

# Philippines Power Shift Puts U.S. on Notice

by Michael Billington

The Western press is filled with the news of U.S. Deputy Secretary of Defense Paul Wolfowitz's visit to the war zone in the Philippines on June 1-2, and his reported agreement with the Philippine government to extend and expand U.S. military operations in the southern province of Mindanao, including the deployment of U.S. Special Forces troops into combat operations as part of a "training mission." But there is an even hotter story from Manila—one which could potentially disrupt Wolfowitz's utopian war plans, and cause consternation to a number of other Philippine and Western oligarchs and tycoons.

A political shock hit the Philippines on the morning of June 3, just as Wolfowitz was planning to announce the results of his meetings the previous evening with President Gloria Macapagal-Arroyo. Sen. John Osmena suddenly switched his allegiance from the government party to the opposition, thus shifting the balance of power in the 24-seat Senate to 12 for the government, and 12 for the opposition. However, with one Senator from the government side currently in the United States for surgery, the opposition held a temporary majority of 12-11.

The new majority lost no time, calling the Senate into session, electing new Senate officers, and replacing committee chairmen. Sen. Aquilino Pimentel, the former Minority Leader, became the Majority Leader, while Sen. Blas Ople was elected Senate President Pro Tempore. Only Senate President Franklin Drilon could not be replaced, since the rules call for 13 votes for that office, rather than a majority of those present. Drilon denounced the entire process as "illegal," and attempted to adjourn the session, in a rump meeting of only seven Senators, far below quorum. But the actions taken by the new majority have closely followed Senate rules. The Presidential Palace has refused thus far to intervene—a tacit acknowledgment of the legality of the transfer of power—and is grabbing for straws, such as possible "power sharing."

## High Stakes: The Economy

The implications of this legal coup go far beyond party politics. Senator Osmena, even while in the government party, was engaged in a fight with his fellow Senators and others within the administration who are trying to protect former President Fidel Ramos, the Philippines' top spokesman for Anglo-American interests, from a potentially devastating Senatorial investigation. Ramos, *EIR* has documented over the past years, and as has become front-page news in the

Philippines over the past weeks, was the local comprador for Enron and dozens of other foreign energy companies during the "hot-money days" of his Presidency in the mid-1990s, signing corrupt contracts (with sweet payoffs for the compradors) which gave away the nation's sovereign control over its economy. The energy pirates demanded and received contracts, in the Philippines and elsewhere, which shifted the entire risk onto the developing nation, such that the government was required to purchase the entire electricity output capacity, whether or not it was needed! Following the 1997-98 speculative attack on the Asian economies, the Philippines National Power Company, Napocor, was compelled to purchase twice as much energy as it actually used, draining the depressed nation of billions of dollars.

Although this corruption was well known (if not in the details), Ramos and his cronies escaped justice, in part through political intrigue, in part by blaming the losses at Napocor on "inefficient state ownership," and demanded deregulation and privatization as the solution. In the Fall of 2001, after Ramos orchestrated a military coup against former President Joseph Estrada on behalf of his London and Washington allies, the new President, Gloria Macapagal-Arroyo, immediately introduced a bill to privatize and deregulate Napocor, and rammed it through a disoriented Congress.

The deregulation and privatization bill led to further price increases and further bankruptcy of Napocor and the government. When Senator Osmena joined with opposition Senators in attacking the underlying problem of the Ramos contracts, Ramos arrogantly refused to appear before the Congress, protected by his assets in the Senate. This, said Osmena, was the reason for his decision to join the opposition.

Osmena, who will now head the energy committee himself, told the press that the probe into the Ramos contracts will proceed immediately, and that if Ramos continues to refuse the call to answer for his crimes, then "he will be ordered arrested, because I will ask the Senate President to issue a summons or a subpoena that would effectively be the warrant of his arrest."

