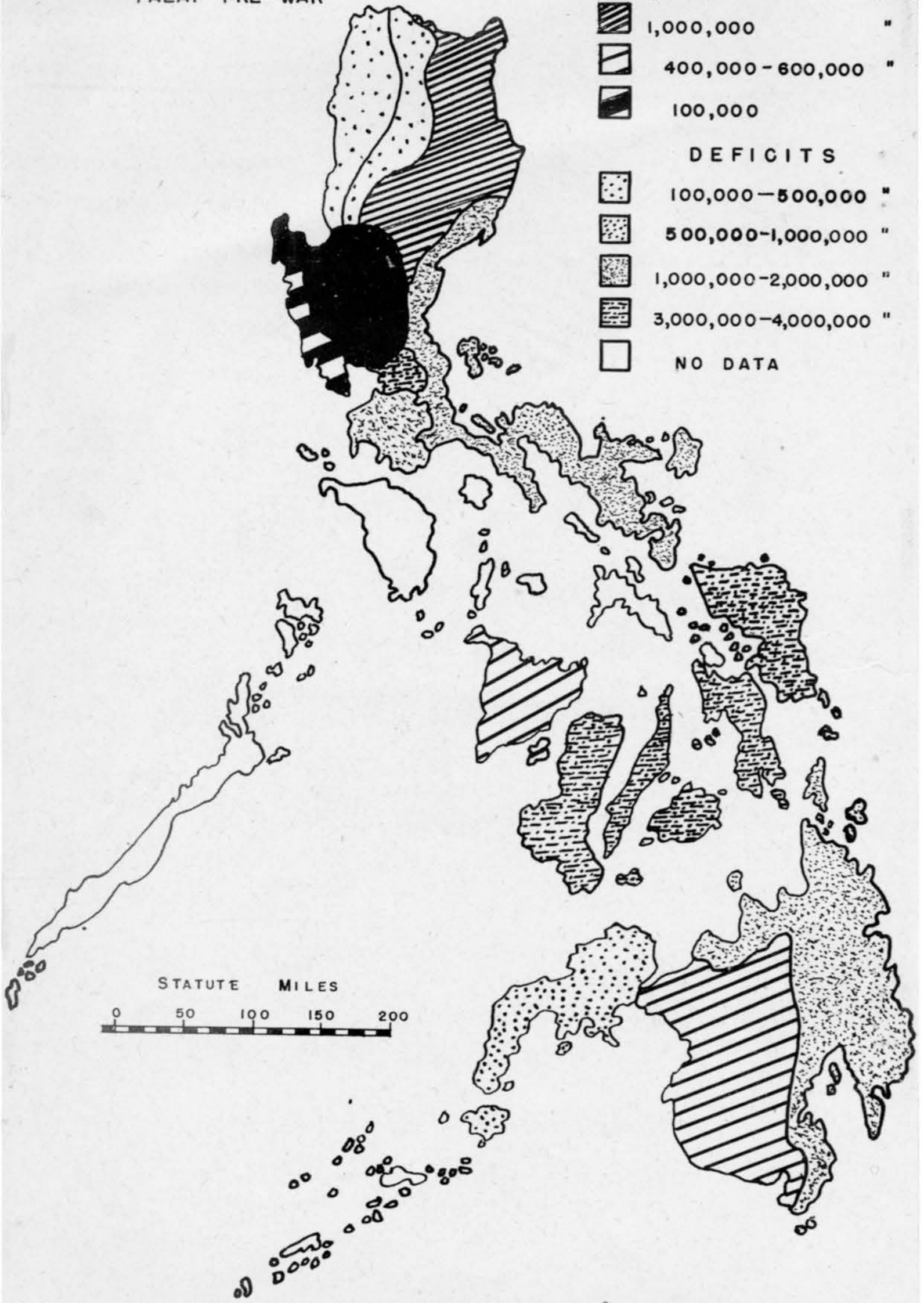
REGIONAL  
SURPLUSES & DEFICITS  
PALAY PRE-WAR

LEGEND  
SURPLUSES

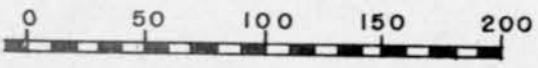
-  11,000,000 CAVS.
-  1,000,000 "
-  400,000 - 600,000 "
-  100,000 "

DEFICITS

-  100,000 - 500,000 "
-  500,000 - 1,000,000 "
-  1,000,000 - 2,000,000 "
-  3,000,000 - 4,000,000 "
-  NO DATA




STATUTE MILES





REGIONAL  
SURPLUSES & DEFICITS  
PALAY --- 1946


LEGEND  
SURPLUSES


 5,000,000 CAVS.


DEFICITS


 500,000 - 1,000,000 "

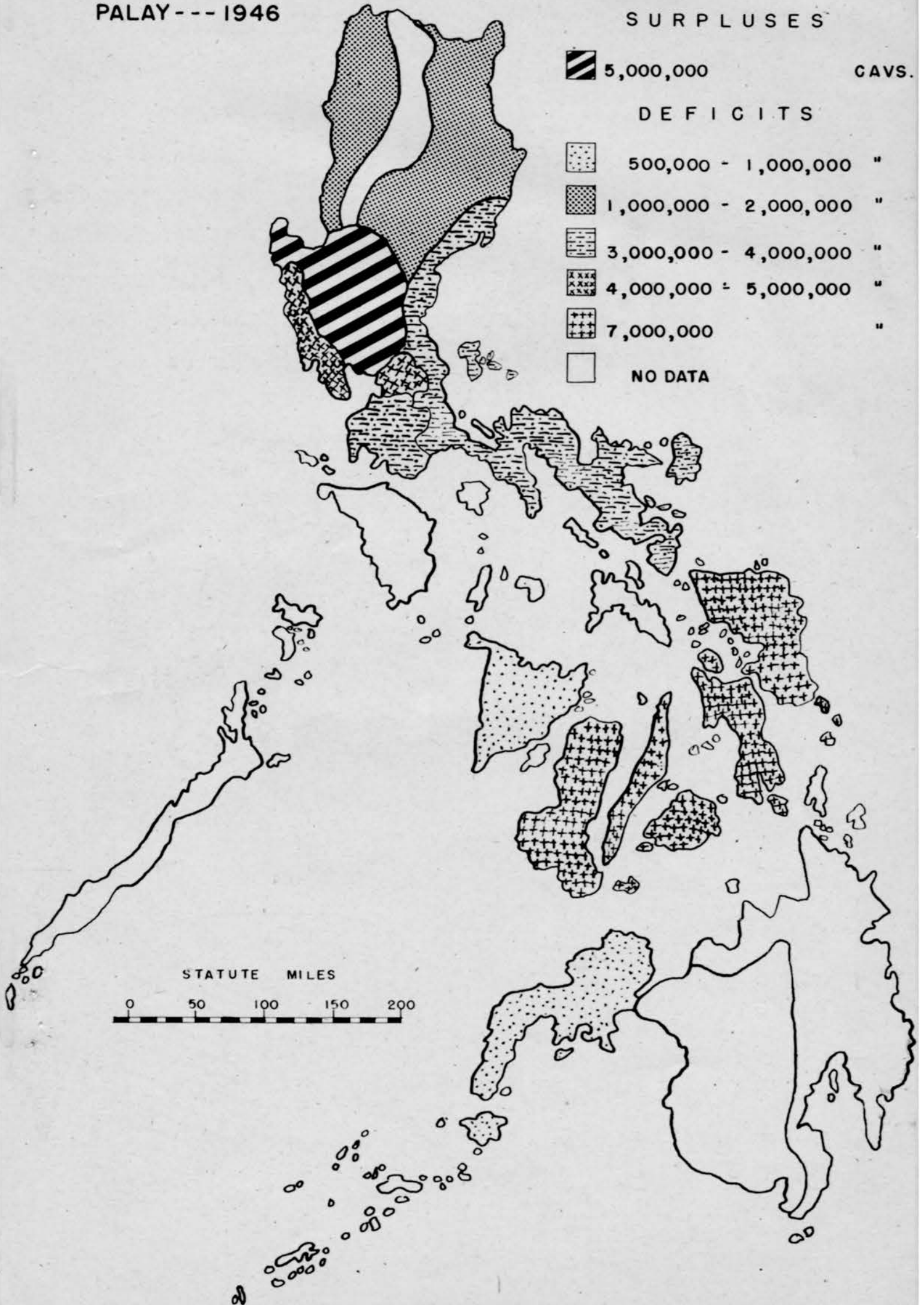
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lucky to do so. Sugar has been the most important cash crop of the Philippines, bringing in an annual governmental revenue of P20 million. In 1940, P94,532,548 worth of sugar was exported, and the Philippines stood 5th in world importance. In 1940, the Philippines exported 52,900 tons of sugar and other sugar products.

At present, even the importation of sugar from the United States will not meet the requirements of the domestic market. A study reveals that only 5 of the pre-war 41 milling centrals are limping along; that they will produce only 15,000 short tons as compared with a pre-war 150,000 short tons for domestic consumption and 950,000 short tons for export; that only 50,000 of the pre-war 205,000 hectares of sugar plantations are currently productive; that there is not a single crop of standing cane in the Visayas, heart of the pre-war sugar industry.

The war brought about this vast change in Philippine sugar. The Japanese experimented with cotton on sugar lands, so that there was only an insignificant stock of cane available upon the liberation of the islands. The Japanese also made alcohol out of what sugar there was. Also, of the 41 milling centrals, 17 are estimated to have been partly damaged, 15 to have been badly damaged, and 9 to have been virtually destroyed. Almost complete loss of records and the diminishing of work animals and farm and milling machinery provide the rest of the answer. The centrals have not as yet attempted to rebuild. They have been awaiting passage of the Bell Trade and Tydings War Damage Acts to give them a ready market and funds.

In effect, the Bell Bill will give them 28 years of a duty-free export quota of 952,000 short tons to the United States, (3 years with no tax at all, and 20 years of a gradual stepping up in excise), a victory for the sugar interests who look to the United States as their only market.

Through the National Development Company and the Philippine National Bank, the Commonwealth has made 4½ million pesos available to sugar planters in the last four months. But sugar administration officials estimate that 30-60 million pesos are necessary to bring about complete recovery. Farm equipment for sugar cultivation, railroads, wagons, and shipping have also suffered damage. As a result of this serious blow to the sugar industry, it is estimated that the 1945-46 crop of sugar will not even be sufficient to meet the needs of local consumption and that no sugar can be exported earlier than 1948 provided that the needed machinery and equipment is acquired.

At present, the cost of production by the 5 rickety centrals is such that 63 kilos of sugar are bringing P70 in contrast to the pre-war P45. The yearly production, plus small standing stocks of cane, will make some 29,000 short tons available this year. Part of the 4,500 short tons, first-quarter shipment from the U.S. has already arrived to help the domestic market. But the Sugar Administration is advising an increase in acreage by seeding land rather than selling the cane of this year's crop, so that in 1947-48 it may work the 205,000 hectares pre-war crop. Only Luzon has any crop of quality at present, according to the Sugar Administration.

d. Rice and Corn - Rice is the main staple food of the Philippines. Although grown in great quantities, especially in the central Luzon provinces of Pampanga, Nueva Ecija, Tarlac, Pangasinan, Iloilo and Lanao, rice had to be imported even before the war. Imports, coming mainly from Siam, amounted to 56,000 tons and gave the government 10 million pesos revenue yearly.

The rice industry had, before the war, a total acreage of 2 million hectares (one half of the total crop area), and four million people worked in the raising of the crop. The current (1945-46) rice crop falls 42% short of meeting the nation's demand and is sufficient for only seven months supply at pre-war consumption rates. According to NARC (National Rice & Corn Corporation), a government bureau active since 1930 in stabilization of rice-cost and rice procurement, this year's minimum need is 411,900 tons, although as much as 616,000 tons could be used. The allocation granted the Philippines by UNRRA was 121,900 tons, which came from the U.S., Chile, Brazil, and Siam. This rice was bought and imported by the United States Commercial Company, a Federal Gov't corporation. Even with the 121,000 tons of rice from UNRRA, the country still needs 300,858 tons to fill its minimum needs.

~~SECRET~~

Since all food prices are governed by the fluctuations of the rice price, NARIC officials are trying to prevent inflation which is bound to occur if the supply is exhausted. Unless further help is forth-coming, the present stocks will be gone by July, so that the months from August to November will be critical in the Islands.

Most rehabilitation plans of the NARIC and the rice growers center on the \$100,000,000 UNRRA Grant To Worthy Nations and also monies coming to them under the War Damage Bill. To forestall the acute food-shortage, farmers are encouraged to grow short-season crops: corn, root crops. In spite of the farmers' cooperation, even their maximum efforts will not supply the demands of the Philippines. NARIC is also attempting to get rice destined for Japan (rice shortage in Japan is reported only 20% compared to the Philippine 40%), suggesting that off-grade wheat be shipped to the former enemy instead.

No good rice crop is expected until the 1947 season, and the \$100,000,000 UNRRA grant has not been authorized, since the Philippines is under the jurisdiction of the United States, and therefore termed as a "paying country", ineligible for such help. While in the States recently, President Roxas spoke to the UNRRA Director General and was assured by him that after 4 July, additional help will be forthcoming from UNRRA. For the problem is more than one of handling a food shortage. Rice is vital from two angles: it is the basic food of the people and it is also the big factor in Philippine economy.

While it has been estimated that rice supplies 70% of the basic food stuffs to the Filipino people, the principal rice substitute in the Philippines is corn. In 1938, 702,830 hectares of corn were planted, with a crop of 8,000,000 cavans of corn valued at 2 million pesos. Two and one-half million people worked in the raising of the crop. All corn produced was for domestic consumption, and further amounts were imported (1,200,000 kilos yearly) from Sumatra and Java.

The great corn producing area of the Philippines is in the eastern and central Visayans. Today, however, with the world food situation being what it is, Java and Sumatra have been unable to furnish the Philippines with any corn at all. Since the same factors that cut the rice production so greatly also apply to production of corn, the 1945-46 crop amounted to only 69% of pre-war level. There was a 23% decrease in the size of the area planted in corn and a 41% decrease in production. The U.S. and Argentina have embargoes on the export of corn and for that reason the Philippines are unable to procure any outside aid. The next worth-while corn crop is expected in 1947.

e. Copra - Copra and its sub-products, coconut oil, copra cake, meal and desiccated coconut were the main exports of the Philippines before the war, second only to sugar as a cash crop. The islands supplied one third of the world's copra, and were also the leading exporter of coconut products. Of the whole copra and coconut business, 95% is American controlled.

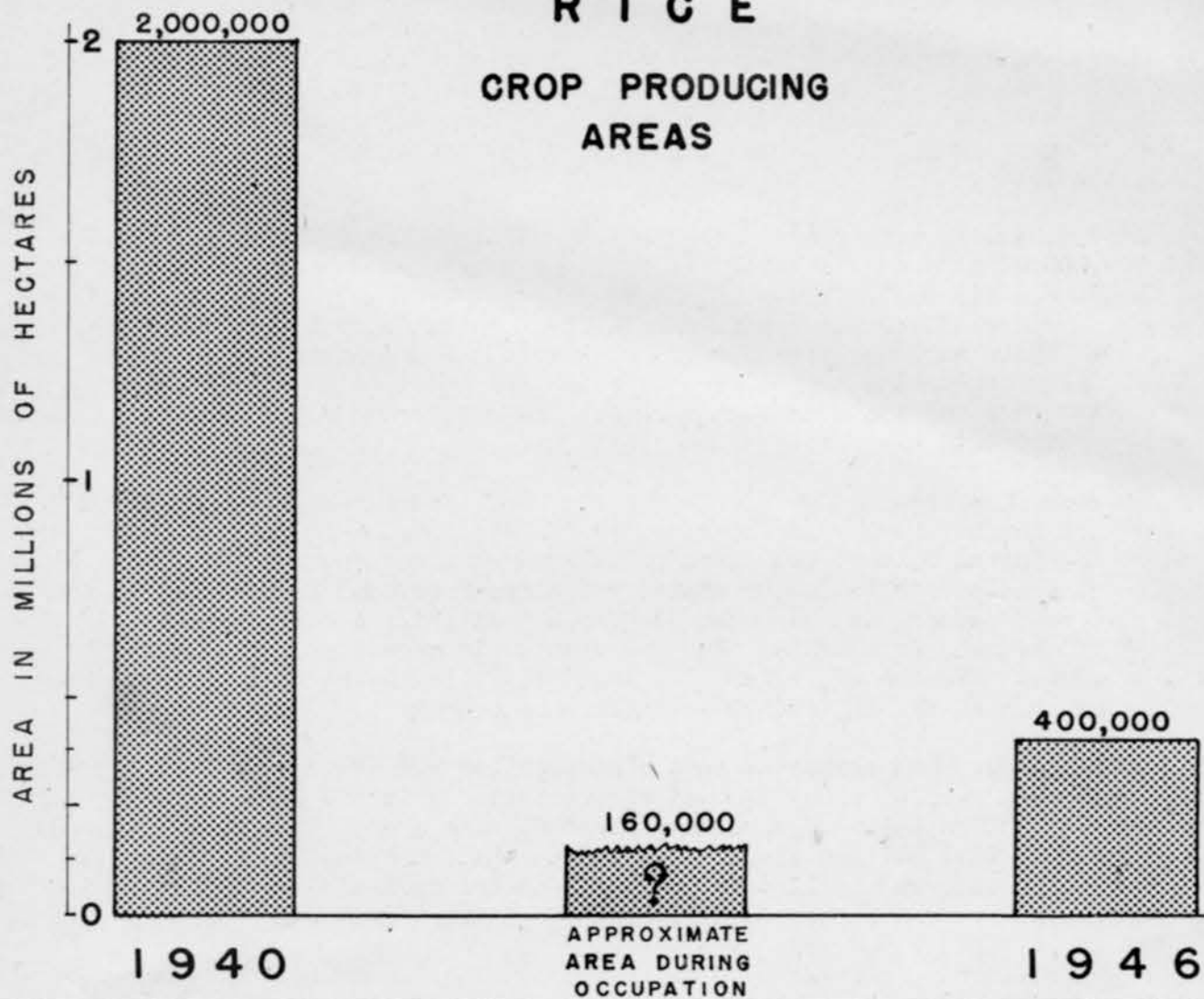
Exports before the war amounted to 66 million pesos and netted the Commonwealth government in local and U.S. excise taxes P40,000,000 revenue. The plantations cover an area of 642,110 hectares and consist of 91 million bearing trees (29 million on-bearing trees in addition). Although the climate is favorable in all of the southern islands, the principal producing areas are Tayabas (which produces 2 million tons yearly) and Laguna on Luzon, and Cebu and Zamboanga. Four and one half to six million people work in the industry.

