

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.”