

into receivership. The financial oligarchy's "Bush-IMF dictatorship" overthrew Marcos.

In 1986, *EIR* told President Corazon Aquino, also in person, that the success or failure of the Yellow Ribbon revolution hung on ending the tyranny of the IMF. But Aquino did the bankers' bidding, and what came in with a bang in 1986, went out with a whimper in 1992.

President Ramos now has a choice. The entire IMF system is hopelessly bankrupt. The Philippines can either go down with it, or it can join forces around a different agenda with a growing movement among nations and nationalist political forces, as reflected in the Memorandum to Mankind signed by leading citizens of 30 nations from all five continents in early December in Eltville, Germany (see *EIR*, Dec. 15, 1995, p. 51). An agreement among sovereign governments to put the IMF/World Bank into standard bankruptcy reorganization proceedings is both necessary and do-able; only this can stop the spread of financial cancer.

For the moment, however, the sign in Manila reads, "Mabuhay!"

Documentation

'After Mexico . . . ?'

This column, by journalist and TV talk show hostess Jullie Yap Daza, was published on Nov. 27 in the Manila Standard, under the headline "After Mexico . . . ?" Yap Daza had invited EIR's Dennis Small to present an analysis of the Mexico crisis to the weekly Bulong Pulungan press conference on Nov. 21. Small was the second speaker, after former First Lady Imelda Marcos; about a dozen journalists stayed to hear him.

The Philippines going the way of Mexico?

Dennis Small, an economist who handles the Ibero-American desk of the weekly *Economic Intelligence Review* [sic], published in Washington, told a small group of journalists last week what they have been afraid to hear, but keep hearing anyway, and only half-believing half of what they hear. But hearing it from someone who predicted the Mexico crash two years before it happened was a different experience. We were all ears.

"The signs are all there," he began, a little too cheerfully for comfort. Forthwith, he drew the parallels.

"In 1980, Mexico owed \$57 billion. By 1993, it had paid \$372 billion in interest alone. Today, its debt is over \$513

billion.

"In 1980, the Philippines owed \$17 billion. In the last 13 years, it paid \$25 billion. It still owes \$38 billion. In other words, 17 minus 25 is 38." . . .

Small: "Mexico was self-sufficient in food (corn, beans) and importing only 5 million tons until it began importing for the good of the consumer. Imports rose, the trade deficit rose. Now Mexico imports 15 million tons without money."

Sounds familiar? One remembers how the Philippines used to export rice. Now we are importing rice and the secretary of agriculture is proud and happy about it.

Small: "Twelve billion dollars left the Mexican stockmarket, plus another \$30 billion in other investments. Foreigners took the money and ran."

I keep reading in the business pages that trading in the Manila stock market is down because the big players have pulled out (though no one is saying how much). . . .

Who is Dennis Small? From the way he was taking potshots at the economic theories of bankers and moneymen schooled in the Adam Smith tradition, and in the style of Harvard, Yale, University of Chicago and University of Pennsylvania, where did he cut his teeth?

"None of the above," he said. He is an "intelligence director" of the *Economic Intelligence Review* whose founder, Lyndon H. LaRouche, was sentenced to 77 years [sic] in jail by the Bush administration on charges of tax fraud, which Mr. Small vehemently denied. They were fabrications, he said, because President Bush and Oliver North, who were LaRouche's enemies, could not stand idly by while LaRouche and his disciples called the two "drug lords" and started a movement for a debt moratorium for Third World countries. "Not because the debt is unpayable but because it has already been paid."

LaRouche a political prisoner? Not only LaRouche, but also Dennis Small. LaRouche was paroled after serving five years of his sentence in January 1994, after which he ran as a candidate of the Democrats in the Presidential elections.

Now you know, there are political prisoners in America, land of the free. Mr. LaRouche and his friends, including Mr. Small, are waiting for the U.S. federal courts and the Justice Department to apologize to them for wrongful conviction.

Meanwhile, the *EIR* team continues spreading the gospel against loans.

