

# Philippines Australia Solidarity Group NEWSLETTER

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## PHILIPPINE DEBT CRISIS

### THE RICH GET RICHER BECAUSE THE THIRD WORLD GETS LESS AND LESS

Debt is built up daily around the world by people, by companies, and by governments. When people want to buy or build something, yet lack the money to do so, they often borrow the money from a bank. Later, they must pay interest on the loan and slowly pay back the original sum that they borrowed. As long as the borrowers can pay, there is no crisis.

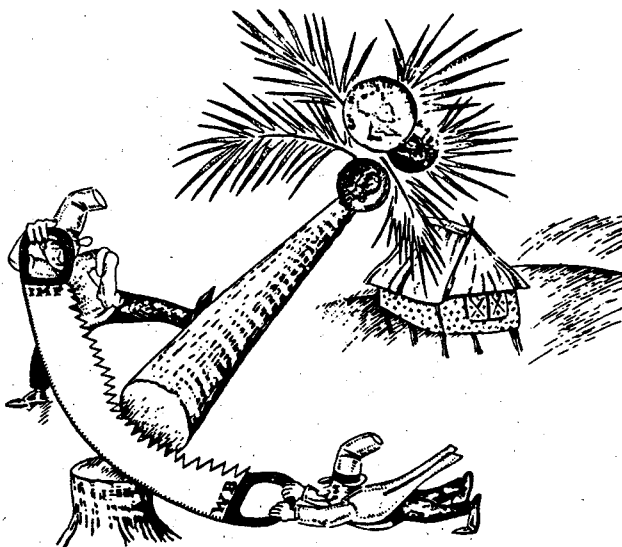
Today's debt crisis has come about because the Philippines and 60-70 other developing countries cannot repay their debts. And usually, it is not the population of these countries who have brought about this problem. In the Philippines, most of the money was borrowed by Marcos and his cronies and then smuggled overseas to secret bank accounts. Today, while the Aquino government repays those Marcos loans, there is little money left for jobs, education, health care and the other badly needed social services.

Big banks and institutions like the International Monetary Fund (IMF) and the World Bank (WB) pressure developing countries to repay all their debts, regardless of whether these were stolen by dictators or not. They also use the crisis to impose conditions favouring the creditor countries and prevent the economies of debtor nations from growing out of their debt crisis. Millions of people suffer through these payments and conditions. That is why we have a crisis.

The Philippines owed \$US28.9 billion as of May 1988. Interest and principal payments will drain around US\$3.6 billion yearly out of the country from 1987 to 1992. What makes these payments even more destructive is that the government is currently paying back more than twice the amount it receives in new loans. In other words, the poor of the Philippines are sending resources to the rich banks of the West. The Aquino government's justifi-

cation is an old Presidential Decree of Marcos, PD 1177, which automatically appropriates funds for debt service before anything else.

Pressure to repay the banks pushes the government to increase exports at any cost in order to earn precious dollars. This means tearing down more forests for lumber exports, destroying more coral reefs for fish exports, and depleting even more soil with pesticides and fertilizers for cash crops.



Since the Aquino government is so strapped for cash, it has raised taxes on the average Filipino; concentrating on sales taxes which particularly hurt the poor. So even though the country's poorest may not pay income taxes, they still end up giving a sizable portion of their meager incomes to the 483 creditor banks.

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## DEBT

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After World War II, the Philippines badly needed funds to rebuild its shattered economy. However, before the Americans would release the promised war damage payments, they required that the Philippines amend its Constitution so that US citizens would have equal rights to own and exploit Philippine natural resources. This allowed the US multinationals to maintain their status post Independence and continue to use cheap Filipino labor to exploit Philippine natural resources and send the profits out of the country.

The US also required preferential import/export treatment thereby maintaining an unequal pattern of trade relations. The Philippines remained an exporter of cheap agricultural products like sugar, coconut, lumber, etc. and an importer of costly finished goods. As the value of its imports was always more than the value of its exports, the Philippines has had a trade surplus only three times in all the years after World War II.

