

2000, which legalized the regulatory loophole his wife had opened in 1993 as chairman of the Commodity Futures Trading Commission.

Haedicke's name turned up in Congress again on May 15, in a hearing of the Senate Commerce Committee's Consumer Affairs subcommittee on Enron's role in the manipulation of the energy markets in California. Among the subjects of the hearing was a memo written by Stephen Hall of the Portland law firm Stoel Rives and former Enron attorney Christian Yoder, which detailed some of Enron's market-manipulation strategies (e.g., "Get Shorty," "Death Star," and "Fat Boy"). Yoder testified that in early December 2000, he gave a copy of the report to his immediate boss at Enron North America, Mark Haedicke, the very man who complained to Congress about over-regulation.

The Harvard Cover-Up

Members of the special committee that the Enron board created to investigate reports of corruption within the company had (at least) one thing in common: They were all graduates of Harvard. Herbert "Pug" Winokur, a director of Enron since 1985, is chairman and chief executive of Capricorn Holdings of Greenwich, Connecticut, and is also a director of the Harvard Corp., the university's seven-member executive governing board. Joining Winokur were former Lazard banker Raymond Troubh and William Powers, dean of the University of Texas Law School. Powers, the junior man of the group, noted that he had to recuse himself from discussions in any area involving Vinson & Elkins, given the firm's tight relationship to his law school.

The Powers report, as the committee's report was called, put the focus squarely on the same group of entities targeted by the *Wall Street Journal*.

Winokur, as chairman of the Enron board's finance committee, was one of several board members who testified at a hearing by the Senate Governmental Affairs investigative subcommittee on May 7. Winokur absolved himself of all responsibility for the Enron fiasco, claiming that he did not know what the company was doing. "We cannot, I submit, be criticized for failing to address or remedy problems that were concealed from us," Winokur claimed.

Also testifying was Enron's longest-serving director, John H. Duncan, chairman of the executive committee since 1986. Duncan and his brother, former Energy Secretary Charles W. Duncan, were closely allied to the late Dominique Schlumberger de Menil, the notorious cultural warfare specialist and Schlumberger heiress, whose husband Jean de Menil was involved in the assassination of John F. Kennedy.

While it is clear that Enron executives violated the law and should be punished, the idea that they acted alone, or that they took advantage of the Wall Street sharks, defies credibility. This article provides a road map for a serious investigation of the "Enron affair," should Congress develop the wisdom and the guts to abandon their blowhard posturing and go after the real perpetrators of this crime.

Truth Is Out on Ramos' Coups in Philippines

by Michael Billington

General Fidel Ramos, former Chief of Staff of the Philippine Army, former Philippine Secretary of Defense, and former Philippine President, has been personally responsible for three coups d'état in the Philippines in the past 16 years—two political, and one economic—all with the support of his friends and sponsors in London and Washington. In the past month, however, the past of this Anglo-American agent-of-influence has begun to catch up with him.

Both houses of the Philippine Congress are on the warpath against the criminally corrupt contracts signed in the mid-1990s with primarily foreign power corporations (Enron prominent amongst them), negotiated by then-President Fidel Ramos. These constituted his "economic" coup. These contracts have drained the nation of billions of dollars spent for electricity which was neither used, nor even produced, but was contracted to be paid for nonetheless.

As a result, Ramos is being hauled before both the House and the Senate to answer for these crimes—and criminal prosecution is a definite possibility.

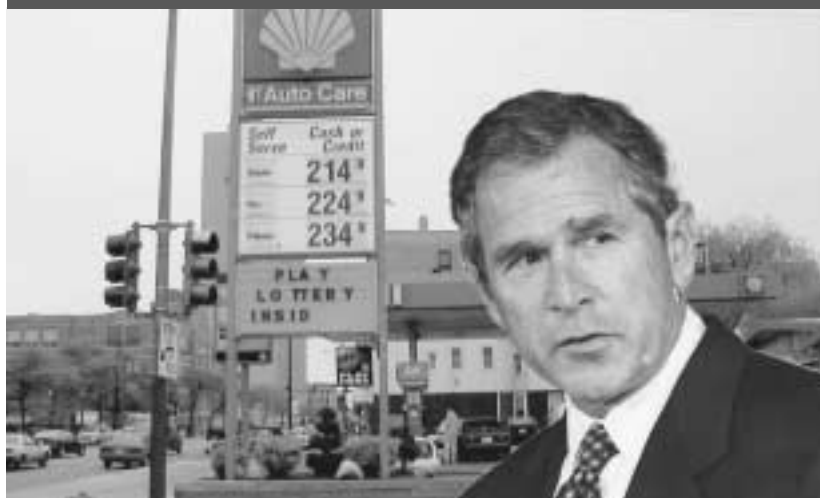
At the same time, two Manila newspaper publishers and three journalists have filed a suit, charging four Philippine Army generals with the criminal act of mutiny, stemming from the Jan. 19, 2001 political coup d'état carried out against President Joseph Estrada. Although the name Ramos does not appear in the complaint, it is nonetheless well known in Manila—as has been documented by *EIR*—that Ramos orchestrated the coup, using the same civil and military forces, and the same *modus operandi*, as he had in 1986 to depose President Ferdinand Marcos.

