

EIR: Your central bank governor, José Cuisia, has complained about congressional discussion on diverting funds from debt service into infrastructure projects, claiming that such diversion “would bloat money supply and spark inflation.”

Tolentino: For one thing, there is a lot of demand for more money in order to service our government hospitals. The government hospitals are in very bad shape; not only the structures themselves, but even the service. There is not enough money for medicine. . . . People are sometimes dying because of lack of medicine.

“There is a movement to reexamine the amount we are paying [for debt] every year. Under the presidential decree that was issued by President Marcos back in 1977, the amount for payment of debts is automatically appropriated. In other words, Congress does not have anything to do in determining how much will be paid every year. Congress is not even notified by the financial authorities of how much is going to be paid every year. . . . There is a move now in Congress to repeal that automatic appropriation law of Mr. Marcos, so that Congress can examine what amounts are going to be paid and for what debts they are going to be paid. . . .”

EIR: Is there concern about what would happen to the Philippines if you didn’t go along with International Monetary Fund prescriptions?

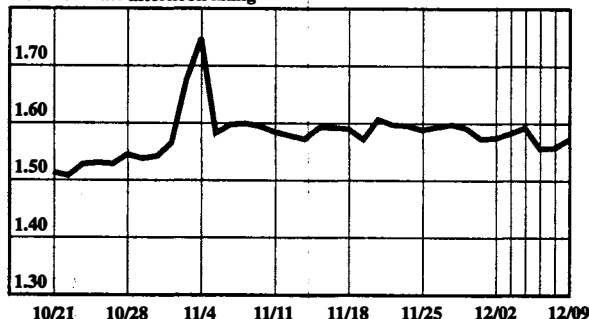
Tolentino: It’s not just that we don’t go along with the IMF; it’s that we may stand firm on not following some of the IMF suggestions, because we feel that it may not be good for the country. Look at one of the IMF suggestions—import liberalization. This means that we must import more. Well, we are already having a bad balance of payments problems—our exports are less than our imports. If you have to import more, then that means more dollars going out of the country, and at the same time, many of the industries here in the Philippines which are struggling to survive, may be wiped out because of imports. Now something like this is very hard to agree to, but we are forced by the IMF to agree. And so Mr. Ramos has issued orders liberalizing imports. . . .

I don’t know how we, or any of us, will ever pay our debt. Right now, many loans that we get are for the payment of interest. So how do we get out of the principal? We are just getting other loans in order to pay interest. We will never get out of this. . . . There is a big debate here. The administration here, Ramos and the cabinet, they stand very firm; they say, go on paying the debts as they fall due, follow the IMF. But there is a strong popular sentiment against it now. It is very strong. . . . Do you know how much we pay for our debt servicing? It’s around 40% of our national budget. For every peso that is paid by taxpayers, one-half of that goes to debt servicing. That is why I don’t know how our economy can improve as long as we have this situation. . . . The facts show that the IMF system has failed. It is failing here. It is failing everywhere. . . .

Currency Rates

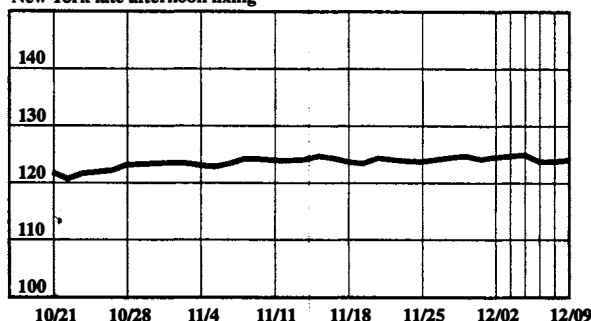
The dollar in deutschemarks

New York late afternoon fixing



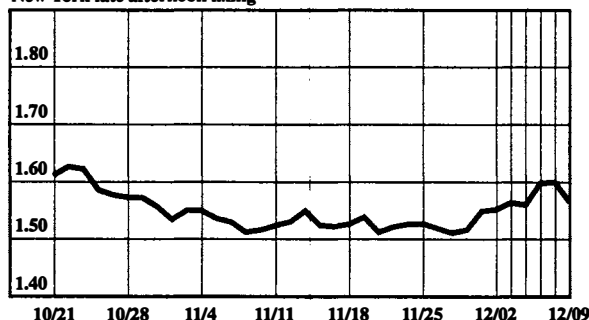
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

