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Manila

Dated   September 8, 1945

Rec'd   12:46 p.m.

Secretary of State

Washington

637, Eighth

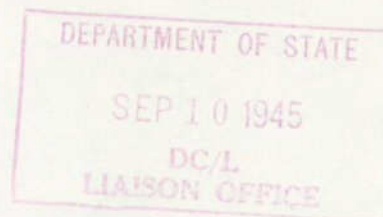FOR SECRETARY OF TREASURY No. 58 FROM ALK

Financial advisers to President Osmena have pre-
pared draft of bill for participation of Philippines
in bank and fund which will probably be sent to Congress
on September 8. In its present form bill follows closely
the language of the act passed by the United States Con-
gress with the following major exceptions.

(1). In Section Three the Government of the fund
and the bank of his alternate is authorized to serve as
an executive director of the fund of the bank.

(2). There is no provision for a National Advisory
Council but instead Section Four contains a requirement
for reports by the President in the same language as the
bill which was reported out on the floor of the United
States House of Representatives.

(3). Section

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(3) Section Six of the draft provides "when the Commonwealth of the Philippines is requested by the fund to communicate the par value of the Philippine peso such par value should not communicated as other than one half of a United States dollar of the weight and fineness in effect on July 1, 1944".

(4) Section Eight of the draft deals with the payment of subscriptions and provisions as follows: "Section Eight (A) Article VII Chapter 41 of the Revised Administrative Code is hereby amended by adding a new section which shall read as follows: Section 1626A the provisions of existing law to the contrary notwithstanding the National Treasurer is directed to use an amount not in excess of fifteen million United States dollars of the Treasury certificate fund established in this Article to pay the subscription of the Commonwealth of the Philippine to the fund the investment of the Commonwealth of the Philippines in the fund shall be deemed a part of the Treasury certificate fund and any repayment of the principal of said investment shall be payable only to the

treasury certificate

PLAIN

treasury certificate fund. Section Eight (B) The sum
of six million pesos is hereby appropriated out of any
funds in the National Treasury not otherwise appropriated
for the payment of the first part of the subscription of
the Commonwealth of the Philippines to the Bank. The
Secretary of Finance is authorized to issue special note
of the Commonwealth of the Philippines from time to time
in par and to deliver such notes to the bank in payment
of the first part of the subscription to the bank to the
extent permitted by the articles of agreement of the bank.
The notes in which such payment may be made shall bear no
interest shall be non-negotiable and shall be payable on
the demand of the bank. The Commonwealth of the Philippines
guarantees the payment of the remaining part of its sub-
scription to the bank as called by the bank. Section Eight
(C) Any payment made to the Commonwealth of the Philippines
by the fund or the bank as a distribution of net income
shall be converted into the National Treasury as a miscell-
aneous receipt. In the event of the liquidation of the
bank the amount due the Commonwealth of the Philippines
as a result of its investment in the share of the bank
shall be converted into the National Treasury as a

miscellaneous receipt".

PLAIN

44-#637, Eighth from Manila

miscellaneous receipt".

(5). The draft does not contain any provisions comparable to Section Twelve Thirteen and Fourteen of the United States Act as passed aside from the exceptions noted the draft contains minor changes to meet the situation of the Philippines and otherwise follows almost exactly the United States Act passed. Your comments and suggestions are urgently requested for informal communication to the financial advisors of the President as it is anticipated that the Philippine Congress will act upon the measure before it adjourns on September 19.

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