Under these conditions, no meaningful industrialization could take place. Furthermore, these perennial trade deficits and the large profit remittances led to huge outflows of funds that had to be financed by more and more borrowing. Trade deficits, profit remittances and debt payments all contribute to the balance of payments deficit.

In 1965, the Philippine burden of debt was a meagre US\$599 million, or US\$19 per Filipino. Three years after the declaration of martial law, the debt rose to US\$3.8 billion or almost US\$90 per Filipino. And three years before the Ninoy Aquino assassination, it leaped to US\$12.7 billion, or US\$263 per Filipino.

To hold on to dictatorial power, Marcos formed alliances with certain businessmen. These cronies were given preferential treatment. Even if they were inefficient and performed poorly, their companies were given all kinds of incentives and subsidies. Later the government tried to save many of the ailing firms by assuming their debts. By 1987, the external debt was 48 times more than when Marcos was first elected

to Presidential office. It seems very strange that the Aquino government is willing to honor the debts inherited from the cronies it kicked out.

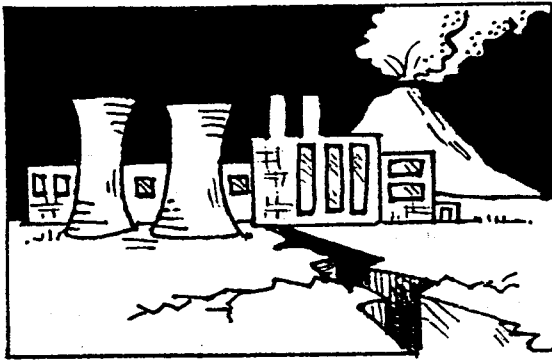
The biggest and least beneficial of these fraudulent loans is the Bataan Nuclear Power Plant for which the Filipino people are paying US\$355,000 daily in interest alone. Built between two inactive volcanoes and standing on a geophysical fault line, the plant was stopped in 1985 after strong social protest. It is now totally mothballed and has never produced one single kilowatt of electricity.

Private banks have played a major role in the Third World debt crisis through reckless lending policies. After the rise in oil prices in the early '70s, the banks were loaded with petrodollars from the oil exporting nations. Third World countries were harried to borrow funds for all kinds of useless or infeasible projects. Through irresponsible lending, largely to Third World dictatorships, a huge pile of unpayable Third World debt was accumulated.

The banks also offered Marcos and his cronies a safe haven for sending their money overseas. This practice, known as "capital flight", has a direct bearing on debt and benefits two agents - the Third World elite and the foreign commercial banks. Banks receive money siphoned out by Third World government officials from their corrupt operations and then relend the money back to the same country. This creates a new foreign debt, only to be sneaked out again by the elite. Trying to curtail this racket proved to be a futile exercise because the supposed regulatory body - the Marcos government - was benefiting from the activity. The banks have been willing instruments in this money recycling game.

Multinational companies operating in the Philippines are another group milking the country dry. The Aquino administration still believes that an open door to foreign investment is the solution to economic woe. But for every dollar invested, much more is sent out of the country in the form of profits, royalties and fees.

TO BE CONTINUED  
IN THE JAN/FEB ISSUE



A NUCLEAR POWERPLANT IN AN  
*earthquake zone?!*

## PROFILE: FREEDOM FROM DEBT COALITION

Information for this issue's front page article was taken from QUESTIONS & ANSWERS ON THE PHILIPPINE DEBT CRISIS published by the Freedom From Debt Coalition (FDC), Rm 130 Alumni Center, University of the Philippines, Diliman, Quezon City, Philippines.

FDC is a broad nationwide alliance of organizations and individuals all committed to free the Philippines from the unbearable burden of unpayable foreign debts.

FDC envisages a sustainable, equitable and democratic development process in which debt, instead of being an instrument of subjugation, accelerates the full flowering of the country's potential.

Driven by the firm belief that only the broadest and direct participation of the Filipino people can resolve the issues in their favor, the Coalition, while engaging in day-to-day lobby work in Congress and other branches of government, has embarked on a long-term campaign to enlighten the people further on the impact of the debt and to mobilize them for a just and independent debt strategy.

