

Short History of Industry and Trade in the Philippines

Period of the Japanese Occupation

By A. V. H. HARTENDORP

"The infidel triumphs,—or supposes he triumphs. . .
The cause is asleep,—the strongest throats are still, choked
with their own blood,
The young men droop their eyelashes toward the ground when
they meet. . .
But for all this, liberty has not gone out of the place,
Nor the infidel enter'd into full possession."—*Walt Whitman*

IT might be thought that the Japanese rule in the Philippines for three seemingly endless years was, nevertheless, only an interregnum, a break or pause in the historic pre-war continuity which, though cut off as with an axe by the enemy, was resumed after the thrice-doubled liberation.

The country suffered a traumatic break with the past, agonizing beyond telling, but the Japanese had ever to contend with the matter and spirit of the past and, with all their ruthlessness, were never able to overcome it entirely, or even in large part. The people, both openly and passively, resisted them to the end. But it is equally true that after liberation there could be no mere resumption of the pre-war way of life: those who survived and those who came after the Japanese had to deal with what the enemy left behind them,—the totalitarian debris, the authoritarian stench, which, as few realized at the time, would prove far more difficult to rid the country of than was the mountainous and corpse-strewn material wreckage.

American Sovereignty has "Completely Disappeared".—The Japanese entered Manila early Friday evening, January 2, 1942, and the next morning the red-spot flag of Japan was flying over all the principal edifices; many of the larger buildings were occupied by Japanese troops, and Japanese soldiers, by two, were posted at almost every street corner. The rounding up of Americans and others, now "enemy nationals", began immediately.

On Sunday, January 4, the Manila *Tribune* came out in reduced 4-page form, Japanese edited (all other newspapers in Manila had been immediately suppressed), carrying an announcement by the Japanese Imperial High Command declaring that the sovereignty of the United States over the Philippines had "completely disappeared" and proclaiming the establishment of martial law under the Japanese Military Administration. The Japanese aim, the announcement went on to say, was to "emancipate" the Philippines from the "oppressive domination" of the United States and to establish "the Philippines for the Filipinos as a part of the Co-Prosperity Sphere of Greater East Asia." The announcement warned the people against "rashness" and stated also that "spreading fabulous rumors" would be severely punished; serious offenders would be put to death "according to martial law". The announcement finally stated that third-party foreigners were guaranteed safety of life and property, but that those of them who disturbed the public peace and were not "careful in word and deed" would be put to death. It was not stated what would be done with the nationals of countries at war with Japan.

Filipino Leaders "Put on the Spot".—The enemy, from the first and for their own purposes, blandly ignored the fact that the Filipinos were at war against Japan. The Philippine Commonwealth was not a sovereign nation, foreign relations were under charge of the United States, and the Commonwealth could not have declared formal war on its own account. But on December 12, 1941, the National Assembly had adopted a resolution pledging the

full support of the Philippines to the United States in the war against Japan, and on December 15 this resolution was amended to include Germany and Italy among the enemy nations. That same day the Assembly adopted another resolution declaring a state of total emergency and placing unlimited powers in the hands of President Quezon to meet the emergency. And President Quezon had said:

"The flag of the United States will be defended by American and Filipino soldiers until the last round of ammunition. The Filipino people welcome the opportunity of testing their loyalty to America through blood and fire."

And on December 30, on the occasion of the sad inauguration of his second term of office, which took place on Corregidor, Quezon said:

"No matter what sufferings and sacrifices this war may impose upon us, we shall stand by America with undaunted spirit, for we know that upon the outcome of this war depends the happiness, liberty, and security not only of this generation, but of generations to come."

Now in many respects the Filipinos, particularly the political leaders,—and all of them could not have joined the USAFFE¹ or the guerrillas or gone into hiding, were in a far worse position than the Americans in the country or the nationals of other powers at war with Japan. These were interned and, for a time, hapless as was their lot, were otherwise left personally unmolested except for a few against whom the Japanese held a grudge. Prominent Filipinos, however, were "on the spot". The Japanese announced and reiterated over and over again that they had come not to fight their "fellow" Orientals, but to "free" them. They pretended that they came as friends and that, indeed, they were made welcome by the Filipinos as "liberators" despite all evidence to the contrary. But thus they denied them the status of a people in an enemy-occupied region and such protection as there may be in international law for such people. As "friends" the Japanese, as of right, demanded the full "cooperation" of the Filipinos even to the point not only of disloyalty, but treason. Refusal was not recognized as honorable, but made a Filipino a "renegade", an individual enemy and criminal, forthwith subject to nameless abuse, for himself and family, torture, and death. Hundreds of men, and women, too, were executed in Manila for "anti-Japanism" during the first few months with hardly the pretense of trial or even court-martial, and the total ran into tens of thousands before the long nightmare ended. The Japanese policy from the beginning was one of verbal blandishment combined with deliberately terroristic practices.

According to all international law, the military occupation of a country does not of itself transfer sovereignty, and the occupying power is obliged, at least for a time, to recognize the laws of the land and not to disturb the existing governmental organization more than is militarily necessary. The invading forces have no right immediately to set up a government of their own in the occupied territory or to demand the adherence and loyalty of the people, much less to use them against their own forces still in the field. All they have the right to demand is obedience to the necessary military regulations. Nevertheless, the Japanese Commander-in-Chief immediately and falsely declared that the sovereignty of the United States in the Philippines had "completely disappeared" (this being a matter of cession and of international recognition), and

¹United States Armed Forces in the Far East.

immediately exacted the most treasonable services from the Filipinos on pain of death. This was not merely a threat; the policy was mercilessly carried out.

The Philippine Executive Commission.—President Quezon, before leaving for Corregidor, had designated his Executive Secretary, Jorge B. Vargas, as the ranking member of the Cabinet and had commissioned him to represent the Commonwealth Government in the necessary dealings with the enemy. For convenience, he had been additionally named "Mayor of Greater Manila".

Order No. 1 of the Japanese Commander-in-Chief, published in the *Tribune* of January 24, 1942, brought into being a puppet government headed by the so-called Philippine Executive Commission of which Vargas was appointed Chairman. Many more leading Filipinos were appointed to an "advisory body" called the Council of State. The *Tribune* published a declaration signed by the members of the two bodies, addressed to the Commander-in-Chief, which stated:

"Your Excellency:

"In compliance with your advice, and having in mind the great ideals, the freedom, and the happiness of our country, we are ready to obey to the best of our ability and within the means at our disposal the orders issued by the Imperial Japanese Forces for the maintenance of peace and order and the promotion of the wellbeing of our people under the Japanese Military Administration."

This was a clear statement, acceding to as much as the Japanese could rightfully ask,—obedience. There was no reference to any supposed Japanese sovereignty over the Philippines or to any "loyalty" to Japan, but it was already obvious that the Japanese demanded much more.

A week or so later, the Commander-in-Chief¹ (at the beginning this personage was never given a name in the *Tribune*) was reported to have said at a state dinner that a "total reform" of the national life was called for which would—

"sweep away all the exploitation, outrages, insults, and degeneration caused by the Americans for the last 40 years. . . . Escape from the position of captives of the capitalism and imperialism of the United States! Liquidate the unnatural culture borrowed from a far country! Shake off the economic dependence on the United States and reform the national life into simplicity and reorganize your industries so as to make cooperation with your neighbors possible."

He also said (and this was still some months before the surrender in Bataan and the subsequent fall of Corregidor):

"Rumors of the resurrection of American forces in this country are too absurd to deny and we laughingly disregard them."

During the next few weeks, some six executive departments were organized, each department headed by a member of the Executive Commission, and Vargas, "with the approval of the Commander-in-Chief of the Japanese Imperial Army", also appointed a number of bureau heads, but more than 50 government offices were closed and their officials and employees,—those who had not already quietly absented themselves, were "retired". But the Government Insurance System was abolished. Salaries were slashed from 50 to 70% and in addition, a scheme of "forced saving" was instituted which further cut down the actual pay.

The Bureau of Customs and the Bureau of Internal Revenue were "combined" and most of the personnel dismissed. There was going to be nothing for any customs personnel to do, for, as will be shown later, there was and could be no overseas trade under the system of exploitation practiced by the Japanese.

Later in February, Vargas, "with the approval, etc.", appointed eleven provincial governors of Japanese choosing, and as there were 48 provinces, this served as some indication of the limited area which the Japanese controlled at this time.

That month, too, Vargas (always with the "approval, etc."), appointed the members of a newly constituted Supreme Court and also of a newly constituted Court of Appeals, and a week or so later a number of judges to the Manila courts of first instance. One of the first decisions of a lower court was to declare the 8-hour labor law as "inoperative under the present circumstances". There was never much work for the courts during the entire Japanese regime as more summary methods were resorted to, but in September, Jose P. Laurel, who was then Commissioner of Justice, issued an order which confirmed what had been the practice from the beginning of the enemy occupation,—no granting of bail except for the most minor offenses, and Japanese intervention in court cases, so long as this was done in a "formal" manner through the "appropriate officers of the Japanese Military Administration or through the Chief of the Military Police."

All election cases had been immediately dismissed as the Japanese announced that they would not recognize political party organizations and issued dire warnings against any political activity whatever. But, what was more, no legislative branch of the new "government" was provided for. The National Assembly was suppressed as "unnecessary under the new regime". Order No. 3 gave the Executive Commission limited legislative powers subject to the approval of the Commander-in-Chief.

