

nurses are all applying to leave for foreign shores. . . . The peso-dollar rate is at an all-time high. Prices of everything are up, including meat, fish, vegetables, electricity, water, gasoline, toll rates and transportation fare.”

On Aug. 23, President Arroyo admitted the severity of the situation, by declaring a “financial crisis” in the Philippines as a result of the huge and growing national debt. However, the declaration followed the release of a scurrilous report by a team of economists from the University of the Philippines (UP), called “The Deepening Crisis: The Real Score on Deficits and Public Debt,” which warns of state bankruptcy and the “Argentina treatment” within two years. Although the warning is viable, their solution is insane, following classic IMF austerity demands, including the slashing of wages and government spending, raising taxes and fees, and retaining the portion of national tax funds which are (by law) returned to the local governments. The IMF-apologists from UP also denounced the growing calls for a moratorium on the debt, despite the fact that debt service could consume upwards of 70% of the federal budget next year.

President Arroyo essentially adopted the proposals, although she included hopeful calls for increased infrastructure and new jobs—which will be impossible to achieve within the confines of the austerity program.

More ominously, the “financial crisis” may be used to justify presidential decrees, to impose policies which are certain to create social crisis. This includes the possible withholding of tax funds to local governments—a policy which was imposed on Argentina by the IMF, and which contributed to intense civil strife between the regions and the central government. It also may include tax hikes, which are unlikely to pass through the normally required Congressional approval process. Such an “economic martial law” was imposed (with a rubber stamp from the Congress) by former President Fidel Ramos, allowing him to establish energy contracts with his cohorts among the foreign energy pirates, without any oversight—contracts which placed the entire risk on the Philippines, forcing the nation to buy unneeded electricity at dollar rates, in deflated pesos, a process which has drained billions out of the Philippines economy. An emergency *reconstruction* policy, rather than an emergency *austerity* program, would not only win Congressional approval, but rally a suffering people to a new national mission.

In that light, the League of Filipino Democrats (Katipunan ng Demokratikong Pilipino) and the LaRouche Youth Movement of the Philippines issued on Aug. 24 a “Call to Defend the Filipino People,” which is being widely circulated in the country. The call, in part, makes a request of the leaders of the nation “to exercise the mandate given to them to protect the general welfare and to defend our right to exist as human beings.” It calls on President Arroyo “to recognize that the global financial system is presently collapsing, and to guard our people from all those who seek material gain through a dehumanizing process,” and calls on the Filipino people to

act in solidarity with all “victims of the IMF and the financial oligarchy.” It proposes a moratorium on foreign debts, to “allow time to rebuild and expand a productive physical economy,” and outlines a program to achieve the required physical and social infrastructure development to reverse the current decline into chaos.

## Railway Diplomacy In the Philippines

by Gary L. Satre

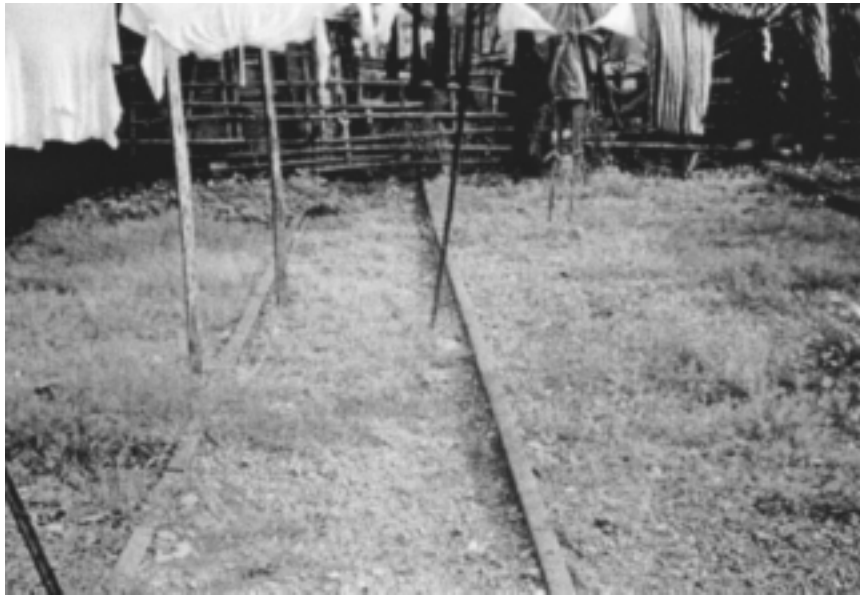
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When most Filipinos in their late teens or early 20s think of trains, images of the light-rail transit system usually come to mind—if they live in Metro Manila. The first of those three commuter lines made its appearance in 1981, after nearly a 40-year absence, after the destruction of the Manila metro rail during World War II.

