

Manila's 'EDSA II' Coup Is A Wake-Up Call for Asia

by Gail G. Billington

On Jan. 20, Philippines Vice President Gloria Macapagal-Arroyo was sworn in as President by Supreme Court Chief Justice Hilario Davide, *without* the prerequisite of an official resignation from President Joseph "Erap" Estrada. Macapagal-Arroyo's swearing-in was neither a celebration of "democracy at work" nor a re-run of the "people's power" movement that brought down President Ferdinand Marcos in the 1986 "EDSA Revolution," named after the monument which served as the rallying point of those mass protests.

Those responsible for Macapagal-Arroyo's promotion have made clear that what happened between Jan. 16, when the Senate impeachment trial of Estrada was aborted, and Jan. 20, when Macapagal-Arroyo took the Presidential oath of office, was a pre-planned *military* coup by retired senior and junior officers, in which former President Gen. Fidel V. Ramos (ret.) played a key coordinating role.

On Jan. 22, the *Washington Post* quoted Air Force Gen. Ed Abenina (ret.) saying, "The Philippines people like to call it 'people power,' but in fact it was a coup. It was the overthrow of the government." The *Los Angeles Times* described Abenina as "one of the ringleaders of the plot." Former Defense Secretary Gen. Fortunato Abat admitted that he had been plotting the coup for months, long before the public charges made last Oct. 9 by Estrada's now-former friend, Luis "Chavit" Singson, that he, Singson, had delivered millions of dollars to Estrada in proceeds from illegal gambling and tobacco-tax kickbacks, became the focus of a Senate impeachment trial of Estrada which opened on Dec. 7, 2000.

Troops, tanks, and aircraft were deployed to strike on Jan. 20, if military leaders under Estrada's command had not capitulated to the coupmakers. The *Washington Post's* report added: "Gen. Panfilo Lacson, the national police chief and a close friend of Estrada's, also withdrew his support Friday

[Jan. 19]. His announcement came one hour after 50 police officers, armed with handguns and assault rifles, stormed into his office, according to a newspaper reporter who witnessed the event."

Whose Law Rules, If Any?

The U.S. State Department, starting with the early-1980s establishment of the National Endowment for Democracy, or "Project Democracy," has championed "democracy and rule of law," using these as weapons to bring, especially, developing-country governments into line with U.S. policy. So, why did State Department spokesman Richard Boucher, who was presumably speaking for the Bush Administration at the daily briefing on Jan. 22, read a statement that the U.S. welcomes the "peaceful transfer of power . . . in accordance with democratic procedures"?

Boucher was asked by a reporter, "If democratically elected officials have a gun to their heads from the military that threatened a coup, why are their actions democratic?" Boucher replied that the authorities handled it "in a manner which they have deemed consistent with their Constitution. That's the important thing."

What is worse for the Philippines is that the coup enjoyed the full support of a second former President, whose name is synonymous with "people's power" and "democracy"—Corazon Aquino. The coup also had the blessing of the most senior official of the Roman Catholic Church in Asia, Jaime Cardinal Sin, who called on citizens to join mass demonstrations at the 1986 monument and to stay there on Jan. 19, declaring, "EDSA is holy ground. God is in this place. Do not go anywhere."

Leading Asian press and statesmen are drawing obvious conclusions:



Philippines President Joseph Estrada (right, meeting with U.S. Secretary of Defense William Cohen) has not resigned, but Philippines Vice President Gloria Macapagal-Arroyo was sworn in as President anyway, by Supreme Court Chief Justice Hilario Davide, on Jan. 20.

- *Far Eastern Economic Review* Manila correspondent Deidre Sheehan headlined her report in the Feb. 2 issue, “More Power to the Powerful.” She wrote, “They’re calling it People Power II, the sequel to the 1986 ouster of Ferdinand Marcos. That first revolt became a model for civilian uprisings against dictators around the world. But the second revolution is already being criticized as a ‘soft coup’ that ejected an elected President in order to return the old, wealthy political and business elite to power.”