While various new or radically increased sales and "luxury" taxes and license fees soon went into effect (leather shoes were classed among the luxuries), the puppet government had no money and the Imperial Army, therefore, "benevolently advanced" certain funds from time to time, although never very liberally,—P2,000,000, for instance, in February, in the army paper money to be described later. The Army was at its most generous in providing paper to pay for the road and bridge repair and maintenance work, which was a military necessity. About the middle of June, Vargas issued an order suspending all tax-revenue allotments to the provinces, cities, and towns and requiring that all tax collections "accrue" to the Central Administrative Organization, the amounts to be allotted to them "to be determined later". A month or two earlier, Vargas had issued an executive order fixing the "minimum pay" of provincial, city, and municipal government employees "who were the sole support of their families", at P30 a month.

For "Vargas", of course, a Japanese name should always be read. The so-called Central Administrative Organization, headed by the Philippine Executive Commission, was only a front. The real government was that of the Japanese Army, acting through the Military Administration under a Director-General, the organization of which roughly paralleled the civilian departments and bureaus. Besides this, every Filipino official had a number of Japanese at his elbow, ostensibly experts and advisers, who gave him his orders. Vargas' own keeper was the former Vice-Consul in Manila, J. Kihara, who was installed in Malacañan immediately and who, the writer was told by a Malacañan official after liberation, "ran the place" until the end of the Executive Commission regime toward the latter part of 1943.

In August, Vargas issued two executive orders completely changing the established system of provincial and municipal governments. Governors and mayors, themselves appointed from Manila, were empowered to appoint all subordinate officials and employees and to issue provincial and municipal ordinances; provincial and municipal boards became merely "consultive" bodies. Every act, however, had to have the approval of the Commissioner of the Interior, through the Director of Local Governments. Provincial and municipal budgets were prepared and prescribed by the latter official.

¹General Homma.

Status of Japanese Nationals.—The position of the Japanese nationals in the Philippines had been quickly attended to. Military Ordinance No. 2 had curiously lifted—"the prohibitions and limitations on the civil rights, benefits, and privileges which the Japanese are denied by the laws, statutes, and administrative orders."

and had declared that the term "alien" in these laws, statutes, and administrative orders did not apply to the Japanese.

"Independence"—and the Military Administration.—Although Premier Tojo in Tokyo said as early as January 21, 1942, that Japan would—

"gladly grant the Philippines its independence so long as it cooperates and recognizes Japan's program in establishing the Greater East Asia Co-Prosperity Sphere."

the Japanese military in the Philippines expressed themselves differently. That the Army did not look upon the Military Administration, set up behind the screen of the Executive Commission composed of Filipinos, as a merely temporary organization, was made clear before the first year was up by a statement issued in December by the Military Administration which ran, in part:

"In 1943, administratively, the foundation which was laid in 1942 will be extended and strengthened with a view to extending it all over the Philippines. . . . Emphasis will be laid on the extension and strengthening of the personnel of the provincial governments with the nationwide development of Military Administration in view."

S. Murata, "highest adviser" to the Japanese military, was quoted as having said earlier that month:

"There are some people in the country who think that the officials of the Japanese Military Administration play too large a part in the affairs of the Islands. They say that the situation might be much better if things were allowed to settle in the hands of the Filipino people. The arguments has its points. It might be justified if things were normal. . . . But unfortunately, it is not so. The Philippines today is not only faced with critical times, but it is at a cross-road and the situation demands decisive action, a radical rejuvenation. . . . Anyone with vision can see that something like a major operation must be decided upon. . . . Assuming that the Filipinos might have been granted independence in 1946 [by the United States under the terms of the Tydings-McDuffie Act], the country would not have been prepared for it from the standpoint of economic structure. Aside from the sure disaster that was scheduled to happen in 1946, it would seem like excess optimism to believe that the Philippines would have been ready for independence even in 1961. . . . With the first impact of war, the Philippines took the role of a ship, drifting in dreamy seas, suddenly met by a great typhoon. . . . So we find the Commander-in-Chief of the Japanese Imperial Forces as a new captain, making every effort to save the passengers and cargo and at the same time re-charting the course in order that the ship may reach its haven in safety."

The "Neighborhood Associations."—The Japanese did not have everything their own way even after the surrender of Corregidor, for guerrilla forces were making trouble for them in many parts of the country. In a malignant effort to establish a system of general espionage and betrayal, through which the people would be made the direct agents in their own subjection and degradation, the Japanese Military Administration, through Executive Order No. 77, issued by Vargas in August, established the so-called "Neighborhood Associations". These associations composed of around ten families each, with the head of one of them appointed "leader", were organized by the city and municipal mayors, and were combined into larger "District Associations" which operated under the local branches of the Military Administration. The men in the neighborhood associations were called upon not only to patrol their neighborhoods at night and to report regularly on all arrivals and departures from the community, but also to report immediately and to "assist in the capture" of any "bandits or suspicious characters" whose presence was discovered. In case an unreported "felonious criminal" was apprehended by the Japanese anywhere, the neighborhood leader and the heads of each family in the area were to be "fined" (a euphemism for greater punishment). This type of organization was not a Japanese invention, having been used in ancient times both in Europe and Asia. In China, where it had again been resorted to, the Government of Sun Yat-sen abolished it as "unfit for a

free people", but the Japanese re-introduced it in Manchuria and later in China and also brought it into Japan proper. Now it was given to the Philippines. In Manila and other cities and towns the people were forced into forming the associations by tying them in with the food-rationing system and by the middle of 1943 it was claimed that over 1,500,000 families were enrolled in them. Nevertheless, the people continued to extend what aid and support they could to the guerrillas, making only false or delayed "reports" and even using the rations they obtained through their membership to feed the fighters still in the field.

The "Kalibapi."—In December (1942) it was announced that "on their own accord" all existing political parties had dissolved themselves and that, in their stead, to unify the people and to promote the Oriental virtues, an organization was to be formed called the Kalibapi, a shortening of *Kapisanan sa Paglilingkod sa Bagong Filipinas* (Association for Service to the New Philippines). The aim, as officially stated, was—

"to unify the Filipinos, regardless of class, sex, rank, or creed, in order to extend positive cooperation to the Japanese Military Administration in the reconstruction of the country. . . . and to invigorate in the people such Oriental virtues as faith, self-reliance, loyalty, patriotism, bravery, discipline, self-sacrifice, and hard work. . . ."

It was emphasized that "the Kalibapi was not a political party, but a non-political service organization", although "no person can be employed in the government and any of its institutions unless he is a member." All persons 18 years old or older could join, and a little later it was announced that all "civic bodies", such as the Filipino "newsmen", and writers, and nurses associations, the various women's clubs and federations, even the Young Men's Christian Association, were to be "sworn in". There was also a "Kalibapi Labor Institute." Vargas was appointed President *ex-officio* of the Kalibapi and Benigno Aquino, Commissioner of the Interior, was appointed Vice-President and Director-General. In March, 1943, a Junior Kalibapi was organized in two branches,—the *Kabataang Maghahanda*, for children from 7 to 15 years old, and the *Kabataang Katulong* for young people of from 16 to 18. There were separate units for boys and girls. It was through these organizations that the sons of prominent Filipinos were laid hold of for "re-orientation". The Filipinos soon had a song, the first line of which ran:

"I'm a slap-happy Jappy

Since I joined the Kalibapi."

The expression "slap-happy" referred to the state of consciousness engendered by the universal Japanese indulgence in face-slapping. This aroused such resentment, that the Japanese explained that the *binra*, as they called it, was practiced in the Imperial Japanese Army itself as the "slightest possible disciplinary measure" and that it should be "taken in this spirit". The people continued to be slapped right and left and at all times could well consider themselves lucky that they suffered nothing worse.

The first provincial meeting of the Kalibapi was held at Malolos, because, as Aquino said, the "short-lived Philippine Republic of 1898 was born there". The Philippine Veterans Association, headed by General Emilio Aguinaldo, was "dissolved" on Japanese orders; the members were told to join the Kalibapi.

The "Co-Prosperity Sphere" Propaganda.—Had the Japanese had the wisdom to carry out the announced policies of the "Co-Prosperity Sphere" scheme, or had they had only the intention to do so, it would still have been unlikely that they could have won the Filipinos over, in view of the radical differences in character and culture, but they might have won friends in the country. But it was all only a false propaganda. The Japanese military tyrannized over their own people at home and it was inevitable that they would abuse the foreign peoples they conquered. In the Philippines, the Japanese inspired only fear and hatred, always tinged with con-

tempt. From the first it was plain that the actual policy of the Japanese was one of naked imperialism. The invasion of the Philippines immediately turned into a sheerly piratical expedition, and what long-term plans of organization and development were initiated, were obviously calculated to reduce the status of the Philippines to that of a tributary state and to keep it there.

