

UNITED STATES TREASURY DEPARTMENT
PHILIPPINE OFFICE, FOREIGN FUNDS CONTROL
MANILA, P. I.

Letter No. 291
21 September, 1945

Mr. Harry D. White
Assistant Secretary of the Treasury
Washington, D. C.

Dear Mr. White:

On 17 September, the last day of the Second Special Session, the Philippine Congress passed without amendment "an Act to Provide for the Participation of the Commonwealth of the Philippines in the International Monetary Fund and the International Bank for Reconstruction and Development and Appropriating Funds Therefor". An incomplete draft of the bill was sent to you in our letter No. 268 of 11 September. We enclose herewith copies of the Act as passed. President Osena is expected to sign the Bill immediately.

We also enclose for your information copies of an Act to create an Office of Foreign Relations which was passed at the recent Session of Congress.

Sincerely yours,

/s/ Fred B. Smith

FRED B. SMITH
U. S. Treasury Representative

Incls:
FBS/agb

Distribution: Messrs. Cee (Friedman), Schmidt, Bruns (3), Hofflich (2),
10/5/45 Richards, O'Flaherty, Moskowitz, McHugh, E.H. Bernstein
Mrs. Redington (for filing)

ACTION: NONE

Bruner
Anderson - Arnold

HOUSE OF REPRESENTATIVES

H. No. 698

Introduced by the Committee on Foreign Relations

AN ACT

TO PROVIDE FOR THE PARTICIPATION OF THE COMMONWEALTH OF THE PHILIPPINES IN THE INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR.

Enacted by the Senate and House of Representatives in Congress assembled:

SHORT TITLE

1 Section 1. This Act may be cited as the "Bretton Woods
2 Agreements Act."

ACCEPTANCE OF MEMBERSHIP

3
4 Sec. 2. The President or his designated representative
5 is hereby authorized to accept membership for the Commonwealth
6 of the Philippines in the International Monetary Fund (herein
7 after referred to as the "Fund"), and in the International
8 Bank for Reconstruction and Development (hereinafter referred
9 to as the "Bank"), provided for by the Articles of Agreement
10 of the Fund and the Articles of Agreement of the Bank as set
11 forth in the Final Act of the United Nations Monetary and
12 Financial Conference dated July 22, 1944, and deposited in
13 the archives of the Department of State of the United States.

APPOINTMENT OF GOVERNOR, ALTERNATE

AND EXECUTIVE DIRECTOR

14
15
16 Sec. 3. The President, with the consent of the Commis-
17 sion on Appointments, shall appoint a governor of the Fund
18 and Bank and an alternate. The term of office of each shall
19 be five years. The governor or his alternate, as the President
20 may determine, is authorized to serve as an executive director
21 of the Fund or the Bank. No person shall be entitled to re-
22 ceive any salary or other compensation from the Commonwealth

1 of the Philippines for services as a governor, alternate, of
2 executive director.

3 REPORTS

4 Sec. 4. The President from time to time, but not less
5 frequently than every six months, shall transmit to the Con-
6 gress a report with respect to the participation of the Common-
7 wealth of the Philippines in the Fund and Bank.

8 CERTAIN ACTS NOT TO BE TAKEN WITHOUT AUTHORIZATION

9 Sec. 5. Unless Congress by law authorized such action,
10 neither the President nor any person or agency shall on behalf
11 of the Commonwealth of the Philippines (a) request or consent
12 to any change in the quota of the Commonwealth of the Philip-
13 pines under Article III, section 2, of the Articles of Agree-
14 ment of the Fund; (b) propose or agree to any change in the
15 par value of the Philippine peso under Article IV, section 5,
16 or Article IX, section 4, of the Articles of Agreement of the
17 Fund, or approve any general change in par values under Art-
18 icle IV, section 7; (c) subscribe to additional shares of stock
19 under Article II, section 3, of the Articles of Agreement of
20 the Bank; (d) accept any amendment under Article XVII of the
21 Articles of Agreement of the Fund or Article VIII of the
22 Articles of Agreement of the Bank; (e) make any loan to the
23 Fund or the Bank. Unless Congress by law authorizes such action
24 no governor or alternate appointed to represent the Commu-
25 wealth of the Philippines shall vote for an increase of capital
26 stock of the Bank under Article II, section 2, of the Articles
27 of Agreement of the Bank.

28 PAR VALUE OF PHILIPPINE PESO

29 Sec. 6. When the Commonwealth of the Philippines is re-
30 quested by the Fund to communicate the par value of the Phil-
31 ippine peso, such par value shall not be communicated as other
32 than one half of a United States dollar of the weight and
33 fineness in effect on July 1, 1944.

