

tax-free status.

Oil price hikes loom again just two months after the last increases, despite declining Singapore Posted Price and world market trends, a situation most people blame on the recent deregulation of the oil industry. Another hike will spark an inflationary wave that will be triggered by transport fare increases, which the jeepney (bus) drivers' organization, Piston, has announced it will demand, if oil prices go up. During the last increases, jeepney drivers conducted a strike that crippled 50% of Metro Manila and 90% of provincial transport. Prices of basic commodities are poised to follow transport fares skyward.

Congressman Dante Tinga, architect of the oil deregulation bill and free trader, has proposed a separate dollar rate for the oil companies to forestall price hikes. What will the IMF say to this variation on currency controls through prioritization and allocation of dollars?

Worsening economic troubles ahead

In agriculture, the El Niño hitting during the last quarter of the year and extending to May 1998, is expected to be worse than ever before. The government is preparing to import up to 1 million tons of rice in anticipation of major production shortfalls. While crises mount domestically, the country faces the bleak prospect of declining remittances from overseas contract workers, which is the government's biggest source of foreign exchange earnings. The confluence of all these events, compounded by the politically unstable situation in the southernmost island of Mindanao, casts a dark shadow over the Ramos administration — its days may be numbered.

The most popular question in *kapihan* (pundits' coffee-shop caucuses), is how low the peso can go. At this writing, the peso is hovering at 33-34 to the dollar. The most sensible answer, is to shave off one or two units from the Thai baht rate, or 36 pesos to a dollar, in the next few months, as recent patterns show.

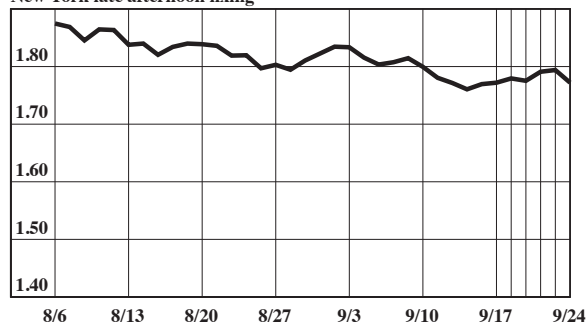
Meanwhile, business pages in the Philippines carried the response of IMF Regional Director for Asia and Pacific Kunio Saito, to growing criticism of IMF failures that have resulted in the most recent currency turbulence. Saito said, "I think the IMF is the only organization the region has at the moment and our hope is that the IMF can do a better job."

Hope springs eternal, but the record of the IMF is dismal, and this naked truth shows unequivocally in its record here through the Marcos, Aquino, and Ramos regimes — liberalization, privatization, and deregulation, to the detriment and eventual collapse of national economies. To this region, declining productivity worldwide, and ballooning financial aggregates, are evidence of this failure. A financial crisis is about to erupt globally, because of IMF policies. For this reason, the IMF cannot be the "only" international multilateral financial institution for world financial management. The nations of the world, especially the Third World, should take the necessary steps to create a new one.

Currency Rates

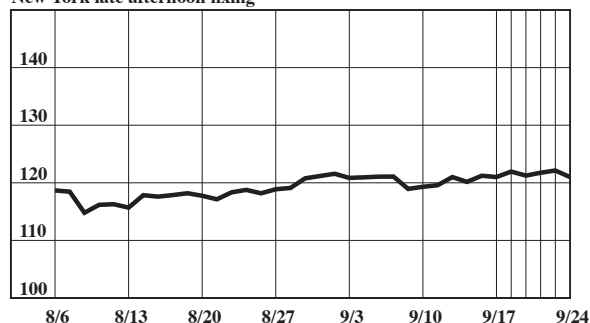
The dollar in deutschemarks

New York late afternoon fixing



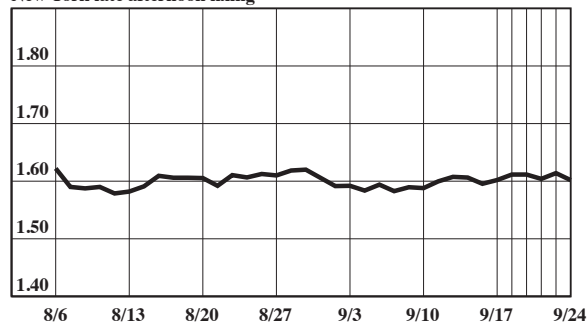
The dollar in yen

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

