

As inter-island transportation was disrupted following the outbreak of the war, the branches of the various banks in the southern islands had no means of replenishing their cash. For this and other reasons, the Philippine National Bank branches were authorized by President Quezon to print emergency paper currency, much of which was used in paying the USAFFE in the field during the months which followed.

Some of the Manila bank executives awaited the Japanese in their offices on Saturday morning, January 3. They were made to turn over the keys and the combinations of the safes and vaults to them, and were informed that an official of the Bank of Taiwan had been appointed liquidator. Calhoun of the National City Bank and two of his staff were exhibited down-town for an hour or so in an open truck before being taken to Villamor Hall.

Subsequently, after their internment in Santo Tomas, a number of the bank men were taken out of the camp to their former offices to complete trial-balances and give other information. On such occasions they were generally treated with fair courtesy.

The Gold Bullion.—On the 22nd of December, most of the gold bullion on hand in Baguio, about P2,000,000 worth, was shipped to Manila in an armored truck. It was desired to get this off to Corregidor for safe-keeping, and the same armored truck was at the pier on the morning of the 26th or 27th. But neither of the two ferry boats which plied between Manila and the island came in all that day, and it was a day of frequent air-raid alarms and of several bombings in the port area. Every time the siren blew, the heavily-loaded truck (the bullion was about half silver and weighed three tons) drove off for greater

safety to the Luneta. It always took a little time for the heavy truck to get up any speed. During the day a lot of army gear accumulated on the pier, intended for Corregidor, and, in time, also a considerable number of wounded soldiers. An army captain, hearing about the three tons of bullion, said, "If there are any three tons of cargo to go, it will be corned-beef and blankets!" In the end, however, a major communicated the tip that after dark the S. S. *Don Esteban* would come to the pier and would sail at midnight for the fortress. The bullion was got aboard and stored in the two de-luxe cabins on the deck. The ship arrived at Corregidor before morning and the gold was unloaded on the wharf. The man in charge went looking for the U. S. High Commissioner, and found him at breakfast with President Quezon. Mr. Sayre said there were no regulations to cover such a situation, but after consulting some of his advisers he conceded that the gold could be placed in the Insular vault on the island.

Note (1945) — According to General Wainwright ("General Wainwright's Story", edited by R. Considine, Doubleday & Company), gold certificates and other securities taken to Corregidor in December, 1941, were taken to Australia by submarine and from there by ship to San Francisco where they were deposited in the Federal Reserve Bank. Paper currency was burned on Corregidor, but a record of ownership was made for subsequent reimbursement. Some \$17,000,000 in silver coin was boxed and sunk under 100 feet of water. The Japanese were unable to find this treasure and most of it was recovered after the war.

Note (1946) — According to the annual report of the U. S. High Commissioner, the paper currency destroyed consisted of \$2,741,225 in United States currency and P28,376,420 in Philippine currency. Of these amounts, \$2,420,486 belonged to the Commonwealth Treasury, P27,374,000 belonged to Manila banks, and the balance to private individuals. The largest single item of paper currency was one of P15,900,000 from the Manila Clearing House Association, which represented the balances of member banks. This means that the free cash balances in the banks which were withdrawn in Philippine currency amounted to only P7,474,000, or 32% of the total currency in circulation. This belies the claim that issues of Japanese military notes were necessary because of the lack of an adequate currency.

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Claims Arising from Japanese Seizure of American and Allied Credits and Bank Deposits in the Philippines

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INTRODUCTION

WHEN the Japanese army invaded and occupied the Philippines at the outbreak of World War II, it interned the resident Americans, British, and other nationals of the United Nations and seized their property. This property included: (1) tangible personal and real property of all sorts, such as houses, furniture, and cars; and (2) credits and bank deposits.

Much of the tangible property was looted or damaged. Practically all of the credits and bank deposits were collected by the Japanese in wholly unsecured Japanese military notes. The Supreme Court of the Philippines has ruled that such collection was valid and wiped out the deposits and credits involved. These losses, which in many cases were of life savings and were more severe than losses to tangible property, were suffered only by Americans and their non-Filipino allies. Filipinos were not formally treated as enemies by the Japanese.

The purpose of this memorandum is to set forth the relevant facts, law, acts of Congress, and equities with regard to these losses of credits and deposits in the hope of obtaining some redress or assistance through the United States Government.

FACTS

THE Japanese army entered Manila on January 3, 1942, and immediately set up a Japanese Military Administration. Under this administration the Japanese established the "Office of Enemy Property Custody" the function of which was to take custody of the property and credits of Americans, British, and other non-Filipino allied nationals.

