Philippines: behind the Cory magic

by Linda de Hoyos

Election fraud is not unusual in many countries in the world, including the United States. But very rarely is the victim of fraud able to prove beyond doubt that fraud occurred, or if it did, that it would have altered the outcome of the elections. However, the Grand Alliance for Democracy in the Philippines, the opposition slate of nationalist leaders opposed to President Corazon Aquino, has now obtained precisely such devastating evidence.

In the May 11 elections for the new Philippines Senate, the Grand Alliance slate had been expected to gain at least 8 out of 24 seats, given the national stature of its candidates. But in the Namfrel "quick count" vote and in the tallies of the government election commission Comelec, the GAD has won only 2-3 seats. As one American observer in Manila put it: "The only time we ever see government candidates getting 98% of the vote is in the East bloc."

The Grand Alliance, led by Vicente "Teng" Puyat and former Defense Minister Juan Ponce Enrile, charged fraud in the immediate aftermath of the vote, when presidential press spokesman Teodoro Benigno announced that Cory had won by a "landslide." This report went out to the press, even though no votes had yet been counted. "It must be that Cory magic," Benigno crowed.

Now we know what he meant. On May 29, two computer workers with Namfrel began to grow suspicious of the patterns emerging from the Namfrel electoral printout, and decided to have a look at the program. To their shock, they found that the computer had been programmed to give a total of 10,000 votes—over and above any votes actually tallied—in each district to each administration candidate. In sum, this gave each administration candidate a floor vote of 2 million votes nationwide!

The program was locked in the computer under the codename: "MAGIC."

The Namfrel program explains the persistent reports that more votes were counted in districts throughout the country than registered voters. For example, in Ziga, 150,000 votes were tallied in the May 11 elections; there are only 110,000 voters in the district. According to columnist Luis Beltran, writing in the *Manila Star,* in Lanao, Mindanao, a stronghold of the Grand Alliance, there were 40% more votes than voters. "Is it possible," asks Beltran, "that Cory had no idea of the depth of political degradation" to which her administration has sunk? By the end of May, even Aquino admitted that "some fraud" had occurred.

The evidence to be presented by the Grand Alliance adds to the exposure of the Aquino government as a dictatorship imposed on the Philippines by the international banks and the International Monetary Fund—dirty work compliments of the U.S. embassy (see article next page).

The week after the elections, Maurice "Hank" Greenberg, of the American Insurance Group, arrived in Manila with a shopping list for Filipino assets. On the scene are representatives of Citicorp, Coca Cola, Manufacturers Hanover, and Caltech. Greenberg, a close associate of Central Bank chief Jose Fernandez, who was installed at that post under Marcos at the behest of the IMF, is also a leading figure in the U.S.-U.S.S.R. Trade Council. The plan of Finance Minister Jaime Ongpin for Philippine Investment Notes (PINs) follows precisely the prescription of Citibank, who played the hard-cop role in negotiations on the Philippines' $28 billion in foreign debt. That plan calls for the bankers to trade in non-performing loans for performing assets—with no investment in "anything new"—that is, development.

Accordingly, the Philippines is selling off some 125 state-owned corporations, and is putting up the two leading subsidiaries of the state-owned oil company.

NSIPS/Stuart Lewis

Philippines President Cory Aquino: wanted for vote fraud.

The brazen Ongpin-Fernandez fire sale of Philippine assets is causing a stir even within the Aquino cabinet. On April 23, National Economic and Development Agency director Solita Monsod wrote a letter, only now released, questioning the method of counting foreign-exchange earnings. According to a 1972 law instituted in the first year of Marcos's martial law, the Philippines is forbidden to allocate over 20% of its foreign earnings to debt service. To get around this, Fernandez announced in 1984 that receipts from foreign loans would count as new export earnings—effectively raising the ceiling on the amount paid to debt service by ballooning the export-earnings figure. Even with this subterfuge, under the agreement worked out by Ongpin, the Philippines will pay 45% of its bloated export earnings in debt service.