War damages have caused only a 5% loss in trees, but all of the 11 collection centers and the 12 machinery and drying plants were totally destroyed. Damages are assessed at P25,500,000. There was practically no copra production during the war.

Coconut exportations were becoming increasingly difficult even before the war, since the United States imposed a coconut excise tax and Europe hesitated about buying inferior copra. As a result, the National Coconut Corporation (NACOCO) was founded. This Commonwealth Gov't corporation is a research institution, aiming at the manufacture of by-products, improvement of copra quality and the handling of crop loans. The main by-products are edible oil, butter and inedible oil. If produced in quantity, these by-products would cut down on the P28,000,000 import of such stuffs to the Philippines. NACOCO is at present demonstrating new methods in ten provinces and planning to build air dryers.

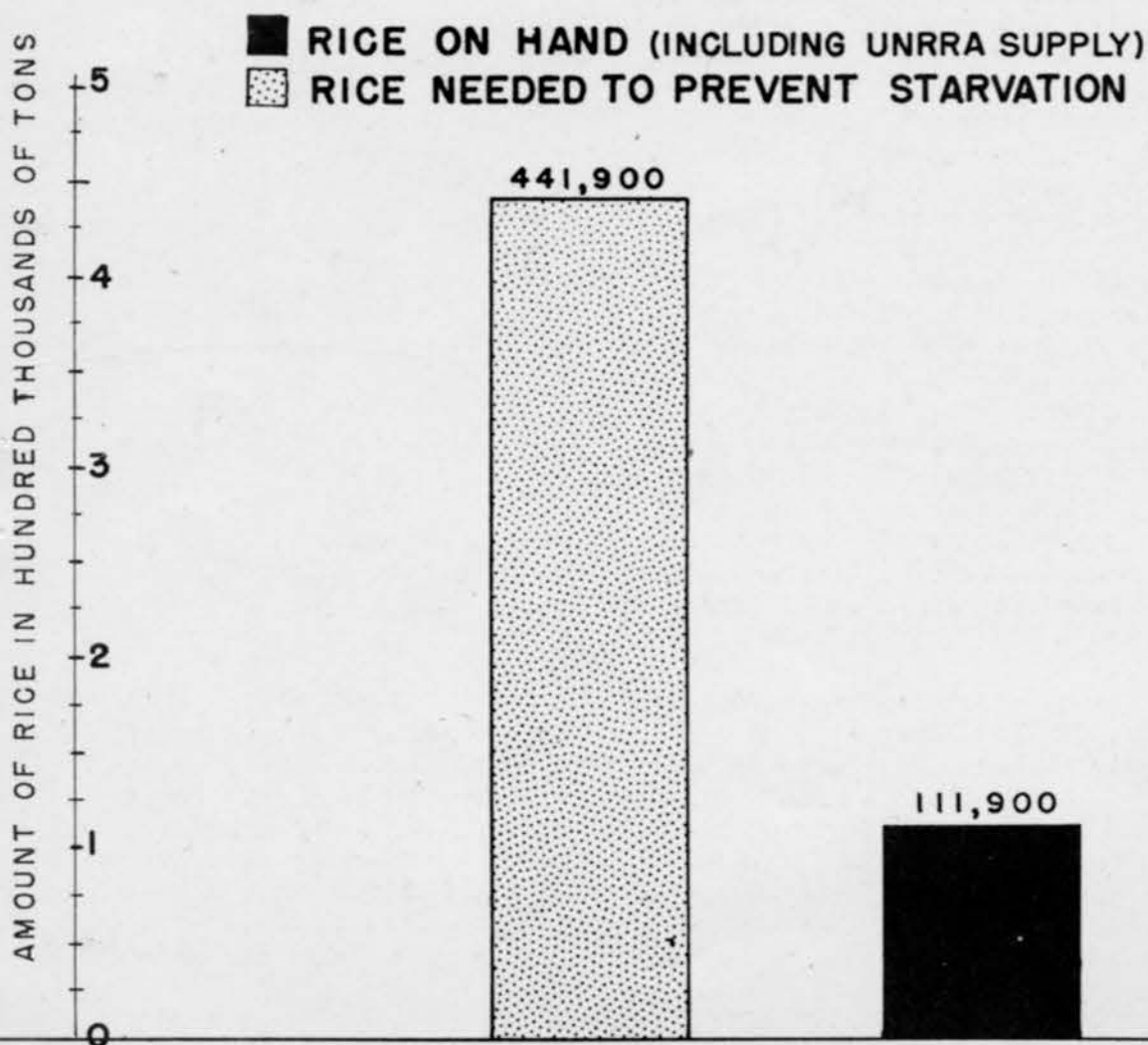
## R I C E

### CROP PRODUCING AREAS



AFWESPAC Printing Plant

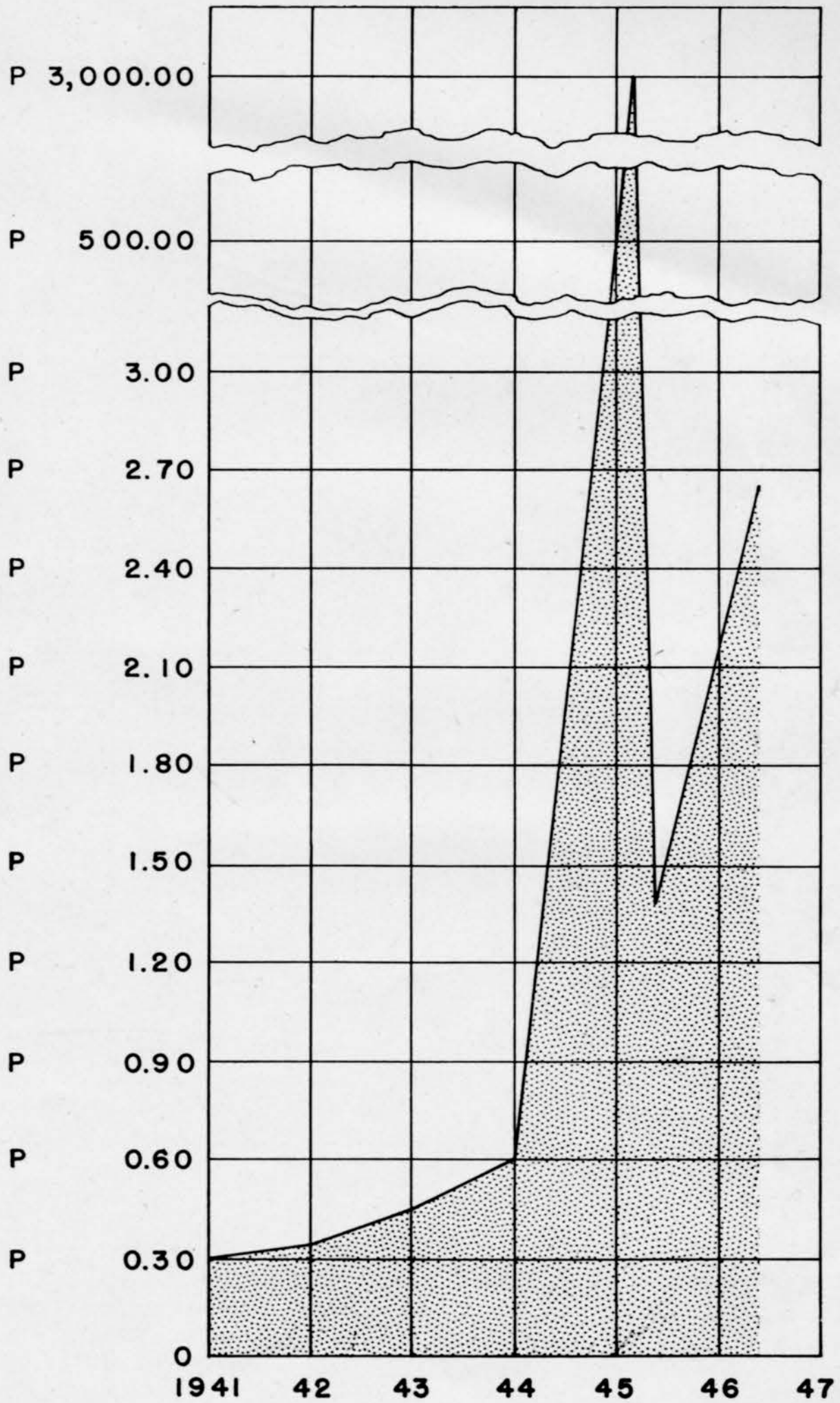
## R I C E S U P P L Y





# RICE

PRICE RISE: 1941 - 1946



~~CONFIDENTIAL~~

The production of copra today is approximately one-third to one-half of pre-war level. The ceiling price of copra was 18.30 pesos per 100 kilos. Main agent in the copra trade today is CEMCO (Copra Export Management Company), a subsidiary of the U.S. government's U.S. Commercial Corporation. CEMCO is made up of five private firms who are under contract to the U.S. Government, working on a cost-plus basis for the sole aim of re-establishing coconut and copra trade. It is running, at present, a trade goods barter program whereby 40% to 60% of the payment of copra is made in trade goods and the balance in cash. This permits middlemen to pay producers 16 to 18 pesos by sale of the trade goods withheld from producers on the open market at so-called black market prices.

It is anticipated that CEMCO aid will terminate prior to the independence of the Philippines, as normal economy is more or less resumed and copra will set its natural price levels. With the participation of private enterprises in the copra and coconut trade in the future, another upswing in trade is expected and future capacity could be double that of pre-war level with the re-establishment of the centers, dryers, and importation of American machinery.

f. Abaca - Abaca, or hemp, is of major importance to Philippine economy. It is produced today mostly in Davao, Mindanao, and the Commonwealth is now seeing to take over for Filipinos the abaca monopoly held there by Japanese prior to the war. Ownership of the abaca plantations has been a bone of contention between the Office of the AHC and the Commonwealth Gov't.

The 1940 abaca export was valued at P12,648,000, with a local consumption for cordage of 8,600 short tons yearly. In 1938, 508,340 hectares produced 2,607,380 piculs at a value of P22,672,240 and brought 11.06 per picul. In 1941 the price was up to 14.75 per picul. Abaca was fourth in pre-war hectareage and 5th in value to the Philippines. In 1937 it was valued at 12% of the total exports, largely to the U.S., Great Britain, and Japan, bringing 2 million pesos annual income to the government. Approximately 2½ million people were dependent upon the industry for a livelihood. There were three cordage factories centered around Manila.

War damages are estimated at 6½ million pesos, including the destruction of plantations, carabao, warehouses, and the using of the land for rice production by the Japs. This is expected to result in a 3 year paralyzation of the industry according to officials of PAMCO, subsidiary of the USCC, charged to help rehabilitate the abaca industry.

The plantations at Davao, Leyte, and Sorsogon have hardly been improved in the year since liberation. PAMCO officials explain this as being due to a waiting for action of the sub-division of large estates among the tenants. The Elizalde and Manila Rope Companies are the only two producing, but neither have decorticators or stripping machines in operation. PAMCO, in an effort to stimulate production, has introduced 350 small strippers, both renting and selling, and 10,000 stripping knives that have sold very slowly due to financial inability on the part of Filipinos. Transportation difficulties on Mindanao and Mindoro have prevented contact with the growers there, and so far only 20 to 22,000 short tons have been shipped.

The allied industry of ramie has been as severely hit. The fiber plants have been allowed to grow disorganized and, while still a very young industry, (only since 1937) it has not been started again. From 1937 to 1940, some 687 hectares were used for ramie experimentation, producing a crop valued at about P475,000 annually, all of it for export.

g. Tobacco - The year that has passed since liberation has been much reorganization, but little production and few transactions of other than of a black-market nature, in the tobacco industry. The pre-war industry produced an average of 27,645,619 cigars and 3,094,499,768 cigarettes monthly. But in 1945, with no quantity to speak of being produced monthly until June, it turned out a total of only 11,118,472 cigars and 242,001,120 cigarettes for the year. The government owned National Tobacco Corporation, along with two other Commonwealth advisory boards, has surveyed the industry, made recommendations and formulated plans, but apparently has not completed a single constructive move.

[REDACTED]

In the tobacco industry, it is not a lack of funds so much as a lack of materials -- of farm equipment, work animals, warehouse and curing barn space, tobacco seeds -- and the necessary reestablishment of markets lost during the war that hamper rehabilitation. Estimates place war damage at P20,000,000. Since more than 3/4 of the entire tobacco-growing industry is centered in the Cagayan Valley of north-central Luzon, where some of the Philippines' most furious fighting occurred, the devastation is understandable.

While the National Tobacco Corporation has tried and is trying to alleviate the shortages, little progress has been made. Awarded an original allotment of P10,000,000 in 1940 -- of which only 2,125,000 has been utilized -- the corporation has appropriated money to help organize cooperatives among the leaf producers, and to extend credit facilities, furnish seeds, plows, carabao, warehouses and curing barns. It has approached UNRRA for help and the Reparations Commission for Japanese machinery and confiscated leaf tobacco. Also, it has sent its general manager, Manuel Nieto, to the United States and other agents to Hawaii and China in an effort to renew pre-war markets.

But the corporation, which admittedly has warehouses stocked with leaf tobacco, has sold none as yet, either to the foreign or domestic market. Rather than sell to local Chinese and enable them to gain a tobacco monopoly, the corporation is waiting for general manager Nieto to return with United States contracts. Possible changes in personnel and policies as a result of the Philippine Presidential election has also forestalled decisive action. Local markets have been protected, however, by the curbing of a formidable black market caused by home production on the part of unemployed factory workers. Sanitary restrictions on methods of production were imposed and unsanitary products were confiscated.

The corporation has fulfilled its advisory capacity well in the five months since its reorganization, by sending agents to the farms, by experimenting in modern methods of growing leaf tobacco, wrappers for cigars, plug tobacco, and an aromatic cigarette tobacco. But no practical achievements can be measured as yet.

The Philippine tobacco industry brought 10 million pesos of government revenue in 1938. 2% of the total land area is devoted to tobacco, and it is the Philippines' 6th leading export. The country stands 7th in the world tobacco trade, exporting to 40 countries. One million persons make their living out of this industry.

h. Coffee, Cacao and Rubber - These industries are almost completely abandoned. Plantations are deserted or are being disorganizedly used for food production. Never more than a small-scale crop, Philippine coffee could never meet the needs of the islands, which imported 2 1/2 million pesos worth from the United States and Dutch East Indies yearly. However, in 1938, coffee was being grown on 1,557 hectares with 4 million trees planted and a value of P510,000, while cacao had 2 1/2 million trees devoted to it on 1,558 hectares, with a crop value of P650,000. Cacao could be rehabilitated by the reestablishment of the milling and gathering centrals. Easy to grow, it was produced in Teyabas, Bataan, Iloilo, the Mountain Provinces, and on a small scale all over the islands.

Completely destroyed by the war, the rubber plantations on Davao and Cotabato were hardly effective even in pre-war times and may never amount to anything. Some 4 1/2 million pesos in damage is estimated, but rehabilitation has been nil.

#### 10. Commercial Fishing

The Philippines have never been an exporter of fish, but rather an importer of over P3 million worth yearly. However, there is a large if antiquated fishing industry, and it has suffered untold damages as a result of the war.

Although the former Japanese monopoly of trawling and deep sea catching of tuna has been broken, Filipinos, who were more the fresh-water, in-shore and off-shore fishermen, have been unable to take over. The main reason is that an estimated 90% of the pre-war power fishing boats have been destroyed. There were 283 fishing outfits in all, employing 199 power-driven boats and a vast amount (56,148) of native craft, some of which were towed.

a. Pre-war - With this equipment, in 1940, total production of the industry was 170 million kilograms of fish, valued at P50 million, or 1/6th of the islands' agricultural production and 5% of the national income. Some 180,943 fishermen, canners, and salters were dependent upon the industry. A large portion of the total came from the 6,065 inshore fish ponds, scattered over 60,000 hectares, producing almost 61 million fish yearly at a value of P15,134,135.

There were ten administrative fishing districts, led in output by Manila, Batangas, and Mindoro with 30% of the off-shore and 61% of the pond fishing. The Bicol, Masbate and Tayabas group had 19.5% of the off-shore fishing, while Pancy and Negros Occidental carried on 31% of the pond fishing. Fresh water fishing was carried on at Laguna de Bay and Lake Taul on Luzon, while trawling was done in Manila, Lingayen and San Miguel Bays.

b. War Damage - An estimated P20 million damages have crippled the industry. In addition to the estimated 90% of power boats, 50% of the non-power boats, 80% of the 583 fish drying and smoking plants, 70% of the six canning plants, 20% of the one can-making plant, and 30% of the fish ponds have been destroyed. The Bureau of Fisheries claims that 3/4th of the fresh fish supply (in commercial fish ponds) was ruined.

c. Current Situation - At the present time, mostly sustenance fishing is carried on by in-shore methods such as corrals and baskets. The lack of boats is the main handicap, but also a lack of fish fry for the ponds is hampering recovery. There are only 8 trawlers in operation and lack of fishing equipment has forced them into the transport service.

Prices for fish in the markets are still above the pre-war level, but the P1.50 of today is better than last year's P3-4.

| Kind of Fishing                | A S S E T S |      | Persons<br>Employed<br>Number | Establishments |      | Assets Per<br>Establishment |
|--------------------------------|-------------|------|-------------------------------|----------------|------|-----------------------------|
|                                | Amount      | %    |                               | Number         | %    |                             |
| Off-shore -----                | 4,026,669   | 8.7  | 75,867                        | 26,213         | 27.7 | P 154                       |
| In-shore -----                 | 3,289,819   | 7.2  | 135,393                       | 47,974         | 50.7 | 69                          |
| Off-shore-in<br>shore -----    | 334,847     | 0.7  | 8,348                         | 2,207          | 2.3  | 152                         |
| Inland -----                   | 412,864     | 0.9  | 17,621                        | 9,802          | 10.4 | 42                          |
| Fish Ponds -----               | 37,723,660  | 81.8 | 26,205                        | 8,305          | 8.8  | 4,542                       |
| Fish Ponds and<br>others ----- | 318,465     | 0.7  | 1,174                         | 130            | 0.1  | 2,450                       |
| All -----                      | 46,106,324  | .    | 264,608                       | 94,631         |      | 487                         |

d. Future - Although no all-out effort by the government toward rehabilitation has been evidenced other than in research, the National Development Corporation, a government entity, has planted some 5,000 hectares of fry at Capiz in the hope of 2 million fish production for the year and an optimistic 20 centavo price level by July when the first crop should mature. The corporation has also been supplying fingerlings to pond owners in Pampanga and other fish pond areas to restore the pre-war supply.

