

# LaRouche's call for global reform intersects Asian financial shocks

by Gail G. Billington

On July 17, an audience of 500 people, representing 32 trade and socio-economic associations in the Philippines, were told in no-nonsense terms that there is no end in sight to attacks on the currencies and economies of Southeast Asia, unless the thinking that underlies policy-making is overhauled in favor of a return to national economic sovereignty, in conjunction with *EIR* Founding Editor Lyndon LaRouche's call for bankruptcy reorganization of the International Monetary Fund (IMF)- and World Bank-dominated monetary system and a return to the best principles of the Bretton Woods arrangements. The occasion was the Second National Congress of the Katapat movement, held in Quezon City, the Philippines. The conference took place six days after the Bangko Sentral ng Filipinas (the central bank) spent \$2 billion in 48 hours in a losing battle to defend the Filipino peso against speculative attacks, leading to a 10% devaluation of the currency on July 11.

In the week following that devaluation, Katapat board members were outspoken, in press conferences and interviews, in identifying the root of the devaluation not in attacks by "lone" marauding financial speculators, but in the embrace of "free trade," "globalization" measures that have led to increasing dependence on fickle external capital flows and for-export production, and have reduced the resilience of the economy to sustain sudden shocks to the country's finances.

For public consumption, Katapat's warnings were downplayed by the press, which tried to reduce their call to rethink policy to a call for the resignation of central bank Governor Gabriel Singson, while insinuating that Katapat members are "doomsayers," to be ignored. In private, as this author learned firsthand, Katapat's views are finding open ears.

## A fine constitutional tradition

The Kilusan Tungo sa Pambansang Tangkilikan, or Katapat, movement issued a "Declaration of Economic Sovereignty," following the November 1995 convening of its first national congress. That defining declaration relies on the intent of Article II, Section 19 of the 1987 Constitution of the Republic of the Philippines, which mandates the development of a self-reliant and independent national economy, effectively controlled by Filipinos. In the two years of its existence, Katapat has emerged as a unique cross-sectoral association, bringing together 32 organizations, representing producers and consumers, in trade, manufacturing, agriculture, retail,

and social services, which organizations encompass millions of members. In addition to explicitly "economic" associations, Katapat also includes labor, religious leaders, and community service organizations.

Katapat's founding declaration makes explicit the organization's embrace of the constitutional commitment "to provide for the general welfare of the population," while stating that "the principal cause of economic difficulties in the Philippines today lies not within the territorial confines of, nor in decisions made by the government of the Philippines per se, but lies in the bankruptcy of the global IMF system as a whole."

The Second National Congress was keynoted by nationalist economist Alejandro Lichauco, a close associate of former Sen. Claro M. Recto, a proponent of the 1950s Filipino industrialization program, and author of a 1988 book, *Nationalist Economics*, which cited as forerunners in that tradition, America's first Treasury Secretary Alexander Hamilton, Germany's Friedrich List, and the Meiji reformers in Japan. Former Vice Premier of the first post-Communist Czechoslovak government, Dr. Jozef Miklosko, from Bratislava, Slovakia, was the featured guest speaker, whom Katapat invited to spell out the impact of IMF "shock therapy" reforms in aborting the popular "revolutions" that brought down the Iron Curtain in eastern Europe. *EIR* Asia Desk correspondent Gail Billington presented the Urgent Appeal for President Clinton to Convoke a New Bretton Woods Conference, and described in some detail the international mobilization in support of that initiative.

## For lack of an industrial revolution

With biting wit and compassion for his countrymen, Lichauco addressed the circumstances the Philippines finds itself in today. The crisis that led to the 10% devaluation of the peso can be traced to one cause, he said: The Philippines never underwent an industrial revolution, never developed a machine-tool sector. Industrialization is a learning process, the highest form of education, he said. Without machine tools, a country cannot produce, and the knowledge of how to produce cannot be bought. Without such a revolution, he said, the country is reduced to being a consumer economy, addicted to imports, which displaces local industry and employment, and, as a consequence, leads to ever-increasing poverty and collapse into barbarism, epitomized by the growth of the drug trade to a multibillion-dollar business.

It is not for lack of qualified national leaders that this



*Lyndon LaRouche's call for a New Bretton Woods conference received wide coverage in Manila, Philippines. Shown here (from left) are Gail Billington, EIR; Dr. Jozef Miklosko, Slovakia; and Filipino nationalist economist Alejandro Lichauco, addressing a popular weekly press briefing on July 19. Four newspapers covered the conference in their July 20, Sunday editions.*

transformation never occurred, he continued. Forces outside the country opposed that technological revolution. In 1909, the entire Congress rose up against a "free trade" law. "Free trade" then, and now, is the force of colonialism at work, only now the name for the same policy is "globalism, free trade liberalization." The first IMF regime, imposed in 1962, aborted the rapid growth achieved under a protectionist regime in the 1950s, when manufacturing grew 29% per annum. Under World Trade Organization rules, the WTO will dictate policies, and the sovereign nation-state will disappear.

Lichauco singled out for criticism what is taught as "economics" in universities today. Himself a graduate of Harvard and Columbia's Law School, he said schools are turning out people who have lost their common sense, they're turning out "globalists." Sooner or later, he concluded, we Filipinos must decide whether to develop through industrialization, whether we will live as human beings or slaves.

Dr. Miklosko pointed out that the Philippines and his native Slovakia share many positive and negative qualities, including, prominently, an optimism rooted in profound faith and commitment to the social teachings of the Catholic Church. He reviewed the history of the "Velvet Revolution" against the communist regime of former Czechoslovakia in 1989. It was too "velvet," he said, because communists have returned to power, as born-again capitalists, armed with the IMF's shock therapy, free trade, and monetarism, which have led to a collapse of production, rising unemployment, and an end to all social safety nets for the population. The "post-socialist" governments of the East traded one *Titanic* for another, but this one, too, is sinking rapidly.

He then used a series of charts to present the collapse of

the global economy, including LaRouche's "Triple Curve" typical collapse function demonstrating the hyperbolic rate of decoupling of financial processes from the physical economy, and to underscore that there is no country in the world that has remained immune to this crisis. Miklosko then reviewed his own collaboration with Mr. and Mrs. LaRouche.

LaRouche's policy approach was presented in detail by this author, who reviewed the Urgent Appeal for President Clinton to Convoke a New Bretton Woods Conference, a proposal that has now been endorsed by over 1,000 former heads of state, elected officials, and labor, religious and community leaders internationally. Board members of Katapat were involved in the discussion process that led to the drafting of the Appeal, authored by Helga Zepp LaRouche, founder of the Schiller Institute, and Ukrainian parliamentarian Natalya Vitrenko, following a conference in northern Virginia in February 1997. At the end of Katapat's Congress, a series of resolutions were passed, including one endorsing the Urgent Appeal and the campaign for LaRouche's exoneration.

Following the conference, on July 19-20, Katapat board member Antonio Valdes, Lichauco, Miklosko, and this author were featured guests at a popular weekly press forum, and on a 90-minute live radio interview, the latter hosted by columnist Herman Laurel on DZXL to a regular audience of 500,000. Asked about George Soros's role in the recent speculation against Southeast Asian currencies, this author detailed Soros's history of sinking currencies from Italy to Thailand, his political support for drug legalization in the United States, his involvement in strategic asset grabs in Ibero-America and elsewhere, and the multiplying number of criminal investigations into his activities.