The "Treasure-Ships".—It was not only that the Japanese armed forces lived on the country to the extent that they brought on mass famine, in the course of which hundreds of thousands of people died of starvation, but that vast loot was taken out of the country besides,—"existing stocks, plus what could still be produced, of sugar, hemp, copra, coconut oil, margarine, soap, ores, and machinery and factory equipment of all kinds, automobiles and trucks, even telephones and sewing-machines and antique Philippine furniture. All this pillaging was systematic and official. A Tokyo dispatch of April 7, 1942, published in the *Tribune* quoted Col. K. Okada, Chief of the War-Preparations Section of the War Ministry, as saying exultantly:

"Japanese transport vessels which have carried Japanese troops to the Southwest Pacific war-fronts are returning home as treasure-ships, laden with foodstuffs and raw materials for domestic consumption."

The Japanese War Notes ("Micky Mouse Money").—This "treasure" the Colonel spoke of so gleefully, was all stolen, even if some of it was "paid for" in the Japanese Army's "occupation currency" which was a purely fiat currency of no foreign exchange value even with Japan itself. The Japanese forces landed in the country with bales, tons, of this "money", ready-printed. The amount issued during the three years of the occupation has been variously estimated at between 6,623,000,000 and 11,148,000,000 "pesos". Before the war, the total Philippine money supply, currency and demand deposits, never exceeded ₱300,000,000, less than 1/20 of the amount the Japanese put in circulation at the lowest estimate.

Although, before the Japanese entered Manila, some millions of Philippine peso notes in possession of the Government and the banks were destroyed by the American military authorities, there was still an ample supply in circulation, but this money did not suit the Japanese purpose. Acceptance of the Japanese war notes was immediately made compulsory, and the Philippine notes were soon driven out of sight. People who received the war notes for goods and services and more or less promptly got rid of them in exchange for other goods and services, did not lose much except through the depreciation of the notes which, at first, was slow, but those who had to accept them in larger amounts and who had quantities of them in their possession when the notes began to depreciate rapidly and, in the end, became wholly worthless, stood out as plainly robbed.

The Japanese, in using this paper, had two aims in view.—(1) to seize whatever they could get for nothing, though the ignorant would think they were paying for it, and (2) to depress the living standards of the people to near or below the starvation level, this being of advantage to them in further exhausting the country's supplies. The deliberate nature of this policy was proved by an article, written by a Japanese authority in a self-congratulatory strain, which appeared in a 1942 issue of the *Boeki Toseikai Kaiho* (Trade Control Association Journal), and was entitled, "War Notes Secure Confidence of People of Southern Asia". The author stated, in part,—and the present writer quotes at length, rather than to paraphrase, as he wishes to prove criminal self-conviction:

"In the Japanese-occupied regions in the South, war notes have been in use ever since the commencement of military operations. . .

"Most of the homes of Americans and allied nationals were stripped by the military who occupied them; first a general officer would move in and would take what he wanted; after he moved out, a colonel would move in and take what he wanted of what was left, and so down the line of rank."

The Special War Fund Bill involving ¥27,000,000,000, which was submitted to the 81st session of the Imperial Diet on February 8 this year (1942), included a loan of ¥3,300,000,000 as one source of revenue. This loan has been secured from the Southern Development Treasury and is to finance military expenditures on the front. *This loan is not a burden at home. All future war notes in the South will be handled as Southern Development Treasury Notes, independent of the Extraordinary Military Expenditure Account.*

"Japanese war notes in the South are issued in, and are at par with, the currencies in the countries under occupation, i.e., Straits dollars in Malay and North Borneo, rupees in Burma, guilders in the East Indies, pesos in the Philippines, Australian pounds in New Guinea. This arrangement. . . has had an immense appeal to the native inhabitants. It is merely an expedient to avert chaos, for, obviously, these former enemy currencies are now entirely without backing as the influence of the respective enemy countries has been completely driven away from the domain of East Asia.

There is no exchange rate between yen and war notes or among the regional war notes. This is because Japan pursues the policy of not recognizing, for the time being, at least, free exchange of funds between Japan and the South or among the various zones in the South.

"After having served their usefulness for operational purposes, war notes are now playing a productive role as the monetary medium for the acquisition of materials and for reconstruction and development work. With the native inhabitants reposing implicit confidence in them, war notes are in satisfactory circulation everywhere. . ."

The Japanese writer then discussed the currency measures previously adopted in China, revealing that the same policy was followed with equal ruthlessness there.

"With the expansion of the war front, the consequent mounting of military expenditures and the rise in demands on funds for economic reconstruction work in Central China, the issue of war notes swelled of necessity. To cope with this situation, yen funds in the field were put under rigid control, while at home, restrictions on trade and exchange transactions with Central China were strengthened. Eventually, the exclusive use of war notes was decided upon. . . The stage was reached where their value had to be maintained on a stable basis. Various measures were taken toward that end. . . Restrictions were put upon imports from Japan. . . Control over loans to Japanese entrepreneurs was strengthened. . . Commodity traffic was kept down to the extent of the minimum needs in the occupied areas. . ."

It will be understood that under this system of deliberate stripping of the occupied countries of Southeast Asia, as in the case of China, *there could be no trade between the Philippines and Japan or among any of the various countries in the "Co-Prosperity Sphere"*. In so far as the Japanese robber-state was concerned, why should there have been, when, with a rapacity which knew no bounds, the Japanese were getting everything there was to get, for nothing but the paper and ink used in the manufacture of the war notes?

The Banks.—Some of the Manila American and allied foreign bank executives awaited the Japanese in their offices on Saturday morning, January 3, 1942. 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. A. D. Calhoun of the National City Bank of New York and two of his staff were driven around and exhibited down-town in an open truck for an hour or so before being taken to Villamor Hall, the first place of internment. Subsequently, after their internment in the University of Santo Tomas, a number of the bank men were taken out of the Camp to their former offices to complete trial balances and to give other information.

Early in February, the Army ordered the reopening of three Filipino banks in Manila and branches of the Philippine National Bank in Cabanatuan, Tarlac, and Legaspi, were opened in March, but withdrawals were either prohibited or strictly limited. Daily cash reports and weekly statements of the general ledger balances were required to be made direct to the Army. In April, the Philippine Agricultural and Industrial Bank was opened, but "solely for the purpose of accepting payments on loans."

In June, the Commander-in-Chief issued an order sequestering all payments due to citizens of the United States and allied powers and required that such payments be deposited in the Bank of Taiwan or the Yokohama Specie Bank, subject to withdrawal only under license of the Japanese Military Administration. In July, an order was issued requiring the liquidation of the American, British, Dutch, and Chinese banks, the Bank of Taiwan being appointed liquidator.

In October, 1943, the Japanese Military Administration ordered all local banks, except those under liquidation, to transfer to the Bank of Taiwan all deposits of American and other allied nationals, and also called for the payment of any credits due them in Japanese war notes.

According to the Committee on War Claims, Congress of the Philippines, after the war, the Bank of Taiwan collected from the debtors of these banks (National City Bank of New York, Peoples Bank and Trust Company, Chartered Bank of India, Australia, and China, Hongkong and Shanghai Banking Corporation, Nederlandsch Indische Handelsbank, N. V., China Banking Corporation, and Philippine Bank of Communications), amounts aggregating ₱34,311,330.14 in Japanese military currency, none of the payments being authorized by the banks concerned. The Japanese aim was to destroy the securities of these banks. Some millions of pesos deposited with the China Banking Corporation were forcibly debited to the Chinese depositors and then credited to Chinese "associations" through which credits the Bank of Taiwan made forcible levies on the depositors. Of the total thus paid to the Bank of Taiwan, about ₱6,000,000, or around 18%, was paid in by Filipinos. A large proportion of the payments came from a small number of debtors' whose "buy-and-sell" operations, which will be described later, enabled them to acquire large sums in Japanese military notes which they handed over to the Bank of Taiwan in the hope that such payments would discharge their legitimate obligations to the banks. Payments by years were as follows: 1942, ₱5,595,714.36; 1943, ₱13,467,638.62; 1944, ₱15,208,696.70; 1945, (1), ₱39,290.46. It is to be noted that the "payments" increased as the military notes depreciated in value.

American and other internees who had deposits in "non-enemy" banks were permitted from time to time to make small withdrawals, but in June, 1944, the Santo Tomas Camp Internee Central Committee and individual internees were forced even to deposit what small cash funds they had been able to accumulate in the Bank of Taiwan, the Central Committee and the individual internees being allowed to draw on these deposits only in limited amounts,—in the case of individuals, only ₱50 a month, which at the time could buy very little. This, however, is getting too far ahead of the story.

Land Laws Set Aside and the Compulsory Cotton Growing.—In August it was reported in the *Tribune* that the military authorities had established a "model farm" of 4,000 hectares and placed it under the management of the Ohta Development Company, though the laws of the Commonwealth prohibited foreigners from acquiring agricultural lands in the Philippines and limited the area of public lands which could be acquired by any Philippine corporation to 1024 hectares.

The most ambitious project which the Japanese Military undertook at this time, in the agricultural field, was the forced production of cotton, mainly, for the time being, as a war-material, and, later, for turning the country into a source of supply for the Japanese textile mills. The plan was to convert most of the sugar-producing areas into cotton plantations. Sugar, the Japanese said, was depend-

ent on "artificially created foreign markets". The plan was outlined to the Philippine Executive Commission in August by Maj. Gen. Wati, himself, the Director-General of the Military Administration. He laid down a 5-year plan under which the sugar industry was to be maintained only to meet the local demand in so far as sugar was concerned, but, "in view of the necessity of attaining self-sufficiency in liquid fuel, the surplus capacity of the sugar industry was in part to be diverted to the manufacture of high-octane liquid fuel and alcohol which are products that can be made from sugar-cane."