In addition, the Commonwealth will have a P333,000 allotment in June, when it plans to open a fishery school to introduce modern methods and provide training cruises. According to the Fishery Bureau, lack of peace and order (in the fish pond areas of central Luzon) has been as much of a factor in diminished output as the lack of ice and salt equipment. But, the Filipinos cannot take over the Japanese fishing grounds until they acquire some fishing fleets. At present, the government has secured little or nothing in this respect from the Foreign Liquidation Commission or UNRRA, although private owners have.

## 11. Forestry

There are 17 million hectares of forest land in the Philippines, some 46% of the total land. Of this amount, 97% is government owned.

~~CONFIDENTIAL~~

a. Pre-war - In 1941, nearly 47 million pesos were invested in the lumbering industry, P30,648,000 in sawmill and logging enterprises alone. Of this capital, 40.7% was American, 27.9% Filipino and the remainder was split among alien nationalities. The industry was carried on throughout the islands and gave year-round employment to 70,000 people, while 420,000 people were dependent upon it in some form or another.

There were 163 sawmills being operated, producing daily from 500 to 125,000 board feet of lumber. Yearly output was nearly a billion board feet (941 million). In addition, there were 12 logging operations not employing sawmills. Of the total production, over 755 million board feet were utilized in local construction; the rest was shipped to the U.S., Japan, China and Australia. Yearly governmental revenue amounted to P2,065,421 in forestry charges and licenses in 1941. Prices ranged from P69 to P353 per 1000 board feet.

The largest firms were the American-owned "Fabrica" which produced 125,000 board feet daily, and the American-owned "Findlay Miller" with an output of 120,000 board feet daily.

b. War Damage - War damage to sawmill plants is estimated at P26 million. 138 sawmills have been reported destroyed, damaged or looted. 29 lumber mills have reported losses up to P4½ million; 3 machine logging operations have reported losses up to ½ million. And, 75% of the work animals have been destroyed. The chinchona plantation, owned by the government, reported that 300,000 of its trees were devastated and that a great deal of rehabilitation must be done before the Philippines can again take up the production of quinine. Some 35,000 kilograms of bark were salvaged at this plantation.

c. Current Situation - With the return of the American Army to the islands the need for lumber became critical. The U.S. Army brought in a number of portable sawmills, and operated them in cooperation with former owners, gradually turning them over to civilian firms. There are now 62 sawmills in operation, producing 538,000 board feet daily. 14 of these are still being run by the U.S. Army. However, lack of transportation facilities and hauling animals is still a big drawback, with Luzon the most feasible area of production because of the inaccessibility of lush Mindanao and other forest lands.

Prices are still high, but as evidenced by the following have been brought under control: last May (1945) the price of white Lanau wood was P2.50 per board foot. At present it is P.06. Similarly, the apitong class wood was bringing P2500 per thousand board feet; now is down to P700. However, for the former government revenue of P2 million is down to P245,556, and in the year of operation since liberation, the output has been only 55,268,000 board feet, as compared with the pre-war billion board feet yearly. Fabrica's output is 10,000 of the pre-war 125,000 daily, and Findlay Miller is completely destroyed.

d. Future Outlook - The Commonwealth Government, in an effort to help re-establish the industry, has ordered 50 sawmills from the UNRRA but delivery has not been made. Estimates by the Bureau of Forestry call for a rebuilding of 450,000 structures using 4½ billion board feet; Manila alone is scheduled for 10,000 buildings, utilizing almost 500 million board feet. This is attractive to capital, as shown by the favorable 1118 applications for licenses (as against 1189 in the last pre-war year).

The Forestry Bureau is advocating reforestation of the 33 parks and 101 reserves set aside for watershed and timber purposes, but has a fund of only P170,000 to do it, while they claim that 953,700 of the 5,271,000 hectares of open lands need reforestation.

## 12. Mining

a. Pre-war - Mining on a large scale began in the Philippines after 1890. Metallic minerals mined in the Islands include: gold, chromite, copper, iron, manganese, lead and zinc, molybdenite, silver, and wolframite. Gold can be washed out of most of the rivers of Northern Luzon and notable deposits are found in the Paracale region in Camarines Norte, near Baguio in Benguet, in Masbate, Mindanao, and other regions. Benguet deposits have been worked for centuries. The total production of gold in 1925 was 2,928,003 fine grams, valued at



Most of the saw mills in the Philippines today were set up by the Army during the liberation, to supply Army needs. This one was formerly operated by the 1002d Engr Forestry Bn, in the forests of Bataan. Recently, Filipino businessmen have bought a number of these mills.



The same mill. This mill averaged about 20,000 board feet of lumber a day.

\$1,945,989. There has been practically no copper since the American occupation after the Spanish-American War. Coal is principally found on Batan Island (Cebu) Cebu island itself, Polillo, Mindanao, Mindoro and Masbate. Since 1902 the deposits on Batan have been worked both by private enterprise and by the Government (to which the deposits belonged before World War II). The deposit in one field in Cebu is said to have amounted to at least 7,000,000 tons. The primary deposit is found on the Mankayan properties in Luzon.

b. War Damage - The extent of the war damages to the mines of the Philippines vary considerably in the cases of individual mines. However, to get an over-all picture, the loss of machinery, transportation, communication, housing, utilities, financing, and the deterioration of the mines themselves make up the bulk of the damages. Many of the mines require mining, power and milling equipment to replace that looted by the Japanese, destroyed by bombing, or worn out under Japanese production. In many cases the shafts entering the mines and the tunnels on the various levels have caved in as a result of the damage sustained from air attacks, destruction by the Japanese, and deterioration during the periods of idleness.

c. Current Situation - At present, most of the mines are either standing idle or are undergoing only minor repairs. Lack of mining, power, and milling equipment has created a bottleneck in the repair and production of the mines. Only one gold mine, the Balatoc Mining Company in the Baguio district, is operating. In spite of the fact that all the surface plant was destroyed, with the exception of part of the diesel unit, they have cleaned 40,000 feet of tunnels and are now employing 300 men at the mine.

According to the Bureau of Mines, no mines producing iron, copper, chromite, silver, manganese, coal, platinum, lead, or zinc, are in operation. Refinancing and retrenching will be necessary to some degree by all mine owners. Judge John Hausserman, wealthy mine owner of Balatoc and other interests, is in the States at the present time. He has floated a new stock issue there which will substantially aid him in rehabilitating his mines. Other owners are considering like measures now. All are hoping, too, for an early settlement of war claims under the Tydings War Damage Act.

The Manila Stock Exchange reflects a definite optimism about the rehabilitation of Philippine mines and gold mines in particular. The following chart indicates present activities and gives a pre-war value comparison:

| Leading Gold Mines     | Pre War Value     | 20 Nov 1945       |       |                   | 20 May 1946 |       |              |
|------------------------|-------------------|-------------------|-------|-------------------|-------------|-------|--------------|
|                        |                   | Bid               | Asked | Sales             | Bid         | Asked | Sal          |
| Antamok -----          | ---               | ---               | ---   | ---               | .04         | .05   | ---          |
| Atok Gold Mine Co. --- | .53               | .53               | ---   | .53               | .82         | .90   | 10000 @ .90  |
| Baguio Gold -----      | .16               | .10               | .12   | .12               | .12         | .13   | ---          |
| Balatoc Mine Co. ----  | 4.00              | 4.40              | ---   | 3.40              | ---         | ---   | ---          |
| Batang Buhay -----     | ---               | ---               | ---   | ---               | .008        | .009  | ---          |
| Benguet Consolidated - | 3.60              | 3.00              | ---   | 3.00              | ---         | ---   | ---          |
| Big Wedge -----        | .67               | .75               | ---   | .70               | .90         | .96   | 1000 @ .96   |
| Demonstration -----    | .03 $\frac{1}{2}$ | .03               | ---   | ---               | ---         | ---   | ---          |
| Itogon -----           | .23               | .14               | .15   | .14 $\frac{3}{4}$ | ---         | ---   | ---          |
| IXL -----              | .20               | .10               | .12   | .12               | .155        | ---   | 20000 @ .16  |
| Lepanto Cons. -----    | .21 $\frac{1}{2}$ | .15               | .16   | .15               | ---         | .16   | ---          |
| Masbate Cons. -----    | .08               | .05 $\frac{1}{2}$ | ---   | .05 $\frac{1}{2}$ | .10         | .11   | 31,000 @ .11 |
| Mindanao M.L. -----    | .54               | .45               | .47   | .45               | .55         | .61   | ---          |
| San Mauricio -----     | .15 $\frac{1}{2}$ | .10               | .13   | .12               | .34         | .35   | 20,000 @ .34 |
| Surigao Cons. -----    | .20 $\frac{1}{2}$ | .15               | ---   | .15               | .32         | .34   | 35,000 @ .32 |
| Surigao Cons. V.T. --- | ---               | ---               | ---   | ---               | .30         | ---   | 3,000 @ .32  |

Most of the mines require mining, power and milling equipment before operations can be resumed. Spare parts are needed for reparable equipment. The various strikes in the United States have held up delivery of sorely-needed supplies. Some companies have had items such as engines, handtools, power tools, and milling equipment on order for as long as ten months, but as yet they have not been delivered.

Transportation and communication facilities will have to be restored. Trucks and other vehicles recently obtained from the Army and private sources can not handle all the transportation of equipment and supplies. To haul all these essential commodities over "tortuous mountain roads of steep grades, hair pin turns and unstable surfacing" would be out of the question. With the rainy season in the offing, slides and mud will have to be taken into consideration. When the Kennon road is re-opened it will facilitate transportation by cutting the distance between Manila and the Baguio district by one-third. Telephone communications to the city of Baguio are intact and it is believed that the problem of stringing new lines, or repairing existing lines, to the mine sites in that district will not be too great.

In most cases, sufficient quantities of galvanized iron and scrap lumber are available from the debris of the demolished mines to construct temporary living quarters for the workers. However, they will have to be replaced at some later date for health and sanitary reasons.

Most mines operated with electric power, the hydro-electric system and diesel units of which will have to be repaired or replaced. Generally speaking water is plentiful, but plumbing facilities are for the most part disrupted.

### 13. Public Lands

The total land area of the Philippines is 29,629,600 hectares. Of this total, 11,035,345 hectares are to be retained as permanent forest, and 18,594,255 hectares are classified as alienable and disposable in the following division:

|                     |                    |
|---------------------|--------------------|
| Commercial -----    | 5,832,856 hectares |
| Noncommercial ----- | 2,112,290 "        |
| Cultivated -----    | 6,296,178 "        |
| Open land -----     | 4,209,990 "        |
| Unexplored -----    | 142,941 "          |

a. Pre-war Status - Government subdivision of its public lands and subsequent rental to tenant farmers began before the war. The Philippines were partitioned into 20 districts for the purpose of Public Land Administration, which is the responsibility of the Commonwealth Bureau of Public Lands. The lands administered included the former Friars' estates, the private property of the Commonwealth, and the public lands themselves.

The Friars' estates were purchased early in the 1900's and were located in Cavite, Laguna, Bulacan, Rizal, Cebu, and Isabela provinces. Before the war, three-fourths of the tenants on these estates had taken title to their property on an installment basis that extended over 15 years. They were limited to the land they had been working, which averaged about 10 hectares (1 hectare-2.47 acres).

Public land was sold in lots as large as 144 hectares, over a ten year installment period. The demand was great for this untapped asset. Numerous land owners began to branch out from the sugar plantations they owned in the Visayas and Pampanga to the abaca and ramie lands of Mindanao and the tobacco country in the Cagayan Valley because of their fear that the sugar industry would diminish after they gained their independence.

In the period between 1936 and 1940, 36,824 applications were patented with a total land area of 392,955.8406 hectares, and 19,934 patents were pending with a total land area of 426,086.2848 hectares.

b. War Damage - Information on the loss to the lands themselves is unavailable, but is estimated to be substantial. The following losses were sustained by the Bureau of Public Lands: P1,299,842.78 in equipment difficult to obtain, P30,000 in expendable supplies, P20,415,000 invested in records, and P45,000 rentals. The grand total of the Bureau's losses is P21,789,842.72.



c. Current Status - With food shortages a reality in the Philippines, public lands offer some measure of future agricultural relief. Thus, the government has taken a number of steps to make the public domain more readily available to its citizens. So far, the government measures have not been reflected by the business activities of the Bureau of Lands since the end of the war, which include:

90 orders for approval, transfer, issuance of patents, etc.  
Administrative settlement of conflicts, land registrations, and legal matters.

Taken steps to legalize by proper application the settlement and acquisition of public lands subdivisions by evacuees.

Commonwealth Act No. 691, approved on 15 October 1945, provided for the free distribution, under certain conditions, of lots of 24 hectares each of agricultural land of the public domain. In the actual distributions, preference will be given to members of the Philippine Armed Forces and legitimate guerrillas. To carry out the purposes of the act, the sum of P500,000 was appropriated. This act is the Homestead Act of the Philippines.

On 1 November 1945, President Osmena approved Commonwealth Act No. 711 which appropriated the sum of P5,000,000 to enable the National Land Settlement Administration to resume its functions. In a subsequent executive order, the President reconstituted the NLSA and released part of the original appropriation for the purpose.

The price of public land per hectare is determined by sealed bidding, but in no case shall it be less than P10 per hectare, and provided the whole tract purchased shall not be less than P50 irrespective of its area. Such a sales system offers an exceptionally fair method.

The price of Friars lands depends upon the kind of soil, accessibility to roads and presence of irrigation systems. The price is based upon the classification of 100%, depending on the above qualifications. The price per hectare of Friars lands based upon 100% is as follows:

| <u>Estate</u>            | <u>Value Per Hectare</u> |
|--------------------------|--------------------------|
| Binan                    | P175.00                  |
| Calamba                  | 237.00                   |
| Imus                     | 261.00                   |
| Isabela                  | 30.00                    |
| Lolomboy                 | 364.00                   |
| Muntlupa                 | 84.00                    |
| Naic                     | 220.00                   |
| San Francisco de Malabon | 162.36                   |
| San Jose                 | 40.00                    |
| San Carlos de Malabon    | 264.00                   |
| San Miguel de Pandi      | 196.00                   |
| Santa Rosa               | 255.50                   |
| Talisay-Minglanilla      | 590.00                   |

The lands are paid for on a 10-year installment plan with an annual interest rate of 4%. Act No. 2125, amending Section 14 of Act 1120, suspends the payment of the installments and interest for a period of time arrived at by the discretion of the District Land Office. This moratorium is in recognition of the present sad state of Philippine economy. If those who bought the lands do fall behind in their payments, they receive a period of grace before they are evicted from their land, also at the discretion of the District Land Office. However, it usually is between two to three years.

In case there are timbers of commercial value on homesteads or lands awarded by sale, a condition is inserted in the approval of the homestead or in the award in case of sale, to the effect that the timbers found on the land applied for are excluded. The Commonwealth Government disposes of the lumber through the Bureau of Forestry by issuing Forest licenses. However, if the homesteader or purchaser needs lumber for his own use he may apply for a free license from the Bureau of Forestry.

The minerals found on public and private lands are always subject to exploitation by Filipino and American citizens by securing a lease from the Bureau of Mines. The minerals are disposed of only by the "land holding" system following the "Regalian Doctrine." That is, the ownership remains vested in the state and the exploitation rights are granted to private persons or companies duly qualified under the jurisdiction of the Mining Act as administered by the Bureau of Mines.

d. Future - The future plans of the Bureau of Public Lands are mainly to expedite dispositions. The Bureau is in need of financial support to carry on its work, since it is running on an income one-fifth as large as its pre-war annual two million pesos. Estimated operating expenses requested from the Commonwealth Government are as follows:

|  |                    |
|--|--------------------|
| Reconstruction of the Bureau -----       | P23,485,000        |
| General cadastral survey of the Phil.--- | 65,000,000         |
| Extensive public land subdivision -----  | 10,000,000         |
| Subdivision of Friars' Lands -----       | <u>75,000</u>      |
| Grand Total . . . .                      | <u>P75,075,000</u> |

#### 14. Highways

The road system of the Philippines, although developed to some degree before the war, was far from adequate. Luzon had by far the best network, while the Mindanao road system was practically non-existent. Altogether, there were 23,500 km of roads in the Islands.

The following chart shows a breakdown of the roads by governmental unit and by class:

|                      | <u>First</u><br><u>Class Kms.</u> | <u>Second</u><br><u>Class Kms.</u> | <u>Third</u><br><u>Class Kms.</u> | <u>Total Kms.</u> |
|----------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------|
| National Roads ----  | 7,673.78                          | 3,134.13                           | 523.81                            | 11,331.72         |
| Provincial Roads -   | 4,485.86                          | 4,311.60                           | 3,032.00                          | 11,829.46         |
| City Roads -----     | <u>538.36</u>                     | <u>156.40</u>                      | <u>187.20</u>                     | <u>881.96</u>     |
| 1946 TOTAL . . .     | 12,698.00                         | 7,602.13                           | 2,742.01                          | 24,043.14         |
| 1941 Kilometerage-   | <u>12,475.10</u>                  | <u>7,798.40</u>                    | <u>3,223.00</u>                   | <u>23,496.50</u>  |
| Increase or Decrease | <u>222.90</u>                     | (196.27)                           | <u>520.01</u>                     | <u>546.64</u>     |

An uneven makery of roads existed after liberation for they had become little more than bumpy passages, and at best, a rough imitation of country roads in the United States. Completely ignored during the Japanese occupation, there was no maintenance or repair work done. Erosion during the rainy season, military traffic and shelling during the re-occupation by the American forces served to complete the wreckage of the system. Total damage to the road system has been placed in excess of P49,000,000.

The U.S. Army began, immediately after liberation, to repair and maintain the main supply and traffic routes needed for military purposes, and the Bureau of Public Works, through tools furnished by the Army and a P13,000,000 appropriation from the Commonwealth Government, worked along parallel lines.

However, the Bureau of Public Works, which has slowly shouldered the complete responsibility for the upkeep and development of roads, was precariously incapable of handling the complete job, since the main source of funds (through revenue on civilian vehicles, gasoline tax and oil tax) was cut from P18,000,000 to P3,000,000, and tools, machinery and material were lacking.