Their parents, however, may recall long-distance trains going to places like Dagupan in the north, and south to Legaspi. If they are from Panay Island, the sixth largest in the archipelago, they may remember the line across that island. Those memories are certainly fading, however, due to decades of government neglect of the rail system.

Rail service today south from Manila to Legaspi is marginal; one train a day each way. The line north has not seen any trains on it for least the last 22 years! The latter is apparently about to make a comeback, with substantial help from the Chinese—support for the “NorthRail” project was the first of five agreements signed during President Macapagal-Arroyo’s recent trip to Beijing (see accompanying article). NorthRail, a subsidiary of the “Bases Conversion Development Authority” (created to restructure the U.S. military bases after the Philippines Senate refused to extend their contracts in 1991), is about to restore and substantially increase the capacity of the historic North Main Line, the route of the Manila-Dagupan railway. A supplier credit of \$395.22 million is being furnished by the China National Machinery and Equipment Corporation. This loan will be payable in 20 years, at 3% interest, with a grace period of five years. “This is the first time China has given a 20-year concessionary loan to a country,” Economic Planning Secretary Romulo L. Neri pointed out on Aug. 16th.

“The Manila-Dagupan railroad was the single most important infrastructure [project] built in the Philippines during



Traces of what was once a four-track stub yard are seen among the squatter shanties near San Jose Station.

the Spanish colonial period that was not initiated by the [Roman Catholic] Church,” Dr. Arturo G. Corpuz points out early in his book *The Colonial Iron Horse: Railroads and Regional Development in the Philippines*. Dr. Corpuz, an urban planner with Ayala Land, Inc., and a professorial lecturer in the School of Urban and Regional Planning, University of the Philippines, drew on his 1989 Cornell University dissertation for his text.

“It has long been an accepted notion that transportation is an important component, whether as cause or effect, of economic development” Corpuz writes. “In the Philippine Islands, the importance of transportation was highlighted by the Philippine Commission; just twelve days after it became a legislative body in 1900, the governing body of the colony enacted its first piece of legislation, appropriating one million dollars for the construction and repair of roads and bridges.”

The Schurman Commission, charged with looking over the islands after the signing of the Treaty of Paris (ending the Spanish-American War in 1898), found anything but a modern nation, after more than 370 years of Spanish rule. Poor infrastructure was one sign. Earlier, the German scholar Fedor Jagor traveled extensively on the largest island of Luzon, from 1859 to 1861, using Manila as his base. He believed that bad road conditions reflected Spanish colonial policy, “which was always directed to effect the isolation of the separate provinces of their great transmarine possessions, and to prevent the growth of a sense of national interest in order to facilitate their government by the distant mother country.” The Philippines was the farthest outpost in Spain’s empire.

Opened for business in November of 1892, the Manila Railroad Company’s (MRC) 196 km-long line to Dagupan played a significant role in the Philippine Revolution and the Philippine-American War. Corpuz: “From 1896 to 1900, the Manila-Dagupan line was successively under the control of the Spaniards, the Filipinos, and the Americans. After American rule was established during the first decades of the 20th Century, the MRC began expanding its lines northward and southward.”

Thus, it’s ironic that the Philippines’ first long-distance rail has been virtually abandoned for more than 20 years, while the 479 km South Main Line remains in operation, but just barely—just two trains a day, down from four just a year ago.

The NorthRail project calls for a double-tracked narrow-gauge line to San Fernando in the north. The original MRC line was single-tracked. It will use the same track width widely used in Japan on its conventional main lines. The project is in four phases:

Phase I’s first section is from Manila to the former Clark

### Rail Development in Luzon



Air Base, now also known as Macapagal International Airport, named for the former President and father of the current President Gloria Macapagal-Arroyo.

Phase II is a branch line running from Clark to the Subic Bay Freeport. There's historical precedence for this line too. Eduardo Lopez Navarro, senior engineer-in-charge of the railroad planning committee, mentioned in his February 1876 general plan a branch line along this route, which passed through the hometown of the Macapagals.

