

we must base our cooperation on higher and deeper levels of cultural understanding.

The European sovereign nation-state established as law, for the first time, the principle that governments have no natural legitimacy, except as they promote the general welfare of all of the people, and their posterity. However, this principle

has been bitterly and bloodily opposed by certain states in Europe, and by powerful forces inside the U.S.A. itself. We must see this as primarily a cultural and moral crisis, a crisis defined by the need to establish a new, just, and therefore durable, world order among sovereign nations, premised upon love for the welfare of all mankind.

# Government Crises Across Asia Threaten New Economic Approach

by Michael and Gail Billington

As if by coincidence, leading governments across Southeast Asia are simultaneously facing the potential demise of their existing governments, either by impeachment or through scandal-driven resignation demands. It is no coincidence. As reported in last week's *EIR* ("Renewed Financial Crisis Threatens Asia"), the world financial crisis is thrusting Asia into a second round of stock and currency collapse, aggravating the rising poverty of people across the region brought on originally by the 1997-98 speculative attack on the Asian economies. Such conditions of increasing poverty create anger and frustration, such that the *vox populi* is often easily manipulated against the existing governments, failing to see the global economic crisis driving the local conditions.

There is a second factor driving the international institutions, including the International Monetary Fund (IMF), as well as the Western press and political leadership, in attempting to lay the entire blame for the economic crisis on the supposed "nepotism, cronyism, and corruption" of each of the local governments. That second factor is the very real potential that the ten members of the Association of Southeast Asian Nations and their "dialogue partners," Japan, China, and South Korea (ASEAN-Plus-3), will move forward during their upcoming meeting in late November to implement a new Asian Monetary Fund and related regional currency, trade, and development policies, to free Asia from the death grip of the IMF and the international speculators. The emergence of potentially destabilizing government crises in several leading ASEAN nations serves the interests of those desperate to maintain the looting rights of the IMF and the bankrupt Western banking system.

Impeachment proceedings against the Presidents of the Philippines and Taiwan are already in process, while in Indonesia, certain leading circles are demanding that the President resign under threat of impeachment. In Thailand, elections have been called for Jan. 6, but the candidates from both leading parties are facing corruption charges that could legally prevent them from participating in the elections.

In Malaysia, the one nation in the region which has largely escaped economic devastation, due to the proven success of the Mahathir government's sovereign rejection of IMF dictates, the opposition has acted without shame in hiring a Washington public relations firm to denigrate the Mahathir government in the United States, and is calling for international boycotts and sanctions against their own country. A demonstration against Prime Minister Dr. Mahathir bin Mohamad on Nov. 5, touted as "The Gathering of 100,000 People," produced less than one-tenth that number, but succeeded in providing a "photo opportunity" for the world press, of police attempting to maintain order. Unlike other nations in the region, Malaysia and its Prime Minister have withstood the attacks of past years, both economic and political, by publicly identifying the international source of the attacks, while implementing protective measures to safeguard the general welfare of the population.

## Indonesia Targetted

The other nations have not fared as well. Indonesian President Abdurrahman Wahid, elected just one year ago in the first open election following the fall of the Suharto regime, is now under attack from some of the same sources who led the campaign against Suharto. Amien Rais, the Speaker of the People's Consultative Assembly (MPR), and one of the self-proclaimed leaders of the student demonstrations against Suharto, has called for Wahid to resign and has threatened to initiate impeachment proceedings. He has accused President Wahid of failing to reverse the economic crisis, and failing to end the ethnic, religious, and separatist violence that continues to wrack several regions of the country. Wahid is also being brought before the House of Representatives as part of an investigation of two different scandals involving the President. Wahid has refused to resign, and, thus far, the leaders of the two largest political parties in the country, Vice President Megawati Sukarnoputri and House Speaker Akbar Tandjung, have not joined the call for his resignation, despite

FIGURE 1

**Southeast Asia**



their own serious reservations about his leadership.

Wahid's problems have been aggravated by the mounting tension between and among Indonesia, the United States, and Australia. U.S. Ambassador Robert Gelbard has arrogantly criticized the resistance within the administration to IMF demands, and blamed the government and the military for failing to curb the violence in several parts of the country. The U.S. Embassy was recently closed to the public for over a week due to alleged security threats, and the U.S. State Department issued a warning against travel to Indonesia due to the mounting anti-American sentiment in the population.

Meanwhile, Australian Foreign Minister Alexander Downer accused Indonesian legislators of lying about their grievances concerning Australia's role in destabilizing the country, especially in the volatile situation in East Timor. Indonesian legislators are calling on Wahid, once again, to cancel a scheduled trip to Australia. The *Sydney Morning Post* ran a blood-curdling call for Indonesia's dismemberment by one Brian Toohey on Nov. 5, comparing Indonesia's current "incompetence" to the period in the 1960s under the nation's first President, Sukarno. No Indonesian will miss the implica-

tion, since Australia at that time gave full support (with the British and the United States) to the overthrow of Sukarno and the organized massacre of hundreds of thousands of his supporters by the military and armed gangs.