The outlook for the future is brighter, though. The Bureau has been buying graders, steamrollers and other heavy machinery from the FLC, and has acquired enough tools and material to start work on a larger scale. Revenues in excess of



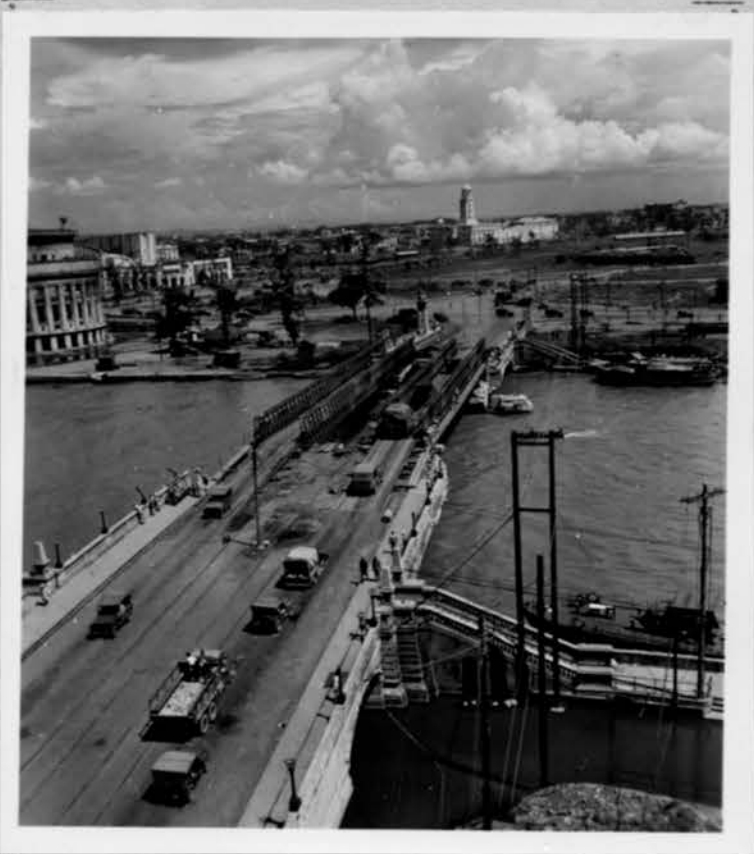
Repairing the streets of Manila is an endless job because of the scarcity of material and heavy equipment.



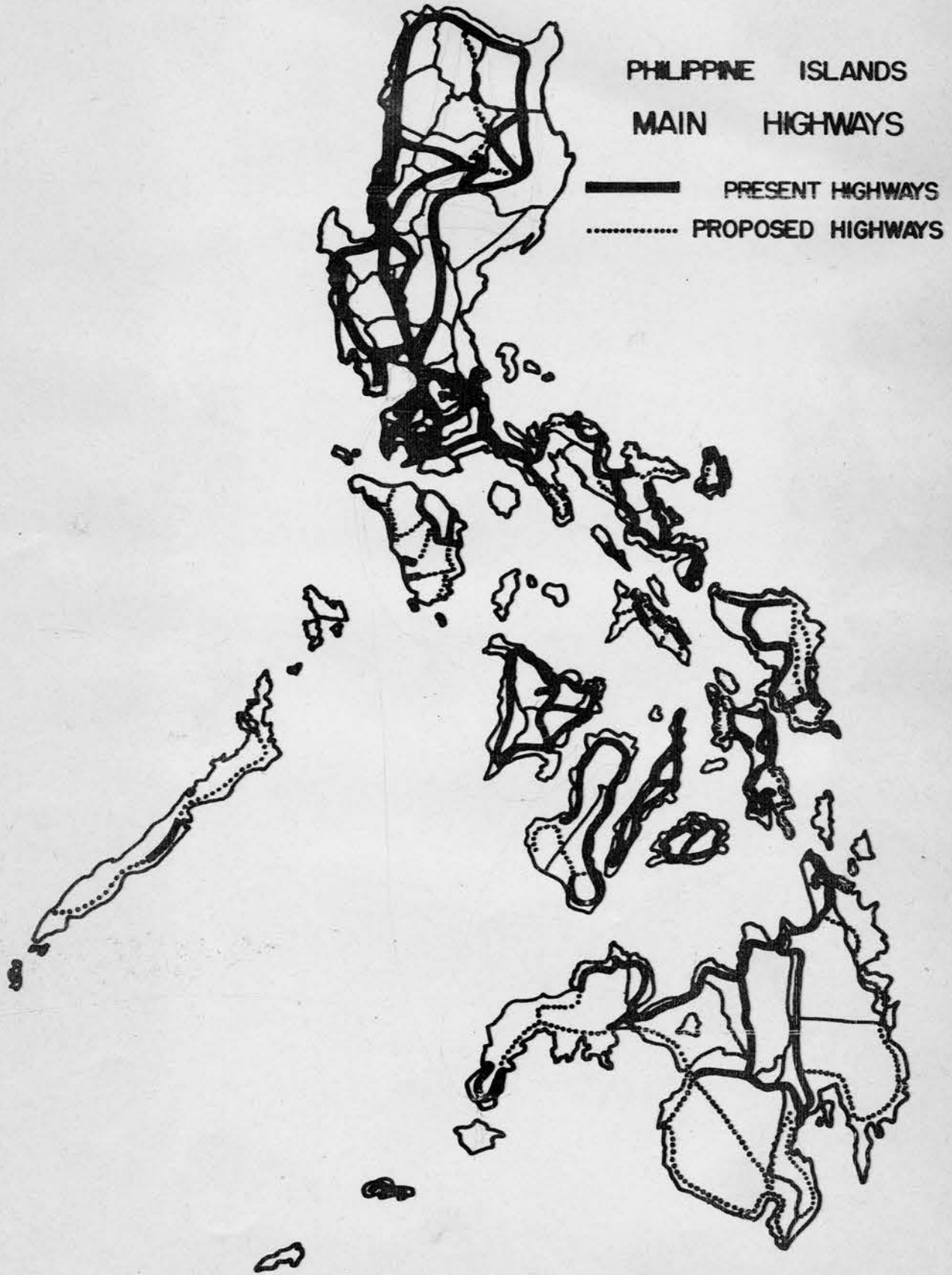
This bridge is typical of the many small, temporary bridges built by the Army.



This bridge is part of the National Highway system and crosses the Mariquina River. Its repair was undertaken to serve the Army depots in the Mariquina River district.



Jones Bridge as it is today. Note the Bailey bridge resting on the original ramps. Of the four bridges connecting North Manila and South Manila, all were destroyed. Each of them has been repaired temporarily, similar to Jones Bridge.



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the pre-war P12,000,000 are expected, due to the many vehicles in the hands of civilians and it is reported that the U.S. Government will apportion P100,000,000 to rehabilitate the public highways out of the monies of the Tydings War Damage Act.

Thus equipped, the Bureau is planning the replacement of some of the badly shattered main roads by modern concrete and it is also drawing up plans for the construction of new highways linking the cities and the sections of some of the islands heretofore isolated.

The bridges existing before the war were adequate in commensuration with the highway system. In the course of the fighting, 103,500 meters of bridges were destroyed. 180 of the 337 bridges in Luzon were knocked out and 700 bridges on the National Highways alone were blown up. Almost all major bridges were demolished. The total damage to bridges have been put at P23,000,000.

Army reconstruction has made 90% of the destroyed bridges passable again, though all repair has been of a very temporary nature. The permanent construction of bridges has been left to the Bureau of Public Works, which is planning to handle it in coordination with the reconstruction of the highways. It is estimated by Mr. Orosa of the Bureau of Public Works that it will require 25 years to rebuild the bridges, in comparison to the five years needed to reconstruct the old road system.

As indicated by the map, the main route from Manila northward extends up to Ilocos Norte Province and a second route cuts across into Nueva Ecija and Cagayan. Contemplated is the completion of the National Road from Ilocos around the northern tip of Luzon to Cagayan and Tayabas. Southward of Manila, although largely in bad shape, the main road is passable all the way down through Camarines to Sorsogon. Briefly, the rest of the Islands' picture shows that the route which the army traveled in the liberation battle have been repaired (and then worn down again by the constant travel of military equipment). Now, however, at least one main route on each island is passable except for Mindanao, which has little or no road network. On Panay, Antique's road network is shattered, but the highway from Iloilo to Capiz is passable and 1/3 concrete. Bohol has 1/3 of its roadwork in concrete, Leyte's roads are Army repaired and the main cities of Tacloban, Ormoc and Baybay are connected. Cebu's roads are passable. Masbate is equipped with a first class macadam network. Samar, outside of the area around Catbalogan does not have much in the way of passable roads.

#### 15. Ports

a. Pre-war Before the war, the harbors, piers and wharves at all ports of entry to the Philippines which were available for the berthing and use of commercial vessels engaged in foreign carrying trade were owned, administered and controlled by the Commonwealth government. The Philippine Archipelago was divided into nine Customs collection districts, corresponding to the nine entry ports of Manila, Cebu, Iloilo, Zamboanga, Davao, Jolo, Legaspi (now Tabaco), Aparri and Jose Panganiban.

These ports carried a grand total of foreign commerce from 1899 to June 30, 1940 of P13,681,622,067.

For the fiscal year, July 1, 1939 to June 30, 1940, the imports and exports of the Philippines through these ports were as follows:

|                                | <u>Value</u>                    |
|--------------------------------|---------------------------------|
| Import cargo unladen - - - - - | 2,184,088 tons - - P289,171,128 |
| Export cargo laden - - - - -   | 3,435,071 tons - - 226,824,008  |

During the same fiscal year (July 1, 1939 to June 30, 1940) the total number of vessels in the foreign trade entered and cleared at each of the ports of entry mentioned in the foregoing are as follows:

| Ports of Entry | ENTERED           |                        | CLEARED           |                        |
|----------------|-------------------|------------------------|-------------------|------------------------|
|                | Number of Vessels | Registered Net Tonnage | Number of Vessels | Registered Net Tonnage |
| Manila         | 1,302             | 4,992,193              | 1,304             | 4,996,757              |
| Iloilo         | 380               | 1,070,388              | 277               | 1,062,959              |
| Cebu           | 584               | 2,050,161              | 580               | 2,043,386              |
| Jolo           | 27                | 17,058                 | 27                | 17,058                 |
| Zamboanga      | 96                | 280,194                | 97                | 280,303                |
| Davao          | 72                | 266,026                | 91                | 332,187                |
| Legaspi        | 80                | 239,294                | 87                | 264,038                |
| Aparri         | 8                 | 26,516                 | 8                 | 26,516                 |
| J. Panganiban  | 151               | 514,922                | 154               | 522,605                |

Manila Harbor comprised an anchorage area of about 1,250 acres of Manila Bay, partially enclosed and well protected by a rock breakwater. The entire enclosed harbor area was about two square miles, but only a portion of this was dredged for vessels of deep draft. The estimated accommodation for 30 vessels in the anchorage area was for vessels of deep draft up to 25 feet at minimum depth in the dredged portion. The berthing accommodations for foreign vessels was as follows:

Overseas (piers) - - - - 11 berths - - - - 6,320 lineal feet  
 Coastal (wharf) - - - - 1 berth - - - - 750 lineal feet  
 Harbor (estimated) - - - 30 berths - - - - 1,000 lineal feet

b. Postwar The harbor facilities throughout the Islands are as follows:

| Province | Port     | Structures  | Berthing Depth at M.L.L.W. |
|----------|----------|---|----------------------------|
|          | MANILA   | SOUTH HARBOR: -   |                            |
|          |          | Pier 1 (now Pier 3) 80' x 550' with cargo shed 50' x 430' x 27'                                 |                            |
|          |          | Pier 3 (now Pier 5) 121' x 626' with cargo shed 60' x 550' x 22'                                | 30 feet                    |
|          |          | Pier 5 (now Pier 9) 160' x 674' with cargo shed 100' x 600' x 22'                               | 32 feet                    |
|          |          | Pier 7 (now Pier 13) 240' x 1400' with cargo shed 160' x 1254' x 32'                            | 35 feet                    |
|          |          | Marginal Wharf between piers 3 and 5 (now 5 and 9) 110' x 689' with cargo shed 82' x 656' x 22' | 29 feet                    |
|          |          | PASIG RIVER: -  |                            |
|          |          | Quay walls - 12,000'  | 18 feet                    |
| Agusan   | NASIPIT  | Rock causeway 20' x 312', cribwork approach 27' x 33', R. C. Wharf Approach 30 x 49'            |                            |
|          |          | R. C. Wharf 39' x 128'  | 26'                        |
| Cebu     | CEBU     | Marginal wharves, 5410'   |                            |
|          |          | Piers 1, 2, 3, each 109' x 510'   |                            |
|          |          | Cargo shed on piers 1 & 2 each 60' x 463' x 30'   | 30'                        |
| Mindoro  | CALAPAN  | Rock Causeway 30' x 296'  |                            |
|          |          | R.C. Wharf, 69' x 137' with cargo shed, 26' x 87'   | 20'                        |
| Batangas | BATANGAS | Rock Causeway, 20' x 777'   |                            |
|          |          | R.C. Pier, 30' x 289'   |                            |
|          |          | Cargo Shed 33' x 66' on reclamation area, 66' x 138'  | 20'                        |





Pier #7, Manila. This is a pre-war pier that is still in operation after repair by the U.S. Army.

| Province  | PORT               | Structures  | Berthing<br>Depth at<br>M.L.L.W. |
|-----------|--------------------|---|----------------------------------|
| La Union  | S. FERNANDO        | R.C. Wharf Approach 21' x 49'<br>R.C. Wharf 41' x 190'  | 10'                              |
|           |                    | NOTE: -<br>There is another structure, an R.C. Pier constructed and operated by the Manila Railroad. We have no data on the dimensions of this pier, but it is known that it can accommodate ocean-going vessels.                           |                                  |
| Leyte     | TACLOBAN           | R.C. Marginal Wharf, 1027'<br>Steel Sheet Pile Marginal Wharf, 1112'  | 20'                              |
| Davao     | DAVAO              | Rock Causeway 75' x 262'<br>R.C. Pier 74' x 326'  | 26'                              |
| Zamboanga | ZAMBOANGA          | Rock Causeway 52' x 361'<br>R.C. Wharf Approach, 43' x 535'<br>R.C. Wharf 39' x 797'<br>R.C. Landing 30' x 177'<br>Stair Landings 1371'<br>Port light and current indicator<br>Reclamation area   | 26'                              |
| Albay     | LEGASPI            | North Breakwater and R.C. Wharf, 41' x 636'<br>East Breakwater 820' x 16' at top  | 30 feet                          |
| Palawan   | PUERTO<br>PRINCESA | Causeway 23' x 427'<br>R.C. Wharf, 36' x 125'   | 20 feet                          |
| Sulu      | BATO BATO          | Rock Causeway 20' x 438'<br>Timber Wharf Approach 20' x 20'<br>Timber Wharf 34' x 87'   | 18 feet                          |
| Lanao     | ILIGAN             | Rock Causeway 36' x 308'<br>R.C. Pier 39' x 276'<br>Another Rock Causeway 36' x 348'<br>R.C. Pier 39' x 276'<br>Reclamation Area 36' x 65'<br>Cargo Shed 20' x 39'  | 28 feet                          |
| Surigao   | SURIGAO            | R.C. Wharf 30' x 394'   | 20 feet                          |
| Iloilo    | ILOILO             | ILOILO RIVER: -<br>Rock Jetties and Retaining Wall, 6560'<br>R.C. and Masonry Marginal Wharf, 7970'<br>Marginal Wall, 11,050'<br>Steel Sheet Pile River Wall, 3635'<br>GUIMARAS STRAIT: -<br>Marginal Wharf, 525'<br>Cargo Shed, 59' x 473' | 10 to<br>26 feet                 |

Military necessity dictated the repair and reconstruction of most of the damage done to these facilities. Warehouses and storage space adjacent to the piers and wharfs are still **destroyed** and are beyond use for the most part; this lack of storage space is a major factor in the bottleneck which exists today in Philippine ports.

Up to this time there are no official records which show how much the total value of war damages is. The piers, wharves and warehouses in Manila and in other ports of entry were damaged or destroyed by at least 90%. Practically all lighthouses were destroyed by the retreating Japanese. A few, however, have been restored by the United States Navy. The Bureau of Customs estimates that it will cost P2,000,000 to restore the lighthouse service of the Philippines.

The Bureau of Customs continues to function under the Commonwealth Government on a restricted budget pending consideration for expansion against its urgent needs. It is housed in its former offices in the Manila Customs house, which was not totally damaged by the war. The remains of pre-war piers are being used for berths of both commercial and Army vessels. In Manila these are piers 1-15 which were constructed or reconstructed by the United States Army shortly after liberation. Piers 13 and 15 are used exclusively by the Army and Navy for loading and unloading Army cargo today. All of these piers are located in the South Harbor. The domestic piers, which were being constructed before the war for the exclusive berthing of inter-island vessels are badly damaged but are being used by Army vessels. All the aforementioned piers are without cargo sheds. However, temporary sheds are being constructed at this time by the Bureau of Public Works to protect cargo from the impending rainy season.

The Bureau of Customs has placed a requisition before the Commonwealth Government for the acquisition of the immediate essentials and future needs of the Ports. One of these is the cutter service (for the enforcement of revenue and navigation laws, the maintenance of lighthouses, buoys and other navigational aids). FS-type ships were included in the cutter service requisition. They are also contemplating acquisition of more launches from the Army or Navy for harbor work in various ports of entry. The construction of more warehouses to clear the piers of cargo congestion has also been recommended.

16. Communications

a. Telephones Before the war, the Philippine Long Distance Telephone Company, under the management of Major J. H. Stevenot, established local telephone service in Manila and neighboring towns. He also extended the telephone service to various points in Luzon, Cebu, Iloilo, Davao and overseas--to Europe, Asia, and the United States. At present, the Philippine Long Distance Telephone Company is under the supervision of Mr. Ted Hall, Vice President, PLDT Co. The pre-war status of this company is indicated by its balance sheet as of 31 October 1941:

PHILIPPINE LONG DISTANCE TELEPHONE COMPANY  
BALANCE SHEET - OCTOBER 31, 1941  
(Unaudited and subject to adjustment)  
(This entire statement is in U. S. dollars)  
(Figures in thousands)

| A S S E T S  |                        | (000's omitted) |
|--|------------------------|-----------------|
| <b>INVESTMENTS</b>   |                        |                 |
| Telephone Plant -----  |                        | \$6,918         |
| Investment in Subsidiary Company (Davao Telephone Company, Inc.) ----- |                        | 109             |
| Sinking Funds -----  |                        |                 |
| Other Investments -----  |                        | \$7,029         |
| <b>CURRENT ASSETS</b>  |                        |                 |
| Cash -----   |                        | \$ 217          |
| Special Deposits -----   |                        | 2               |
| Accounts Receivable -----  |                        | 93              |
| Material and Supplies -----  |                        | 434             |
|  |                        | \$ 748          |
| <b>DEFERRED DEBITS</b> -----   |                        | 269             |
|  | Total Assets . . . . . | \$8,048         |



Port facilities at San Fernando, La Union, Luzon, P.I.  
Dock #2 is one of the longest docks in the Pacific.