## ISAGANI SERRANO THE HUMAN FACE OF THIRD WORLD DEBT

This was the title of a public meeting organised by Community Aid Abroad at the Albion Centre on Nov 22. The guest speaker was Isagani Serrano, Vice-President of the Philippines Rural Reconstruction Movement.

Serrano spoke of the debt crisis and its particular effect upon the Philippine farmer and environment.

"At the same time as our foreign debt is increasing, our rainforests are being cut down and destroyed. The Philippines has a total land area of 30 million hectares and 16 million of that used to be covered by mother trees or primary forest in 1934. By the 1987 count there were only 900,000 left of the 16 million.

"And as the Philippines is an archipelago, it's not part of the continent or a subcontinent, it should be considered as a fragile ecosystem as it's largely mountainous. The moment you cut down trees in the way that we cut them in the Philippines then you bring about a chain reaction with disastrous consequences. It is yearly



estimated that around 100,000 hectares of topsoil come down from the mountains to our river system, killing our river system and then covering what is already limited arable land, the alluvial plains, then going to the sea killing the coral. So this forest destruction presses even more our supply of food and fuel.

"Our potential arable land would be around 13 million hectares, but most of it is marginal and is in the uplands including the 80 degree slopes where massive forest destruction has occurred over time. So, given the very limited alluvial plains suited for rice agriculture, you can conclude that the

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## KMU ACTION ALERT

### CRISPIN BELTRAN ARRESTED WITHOUT WARRANT

Police and military used violence and harassment to disperse over 15,000 workers attending a rally organized by the Kilusang Mayo Uno (May First Movement - KMU) last November 16. Scores were injured as riot police brutally hit out with their truncheons at women and youths already brought to the ground. Water cannons were turned upon the rally and tear gas used indiscriminately even as the demonstrators were already fleeing.

The Police Crowd Control Team and the Special Weapons Action Teams blocked all points of entry to Malacañang to prevent workers from demonstrating to Cory Aquino the urgency of their demand for a 25 peso increase in daily wages. More than 1,000 workers were arrested in different places for obstructing traffic and for holding rallies without a permit. Reports said that a total of 300 buses and jeepneys from different areas were stopped on their way to the rally and forced back.

Crispin Beltran, KMU Chairperson, in calling for another nationwide strike, accused the government of insincerity and deception in dealing with the workers' demand for higher wages. Nelia Sancho, BAYAN's Chairperson, further rebuked the police and the government saying that what happened is tantamount to martial law.

The Labor Advisory Consultative Council (LACC), of which KMU is a member, protested about the reprehensible action of the police. LACC has refuted police and military allegations that the rallyists provoked the violence and has called for the release of the arrested participants.

The desperation of the Aquino government and the military to quell the labor movement and the KMU is increasingly evident. As the economic and political crisis caused by the government's insincerity and inefficiency deepens, the workers are becoming stronger, more daring and united in their struggle for a humane living standard.

Full of fears and apprehensions, the Aquino government is resorting to unscrupulous tactics. Their policy is to declare the KMU illegal and to isolate it from the rest of the labor movement. But they need to do this in a way that will be perceived by the Filipino people and the international community as justified. Meanwhile, the military's battle plan against the KMU is to launch crackdown operations.

First, the military authorities tried to link KMU with the bus-burning incident during the Oct 24 nationwide strike to justify the arrests they have made of labor leaders and organizers: among them Crispin Beltran and Medardo Rôda, Chairperson of Piston (National Organization of Jeepney Drivers and Operators).

KMU has denied any participation in the burning of the buses and the military is having a hard time getting evidence. According to an article in the Manila Times, a senior military officer admitted that, because of their difficulty, the military's only way out of the dilemma is to charge the labor leaders, organizers and members with anything under the sun.

Thus, Beltran's arrest on such malicious charges as arson, inciting to sedition, fraud and slander - the last supposedly occurred 28 years ago.