**The Philippines: Populism Serves the Elite**

Nowhere in the region is the role of *vox populi* more pronounced, and more tragic, if not farcical, than in the Philippines, where President Joseph Estrada is facing impeachment proceedings, based on allegations lodged by a former close political ally, Governor of Ilocos Sur province Luis Singson, who, on Oct. 9, accused Estrada of receiving more than \$8 million in proceeds from an illegal gambling racket, called *jueteng*, and around \$4 million from tobacco excise taxes from Singson's province. Within three days of Singson's allegations, Vice President Gloria Macapagal Arroyo, daughter of a former President, resigned her cabinet post as Social Welfare Minister, and, on Oct. 25, openly endorsed the impeachment motion filed a week earlier. She has emerged as the focal point of a revived "People's Power" movement, allegedly in the name of appeasing the gods of "market confi-

dence” on behalf of the Philippines economy and its suffering currency, the peso, which plummeted to an all-time low of 51.95 to the dollar at one point, momentarily earning it title as the worst-performing currency in the world.

That populist outpouring enjoys the support of the same combination of institutional forces, inside and outside the Philippines, that disgraced and toppled former President Ferdinand Marcos, led by Catholic Cardinal Jaime Sin, former President Corazon Aquino, and Estrada’s predecessor, former President Fidel Ramos. The “impeach Estrada” campaign is overwhelmingly endorsed by the “Ayala Avenue” financial and business elite, with more than 11 prominent business and financial groups calling for Estrada’s resignation.

Tragically, as *EIR* reported in a Jan. 19, 1996 *Feature* on the Philippines economy (“Will the Philippines Go ‘Down Mexico Way,’ ”), Presidents Aquino and Ramos’s kowtowing to the IMF and “market sentiment” caused crippling damage to the country’s ability to service the general welfare of the population, who, in 1998, responded by giving President Estrada the largest-ever electoral mandate. Aquino’s government more than tripled debt service as a percentage of the total government budget between 1982 and 1994, from 9.6% to 33.9%, while slashing defense spending by more than half, cutting health care by 40%, and stalling funds to education. President Ramos *increased* the budget allocation for debt-servicing and opened the floodgates to “fast-track” economic liberalization, deregulation, and privatization.

In early November, Estrada’s ruling coalition suffered major defections, including the Senate President, the Speaker of the House, and ministers and senior economic advisers. More than 100 members of the 218-member House have endorsed the impeachment motion, which is expected to be debated in a House plenary session on Nov. 13. If and when the motion makes it to the Senate, Estrada will need 7 of 24 Senate votes to save his government. Sadly, no one has stepped forward to save the Philippines from its own elite.

## Taiwan and Thailand

Taiwan, while not part of ASEAN-Plus-3, is crucial to the region both due to the strength of its economy and due to the critical question of its relations with mainland China. Five months ago, after 55 years of rule by the Nationalist Party, Democratic Progressive Party leader Chen Shui-bian was elected President by a minority vote in a three-way race, with his party holding only 67 seats in the 220-member legislature. When Chen unilaterally cancelled a \$5.5 billion nuclear power project on Oct. 27, the opposition responded by taking political measures to remove him from office. The dramatic financial and stock market crisis of the past months is feeding the anger against Chen, and the opposition is close to the two-thirds vote needed to remove him and force new elections. The Nationalists and the other leading opposition parties may hold a recall vote as early as the week of Nov. 13, but say they

will abort the campaign if Chen would appoint a new Prime Minister from the opposition majority, and allow the Nationalists to run foreign policy, including relations with mainland China. Although Chen has distanced himself from his party’s policy of declaring Taiwan to be separate and independent from China, a policy that would provoke a serious confrontation with Beijing, most leaders on both sides of the straits are worried that improvement in relations have stalled, endangering the security of the region.

The other major ASEAN nation facing a government crisis is Thailand. The government of Premier Chuan Leekpai waited to the last possible moment allowed by law to call elections, which are scheduled for Jan. 6. However, the Thai Senate is considering impeachment charges against eight members of Chuan’s Cabinet, over charges of failure to divest business assets and give full financial disclosure before taking office, as required by the new Constitution. Premier Chuan himself is facing a similar charge, although it does not appear to be serious. On the other hand, the candidate generally expected to win the election, telecommunications tycoon Thaksin Shinawatra, founder of the Thai Rak Thai Party, is facing extremely serious charges of the same sort. It appears that twice before, when Thaksin briefly served in Cabinet positions for previous governments, his maid, his chauffeur, and other domestics became, suddenly, the owners of vast amounts of company stock, which they kindly gave back to their boss when he left government. They may not even have known about their momentary wealth. Thaksin has been given until Nov. 17 to explain these shenanigans, or face a ban on all political activity for five years.

The severity of the crisis was reflected in the call from several leading statesmen, including former Prime Minister Chavalit Yongchaiyudh, for a suspension of the new Constitution and the formation of a national unity government. The Constitution, adopted in 1997, was the product of Thailand’s foremost representative of the globalization oligarchy, Anand Panyarachun. Under the guise of reform and transparency, the Constitution grants various commissions dictatorial powers over elections and other government and business functions, which has created a “silent majority” of opponents, ready to put “reform” on hold and return to earlier structures of law.

Each of these several crises, in each nation, can only be resolved to the benefit of the general welfare of the population if national leaders declare their intention to confront the global depression through the formation of new economic and financial structures, as are now under consideration by the ASEAN-Plus-3 nations. *EIR* Founder Lyndon LaRouche has issued a warning to the heads of state of the ASEAN-Plus-3 nations concerning the current end-phase of the collapse of the dollar-based financial system, together with his recommendations for a new regional monetary system, leading to a new Bretton Woods to establish a new global system. Excerpts of that proposal are included in this issue.