The Q.M. jetty at Base K, Tacloban, Leyte, P.I. Only  
shallow draft vessels of the F-S type are handled here.

**LIABILITIES**

|  |                |
|--|----------------|
| <b>CAPITAL STOCK</b>                                       |                |
| Capital Stock - Common 100,000 Shares Authorized - 70,571  |                |
| Shares Outstanding - \$50.00 par value -----               | \$3,528        |
| <b>FUNDED DEBT</b>   |                |
| First Mortgage Sinking Fund Bonds (Authorized \$5,000,000) |                |
| Issued 6% 15-Year Series A Bonds Due July 1, 1953 -----    | 1,750          |
| Less -- Bonds Redeemed -----                               | 91             |
| Bonds Outstanding -----                                    | <u>\$1,658</u> |
| <b>CURRENT LIABILITIES</b>                                 |                |
| Notes Payable -----  | \$ 210         |
| Accounts Payable -----                                     | 107            |
| Other Current Liabilities -----                            | 9              |
|  | <u>\$ 327</u>  |
| <b>ACCRUED LIABILITIES NOT DUE</b>                         |                |
| Taxes Accrued -----  | \$ 76          |
| Unmatured Interest and Rents Accrued -----                 | 34             |
|  | <u>\$ 110</u>  |
| <b>RESERVES AND DEFERRED CREDITS</b>                       |                |
| Depreciation Reserve -----                                 | \$1,617        |
| Amortization Reserve -----                                 | 16             |
| Insurance and Casualty -----                               | 115            |
| Provident Reserve -----                                    | 110            |
| Deferred Credits -----                                     | 18             |
|  | <u>\$1,879</u> |
| <b>EARNED SURPLUS</b> -----                                | <u>543</u>     |
| Total Liabilities . . . . .                                | <u>\$8,048</u> |

An inventory and appraisal made by J. G. Wray & Co. of Chicago, as of 30 June 1940, plus net additions to 31 October 1941 at cost, discloses a gross valuation of \$8,715,000 exclusive of going concern value and construction costs.

Between 7 December 1941 and 2 January 1942, facilities and operations of the Company's property were taken over by the United States Army. Before 11 January, there was a \$600,000 fire which destroyed the Company's main warehouse and its contents. During the retreat of the Americans in December, several small outlying exchanges were dynamited. Mr. H.P. Mahoney, experienced in telephone engineering, in operating matters and in construction of telephone plant was sent to Manila in May, 1945. He reported that 90% of the plant of the PLDT Company has been destroyed. Upon his findings, the Company is claiming a loss of \$7,800,000 plus the revenues from December 1941 to a date to be determined. The claim apparently is based upon gross appraised value rather than book value.

At this time, the Philippine Long Distance Telephone Company is negotiating with the Commonwealth Government to work out a program to resume civilian service. The Company's present franchise covers both local and long distance telephone service. As a necessary precedent to the securing of several million dollars to rebuild its property, the PLDT Company will have to make a new agreement with the Commonwealth Government. At present, the PLDT Company works under a franchise granted by the Philippine Legislature. The PLDT Company is one of the few privately owned communication ventures in the Islands.

It may be that the Republic will refuse to extend the present franchise. A new agreement will be necessary. Such an agreement will necessarily cover the following points: the sequence in which rebuilding operations will take place, the length of time necessary for completion, and agreement that the telephone concession will not be claimed to be forfeited as a result of the war.

However, if the Commonwealth Government wishes to own telephonic communications, the PLDT Company will sell what remains of the business and build the new

plant to government specifications for cash or on some other agreed basis. If the Government wishes the Company to rebuild, but wishes to have an option to purchase at any time on an agreed basis, that also will be satisfactory to the PLDT Company. In any event, not much will be done to further rehabilitate the Company until the United States Government meets the claim and the Philippine Government makes known its policy.

b. Posts, Radio, and Telegraph The Philippine government maintains direct supervision over these three types of communication. They are, for the most part government operations or are maintained by instrumentalities of the Commonwealth.

Prior to the war, the Bureau of Posts operated 1,062 post offices, of which 492 were First Class, having telegraph or radio, money order, and postal savings bank services. 407 were Second Class post offices, with money order and postal savings bank services. There were also 23 Third Class post offices with only postal savings and bank service. The Bureau's roster of 31 December 1937 included 4,711 officials and employees. In addition, the Bureau operated 37 postal stations. At the close of 1937, there were 822 post offices with free delivery service.

The bulk of the mail was transported by trains on the islands of Luzon, Panay, and Cebu over the lines of the Manila Railroad Company and the Philippine Railroad Company. Mails were also carried by motor trucks and by steamer, motor boat, launch or sailboat, and airplane. There were 207 dispatches of mails from, and 130 sent to the United States in the year prior to Pearl Harbor. Other pertinent statistics are as follows: insured parcels from the U.S. and possessions, 33,541; dispatches by Clipper mail to the U.S. and way stations, 181,314 letters; 579 dispatches of 10,627 bags sent to, and 671 dispatches of 17,899 bags received from, foreign countries.

The air mail service between Manila and Hongkong was inaugurated by Pan American Airways in April 1937, a few months after inauguration of the Manila-Alameda, California, Clipper service. Some 8,302 letters weighing 107 kilograms were dispatched by Clipper to Macao, Hongkong, and Canton during the first eight months.

At the close of 1939, there were four local airmail routes namely: Manila-Baguio, Manila-Davao via Iloilo and Cebu; Manila-Legaspi via Paracale and Naga and the Iloilo-Bacolod route. It was possible by air mail for a letter posted in Manila to reach Baguio in one hour, Paracale in one hour and fifteen minutes, Naga in one hour and 55 minutes, Legaspi in two hours and 25 minutes, Iloilo in two hours, Cebu in three hours and 30 minutes via Iloilo, and Davao in 24 hours via Iloilo.

The Bureau also operated 543 telegraph offices, including 105 radio stations. The telegraph wires had a total length of 14,205.41 kilometers; there were also single-wired submarine cables with a total length of 653.674 kilometers. In addition, there were three broadcasting stations in Manila. They were: KZIM (Radio Manila), KZEG and KZIB. The Bureau of Posts sometimes also used the facilities of the United States Naval Radio Station at Cavite. A radio service between the Philippines and British North Borneo was maintained through Radio Zamboanga and Radio Sandakan.

The postal system of the Islands suffered severe damages during the war, but have been fairly well rehabilitated. To date, 1,022 post offices have been reopened. All postal services have reestablished except postal savings banks and domestic money orders. Money order forms are being printed and the service will be reopened as soon as the forms arrive at the Bureau of Posts. Postal savings banks have reopened only in Manila. As soon as the forms needed are obtained and provincial offices can be furnished with iron or steel safes for safe-guarding funds, the service will be reopened in provincial post offices as well. It shouldn't take long to completely rehabilitate the postal system. All plans are made and when equipment is obtained, the operators will be standing by and the net work of posts can be completely re-installed.

At this time there are 13 radio stations in operation, managed by the Bureau of Posts, in addition to the United States Army and Navy stations. There are 19 telegraph offices in operation, operating with 594 miles of telegraph lines.

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The Bureau of Posts plans to reconstruct and operate radio stations and telegraph circuits existing before the war as soon as equipment and materials requisitioned become available. They plan to modernize the system by the installation of as new and as up-to-date equipment as possible. They also plan to adopt the most modern method of handling traffic.

c. Cables - Before the war, there were five foreign cable companies operating between the Philippine and foreign countries, namely: the Commercial Pacific Cable Company, Eastern Extension Cable Company, Philippine Press Wireless, RCA Communications, and Mackay Radio and Telegraph Company. Radio communication companies included the Eastern Extension Australia & China Telegraph Company, Globe Wireless, Ltd., Mackay Radio and Telegraph, and RCA Communications, Inc.

The Commercial Pacific Cable Company's operations were brought to a standstill shortly after the war began, because the cable was broken in two places. One was on Guam and the other where it came ashore in Manila at Vito Cruz and Dewey Boulevards.

In the near future, the Commercial Pacific Company will reconstruct an underground cable from Vito Cruz and Dewey Boulevards, where the cable comes ashore to the Chaco Building at Rosario and Cervantes, where their office is located. At the present time they are using three discarded army telephone lines. However, as soon as a cable can be secured they will have their pre-war facilities once more.

## 17. Transportation

a. Shipping - Prior to 8 December 1941, there were 160 steamers, motor vessels and auxiliary schooners engaged in inter-island trade owned by Filipinos. These ships were mostly passenger-cargo class. Among them were 4 express-passenger ships with speeds ranging from 19 to 20 knots and carrying from 30 to 75 regular first-class passengers and from 330 to 450 deck passengers. Also among them were 60 vessels with speeds ranging from 10 to 14 knots and ranging in size from 300 to 3,000 deadweight tons.

Of this fleet, only the S.S. Mactan remains. It is a vessel of approximately 2,500 tons capacity, but it has recently been condemned. Since August 1945, all inter-island shipping has been operated by the War Shipping Administration through their agents. Of these, the American President Line and the Everett Steamship Company are the most important.

The American President Line is operating 22 FS boats, with a capacity of 200 ton loads, 5 F boats with a capacity of 60 ton loads (these boats are on allocation to the W. S. A. from the U.S. Army), and the following vessels owned by the W. S. A.: 2 CI-M-AV type vessels (4,800 tons each), 1 steam schooner (1,500 tons) and 1 N-3 type vessel (2,000 tons). The Everett Steamship Company is operating 15 FS type vessels with a capacity of 200 tons each. They also operate 2 CI-M-AV vessels owned by the W. S. A.

Independent Filipino companies are operating 6 F boats, 2 boats with a capacity of 150 tons each, and 8 other craft from 25 to 60 tons capacity.

No vessels currently operating in inter-island trade can substitute for the pre-war speedy express-passenger vessels. The nearest thing to these would be the CI-M-AV diesel type. One of this type, the M. V. Masthead, accommodates 800.

The larger vessels run regularly to the following ports: Manila, Iloilo, Cebu, Zamboanga, Davao and Tacloban. The smaller vessels run regularly to Palawan, South and South-east Luzon, Leyte, and islands neighboring Luzon, and periodically to Surigao and Jolo. The following ports are capable of facilitating inter-island shipping but are not at present ports of call: Legaspi, Tabacco, Aparri, Jose Panganiban, Pedupandan, Siasi, Cotabato, Hondagua, and Malanges. There is no direct shipping from Cebu to the Visayas or Mindanao, a much-traveled route in pre-war days.

[REDACTED]

The sale of surplus U.S. Army and Navy vessels and marine equipment by the Foreign Liquidation Commission in Manila has played a big part in rehabilitating Philippine shipping. An exact list of vessels and equipment sold by FLC is not available. However, some indication of FLC's help can be obtained through its cumulative sales figures from 1 November 1945 through 1 June 1946. In this period, more than \$8½ million was actually realized from sales in Manila on vessels and equipment which cost the U.S. close to \$271½ million. Of this amount, it is estimated that 63% was to operators in the Philippines, or sales of about \$5 and 1/3 million of vessels and equipment which originally cost about \$171 million.

On the other hand, many Filipinos are attempting to obtain vessels directly from the U.S. Army. According to a report released by Mr. Jose S. Reyes, former Secretary to former President Osmena, the following items have been requested: 3 CI-M-VI diesel vessels, 50 FS Army supply vessels (design 381) for commercial use, 12 CI-M-VI diesel vessels (design 330) for Commonwealth Government use, 30 L.C.M.'s, 10 Army "J" boats, and the restoration of lighthouses, buoys, beacons, and navigational aids.

The Tydings Bill provides for reparations on a liberal scale for lost vessels. However it makes no provisions for reparations for inter-island shipping. Yet when this is amended, ship-owner's may be forced to pay a high price for vessels not adaptable to their needs. This uncertainty and the uncertainty caused by a lack of knowledge of post-war operation costs have made the future of inter-island ship owner very uncertain.

b. Motor Transport and Street Cars - At the outbreak of the war, the Philippines boasted of land transportation equal to that found anywhere in the world. Over most of the main arteries of travel, buses were operating at ten-or fifteen-minute intervals, and in more remote places at, or about, twenty-or thirty-minute intervals. There were some 7,500 passenger buses operating throughout the Philippine Islands, their carrying capacities ranging from 30 to 50 passengers. There was a somewhat larger number of trucks operating with a very efficient freight transport service. The equipment used was mostly Fords, Internationals, Chevrolets, Dodges, and GMC's, respectively. The bulk of these operations was in the hands of about a dozen of the larger transportation companies, most of which were under American management. All of these were members of the Philippine Transit Association.

More than 110 trolleys were operated by the Manila Railroad Company in Manila itself. The line had been built up since 1903 when Meralco took over a Spanish company of horse-drawn trolleys. Street car tracks connected all principal parts of Manila and its suburbs.

At the outbreak of the war, practically all the operators of buses and trucks turned over their entire equipment to the Army for the transportation of personnel, equipment and supplies. None of this equipment was ever returned. Most of it was destroyed by the Japanese, left in some isolated place to rust, or was dismantled and sent to Japan. By the end of the war, none of this equipment could be recovered.

Manila streetcars were destroyed. The Japanese used street car bodies in strategic positions throughout the city and on the piers as improvised forts. They dismantled the motors and sent them to Japan. Consequently, the bodies were destroyed by United States artillery and small arms fire and the motors never were recovered.

Total estimated damage to both motor and power transport vehicles is estimated to be roughly P20,000,000.

Most of the pre-war operators of motor transports are now operating on a much reduced scale, partly with equipment secured from the United States Army and partly with equipment purchased from local importers. However, on the average, they are operating less than one-fourth of their pre-war number of buses and trucks.

The country, meanwhile, has become flooded with a varied assortment of motor vehicles released for sale by the United States Army from its surplus stocks.



The pre-war operators cannot avail themselves of this miscellaneous rolling stock since it would not be suitable for the type of service they are expected to render. However, much of this stock has fallen into the hands of individuals not previously engaged in, or connected with, the transportation business.

The financial backers of this new jitney business are reputed to be persons who, through shrewd manipulation in the black market since the liberation and in buy-and-sell activities during the Japanese occupation, have managed to acquire sufficient capital with which to buy this equipment and put it to work in the transportation business. These operators are merely in the business for what they can get out of it, while the demand for organized transportation is keen. Due to the lack of proper control and supervision prevailing at the moment, they find it very lucrative to operate when, where and however they please, charging whatever the traffic will stand for their services.

This flood of motor vehicles in a country destroyed by war has one major source: the U.S. Army. Undoubtedly, some of the vehicles now being operated as jitneys were stolen from the Army. Theft of Army vehicles was at an alarming rate in the latter months of 1945 and early months of 1946, reaching a peak of over 1,200 vehicles stolen in one month in Manila alone. Also, U.S. Army vehicles were sold as surplus by FLC. It is estimated that between 1 November 1945 and 1 June 1946, surplus vehicles originally costing more than \$88 million were sold for over \$8 million to people in the Philippines. The number of vehicles in these FLC sales is unknown. However, some meaning in the \$8 million total might be gained in the following table of usual FLC prices in Manila:

|                            | Good<br>Used | Fair<br>Condition | Poor<br>Condition |
|----------------------------|--------------|-------------------|-------------------|
| Jeep -----                 | \$ 650.00    | \$ 450.00         | \$300.00          |
| Command Car -----          | 812.50       | 562.50            | 375.00            |
| (Weapons Carrier) -----    | 1,105.00     | 765.00            | 510.00            |
| 3/4 T. Ambulance) -----    | 1,170.00     | 810.00            | 540.00            |
| Pers. Carrier ) -----      |              |                   |                   |
| 2 1/2 T. Truck (varies) -- | 1,587.50     | 1,052.50          | 705.00            |

At this time there are no street cars operating in Manila. It is contemplated that the street car system might be done away with and that buses will replace them.

All of the pre-war bus and truck operators plan on rehabilitating their business as soon as sufficient units are made available. They expect to re-establish their pre-war status at least by the end of 1947, according to the Philippine Transit Association. If they accomplish what they have set out to do, they will be one of the first industries in the Philippines to have recovered so quickly.

c. Air Lines -- Prior to the outbreak of the war, Philippine Air Lines had three airplanes, along with airplane spare parts, spare engines, accessories, engine tools, shop tools and equipment, and ground installations worth P302,248.38. The planes were as follows: one twin engine Beechcraft Airplane NPC-56 worth P115,574.19; one twin engine Beechcraft Airplane NPC-54 worth P75,000; and one single engine Beechcraft Airplane NPC-49 worth P20,000. They made fairly regular runs in the inter-island traffic, mainly between Manila and Davao.

Far Eastern Air Transport Incorporated (formerly known as Iloilo-Negros Air Express Company) had four airplanes. Three were engaged in regular inter-island traffic, and one was engaged in the run between Panay and Negros Islands.

The war damages of both the PAL and FEATI were very extensive, including all of their planes and practically all supplies and equipment. On 11 December 1941, in compliance with the orders of the High Command, United States Army, and by reason of military necessity, all aircraft, aircraft spare parts, accessories and equipment, airports and hangars and all ground installations were requisitioned by and for the use of the United States Government and representatives of the U.S. Army Air Force took possession of same. Two of PAL's aircraft were destroyed near Manila, the third one was destroyed to avoid its capture by the Japanese. The total value of these planes is reported to have amounted to P210,514.19. FEATI's planes were lost 18 December 1941, in the Japanese bombing at Iloilo. The value of these four planes is reported to have

amounted to P207,300. Total estimated loss to the infant air transport industry is placed at P1,750,000.

At present, PAL has 7 C47's on hand, 2 C45's and 4 C47's ordered from the Foreign Liquidation Commission. The C47's have a carrying capacity of twenty-six passengers, while the C45's have a carrying capacity of five passengers. They are running regular routes as follows: Manila, Naga, Legaspi, Tacloban, Cebu, Tagbilaran, and return; Manila, Baguio and San Fernando and return, (the C45's go to Baguio and the C47's fly to San Fernando); and Manila, Tagabag, Balabasteros, Tuguegarao, and return. Their fares are the same as their pre-war fares, approximately twenty centavos per passenger mile and P2.40 per freight ton mile. Twenty-eight per cent of the stock in PAL is owned by Trans-World Airways, thirty-four per cent by the National Development Corporation, sixteen per cent by numerous American interests, and the remaining stock owned by Filipino interests (including Soriano & Company, Elizalde and Company, and de la Rana Steamship Company).