"The balance of the sugar lands... can be used for the increased production of cotton... For this re-orientation of the basic industries of the Philippines, Japan is ready to give necessary aid and guidance in order that this country may perform her mission as a member of the Greater East Asia Co-Prosperity Sphere and enjoy a rightful share of profit and prosperity."

A Memorandum presented on the subject states that the first step—

"aims at the production of 1,500,000 piculs of ginned cotton by planting 500,000 hectares per year. By the end of 1942 it is planned to plant 12,000 hectares of sugar lands under cultivation to produce an estimated crop of 37,000 piculs of ginned cotton..."

Japanese firms, of course, were to be in charge:

"The Japanese firms in charge of cotton growing (hereafter to be known as Cotton Growers) are: Kaneko Bosoki K.K., Daihinbo Bosoki K.K., Toyo Bosoki K.K., Daiwa (Kurasaki) Bosoki K.K., Kureha Bosoki K.K., Toyo Menka Bosoki K.K., Toyo Takusoku K.K., and Taiwan Takushoku K.K."

There was also to be a Philippine Cotton Growers Association, which—

"shall be organized under the supervision of the Army in close cooperation with the Nippon Cotton Growers Association... The officers shall be composed of the officials of the Office of Military Administration, the officials of the Philippine Executive Commission, the Cotton Growers, and the members of the Nippon Cotton Growers Association."

Even in the "Philippine" Association, the Filipinos were to be somewhat in the minority!

The prices to be paid for the cotton (if and when produced) "shall be fixed", stated the Memorandum, "at an advantageous rate",—it was not stated to whom.

There was also, as always, the hardly disguised threat.

The "lease or purchase" of the land needed "must be based on the principle of free contract", said the Memorandum, however,—

"if such measures fail to attain their object, necessary orders shall be promulgated for compulsory adoption. Other installations besides land shall be handled in the same way... In the event land owners fail to cooperate by refusing to comply with the request to improve the cultivation of land, necessary measures shall be adopted so that the Cotton Growers may execute such plans in their place."

An Annex to the Memorandum gave a list of the lands the Cotton Growers were to take up as a "temporary measure" for the year 1942. All eight were each to have a total of 1500 hectares in different areas in Bataan, Batangas, Cavite, Cotabato, La Union, Occidental and Oriental Negros, Pampanga, Pangasinan, and Tarlac. No Filipino agricultural companies were named in the Annex.

As a matter of fact, cotton had been raised in the Philippines from time immemorial, but never on a large scale. The Commonwealth Government had been experimenting with cotton in Mindanao and elsewhere, there being some question as to the suitability of soil and climate. But for many years, other crops, including sugar, had proved more profitable. What the Japanese were now bent on doing was simply to transfer the "economic dependence" of the Philippines on the United States, which they so vociferously condemned, to dependence on Japan. But what advantage would there ever have been, even under normal conditions, in a Philippine tie-up with the grinding textile monopoly of Japan? The raising of sugar-cane for alcohol was also a most uneconomic thing.

¹Many of them nationals of Axis and neutral nations.

Time was to show that the Japanese cotton project would end in a colossal failure. According to Dr. Gonzalo Merino, Director of Plant Industry, writing in 1952:

"But this [Japanese] agricultural development program [which also included the growing of Virginia tobacco and Horai rice from Formosa] did not go far because the people were indifferent; instead they raised food crops that were in great demand in the cities and big towns which were coming closer and closer to a state of famine. The people were also cool to the idea of raising cotton which, they knew, was war-material. The cotton project was a colossal failure, not only because of the people's indifference but also because the cotton was planted either in unsuitable places or out of season. Pests, like leaf-hoppers, also caused havoc."

High-Grading of the Mines.—The Japanese immediately took steps to get the copper mines in Lepanto, Mountain Province, and Rapu-Rapu, Camarines Norte, into operation, and the iron mine at Larap, also in Camarines Norte. They took no great interest in the gold mines except to strip them of their machinery and equipment. They seized stocks of mining supplies and food for the mine-workers which were very large because the mining companies, though not expecting a war in the Pacific, had anticipated a shipping shortage and had laid in a two-years' supply of stocks of all kinds, only a fraction of which could be destroyed before the Japanese arrived.

A Japanese businessman, an old resident in Manila, who came into the Santo Tomas Internment Camp on some errand one morning, chanced to meet an American acquaintance of his there who owned shares of stock in a number of mining companies. The Japanese said "Hello", and in great good humor began to tell the American which Japanese companies had taken over the various mining companies he had investments in. Then he asked blandly, with reference to the Lepanto copper mine, what the reserves were and whether they could be "high-graded",—that is, ruined by taking out as quickly and cheaply as possible only the richest ore.

Labor.—All this "development" by the Japanese was accompanied by a deliberate forcing down of wages. Many, if indeed not most of the Japanese firms offered "free instruction" and board in lieu of wages during supposed 6-months' periods of "apprenticeship". Hours, not stated. In July, the *Tribune* carried a Domei story under the heading, "Cavite Navy Yard Rebuilt—Now Bigger and Better", which ran:

"It was a hard task to win over the Filipino workers used to American wages. Japanese engineers and workers did not attempt to force the Filipinos into working the same number of hours they did. Instead they exerted efforts to get the message across to the Filipino workers that they should work for the sheer joy and satisfaction of building things. Their efforts succeeded, and within two months Filipinos were enthusiastically working around the clock, asking no extra pay."

In truth, it was not long before the workers in the cities and towns were glad to work for a bowl of rice or a mess of camotes. Soon after the Japanese entry into Manila, the Military had set the "daily standard wage" at 80 centavos a day for men and at 80% of that (64 centavos) for women, as against the Commonwealth's legal minimum wage of ₱1.00. The fact was, however, that wages paid by the Japanese ran around 30 centavos a day. The constant propaganda was that Filipino living standards were "too high". Later, in August, 1943, the Military Administration fixed the maximum wage for unskilled labor at ₱1.30, workers under 18 years, however, being exempted; "special compensation" up to 10% more was allowed, but only with the permission of the Director-General of the Military Administration.

The Rice and Other Rationing.—The Japanese Army immediately instituted a system of rice-rationing in Manila through the established (Commonwealth) National Rice and Corn Corporation (NARIC), and only those who had secured the new Japanese-issued residence-tax certificate, the fee for which was raised from 50 cen-

tavos to ₱1.00, were permitted to buy, at the beginning, one ganta of rice a day per person at a fixed price. The distribution was inefficient, probably intentionally so, and people had to stand in line for the greater part of the day to get it. The main reason for this rationing was not that there was not enough rice at the time, but that the Japanese were seizing most of the stocks for the Army and wanted it to appear that the difficulty civilians had in obtaining it was chargeable to NARIC. Rice coming into Manila from the provinces was stopped by ruffians in the employ of the Army and "confiscated". Consumers' difficulties were so great that the Japanese caused it to be reported in the *Tribune* of April 8 that "the first shipment of Saigon rice, 300,000 sacks", had "recently" (the Japanese were always very vague about dates) been brought in under the auspices of the Army; on May 20 the paper published pictures of rice being unloaded from Japanese ships at the piers, but American internees permitted to leave Santo Tomas to buy some of the necessary camp supplies, reported that these were pictures of rice being loaded aboard the ships to be taken elsewhere!

Military ordinances issued in July established the Military Administration's control over the "import and export business" and steps were simultaneously taken to organize the "Philippine Export Control Association" and the "Philippine Prime Commodities Distribution Control Association" (PRIMCO), to carry out the policies laid down in the military ordinances. Miguel Unson was appointed President of PRIMCO, but N. Mori, Manager of the Daido Boeki Kaisha, was Chairman of the Board of Directors which was composed of four Japanese, one Filipino, one Spaniard, and one Chinese; there was, furthermore, an Executive Committee composed of two Japanese and one Filipino. PRIMCO was to control the distribution of low-grade cotton fabrics, vegetable-lard, soap, salt, matches, cigarettes and cigars, and paper.

Early the next month, members of the "Federation of Filipino Retailers Association", previously organized, were "invited to invest part of their idle funds and subscribe to one or more shares in PRIMCO". Although the word was "invited", it was emphasized that—

"the buying of these shares, equivalent to assessment, applies to all members of the retailers associations of Manila and the provinces. Under the new plan, only members who have paid their assessment will enjoy the right and privilege of buying controlled commodities from the Federation at the lowest possible prices."

About this time the "Foodstuff Control Association" was organized, with the City of Manila and eight Japanese firms and five Filipino firms as members, which was to purchase foodstuffs in the provinces to supply the Army as well as the public in and around Manila. L. E. Guinto, who had meanwhile been appointed Mayor of Manila, was named Chairman of the Board of Directors. All foodstuffs brought to Manila were to be purchased by the FCA at four purchasing stations established on the outskirts of the city. "Ultimately the control will be applied on all the larger cities and the provinces," said the announcement.