DEPOSITORS

1
2 Sec. 7. The National Treasury or any bank authorized by
3 law to transact business in the Philippines which is requested
4 to do so by the Fund or the Bank shall act as its depository
5 or as its fiscal agent. The Secretary of Finance shall super-
6 vise and direct the carrying out of these functions by the
7 depository.

PAYMENT OF SUBSCRIPTIONS

8
9 Sec. 8. (a) Article VII, Chapter 41, of the Revised Ad-
10 ministrative Code is hereby amended adding a new section
11 which shall read as follows:

12 "Section 1626-A. The provisions of existing law to the
13 contrary notwithstanding, the National Treasurer is directed
14 to use an amount not in excess of Fifteen million United States
15 dollars of the 'Treasury Certificate Fund' established in this
16 Article to pay the subscription of the Commonwealth of the
17 Philippines to the Fund. The investment of the Commonwealth
18 of the Philippines in the Fund shall be deemed a part of the
19 'Treasury Certificate Fund' and any repayment of the principal
20 of said investment shall be payable only to the 'Treasury
21 Certificate Fund.'

22 (b) The sum of Six million pesos is hereby appropriated
23 out of any funds in the National Treasury not otherwise ap-
24 propriated, for the payment of the first part of the subscrip-
25 tion of the Commonwealth of the Philippines to the Bank. The
26 Secretary of Finance is authorized to issue special notes of
27 the Commonwealth of the Philippines from time to time at par
28 and to deliver such notes to the Bank in payment of the first
29 part of the subscription to the Bank to the extent permitted
30 by the Articles of Agreement of the Bank. The notes in which
31 such payment may be made, shall bear no interest, shall be
32 non-negotiable, and shall be payable on demand of the Bank out

1 of the funds herein appropriated. The Commonwealth of the
2 Philippines guarantees the payment of the remaining part of
3 its subscription to the Bank as called by the Bank.

4 (c) Any payment made to the Commonwealth of the Philip-
5 pines by the Fund or the Bank as a distribution of net income
6 shall be covered into the National Treasury as a miscellaneous
7 receipt. In the event of the liquidation of the Bank, the
8 amounts due the Commonwealth of the Philippines as a result
9 of its investment in the shares of the Bank shall be covered
10 into the National Treasury as a miscellaneous receipt.

11 OBTAINING AND FURNISHING INFORMATION

12 Sec. 9. (a) Whenever a request is made by the Fund to the
13 Commonwealth of the Philippines as a member to furnish data
14 under Article VIII, section 5, of the Articles of Agreement
15 of the Fund, the President may, through any agency he may
16 designate, require any person to furnish such information as
17 the President may determine to be essential to comply with such
18 request. In making such determination the President shall seek
19 to collect the information only in such detail as is necessary
20 to comply with the request of the Fund. No information so
21 acquired shall be furnished to the Fund in such detail that
22 the affairs of any person are disclosed.

23 (b) It shall be unlawful for any office or employee of
24 the Government, or for any adviser or consultant to the
25 Government, to disclose, otherwise than in the course of
26 official duty, any information obtained under this section,
27 or to use any such information for his personal benefit. Who-
28 ever violates any of the provisions of this subsection shall
29 upon conviction, be fined not more than Five thousand pesos,
30 or imprisoned for not more than five years, or both in the
31 discretion of the court.

1 (c) The term "person" as used in this section means an
2 individual, partnership, corporation or association.

3 JURISDICTION AND VENUE OF ACTIONS

4 Sec. 10. For the purpose of any action which may be
5 brought within the Philippines by or against the Fund or the
6 Bank in accordance with the Articles of Agreement of the Fund
7 or the Articles of Agreement of the Bank, the Fund or Bank, as
8 the case may be, shall be deemed to be a resident of the prov-
9 ince or city in which its branch office in the Philippines is
10 located, and any such action to which either the Fund or the Bank
11 shall be a party shall be deemed to arise under the laws of the
12 Philippines, and the Court of First Instance shall have original
13 jurisdiction of any such action.

14 STATUS, IMMUNITIES, AND PRIVILEGES

15 Sec. 11. The provisions of Article IX, sections 2 to 9,
16 both inclusive, and the first sentence of Article VIII, section
17 2(b), of the Articles of Agreement of the Fund and the pro-
18 visions of Article VI, section 5(1), and Article VII, sections
19 2 to 9, both inclusive, of the Articles of Agreement of the
20 Bank shall have full force and effect in the Philippines upon
21 acceptance of membership by the Commonwealth of the Philippines
22 in, and the establishment of, the Fund and the Bank, respect-
23 ively.

24 Sec. 12. All laws or parts of laws inconsistent with this
25 Act are hereby repealed.

26 Sec. 13. When this Act shall have been approved by the
27 President of the United States, as provided in subsection (9),
28 section 1, of the Ordinance Appended to the Constitution of
29 the Philippines, such fact shall be made known by proclamation
30 of the President of the Philippines, and this Act shall take
31 effect on the date of said proclamation.