On June 25, 1942, the commander-in-chief of the Japanese forces issued Military Ordinance No. 1 sequestering all payments due to citizens of the United States and to other non-Filipino allied nationals, and required that such payments be deposited in the Bank of Taiwan, Ltd., and the Yokohama Specie Bank, Ltd., to be subject to withdrawal only under licenses given by the Japanese Military Administration. (1 Official Journal, Japanese Military Administration, pp. 36-38).

On July 31, 1942, an order was issued requiring the liquidation of the American, British, Dutch, and Chinese banks. The Bank of Taiwan, Ltd. was appointed as liquidator. Debtors were ordered to pay to the Bank of Taiwan the principal and interest of their obligations by September 30, 1942. (Administrative Ordinance No. 11).

These general orders were followed up by personal demands made by the Bank of Taiwan with regard to debtors of the banks under liquidation, and by demands made by the "Office of Enemy Property Custody" with regard to debtors of individual Americans and allied citizens and their business concerns.

Despite these orders and demands very few payments were made to the Japanese in 1942.

In the meantime, the Japanese issued military notes—known colloquially as "mickey mouse"—and ordered that these military notes be accepted at par with Philippine pesos. (Official Journal, Japanese Military Administration, Vol. 1, p. 47). This currency had absolutely no backing whatsoever and was issued by the Japanese army in payment for goods and property which it requisitioned. As time went on, these notes were issued in increasingly larger quantities, diminished in value, and drove the good Philippine pesos out of circulation. By 1943 a serious deterioration in the value of the military notes had already taken place. In 1944 the deterioration progressed at a rapid rate until, toward the end of the year, this money was practically worthless. The estimated total circulation of "mickey mouse" currency was from P7,000,000,000 to P11,000,000,000 as compared with a pre-war circulation of Philippine currency of some P230,000,000, or an increase of more than P2,750%.

A study of the comparative value of the Japanese military notes and the good Philippine pesos was made by a United States Government expert for the Philippine Government and a scale was prepared which is now generally recognized by the Philippine courts. The scale, which is known as the Ballantyne Scale, is as follows:

Value in military notes of one Philippine peso

1941	December	1.00	1944	January	4.00
1942	January	1.00	February	5.00	
1943	February	1.05	March	6.00	
March	1.15	April	9.00		
April	1.20	May	12.00		
May	1.25	June	15.00		
June	1.30	July	20.00		
July	1.40	August	25.00		
August	1.50	September	30.00		
September	1.60	October	40.00		
October	1.70	November	60.00		
November	1.80	December	90.00		
December	2.50	1945	January	120.00	
			February	None	

As the Japanese military notes decreased in value, debtors of American and other allied citizens and of the American and allied banks became increasingly willing and eager to pay their obligations which had been demanded by the Japanese. Large debtors, in particular, made heavy payments in 1944 completely liquidating large pre-war obligations with this currency which they could then obtain at a nominal cost in good Philippine pesos or in property.

Over P35,000,000 was paid to the Japanese by debtors on account of their obligations to the Americans, British, and allied nationals. Of this amount, 16% was paid during 1942, 40% in 1943, and 44% in 1944. All but 3% of the payments were made by Chinese, Spanish, Filipino, German, and Swiss citizens. Sixty per cent of the payments were made by debtors owing over P100,000 each.

Many of these debtors made their money by dealing with the Japanese. For example, a German citizen owed one of the British banks over P200,000. He paid small instalments on this debt until 1944 when he paid the entire balance due from the proceeds of a sale (P600,000) to the Japanese army of two compressors, which pre-war were worth P6,000.

Some of the money collected by the Japanese on obligations owed to the liquidated banks was used to satisfy a small part of the obligations owed by the banks and thus the total loss to the liquidated banks was reduced. The individual American and allied creditors, however, did not have the benefit of any such payments.

On October 4, 1943, the Japanese Military Administration issued an order entitled "Zai" No. 257 ordering all local banks—except the American and allied banks under liquidation by the Bank of Taiwan—to transfer to the Bank of Taiwan, as the depository of the Bureau of Enemy Property Custody, all deposits of Americans, British, and other allied nationals. Pursuant to this order, bank deposits totalling over P3,000,000 of some 2,000 American citizens and companies were transferred to the Bank of Taiwan. Although the Japanese order was issued in 1943 most of these deposits were not transferred until late in 1944 when the banks involved had huge amounts

of "mickey mouse" currency in their vaults. The largest amount transferred was from deposits of Americans in the Philippine Trust Company. This was a bank and trust company which was wholly owned by the Archbishop of Manila and which held many small accounts, particularly of American army personnel and Spanish-American war veterans. There is still some question as to whether these transfers were of currency or were merely bookkeeping transactions.