FEATI is now operating twenty-three airplanes, and awaiting delivery and licenses on an unknown number of others. The Commonwealth Government permitted it to reorganize in November, 1945. It is now a closed corporation, controlled by the National Development Corporation.

The future plans of the air lines depend almost entirely on how many airplanes and equipment they will be able to obtain from the United States Army and private sources. Between 1 November 1945 and 1 June 1946, FLC sold planes and equipment originally costing about \$13½ million to the Philippine air lines for nearly \$3 million.

FEATI has purchased two four-motor C54's that are awaiting delivery in the United States. These C54's will be put on a Hongkong run. FEATI plans to establish runs to Singapore and Batavia later. PAL has plans of runs to Shanghai and Hongkong. Approval of these runs has been requested from the Bureau of Aeronautics and the decision is pending. It seems fairly certain, however, that American interests are seeking to make Manila a vital link in international airways and for this reason alone, Filipino companies should progress.

d. Railroads - During the period from 1917, when the Philippine Government acquired ownership of the Manila Railroad, to 1941, many millions of pesos were invested to make the Manila R.R. a first class line. It was well maintained and rendered an absolutely indispensable service to the people of Luzon. Its funds were derived from surplus earnings of the Company and from purchases of additional capital stock by the Government. One of the most important pre-war improvements was the construction of the line connecting the Legaspi division to the Main Line South, completed in 1938. This construction covered about 110 kilometers of line between Aloneros, Tayabas, and Pamplona, Camarines Sur. Other notable improvements at the hands of the Government were the acquisition of new rolling stock (locomotives, passenger coaches and freight cars), the replacement of wooden bridges with permanent concrete and steel structures, grade rectification, construction of numerous new station buildings, installation of storage tanks for fuel oil and water, practically complete replacement of wooden poles with concrete and steel poles for carrying communication wires, the acquisition of a large fleet of auxiliary highway transportation units and other improvements. In 1941, the rolling stock consisted of 159 locomotives, 208 passenger coaches, 65 motor cars, 100 motor car trailers and baggage trailers, 94 express and baggage and brake vans, 1978 freight cars, and 101 other service stock cars.

Due to military expediency on 14 December 1941, the Manila Railroad was requisitioned and placed under military control by command of General MacArthur. On 30 December 1941, the General Manager of the Company received a letter from USAFFE Headquarters directing that the military authorities be permitted to disable or destroy such items of rolling stock, shop equipment, and right-of-way facilities as were necessary to the execution of military operations pertaining to the defenses of the Philippines. The carrying out of this order resulted in very extensive damage and destruction to the railroad property. Bridges were blown up, shop machinery disabled, and rolling stock collected and burned. The damage resulting from the "scorched earth" policy was later augmented by lack

of maintenance during the Japanese regime, by the intensive air raids of American aviation in 1944 and early in 1945, and by guerrilla activities, looting and sabotage. A rough estimate of damage and losses sustained aggregate over fifty million pesos. The following are figures of estimated damage or losses covering some of the more important items:

|   |            |
|---|------------|
| Locomotives -----                             | P7,144,700 |
| Passenger coaches -----                       | 4,692,000  |
| Freight cars -----                            | 5,335,600  |
| Rail motor cars and trailers -----            | 1,366,500  |
| Shop and engine house equipment and tools --- | 1,027,300  |
| Bridges -----                                 | 3,000,000  |
| Trucks, buses & other highway equipment ----  | 1,800,000  |
| Tires and rails -----                         | 2,049,840  |
| Buildings -----                               | 1,900,000  |
| Telegraph & telephone lines & equipment ----  | 1,147,350  |
| Accounts receivable -----                     | 1,150,000  |
| Materials and supplies -----                  | 3,500,000  |

Today, the Manila Railroad Company, a Commonwealth Government Corporation is no doubt the largest domestic corporation, representing an investment of over one hundred million pesos. Its railways are confined to the island of Luzon, extending from San Fernando, La Union, in the north to Legaspi, Albay, in the south, with a number of branches serving areas away from the main line. The more important branches are the Paniqui-San Quintin, Tarlac-San Jose, Bigaa-Cananatuan, San Fernando-Carmen, Calamba-Batangas, College-Pagsanjan, to mention a few. The main and branch lines in operation are estimated to be about 2,000 kilometers. During the occupation, the Japanese forces built an extension from San Fernando, La Union, to Sudipen, Ilocos Sur. The United States Army, after it regained control of the Railroad in January 1945, built a branch line from Manatid to Canlubang.

The United States Army also brought the following items of rolling stock now being used by the Railroad:

- 43 Steam locomotives, oil-burning, "Mikado" type, 60-ton
- 10 Diesel-electric locomotives 0440, 45-ton
- 722 Gondola cars, 30-ton capacity, high sides
- 100 Tank cars, 5,000-gallons capacity
- 100 Box cars, 30-ton capacity
- 18 Flat cars, 30-ton capacity
- 2 Steam wrecking cranes, 75-ton

In addition to this equipment the Railroad owns: 90 locomotives, 65 passenger coaches, 37 motor cars, 39 motor car trailers and baggage trailers, 24 express and baggage and brake vans, 940 freight cars, and 17 other service stock.

On 1 February 1946, the formal transfer took place when the United States Army turned the Railroad back to Philippine Government control. Any large-scale program of rehabilitation of the property will depend on the providing of funds through the settlement of war damages. This will take time. Meanwhile, with the equipment brought in by the Army and the old Manila Railroad rolling stock available, the Company will be able to handle quite a large volume of traffic. The rate basis in line with higher charges for goods and services now prevailing has been increased over pre-war passenger and freight rates and this will tend to offset the increased cost of labor and materials.

#### OTHER UTILITIES

##### 18. Electricity and Gas

Through the efforts of the United States Army all of the Philippines' principal cities have some electric power at their disposal. But as yet, only 40% of the Islands' 204 pre-war power plants are operating.

With Manila as a sample city, the power picture shows a drop in the amount of power being used and a decided increase in cost. Pre-war Manila drew its

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power from two plants, one operated by the National Power Corporation, a government entity, at Lumang, Laguna and one operated by Meralco at Botocan Falls, Laguna. Prices have jumped 25% in post war Manila, but the amount of power has been cut almost in half. The National Power Corporation is able to provide only 10,000 KW with only one of the three pre-war units operating. However, because Meralco's Botocan Falls plant is completely unable to function, the remainder of the 27,000 KW being used in Manila is coming from a U.S. Army floating barge in Manila Bay.

Elsewhere in the islands, even the pre-war electric network was far from complete. Several large private concerns operated diesel plants on Panay and other southern islands, and mining interests furnished hydroelectric power on northern Luzon. Outside of these operations and other individual plants, valued in all at P57,000,000, the greatest part of lighting was furnished by kerosene and coconut oil.

War damage, according to the Public Utilities Bureau, was 60% in large cities and 30% damage to the smaller outlying plants. At Iloilo, where diesel powered plants had been operating, production is 40% of pre-war power, one year after liberation. The problem of installing meters, outlets and connections is a difficult one since there are few supplies on hand.

The National Power Corporation is planning to open two small plants by floating a bond issue later this year. But the corporation estimates that there has been P2,200,000 damage to the industry, and it must await funds from the Tydings-Damage Act to supply transformers, wire and installation equipment. Of interest is the Philippine Power Company which, operated by a discharged American soldier with local Filipino assistance, is supplying the Laguna area with all of its power.

As yet, purchases of equipment from FLC have been negligible, because the small Filipino-owned plants cannot afford the goods, and the government has not enough money to make the lot purchases either. In a poll taken recently, it was discovered that out of 225 wage-earning families, 155 are using kerosene, and 70 are using coconut oil.

The one German-operated gas corporation in the Philippines before the war situated in Manila and operating on imported coal, was effectively demolished. During the fighting, all pipes were blown up, and there has been no re-building of the concern by its original owners. Neither public nor private concerns have expressed interest in taking over the gas industry.

#### 19. Waterworks. Irrigation Systems and Ice Plants

a. Waterworks - The water-works system of the Philippines is classified into two main categories. The Provincial system, consisting of numerous small systems, and the Metropolitan Water District, which supplies the city of Manila and the surrounding suburban districts.

The Provincial system was valued at P20,000,000 pre-war, and the Metropolitan Water District at P30,000,000. The MWD supplied 56,000,000 gallons per day and had a total of 60,000 meters installed. It had several dams (Novaliches, Ipo, Angat, Montalban) and a modern filtering station (the Balara Filter Plant). In the Provincial system, there are many small dams, and a few larger ones (Cebu System Dam, Capiz Dan, Leyte System Dam), all of which are operating at present.

During the occupation, the Japanese looted a lot of the machinery, with particular attention to pumping units, and damaged what they could not use. In the fighting around Manila, the Japanese blew up several sections of the main pipe, the aqueduct, and the reservoir before retreating. Damage to the Provincial system: 20% to 25%. Damage to the Metropolitan Water District: 50%. Total monetary damage to the Provincial system is estimated at P9,750,000 and to MWD it is estimated to be about P19,500,000 at 1946 cost.

Through the help of the 6th Army, the MWD put back in operation, producing 31% more water in June 1945 than it had before Pearl Harbor. The MWD at

present is supplying 70,000,000 gallons of water daily. As there are many untraceable leaks in the main pipes, and almost all of the plumbing is faulty, there is a great loss of water. The large increase in the population of Manila has forced the MWD to make plans for expanding the water system. This planning as well as extensive reconstruction is severely handicapped by the lack of funds and equipment. Funds are expected from the Tydings-War Damage Act.

b. Irrigation Systems - Organized irrigation systems covered 508,000 hectares of land before the war, and were best developed in the "rice bowl" provinces of Iloilo, Ilocos Norte, Tarlac, Nueva Ecija, La Union, Bulacan, Pampanga, Ilocos Sur and Antique. There were over 500 private, 12 large government and several municipal systems. A breakdown shows that the government irrigation serviced 86,000 ha., the municipal 5,000 ha., and the friars, who serviced their own lands, 24,000 ha. Private canals and dykes supplied 393,000 ha. with water.

War damages, estimated incompletely at over P2,000,000, have reduced the irrigation system to 50% of pre-war efficiency, and have completely knocked out the whole system in Antique Province. Eight of the twelve government projects were blasted by the retreating Japs. An P800,000 appropriation has been requested to rebuild the dikes and to have the canals reset. A re-survey is planned, and construction of 14 systems will begin when funds and materials become available.

c. Ice Plants - The manufacture of ice, important in the tropical Philippines, was a well-developed P5,000,000 industry before Pearl Harbor with pre-war production at 960 tons daily. Damage to the plants is estimated at 80%. The value of presently operating plants is P1,000,000. Their production, augmented by mobile Army units, is now 214 tons daily or 22% of pre-war production.

Immediate rehabilitation prospects are black, because of the lack of construction material and the high cost of building. A majority of the ice-plants were owned and operated by small business-men, who do not have the capital, at present, to institute an extensive rebuilding program.

#### GENERAL WELFARE

##### 20. Public Health and Hospitals

AFWESPAC and Philippine medical authorities are equally optimistic about the Philippine health situation. Statistics compiled during 1945 and early 1946 show that there have been no epidemics of the dangerous communicable diseases such as cholera, bubonic plague, smallpox or the like. Although there have been localized cases of dysentery, measles, and other minor diseases, the situation has been inevitable when the extent of malnutrition reached during the Jap occupation and liberation is considered. Venereal disease is still a great social problem. But the ever present and historic diseases of malaria and tuberculosis are still the ones to be most strongly combatted.

Tuberculosis normally takes 35,000 Filipino lives yearly, with an average of 21.11% of cases in Manila alone. Control of the disease has been a prime concern always, and the 1,500 bed Quezon Institute in Manila and other sanatoriums established by the Tuberculosis Society were a great step toward that control. But today, after almost a year's use by the U.S. Army, the Quezon Institute has just resumed functioning, with only 200 beds in operation. It is now the only TB hospital operating in all the Archipelago.

All Philippine provincial hospitals suffered greatly during the liberation struggle. Although there are 46 General Provincial hospitals in operation now they are far from effective. All of Manila's 27 pre-war hospitals are operating but at reduced bed capacity (857 as against a pre-war 2,075). Commonwealth officials estimate a P6,156,000 loss in damages to Philippine public hospitals.

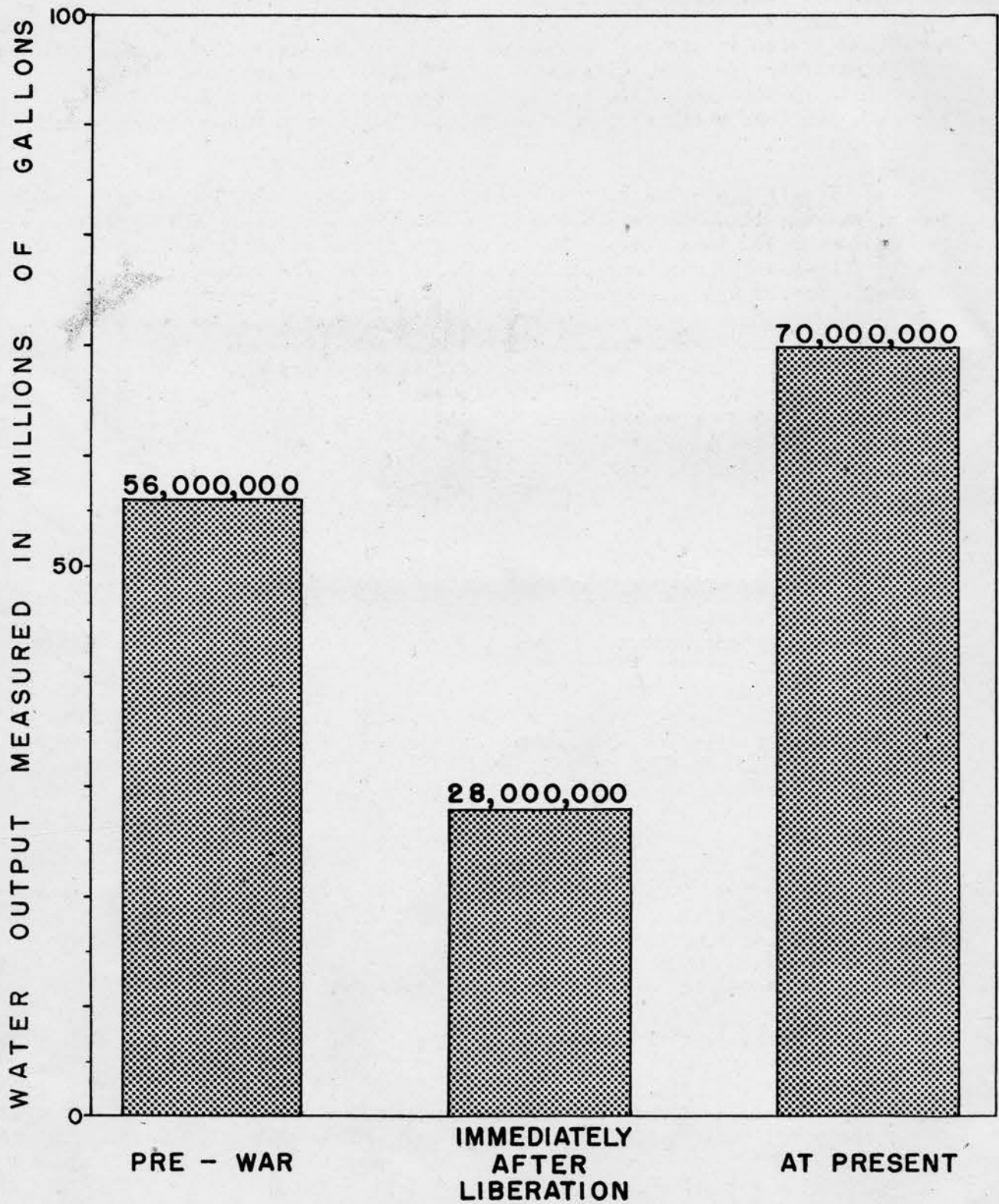
Lack of equipment and medical supplies is not too hazardous. The U.S. Army as it evacuated areas, left hospitals and supplies which were turned over to the Filipinos. Money for operating expenses seems to be the problem, with rebuilding a secondary concern.

# WATER

# OUTPUT



## WATER MADE AVAILABLE PER DAY



[REDACTED]

To meet the emergency, the Commonwealth has been offered a four year rehabilitation program by the Bureau of Health, calling for P187,934,818, which is broken down as follows: 108 million for general sanitary engineering construction; 12 million for malarial prevention, 9 million for leprosy; 8 million for reconstruction of hospitals and dispensaries; 7 million for anti-TB work; with the balance to be devoted to health education, child welfare and nutrition.

The Philippine Army has also mapped an extensive hospital campaign. At present it has two 500 bed General Hospitals, ten 25 bed station hospitals, one malaria survey detachment, two malarial control detachments, a depot company, and a central lab and school for medical service personnel.

The disease situation as presented in the April 1946 report of the Bureau of Statistics shows TB on a slight decrease, although still alarming. 15% of the 5,931 examined showed an incidence. Venereal disease is still high with a report of 7,559 examined on Luzon, and an incidence of 1,124 gonorrhoea, 679 syphilis and 15 chancroids.

The leper colonies have been rounding up their escaped members, rebuilding and opening anew. The Commonwealth has made provisions so that the colonies once again get regular food supplies. 42 puericulture centers have been established in the provinces, and report an especially high birth-rate in the Visayas.

Sanitation is improving, with distinct efforts being made to collect garbage regularly, disposal of human waste and reestablish general sanitary habits. There have been few flies in Manila and other large cities; and although there are rats, they have not been disease bearing. A diligent watch is kept in Manila Harbor so as to prevent ship rats from contact with the land rats and transmit any disease. The U.S. Army carried on an active campaign against insects and rodents while Manila was crowded with troops. At regular intervals, Air Force planes would spray the city liberally with DDT.

The Commonwealth is seeking to get 25 bed hospitals wherever and whenever possible. Its P3,779,500 appropriation is very small but the government is in the market for health and intends to do as much as possible with so small an amount. Ten mobile health centers travel throughout the provinces and around Manila; 24 mobile malarial control units are in circulation, and with the help of the U.S. Public Health Service, vaccinations have been fairly complete and very effective.

## 21. Public Welfare

After 15 months of liberation, both urban and provincial sections of the populace are still needy and in many cases desperate from the economic standpoint, according to welfare and PRRA officials. Food and clothing are primary wants, but an increase in wages to meet the higher cost of living is also a factor. Food and clothing will, for a while, have to come in the form of outside help. The wage matter has already been alleviated to some extent (brought about mainly by strikes in almost every industry for higher wages, especially in the fields of transportation, public works, dockwork, and rope manufacturing). The U.S. Army had a survey made and recently granted a wage increase of its own.

