

mocracies is still merely demagogic,—addressing itself to ignorance, prejudice, and passion, resorting to catchwords, lying accusations, specious arguments, making use of social discontent to hoist itself to power, then there is also a growing capacity on the part of the people to discriminate between great men and mountebanks, between sincere men and hypocrites, between devoted men and the self-seekers, between the planners and the sly plotters, between the builders and the underminers, between the preservers and the assassins and destroyers.

The exploiters of every type will continue to attempt to play their parts, but they will be ever more surely recognized for what they are, and will be given ever lesser shift.

We publish in this issue of the Journal a very clear exposition of the facts, the law, and the equities

involved in connection with claims which have arisen from the Japanese seizures of the credits and bank deposits of American and allied Japanese Seizure firms and nationals in the Philippine American Bank Deposits, including decisions of the Philippine Supreme which in effect "validate" this enemy action and relieve certain local banks of any obligation to their pre-war depositors and also relieve debtors generally who paid off their pre-war obligations in Japanese military notes, of all further liability.

The Court decision with respect to the liability of these local banks to their pre-war depositors has fallen especially heavily on numerous Americans of moderate means, former civil servants and veterans of the Spanish-American war who are thus deprived of their life-savings at a time when they need them most.

The situation cries for corrective action.

Story of the Manila Bankers

as told in the Santo Tomas Internment Camp*

By A. V. H. Hartendorp

MANILA bank executives among the internees, unanimously, though with bankers' reserve, expressed dissatisfaction with the manner in which the abandonment of the city had been carried out by the United States and Commonwealth authorities. They said, as did everyone else, that they had received insufficient warning. The three days just prior to the enemy occupation, during which the banks were closed to the public, could have been used by them in preparing for the inevitable, but they were actually given over to little more than the ordinary end-of-the-year business of banks. Bankers said that if they could have gotten their records away, the Japanese would have had much greater difficulty than they had in taking over control of the business of the country.

As for the public, had the banks been open during the last two days of the year and on New Year's Day, not so many people would have been caught in the most terrible crisis of their lives with little or no money. But December 30 is Rizal Day in the Philippines, a national holiday; December 31, as the last day of the year, is customarily a bank holiday; January 1 is a public holiday. January 2 (Friday) was the day of the enemy occupation, and although the Japanese did not enter the city until around six o'clock in the evening, they had been expected from hour to hour during all of that day. Great fires were raging at Pandacan, along the river banks, and in the port area, looting was going on, the city was in panic. The night before, the bank managers, in consultation with Bass and Vargas, had decided that the banks should remain closed that day. It was too late to think of opening them then.

A brief summary of Philippine banking history during the six months which preceded the outbreak of

the war in the Pacific, is interesting. About the beginning of this time, all the banks were busy on "T. F. R. 300," a form which had to be made out for the U. S. Treasury showing the assets and liabilities of all foreign nationals in the Philippines; also of those Americans in the Philippines whose legal residences were in the countries mentioned in the various "freezing" orders of the American Government. These forms were completed in October and November and turned in to the office of the U. S. High Commissioner.

The freezing of Chinese assets followed the freezing of Japanese assets as a measure, taken in collaboration with the Chinese Government, to prevent Japanese manipulation of Chinese finances. The purpose of the freezing orders was not to interfere with the legitimate business of the nationals of the countries to which these orders applied, but rather to control certain exports which were of military importance to the aggressor nations. The Japanese and Chinese nationals in the Philippines were still allowed to draw up to P1000 a month from the banks in which they had deposits, this applying also to Americans in the country whose residences were in Japan or China.

The two Japanese banks in the Philippines,—the Yokohama Specie Bank and the Bank of Taiwan, were ordered closed on December 8, the day war broke out, and all Japanese accounts in other banks were frozen. Had Manila not been occupied by the enemy so soon afterwards,—within a month, certain concessions would no doubt have been made with respect to individual bank withdrawals by interned Japanese nationals, but things moved too swiftly. The offices of the Japanese banks, though closed, were not interfered with, but a representative of the High Commissioner's office went into each of the banks. Japanese business houses, factories, stores, etc., were simply closed-and

Author's note:—This is one of a number of similar sections, based on personal interviews, in the writer's unpublished book on Santo Tomas. It was written after interviewing most of the bank officials, American and British, then in the camp, and was checked by them for accuracy at the time. As a precaution against the results of a possible discovery of the manuscript by the Japanese, names were little used and sources were never indicated.