In addition to credits and deposits of resident American and allied citizens and companies the Japanese collected drafts drawn through banks in Manila for merchandise shipped to the Philippines immediately prior to the war by American and allied export houses in the United States and allied countries.

In January, 1943, the United States and the other governments of the United Nations expressly declared that they intended to do their utmost to defeat the methods of dispossession practised by Japan and the other Axis powers.

The text of the declaration read as follows:

"The Union of South Africa, the United States of America, Australia, Belgium, Canada, China, the Czechoslovak Republic, the United Kingdom of Great Britain and Northern Ireland, the Union of Soviet Socialist Republics, Greece, India, Luxembourg, the Netherlands, New Zealand, Norway, Poland, Yugoslavia and the French National Committee:

"Hereto issue a formal warning to all concerned, and in particular to persons in neutral countries, that they intend to do their utmost to defeat the methods of dispossession practiced by the governments with which they are at war against the countries and peoples who have been so wantonly assaulted and despoiled.

"Accordingly, the governments making this declaration and the French National Committee reserve all their rights to declare invalid any transfer of, or dealing with, property, rights and interests of any description whatsoever which are, or have been situated in the territories which have come under the occupation or control, direct or indirect, of the governments with which they are at war or which belong or have belonged, to persons, including juridical persons, resident in such territories. This warning applies whether such transfers or dealings have taken the form of open looting or plunder, or of transactions apparently legal in form, even when they purport to be voluntarily effected.

"The governments making this declaration and the French National Committee solemnly record their solidarity in this matter."

The Philippine Government in exile, acting through President Quezon, expressly announced:

"The Government of the Commonwealth of the Philippines adheres to this declaration and in so doing records its complete solidarity with the other United Nations." (Official Gazette of the Philippine Commonwealth, Vol. 41 May 1943, Washington, D. C. p. 19)

When General MacArthur's forces returned to the Philippines he issued a proclamation on October 23, 1944, declaring all "processes" of the Japanese Government in the Philippines to be null and void.

Upon the liberation of the Philippines some of the debtors who had paid the Japanese assumed that their payments were void and proceeded to make settlements with American and allied creditors who then reopened their businesses. The large majority, however, claimed that their debts had been satisfied. As a result, litigation testing the validity of these payments was initiated in the Philippine courts by a number of the parties involved. The decisions in these cases in the lower courts were uniformly in favor of the creditors and depositors. The courts ruled that the collection of the credits and deposits by the Japanese was prohibited by the Hague Regulations and did not bind the creditors.

The Philippine National Bank, a government-owned concern, after a decision against it in the lower court (Milne v. Philippine National Bank, Civil Case No. 71200, (Milne v. First Instance of Manila), recognized the validity of the transfers of the deposits made to the Japanese and paid all of its pre-war American, British, and other depositors.

The Bank of the Philippine Islands, the Philippine Trust Company, and the Monte de Piedad, which were the other local banks, involved, and which are owned or controlled by the Catholic Church, continued to insist upon the validity of the transfers and refused to pay their American and other allied depositors.

The first case to reach the Supreme Court of the Philippines was the case of *Haw Pia v. the China Banking Corporation* (G. R. No. L-554). Although this case involved only a small amount of money it was argued as a test case by several of the leading law firms appearing as *amici curiae*.

The Supreme Court, in deciding the case, recognized the principle that a belligerent, such as the Japanese, occupying another country, had no authority to confiscate private property but ruled that the Japanese had the authority to sequester and liquidate commercial banks. It found that the Japanese did not intend to confiscate the credits of the banks and that the collection of such credits by the Bank of Taiwan

valid. In subsequent cases, it ruled that the collection of private credits and the transfer of bank deposits to the Bank of Taiwan were also valid.

As a consequence, all debtors who paid the Japanese and the banks which transferred their deposits—even those who paid in late 1944, when the American forces were already in the Philippines—were completely relieved of all further liability. Most of them thus reaped a large profit represented by the difference in value between the good Philippine peso and the "mickey mouse" currency. The American and allied citizens, banks and business concerns, on the other hand, suffered a total loss of the amount of their credits and bank deposits.