Approved,

I hereby certify that the foregoing House Bill (H. No. 608 -
1st C. P. C. was passed by the House of Representatives on September
17, 1945.

Secretary, House of Representatives

/s/

First Congress of the Philippines
Second Special Session

HOUSE OF REPRESENTATIVES

H. No. 565

Introduced by Congressman Romero, Montano, Ramos, Callejo, and de los Santos, as Members of the Congressional Reconstruction and Rehabilitation Commission.

EXPLANATORY NOTE

It is only a matter of a few months before Philippine Independence will be formally declared. These months should be utilized to the utmost in preparing the Philippine Government for the work of managing the foreign affairs of the Country.

As a matter of fact, for the last three years the Commonwealth of the Philippines, at the invitation of the United States of America, has already been assuming many of the obligations, rights, duties, and privileges of an independent nation. Since June 14, 1942, when the late President Manuel L. Quezon signed the act of adherence to the Atlantic Charter on behalf of the Philippines, our government has been invited to participate in a number of international conferences as an independent and sovereign nation distinct from the United States of America, and bound by no instructions that would limit its freedom of action or decision. Among these conferences were the United Nations Aviation Conference, the Bretton Woods Monetary Conference, the United Nations Conference on Food and Agriculture, and the United Nations Conference on International Organization in San Francisco -- the greatest and perhaps the most important world assemblage that has ever been held.

There will be more of such conferences in the future. The Philippines will be called upon to participate in them. Our representation in these conferences and our assumption of the obligations arising out of them mean that the Philippine Government is in a very real sense carrying out a program of foreign relations. This implementation can only be done if the Government is provided with a Foreign Office managed by men properly qualified for such work. Such an office is a vital and urgent need.

With it, our country will be able to comply faithfully with the international obligations it has already assumed.

In addition to these immediate needs we are faced with the problems raised by the advent of independence itself. The formal inauguration of the Philippine Republic will be a day of international significance. Invitations to attend the ceremonies will have to be issued to foreign states. And representatives will have to be properly received.

Once the Republic is established, a full-pledged Department of Foreign Affairs must be constituted. Philippine interests will have to be protected and promoted in many parts of the world. Treaties and conventions will undoubtedly be negotiated. Philippine-American relations will continue to be of major importance to our country. These and many other relevant matters must be handled carefully if

we are to avoid preventable international embarrassments.

In addition to these problems, we also face the urgent need of selecting and developing adequate personnel to handle Philippine foreign relations. This problem is one that requires the utmost in thought and planning.

The measure here proposed provides merely for the creation of an Office of Foreign Relations within the Office of the President. This would be a minimum organization which might serve as the nucleus for the future and more complete Department of Foreign Relations. The proposal intentionally gives rather wider authority to the President of the Philippines. This is because our Government has no past experience on which to base a detailed plan. It will undoubtedly be necessary to experiment somewhat before determining the details of the organization of the office. It would be most inadvisable to freeze the minutiae of organization into the present proposal. The head of the Office of Foreign Relations and Technical Assistants and experts, all working under the direction of the President.

First Congress of the Philippines
Second Special Session

HOUSE OF REPRESENTATIVES

(H. No. 565)

Introduced by Congressmen Ruzaro, Montano, Ramos, Gallego,
and De los Santos as members of the Congressional
Reconstruction and Rehabilitation Commission.

AN ACT TO ESTABLISH AN OFFICE OF FOREIGN RELATIONS

Be it enacted by the Senate and House of Representatives
in Congress assembled:

1 SECTION 1. There is hereby created an Office of Foreign
2 Relations which shall be under the direction of the President
3 of the Philippines.

4 SEC. 2. The head of the Office of Foreign Relations shall
5 be a Director having the rank of Undersecretary of a
6 Department. He shall have such number of assistants as
7 the President may determine and appoint.

8 SEC. 3. The functions of the Office of Foreign Relations
9 shall be to take charge of all matters referring to the
10 relations of the Philippines with the United States of
11 America and other nations.

Incl. #2 No. 291 from Smith

1 SEC. 4. The President of the Philippines is hereby author-
2 ized to effect the organization of the Office of Foreign Rela-
3 tions and to secure the services of such technical personnel
4 as he may deem necessary.

5 SEC 5. The functions of the Office of Foreign Relations
6 shall be transferred to the Department which shall be in
7 charge of Foreign Affairs as the same is created after the
8 proclamation of the independence of the Philippines.

9 SEC. 6. There is hereby appropriated out of the funds of
10 the National Treasury not otherwise appropriated the sum
11 of two hundred thousand pesos for the organization and
12 maintenance of the Office of Foreign Relations.

13 SEC. 7. This Act shall take effect upon its approval.

Approved.