

MALACAÑANG  
MANILA

43 -

Jan. 21, 1948  
Malacañang Palace

3:20 PM - (at 11.00 AM up to 1.30 PM)  
Have met with Dr. Zarb Kar of the IMF and  
Don. Sicaras and have convinced him that instead  
of a 25% devaluation a floating rate would be  
better to be set about the latter part of February.  
But 75% of the export earnings of the traditional exports  
of sugar, coconut, lumber, minerals etc should be  
sold to the Central Bank at P3.90 per dollar and  
the remaining 25% goes to the exporter to be sold  
at the floating rate, so as to attend to his requirements.  
Then we can lift the import budget but we would  
have to keep credit restraints for the next six months.  
The Central Bank will earn \$600 million which can  
be used by the public sector only after six months.  
We can now lift guarantees at a certain level provided  
they are at least for five years - especially for export  
oriented industries. We still must restrain travel, public spending and  
luxury imports. We must raise \$600 million by new taxes.  
The strongest argument that apparently convinced  
him was the violence that might attend devaluation; the  
demand for increase of wages and salaries.

It is correct though that if we were engaged  
in restrictions, the economy would be stagnant while the  
prices would go up anyway because of the reduction in  
production and imports. Then there would also be mass  
layoffs in the factories.

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12:00 PM -  
Some unidentified persons have just time -  
bombed the Ma Inos bldg this morning. Only one  
PA sgt assigned there wounded but considerable  
damage to the building.  
Looks like a 155 shell time fused in the  
baggage compartment of a Vauxhall car parked  
close to the building.

This may be the beginning of a series of  
bombings.  
Looks like leftist agents. Looks now like  
the Ma Inos.

And we received the news at <sup>10:00</sup> 9:00 AM  
when I was awarding the Philippine Degree of Honor  
degree of Commander to Lt Gen W. Gordon, C of  
the 13th Air Force. He goes to Dayton, Ohio, where  
I is 4 days below Geno Farnholt.