
Philippines

Grand Alliance for Democracy set to win 50% on May 11

by Linda de Hoyos

As the major international dailies are reporting it, the elections for the 24 seats in the new Philippines Senate on May 11, will be a battle between the administration candidates of President Corazon Aquino and the pro-Marcos loyalists apparently led by former defense minister under both Marcos and Aquino, Juan Ponce Enrile. The race would appear to be a mild-mannered replay of the February 1986 elections, with Aquino this time winning the vote overwhelmingly, and officially.

This characterization of the "news" coming from the Philippines is a danger signal that once again, the Filipino people may be cheated out of their election victory. As we go to press prior to the May 11 election, the news from Manila, as relayed by *EIR's* special correspondent on the scene, and by the Philippines' own newspapers, does not fall into the pre-arranged categories projected by the international media. The party giving the Aquino administration a run for its money is not Marcos's KBL, but the Grand Alliance for Democracy, whose activities have been blacked out of all the U.S. press, even including the CIA's own Foreign Broadcasting Information Service.

This is the party of Enrile, chaired by Vicente "Teng" Puyat, which has brought together many of the most highly respected nationalist leaders in the Philippines in a 24-man slate against Malacanang. Far from representing pro-Marcos diehards, Puyat, for example, was one of the leaders of the Makati businessmen of Manila, who played a pivotal role in bringing down Marcos in 1985-86. The formation of the coalition slate, including such respected figures as Puyat, Wilson Gamboa, and Eva Kalaw, is a measure of the urgency with which the Philippines nationalists view the crisis facing the country and the inability of Malacanang to provide economic or political solutions.

The international blackout has been clamped on the Grand Alliance in service to the U.S. Project for Democracy's full political (although not economic) backing for the ineffectual Cory Aquino.

More important, the Grand Alliance leadership, especially chairman Puyat, has campaigned on a nationalist economic program demanding that the Philippines follow the

example of Peru, and pin debt service payments to only 10% of the nation's export earnings.

On April 29, Puyat issued a stinging refutation of the government's economic policy, speaking before 2,500 businessmen assembled at the Manila Rotary Club (see text of speech page 38). Puyat demonstrated that the government has substituted a "borrowing policy" for actual economic policy, digging the Philippines deeper and deeper into the debt crisis that was only begun with Ferdinand Marcos's capitulation to the International Monetary Fund and creditor banks.

Puyat's attack has hit at Aquino and the coterie of former exiles at Malacanang at their most vulnerable point: the presence in the government of Finance Minister Jaime Ongpin and Central Bank chief Jose "Jobo" Fernandez, the latter installed under Marcos at the IMF's insistence. Within the Philippines, Ongpin and Fernandez are kept in place by the nexus of dirty finance intricately tied to the financial empire of Aquino's own brother and mentor, Peping Cojuangco.

On May 4, Puyat followed his Rotary Club speech with a press conference at the Manila Hotel branding Ongpin and Fernandez "guilty as charged." Puyat, standing with five other candidates of the GAD, reported to 125 gathered reporters that the recent release of the letter of intent to the IMF—signed March 10 by Fernandez, Ongpin, and National Economic and Development Authority director Solita Monsod—proved the GAD's charges that Ongpin et al. had sold the country to the banks and the IMF. The IMF stand-by agreement, stated Puyat, in combination with the debt renegotiation package signed by Ongpin last month in New York, puts the creditors "above the requirements and needs of the people, and as such violates the preamble of the new constitution." The IMF standby agreement represents the full abrogation of the Philippines' sovereignty, permitting the IMF to interfere in every aspect of government economic policy.

For Filipinos, the agreement to the austerity prescribed by the IMF will mean higher taxes, higher energy prices, and unemployment, the last caused especially by the IMF demands for import liberalization—free trade—and privatization of state enterprises. The IMF agreement, Puyat also said,

makes clear that land reform is by no means secured. The government is relying upon foreign loans—with no lenders forthcoming at the moment—to carry out its program of land reform. Even that program is limited to land redistribution, with no mention of the necessary inputs into the agricultural sector—electricity, fertilizer, and irrigation.