- The *Asia Times*’s Jan. 23 editorial adopted a comment from Macapagal-Arroyo’s friend, Filipino Sen. Franklin Drilon, for its headline: “Philippines: Banana Republic—At Best”: “Make no mistake about it: The events that led up to the swearing in of Gloria Macapagal-Arroyo . . . were a coup d’état. . . . Whatever curious legal construction anyone may now attempt to put on the ouster of Estrada, he was ousted by a military coup, with the connivance of the leadership of the Roman Catholic Church, major business groups, and two former Presidents.”

- *Business Times* Manila correspondent Al Labita titled his Jan. 23 column, “The Bottom Line: A Triumph of Mob Rule in the Philippines.” He wrote, “The Philippines trumpets itself as a democracy, a nation of laws, not of men. Yet, what happened was the opposite. It was undemocratic, unlawful, and perhaps even uncivilized. It has set a bad precedent. Now, no duly elected President can invoke the Constitution and the duly enacted laws of the country to protect his or her term of office. The mob may decide otherwise. . . . The new occupant of Malacañang Palace should know that the Constitution has been rendered meaningless, and that she rules with leave from

the military and the mob.”

Among the comments that are likely to stick in the memory of editorial writers concerning these events in Manila are those of Singapore Senior Minister Lee Kuan Yew, who was quoted in an interview with Associated Press: “I don’t think it was a plus for the democratic system.”

Regional Fault Lines

The ten-member Association of Southeast Asian Nations (ASEAN) is a relatively crowded neighborhood of about 500 million people, so what rattles your neighbor’s windows may well rattle yours. With nearly 90 million people, the Philippines is the second most populous country in the grouping, and, historically, has the closest and most complicated relationship with the United States. No one in a position of authority in the region can afford to take these events lightly, especially since, as of this writing, the Philippines has *two* Presidents! President Estrada has *not* resigned, but President Macapagal-Arroyo has been sworn in as President, with the full support of the Supreme Court of the Philippines!

The Philippines is only one of three countries in ASEAN in which the sitting or incumbent head of state is either under threat of impeachment and/or facing “corruption” investigations that would hinder their ability to govern.

The current situation in Manila follows from the initiation of impeachment proceedings against Estrada, first, in the House of Representatives on Nov. 11, 2000, which moved to a Senate trial on Dec. 7, on charges of bribery related to protection money from legalized gambling concessions; graft and corruption related to kickbacks from tobacco taxes, which

were used, allegedly, to pay off old campaign debts; betrayal of public trust; and culpable violation of the Constitution. Those proceedings were aborted on Jan. 17, when 11 out of 21 Senators voted *not* to admit evidence from certain bank records, which prosecutors claimed would tie Estrada to ill-gotten wealth. That vote precipitated the resignation and walk-out of the Senate President and the members of the combined civilian/House prosecution team.

In Indonesia, the most populous nation in ASEAN, President Abdurrahman Wahid is threatened with impeachment proceedings in the House of Representatives related to two corruption investigations linked to him directly or to his personal staff. In Thailand, telecom mogul Thaksin Shinawatra, whose Thai Rak Thai Party won a majority of seats in recent general elections, is the target of a corruption scandal, which dogged his campaign and may curb his range of action as Prime Minister when, and if, he is sworn in.

In Malaysia, black propaganda is being used to fuel discontent against Prime Minister Dr. Mahathir bin Mohamad. Only 24 hours after President Estrada was removed from Malacanang on Jan. 20, the British Broadcasting Corp. aired a report, monitored in Germany but originating in Kuala Lumpur, Malaysia, which said, in effect, that what had happened to Estrada could happen to Prime Minister Mahathir. BBC claimed that Dr. Mahathir is the object of rising discontent within the ranks of the ruling UMNO party — and, besides, he is 75 and has promised to step down soon! Just to make sure the point got across, BBC ran a similar report the next day, and *Asiaweek's* Jan. 26 issue featured a package including an interview with Dr. Mahathir plus back-up articles, under the headline: “When You Grow Old, You Face Reality.”

