

# London Bank: Philippines Is the Next Argentina

by Mike Billington

As Argentina's President Néstor Kirchner refused to submit to "a new genocide" at the hands of the International Monetary Fund, one of the leading British Banks in Asia, the Standard Chartered Bank, warned in a Jan. 29 report of a collapse of the Philippines like that which hit Argentina two years ago, declaring that the Philippines debt crisis "continues to deteriorate slowly," making it "increasingly vulnerable to external shocks." Steve Brice, the chief economist for Standard Chartered in Southeast Asia, wrote that "there is evidence of a vicious circle emerging, with almost half of government revenues being used to service the debt."

Philippine President Gloria Macapagal-Arroyo issued vociferous denials, declaring in a rather Bush-like manner, "Our economy is sound and strong—there is absolutely no sense in extreme scenarios." However, this report from one of the world's leading synarchist banking institutions, in the midst of the most severe breakdown crisis within the global financial system in modern history, must be seen not as an analysis, but as a statement of intent—a threat.

Behind this threat is the fact that the Philippines is facing a Presidential election in May, in which the population, facing a rapidly deteriorating standard of living and vast unemployment, will almost certainly vote to remove the existing government, which it holds responsible. Unfortunately, the opposition has no proven leadership capable of either standing up to the international financial institutions, or leading the Philippines in restoring its former role as a leader within the Asian family of nations. Desperate to find a candidate popular with the mostly impoverished citizenry, the opposition has rallied behind a popular movie star, Fernando Poe, Jr. (known as FPJ, or as "The King"). The international financial community, and their press spokesmen, have spread the line that the likely election of Poe, who neither finished high school nor ever held public office, is the root cause of the current speculation against the peso—which has reached its lowest point in history—lowering the country's credit rating to two levels below investment grade, and related disasters.

While it is certainly true that there is a leadership vacuum in the Philippines, there is a certain irony in the fact that those financial oligarchs, who are blaming their speculative attack on the Philippines economy on the candidacy of Fernando Poe, are the *same* financial leaders who recently placed another actor—the raving fascist Arnold Schwarzenegger—in office as Governor of California (whose economy is larger

than that of the Philippines!). Schwarzenegger is keeping to his pledge to pay the debt in California by crushing labor, gutting health and education, and otherwise living up to his potential as a "beast-man" for his backers—who include George Schultz, Warren Buffett, and Lord Jacob Rothschild. But Poe has surrounded himself with generally nationalist economists and advisors, who may in fact challenge the dictates of the bankrupt IMF/dollar empire.

That is the actual cause of the bankers' threats.

## American Military Intentions

Behind the financial attack on the peso stand the military demands of the neo-conservative faction running the Bush Administration, which is determined to transform the Philippines into one of the basing sites for the new, transformed U.S. military posture in the Pacific—with China as the primary long-term target. Since early 2001, when both George W. Bush and Gloria Macapagal-Arroyo took office (in both cases, upon a decision by the respective nation's Supreme Court, rather than by the choice of the electorate), the United States has skirted breaching the Philippine Constitution by deploying thousands of American combat troops into the southern provinces in search of Muslim terrorists. American military forces have become an essentially permanent presence in the country as a result of these "training" operations.

In February, the two nations announced plans for joint military exercises, to take place in the region from the Palawan Islands to the Spratly Islands in the South China Sea. The Spratlys are claimed in whole or in part by six countries of the region, including China. China's construction of facilities on islands in the region caused considerable tension in the 1990s, but China has refrained from any acts that would be construed as provocations in recent years, building up trust among area nations. U.S. war games in the region, according to Philippine Army Vice Chief of Staff Lt. Gen. Rodolfo Garcia, include an imaginary "conventional" security threat on Palawan, the western Philippines island which is closest to the Spratly Archipelago, at the same time that tensions are building up in the Taiwan Strait. They have the potential of provoking a crisis with China—much desired by the neo-conservatives in Washington.

## Coup—Made in Washington

American duplicity goes further. The United States has quite blatantly orchestrated two military coups in the Philippines during the recent period: in 1986 against President Ferdinand Marcos; and in 2001 against President Joseph Estrada. In both cases, the operation was run by the circles around General Fidel Ramos, with full backing and direction from Washington.