And yet, in spite of all these invented charges supposedly linking the KMU with killings, bombings and bus-burnings, the military has still not gathered sufficient evidence. Therefore, Defense Secretary Fidel Ramos instructed the military to gather evidence linking "staff personalities" of the labor center to the communist underground. But this effort to give a legal veneer to their anti-KMU campaign was also a failure and the military's operation in building evidence became a laughing stock.



The police claimed that the Nov 15 bombing incident at Quezon City Hall was KMU handiwork, citing that KMU leaflets and a KMU-NAFLU flag were found on the site. But this was viewed by the general public as a fabrication and evidence planted by the military since common sense tells us no one brings incriminating evidence to the scene of a crime.

Also, the police rounded up 9 people supposedly suspected of being involved in the bus-burning incident, but later grudgingly released them for lack of evidence.

Another battle plan of the military to bring down the KMU as an organization is a "psychological game" of propaganda attacks and harassment of the KMU member-federations.

An example of this is the on-going propaganda by military authorities and Citizens Armed Forces Geographical Units (CAFGUs) in Negros. They have recently presented to the media some persons whom they said were former members of the KMU National Federation of Sugar Workers - Food & General Trades (NFSW-FGT) claiming that KMU is supporting the underground communist New People's Army. This is part of their plan to deregister the NFSW-FGT and destabilize the structure of the KMU.

But the KMU will not be cowed or fazed by all these operations and policies of the Aquino government and the military authorities. The wounds inflicted upon the workers all these years have only made us more determined to continue the struggle.

The KMU believes that with its strength and international support we can frustrate the Aquino government and make them abandon their policy and battle plan to isolate the KMU and to quell the surging labor movement.

A letter writing campaign to President Aquino, asking her to put an end to the anti-KMU policy and instead concentrate her efforts on serving the interests of Filipino workers, is urged. Open letters to the Philippine and overseas press, condemning the military's battle against the KMU and the police authorities' violent dispersal of the Nov 16 workers' rally and the arrests made on that day, would also be appreciated.

Contact Qld. PASG for addresses.

## COURT RULES NFSW LEADER "NOT GUILTY" AFTER 8 YEARS

The eight year-old complaint filed by the military against Serge Cherniguin, Vice-president of the NFSW-FGT, and eight other unionists was dropped by a municipal court in Negros Occidental for lack of evidence.

The complaint stemmed from a February 1982 strike staged by NFSW members in La Carlota. The military had accused Cherniguin and the strikers of threatening behavior and preventing certain employees of the sugar mill from going to work.

Cherniguin and the co-accused denied the charges adding that the military had forcibly dispersed their picketline by using water cannons and had beaten them with truncheons. The strike was staged to demand the bonuses due to the sugar workers.



THE STRUGGLE FOR JUSTICE  
IS THE STRUGGLE FOR PEACE  
Poster Design: REYNALDO JOSE TAMAYO

# ABORTION AND POPULATION CONTROL

## TWO ISSUES ADDRESSED BY INTERNATIONAL WOMEN'S CONFERENCE

Some 400 women delegates attending the Sixth International Women and Health Meeting (IWHM) supported the demand of Filipino women's groups for safe and legal abortion in the Philippines.

The IWHM, which meets every 3 years, provides a venue for women worldwide to discuss and move toward solving female health problems. This year's conference, held at the University of the Philippines from Nov 3-9 attracted representatives from 63 countries.

Organizers of the conference included GABRIELA, KABAPA (Association of the New Filipina), PILIPINA, Woman Health Philippines, SAMAKANA (Organization of Free & United Women), and the Women's Resource & Research Center.