The IMF also demands the abolition of the National Food Authority, which will remove the last remaining safety net for the Philippines' impoverished farmers. Similar demands imposed by the IMF caused food riots in Brazil and Egypt, Puyat pointed out.

The Grand Alliance view of the betrayal of the nation at the hands of Ongpin and Fernandez is shared by most of Manila's daily columnists. On May 6, Art Bojals, the head of the Philippines Press Association, wrote a column that indicates the opprobrium with which Ongpin et al. are being held in the eyes of Filipinos. The column begins by noting Ongpin's high-handed style with the press and Philippine population generally, noting that Filipinos forgive Jimmy his "arrogance. He has the right to be snobbish, cold, and aloof, because after all, he went to Harvard." But a look at the IMF letter of intent, shows that "before the foreign creditors, Jimmy is as meek as a lamb. . . . He could easily become a mendicant." The posture of Ongpin et al. to the banks, charged Bojals, is "like a young child begging for candy" and they have "stripped us all of our pride as a nation."

Bojals points out that while many other debtor nations have taken a nationalist stand, Ongpin et al. have acted as lackeys of the IMF and the World Bank, "and an explanation is in order." There are several proposals on the table to deal with the debt crisis: unilateral suspension of interest payments, as Brazil has done; limiting of debt service to 10% of export earnings, as Peru has done; and selective repudiation. But Ongpin et al. have chosen none of the above. Why not?

This article is indicative of the general coverage of the nation's leading financial officers. But the anger against Ongpin et al. is also exploding within the labor movement, a base of the "people's power" organizations that helped bring Aquino to Malacanang last year. On May Day, the country's labor leaders were brought to the palace to hear Mrs. Aquino's speech to unions. Expecting a concession on the fight for a higher minimum wage, they were instead given nothing but promises. Half-way through the speech, many of the labor leaders walked out and joined the May Day labor rally at Luneta Park. When government Labor Minister Franklin Drilon later attempted to address that rally, he was booed and hissed off the podium.

Even the left nationalists in the cabinet—beginning with presidential secretary Joker Arroyo—are known to be opposed to Ongpin and Fernandez. It is no secret to any Filipino, rich or poor, that the government's economic policy is a continuation of the disasters of the regime of Marcos Finance Minister Cesar Virata—only worse. Nor has removal of Marcos brought any foreign investment to the country, as prom-

ised by the United States. To the contrary, comparing the first quarter of 1986 to the first quarter of 1987, U.S. investment in the Philippines dropped 76%; Japanese investment dropped 63%; and combined Australian and New Zealand was down by 76%. The only category to rise is that of debt-for-equity operations, representing no real investment in the country at all.

The projections

According to government-commissioned studies, the opposition will take 8 out of the top 16 seats, with the KBL taking one seat, and the remaining 7 seats up for grabs between the Aquino slate and the GAD. Anyone will concede the GAD 8 seats. Columnist Emilio Jurado of the *Manila Standard* May 7 placed the GAD's Enrile, Puyat, Eva Kalaw, and Blas Ople, former anti-IMF labor minister under Marcos, among the top 10 winning candidates.

The GAD's own projections are more optimistic. Leaders at the Alliance Convention May 7 reported that polls taken in 73 provinces show that the GAD has the lead in 61. This may not be an exaggeration. According to reports among Filipinos from the area of Subic Bay, the Grand Alliance has given "people new hope." In addition, the old political machinery of the nationalists is behind the GAD, and is prepared to make up for the debacle of 1986.

For Aquino, the stakes are very high. If the GAD has a strong showing and is able to propel Enrile into the presidency of the Senate, then a constitutional crisis would likely emerge in the near term. At the least, Malacanang reportedly fears that the GAD would launch congressional investigations into the financial shenanigans around the palace. But in the longer haul, Aquino and the families backing her, would face a nationalist-dominated senate with public opinion shifting away from Cory the Saint.