PRIMCO rationing had started in April, each store of the Filipino Retailers Federation serving four neighborhood associations (these early NARIC and PRIMCO neighborhood associations were not those established some months later, to which reference was made earlier in this account). The ration amounted to 200 grams of soap, 10 centavos; 200 grams of vegetable-lard, 15 centavos; and 1 box of matches, 3 centavos; sugar was not rationed until later. Two hundred grams, by the way, is 1/5 of a kilo and a kilo is 2.2 pounds. These were not rations for a day, or even for a week, but for a month. What people were, of course, compelled to do was to buy in the "black market" at prices many times the "fixed" prices.

As to still uncontrolled goods, an order was issued in May that no one would be allowed to buy more than ₱5

worth of goods in one day without the permission of the Military Administration and that in the case of articles costing more than ₱5, only one unit could be bought. This order, it was officially stated, was—

"to conserve supply, prevent hoarding, and encourage and cultivate thrift among the Filipinos. There is need for a radical change in our mode of living and way of thinking, and readjustment to a new scale is made imperative by political and economic changes that have taken place."

Long before the end of the first year it was being admitted that the distribution and price-control system had failed, and in September it was announced that PRIMCO was being reorganized. Among other steps taken to hold the consumption of the people down, for the benefit of the Japanese armed forces, was the organization of the "Economic Police Division" of the Constabulary which for some time made wholesale arrests not only among the smaller store-keepers but among the thousands of little peddlers who were now hawking their goods along the side-walks. New open barbed-wire "profiteers' cages" were installed near the older "looters' cages" where some of those arrested were publicly exposed. Often scores of these unfortunates, all tied together with rope, were marched through the streets. Thus the Japanese attempted to turn public feeling away from themselves to the weakest of their victims.

The "Buy-and-Sell" Business and the Profiteers.

—The "profiteers" thus victimized at this time were mostly among those of the thousands of Manila unemployed, clerks and laborers, and their wives and children, who had turned to the only means they had of earning a little money,—in the home-manufacture of a few simple products, such as sauces, jams, cheap candy, home-made cigarettes and cigars, etc., so long as, by hook or by crook, they could get the materials, which was not very long, and also in what came to be called the "buy-and-sell" business. This was the buying and selling usually through side-walk and house-to-house peddling, of a great variety of small articles,—family treasures sold or offered for sale under the pressure of hunger, second-hand and discarded goods and remnants and scraps of all kinds, and, for a time, some of the wares which had been given away or which had been looted during the two or three days just before the Japanese entered the city. Both the U. S. Army and Navy had thrown open their warehouses, and some of the merchants, the Chinese especially, had invited their customers and others to take whatever they could carry away rather than to see their goods fall into the hands of the enemy. It was a matter of surprise to many that there were such large quantities of miscellaneous wares in Manila; Manila had been a great emporium, and stocks now came surreptitiously out of warehouses where they had lain unregarded as unsaleable for many years. Textile men in Santo Tomas said that fabrics were coming to light which, to judge from the patterns, were as much as 20 years old.

These peddlers were the little people. The real profiteers were the purveyors to the Japanese Army and Navy, the large-scale collectors of military supplies of all kinds, in addition to foodstuffs, and the hidden manipulators of the black markets. These were the men who enjoyed the protection of the enemy, who drank and feasted with grafting Japanese officers, and who made their money in great sheafs of military notes which they used to "settle" their pre-war debts or converted into the lands and houses of people forced to sell, into gold and jewelry, and even, in some cases, into paid-up life-insurance.

The Chinese the Chief Scapegoats.—The Japanese, of course, blamed the Americans for everything they found wrong with the Philippines and the Filipinos, and continuously carried on a vicious campaign of race-hatred, harping over and over again on alleged acts of discrimination by the Americans against the Filipinos even in Bataan,

on the general attitude of Americans toward the Filipinos as a "colored people". At one time they tentatively started a propaganda aimed at the "half-castes" as they called the Filipino *mestizos* in the country. This, for example, appeared in an issue of the *Tribune* in October:

"Murata pointed out that the Filipino racial character is complicated by the conspicuous presence of half-castes, adding that the situation is made more intricate owing to the fact that the majority of the leaders of the government and civilian circles are of mixed blood."

At another time, there was evidence of an attempt to turn popular feeling against the Jews in the community, but this proved abortive as there were not many Jews in Manila and few of them were merchants. It was therefore the Chinese whom they made their principal scapegoats. There were too many of them to be interned, although many of them were imprisoned, among whom the majority were executed, but there were hardly enough of them to exploit. No diplomatic immunity was recognized, and among the Chinese executed were Consul-General Kwangson Young and Vice-Consul Mok, both fine, American-educated men, together with their staff. They were arrested on January 8, later taken to Fort Santiago, and murdered on April 17. It was said among the Chinese that the Consul-General had refused to lend himself to a scheme which was announced early in June,—the formation of a "Chinese Merchants Association" organized for the purpose of "cooperating" with Japan. The *Tribune* published a Domei dispatch from Manila, dated the 9th, which said:

"The Chinese Merchants Association yesterday contributed ₱2,000,000 to the Japanese military authorities in the Philippines as an expression of the full support of the Chinese in the construction of the Greater East Asia Co-Prosperity Sphere. It will be recalled that the Association recently began a campaign to collect ₱20,000,000 for donation to the Japanese military."

The General Totalitarian Economic Organization.

—Not only were the existing stocks of rice rationed; rice-production itself was put under Army control. In November a plan was announced for the organization of "municipal rice-growers cooperative associations", these being called "cooperatives" only because their membership included land-owners, operating owners, and tenants. They were to be organized throughout Central Luzon under the "sponsorship" of the Military Administration and with the cooperation of the "Civil Administration" and NARIC. A few months later these associations were incorporated into a "National Rice-Growers Cooperative Association", the municipal associations now serving as agents of both NARIC and the Foodstuff Control Association previously mentioned. Farmers were compelled to sell at the "NARIC" price of ₱2.50 a cavan. Small growers were permitted to keep 40% of their production to feed themselves, and if that was not enough it was just too bad! The farmers had to sell half of the remaining 60% to the municipal officials as representatives of NARIC, these officials also buying the remaining 30% to be "reserved for the Army". At this time, in Manila, the NARIC rationer had dropped to a *chupa*,—about 1-1/2 cup-fulls. Rice was selling in the black market at that time at around ₱30 a cavan.

As the writer has stated, the Military Administration began by rationing, besides rice, vegetable-lard, soap, and matches. Vegetable-lard and soap in the Philippines are both made from coconut oil. The Philippines was a large producer of copra and coconut oil. Why were vegetable-lard and soap immediately rationed and why were the rations so very small? But this rationing was not all.

In July, the organization of the "Philippine Copra Purchasing Union" was reported, which, under the supervision of the Military Administration, was to buy copra direct from the producers; the headquarters of the "Union" were at the offices of the Daido Boeki Kaisha. Toward the end of the year, the Union, stating that the Army was buying copra at "about ₱5 per 100 kilos", urged increased

production. In December it was announced that all coconut oil consignments to Manila from the provinces would be "compulsorily purchased" by the Army at "examination stations" established at the various entrances to the city. In March, 1943, it was announced that soap "smuggled" into Manila would be confiscated and the smugglers punished under martial law. Ordinary laundry soap was selling in Manila at this time at around ₱3 a bar as compared to 3 or 4 centavos before the war. The following month, the "Philippine Coconut Shipper-Dealer Association" was organized to assist the Foodstuff Control Association and the National Coconut Corporation (the latter a Commonwealth organization) in an "intensification of the drive against the smuggling of coconuts into Manila." In June the "Philippine Fats and Oils Association" was organized, the majority of the 17 member firms being Japanese and all the members of the Board of Directors being Japanese. An advertisement published in the *Tribune* informed its readers that the Benno Bussan, Ltd. was "the sole producer and distributor for coconut-shell, coconut-shell charcoal, and allied products,"—"licensed by the Military Administration."

All this, and so soon,—yet the Japanese had started out in confiscating from American and allied nationals large stocks of copra, coconut oil, already manufactured products, and various supplies,—at least some 50,000 tons of copra, valued at ₱5,000,000; 20,000 tons of coconut oil, valued at ₱4,000,000; 2,000 tons of shortening and margarine, valued at ₱600,000; and 2,000 tons of soap, valued at ₱400,000. In addition various soap and toiletry importing firms had large stocks on hand at the beginning of the war and it was estimated that in the warehouses and on merchants' shelves there were between 15,000,000 and 20,000,000 "pieces" of various brands of soap, shaving-creams, toothpastes, and talcum powders. Where had all this gone? A suggestion as to this was supplied by a report which reached the Santo Tomas Camp early in 1943, that there had been a German tanker at one of the piers which had taken on a cargo of 5,000 tons of coconut oil and a large deck-cargo of soap.

The Philippines was a noted tobacco-producing country, yet cigarettes and cigars were almost immediately rationed. The Military Administration at once assumed control over the Manila Tobacco Association, a pre-war organization of manufacturers, which then took over the stocks, or a part of the stocks of several American and allied cigar-manufacturing companies and also the stocks of American cigarette importing companies reportedly valued at over ₱2,000,000. After a few months, American cigarettes were selling in the black market at ₱3 a package. Toward the end of the year, the paper for the manufacture of local cigarettes ran out and the situation was but slightly relieved, for the public, when the Japanese brought in some paper, one of the very few items that kind ever brought into the country by the Japanese, and the reason for that was that they wanted the cigarettes themselves. The Japanese again proved they cared nothing for local needs when home-made cigarettes began to be made by people out of work who peddled them on the streets; such selling was prohibited and the peddlers caught were jailed.

