

The British Oligarchy Turns The Philippines Against China

by Mike Billington

Consider the irony: An impoverished underdeveloped nation in Asia is being wracked by the doubling of food and fuel prices, due to hyperinflation being driven by the European and American central banks, while debt payments to those same Western financial institutions prevent any escape from hunger and social collapse, to the point where the nation survives only by breaking up its families, sending its workforce overseas to serve the wealthy. And yet, the entire nation is being riled up into a rage against its underdeveloped neighbor, China, over accusations of “corruption” in development projects, which are among the few offers of infrastructure assistance and energy development to that nation. Welcome to the Philippines, where ritual self-destruction, carefully nurtured by Western financial oligarchies, has become a national pastime.

The Philippines is today being pushed towards an act of self-destruction by the same British interests, operating from London and Washington, who ran the 1986 coup against President Ferdinand Marcos and the 2001 coup against President Joseph Estrada. While the current re-run of this process is publicly aiming at President Gloria Macapagal Arroyo for regime change, the actual strategic target of those running the operation, is the Philippine relationship with China (see “Shultz’s Boys Are Running Yet Another Coup in the Philippines,” *EIR*, Feb. 29, 2008).

Virtually overnight, every bilateral agreement between the Philippines and China—primarily Chinese investments in seismic studies of potential oil and gas deposits, agriculture, irrigation, and railroad development—has been denounced as corrupt, and even treasonous, by an alliance of the Philippine elites which has launched multiple investigations in the courts and Congress.

When President Estrada threatened to reassert that sovereignty, he was given the same treatment, by the same alliance of forces, controlled by the same Anglo-Dutch interests in London and Washington.

President Arroyo, who was placed in office in 2001 upon Estrada’s removal, has generally served the interests of the Western financial cartels, further reducing the Philippines to an economic basket case, while meeting every debt payment imposed by the speculators and the currency manipulators in the West.

Nonetheless, times have changed. The world is now experiencing the greatest global financial collapse in modern history. The oligarchs of the Anglo-Dutch financial institutions have unleashed destabilization and chaos on an international scale, aimed at imposing a global financial dictatorship. The Philippines, a critical link in Asia between European culture and Asian culture, due to the unique nature of its history, is a primary target—especially its links with China.

President Arroyo

The targetting of President Arroyo began in 2004, primarily over issues related to Iraq and China. She had agreed to the U.S. request after 9/11 to allow U.S. troop deployments in the southern province of Mindanao, for anti-terrorist operations and the training of Filipino troops, despite questionable constitutional authority to do so. She also agreed to deploy Philippine troops to Iraq, in non-combat positions, while thousands of Filipino civilians were recruited to work in Iraq as cooks, truck drivers, and similar service jobs.

When one of these civilian workers was kidnapped by Iraqi insurgents, the nation came together against the subservience of Filipinos to the imperial expeditionary policy in Iraq. President Arroyo negotiated the worker’s release, removed the small contingent of soldiers from the country, and ordered an end to Filipinos working in Iraq.

When the United States threatened retaliation (and eventually slashed U.S. aid to the Philippines) for this act of sovereignty, President Arroyo also upgraded a planned trip to China to a State visit, one which resulted in a dramatic improvement in both military and economic relations. Perhaps the most dramatic agreement was one establishing cooperation in seismic testing of the contested region of the South China Sea, around the Spratly Islands. The long-simmering conflict over the territorial rights to this area has several times reached the point of armed conflict, involving the Philippines, China, and Vietnam, and to a lesser extent Taiwan, Malaysia, and Brunei. The historic agreement between China and the Philippines to put territorial issues aside and jointly investigate the region for oil and gas potential, ended a major point of tension which had



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Philippines President Gloria Macapagal-Arroyo meets with Chinese President Hu Jintao in Shanghai, Oct. 2, 2007. Arroyo's 2004 agreement to set aside a dispute with China over the Spratly Islands, and instead to work for mutual economic development, has made her a target of the neocons.

long been exploited by the British. Vietnam, upon seeing the success of the China/Philippine agreement, joined the pact.

The neoconservatives in the U.S. went berzerk. Joshua Muravchik from the American Enterprise Institute, Dick Cheney's "Temple of Doom," penned an article for *The Australian* titled "Arroyo Does a Munich," referring to Neville Chamberlain's appeasement of the Nazis before World War II, and accused Arroyo of "yielding to blackmail from terrorists" and "cowardly opportunism." Her action had "sealed the deaths of untold other Filipinos whose names we do not yet know," he intoned. Dana Dillon from the Heritage Foundation accused Arroyo of "acceding to China's expansionist plans in the South China Sea," and allowing "terrorists and regional bullies to influence her more than diplomatic and financial aid from Manila's friends and allies." Dillon demanded cuts in U.S. aid.