The Bureau of Statistics estimates place the cost of living at  $6\frac{1}{2}$  times the pre-war level, while real wages are only  $\frac{1}{3}$  the pre-war amount. The value of the peso as of the last week in May 1946 stood at 18.46 centavos. Statistics showed the 42% of the families surveyed have additional earners other than the head of the family. Consequently, the problem of juvenile delinquency has increased greatly and the problems of moral and physical demoralization have gone hand in hand with juvenile delinquency. Filipinos have been found to be working 16 to 18 hours per day on two distinct jobs...perhaps a day shift with the army and a night shift somewhere else.

In Manila, an estimated 70% damage to structures left 50,000 homeless and a visible 70% without support. Army employment of civilians has remedied the latter somewhat, but with cutting down of army garrisons, these people are being thrown back on civilian employers.

In provincial areas, some 50% to 75% of the population are considered to be needy. There is little or no crop at hand, and it has been largely through the United States War Relief Agency, UNRRA, and directly through the PRRA that the small barrios are subsisting. Rice, flour, soap, clothing, shoes, milk and canned foods are the materials being furnished, but hardly in sufficient quantity. Only 10% of the clothing needs have been fulfilled. Money to purchase with is not the problem. It is, rather, scarcity of the necessities themselves, since UNRRA has already spent 3 million dollars and is waiting for another appropriation. Roxas sought 150 million from the Director General, UNRRA, while in the States recently. PRRA estimates that it has been able to reach only 50% of the needy in some way or another and that it has been unable to get above the impoverished to the higher classes. The provincial problem therefore, seems to resolve into the fact that the people aren't doing anything. There are no public works to occupy them since the government has neither funds nor materials to undertake them, and there are no work animals or tools for private production other than that necessary for existence. Often times even this is lacking.

Lack of transportation has been a huge factor in impeding the delivery of relief. Only the recent acquisition of trucks from the FLC and the Army has made it possible to reach certain provincial areas. Others are still inaccessible.

Although there have been reports of starvation cases throughout the Philippines, most of these have been isolated ones. Mountain Province is an exception. Famine conditions have reached serious proportions in Benguet, Bontoc and Ifugao, which are sub-provinces of Mountain Province and were the scene of some of the heaviest fighting during the liberation of the Philippines. The war and a post-combat plague of rats destroyed food supplies, crops and seed.

In May 1946, there were 256 deaths from starvation reported for Mountain Province. It is suspected that other deaths in remote barrios have gone unreported. Deaths from other causes, but due primarily to weakness from lack of food, have not been tabulated. The table below indicates the situation in the three sub-provinces of Mountain Province:

BENGUET:

| : DISTRIBUTION POINTS : | : MUNICIPALITIES : | : POPULATION : | : NO. FOR RELIEF : | : % FOR RELIEF : |
|-------------------------|--------------------|----------------|--------------------|------------------|
| : 1. Itogon :           | : Itogon :         | : 1,500 :      | : none :           | : 0% :           |
| :                       | : Dalupirip :      | : 2,000 :      | : none :           | : 0% :           |
| : 2. Baguio :           | : Baguio, Tuba :   | : 33,000 :     | : 300 :            | : 1% :           |
| : 3. Kapangan :         | : Kapangan :       | : 6,000 :      | : none :           | : 0% :           |
| : (Km 35 :              | : Kibungan :       | : 3,500 :      | : 1,500 :          | : 43% :          |
| : 4. Km 72 :            | : Bakun :          | : 3,500 :      | : 2,000 :          | : 57% :          |
| : 5. Ambuklao :         | : Bokod :          | : 3,500 :      | : 2,500 :          | : 71% :          |
| : 6. Km 52 :            | : Kabayan :        | : 3,500 :      | : 2,500 :          | : 71% :          |
| : 7. Km 90 :            | : Buguias :        | : 6,000 :      | : 3,000 :          | : 50% :          |
| : 8. Mankayan :         | : Mankayan :       | : 2,300 :      | : 1,500 :          | : 65% :          |
| : 9. Km 30 :            | : Atok :           | : 6,000 :      | : 2,000 :          | : 33% :          |
| :                       | : T O T A L :      | : 70,800 :     | : 15,300 :         | : 21% :          |

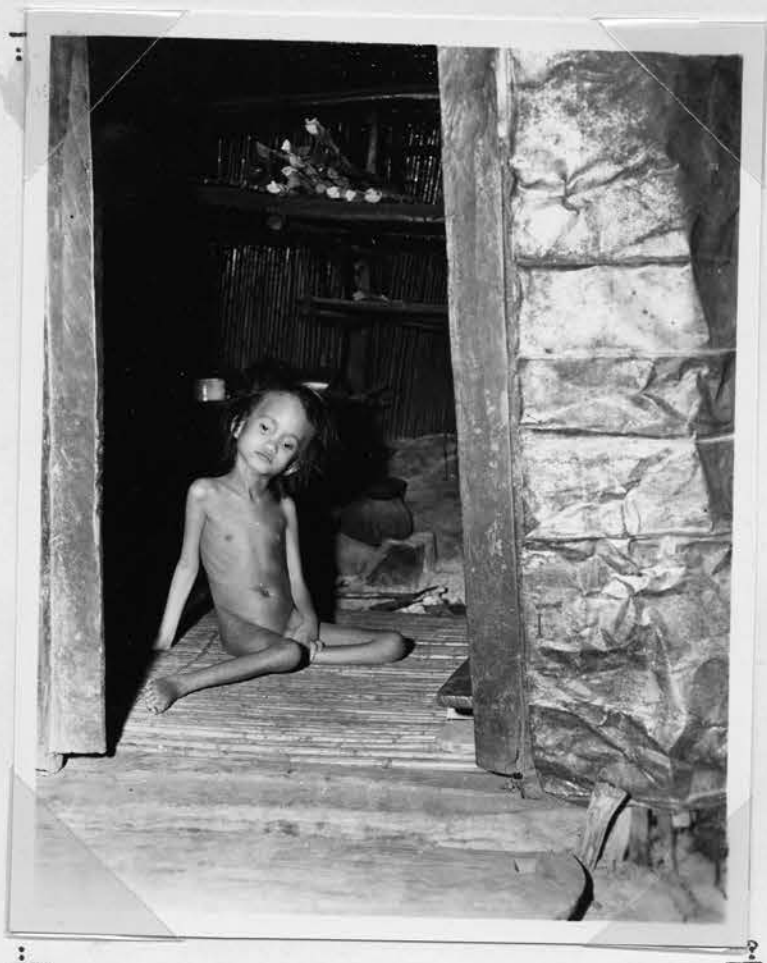
BONTOC:

|                  |                  |            |            |         |
|------------------|------------------|------------|------------|---------|
| : 10. Sabangan : | : Sabangan :     | : 4,900 :  | : 2,500 :  | : 51% : |
| : 11. Sagada :   | : Sagada :       | : 6,000 :  | : 3,000 :  | : 50% : |
| : 12. Bauko :    | : Bauko :        | : 7,300 :  | : 4,000 :  | : 55% : |
| : 13. Kayan :    | : Kayan :        | : 8,000 :  | : 6,000 :  | : 75% : |
| : 14. Bontoc :   | : Bayo Talubin : | : 1,500 :  | : 500 :    | : 33% : |
| :                | : T O T A L :    | : 27,700 : | : 16,000 : | : 59% : |

IFUGAO:

|                           |                                |             |            |         |
|---------------------------|--------------------------------|-------------|------------|---------|
| : 15. Banaue :            | : Banaue, Hapao :              | :           | :          | :       |
| :                         | : Hungduan ( $\frac{1}{2}$ ) : | : 22,000 :  | : 20,000 : | : 91% : |
| : 16. Lagawe :            | : Lagawe, Burnay :             | : 10,000 :  | : 3,000 :  | : 30% : |
| : 17. Kiangan :           | : Kiangan :                    | :           | :          | :       |
| :                         | : Hungduan ( $\frac{1}{2}$ ) : | : 15,000 :  | : 14,000 : | : 95% : |
| :                         | : T O T A L :                  | : 47,000 :  | : 37,000 : | : 79% : |
| : GRAND TOTAL . . . . . : | :                              | : 145,500 : | : 68,300 : | : 48% : |





Despite the fact that some aid is now going into Mountain Province, people in many of the remote barrios are still suffering. With the advent of the rainy season, this situation may well grow into universal suffering for the Igorots. This starving girl lives in a very remote barrio of Ifugao.



Medical aid is being offered here by first aid station set up by Philippine War Relief in the market place of Kiangang, capital of the sub-province of Ifugao.



Interior view of the emergency hospital for starvation set up by the Commonwealth in Kiangang. The hospital operates on medical supplies furnished by Philippine War Relief.



One of the starving children found in one of the barrios of the municipality of Banaue in the sub-province of Ifugao, Mountain Province.

~~CONFIDENTIAL~~

Hard work is being done to alleviate the famine conditions in Mountain Province. The remoteness of the famine areas and the lack of central relief control have handicapped the work. Roads have become nearly impassable in the rains, slowing down the physical distribution of food by the U.S. Army (through Base M), the Philippine Relief and Rehabilitation Administration, Philippine Relief - United States Inc, and Catholic Welfare Organization.

Present food shipments afford temporary, or disaster-type, relief. The major need is for more permanent relief in the form of seed for crops and poison to stop the rat plague. A rice crop is due for harvesting early in July. In many places, this crop will not be substantial enough to supply necessary food. Complicating the problem is the weakness of the people brought about by starvation. Rations will have to be increased so that manpower will be available to harvest the July crop and to plant the next crop in December.

## 22. Public Housing

Philippine Housing Commissioners are confronted with over P165,000,000 damage to housing in the seven major cities they have surveyed. In Manila, the only city where complete statistics are available, they have to face a reported 70% damage to housing, at a cost of P133,691,000.

This staggering problem has received little more than passing recognition from public officials. According to Dr. Bienvenido Gonzales, chairman of the Philippine National Housing Commission, "the scarcity of funds and the extreme lack of construction material has forestalled the development of a practical housing rehabilitation plan and necessitates the philosophy that only the slow return of overall, general normalcy will alleviate the situation."

The government appears to believe that it is best for the individual Filipino to tackle the problem of restoring his own bomb-blasted, fire-gutted residence. Commissioner Gonzales confided that the Filipinos are inherently negligent and unambitious where housing is concerned (they place more value on land ownership). And so the Housing Commission, with only a half million pesos at its disposal, has existed mainly on paper.

Individual Filipinos are just beginning to remedy their housing miseries. Surveys in Manila show that in all of 1945, only 968 new residential buildings at a value of P2,837,430 were undertaken. The influx of construction material during the last few months, however, has brought on a construction boom. Between January and March of 1946, results of an incomplete survey show that 889 houses with a value of P2,127,270 were constructed. This compares favorably with the pre-war yearly expenditure of 1941, some P3,077,790.

The government housing projects undertaken in the five years before the war have been completely dropped. By 1940, some 262 apartments furnished with electricity, free water, flush toilets and other modern conveniences, and intended for people with low income, had been completed. These tenements were populated 49% by laborers and 37% by other employees who were charged rentals varying from P4.70 to P10.80 monthly.

However, 75% of these apartment have been destroyed or burned, so only 104 apartments are being utilized. Where they were once restricted to one family per apartment, they are now overcrowded with two and more. No new tenement houses will be built for some time, since construction costs are estimated to be five times the pre-war level. Gonzales estimates that repair of those apartments now being used would take a million pesos alone.

All rentals have zoomed. In a study of the wage-earner class in August, 1945, the average rental was found to be P10.83 per month, as against P4.54 in 1938, or a 138.55% increase for Manila residents. The P10.83 brought rental of one room; two rooms were P14.88; and three rooms, P25.00. A section study of 225 families found 140 paying rent, 71 owners, and 14 paying no rent at all.

Overcrowding brought on by destruction and fire was evidenced by the fact that 78.67% of the families lived in one room; 18% had two rooms, and only 7% of the families enjoyed three rooms. Sanitary facilities were just as taxed.

Antipolo toilets were used by 5%; exclusive flush toilets by 6%; shared flush toilets by 33%; public midden sheds by 32%; and 24% had no toilet facilities at all. For light and fuel of the 225 families surveyed, 155 families were using kerosene and 70 families employed coconut oil. Electricity was not used.

Organized building under permit was first evidenced in April 1945, although desperate families had been building shacks out of galvanized metal and salvaged lumber soon after the American occupation of Manila. Houses being constructed now are largely using new lumber and are modeled on pre-war designs. However, only the higher income families are able to afford such buildings.

The National Housing Commission, which was created in 1941 and authorized P5,000,000, received its first actual funds in February of 1946, when a half million pesos were given to it. But, with money having less than one-fifth the purchase value of pre-war construction costs, the Commission has not even attempted to use this small sum. Hoped for U.S. Army construction material never was procurable because of the need for it in the States, and hoped for help from the U.S. Housing Agency, which has had a commission in Manila, has failed to develop even in the form of a rehabilitation plan.

### 23. Public Schools

Figures on the pre-war (1940-41) public school system in the Philippines show 12,369 schools, 17,228 fully supplied and equipped buildings, some 46,000 teachers and a little over 2,000,000 students. The school budget in 1941 was P35,000,000.

War damage to the school system, as revealed by Mr. Alberto Dalusung, Chief Division of Property and School Plans for the Philippines, is given in terms of figures based on a summary of reports available from 39 out of 49 provinces and 6 national schools which were submitted by provincial principals early in 1946. These figures show 351 schools rendered totally inoperative, 6,907 buildings completely destroyed and 6,789 in partial ruins. Data submitted in these reports also give an estimated loss of supplies and equipment based on 1941 values at a little over P31,500,000. Former Secretary of Public Instructions, Francisco Benitez, who visited over half the provinces within the last several weeks to check on school needs, places the loss of school supplies and equipment at two thirds of the 1941 total.

The current picture (1945-46) of the Philippine public school system, as compared with that of pre-war times, shows that only 3,532 buildings are in a usable condition. In other words, more than 13,000 school buildings will require total or partial reconstruction. A report from the Superintendents' Division for the whole Philippines submitted early in 1946 gives an estimated cost of reconstruction and repairing destroyed and damaged buildings at over 123,000,000 pesos. The provincial principals' report fixed the cost of replacing desks, tables, chairs, textbooks, libraries, laboratory equipment, and other supplies (current prices) at over P89,000,000.

1945-46 figures also show an enrollment increase of more than a quarter million students, a fact which throws into strong relief the shortage of more than 3,000 teachers. No figures were obtainable on the amount needed for salary increases among school personnel. At present, the minimum salary for the elementary teacher (city and provincial), is P40 and the maximum is P55 until this year when it was extended to P80 per month. A bonus of P30 a month, payable until June 1946, applies to teachers paid by the Commonwealth Government. Salaries of secondary teachers in both cities and provinces, range from a minimum of P80 to a maximum of P150 per month. Provision is made so that those teachers who get only P80 per month for secondary school work, draw a bonus of P25 so that their total monthly pay is P105.

With the school building shortage temporarily met by new bamboo huts and with tents procured from the U.S. Army, along with temporary repairs and furniture provided by local Parent-Teacher Associations in each community, some schools have already begun classes without waiting until 1 July, the official opening day for Philippine schools.



Reconstruction has been slow in many of the smaller towns of the Philippines. This is the center of Atimonan, Tayabas, in December 1945. Streets have been cleared, but no work has been done to rehabilitate the town hall, theater, and other public buildings shown in this view.



Both builders and materials are scarce and expensive. Housing contractors are swamped with work. The cleaning up of a building lot alone sometimes costs as much as P1,000.



This former steel and concrete office building is typical of the scene in downtown Manila today. Office space is at a premium, with owners holding out for the rental of entire floors instead of single offices or suites. The space is rented as fast as the buildings can be reconstructed. Many buildings, however, are beyond repair.



This building is typical of the flimsy, knocked-together sort of building which is going up in the Manila business district today. There is no steel, no concrete, no lumber, no glass in sufficient quantity to replace the great stone buildings that lined Juan Luna and the Escolta in pre-war Manila.





Those who are building new homes in the Philippines today say that it costs just about as much to build a 6 room house in the manner pictured as it used to cost to build a 12 room house of stone and tile. This house is of lumber and has a sheet iron roof.

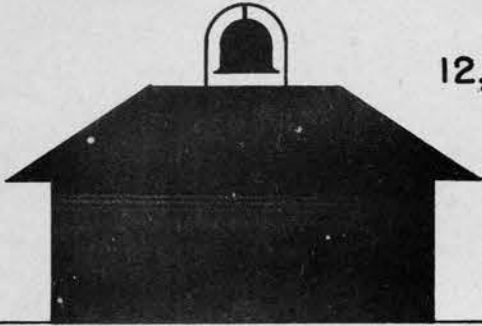
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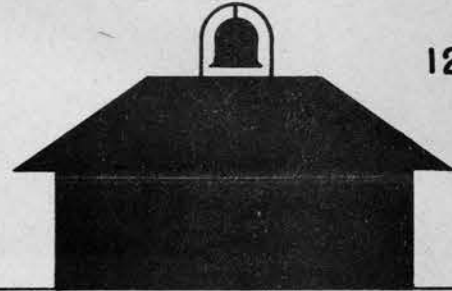
1940 — 1941

1945 — 1946

## SCHOOLS

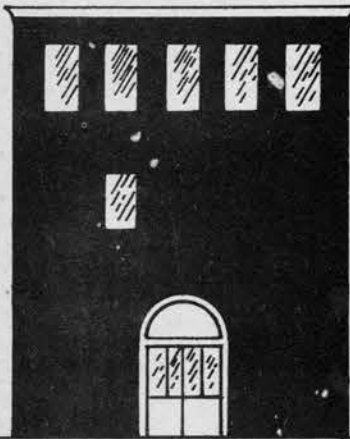


12,369

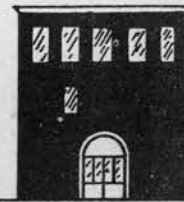


12,018

## BUILDINGS

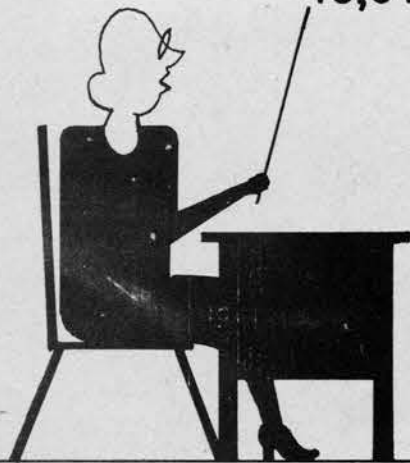


17,228



3,532

## TEACHERS



46,917



43,845

## STUDENTS



2,027,957



2,293,883

The future program includes plans for the establishment of from 3 to 5 regional normal schools for teacher-training purposes. Normal school teachers are to be secured from the U.S. to help handle the expanded English program. Vocational and agricultural training will be increased. Improved salaries for teachers and supervisors is considered imperative by school leaders.