Some of the creditors argued that the debtors were unjustly enriched by the validation of these payments and requested the Supreme Court to at least revalue the payments according to the Ballantyne Scale but this plea was also denied.¹ The Supreme Court advised the creditors and depositors to look to their own governments for redress. The Supreme Court stated:

"But be that as it may, whatever might have been the intrinsic worth of the Japanese war-notes which the Bank of Taiwan has received as full satisfaction of the obligations of the appellee's debtors to it, is of no consequence in the present case. As we have already stated, the Japanese war-notes were issued as legal tender at par with the Philippine peso, and guaranteed by Japanese Government which takes full responsibility for their usage by issuing the correct amount to back them up [Proclamation of Jan. 3, 1942]. Now that the outcome of the war has turned against Japan, the enemy banks have the right to demand from Japan, through their States or Government, payments or compensation in Philippine peso or U. S. dollars as the case may be, for the loss or damage inflicted on the property by the emergency war measure taken by the enemy. If Japan had won the war or were the victor, the property or money of said banks sequestered or impounded by her might be retained by Japan and credited to the respective State of which the owners of said banks were nationals, as a payment on account of the sums payable by them as indemnity under the treaties, and the said owners were to look for compensation in Philippine pesos or U. S. dollars to their respective States. [Treaty of Versailles and other peace treaties entered at the close of the first world war; VI Hackworth Digest of International Law, p. 252]. And if they cannot get any or sufficient compensation either from the enemy or from their States, because of their insolvency or impossibility to pay, they have naturally to suffer, as everybody else, the losses incident to all wars." (Decision, *Haw Pia v. China Banking Corp.*, G. R. No. L-654, pp. 18-19).

As a result of this ruling, over 2,000 American individuals and American-owned companies lost credits and deposits totalling over P5,000,000. This does not include creditors which were voluntarily paid before the *Haw Pia* decision, some of which payments are now being contested. If these credits are included, the total of American credits and deposits involved amounts to over P15,000,000. Losses of British and other allied individuals, companies, and banks total over P20,000,000.

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ALTHOUGH criticized from time to time by the courts and commentators, it is a recognized principle of international law that a government in time of war may seize and confiscate enemy property found within its boundaries. The U. S. Trading With The Enemy Act provides for such seizures although not necessarily for confiscation.

The law is entirely different, however, with regard to the powers of a belligerent temporarily occupying the territory of another country during the course of a war. In such cases, because of the temporary and uncertain tenor of the stay, and because practically all of the property in the occupied country would be considered enemy property, the rule, which in the past has been accepted by the commentators and courts, has been that private property—except that especially adapted to war—must be respected and possession must remain with the owner. These rules were codified by international agreement in articles 46 and 53 of Section III of the Hague Regulations, entitled "On Military Authority Over the Territory of a Hostile State":

"Private property cannot be confiscated by the hostile army." (Article 46).

"An army of occupation can only take possession of cash, funds, and realizable securities which are strictly the property of the State, deposits in banks, means of transport, stores and supplies, and generally, all movable property belonging to the State which may be used for the operations of the war.

"All appliances, whether on land, at sea, or in the air, adapted for the transmission of news, or for the transport of persons or things, exclusive of cases governed by special laws of arms and truces, and, in general, all kinds of munitions of war, may be seized, even if they belong to private individuals, but must be restored and compensation fixed when peace is made." (Article 83)

¹Note:—Under motion for reconsideration with regard to dollar credits.

It will be noted that Article 53 prohibits even the mere taking of possession of private property with certain limited exceptions.

After the Civil War the United States Supreme Court had occasion to rule upon a case very similar to the liquidation of the American and allied banks in the Philippines. When the Union Army occupied New Orleans the commanding general set up a military administration which attempted to liquidate one of the local banks. After first stating that the general had no authority to make the seizure under certain U. S. statutes, the United States Supreme Court declared that a conquering power had no authority under international law to collect private credits in the occupied territory:

"And it is by no means to be admitted that a conquering power may compel private debtors to pay their debts to itself, and that such payments extinguish the claims of the original creditor. It does indeed appear to be a principle of international law that a conquering state, after the debtors has submitted into government, may exact payment from the state or persons of the conquered power, and that payment to the conqueror discharges the debt, so that when the former government returns the debtor is not compellable to pay again. This is the doctrine in *Phillimore on International Law*, Vol. 3, par. 12, Ch. 4, to which we have been referred. But the principle has no applicability to debts not due to the conquering state. Neither *Phillimore* nor *Bynkershoek*, whom he cites, asserts that the conquering state succeeds to the rights of a private creditor." (*Planter's Bank vs. Union Bank*, 16 Wall. 483, 496-497; 21 Law. ed. 473, 479)

Similar authorities exist as to World War I. (*Mazzoni Sisters, Court of Venice*, Jan. 8, 1927, *Annual Digest* 1927-28, Case No. 384). As a matter of fact, no past precedent can be found in international law in which the courts of a victorious country, such as the Philippines, have validated within their own territory the seizure of private property or credits by the defeated invading army.