The U.S. chargé d'affaires in the Philippines, Joseph Mussomeli (who had been at the Embassy during the 1986 coup against Marcos), began interviewing potential replacements for Arroyo—a fact that was revealed when Embassy

papers were pilfered from Cheney's office by a Philippine-American Marine, and released to the press.

Why Now?

President Bush did not, at the time, follow the advice of his Vice President's neocon friends. However, with the world financial system now collapsing, and with hyperinflation driving food and fuel prices into the stratosphere across Asia, the British imperial gamemasters (including the allied Shultz circles in the United States) are pulling all the old strings, and many new ones.

When accusations of corruption emerged concerning a major broadband network to be developed in the Philippines by the Chinese state-run telecommunication firm ZTE, some of the leading individuals propping up the Arroyo regime began to denounce her and her family for corruption. One of those key turncoats, Speaker of the House Jose de Venecia, is the father of the owner of the company which lost out to ZTE in the deal. Also of note, de Venecia has long been the darling of the Heritage Foundation, whose anti-China and anti-Arroyo diatribes were quoted above.

Suddenly, the Makati Business Club appeared again calling for "people's power," and financed a large demonstration against President Arroyo. Again, Fidel Ramos began to quietly organize military and political forces against her. Again, some bishops in the Catholic Church began calling for "communal action" against corruption. The old Shultz team has been reassembled.

There are some differences today. The Church, for one, is not united behind the political intrigue, as it was in the past under the direction of the late Cardinal Sin, who ran the 1986 and 2001 mobilizations on behalf of Shultz and the international financial institutions. It has long been known that the Vatican had instructed Cardinal Sin to cease and desist from his blatant political and treasonable actions, but that the well-named Cardinal had refused, telling the Vatican that he would resign rather than end his support for the military putsch and its foreign backers. Today, while some of the followers of Sin are walking in his footsteps, others are restrained by the clear message from the Vatican, and their consciences.

The leading Philippines establishment newspaper, *The Daily Inquirer*, reported on March 3 that the lead witness

claiming fraud against the Chinese and President Arroyo in the ZTE deal, Jun Lozada, told a crowd screaming for “people’s power” to overthrow Arroyo, that a sympathetic priest had told him that he would have “no problem had Cardinal Sin been alive.”

Lyndon LaRouche noted that the right-wing circles in the Catholic Church are backing the Philippines coup effort as a “test of the new Pope, Benedict XVI.”

Target: China

It is not only the ZTE broadband deal with China which is under attack. In the January-February issue of the Dow Jones’ on-line magazine *Far Eastern Economic Review*, former *Wall Street Journal Asia* editor Barry Wain wrote a ranting assault on the 2004 agreement to settle the Spratly Islands dispute through cooperation. Wrote British Commonwealth asset Wain: “Manila has given a certain legitimacy to China’s legally spurious ‘historic claim’ to most of the South China Sea.” Wain also claimed that President Arroyo had worked out the deal with the Chinese behind the back of her own foreign policy establishment, and against the interests of the other Southeast Asian nations.

The anti-Arroyo piranhas leaped at the British bait, including members of Congress who should know better from their own experience. Congressional hearings have been called to investigate corruption, or even treason, in the deal, foolishly offering to reopen a territorial clash which serves no one’s interests but the imperial forces in London and Washington.

But the foolishness does not end there. There are also new accusations and investigations into Chinese investments in developing the rail connections to the north and south of Manila, rail connections which have largely decayed for lack of infrastructure investment, and are desperately needed to deal with the transportation debacle in Manila and to open new areas for development outside the city. Also, several irrigation projects, port development projects, and agricultural investments are being challenged or investigated.

ADB Reports on the Collapsing Economy

While the elites engage themselves in this orgy of self-destruction, the Asia Development Bank issued a report with the stark truth about the Philippine economy. While national statistics show over 7% growth, this is only on paper, while investments in infrastructure are plunging. Power consumption per capita is one-third that of Thailand, one-fifth that of Malaysia, while energy costs are far higher



than the rest of Southeast Asia, due primarily to the privatization of the National Power Corporation—the first demand upon Arroyo after being given the Presidency in 2001.

Per-capita paved roads are one-sixth of Thailand’s and one-fourth of Malaysia’s. The industrial base has shrunk to only 23.5% of economic output, three-fourths of that in Thailand and Malaysia, with two to three times the rate of unemployment as these neighbors.

The Economic Planning Ministry released a report confirming that 4 million additional Filipinos have been driven into poverty, measured by earnings of less than \$1 per day, since 2003, reaching a total of 27.6 million out of a population of 90 million. The report placed the blame primarily on rising food and fuel costs, but added, “The government’s commitment to solve the fiscal deficit [i.e., to pay the foreign debt—ed.] also put upward pressure on inflation,” thus further squeezing the poor.

Is China the enemy? Or should the Philippines look squarely at the emerging fascist order being threatened in the United States and Europe, and take measures to undo the disastrous results of earlier “people’s power” escapades orchestrated from London?

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