The giveaway as to what is behind this comes through in the following exchange with *Asiaweek's* correspondent, who referred to the September 1998 decision of Dr. Mahathir's government to peg the Malaysian ringgit at the fixed rate of 3.8 to the dollar, and to impose selective capital controls.

Asiaweek: Are you reviewing the peg on the ringgit?

Dr. Mahathir: I don't know why everybody keeps on asking me this question. Up until now it has done us a lot of good. Until the international financial system is changed, so that people cannot destroy whole economies simply because they want to make money for themselves, I will not review the peg.

Asia Needs 'New Japans'

The same week that the political crisis in the Philippines exploded into a full-blown Constitutional crisis, Dr. Mahathir paid a four-day visit to Japan, in particular the formerly thriving industrial center in the Kansai region, which includes the city of Osaka. On Jan. 18, Dr. Mahathir delivered the keynote address at a symposium hosted by the daily *Mainichi Shimbun*, in which he called on Japan to see the establishment of an Asian Monetary Fund as the key to pulling the Japanese

economy out of the deepest recession in its postwar history. This would be based on developing the internal Asian market represented by the concert of nations in ASEAN and their so-called “Plus-3” dialogue partners, South Korea, China, and Japan, which includes roughly one-third of humanity, and on strengthening ties to India; with India, the grouping would represent more than half the world's population. An Asian Monetary Fund serving such a market could be the seed-crystal for a new world monetary system, Dr. Mahathir said.

Specifically, Dr. Mahathir called on Japan to return to the policies of the 1960s and 1970s, when Japan was a leading center for industrial, scientific, and technological development, based on the concept of a “full-set” economy, and a major source of technology transfer to developing nations, especially in large-scale infrastructure projects. Japan, Dr. Mahathir implied, must get back in the business of building “new” Japans by these methods (see excerpts from Dr. Mahathir's speech in this issue).

The Philippines' Forgotten Mission

To become such a “new Japan” has been the “twinkle in the eye” of the best leaders of the Philippines since achieving independence in 1946. The “Filipino first” clause of the Constitution of the Republic of the Philippines declares that the proper role of government is to provide for and promote the general welfare of the Filipino people first — all of the people, not just the leading 1-5% of families of former Presidents and other “notables” — and reflects the core ideas, especially the General Welfare clause, of the U.S. Declaration of Independence and the Preamble of the U.S. Constitution.

Up till the early 1970s, the Philippines was the third-largest developing economy in East Asia and the Pacific, behind Indonesia and South Korea, with the largest U.S. business presence in all of Southeast Asia. The father of President Gloria Macapagal-Arroyo, Diosdado Macapagal, left his daughter some wonderful reflections on the theme of the Philippines' role and the qualities of leadership required of the President. However, he was the first Filipino President to sign a “stabilization” agreement with the International Monetary Fund (IMF).

Macapagal's successor, President Ferdinand Marcos, had a grand plan of 11 “major industrial projects” for the industrialization of the overwhelmingly agricultural economy, including transportation by rail, roads, and bridges to link the major islands in this 7,000-island nation. However, those plans did not survive the succession of increasingly painful IMF de-“stabilization” programs to which the country has been subjected continuously since the government of President Macapagal.

As part of the coordinated political and economic campaign run against former President Marcos by the IMF and the Reagan-Bush Administration, from the August 1983 murder of opposition leader Benigno “Ninoy” Aquino, husband

of Corazon Aquino, to the April 1986 U.S. airlift of Marcos from Malacañang to Hawaii, the Philippines was put through the worst punitive economic depression since World War II, from which, it was forecast in 1983, the country would not recover before the mid-1990s. The “strategic projects” were shelved.