The senate elections could therefore mean the survival of the Aquino government itself. With the cover of the international blackout, Aquino will rely upon government money, and the machine of Cardinal Jaime Sin, who has endorsed 10 administration candidates by name on a paid television advertisement.

On the other hand, if the government relies upon fraud, it is playing a very risky game. "Tell the Americans that if we're cheated out of this, there's going to be a bloody revolution here," Filipinos have told our special correspondent. The military has already handed in its absentee ballots. According to one report, in one province, out of 500 votes, 200 soldiers voted for a straight Grand Alliance for Democracy slate. The remaining 300 voted for Juan Ponce Enrile *only*. That is a vote for an all-out war against the Aquino government, and civil war in the Philippines. By putting forward a viable economic policy in opposition to the neo-colonialist pressures of the banks and the IMF, the Grand Alliance for Democracy is offering Filipinos another chance. Bets are that on May 11, many will take it.

The foreign debt and economic recovery

Vicente G. Puyat, chairman of the Grand Alliance for Democracy, gave this speech before the Manila Rotary Club on April 30:

I have stated repeatedly that our current enormous debt service obligations are the single biggest obstacle to in-depth economic recovery. I am proposing a precise and workable approach to remove this obstacle. Put a cap on the amount of debt payments by pegging debt service at 10% of our export earnings.

Most objections I have heard to this approach center on the fear that this would severely cut down on or eliminate our future borrowing potential. My response is threefold. First, the example of Peru has shown that, despite many threats,

such debilitating credit cut-off has not occurred. Two, last year we incurred an additional two billion dollars in foreign debt to balance our budget, finance some economic pump-priming measures, and roll over previously incurred debts. By limiting debt service to 10% of exports, we would have had the same amount of money available without additional borrowing. Three, severe restraints on additional foreign borrowing are a blessing rather than a bane. We will be forced to seriously consider the utilization of our own financial resources, abstain from indiscriminate borrowing without a precise idea of how to repay, and consider only such economic programs as yield a specifiable return on deployment and investment of our resources. I will propose a set of such measures and programs below.

The current medium-term Philippine development plan and other specific programs proposed by the present administration do not even consider such critical return on investment factors. Financing of the programs is based on continuing reliance upon foreign loans and increased taxation. Here are some recently published examples. First, for free secondary education the World Bank will be asked for \$63 million. To implement land reform, initial loans of up to \$500 million are sought from the World Bank and other agencies. Three, over half of our projected 1987 budget deficit is to be financed from foreign sources. In 1987 the government plans to borrow \$600 million, an increase of 60% over the 1986 level of \$375 million, which in turn represented an increase of 196% over the \$130 million borrowed during the final year of the Marcos administration. Our 1986 budget deficit of 27.96 billion pesos was 138% higher than the 1985 11.75 billion peso level.

These figures make one thing crystal clear. This government has no economic policy, it has a borrowing policy. Rather than reducing our dependence on foreign sources, multilateral, governmental and private alike, such dependence is increasing at a faster rate than at any other time in the history of the Republic.

As a nationalist, proud of my political heritage, I reject such begging and cajoling of our friends and of supranational institutions as a substitute for a well-considered economic policy which in its essential aspects we should finance with our own resources. I know that we have within our nation the well-qualified manpower and the rich natural resources to permit us to stand on our own feet. By the beginning of the next century, we will be a nation of close to 100 million people. It is the job of our present generation to build the foundation for their existence as a truly independent people, not just in the nominal sense but also in the essential economic sense. After 20 years of economic dependence and limited sovereignty, the first drastic step must be taken now to break the vicious cycle of lack of self-reliance and ever greater foreign obligations.

My first point then, to repeat, is this: limit debt-service payments to 10% of our earnings from merchandise exports. For 1987 this means paying approximately \$500 million rath-

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er than the \$2.6 billion or the \$2.75 billion projected by the Department of Finance and the Central Bank, respectively. We would thus save in excess of \$2 billion or 40 billion pesos which should be allocated to stimulate short-term economic recovery.

