

SOUTHEAST ASIA

Marcos Aide Urges Debt Repudiation in Fight for Southeast Asia

Nov. 16 (NSIPS) — A top economic advisor to Philippine President Ferdinand Marcos declared this week that the confrontation between rich and poor countries is heading toward a final solution: the expropriation of the multinational oil companies and the repudiation of foreign debts by the Third World. Dr. Hilarion Honares said during a speech in Manila that this "pattern of thinking is evolving in the minds of poor nations including President Marcos." Honares then called upon the Third World to "repudiate all the loans imposed upon them in their moments of weakness, just as the European nations repudiated their external debts in the 19th century and just as China and Cuba did in recent years."

Honares' statement indicates the growing combativeness of industrial and trade-based nationalist forces across Southeast Asia particularly in Malaysia, the Philippines, and Indonesia.

Lt. General Ali Moertopo, special assistant to Indonesian President Suharto charged Newsweek Magazine with a "watergate" operation against President Suharto aimed at toppling the government. Referring to a Newsweek smear story on so-called corruption in the Suharto family entitled "Indonesia's Fading Leadership," Moertopo charged that the Washington Post-linked weekly was "attempting to try the watergate tactic here after its success in the U.S." Indonesian Foreign Minister Adam Malik backed Moertopo's charge, asserting that the article, an "insult to the Indonesian people," was "designed to break up the Indonesian national leadership." The Newsweek article follows last month's failed coup plot, as well as an assassination plot against Suharto by fanatic Muslim students.

In a classic pre-coup maneuver, Chase Manhattan's Jakarta offices two weeks ago began circulating warnings to its investors of an imminent devaluation of the Indonesian currency. The warnings are designed to add credence to rumors throughout the financial community of the instability of the Indonesian economy, a high official of the International Monetary Fund revealed to NSIPS. In the same week, Morgan Guaranty Trust Co. moved to cut off all foreign credit to Indonesia by informing the nation's foreign creditors that the Indonesian Central Bank might be in technical default on several loans linked to long term tanker charters held by the state oil company, Pertamina. In another deployment, teams from Wall Street's Kuhn, Loeb, Warburg, and Lazard Frères met in Jakarta for "discussions" on the debt situation.

In a determined move to resist this economic blackmail, State Minister Sudharmono officially denied on Nov. 10 rumors that the Indonesian rupiah would be devalued. Significantly, the "Berkeley Mafia" — technocrats trained at the University of California, who were installed in the government at the behest of the IMF following the overthrow of former President Sukarno — are now standing behind Suharto's anti-IMF policies. "The technocrats are firmly in support of Suharto," said the IMF official, "Any economic decisions are out-weighted by political considerations."

To strengthen Indonesia's financial condition the government has refused to pay nearly \$2.6 billion in long-term tanker charters, claiming in court that the contracts were acquired by fraudulent means. It has also forced the foreign oil companies to

increase payments to the government, a move which has provoked much consternation within IMF circles. "The Indonesians stabbed the foreign oil companies in the back," was one spokesman's cry. Another admitted that Indonesia's commitment to the call for debt moratorium and the new world economic order of the Non-Aligned Movement and the Group of 77 has remained unshaken.

Target: Malaysia

Like Indonesia, Malaysia has been targeted by Wall Street. Right-wing politicians in league with the anti-communist Muslim youth wing of the ruling United Malay National Organization and the Tavistock-trained and CIA-linked Malaysian "special branch" security police have launched a Joe McCarthy type "credible rumor" campaign against Malaysia's pro-development layers. Following the arrest of six prominent political figures two weeks ago — all linked to the country's pro-development faction — this rumor campaign is now targeting Prime Minister Hussein's closest associates in the cabinet. The political leaders under fire are members of Malaysia's urban elite, the leading commercial and industrial interests who stand behind the government's nationalist economic policies and its pro-detente foreign policy of non-alignment and support of the communist states of Indochina.

Malaysian Finance Minister Tunku Razeleigh, a pivotal pro-development minister in Hussein Onn's cabinet and one of those under attack, in his budget speech Oct. 29 called for strengthening the public sector industries and state-owned holding companies. With the collapse of the price of the country's major exports such as tin, rubber, and palm oil and a skyrocketing foreign debt that has increased by 61 per cent last year, Razeleigh plans on channeling the finances of the country's Third Plan through the public sector. Nearly 46 per cent of the funds slated for private sector investment will be channeled into state holding companies such as Pernas and Mara to buy equity holdings in primarily foreign-owned companies. Significantly, others who back this policy including Primary Industries Minister Datuk Musa Hatim and deputy Prime Minister Mahatir Mohamed have also been the target of right wing attacks.

The right-wing campaign is being spearheaded by Ran Sri Syed Jaafer Alber, the leader of the youth organization of the ruling United Malay National Organisation (UMNO) and Jurun Idris who was reinstated into UNMO after having been expelled by Hussein Onn for corruption and his extreme right-wing policies. They are in league with Home Minister Shafie, who heads the Tavistock Institute-trained "special branch" security police.

Philippines — The Next Debt Domino

Dr. Henares' call for debt repudiation comes only one week after Philippine Finance Secretary Ceasar Virata revealed in an interview with the *London Financial Times* that the country's foreign debt increased 29 per cent in the last nine months to over \$4.8 billion. Virata also said the country was seeking over \$1.5 billion in loans, much of which will be slated for debt servicing.

While the Philippine debt has skyrocketed in the last year, U.S. direct investment has not only declined but multinational oil companies have begun to withdraw capital. Henares in his

statement hit the multinationals, calling for their expropriation "Just as OPEC, South American, and African nations." Going on to denounce the U.S. for unleashing the "corporate monster," Henares charged that the multinationals' only motivation was to make a profit on the Third World. The multinationals "have become the new instruments of the American manifest destiny." He charged that these companies have resorted to unfair practices like "transfer pricing" — bringing in minimum capital and borrowing heavily in the host country to generate profits. He cited Ford's corporation in the Philippines which while bringing in a scant \$190,000 in capital, borrowed \$24 million on the local market; First National City Bank borrowed over \$346 million.

The keystone to the entire regional destabilization continues to be the Thai military junta which came to power Oct. 6. This

past week revealed more clearly than ever that the coup's raison d'etre has been to sabotage regional detente between the Communist Indochinese states and the Association of Southeast Asian Nations, ASEAN, to which not only Thailand, but Malaysia, Indonesia, Singapore and the Philippines belong.

In the past week Thai provocations against Vietnam escalated with continued widespread arrests of Vietnamese residents throughout the country as "communist agents." In addition, the *Bangkok Post* this week openly stated that the Thai government is actively moving to sabotage efforts by Malaysia, Indonesia, and the Philippines to expand relations with the Soviet Union. The *Post* went on to reveal that the government was passing on "evidence" of Soviet infiltration and espionage activities among student and labor organizations.

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