As to matches, which were also immediately rationed, there was a match-factory in Manila, Filipino-owned, which normally supplied from 85% to 90% of the Philippine market, but it was forced to turn over its entire output to one or two Japanese companies which handled the "distribution". After around a year, some of the necessary chemicals for the match-heads, ordinarily imported from Sweden, ran out, and after that matches became practically unobtainable. In the Santo Tomas Camp small coconut-oil lamps were kept lit for people to light their cigarettes by until the oil was no longer obtainable. A few people,

especially among the mining-men in the Camp, had magnifying glasses and on sunny days used them for lighting their smokes. Outside the Camp, people went back to the use of the flint-and-tinder of a by-gone generation.

Sugar was not rationed for the general public until the second year as, indeed, there was, at the beginning of the enemy occupation, an amount of sugar in the country estimated at around 250,000 tons; the milling still done during the first year of the occupation brought the total to around 500,000 tons, worth, at pre-war prices, around ₱50,000,000. Some of this sugar was destroyed, but the Japanese got most of it, in one way or another. What was paid for, was paid for in war notes at around ₱5 a picul. It should have lasted the country a long time, but much of it must have been shipped out and by the beginning of the second year a shortage was already felt. In February, 1943, a new "Philippine Sugar Association" was formed to replace the pre-war organization of the same name. The Articles of Association provided that the Military Administration would designate its officers and a Japanese was appointed to head it. It was authorized to allot all sugar and alcohol quotas and to control all sales. A few months later, the "Sugar Regulation Association" was established to purchase all the sugar produced and to regulate the prices. This "Association" was composed of the Mitsui Bussan Kaisha, the Mitsubishi Shoji Kaisha, Madrigal & Company, and the Tabacalera, but the two latter firms held only minor interests. It operated directly under the Military Administration "in close cooperation", it was announced, with the Philippine Sugar Association. Senator Madrigal was appointed Chairman of the Board of Directors, but the Executive Director was a Japanese and three of the four other directors were Japanese. PRIMCO began rationing sugar in June, 1943, at the rate of 500 grams (1 1/2 kilo) a month, but the August PRIMCO rations were not issued until September, and when they were, sugar was not included.

A little after the cotton-growing scheme was started in connection with cutting down sugar production but increasing the production of alcohol, the "Philippine Wine and Liquor Association" was organized. It was to be "one cooperative and protective union of all distillers, manufacturers, and compounders of alcoholic beverages, duly permitted to operate by the Military Administration". The Association was placed under the direction of K. Osawa, Chief of the "Manila Liquid Fuel Distributing Union" which had been established earlier.

The Japanese were hard up for fuel in the Philippines. In all the bombing of Manila which they carried out in their air assaults during the month of December, 1941, they kept carefully away from the Pandacan oil storage district. The United States Army and Navy, however, worked day and night transporting gasoline and oil from there to Corregidor and Bataan, the oil companies placing their whole personnel at their disposal. On the day before Christmas, the Army officially took over all the installations and at 4 o'clock began dumping all the aviation gasoline left in the tanks by opening the valves and allowing it to run out. About 9:30 the next morning, a workman on an outside barge moored near the premises of the Asiatic Petroleum Company, carelessly lit a cigarette and set fire to the oil floating on the water, and in a flash it seemed that the whole area was a hell of flames. The tremendous conflagration, which from a distance looked like a great volcanic eruption, spread a pall of black smoke over Manila which for several days obscured the sun. Through heroic efforts, however, experienced oil-men succeeded in localizing the fire and by the 28th it had burned itself out. Army and Navy and oil men continued to remove what lubricating and diesel oil they could, regardless of the menace of the flames only a few hundred yards away. Army men also made preparations for ultimately blowing up the

tanks. In the Port Area, too, the Navy started to discharge the fuel oil in the tanks there on the 26th and the bombing of the Quartermaster Compound by the Japanese set this whole place on fire also.

On the last day of 1941, at 5:40 in the afternoon, the United States Army blew up the tanks at Pandacan. There was a tremendous blast heard miles away and again columns of fire and smoke swirled thousands of feet into the air. The first explosions were followed by a cannonade of smaller explosions as thousands of drums and cans of various oil products blew up. At the roar of the first explosions, Assistant Consul Kihara was just entering the High Commissioner's residence under guard for a conference. "What was that?" he exclaimed, and when he was told that the Pandacan oil district was being blown up, his face took on a look of mingled disappointment and anger. The fire again raged for several days, and thus, for the people of Manila, was the New Year, 1942, ushered in. Fires were still burning in many parts of Manila when the Japanese entered the city on the evening of the 2nd, as already recounted. Oil-men in Santo Tomas estimated that some ₱30,000,000 worth of tanks and installations had been destroyed and they thought that the value of gasoline and oil, etc., destroyed amounted to around ₱5,000,000.

As to Manila hemp, since the Japanese had already exercised considerable control over the industry before the war, no bones were made about taking it over completely. Stocks of abaca that fell into Japanese hands at the beginning of the war were estimated at around 100,000 bales, valued at ₱3,000,000. In January, 1943, it was announced that the Tokyo Ministry of Commerce and Industry had decided to take over the control of abaca, jute, and ramie.

And so "associations" and "unions", all under the control of the Military Administration, were established in practically every field of industry. The first heard about was the "Fishermen's Association of Manila", the organization of which was reported in June. That this was not an association of humble fishermen was indicated by the fact that the organization meeting was held in the swank Manila Hotel. In fact, practically all such associations established later were organized in meetings held in the Hotel. The President of the Fishermen's Association was a Japanese. In September it was announced that the sale of fish would be regulated by the Association and that the "Imperial Army would have priority."

There was also a "Philippine Salt Distribution Union" which was later recognized, it was announced, as the "Philippine Salt Control Association". Later there was the "Cattle-Buyers Association" and the "Hog-Buyers Association", organized under the Foodstuff Control Association, and the *Tribune* duly opined that—
"meatless days will make for general improvement in health... they may be considered a true blessing unalloyed."

By the end of the first year, most drugs and medicines of all kinds had become practically unobtainable and the few items of the kind available were selling at 10 times the pre-war prices. Many cases of misbranding and adulteration were reported; red ink was sold for "mercurochrome" and chalk for the sulfa drugs and for quinine. The establishment of the "Manila Drug and Medicine Retailers Association" under the supervision of the Military and the presidency of a Japanese, only made things worse.

The People in Rags.—The people were hungry; they were also in rags. For years before the war, Japan had been flooding the Philippine market with its textiles, but Japan was not exporting anything to the Philippines now except soldiers and pro-consuls and profiteers. Before the year was up a cheap, 80-centavo undershirt was selling for ₱10. "Subtle and wicked merchants" were blamed. In April, 1943, PRIMCO stationed inspectors at all the

highways leading into and out of Manila to stop the "smuggling" of textiles in or out. In May, all sales in the stores were stopped for the taking of inventories, after which a rationing system was inaugurated in clothing, too. Individuals were limited to buying 2 pairs of socks, 2 handkerchiefs, 2 under-shirts, and 500 yards of cotton thread a year. People were given a "100-point" ration-card, against which 100 points a man's suit counted 80 points, a coat 45 points, a pair of pants 35 points, a woman's 2-piece dress 50 points, a 1-piece dress 40 points, a child's 1-piece dress 30 points, a baby-dress 20 points, a towel 30 points. Violators of the control regulations among the merchants were threatened with 5 years' imprisonment plus a ₱50,000 fine and "summary proceedings". Second-hand clothing was included in the rationing-system and orders placed with tailors and dress-makers had to be reported to the Department of Industries of the Military Administration.

The *Tribune*, in a characteristic editorial, stated:

"One way to make our clothing profiteers look sick is for us to wear as little clothing as possible... Anyway, we must bring to a halt the inertia of extravagant fashion and re-start on a new line of clothing simplicity."

Another *Tribune* story was about the suitability of gunny-sacking as a textile for men's suits.

Transportation and the Public Utilities.—For months, all travel and any sailing, even in small boats in Manila Bay, was forbidden. Automobiles, if not confiscated, as most of them were, were not permitted to be used without a license from the Military Administration. No one might travel anywhere without an army pass, and this restriction was not lifted until June. In July, the Military Administration began to permit a restricted use of motor vehicles in the provinces which they controlled, but this was of little meaning as in February all persons in possession of gasoline and lubricating oil had, first, been ordered to report this, and has then been ordered to sell all their stocks to the Army. As early as March, experiments began in converting motor vehicles to the use of charcoal-fuel. In August, the City of Manila inaugurated a bus service comprising 14 trucks fueled by coconut-charcoal; they could hardly get up the bridge-inclines. Automobile men in Santo Tomas estimated that the Japanese had shipped over 16,000 trucks and automobiles out of the country and accessories and spare parts for thousands more.