The following chart will summarize the situation so that at a glance it can be seen what has been done to the once-proud educational facilities of the Philippines:

| <u>Factors to be Considered</u> | <u>1940-41</u> | <u>1945-46</u> | <u>Difference</u> | <u>Estimated Cost of Rehabilitation</u> |
|---------------------------------|----------------|----------------|-------------------|---|
| Schools                         | 12,369         | 12,018         | 351 loss          |   |
| Buildings                       | 17,228         | 3,532          | 13,696 loss       | P123,896,174.15                         |
| Equip & Sup                     |                |                | At 1941 values    | At 1946 costs                           |
|                                 |                |                | P31,545,594.      | P89,956,915.00                          |
| Teachers                        | 46,917         | 43,845         | 3,072 loss        |   |
| Students                        | 2,027,957      | 2,293,883      | 265,926 incr.     |   |
| <b>TOTAL MONETARY LOSS</b>      |                |                |                   | <b>P213,853,089.15</b>                  |

#### 24. Philippine National Library

The National Library of the Philippines was housed in the 4½ million-peso Legislative Building before the war. In spite of its small monetary allocation from the Commonwealth Government, it had built up a considerable collection of Filipiniana and an extensive Reference Material Division. In addition, the National Library also had a Circulation Division, Library Extension Division, 20 city and provincial branch libraries, a Division of Archives, and the Gallery of Art and History Division.

The following table shows the losses sustained by the Library as a whole:

| <u>Divisions and Branch Libraries</u> | <u>Collection</u> | <u>Salvaged</u> | <u>Approximate Value of Lost Materials</u> |
|---------------------------------------|-------------------|-----------------|--|
| <b>Central Office:</b>                |                   |                 |  |
| Gen. Ref. & Pub. Doc. Div. -----      | 400,000           | 12,311          | P1,200,000                                 |
| Circulating Collection -----          | 90,000            | 855             | 445,000                                    |
| Filipiniana Collection -----          | 72,000            | 3,300           | 1,374,000                                  |
| Copyright Collection -----            | 10,000            | ....            | 50,000                                     |
| Library Extension Collection ---      | 45,000            | 666             | 221,000                                    |
| <b>Branch Libraries:</b>              |                   |                 |  |
| Iloilo -----                          | 9,624             | ....            | 48,120                                     |
| Cebu -----                            | 12,180            | ....            | 60,900                                     |
| Ilocos Norte -----                    | 8,266             | 6,152           | 12,500                                     |
| Zamboanga -----                       | 7,620             | ...             | 38,100                                     |
| Ilocos Sur -----                      | 5,443             | 2,728           | 15,000                                     |
| Pangasinan -----                      | 7,238             | 4,000           | 14,000                                     |
| Batangas -----                        | 6,295             | ....            | 31,475                                     |
| Camarines Sur -----                   | 6,385             | ....            | 30,500                                     |
| Baguio -----                          | 7,790             | ....            | 33,950                                     |
| Tayabas -----                         | 4,415             | 2,400           | 7,500                                      |
| Bohol -----                           | 5,174             | 2,400           | 88,500                                     |
| Nueva Ecija -----                     | 6,192             | 1,800           | 10,000                                     |
| Tondo -----                           | 7,586             | ....            | 38,000                                     |
| Sampaloc -----                        | 6,419             | 395             | 31,000                                     |
| Paco -----                            | 7,637             | ....            | 36,000                                     |
| Santa Cruz -----                      | 3,070             | ....            | 17,000                                     |
| Occidental Negros -----               | 2,668             | (No Report)     | ....                                       |
| Davao -----                           | 1,512             | ( " " )         | ....                                       |
| Culion -----                          | 443               | ( " " )         | ....                                       |
| Oriental Negros -----                 | 137               | ( " " )         | ....                                       |
| <b>T O T A L</b> -----                | <b>733,099</b>    | <b>36,607</b>   | <b>P3,727,545</b>                          |

The Archives Division containing around 7,000,000 pieces of documents mainly of the Spanish regime is practically intact; while the Gallery of Arts and History Division containing around 10,000 museum specimens was entirely destroyed except for the 14 paintings that had been loaned to Malacanan. The book value of the museum specimens destroyed, including the Victorino Mapa Collection of precious jewels, coins and medals, might be conservatively estimated at around P500,000. Total losses for the National Library are, therefore, some P4,227,545.

The Gallery of Art and History had a collection of 151 paintings, 35 sculptures, 573 rare historical objects and specimens, 3,542 medals, coins and jewels, and 75,534 stamp collections. Of these, all have been destroyed. Estimated loss based on 1941 values is P500,000. Cost of replacement now is estimated at 2,000,000 pesos.

Of the 733,000 volumes belonging to the National Library, only 25,600 have been salvaged. However, most of the books are thought to be replaceable, since they were recent publications of general library stock. The rare volumes, such as the Album of 146 letters from Dr. Rizal to Dr. Ferdinand Blumentritt are lost and are irreplaceable, as are many of the old maps brought here during the 1600's from Europe, the rare items of the Filipiniana collections, and various old prints.

Hampered by the small Government allocation for its upkeep and development (8,000 to 10,000 pesos yearly), the National Library is appealing to individuals and organizations for help in the re-establishment of its facilities and collections. A library building is urgently needed, since the constant moving of the various sections is proving detrimental to what little material is left.

Efforts are being made to select books for future purchase. Books lent out and never returned are being sought, as are donations of periodicals and other reading material. The Justice Department has been asked to help in the recovery of valuable documents that may be in the hands of individuals. An appeal has been made to the U.S. Army for the donation of any publication or book which may not be needed by it. Arrangements have also been made with the Philippine Bureau of Printing and the Government Printing Office in Washington for the replacement of public documents.

In the meantime, librarians are making a record of the activities of the Philippine Government-in-Exile, the history of the guerrilla movement, and congresses and conferences participated in by the Philippines.

The keynote of the re-establishment and reorganization of the National Library is dependent entirely on funds to purchase books, to purchase material and to erect a building. Although donations of books and other publications help, no concrete progress can be made without monetary resources, of which the National Library has none.

Of the Filipiniana Collections, the rare prints (1602 to 1799) are definitely irreplaceable, although a few copies are in private hands. The local histories and folklore of the various towns, provinces and cities, compiled in 1911 and 1937 entailed a great amount of work in gathering. They are lost and it will certainly be many years before the project can be re-established. Old Philippine periodicals in complete sets are virtually impossible to procure, as their price is prohibitive and the cash assets of the National Library are very small.

Next in importance, because of its losses, is the General Reference and Reading Room Division. It is estimated that 25% of the former material is irreplaceable, due to the scarcity of the items and the lack of funds.

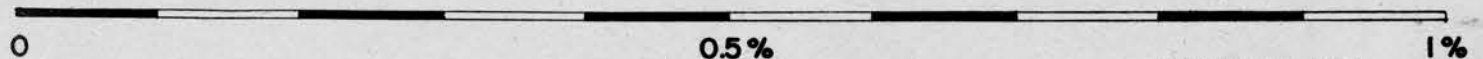
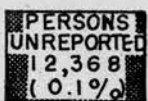
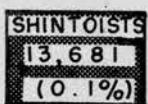
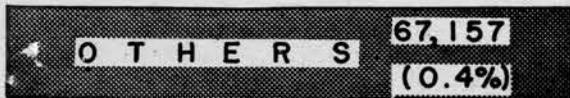
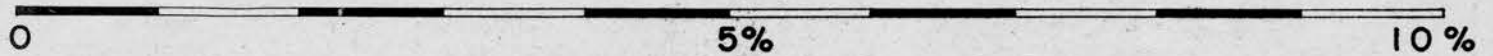
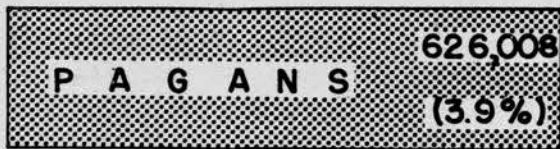
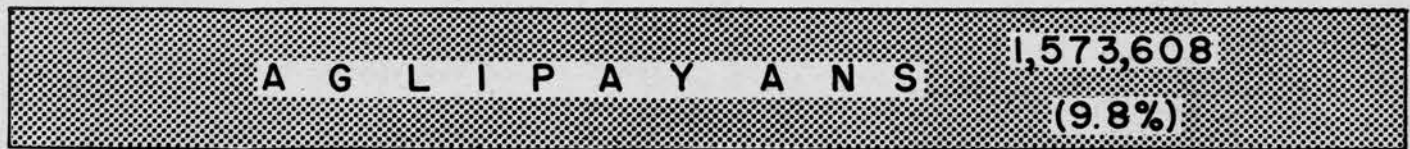
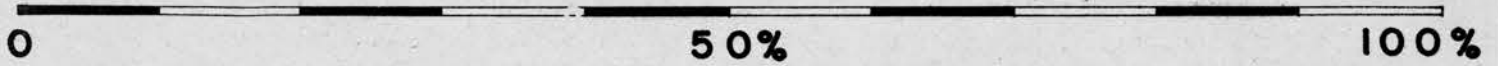
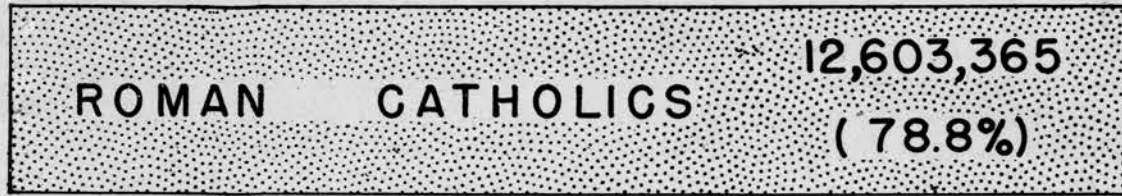
The Catalog and Copyright Division considers that many of its specimens are irreplaceably lost, as the original documents, manuscripts and catalogs cannot be duplicated.

Although only 2% of the Library Extension Service's books were salvaged, replacement is considered not to be too difficult due to the amount of popular literature recently published.

# RELIGIOUS ADHERENCE

## in the

# PHILIPPINES



The Archives Division suffered the least damage of all. The main damage was sustained during the period immediately after liberation when the building was used for headquarters by PCAU I. Many unbound volumes fell on the floor and were destroyed.

## 25. The Church

The Filipino's religion, prior to the coming of the Spanish missionaries, was a primitive one. It consisted of the recognition of a Supreme God, around whom were grouped Good and Evil Spirits. The missionaries sent out by His Catholic Majesty, the King of Spain, found the Filipinos to be easy converts, and Roman Catholicism is the most powerful religious force in the Islands today. The Church has unknown agricultural, industrial and financial resources, and exercises a political prestige that is incalculable.

During the early days of Spanish control, there was an influx of Arabians and Indians, who brought with them the teachings of the Koran. The Mohammedans concentrated in the Sulu Archipelago and in Lanao and Cotabato Province of Mindanao, are today living close to the traditions and social customs of their religion. The Chinese, who had long been trading with the Philippines, brought Buddhism with them, much as the Japanese traders brought with them their Shint beliefs. There are pagans spread throughout the islands; some in Sulu and Mindanao are living a primitive and nomadic life, fishing or tilling the soil for subsistence alone. Other pagan tribes, such as the Igorots in Northern Luzon, live in the hills and work principally in the gold mines of Mountain Province.

The conquest of the Spanish by the Americans brought some of the Protestant religions to the Islands, and saw the birth of the Philippine Independent Church or Aglipayan Church as it is called.

According to the 1940 census, the religious adherence is as follows:

|                      |       |            |
|----------------------|-------|------------|
| Roman Catholics      | 78.8% | 12,603,365 |
| Aglipayans           | 9.8%  | 1,573,608  |
| Protestants          | 2.4%  | 378,608    |
| Mohammedans          | 4.2%  | 677,903    |
| Buddhists            | .3%   | 47,852     |
| Shintoists           | .1%   | 13,681     |
| Others               | .4%   | 67,157     |
| Pagans               | 3.9%  | 626,008    |
| Persons not reported | .1%   | 12,368     |

a. Roman Catholic - By far the strongest and most powerful, the Roman Catholic Church has the most highly developed organization and a great number of facilities and assets. The Philippine Islands are organized into 13 dioceses of which two are Arch Dioceses (Manila and Cebu). There are three additional Apostolic Prefectures (Palawan, Mountain Province and Mindoro) which were being developed into regular dioceses before the war.

There were 1,300 churches throughout the Islands, 15 hospitals, 228 elementary schools, 111 high schools, 27 colleges and 1 university (Santo Tomas). The Church also sponsored many welfare activities: clinics, patronages, free schools, dormitories, 15 orphanages (the biggest of which was the Hospicio de San Jose on Convalescence Island, capacity 800 to 1000), 1 institution for the aged and 1 institution for the reform of fallen girls (pre-war capacity 150 to 200).

Few figures are available on the other pre-war assets in the hands of the Church, since much is administered through private channels. Estimates of Church interests in industry and land-holdings run universally high.

Due to the disrupted state of communications, not all of the war damage to the Church's properties is known. It is estimated at P250,000,000. The libraries, for example, have lost P2,500,000 in books and buildings, the male religious orders have lost P15,500,000 in property and the female religious orders have lost P11,000,000. In Manila, many of the old churches, irreplaceable for their historic value, have been destroyed. The Roman Catholic Cathedral of

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Manila, first erected in 1581, was deliberately destroyed by the Japanese, who also killed the Parish priest. The Archbishop's residence, built in 1742, was used by the Japanese to quarter troops and was burned in February 1945.

Of the 228 elementary schools operating before the war, 125 are now open. 15 high schools have been destroyed, 7 colleges and Santo Tomas University have been looted of considerable valuable material. Although the schools had a total attendance of over 100,000 pre-war, they can only teach 30,000 students now.

The Catholic Church, through the auspices of its Catholic Welfare Committee, has helped in the administration of relief and the distribution of relief goods since the liberation. It has given out clothes, food and medicine, and helped over 50,000 cases in the period of December 1945 to February 1946.

The Church has received 12,000 text books from the U.S., mainly for high school use. Most of the reconstruction work has consisted of erecting temporary shelter over the burned-out churches, so that services may be held. The permanent reconstruction is in the hands of the individual bishops, whose responsibility it is to procure funds and administer them so that the Church can be restored as quickly as possible. Total losses of the Church are not available in Manila.

b. Aglipayan - The Philippine Independent Church, or Aglipayan Church, was found by Mons Greogrio Aglipay and Don Isabelo de los Reyes during the early years of the American occupation of the Philippines, approximately 1902. The idea of an independent Philippine Church was fostered by Dr. Jose Rizal, and took hold rapidly, since there was considerable resentment against the Spanish Friars and their suppressive methods.

The Aglipayan faith parallels the Roman Catholic in services, rites and beliefs. However, the Aglipayanos do not recognize the Pope. There is a strong tie, insofar as ideas are concerned, between the Aglipayan Church and the Episcopal Church.

The Aglipayanos number about 1,600,000 today, thus forming the second largest religious group in the Islands. They owned over 500 churches before the war, and operated a seminary on Taft Avenue in Manila. Of the 500 churches, less than 250 remain standing today, and the Seminary (pre-war worth P45,000) has been completely destroyed. Over-all damage is roughly estimated to be P250,000.

There has been little rehabilitation, since the church lacks funds and feels it is unfair to ask its members to contribute to the building of new churches when the members are in such dire straits. Unlike other Protestant denominations, the Aglipayan Church does not belong to the United Evangelical Church and has, therefore, no ties with religious organizations in the U. S. This is a very hard-felt problem, because most other religious groups are receiving considerable help from outside, while the Aglipayan Church has to stand alone. There is no possible reconstruction in sight for a long time, unless outside help is obtained.

c. Protestant - The Protestant denominations in the Philippines are combined to form the United Evangelical Church. According to the 1940 census, there were 380,000 Protestants throughout the islands. Organized into 12 conferences, there were 394 large organized groups (churches) and 294 smaller ones (missions). Trained personnel consisted of 131 pastors and 182 evangelists. The Church activities, aside from the religious services, consisted of Sunday Schools (369 with an attendance of 1,600), hospitals, dispensaries, a university (Siliman, in Negros, with an attendance of 1,600), and four student centers.

Before the war, the Church received one-third of its administrative operating expenses from the missions, and made up the remainder through collections (amounting to P104,000). The local churches were self-supporting.

The war has seriously affected the Protestant Church. It has lost sixteen pastors, as well as five evangelists who were murdered by the Japanese. Out of its 7 hospitals, 2 are left standing. Of the four Student Centers (Albay, Cebu, Tacloban and Tagbilaran), only the smallest is remaining, the Tagbilaran Christian Center. Siliman University in Negros has sustained damage well over

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P1,000,000. Incomplete figures show that 9 churches were destroyed in Manila, 6 in Bicol, 8 in Maarin, 6 in Cebu, 1 in Iloilo and 15 in East Mindanao. In San Fernando, La Union, a P100,000 church was completely demolished.

Considerable help has been received from the missions and private individuals for the purposes of rehabilitation. Complete restoration of all pre-war facilities will take years because of the extensive damages and the scarcity of materials.

d. Jewish - The Jewish community of Manila numbered around 1,000 before the war, of which 80% were refugees from Germany, Austria and Rumania. There were few if any Jews living outside of the city of Manila. The sole property of the community was the Bachrach Synagogue, a beautiful modern building with an annex housing the rabbi and his family.

During the occupation, the Japanese used the synagogue to store ammunition and exploded the dump shortly before American recapture in 1945. A few walls are standing now, but the building is entirely useless for services. During the occupation, also, 70 members were killed.

At present, about 750 Jews are left in Manila, the rest having emigrated to the U.S. and Australia. The functioning body of the community, the Jewish Welfare Committee, operating on funds supplied by the Joint Distribution Committee, is attending to the needy cases. Although supplied with P30,000 by American soldiers who instigated a drive, the rebuilding of the temple is not planned for lack of further funds and the high price of materials. A majority of the present 750 Jews are planning to go to the United States or Australia in the near future, where they hope to settle permanently.

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