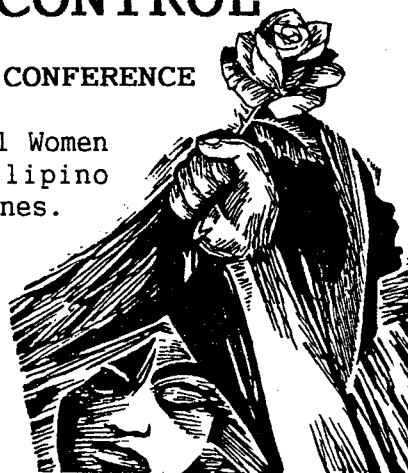
A report from the Philippine Center for Investigative Journalism estimated that as many as 750,000 women annually undergo induced abortion in illegal clinics all over the country. Poverty is cited as the main reason for women seeking abortion.

"The lack of contraceptive services, the influence of a culture that places the entire burden of fertility control on women and the absence of knowledge about sexuality, have contributed to a large number of women being trapped in a never-ending cycle of pregnancy and childbirth that has had disastrous consequences," said GABRIELA's Dr. Sylvia Estrada-Claudio.

However, population control measures without adequate health care for women is pure and simple racism and Health dropped this year to 3.2% of the Philippine national budget. The fundamental assumption of population control policies is that rapid population growth causes Third World poverty.

Conference delegates criticized international agencies such as the World Bank, the United Nations and the United States Agency for International Development for concentrating poverty alleviation measures on birth control.

"To reduce population growth, they are willing to call for the education of women for example, but not for land reform, redistribution of economic and political power, or repudiation of



international debt," said Betsy Hartman of the Population and Development Program, Amherst, USA.

She also pointed out that these agencies have linked the success of population control programs to the availability of foreign aid and loans. "In Nepal, as in Bangladesh, the World Bank has endorsed their governments' policy of paying incentives for sterilization, which has led to the abuse of poor women and men in both countries."

"While women in many countries could benefit from expanded access to birth control, population control policies often have little to do with women's needs. In many countries this means that basic health care, nutritional programs, and other social services are forced to take a back seat to family planning,"

Banks and other international agencies, press Third World governments to de-regulate contraceptives in the absence of adequate screening and follow-up care for side effects. The Women's Global Network for Reproductive Rights reports on contraceptive-induced problems including breast cancer, abuse of prescribed drugs, premenstrual pain and excessive medical management of pregnancy and childbirth.

Growing worldwide environmental consciousness is yet another issue feminists fear will be used for more heavy-handed population control strategies in the near future. In a recently published article Dr. Maurice King, British community health pioneer, said, "try family planning but if it doesn't work, let the poor die because they are an ecological menace."

## SERRANO

(+ Contd from page 3)

capacity of our land is very low on a per square kilometer basis. And we have to feed 50 million mouths; all of them rice eaters.. so what happens is that we have to import our rice. And right now, we are importing 1,200,000 metric tons of rice from other Asian countries because our own rice production has already gone down. The whole economy has gone down because of the foreign debt problem.

"An agrarian reform program could well solve one of the main causes of social conflict in the Philippine countryside - landlessness. It would cost the same amount as the annual debt service. Just one year's deferment, a moratorium on our foreign debt, and we would already be able to save the money needed to carry out our agrarian program in the Philippines that can help solve the social insurgency that is now very widespread in the Philippines."

## FREEDOM FROM DEBT



This Freedom From Debt kit, written and produced by Sara Roberts and Jeff Atkinson, is available from Community Aid Abroad, 102 Mac Donald Rd, Windsor Qld 4030 at \$4 plus p&p. Phone: 857 6888

A Study and Action Kit On The  
Third World Debt Crisis  
Community Aid Abroad

## LINGAP PINOY

The Lingap Pinoy Campaign in Qld reports that it has sent P20,542.00 (Aus\$1,000) to the Citizens' Disaster and Rehabilitation Centre in the Philippines to aid rehabilitation work with earthquake victims. The money was raised by Kabalikat's recent fund raising BBQ and at the various meetings addressed by Zeny Delica during her speaking tour of Qld this year.

## ROSELA'S NIGHTMARE A Fact Finding Mission's Report



Thirteen-year-old Rosela Cogollodo might have been considered lucky enough to survive the 105 Howitzer bomb explosion that snuffed out the lives of her immediate relatives on Nov 20, 1988 at her uncle's residence in barangay Muritula, San Luis, Agusan del Sur. But she would have been luckier had she not lived to see the specter of mangled bodies scattered all around her.