In October, the "Philippine Shipping Association" was organized under a military ordinance, which was to take charge of the registration of all types of vessels, issue operating permits, determine routes, fix rates, etc. The Chairman of the Association was a Japanese and the Board of Directors was composed of two other Japanese and two Filipinos. It was reported in November that the Siraki Salvage Company had refloated the last of the Philippine inter-island steamers which had been sunk at the mouth of the Pasig River by Japanese bombs or by order of the USAFFE during the last week of December, 1941, but these ships were naturally not used in the public service, nor were the other large ships captured or salvaged by the enemy. The new inter-island "fleet" consisted of "paraws" and "batels", small sailing-ships, which made only special trips. The *Tribune* published advertisements like the following:

JAPANESE SAILBOAT

Sailing to Visayas, etc.

Travel safe with Japanese owner of big sailboat as guide to Iloilo, all points in Negros & Bacolod, Cadiz, Panay, Capiz. Very low rates. Leaving Manila August 16. For reservation see

Mr. K. Tamashiro (Owner)
609 Arlegui (near Quezon Bridge)

A typical provincial bus advertisement read:

TO ISABELA
(Cagayan only)

A dependable INT'L truck leaving TODAY at 10:30 sharp. Barangayan connection for Cagayan Valley is assured. For accommodation apply Now.

The reopening of the railway lines on Luzon was slow work because the USAFFE had destroyed many of the railway bridges as well as much of the rolling-stock before withdrawing into the Bataan peninsula. The line from Manila to Tarlac was not opened until April, and to points farther north and to points south, until July. Travel permits had to be obtained from the Military Administration, which operated the Railroad.

Early in 1943, the "Manila Horse-Owners' Association" was organized, with a Filipino "Honorary President", but the Manager of even this organization was a Japanese. It was financed by a 10-centavo surcharge on every sack of feed. A month later, a "pageant" of horsedrawn vehicles was held on the Luneta, and the *Tribune* sang enthusiastically:

"Manila's former motor-conscious public 'woke up to the realization that the native means of transportation could be both beautiful and practical."

At this time a carromata and two horses were worth around ₱1,000. The time was to come when the price would go up to ₱5,000 and even a pair of wheels was worth ₱2,000.

The Manila Electric Company and the Philippine Long Distance Telephone Company were immediately taken over by the Military Administration. Salaries were reduced from 10% to 60%, with a minimum of ₱30 a month. The streetcar service of the Meralco was uninterrupted, though it was later continued on a much-reduced scale, but the few buses the Company had left,—most of them had been taken over by the USAFFE and were lost in Bataan, were seized by the Japanese. By May, both the coal and oil supply had dwindled to practically nothing and the Japanese ordered the use of coconut oil to fire the boilers, for which the Company paid the Mitsui Bussan Kaisha ₱132 a ton, though raw copra could have been used just as well. The monthly power consumption before the war was around 18,000,000 kwh. and this dropped to around 5,000,000 kwh. in January, 1952. This was stepped up somewhat during the succeeding months, but as early as April the Military Administration ordered the consumption by the public cut in half. In July, it was reported that all electrical utilities had been placed under the management of the Taiwan Denryoku Kabusikiki Kaisha. By the middle of 1943, most of the streets and many of the houses were without electric light. It was explained that this was the fault of the people themselves because they stole the wires; it was stated that such wires would not be replaced and that the "service would be discontinued indefinitely". At this time, electric light-bulbs sold for ₱10 or more each.

The Telephone Company offices were taken over by the Japanese Army at 11 o'clock on the night it entered the city, and after a week of contradictory orders the Company employees were permitted to resume operations, but with "interpreters" and "advisers" in every office. In July, the Japanese Ministry of Communications took over, and somewhat later the Company, together with the cable and radio communications companies in the city, were consolidated under one large bureau called the Densai Kyoku, housed in the Trade and Commerce Building on General Luna Street. The organization was headed by a London-educated Japanese, a Mr. Kozen, whose large Japanese staff was so incompetent that the task of running some semblance of a communication service was still borne by the old staff of the Telephone Company and of the former Bureau of Posts. A large number of telephone instruments, taken out of the Company's warehouses and

from the offices and homes of subscribers, were collected and sent out of the country, together with quantities of cable and wire.

The Manila Gas Company was also taken over by the Military and later by the Taiwan Gas Company, Ltd. The Gas Company had even more trouble about fuel than the Meralco, and it was not long before cooking with gas became impossible.

The Visit of Premier Tojo.—All that has been recounted so far took place during the first year and a-half of the enemy occupation. At about the end of this time, on May 5 and 6, 1943, Premier Tojo unexpectedly visited Manila.

It has been rumored in the Santo Tomas Camp on the night of the 5th that Tojo was in Manila and this was confirmed by a headline in the *Tribune* the next morning: "GEN. TOZO SPEAKS AT LUNETETA TODAY." The radio in the Japanese guardhouse at the main gate was going full-blast and internees stopped to listen. The proceedings on the Luneta were being broadcast. The following excerpt is from the writer's book on Santo Tomas, all but a few lines written immediately afterward:

"They heard savage, snarling military commands and snatches of barbaric music, probably in connection with the arrival of Tojo at the Luneta and the 'national etiquette' which had been forced on the people, in 'homage to the Imperial Palace',—a deep genuflection in the direction of Tokyo by the whole concourse, the one-minute 'silent prayer' for the Japanese war-dead and for a Japanese victory, etc. Then came the fateful minor strains of the *Kimigayo*, the Japanese national anthem, played by the Constabulary Band, with its strange ending, as if interrupted or cut short. These sounds coming over the swathe-hung iron picket-fence of the Camp from the Luneta meant, place several kilometers away, sounded like the very voice not of conquest and tyranny only, but of evil itself; of suppression, cruelty, and terror; of an inconceivable brutality. Perhaps never before had the few listening Americans felt with such an overpowering sense of oppression the presence of the enemy within the gates; the bitter, intestine sickness of the body politic. It was like a corrosive poison in one's bowels.

"Came the opening remarks by Laurel and the 'Thanksgiving Address' by Vargas, both in Tagalog. (The *Tribune* the next day printed translation of these speeches: they were fulsome and extravagant, eloquent in a sense, but they were unconvincing to the ear, whether this was because the speakers themselves spoke without conviction, or because of the response from the audience was lacking.) Was it imaginary that the orators seemed unable to keep out of their voices the intonations of humiliation and woe?

"There were no interruptions or applause or cheers from the multitude. Except for the voices of the speakers as they succeeded each other and of the announcer at the microphone, who spoke in a hushed tone, as if in the usual 'trepidation and awe' demanded by the Japanese on ceremonial occasions, there was only a dead silence.

"Then Tojo spoke in Japanese, in an old man's voice, but high-pitched and exciting. The Filipino translator, it seemed, did not also to arouse the audience, but it remained quiet, the suggestion was of a sullen quiet. Then more music and forced cheers of 'Banzai!' (led by the Chairman of the Executive Committee, said the *Tribune*).

Tojo spoke of the "liberation" of the one billion people of East Asia from bondage, saying that the armed forces of Japan had "completely routed" the enemy. He said that the Japanese Empire was extending to the Filipinos every assistance in their emergence from the "chaos and turmoil of the old regime" into the "glorious national existence of the new". He promised that if the Filipinos would continue to render further evidence of cooperation, Japan would gladly grant the country the "honor of independence" in the briefest possible time. He therefore enjoined them to give Japan and its allies "greater and more tangible evidence of active, unreserved, and spontaneous cooperation in bringing the Greater East Asia war to a victorious finish."

Tojo did not visit the Santo Tomas Camp, but soon after he left the country several hundred American and British internees who had been provisionally released because of old age or serious illness, were re-interred. The Tojo visit was followed also by a change in the Commander-in-Chief, it being announced on May 30 that Lt. Gen. Kuroda had been named successor to Lt. Gen. Tanaka.

Relating the time of this visit to events abroad, it is to be noted that on May 11, the Americans landed on Attu in the Aleutians and that on May 12 the campaign in North Africa ended in the defeat of the Germans. In the Pacific, the Southwest had been cleaned up and the offensive in the Solomons-New Guinea area was gaining momentum. Tojo himself had had a look into the way matters were going there and had not liked it.

A little more than a month after his Manila visit, Tojo, on June 16, in a speech to the Diet, and in the presence of a Filipino "delegation", announced that the Philippines would be granted "independence within the year." It was somewhat sudden, but not wholly unexpected.

Attempted Assassination of Laurel and the Killing of the Tribune Publishers.—Meanwhile, on June 4, Laurel, then Commissioner of Justice and newly named Chairman of a "Pacification Body" which was to take charge of a new drive aimed at curbing guerrilla activity, was shot from ambush while playing golf at the Wack-Wack Club; struck by three bullets, he was severely wounded.

A month later, on July 9, the publisher of the *Tribune*, Alejandro Roces, Jr., and his wife, were both shot and killed by assassins as they were getting into their automobile standing in front of the Roces residence on Vito Cruz that morning. The universally respected elder Roces, who witnessed the shooting down of his son and daughter-in-law from the front door, dropped dead of a heart-attack. This occurrence was all the more tragic because the Rocesses had had nothing to do with the *Tribune* policies, the direction of which had immediately been taken away from them by the Japanese.

