

Philippines, the IMF and the Eurozone: PH govt a “show-off”

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MANILA, Philippines - The Philippine government's decision to extend a US\$1-billion loan to the International Monetary Fund (IMF) to supplement the Fund's Financial Transaction Plan (FTP) of \$456 billion to contain the economic crisis in Europe is an “arrogant pretension of a country very much in debt,” according to the Freedom from Debt Coalition (FDC).

In a protest action outside the Bangko Sentral ng Pilipinas (BSP) building along East Ave. in Quezon City, FDC members lambasted the government for “being fast in allowing the IMF to manage our money, yet being slow in allocating funds for basic social and economic services.”

“May pera pala tayo?” asked Mercy Donor, an urban poor leader and a member of FDC. “Bakit kapag sa pagkain ng mga nagugutom, sa edukasyon ng mga bata, sa kalusugan ng mga may sakit, at sa pabahay para sa maralita, kung hindi kulang, walang budget?”

“Puro pasikat lang yata ang alam ng gobyernong ito,” she added.

FDC sees this move as way of the government to impress lender countries and credit rating agencies. With this US\$1-billion pledge, the government is in effect “flaunting the liquidity of its coffers and seeking higher credit rating” from Fitch, Standard & Poor and Moody's.

Earlier, FDC has warned the public of misleading statements issued by BSP Gov. Amando M. Tetangco Jr. and President Aquino's Spokesperson Edwin Lacierda who tried to make an impression upon the Filipino people that the Philippines has now turned from a debtor country to a creditor country.

“Isa itong malaking kalokohan!” exclaimed Ricardo Reyes, FDC president. “In fact, the Philippines is very much in debt.”

According to FDC, the country's consolidated public sector debt stood at P7.6 trillion, as of end-2011. The National Government debt is P5.07 trillion as of April this year. Of this amount, foreign debt is P2.06 trillion while domestic debt is P3.02 trillion.

BSP's Tetangco justified the US\$1 billion plus pledge to the IMF, saying that the Philippines can now join international efforts to control the global financial crisis and stabilize the world monetary system because of its strong gross foreign exchange position. Lacierda defended the BSP move. He said: “We have been a recipient of IMF assistance for the past 40 years. Now that we have been considered a creditor nation, we feel it is our obligation to assist those nations who require funding from IMF.”

Why through the IMF?

The debt watchdog also scored the government for helping the IMF “prolong its life and even expand its exploitative operations.” They said there is nothing wrong in helping other countries in need, but their question is: “Why through the IMF?”

"We raise this question because of the bitter experiences of the Philippines in the hands of the IMF and its partner, the World Bank. For more than four decades, successive Philippine governments and elite classes have allowed themselves, for reasons of colonial mentality, United States' pressures and selfish gain, to accept IMF's prescriptions to chart the economic development of our country. These impositions took our economy down the road of a debt-driven development," explained Reyes.

According to FDC, in the early 80s, the IMF aggressively pushed the Philippines to adopt its structural adjustment programs (SAPs) which sought to remove the developmental role of the State in the economy and give the upper hand to markets and the private sector. Policies to liberalize the economy, privatize state enterprises and deregulate vital industries like oil and power were relentless pursued. Land reform was pushed aside to promote big agribusiness and real estate. Wages and job security were sacrificed through labor flexibility schemes to attract private investors. Government subsidies to basic social services and agriculture were radically cut or removed. A full-blown neo-liberal program was put into motion especially after the Philippines joined the World Trade Organization (WTO).

"The effects on our national economy and the welfare of our people have been devastating," said Reyes.

According to FDC, industry and agriculture have registered very sluggish growth with many industries disappearing. From a former rice exporter, the Philippines has become one of the world's top rice importers. Unemployment and underemployment have risen under a regime of jobless growth. A large underclass of contractual and informal labor has become the majority of the working class and has given rise to huge colonies of poverty and homelessness in the cities. Poverty continues to rise in the rural areas where landlessness and lack of jobs persist, and where indigenous peoples reside. Around 22 percent of the country's labor force - the educated, skilled and enterprising, are now abroad in search of jobs and a better future.

Bailing the European banks

FDC also warned the government of the true intent of the fund the IMF is raising.

"It is not the people of Greece, Spain or Ireland the IMF is bailing out, but the irresponsible private banks that made loans to these countries," said Reyes.

According to reports, German and French private banks hold some 70 per cent of Greece's \$400 billion debt.

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