Secondly, we must realize that neither the infrastructure nor the capital structure of the country at this point is ready to accomodate investment in large-scale industrial ventures. This implies a two-fold strategy. To begin the process of recovery by stimulating domestic demand so as to permit industry to get back to reasonable and profitable levels of capacity utilization and to begin at the same time the process of alleviating the worst infrastructural deficiencies, especially by a concerted attack on the energy, communications and transport, or market access, problems. The following two categories of short-term measures and allocations are designed to accomplish this. First, stimulation of domestic demand. 1) Allocation of \$650 million to increase the salaries of government employees by 50%. 2) Allocation of \$150 million to begin implementation of the constitutional provision for free and enhanced secondary education. 3) Allocation of \$400 million for tax relief and investment credits, stimulating private sector recovery and enabling private firms to increase the real wage levels of their employees. Category 2, infrastructure enhancement. 1) Allocation of \$250 million for initial development of new energy resources and for subsidizing of energy prices so that they can be brought in line and be made competitive with the per-kilowatt hour prices prevailing in the other ASEAN nations, Taiwan and South Korea. 2) Allocation of \$50 million for emergency improvements of the transportation and communications infrastructure. 3) Allocation of \$300 million for the initial stages of land reform and enhancement of agricultural productivity. . .

I can confidently forecast that, with the above measures, we will bring our real GNP growth up to 7% or 8% within a year. The measures I am proposing begin to put our economic future in our own hands. Hopes for foreign investment or massive increases in exports may or may not be justified, but let us not just hope and pray for an economic miracle but rather produce it with our own ingenuity and hard work.

Finally, a warning concerning the context of the international economy within which we must chart a course toward recovery. The price of oil is back up to over \$19 per barrel. The dollar is down to below 140 yen. The prime rate and interest rates generally in the United States are going up. World trade remains stagnant. The implications are, first, higher interest rates for foreign loans, and second, a rekindling of inflation which is already reaching 5% in the United States. I thus repeat, we must get away from the present borrowing policy and adopt short-term measures which will in fact put our own house back in order. We must most urgently take energy development measures to protect ourselves from another oil shock and not let recovery be stifled before it begins.

Investigative Leads

German press leaks new Homintern tale

by Mark Burdman

Two West German mass-circulation dailies published a story May 5 on the Homosexual International, or "Homintern," which may have profound repercussions within the East bloc's intelligence services, while, at the same time, providing new political embarrassments for Great Britain's Lord (Victor) Rothschild.

The *Bild Zeitung* and *Hamburger Abendblatt* ran a Springer Foreign News Service story, which claims that Sir Maurice Oldfield, head of Britain's MI-6 intelligence service from 1973-78, and Markus Wolf, head of the East German Stasi intelligence service until his sudden departure in February 1987, had both been homosexual lovers of a British transvestite well known in jet-set circles, one Vikki de Lambray.

The papers claimed that Vikki's death last autumn, apparently from an overdose of heroin, may have been brought about by those wishing to cover up the details of her high-level liaisons. They noted that he (or she) had called the police, immediately before death, pleading that he/she had been targeted for murder.

The fact that the stories were printed in German-language dailies, and not in Great Britain, lends credibility to the hypothesis that the articles were a special signal to the East Germans, that some of the shadier doings of Wolf, and the circumstances of his sudden departure earlier this year, may soon be brought to the surface. Wolf had been the master spy of East Germany for 40 years, and had been responsible for running terrorist operations, penetration of the political leaderships of the West (e.g., the famous Guillaume Affair of West Germany), and various political destabilizations. Jewish-born, he was also believed to have interesting ties to high-level circles in Israel.

According to the *Bild/Abendblatt*/Springer story, Wolf, nicknamed "Mischa" by his transvestite-homosexual lover, had first met Vikki de Lambray in London. In the ensuing years, he would regularly arrange two-week-long "love trips" for Vikki and himself in East Berlin.

Now, the question is being asked in certain quarters, whether "Mischa" is dying of AIDS, and whether that might have to do with his sudden official departure from the Stasi.