"The IMF [International Monetary Fund] is dead. The entire financial system of the West is over. The Japanese financial system is bankrupt. Capital has fled from the banks to the only 'safe' bank, the Japanese Postal Union Bank.

"Banks and governments are broke. There's a financial meltdown. There has been no flow of credit from abroad. It's the IMF and the guys in London, the international banks, that are insolvent."

Not content with that grim pronouncement, he adds: "We are entering a period of financial disintegration—a crash of

greater proportion than the '30s."

As for omens for the Philippines:

"When the economy is built on casinos, lotto, speculation, real estate, the cancer [of debt] is strengthened without the healthy part of the economy being shored up.

"To feed people and build infrastructures—what is known as the physical economy—you need to produce grain and steel. But the physical economy has stagnated. The cancer that invaded Mexico was due to policies imposed by the World Bank—liberalization, free market, on the theory that if doors are open wide, all money would come in. The free trade policy was created by the British colonials to destroy the American revolution. Thanks to that policy, 50 countries are now on the list after Mexico—Argentina, Hungary, Chile, the Philippines."

The greatest danger for the Philippines, from Mr. Small's perspective, is that the people "are unaware of the gravity of the inflation crisis. A gigantic tidal wave is about to break on Third World countries."

In December 1994, the foreign exchange in Mexico was three pesos to one dollar; today it is 8.5 to 1.

"The reason for the Mexico crash had little to do with Mexico. The true cause of the explosion of the debt problem was the international speculative crisis—Barings, Daiwa, the Orange County bankruptcy—which will bring down the entire world economy and countries that are victims of expand-

ing debt."

Speculative ventures such as the derivatives market—remember Barings' Nicholas Leeson?—have been growing at the rate of 59% annually, from \$1 trillion in 1986 to \$45 trillion today (compared to a 25% growth in the drugs trade).

The phenomenal growth of derivatives, with so much money to be made, has naturally raised questions why that kind of trading is not yet here. Mr. Small's host, Butch Valdez, who is with a new group of nationalist businessmen called Katapat, pointed out casually: "Charing Lopez of the Securities and Exchange Commission was eased out because she took a cautious position against derivatives."

The Mexicans who held a national forum called "There Is Life After the Death of the IMF" last June, and *EIR*, want the IMF tried for crimes against humanity. They are also quoting Pope John Paul II's statement urging that the foreign debt of Mexico and Latin America be forgiven.

For the Philippines, Mr. Small offers a prescription that's difficult to swallow: no more *utang* [debt], work harder.

1. "Defend yourself from the cancer of loans. Pull together for an alternative to the IMF solution."

2. "Establish a new world order that encourages productivity. The *Titanic* is sinking."

Do Filipino economists see the iceberg? They are free to dismiss Dennis Small and his LaRouchian theories as crackpot lunacies. I can only hope they're right.

EIR Special Reports

Comprehensive, book-length documentation assembled by EIR's intelligence and research staffs.

Narco-Terrorism Explodes in Chiapas, Mexico. Order #94-001. \$100.

Russia's Future: Dictatorship, Chaos, or Reconstruction? Order #94-004. \$250.

Stop the New World Order—Hitler in Blue Helmets. Order #94-005. 250.

October Surprise. The true story of Iran-Contra. Order #92-001. \$100.

Depression of the '90s: America's Crisis. Order #92-003. \$150.

Bush's Surrender to Dope, Inc. Narco-terrorism in Colombia. Order #91-001. \$100.

Can Europe Stop the World Depression? Lyndon LaRouche's proposal for the European Productive Triangle of infrastructure, the engine for global recovery. Order #91-004. \$100.

Satanism: Crime Wave of the '90s? Order #90-001. \$100.

The Libertarian Conspiracy to Destroy America's Schools. Precursors of the New Age education reforms of the 1990s. Order #86-004. \$250.

* First two digits of the order number refer to year of publication.

Order from:

EIR News Service
P.O. Box 17390, Washington, D.C. 20041-0390
Please include order number. Postage and handling