
The Philippines

Marcos gives backing to Peru; declares war against the IMF

President Ferdinand Marcos gave his full backing to Peru's President Alan García's fight to restructure the world monetary system, in a meeting on Nov. 29 with Peruvian Gen. (ret.)

tives of the Schiller Institute. Praising García's "courageous" move to limit debt payments to 10% of export earnings, President Marcos declared, "Third World Asian and South American countries should get together and push through the condonation of part of their loans." He also announced that he would send observers to the upcoming summit of Ibero-American heads of state in Panama, called on García's initiative to map a joint strategy on the debt and on continental economic integration.

In a pointed reference to the treatment which the United States has given allied nations such as his own, President Marcos said that Peru's actions have made the Western world realize that "if they burn the house close to them, they will also burn themselves, because they will lose their markets, raw materials, and, worst of all, their allies."

General Mercado Jarrín, who now heads the Institute of Geostrategy and Political Studies in Lima, was invited to tour Asia by the Schiller Institute, an international institution founded by Helga Zepp-LaRouche in 1984, and dedicated to the construction of a new world economic order for economic development, against the bankrupt and genocidal policies of the International Monetary Fund and World Bank. The Schiller Institute members attending the meeting were Dr. Uwe Henke von Parpart (who is also director of research of the Fusion Energy Foundation and a contributing editor of *EIR*), Paul Goldstein, an *EIR* Counterintelligence Editor, and Carlos Wesley.

IMF, State Department assault

Since the August 1983 assassination of opposition leader Benigno Aquino, the Marcos government has been under full-scale assault by the IMF to meet payments on its outstanding \$25 billion debt. Meeting the austerity "conditions," has produced the worst economic depression in the Philippines since the end of World War II, and swelled the ranks of the Soviet-backed New People's Army guerrilla insurgency, with countless destitute peasants and unemployed urban

workers, and others.

While the IMF has repeatedly used its stranglehold on credit to extract concessions to politically undermine Marcos, the U.S. embassy in Manila has policed Philippines Edgardo compliance with IMF conditionalities, as it gives surreptitious support to a "liberal, democratic" attempt to overthrow Marcos.

The State Department and IMF—backed by both liberals and conservatives in the U.S. Congress—mean to force Marcos to breach his nation's constitution and call presidential elections well before his term expires in 1987. U.S. Ambassador to Manila Steven Bosworth has arm-twisted Marcos into going along with the idea, threatening to withhold urgently needed IMF credits that were due in November. The Philippines National Assembly conceded and passed a bill setting presidential elections for Feb. 7, 1986. Opposition leaders, still squabbling over who and how many candidates to run, say they will appeal.

In mid-November, the IMF came through with the \$110 million (plus \$175 million in new trade credits from commercial banks), sugar and coconut oil monopolies. However, Marcos balked at State Department demands to entirely abolish the sugar and coconut cartels. In retaliation, the U.S. Senate a week later rejected appeals from both the Marcos government and opposition leaders to increase U.S. imports of Filipino sugar, because it would "embolden Mr. Marcos and his cronies," stated "free-market" advocate Sen. Bill Bradley (D-N.J.).

Senator Ted Kennedy (D-Mass.), for the U.S. Government Accounting Office to launch a witchhunt against the President and Mrs. Marcos personally, alleging that U.S. aid to the Philippines has been salted away in the private bank accounts and assets of the first couple. Senators Richard Lugar (R-Ind.), Frank Murkowski (R-Ark.), issued an open letter to Marcos, stating their opinion that "the Philippines is at a crossroads. . . . If the elections are not free and fair, we fear that many Filipinos will despair of the prospects for peaceful political change and will conclude that they have no choice but to resort to violent means as a way of bringing about change."

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**Marcos
backs
debt
appeal**

**RP joins 3rd World
in seeking partial
condonation of debts**

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Documentation

Both pro-government and opposition press in Manila filed front-page reports on Marcos's meeting, and radio coverage was heard as far away as Hawaii. The following report is taken from Bulletin Today of Nov. 30:

President Marcos urged Third World countries in Asia and South America yesterday to push through their appeal for the condonation by the international financing institutions of part of their debts.

At the same time, the President approved the sending of Philippine observers to the meeting of the Latin American countries on the debt problem in March in Panama.

"Third World Asian and South American countries should get together and push through the condonation of part of their loans," the President told Gen. Edgardo Mercado Jaerin [sic] of Peru,

Jaerin informed the President that South American countries like Peru, Brazil, and Mexico seem to "find no way out to pay their huge debts."

"How can Third World countries pay their loans amounting to \$900 billion?" the President asked, adding that their paying capacity would not exceed \$300 billion.

Peru threatened to limit its debt payments over the next 12 months to 10 percent of the country's export earnings.

The President said the courageous act taken by Peru has made the Western world realize that "if they burn the house

close to them, they too will burn themselves because they will lose their markets, their raw materials and, worst of all, their allies."

The President recalled that he had proposed during the Cancún conference in Mexico a revision of the Bretton Woods Agreement and the adoption of a new monetary system based on the true value of a nation's currency.

The President said this has become necessary because developed countries merely printed money to offset their foreign exchange deficits.

With regard to the Philippines, the President said the International Monetary Fund (IMF) had made a compromise to soften its monetary curbs on the country because the Philippines had shown some improvements in its economic performance.

He said the Philippines was able to bring down the inflation rate from 62 percent in October 1984 to only 10 percent in October this year and reduced interest rates from 40 percent to only 15 percent, as well as stabilized the exchange rate at P18.70 per \$1, contrary to predictions that it would reach who made P50 to the dollar.

"We told our foreign creditor banks that we need 10 years restructuring with five years' grace and they agreed," the President said.

"The President said there will be a meeting between the Philippine negotiators and the IMF board on Dec. 20 this year.

With Gen. Jaerin were Uwe Hange V. Parpart [sic], director of research and energy from Washington, Paul Goldstein, and Carlos Wesley. . . .