The Grand Alliance for Democracy is the only force in the country putting forward a nationalist program for economic sovereignty and development—one reason why the leading figures of the alliance have somehow always been on the outs, no matter who the United States backed in Malacanang Palace. The evidence of massive vote fraud which continues to break in the press, should be taken as a warning by Mrs. Aquino, that her brutal defeat of the Grand Alliance at the "polls" May 11 could well be a Pyrrhic victory.

Wall Street firm owns Jaime Ongpin

Stephen Bosworth has left his post as U.S. ambassador to the Philippines. Bosworth, it has been announced, will take up a position with the New York investment banking house of Allen and Co. Throughout 1985 and early 1986, Bosworth, from his U.S. Embassy post in Manila, had been the chief orchestrator of the U.S. State Department coup, which overthrew President Ferdinand Marcos and installed the government of Corazon Aquino.

Curiously, the Finance Minister of the new "people's power" government, Jaime Ongpin, has been owned lock, stock, and barrel throughout his entire adult career, by Bosworth's new employer, Allen and Co. This firm, one of the top ten investment banking houses on Wall Street, whose partners Charles and Herbert Allen are worth a combined minimum of $550 million, achieved great notoriety in the 1960s and 1970s, as *the private investment bank of Meyer Lansky*. It looks as if Allen and Co. will more than get their money out of Ongpin and Bosworth. Now that Ongpin is in power, he has authored an innovative new scheme, the Philippine Investment Notes (PINS), to raffle off the chief assets of the Republic of the Philippines to pay the foreign debt. The lead investment bank on the new Ongpin-authored PINS? Allen and Co., of course.

Bosworth's employment raises immediate issues of conflict of interest. Was Bosworth, during his tenure as ambassador in Manila, actually representing the interests of the U.S. government, or was he representing the interests of Allen & Co., which is now cleaning up on the debt-for-equity schemes of Aquino Finance Minister Ongpin?

In 1986, *Dope, Inc.,* the best-selling exposé of the $500 billion international narcotics cartel, devoted several pages to the unusual story of the Airborne Freight Co. of Seattle, Washington, and its subsidiary, Midwest Air. According to U.S. law enforcement sources, Airborne was a major carrier of drugs coming in from the Far East. Its subsidiary, Midwest Air, carried two things: time-sensitive checks of the Federal Reserve System, which meant its cargoes were not inspected, and secondly, dope. The owners of Airborne Freight? Allen and Co.

The Allens also own the Philippines' Benguet Consolidated Mining Company, the largest gold mining operation in Asia. The *New York Times* of Feb. 26, 1978 recounted the story of a notorious crook named Louis Chesler, whom former U.S. prosecutor Robert Morgenthau called "just another bagman for Meyer Lansky." Said the *Times,* "Charlie Allen was no stranger to Louis Chesler, either. Both men owned significant portions of a development in the Bahamas which was involved in building the Lucayan Beach Hotel and Casino, a scandal-tainted operation which included . . . a convicted stock swindler named Wallace Groves . . . who would be later identified by law enforcement sources as yet another bagman for Meyer Lansky. How a large, well-respected Wall Street investment banking firm became involved with such a shady bunch of characters . . . tells much about Charlie Allen. . . ." Ultimately, the Allens sold their Cayman Islands piece of the Lansky action to themselves—to Benguet Consolidated Mining Co.

Around this time, a young Filipino named Jaime Ongpin had just graduated from Harvard Business School. He was hired by Allen and Co., and sent back to the Philippines. In 1974, Jaime became Benguet's first Filipino president.

The following interview with Allen and Co. partner Herbert Allen was made available to *EIR* by a source in business in the Far East, and sheds interesting light on the Ongpin-Bosworth case. It was conducted June 1, the day after a dramatic speech at the Manila Rotary Club by Grand Alliance for Democracy leader Vicente Puyat, which called for the Philippines to follow the "Peruvian solution," to pay only 10% on foreign debt.

Q: . . . I don't know whether you got the news over the past 24 hours, the speech that the leader of the opposition gave in Manila?

A: I have been traveling. I just came in from Paris.

Q: Ok. What he said is, "Look, the Grand Alliance for