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Jan. 8, 1942

MALACAÑAN PALACE
MANILA

Saturday

The Philippines is a small frog in the big lake creaking to the tune of the big frogs.

This we have seen repeatedly throughout in the Monetary Crisis decided upon by the Big Ten, then in the decisions of the UNCTAD, the International Monetary Fund, World Bank, the military agreements etc.

And yet government leaders must act as if our destiny is completely within our control. To a certain extent, though, it is — within the context of the world power decisions.

We must keep open our options and alternatives and use them to our advantage.

This should be the burden of the State of the Nation Address.
I have talked to Sen. Francisco in cases to prepare this study. He sent me the report before lunch on this.

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Jan. 8th (Cont.)

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PAF's holding company, Rubicon owned by Benny Toda is being pre-closed by Caltex and FNCB the former being guarantor for the \$4 million of which \$3 million is owned by Mr. Wallahan of Caltex says Caltex does not want to take over PAF which is supposed to be a flag carrier and would rather have a private group of Filipino capitalists take over.

I have asked Eusebio Benabate and Ronnie Velasco who saw me this morning to look into this as the government does not want any stoppage of PAF flights.
and PAF is further indebted to C-FAA for about \$21 million of gas and fuel.

755
Jan. 8th (Wed)

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Sen. Roy came to say Sen. Pres. Ed Puyat is wanting to run for President in 1973 and therefore should not be allowed to become Senate President nor Party President.

I am meeting the Nacionalista congressmen and governors on the 11th.

The Free Trade Zone must be developed as soon as possible. So I met with Joe Cruz and Pablo Roman on Batuan.

Talked to Bongbong on layover and his lack of dedication to his schoolwork which his tutors have observed. I emphasized that he may be talented but hard work makes the difference between success and failure in life. He has to leave on the 10th.

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Jan 8th (Cont)

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asked Mr. Emilio Yap, owner and
President of the Philippine President Lines and
part owner of Bulletin and Swayway
to agree with Hans Mevzi in their transfer of
control of Swayway upon payment of the bank
loan of \$1.9 million. He has agreed.

Justice Antonio Barroso and Adm. Gen.
Felix Antonio on the need to clarify the announce-
ment to lift the suspension of the privilege of
the writ. Justice Barroso feels that I should
now issue a proclamation lifting the suspension
with the effectivity you judge Eucta deciding
the matter of the warrants of arrest for the detainees.
But Judge Eucta has said he would decide the matter
in a few days.

I enclose reports on this