

Philippines rejects Ongpin's IMF deal

by Linda de Hoyos

Philippines Finance Minister Jaime Ongpin was sent packing back to New York April 20 to renegotiate with the country's creditors the seven-year \$13 billion debt repayment package Ongpin had brought home only three weeks before. The purpose of his trip, Ongpin claimed, was to win the banks' agreement for an interest rate 13/16 over the London interbank offered rate (LIBOR), after Mexico and Argentina had "won" that rate. Ongpin had brought back only a 7/8 over LIBOR rate. "It is not a question of money," Ongpin told the Filipino nation. "There are a lot of principles involved."

This was the finance minister's claim. In reality, Ongpin was kicked back to New York by a rising tide of protest against the entire sell-out deal he and Central Bank chief Jose Fernandez had worked out with the banks. The protest has caused a significant political problem for President Corazon Aquino and the coterie at Malacanang Palace; the demand to reject Ongpin's deal is led by the opposition Grand Alliance for Democracy, specifically its chairman, Vicente "Teng" Puyat.

In early April, Puyat demanded that the Philippines follow the example of Brazil and Peru, and pay only that portion of the country's revenue it can afford without decimating the national economy. Puyat proposed debt service at \$500 million per annum, 20% of Ongpin's agreement that the Philippines will hand over \$2.6 billion a year—a full 45% of current export revenues. The savings of revenue, Puyat stated, will be used to rebuild the economy and create productive jobs—after three years of International Monetary Fund austerity. Ongpin's "high-falluting statements," Puyat charged, are meant to hide the fact "that he has surrendered national sovereignty."

The fight against the banks and the IMF has become the centerpiece of the Grand Alliance electoral campaign for the new Philippines senate. Elections are May 11. Puyat, the Alliance's leader in the 24-man slate, has himself distributed 50,000 posters across the country that read:

Wanted: Puyat for Senator
Public Enemy #1 of the Banks and IMF
Reward: \$28 Billion Returned to Our Country

In the last two weeks, nearly all of Manila's columnists—spanning the entire political spectrum—have backed Puyat's stance against the Ongpin deal, and against the IMF austerity conditionalities upon which the deal is predicated.

Puyat—who has also demanded that the government end its appeasement policy with the insurgent New People's Army and launch a nation-building counterinsurgency program—was hailed in the leftist *Malaya* for his stance against Ongpin's deal. Heretofore, the fight against the banks had been left as an issue to be picked up by the National Democratic Front and Communist Party as an issue.

The *Malaya* April 9 denounced Ongpin and Central Bank chief Jobo Fernandez as "agents of the IMF." Citing the July 26, 1986, *EIR*, *Malaya* called Ongpin a "straw man" for Charles Allen & Co., the investment house of the Meyer Lansky Dope, Inc. syndicate. Allen & Co. installed Ongpin as president of Benguet Mining Co., the Philippines' largest mining firm, from where he moved directly to the finance ministry. The ties to Allen & Co. still appear to hold; Allen will be the primary agency for Ongpin's proposed Philippine Investment Notes (PINs), for debt-for-equity swaps.

Even more dangerous to Aquino, the Grand Alliance campaign is beginning a process of erosion into Aquino's own base, coalesced around her "Lakas ng Bansa" (People's Power) slate. The Grand Alliance campaign is making particular headway in the labor movement. The Labor Federation of the Philippines has endorsed Puyat for Senator. On April 13, a meeting of all labor groups—including the May 1st Movement, the Federation of Free Workers, and the Lakas Ngmanggagawas, called upon the Aquino government to repudiate the debt and halt import liberalization. The Ongpin agreement with the banks, the unions' joint declaration stated, has "disastrous consequences for the working man. Creditors must also assume responsibility. . . . The government economic program is anti-Filipino and anti-worker."

On the strength of hitting the reality of the economic crisis in the country, the Grand Alliance is gaining substantially in the polls. A month ago, the Alliance was assured 30% of the Senate seats. Now reports Jesus Bigornia in the *Manila Bulletin* April 18, "Government-commissioned political surveys indicate the election of a strong opposition sector in the revived Senate. The rosier of three studies on country-wide political trends showed the first 16 slots in the 'Winners' circle' equally split between the pro-administration Lakas ng Bansa coalition bets and the candidates of the Grand Alliance." In addition, one candidate from Marcos's KBL is expected to win a seat, with the remaining seven seats a toss-up between the Alliance and the administration. "The prospect is not at all pleasing in the eyes of President Aquino."

If the opposition succeeds in winning the majority in the Senate, Aquino will find herself between a rock and a hard place—a population mobilized behind the Alliance rejection of the banks and IMF, and her own family ties to the pro-IMF oligarchy of the country.