Although the U. S. Alien Property Custodian under the Trading With The Enemy Act is authorized to seize enemy property even in occupied countries, he has scrupulously respected the Hague Regulations and has not vested any property in Germany or Japan or German or Japanese residents.

The Supreme Court of the Philippines, in making its ruling in the *Haw Pia* case, quoted partly from the work on international law of Professor Charles Cheney Hyde, who is considered one of the leading authorities on international law. When the Court's decision was brought to the attention of Professor Hyde, he published an article criticizing the decision and stating that the Supreme Court had misinterpreted his work as well as the commentaries of other existing authorities. (See *Philippine Law Journal*, XXIV, No. 3, June, 1949.) Professor Hyde not only reiterated the above stated principles of international law but he also pointed out that the Japanese had violated international law by flooding the Philippines with "mickey mouse" currency in such wholesale quantities as to completely destroy its value and by thereafter collecting the credits of American, British, and allied nationals in this worthless currency. The issuance of the "mickey mouse" money was in effect an instrument used by Japan to loot the Philippines.

Professor Hyde noted that in other occupied countries in the Orient similar payments had been revalued. In France and, so far as is known, in other occupied European countries, such payments were set aside altogether. In France this action was taken expressly pursuant to the proclamation of the United Nations quoted on pages 5 and 6 of this memorandum. (See Ruling dated April 21, 1945, of French National Liberation Committee.)

So far as the Philippines is concerned, the decision of its Supreme Court in the *Haw Pia* case, upholding the seizures by the Japanese, is now the law² and can no longer be questioned. As stated by the Supreme Court, the American creditors and depositors can now look only to their own government for relief.

ACTS OF CONGRESS PROVIDING RELIEF FOR WAR LOSSES

THE Philippine Rehabilitation Act passed by the United States Congress in 1946 provides for partial compensation for war damage to tangible property. The losses from the Japanese seizure of bank deposits and credits were, however, excluded from the Act in a general provision excluding all losses to intangible property. Furthermore, the Act practically destroys any chance of recovery from Japan on these claims by providing that any money or bullion received by way of reparations from Japan shall first be applied to re-

²Note: Subject to motion for reconsideration as to dollar credits.

imburse the United States for payments made under the Act (Tit. 50 App. Sec. 1756 USCA).

The War Claims Act of 1948 sets up a War Claims Commission and specifically provides for payment of: (a) certain wage claims of employees of federal contractors during their period of detention by the enemy; (b) "detention benefits" to American citizens at the rate of \$60 per month for the period they were imprisoned by the Japanese; (c) certain injury, disability, and death benefits; (d) claims of prisoners of war for failure of the enemy to furnish proper food; and (e) claims of religious organizations in the Philippine Islands for aid furnished to members of the armed forces of the United States and American citizens.

The War Claims Act further provides that the War Claims Commission shall study all other types of claims arising from the war and report thereon to the President of the United States for submission to Congress. The act expressly states, however, that this shall not in any way bind Congress to make payment of any of these other claims.

The War Claims Act establishes a fund designated as the "War Claims Fund" which is to consist of all sums received by the Treasury of the United States from Japanese and German property vested in the United States by the United States Alien Property Custodian. The fund is to be applied to the claims payable under the Act and to such other purposes as may later be provided by Congress (Tit 50 App. 2012 USCA).

The amount of the fund is estimated to be over \$100,000,000.

Under the Trading With the Enemy Act which was passed during World War I and amended during World War II, claims against the Bank of Taiwan and the other Japanese agencies which liquidated the credits and deposits can be filed with the U. S. Alien Property Administration or its Philippine office, but the recovery is limited to the assets of these agencies which have been vested. These assets are so limited compared with the amount of the claims that the estimated recovery under this Act will be only 5%.

