

Further great depletion of the dollar reserves, however, would be fatal to the entire economy, and the present situation may render advisable the continuation of the control now begun, but it should be exercised only over luxuries and non-essentials properly so classified, as a temporary measure to be abandoned at the earliest possible moment, and pursued only as auxiliary to other sounder measures.

And rather than talk of "greater austerity" in a country that for fifty years has been engaged in an earnest effort to increase the general standard of living, we should talk of greater effort, greater industry, greater production. We should resolutely set our minds on *more* rather than *less*, on development, prosperity, abundance, rather than on choking and checking, retardation, retrogression, a more grinding poverty.

"Anything that impedes free enterprise is objectionable." Nothing so impedes enterprise as government controls. That, indeed, is the dead hand the laying on of which palsies and kills.

Since the foregoing was written, some of the Manila newspapers published summaries of a new import control order which, it was stated, was to be submitted to the Cabinet for approval. The order would apply to no less than 160 different classifications of goods, some 65 of which would be new, and the cuts would range up to 95%.

The following day it was officially stated that this had been an unauthorized and premature publication of an "unedited draft", but business generally was aghast at the extent of the further curtailment of imports which is evidently being considered.

We wish to make it plain that nothing that was said in the Chamber's release to the press or in the foregoing editorial should be or could be interpreted as being in support of any measure so extreme. It would be so-called "control" itself running uncontrolled and hog-wild. It would be ruinous to much if not all of our business and our general economy, a ruin that would certainly have to be measured shortly in terms of failures and bankruptcies, decreasing new investment, increased unemployment, a falling off in government revenues, all against a general rise in prices and an increased cost of living, and greater and greater popular discontent.

No government can afford to draw such consequences upon itself at the behest of a group of its bureaucrats and theoreticians.

A despairing contrast between humanity's technological and political progress, is often drawn. Our science has far outrun our politics. Yet we have made political progress, too, even if it be admitted that the absolute ruler has only made way for the demagogue.

Though a number of ancient states and empires were certainly not small, political forms of organization in general have grown vastly not only in size and power, but in the character of their human base.

In the main, the many have always been governed by the few, but governments have, on the whole, become steadily more representative of, and responsive to, ever greater masses of people.

Government by war-chiefs and medicine-men, by feudal land-owning classes, by ecclesiastical hierarchies, by aristocrats, nobles, and kings, by oligarchies of merchants and plutocrats, — all such forms of domination lie largely behind us. They appeared and disappeared, often to appear and disappear again, on the world-scene in various places and over many centuries, and they all played their part in human advancement. They all served, primarily in establishing and maintaining order, but generally also exploited the multitude.

These various classes of rulers have succumbed, one and all, before the surge and swell of the will of the people, before the great democratic flood, whether it was recognized as such or not. And even from the first, the most veritable tyrants had always to be careful that the mutterings of an oppressed people did not rise to the cry of revolt.

The demagogue is generally conceived of as a sinister figure, and this he may be and often is, though demagogues may range in character from a Roosevelt (some have called him a demagogue) to a Hitler. Today, even totalitarian despots give lip-service to democracy, and though they rule by terror they themselves live in mortal fear of the people and play upon them with every organ of propaganda in the effort to retain their grace. That even the most evil rulers of these times are demagogues, is an unconscious tribute to the people and their latent power.

When we see demagoguery in action today, we should not be wholly disgusted but rather recognize that fundamentally it is a hopeful thing that a political scoundrel must, as does the honest democratic leader, attempt to win over the people instead of seek to gain the support merely of the classes and the special interests, as he had to do in the past.

If we are largely governed through demagoguery today, this is because the power of the people is recognized. If the historical process has led only from the autocrat to the demagogue, we should understand that while both are dangerous, the latter rarely exercises such absolute power as did the former.

The spirit of democracy may be subverted and perverted, as it is under what now is called communism. But even so, no demagoguery can long save any regime when its appeal to the people ceases to be convincing and the despotism can only be maintained by naked force, for force must always in the end bow to the people's consent.

Under modern "scientific" methods of control, including not only terror and brutalization, but a hypnotic propaganda, it does appear that whole populations might be hopelessly enslaved, made unaware of their chains, dulled to all their miseries, even taking in them an idiot-delight. But that is such a nightmare picture of the humanity of the future under totalitarianism that we feel that it could never be true. Somehow, man, with his human intelligence and spirit, would fight himself out of such a demonic trap, which only madmen would be capable of constructing. Not that we have not had such madmen. Mussolini was one such, Hitler was another... and there are still others.

We may confidently expect further development in democratic leadership as the people themselves raise their material, intellectual, and moral standards. If much of today's leadership even in our de-

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 Philippines, including decisions of the Bank Deposits 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.