

Within Malacanang Palace itself, the campaign against the banks is being led by presidential secretary Joker Arroyo, a "left-wing" nationalist who has stated his belief that economic development is the only pathway to defeating the New People's Army insurgency. The recent land reform decree signed by Aquino is inoperable unless funds are made available to farmers for fertilizer, high-grade seed, and irrigation and energy development.

Arroyo, who has publicly targeted Ongpin and Fernandez, is believed to have "put the words in Cory's mouth," according to reports from Manila. "The signals to Congress" from Aquino's speech "were very, very clear," remarked presidential press secretary Teodoro Benigno, "and Congress should bear that resolutely in mind." He told the press that Aquino had "insisted" on revealing the circumstances surrounding the restructuring of the loans, because her government's credibility was at stake. Aquino had been "silently seething" over the gap between the "expression of support, paeans of admiration" from the United States, and what they "were doing."

A key issue that will determine whether the complaints coming from Aquino et al., and from the Congress, will be realized in action, is the continued presence of Ongpin and Fernandez in positions of power. Signs are emerging that their days may be numbered.

Senate Finance chairman Guingona, Senator Romulo, and Sen. Aquilino Pimentel have all called for Fernandez's resignation as Central Bank chief. The Senate Finance Committee also notified Fernandez that he must prepare to testify for as long as five days before the entire Senate, on the details of the debt pact signed with the banks and the Central Bank's financial conduct.

From the House, Speaker Ramon Mitra asked Fernandez for all the details on the debt situation and the agreement with the banks. When Fernandez sent back six volumes of notes and memoranda, Mitra returned the pile, with the message that he wanted specific answers to the specific questions raised.

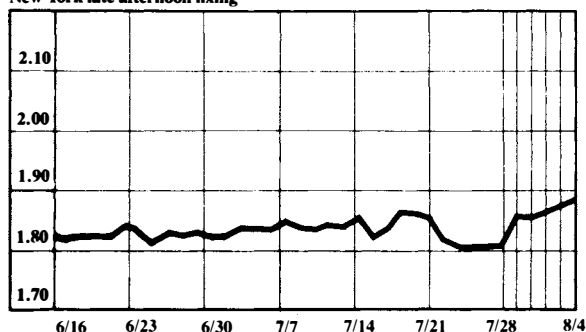
Another signal that the days of Ongpin and Fernandez may be numbered is that Aquino has "postponed indefinitely" the denationalization of the state-owned Philippine National Oil Co. (PNOC) "in view of objections" by the company's board. The board members argued that sale of the company would destroy national control of a crucial resource. (British Petroleum and Kuwait Petroleum were reportedly the most interested potential buyers.) The sale of PNOC was the linchpin of Ongpin's debt-for-equity Philippines Investment Notes.

The halting of Ongpin's schemes indicates that it is becoming increasingly difficult for Aquino to do anything but follow the nationalist line of others of her advisers, of Congress, and the GAD opposition. The pressure for action against the banks—now unhampered by the loyalty to the United States retained by Ferdinand Marcos—can be expected to increase rapidly over the next weeks.

Currency Rates

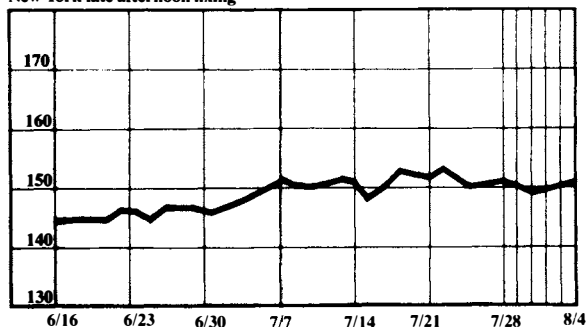
The dollar in deutschemarks

New York late afternoon fixing



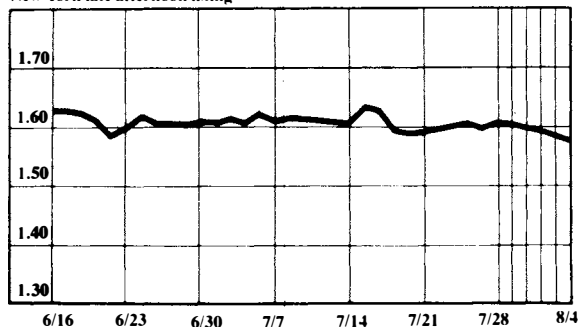
The dollar in yen

New York late afternoon fixing



The British pound in dollars

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The dollar in Swiss francs

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