

philippines

Rockefeller Consolidates Philippines Banks, Paves Way for McNamara

The Rockefeller-engineered consolidation of capital into New York banks is having a predictable grave effect in the Philippine banking sector.

Using the pretext of a violation of the country's banking rules, in July the Philippine Central Bank moved to shut down the Continental Bank and Trust Company. Since the closing, a run has forced General Bank and Trust Company to sell 60 per cent of its stock to the Government-owned Development Bank of the Philippines and the investment house of Congeneric Corporation, the former completely controlled by Rockefeller.

The instability caused by these failures has forced small investment houses and banks to seek mergers with several New York banks: Morgan Guaranty has acquired 20 per cent equity in the Bank of Philippines Islands, controlled by the Catholic Church. The Bank of Philippines Islands recently merged with the Peoples Bank and Trust Company — controlled by American mining interests. Chase Manhattan has acquired equity investment in Commercial Bank and Trust Company. Chemical Bank has bought into Far East Bank and Trust Company. Both Mellon Bank and National Bank of Detroit, close Rockefeller allies, have opened regional banking facilities in Manila.

This trend is the finishing touch on Rockefeller's plans to take full financial control of the Philippines. With no possibility of real development in the third world, faced with the possibility of third world countries defaulting on debt obligations if commodity prices fall, Rockefeller must ensure that McNamara's World Bank plan for labor-intensive agriculture in the underdeveloped sector is put into motion. This requires an apparatus equipped systematically to loot every residue of third world wealth to meet the debt payment to Rockefeller's banks. The looting machine for the Philippines is being greased by careful manipulation of the financial sector, as well as the brutal pressure brought to bear by the oil hoax and the tremendous increase in prices of key commodities.

The Oil Hoax

The effect of the oil hoax on the Philippines was sufficiently severe to force the country into deeper dependence on Rockefeller.

In the first half of 1974 exports rose 57 per cent to \$1.285 billion, while imports rose an incredible 133 per

cent to \$1.3 billion. The oil bill alone was \$233 million. A deficit was averted only because of foreign exchange transactions of \$213 million, bringing the surplus to \$198 million.

Ominous Trend

Although this situation is not as critical as that of many other countries, the latest figures — for the month of June — reveal an ominous trend. Exports were up \$220 million from \$146 million in June 1973, but imports rose to \$271.2 million, compared with \$109 million a year ago. Crude oil imports alone accounted for \$36 million dollars — up from \$17 million. The rapid acceleration of external debt service and capital accounts movements resulted in a \$39.3 million deficit. Overall, the balance at the end of June was \$45.7 million in the red. If this trend continues the government will have to draw on its \$500 million in reserves, leading to the erosion now visible in India, Ceylon, and other countries afflicted with balance of payments crises.

The situation is potentially far worse than the June figures indicate. The Philippines' key export commodities — accounting for \$1.233 billion out of a total \$1.787 billion in exports in 1973 — are wood, coconuts, copper, and sugar. Alarming, all four are experiencing sporadic price fluctuation. The credit shortage, forcing the dumping of reserves of copper and other commodities on the market in order to provide operating cash for credit-starved countries like Japan, could cause total price collapse and plummeting demand for these commodities. If prices drop even to 1967 levels it will mean a loss of 25 per cent of \$372.4 million, in foreign exchange earnings — **without** taking into account cutbacks in production, increasing debt service payments, etc. Thus the economy could be salvaged only through the most vicious looting of the working class. [See Table I. These figures are conservative, since actual debt service figures are not available. Figures from 1973 were used.]

Rocky's Inside Job

Rockefeller's consolidation of finance and control of the Philippines' investment policies, coupled with first claim on the nation's revenue, is of long standing, dating back to the early 1960s, when Rockefeller commenced pulling together his control of the region. Rockefeller's

Table 1

Exports 1973:	\$1,787 Million
25 per cent loss due to commodity price failure:	\$1,415 Million
10 per cent loss in volume of exports:	\$141.5 Million
Subtotal:	\$1,273.5 Million
Imports 1973:	\$1,773.0 Million
12 per cent price drop in imports:	\$212.7 Million
Subtotal:	\$1,560.3 Million
10 per cent loss in volume of imports:	\$156.0 Million
Subtotal:	\$1,404.0 Million
Oil bill 1974:	\$500.0 Million
Total imports:	\$1,904.0 Million
Total trade bill:	\$1,273.5 Million
Debt service payments [1973 figures] :	\$160.0 Million
Total payments:	\$1,790.0 Million
Total earnings:	\$1,273.5 Million
Emergency reserve:	\$500.0 Million
Deficit:	\$517.0 Million

TABLE I: Adjusted trade figures for Philippines after a collapse.

own First National City Bank (Citibank) has had offices in Manila since 1902 and, except for the Bank of America, is the only U.S. bank allowed to accept deposits.

The control held by these two banks throughout the 1950s (together they controlled 25 per cent of Philippine banking assets) enabled them to lay the basis for operations throughout the 1960s. By starving local capitalists of any long and medium-term credit, Citibank forced the formation of small banks and investment houses in order to fund local operations. Between 1960 and 1965, 40 small banks were opened.

Move Into the Open

This accomplished, Rockefeller began to act directly, since local institutions necessarily lacked a coherent investment policy in the cabal's global interest.

The Rockefeller forces sent in longtime associate Eugene Black, former President of the World Bank; chief architect of the Asian Development Bank; and now on the Board of Directors of Chase Manhattan, ITT, and

American Express, among others. As a stepping stone to reorganizing the entire region Black formed the private Development Bank of the Philippines, a joint venture of IFC, Morgan Guaranty Trust, Bank of America, Irving Trust, and Bankers Trust. The Development Bank moved immediately to take control of investment policies, diverting funds into infrastructural projects such as dams, bridges, and roads. In short, investment to provide the most flexible of systematic looting.

A more dynamic method was needed to take advantage of any capital the small banks and investment houses could muster. Operating for Rockefeller, Bankers Trust set up Bancom Development Corporation in concert with the bigger "enlightened" capitalists of the Philippines. Soriano, Ayala, and Yulu — all on the Board of Directors of Bancom — have enjoyed close relationships with the Rockefeller interests for decades. Bankers Trust controls 30 per cent of the assets of Bancom Development and supplies all the financial know-how.

Bancom's first act was to set up a money and securities market, under the control of the central bank, where the government could raise funds in order to finance "development" projects. Bancom alone was responsible for handling the trading of these securities, and instructed local banks on the ways of the market. The money earned in fees from these transactions was channeled into investment in infrastructural projects and mining ventures. Bancom's total assets grew from P15.1 million in 1965 to P672.6 million in 1971.

Bancom's role was not limited to the Philippines: it expanded throughout Asia, creating similar corporations.

In May 1973 American Express bought out Bankers Trust's equity in the corporation. Bancom President Sixto Roxas declared that the move will "accelerate the company's expansion into regional investment banking."

Why Martial Law?

With the 1972 proclamation of martial law in the Philippines, impotent resistance of the senate and assembly was swept aside, making possible full Rockefeller control of the economy. Simultaneously, Philippines President Marcos put in motion the legal and financial machinery to implement the McNamara plan for slave-labor genocide in the islands.

Next week: The McNamara Plan in Action