The looting of the Philippines was at its worst under those champions of “democracy,” now coupmakers, Presidents Aquino and General Ramos, as both tried to satisfy the envoys of “the markets” and “free trade.” Under Aquino, debt service increased 85% in her first year in office (1986-87), and stayed at over 40% of the budget throughout her term in office. From 1992, under Ramos, debt service grew to 34% of the budget, compared to 16% under Marcos. Despite separatist insurgencies on two fronts, under Aquino and Ramos, funding of the Armed Forces, education, and health care were slashed, while the export of the country’s very capable people skyrocketed, with increasing numbers of “overseas contract workers” providing record rates of foreign exchange to offset the insatiable budget deficit. In the last years of her term, Aquino was the target of at least seven failed coup attempts, led by middle and younger officers, whose families, no doubt, suffered the effects of such budget cuts.

Judging by her first Cabinet appointment, that of Finance Minister Alberto Romulo, President Macapagal-Arroyo has acted to appease “market sentiment.” Romulo served under Marcos, where he opposed the Bataan nuclear power plant, one of the 11 industrial projects, as a wasteful boondoggle. Under President Aquino, Romulo was Budget Minister and a member of the Monetary Board. In the transition to President Ramos, he was one of the authors of legislation to restructure the Philippines National Bank into a new “central monetary authority,” which is today’s *Bangko Sentral ng Pilipinas* (BSP), based on the model of the U.S. Federal Reserve. The BSP was set up to be completely independent of Manila’s Finance Department, which is comparable to the U.S. Treasury. The Treasury has no control over the amount of credit issued by the BSP.

Macapagal-Arroyo was on the Dean’s list in Economics at Georgetown University, in Washington, D.C., where she was a classmate of President Bill Clinton. She took the point in the Ramos Administration for seeking Senate approval of the General Agreement on Tariffs and Trade, and ratification of the World Trade Organization.

As for concurrent President Estrada, regardless of the merits, or absence thereof, of any of the corruption charges against him, he has largely squandered the largest electoral mandate ever given to a President of the Philippines. When the Senate impeachment trial opened, he still enjoyed the solid support of 40% of the public.

That vote says as much about what the Filipino people were voting *against* in 1998, as about what they voted *for*.

The Philippines’ poor majority embraced Estrada, who was born into poverty, but was a successful “cops ’n’ robbers” movie actor. Macapagal-Arroyo is among the “1-5%” of the children of former Presidents or other notables. It is too early to tell how this stalemate will be resolved, and for how long that resolution will last, before lawlessness again kicks in, or before “the Filipino comes first.”

LaRouche to Philippines: ‘We Know How To Rebuild the Economy’

On Jan. 20, Lyndon LaRouche was interviewed on RMN radio in the Philippines, by host Herman “Mentong” Laurel and co-host Antonio “Butch” Valdes.

Valdes: We’d like to welcome you here to the Philippines, Lyndon LaRouche. We just had some interesting events, culminating in the changing of the Presidents. We change them Philippines-style, “people power,” through a bloodless event.

LaRouche: I heard.

Valdes: It happened during [President Ferdinand] Marcos’s time, and now with President [Joseph] Estrada.

LaRouche: And it happens in the same pattern. In a situation like this, first of all, we realize this also is going on around the world. In California, whose economy is considerably larger than the Philippines, by quite a bit, the whole state of California is in a crash crisis. In a situation like this, we can not exactly make a prediction, like race-car gamblers make predictions. What we can do, is make a map showing the various roads by which we might travel, and try to find the right road to travel, and that probably is better information than any prediction.

But in the California situation, the new U.S. government will have to face the new crisis, and it is going to have to make a decision. If it makes the wrong decision, the road will go one way. I don’t think it will make the right decision. I think it will make the wrong decision. And what it will do, and will do with stubbornness, is to make the world situation more explosive. Which means that in terms of Asia, the Asian economic situation, which includes China, Japan, Korea, and ASEAN [Association of Southeast Asian Nations], is going to suddenly become more difficult. I think that what we [EIR] have been doing, on a global scale, with its reflections in the Philippines, is probably the good road to travel, even under the changing conditions.