

Philippines' Leader's Bold Step Offers Hope

by Michael Billington

In an announcement that shocked the Philippines and much of the world, President Gloria Macapagal-Arroyo said on Dec. 30 that she would not seek re-election in the 2004 Presidential elections. More important, she made the announcement in the context of a brutally truthful acknowledgment that the nation is on the brink of an economic and social breakdown, due at least in part to her own failures.

The only way to address the pressing economic crisis over the next 18 months leading to the election, the President said in her dramatic speech, was to free the country of the political animosities that dominate the social climate—in which she is a central player—by dropping out of the race. She also promised to present a program of emergency economic policies to the nation on Jan. 6.

Critique of Philippines Oligarchy

What direction these policies will take—whether continuing her adherence to the failed, monetarist prescriptions of free trade and deregulation, as demanded by the International Monetary Fund (IMF), or taking advantage of her new freedom to act independently from political considerations, and adopting a program of sovereign measures in defense of the general welfare of the population—is impossible to predict.

Telling the truth about the character of the crisis was an important first step towards a potential solution. Macapagal-Arroyo chose to make her announcement in a speech commemorating the national hero, José Rizal, who was executed by the Spanish colonial power in 1896. She began: “Today, we are honoring Rizal. Our national hero is the most gifted Filipino who ever lived, truly the pride of the Malayan race. A century ago, he made the ultimate sacrifice for the Filipino people, giving up his life at Luneta Field. José Rizal’s martyrdom led to the creation of the Philippine Republic in 1898.”

The President then pointed to the domination of oligarchical families over the nation as the root of the crisis: “Indeed, it’s ironic, that ours is the first Republic in Asia. But over the last decades, it has become one of the weakest, steadily left behind by its more progressive neighbors. The fundamental reason is the persistence of an outdated social system wherein vested interests and traditional politics have stunted development towards a strong and modern society. Thus, our country

is now only a bit better than the category of backward countries wherein powerful, selfish interests are able to exploit poverty and ignorance to maintain the status quo or impede open progressive development.”

Referring to the division in the nation caused by the coup in January 2001 (known as EDSA II), which removed then-President Joseph Estrada and placed her in power, despite wide popular support for Estrada, Macapagal-Arroyo continued: “We have become a nation deeply divided, symbolized by the polarity between EDSA II and the May 1 siege barely three months after EDSA II.” The May 1 siege, which nearly brought down her government, was an uprising of the mostly poor supporters of the deposed President; it was crushed with much bloodshed, by the same military forces that had backed the coup against Estrada.

For President Macapagal-Arroyo to place the opposing factions on equal footing in describing the crisis, is shocking in itself. Her next words were more so: “The convergence of the national stresses such as these has led to the sense of gloom that many of our citizens now talk of.” Referring to herself as “among the principal figures in the divisive national events for the last two or three years,” she said that “my political efforts can only result in never-ending divisiveness.” This is, at least, close to admitting that the coup which brought her to power was anything but an expression of the popular will.

After announcing she would not run, she concluded: “Thus, I appeal to each Filipino to help in this endeavor. Following the example of José Rizal, let us think of the country and not just of self.”

Whither?

Although there are many theories being bandied about as to the real reason for the President’s decision, the fact remains that she is in a position to break free of the controls which have directed her policies thus far. The EDSA II coup was run by exactly the same forces which had run EDSA I—the 1986 coup against President Ferdinand Marcos. Both of these “people’s power” coups were orchestrated by a faction in the military tied to financial interests in Manila and New York, centered around former President Gen. Fidel Ramos and his backers in Washington and on Wall Street—the same forces which now stand exposed as having led the world into the current global systemic depression collapse.

President Macapagal-Arroyo’s first act in office was to implement the total deregulation and privatization of the nation’s national power company, despite the ongoing collapse of the state of California brought on by precisely the same policies. That this was at the behest of the Ramos circle became obvious when the Congress, provoked by the rapid rise in energy prices, went after Ramos for his role in creating the energy crisis in the first place, through corrupt, sweetheart contracts with Enron and other foreign power companies dur-

ing his administration. President Macapagal-Arroyo defended Ramos.