It was real, not just a mere figment of her imagination. The wound in her left arm reminded Rosela each time of the deafening sound that shook her awake to half-consciousness when objects seemed to be flying all around. Then the cool deathly silence that followed throughout the rest of the night, occasionally disturbed by an agonized moan somewhere beside her.

Rosela hardly slept. She was afraid. When people started to come and she saw the look of dread on their faces, a realization dawned on her. She was not dreaming.

The blood oozing from the temple of her grandfather; the dismembered hands and legs of both her parents and her elder brother; the smashed stomach and head of little Rio, only 3; and the crushed feet of her uncle reduced to a pulp; were all too real.

The bomb that almost wiped out the family was only one of its kind all too commonly used in counter-insurgency operations anywhere in Mindanao. And the Alpha Company of the Army's 23rd Infantry Battalion in Muritula succeeded in instilling fear among the people and driving them away from their homes.



## DID YOU MISS THE P.A.S.G. FORUM ON SEPTEMBER 16th?

### DEADLINE ON THE US BASES IN THE PHILIPPINES: WHICH WAY TO GO?

If you did, then you also missed getting your copies of the background papers produced for discussion. Filled with facts and figures, these papers paint a graphic picture of the current debate about the Filipino anti-nuclear/pro-peace constitution and the future of US Bases in the Philippines - conversion or retention.

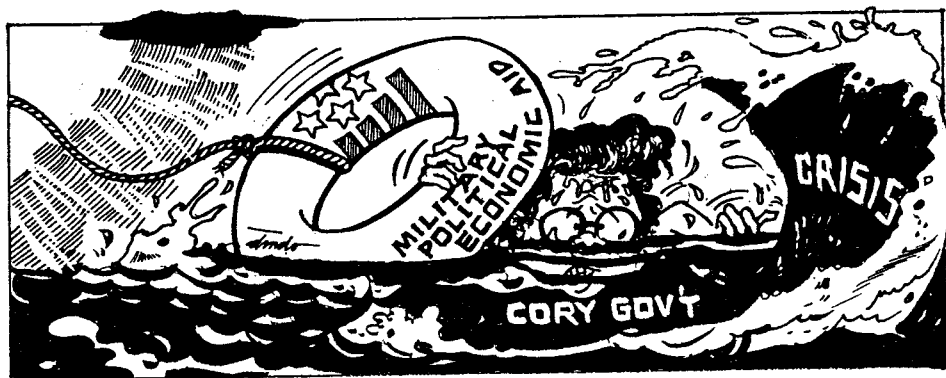
Extracts from the "1990 IBON DATABANK Calendar" ..... 4 PAGES

Extracts from "FREEDOM FROM NUCLEAR WEAPONS: A QUEST FOR NATIONAL SOVEREIGNTY, A PILGRIMAGE FOR WORLD PEACE"  
by Wigberto E. Tañada, Senator, Republic of the Philippines ..... 5 pages

Extracts from NORTHERN DISPATCH: "ANCESTRAL LAND CLAIMANTS ASSERT OWNERSHIP OVER PART OF CAMP JOHN HAY" ..... 1 PAGE

Extracts from PHILIPPINE NEWS AND FEATURES: "IN CASE OF U.S. BASES PULL-OUT - Feminists Propose Prostitute Rehab Program"  
and "NON-TRADITIONAL PLAN - NGOs Push For Base Areas Conversion" ..... 3 PAGES

To receive copies of any or all of these papers, please send us a suitably sized and stamped envelope with payment for the photocopying costs at 20c per page.



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ATTENTION: PASG Co-ordinator, P.O. Box 174, St. Lucia 4067 Qld.

I would like to: ☐ have more information about PASG. ☐ make a donation of \$..... for solidarity work.

☐ join PASG (including a one year subscription to the PASG Qld. Newsletter and Philippines Issues). I enclose \$20.

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