"Independence" in a Hurry.—The political steps toward establishing the Philippines as an "independent" nation before the end of the year were taken in great haste. On June 18, "the Highest Commander of the Japanese Imperial Army, on instructions from the Japanese Imperial Government, issued an order to the Kalibapi for the immediate formation of a Preparatory Commission for Philippine independence", and the very next day, which was Rizal's birthday anniversary, that "people's organization" met at the Metropolitan Theatre and, after declaring a quorum present and adopting resolutions of gratitude to, and of cooperation with Japan, formed a group of 20 men to compose the Preparatory Commission. The next day the members were formally inducted by Lt. Gen. Kuroda. The Japanese made a great point of the membership of Manuel Roxas in this Commission, Roxas having up to this time been able to avoid such entanglements by feigning to be more ill than he actually was.³

The Commission immediately set to work on the drafting of a "constitution", and this remarkable document, said to have been drafted principally by Laurel, was signed on September 4 and "unanimously ratified" by a "General Assembly" of 117 Kalibapi "delegates" on the 7th.

The Constitution was the very parody of a constitution, qualifying phrases nullifying every limitation of arbitrary power and every definition of a right. It bestowed practically unlimited "powers" on the "President", which was what the Japanese wanted for their own convenience. However, the Filipinos who took part in the whole mock process believed, too, that, under the circumstances, it would be best to have it so.

The Constitution provided that all the natural resources belonged to the State and that their exploitation, utilization, etc., should be limited to citizens of the Philippines or to corporations at least 60% of the capital of

which was owned by such citizens, but subject to any existing right, grant, lease, or concession "at the time of the inauguration of the government established under the Constitution."

Now, of course, the Japanese had already laid hold of the natural resources in various sectors of enterprise, and, furthermore, like the Constitution of the Commonwealth, there were "Transitory Provisions", Article XI, of which, under Section 7, declared:

"The prohibitions and limitations provided for in this Constitution, notwithstanding, the President of the Republic of the Philippines may enter into an agreement with any foreign nation for the utilization of natural resources and the operation of public utilities, which agreement shall expire upon the termination of the Greater East Asia War."

And Section 8 provided:

"All property rights and privileges acquired by any person, entity, or corporation, since the outbreak of the Greater East Asia War, shall be subject to adjustment and settlement upon the termination of said war."

No one believed, in case of a final victory for Japan, that there would be any real "adjustment" favorable to the country of "rights and privileges acquired" by the Japanese, or any expiration of the "agreements" that already had been and still would be forced upon the Philippines. Past developments in Manchukuo, for example, gave no cause for any such forlorn hope.

The Japanese themselves were not able to disguise their contempt. A Japanese columnist, who wrote daily in the *Tribune*, said:

"Well, now we have the Constitution of the future Republic of the Philippines. We are not quite free yet, but the basis of the Republic we are going to have in only a short while is already ours. Having the Constitution is like having a nice dress for the baby about to be born. . . . Since we are going to be independent, we must have our national flag, and we can rest assured that we shall be getting it soon. We must also have our national anthem, and there is no reason why we can not have that, too. . . ."

Expression of the people's shame and disgust was so open that the *Tribune*, in its issue of September 16, urged "prudence" and "utmost discretion."

There was reason for the warning, for the drag-net was out for guerrillas believed to be hiding in the city and the so-called "zoning", practiced in provincial areas, was threatened in Manila. This consisted in the rounding up of all the men in a community who were then required to file past a group of Japanese officers and a Filipino spy or informer who was masked or had a straw bag over his head provided with eye-slits. This man who himself might previously have been tortured, was forced to point out individuals among those who passed before him as guerrillas or "anti-Japanese". Without further process, such men would be taken away and usually were never heard of again. They might be entirely innocent and unknown to the "secret-eye" who pointed them out only because he thus hoped to save himself. The zoning was a raffle with torture and death and threw whole communities into quaking terror. But after a time, Mayor Quinto was quoted as having said that as long as the residents of Manila followed instructions regarding the voluntary surrender of guerrillas and firearms, the "zoning routine would be dispensed with".

The "National Assembly".—The "Constitution" provided that the "National Assembly" was to be composed of provincial governors and mayors as members *ex-officio* and of delegates to be "elected" from each of the provinces and cities as "prescribed by law". The law turned out to be an executive order issued by Vargas which stated that an "election" was to be held on September 20 in the provincial capitols and municipal buildings and that all the officers and members of the duly organized provincial, municipal, and municipal district committees of the Kalibapi would have the right to vote.

A *Tribune* writer stated:

³Lichauco states that the Japanese included his name without consulting him, and that he suffered from "incipient tuberculosis and an enlarged heart."—M. P. Lichauco, "Roces" (1952).

"While the method of electing the delegates to the Assembly called for in the Executive Order does not provide for popular suffrage, it was said that the Philippine Executive Commission in promulgating the law, was guided by the difficulty of transportation and other circumstances. At any rate, it was pointed out that since the Kalibapi is the people's national service organization, the vote of their officers in various local chapters will sufficiently reflect the popular will."

The Election of Laurel as "President".—On September 25, the members of this National Assembly, thus elected, themselves elected, first, Aquino as "Speaker", and then Laurel as "President" of the projected "Republic". On the 29th, Laurel, Vargas, and Aquino were flown to Tokyo where they were received by the Emperor on October 2. They were flown back to Manila on October 5.

The Japanese had, in fact, themselves selected Laurel rather than Vargas for the position of President because, as the writer was informed after the liberation by a Malacañan official, the Japanese had never been "too sure" of Vargas and because the attempted assassination of Laurel had convinced them that he was "their man".

The new Republic was to be inaugurated on the 14th: On October 10, the *Tribune* published an editorial which contained the following extraordinary sentence:

"Hoots and catcalls from the gallery won't stop the Big Show on October 14."

The Inauguration of the "Republic".—On October 14 Laurel and Vargas rode in an "open-top limousine" from Malacañan Palace to the Legislative Building escorted by two truck-loads of presidential guards and four motor-cycle policemen. Generals Emilio Aguinaldo and Artemio Ricarte hoisted the flag,—publicly displayed for the first time since April, 1942, when the Japanese had prohibited its flying; the pattern was that of the Commonwealth flag, but it had been somewhat lengthened. Jose Yulo, as Chief Justice of the Supreme Court, administered the oath to Laurel. A "Declaration of Independence" was read which was an offensive paraphrase of the American Declaration of Independence. Bishop Guerrero pronounced an "Invocation". Laurel delivered an "Inaugural Address". The internees in Santo Tomas heard a ragged 21-gun salute and about 5 minutes of church-bell ringing. Of the "monster crowd" the *Tribune* and *La Vanguardia* spoke about, not 4,000 were voluntarily present, according to a Malacañan official, after the liberation. It was said that the usual bamboo "triumphal arches" usually built in Manila on festive occasions, this time had all been intentionally built out of square! Except for small bands of people traveling afoot through the streets early that morning and carrying a placard or two, there were few other signs of life. Manila was still the dead city it had been for a year-and-a-half.

* Although a \$500-prize was offered for the best-built arch.

The contrast with the inauguration of the Commonwealth on November 15, 1935, was tragic and pitiful. It was the difference between democracy and fascism, the difference between America and Japan, the difference between life and death for the Filipino people.

As usual, stupid Japanese writers gave the case away in their own propaganda sheet. For instance:

"To be reserved in manifesting our innermost sentiment, is one of our good Oriental traits. . . It is good to be reserved, but to be too inhibitive to your feelings is not healthy. It is liable to destroy our very soul. If we are truly happy, why hide it? The basis of our political independence must be liberation of our soul,—our innermost self. Of late, the news-reels are showing many scenes which our theater-goers should greet with hearty, if not thunderous applause. Surely, the owners of those eyes which were wet at the time of the flag-raising ceremony on Thursday, have hands they can use for clapping in theaters! The scribe is confident that we are happy when we see those historic scenes of our freedom-attainment on the screen. Then why not show our joy by at least clapping our hands? . . . Let's have more hand-clapping in theaters, starting today."

The Filipinos had their "independence" and they also had, as the Japanese columnist had promised, their flag and their national anthem. The latter was a brutal revision of the old anthem, written in Spanish by Jose Palma in 1899, for the enemy had not hesitated to lay foul hands on even that. The new version spoke not of the "adored" but of the "fortunate" land, a country of "inborn courtesy [sic], rich in tradition, now recovered from the foreigner". The second stanza spoke of former "vanquishment" and referred to past "nausea" from the "pain and hardship, the sweat and tears, the torment and curse of an oppression which existed no more". The last stanza called on the "race, so dear to me", to "make celebration" and declared that if the "self-illuminated" banner is perchance again "waylaid", then "our corpses shall serve as barriers." Recognizable in this hedgepodge were all the main elements of the Japanese propaganda cacophony.

Well did the Filipinos understand what the Japanese were driving at through the means of all this travesty and mockery of a people's highest aspirations. The way had been charted by Burma which had (1) "declared itself independent", (2) been recognized by Japan, (3) entered into an offensive and defensive alliance with Japan, and (4) declared war on Great Britain and the United States, all in one day,—August 1, 1943.

The terrible and over-riding fear in the Philippines was that the young men would be conscripted in the war against America.

Premier Tojo, in a radio-address delivered in Tokyo on September 22, had characterized the times as "the present crucial moment" and had said somberly: "The war situation is daily taking on a grimmer aspect." He might well say so. Italy had surrendered on September 3, and in this part of the world also, Nemesis loomed.

(To be continued)

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