In January, one of the leading operatives in that Ramos circle, former Defense Secretary Gen. Fortunato Abat—who played a leading role in the coup against Estrada—announced publicly that he had started a "movement" called "No-El." It

demands that the May Presidential elections be cancelled, that President Arroyo step down, and that a “council” (a junta), including Ramos and others, be established to run the country. Abat’s call for a coup was crude: “If we hold an election, we will waste our money again. . . . One more insistent step to elect and perpetuate a totally corrupt political system will push the whole Filipino nation, all of us, our institutions, our future generation, down [into] the rubble and excrement of dirty politics.”

Despite the fact that Gen. Abat has declared that President Arroyo, and democracy, are no longer useful to him and his circle, the Government is apparently not willing to act against his blatant sedition. Even prominent active-duty generals have reported being stunned that Abat has not been arrested

on sedition charges. It is notable that Abat toured the United States in the weeks preceeding the 2001 Estrada coup, raising funds and meeting with military and political leaders. It is not known if he has recently repeated that itinerary.

The Bush Administration has called on the U.S. Congress to expand military aid to the Philippines, while the Arroyo Government has deployed troops to Iraq at Washington’s behest, and arranged the new military exercises referenced above. It must therefore be assumed for purposes of investigation, that the neo-conservatives in the Bush Administration are preparing options to move against the likely election victory by the Philippine opposition—or a pre-emptive move to prevent it. After all, pre-emption is currently operative U.S. strategic policy.

## Declare Solidarity with Argentina

*The following Declaration was drafted and released by the Philippines LaRouche Movement, and co-signed by the Katipunan Ng Demokratikong Pilipino, the LaRouche Youth Movement, and the Philippines Chamber of Filipino Entrepreneurs, on Feb. 19, 2004 in Manila. The threat by Standard Chartered that the Philippines may get the Argentina treatment, has been front-page news for the past weeks in Manila.*

**Whereas**, the people of Argentina have suffered the consequences of asphyxiating conditionalities, and onerous impositions of the banking institutions, vulture funds, and the International Monetary Fund;

**Whereas**, the global financial system of Floating Exchange Rates has attracted highly volatile types of speculative investments in: securities and bond markets; commodity futures markets; derivatives markets; those virtually destroying interest in long-term production, employment-generating businesses;

**Whereas**, the resulting economic deterioration of Argentina has caused wide-spread bankruptcies and unemployment; increased inability of government to provide healthcare and other basic services; severity of poverty, hunger, and disease;

**Whereas**, the International Monetary Fund has given an ultimatum and a deadline of March 9, 2004, for the government of Argentina to pay \$3.1 billion to service an officially contested debt; the payment of which requires a guarantee of reimbursement based on a previous agreement which the creditors refuse to honor;

**Whereas**, in rejecting IMF’s indifference to resulting hunger and death, the good people of Argentina now face

their greatest challenge in recent history, as human beings created equally in the image and likeness of God; and as citizens of a perfectly sovereign nation-state;

**Whereas**, His Excellency, President Kirchner, dutifully and courageously defends the lives and the sovereign will of his people; that they may be treated, not as human-cattle, asked to die, so that banks may continue to profit; that they be allowed to function as creative and beneficial members of human society, in a spirit of *agapē* and cooperation with citizens of all nations;

**Now and therefore**, in solidarity with the people of Argentina, rejecting all that is unfair; all that is usurious; all that causes hunger, death and destruction; and all that is evil,

We, citizens of the Philippines, the Philippine LaRouche Society, and the LaRouche Youth Movement do hereby denounce the calloused exploitation of resources, predation of vulture funds, greed and thievery of creditor banks, and genocidal disregard for human lives by the International Monetary Fund and its surrogates.

Furthermore, it is our sincere belief, that the present crisis which now confronts Argentina, is a mere reflection of the real crisis which all human beings the world over must now address. It is by now an incontrovertible fact, as Lyndon LaRouche has correctly forecast, and as evidenced by successively disintegrating economies, the world’s financial system, the Floating-Exchange-Rate System, is collapsing. It is incumbent upon all who understand the gravity of the most serious threat to the continuance of present civilization and succeeding generations, that we stand on the side of Truth.

Unless we muster the courage to fight for the right to life; to promote the general welfare; and to bequeath man’s collective achievements for the benefit of posterity; and unless we support fellow human beings in any and all nations, oppressed by the insatiable greed of financier oligarchs, then we too will soon perish.