EQUITIES

THE equities of the situation are simple and striking. Those who suffered from the Japanese seizure of credits and bank deposits were American, British, and other non-Filipino allied individuals and companies. Most of the bank depositors were of moderate means. Hundreds of them were American soldiers, officers and veterans who patronized the Philippine Trust Company. In most cases, the individuals involved — if not killed — were imprisoned or interned by the Japanese and

suffered heavy losses in addition to the loss of their credits and deposits. Most of them also incurred heavy liabilities merely to keep alive and feed themselves while they were interned. On the other hand, the debtors and the banks, except the American and allied banks under liquidation, continued in business. Seventy per cent of the debtors consisted of non-Filipinos, principally Chinese, Spanish, Germans, and Swiss. As a result of the ruling of the Supreme Court, the debtors and banks were able to wipe out their pre-war obligations to American and allied nationals at a fraction of their pre-war value. Instead of suffering losses from the war they were enriched as a result of the war and at the expenses of their American, British, and allied creditors. Many of these debtors are now collecting war damage claims under the Philippine Rehabilitation Act which, as previously stated, excludes the American and other allied nationals from any recovery for their credits or deposits. Except for a claim under the Trading With the Enemy Act against the Japanese agencies involved, for which there is no hope of any substantial recovery, the depositors and creditors are without any existing remedy or provision for compensation. The Supreme Court of the Philippines has told them that their only remedy is through their own governments.

CONCLUSION

IN view of the foregoing, justice requires that the United States Government provide some remedy to American citizens for the compensation of these losses.

Compensation could equitably be provided by:

1. Including these losses as compensable losses under the Philippine Rehabilitation Act to be paid out of any additional appropriations which may be made; or
2. Providing for the payment of these losses out of the "War Claims Fund" established under the War Claims Act of 1948.

Philippine Rehabilitation Act.—At the time the Philippine Rehabilitation Act was passed there was as yet no decision by the Philippine Supreme Court as to how these losses should be treated. Now that the Philippine Supreme Court has declared them to be war losses of the creditors and depositors and has informed the claimants that their remedy is only through their own governments, there would seem to be no good reason for now excluding such losses of American citizens from the Act. The severity of these losses to individual Americans was in many cases much greater than the loss of their tangible property. The underlying purpose of the Philippine Rehabilitation Act could be fully served by requiring that compensation for such losses be used for rehabilitation or investment in the Philippines.

Furthermore, since the money appropriated for war damage payments under the Act comes from American taxpayers it would be only fair that these losses which were suffered by Americans in the Philippines as a direct consequence of the war — and which actually resulted in benefits to other Philippine residents — should be compensated at least equally with the other war losses, if not given a priority.

War Claims Fund.—As stated previously, the "War Claims Fund", which consists of money covered into the U. S. Treasury from Japanese and other enemy property vested by the United States Alien Property Custodian, will amount to over \$100,000,000. Some of this money will be used for payment of the claims specifically approved under the War Claims Act, namely, wage claims, "detention benefits", death and disability claims, prisoner-of-war claims, and certain claims of religious organizations. The major portion of this fund, however, is not appropriated to any specific purpose but is implicitly reserved for payment of other types of war claims which may be approved by Congress.

Payment of the "detention benefits" under the War Claims Act was justified before Congress partly on the ground that the American civilians in the Philippines were deliberately misled by the U. S. State Department as to the imminent danger of war and thus had no opportunity to protect themselves by leaving the Philippines before the outbreak of hostilities. If American residents and businesses in the Philippines had been properly advised by their State Department as to the imminence of war, their is little doubt that most of them would have protected themselves financially by transferring their deposits and liquidating their credits. Thus, the justification for reimbursing American citizens in the Philippines for "detention benefits" would apply equally to reimbursing them for the loss of their credits and deposits.

Furthermore, since these losses arose as the result of seizures by the Japanese Enemy Property Custodian of American property in the Philippines, it would be particularly appropriate that such losses be compensated out of Japanese property seized by the U. S. Alien Property Custodian in the United States.

In any event, since the Philippine Rehabilitation Act will siphon off most, if not all, reparations from Japan (Tit. 50 App. Sec. 1756 USCA), it is clear that unless Congress appropriates funds for payment of these claims the only source from which they can be paid in the foreseeable future is the "War Claims Fund."

For the foregoing reasons, it seems only just that Congress appropriate funds and make provision for payment of these claims under the Philippine Rehabilitation Act or out of the "War Claims Fund".

"We oppose aggression; we do not oppose change. Indeed, we welcome and encourage change where it is in the direction of liberty and democracy..." — Secretary of State Dean Acheson.