Phase III is an extension within Metro Manila.

Phase IV is from Clark to San Fernando, to the north.

## Connecting to the Eurasian Land-Bridge

It was suggested by this reporter in the December 1999 issue of the *Japan Railway and Transport Review* that reviving the Cabanatuan Line and filling the gap from Cabanatuan to San Jose along the abandoned 55 km San Jose Branch Line, would bring points to the north closer to Metro Manila. This would be particularly useful to the operations of the Cagayan Economic Zone Authority (CEZA) and Free Port, centered in Santa Ana on Luzon's northeastern coast. Providing this link, and extending the line to the northern coast, would allow the Philippines to connect with the Eurasian Land-Bridge rail route from China to Europe. Cargo could be shipped through Santa Ana to China or to Busan, South Korea.

In an interview with this author, Librado Quitariano of the Infrastructure Staff of the National Economic Development Authority (NEDA) said that he believes that, while the project's start is mostly a done deal financially (the diplomatic spadework was completed in February), one major issue that still needs to be dealt with is how to best relocate the squatters that live very close—dangerously close to be accurate—to the right of way. This part of the project is being handled by the National Housing Authority (NHA). NHA has identified 18,135 families along the abandoned right of way of the Caloocan-Malolos section that will need to be moved elsewhere. Each family will receive government assistance totalling P202,470 (about \$3,616), for the families to build modest homes and for livelihood assistance.

What will come of NorthRail remains to be seen. But this reporter has not heard rail-related talk coming from high places as intensely as this since the first State-of-the-Nation address of former President Joseph Estrada in 1998. This time, it comes with large participation from the People's Republic of China. Let's see if Mrs. Arroyo's government can rebuild the railway line which had such a dramatic impact at a turning point in Philippine history. As Corpuz pointed out: "The railroads of Luzon benefited many of the settlements along its route by significantly improving regional linkages and thus providing local economies more opportunities to respond to larger markets. Many towns served directly by the railroad, especially those that were previously inaccessible, experienced extraordinary urban and economic growth."

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## Equatorial Guinea

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# Maggie Thatcher's Son And the Failed Coup

by Dean Andromidas

At 7:00 a.m., on Aug. 25, agents of South Africa's Scorpions, the elite special police unit deployed for the most serious of crimes, arrived on Mark Thatcher's doorstep in Cape Town to announce to the pajama-clad Thatcher that he was under arrest. South African authorities announced that "credible evidence" indicated that Mark Thatcher, the son of Great Britain's infamous prime minister, Margaret Thatcher, had helped finance a coup attempt in Equatorial Guinea. His good friend Simon Mann, the British, Eton-educated mercenary, had already been languishing in Chikurubi Maximum Security Prison in Zimbabwe since March 7, after he and 69 other mercenaries were arrested, and charged with illegally buying weapons in Zimbabwe, as they were on their way to carry out a planned coup d'état in Equatorial Guinea.

The widespread international press coverage after Thatcher's arrest, put the spotlight on an Anglo-American network of financial and political interests, and the mercenaries they hire, that are responsible for setting up the brutal exploitation of Africa's raw materials by launching genocidal wars throughout sub-Saharan Africa. This network was exposed in the *EIR* Special Report, "Britain's 'Invisible' Empire Unleashes the Dogs of War" (Aug. 22, 1997).

Lyndon H. LaRouche, in his recent security memo, "Facts Behind the Franklin Case: We Are Gripped by a Global Strategy of Tension" (*EIR*, Sept. 10, 2004), identified the arrest of Mark Thatcher as part of a counter-operation to this global destabilization. The network behind Thatcher has not confined itself to Africa, but has been deployed into Central Asia, especially in support of the anti-Russian irregular war in Chechnya, and now in Southwest Asia, where British "private military companies"—the euphemism for mercenaries—are making hundreds of millions of dollars dominating the "private security market" in Iraq.

Mark Thatcher's connections to the neo-cons is through the Margaret Thatcher Foundation, which for a number of years was based in Mark's business office when he lived in Texas. Among the directors of the Foundation are Timothy Forbes, chief operating officer of the right-wing *Forbes* magazine; Dwayne Andreas of Archer Daniels Midland; and Thomas J. Watson, Chairman of IBM and former ambassador to Russia. In 1995 Thatcher moved from Texas to South Africa, following a bitter lawsuit brought by his former business