Nonetheless, when the new President resisted passing on the added energy costs to the population, and otherwise took steps (at least publicly) to reach out to the desperately poor underclass, Ramos responded by openly threatening to unleash a new “people’s power” coup against her. On the first anniversary of the January 2001 EDSA II coup, Ramos, speaking at the EDSA shrine (the site of the public demonstrations, which gave the name to the coups), stood right next to the President and warned her to stop her “politicking” appeal to the poor, and “secure the support of civil society and the business sector in the next 12 months,” or face the same fate as her predecessor. Macapagal-Arroyo gave in, appointing Ramos head of a special “Council of State” to advise her, and introducing new “free market reforms.”

The necessary result was the continuing collapse of the real economy, leading to a precipitous decline in Federal tax revenues, and an out-of-control budget deficit, coupled with

a general collapse in the President’s popularity, recurring military coup rumors, and political gridlock.

The question facing the President today, now that she has acknowledged some of her own failings, is whether she will rise to the historic occasion, and to the potential institutional power of the office she holds, to throw off the oligarchical controls and act on behalf of the sovereign needs of her nation, as she has pledged to do. Across Asia today, there is a new spirit of unity, based on a dedication to large-scale regional infrastructure development, as characterized by the Chinese water-diversion projects and the introduction of magnetically levitated trains with German cooperation, by the renewed efforts to develop the Mekong River basin and the Asian Railroad in Southeast Asia, as well as efforts to break free of the destructive dictates of the International Monetary Fund.

If President Macapagal-Arroyo chooses that path, she will give hope to her nation, win support across Asia, and create the only possible path of escape from the “Argentinization” of her nation.

Mahathir Points to Dollar Crisis

Malaysian Prime Minister Mahathir bin Mohamad, in an interview with Malaysia’s *New Straits Times* on Dec. 26, departed from his usual reticence to discuss the economic crisis within the United States, and advised that the world economy should return to a gold-reserve standard.

Dr. Mahathir was asked about the impact on Malaysia of the slowdown in the United States, and if Malaysia would continue its fixed exchange rate—a policy adopted in September 1998, together with selective currency controls, and which saved Malaysia from the worst effects of the speculative attack on the Asian economies and the destructive IMF conditions which were imposed on its neighbors. The Prime Minister responded: “Today, our highest level of trade is with ASEAN [the Association of Southeast Asian Nations]. Our trade with China and the Middle East is also growing. The percentage of trade with the United States is reducing. This is important.

“I think the United States will face a lot of difficulties in the next few years even if they do not go to war with Iraq. There are more bankruptcies in the United States. Huge companies, like the second biggest insurance company, are going bankrupt. United Airlines is bankrupt. The companies which are not bankrupt are not doing well. The hotel industry, the travel and service industries are suffer-

ing. If you read today, more people are begging. Unemployment figures may even be higher than what’s been reported. So I don’t think the U.S. can recover so soon. . . .

Gold, or Currency Basket?

“The ringgit [the Malaysian currency] peg has done us a lot of good, and the world has to admit this. . . . As long as we’re competitive and our productivity is good, we can maintain a stable currency and exchange rate. The only problem is that it is now stable only against the U.S. dollar. It is not stable against other currencies. That is why we are thinking about the Gold Dinar. Gold, as I have mentioned many times, has an intrinsic value. It is not a piece of paper, so it cannot fluctuate too much. So if you peg your currency to gold, then you have a better reference point.”

Dr. Mahathir was then asked if a “basket of currencies” would not serve as well. He responded: “People can still devalue and revalue your currency. We pegged our ringgit to a basket of currencies at 2.5 to one U.S. dollar. That did not prevent [speculator George] Soros from selling our currency at a rate below that. . . . I can never forgive him, because he created misery for 40 million people. They were already poor and he made them poorer. He made money, gave a few cents for charity and he was called a great philanthropist. You stole money. Robin Hood stole money from the rich to give to the poor. That’s fine. Soros stole money from the poor, took it all for himself and then gave a few cents to poor people. That’s not a philanthropist. That’s not even a Robin Hood.”