## A Window of Opportunity

The situation is very fluid, both in regard to the economic and strategic crises facing the nation, as well as the political showdown now erupting. Political commentator Herman Tiu Laurel, in his regular column in the *Daily Tribune* on June 5, sent a word of hope, but also a warning, to the Philippine people: If you think small, if you address only local and personal interests in this kind of volatile situation, you will be easily defeated or bought off. But if the real issues of global depression and the threat of war are directly addressed, great changes are possible. Laurel, a close collaborator of *EIR*, reviewed the actions planned by the new majority in the Senate, and then continued:

"All these inquiries that may result in legislation are welcome, but there are broader policy questions that must be addressed. This is particularly true for the energy sector where



*Philippines President Gloria Macapagal-Arroyo on the stump in Quezon City. Her measures to privatize and deregulate the national power company, Napocor, are under fire in an increasingly volatile political situation.*

intractable problems have been created by the deregulation and privatization of the energy sector. . . . If the Senators are not ready to rescind the Epira [the energy deregulation bill] and the IPPs [independent power producers] take-or-pay proviso, there will be no real solution to the energy crisis. There is also the vital and fundamental issue on the economy: How to start reversing the trade and economic policies based on the GATT-WTO [General Agreement on Tariffs and Trade/World Trade Organization]. There is no longer any doubt that globalization is now in its death throes. The U.S. has imposed steel tariffs and the EU, China, and Japan are following suit. Bush has increased farm subsidies. The EU and China are coming up with their own. The U.S. as the importer of last resort of the export-based economies has collapsed as hard as Greenspan's last 'recovery' hot air balloon. A sea change is happening in the global economic conditions. If the Philippines does not anticipate and shift gears then the Philippine crash will accelerate. . . . The IMF [International Monetary Fund] is pressing an increase in the VAT [value-added tax] from 10% to 11% and excise taxes by 21%. Increasing taxes in these times will further depress economic activity, speed up the already deep tailspin of the economy. The Senate can save the people from the tax-hungry IMF and its collectors. . . . The free-market economics that crept in and dominated our government policies in [former President] Corazon Aquino's time drastically cut government revenues. The dismantling of tariffs on thousands of products, the constriction of our domestic agricultural and industrial enterprises by globalization, the privatization of the most profitable state enterprises in oil, energy, and water, have caused extreme reductions of government resources. . . . The people's expectations of the Senate's new majority cannot be fulfilled with-

out a reversal of this trend. We hope the new Senate majority recognizes this."

### **Will the Senate Reject the Wolfowitz Plan?**

Thus far, the new Senate majority has not responded to the public reports regarding President Arroyo's agreement to allow U.S. troops to join search-and-destroy missions in the south. However, when Wolfowitz took the proposal back to Washington, Defense Secretary Donald Rumsfeld began a cat-and-mouse game, saying that perhaps he would not approve the idea, that he needed more information. This is bunk, since Rumsfeld was ready to deploy the troops several months ago, but for fierce opposition from the Philippine Congress, based on the clear constitutional ban on foreign troops fighting on Philippine soil, which stalled the implementation of the plan. Opposition Sen. Rodolfo Biazon, a former Chief of Staff of the Philippines military, led that effort. Senator Biazon has now become chairman of the Defense and Security Committee, a post he held during the Estrada Administration.

Wolfowitz arrived in the Philippines directly from a conference in Singapore of defense ministers and experts from across Asia, together with the United States, the United Kingdom, Australia, Canada, and France. The conference was sponsored by London's International Institute for Strategic Studies (IISS), and is intended to create a new structure to replace the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF), as the primary strategic body for the region. The colonial vision of this British Commonwealth-American utopian faction considers the ARF as too much restrained by the Asian tendency to respect the principle of non-interference in the internal affairs of other sovereign nations—an attitude expressed in numerous commentaries in the regional press by Western "experts" who attended the conference. What is demanded by the IISS and Wolfowitz, and by such Asian spokesmen for Anglo-American interests as Singapore's Lee Kuan Yew, is a force like NATO, which submerges national sovereignty and the nation-state into a supranational institution under Anglo-American control, ready to carry out "preventive diplomacy" and "conflict resolution" within sovereign nations, under the guise of the "war on terrorism."

The keynote speech by Wolfowitz at the meeting was titled "The Gathering Storm," a phrase borrowed from Winston Churchill. In a speech to the Hoover Institution on June 5, Wolfowitz justified this title as follows: "I do not believe it is an exaggeration to say that this evil of terrorism that has grown up in the world on a particularly massive scale over the last ten years threatens some of the same kinds of evil and destruction that fascism and Nazism threatened nearly a century ago [sic]."

This policy statement for "perpetual war" was the mindset Wolfowitz brought to the Philippines. The new majority in the Philippines Senate may not be willing to watch passively as their nation serves as a target of Wolfowitz's utopian madness.