The charges of mutiny brought against the generals might, at any other time, have been swept under the rug, but in the current volatile environment, both domestically and internationally, they are being taken very seriously indeed.

Edsa II and Deregulation

The January 2001 coup ousted President Estrada and placed his Vice President, Gloria Macapagal-Arroyo, in the Presidency. Arroyo's first order of business was to ram through the Congress an emergency bill to deregulate and privatize the National Power Corporation (Napocor), a plan which she herself had opposed until then. *EIR*, at that time, prepared a White Paper exposing the danger and fraud involved in the deregulation bill. In addition to showing that

Piracy by Bush Backers Sparks a Global Battle



EIR's white paper on the danger of electricity deregulation and privatization in the Philippines, circulated in this June 8, 2001 issue and widely otherwise in the country, is now shown and recognized to be true both in principle and in detail. Gen. Fidel Ramos' corrupt power contracts have him on the hot seat.

deregulation would unleash the same chaos and looting that was then striking California—and by the same pirates—the report also demonstrated that the apparent bankruptcy of Napocor was entirely due to the illegal and corrupt contracts which had been negotiated by Ramos in the mid-1990s.

As was true in other parts of the world, and in Indonesia and India in particular, the mostly U.S.-based power cartels had imposed the modern equivalent of colonial “unequal treaties” upon subject nations, with their local comprador assets getting a hefty cut. New power generators were constructed under contracts which shifted the entire risk to the subject nation, such that governments were compelled to purchase the entire capacity of those plants, regardless of use. Thus, when the speculative attack on the Asian economies in 1997-98 devalued the local currencies and drove the economy into depression, the subject nations were left paying inflated prices for energy not being generated nor used.

In the Philippines, Napocor was forced to pay for *more than twice* the electricity it used. This resulted in a \$550 million charge every year for no value received. Except for this theft, Napocor would have been a profitable venture. In the year 1998, for example, Napocor lost \$170 million. Had the \$550 million not been stolen, it would have shown a \$380 million profit.

These facts were ignored, and the claim was made (as it is wherever the privateers are pushing for deregulation) that the problems at Napocor were due to government ownership and/or regulation. The very companies which had profitted from the illegal Ramos contracts, clamored for the opportu-

nity to take over the remains of the once-healthy state energy sector they had looted into bankruptcy. In the confusion following the coup and the imposition of a new government, Congress was bum-rushed into passing deregulation; the die was cast.

As *EIR* had warned, energy prices soon began to escalate, rather than decline as promised by the privateers. Even before the speculative “spot market” is implemented this coming Summer—allowing “California-style” speculation on electricity prices, prices have been driven up under the so-called Purchased Power Adjustment (PPA)—whereby costs derived from the forced purchase of unused energy are passed on to the consumer.

With the economy in shambles, and popular anger rising, President Arroyo decided in early May to step in, rescinding the PPA increases and capping the electricity price at the previous level. This temporarily relieved the pressure on the already-im-poverished population, but simply shifted the fraudulent costs back onto the govern-

ment and the taxpayer.

Gloria Stays on Sinking Ship

The real story, of course, is the Ramos contracts and deregulation. Although the Congress is bickering over how to deal with the short-term electricity prices, this time around, the real issue is not being ignored. Sen. Blas Ople, calling it the “swindle of the century,” declared that, “Charging consumers for the electricity they never used is not just theft on a grand scale, but even plunder—a wicked, unjust, and illegal imposition on the Filipino people.” The use of the word “plunder” has special significance at this time, since deposed President Estrada is charged with “plunder,” a capital crime, for supposedly amassing illegal wealth during his Presidency.

In both houses of Congress, the call for Ramos to be called to account has become deafening. President Arroyo is unfortunately unwilling to leave the sinking ship. (Ramos has issued open threats to President Arroyo that she could receive the same treatment as former Presidents Marcos and Estrada, if she were to fail in carrying out the bidding of Ramos's political and business cronies.) Arroyo rushed to the defense of Ramos, foolishly arguing that the corrupt contracts were legitimate because of growth projections at the time—as if this justified placing all the risk on the sovereign nation, and none on the investors. Arroyo's Justice Secretary, Hernando Perez, also chimed in, unsolicited, that Ramos could not be held liable for the crimes inherent in his contracts, since only “middle-level officials of the executive,” and not the President, were responsible for the terms! Ramos himself then

adopted this sham: "I didn't deal with 'technical,' " he said. "We have experts to do that. It is economic recovery that the President must worry about."

This is laughable. The fact is that Ramos, upon assuming the Presidency in 1992, demanded and received total dictatorial power from the Congress in regard to negotiating energy contracts with Independent Power Producers (IPPs). There was neither Congressional nor any other review of the dozens of IPP contracts signed by Ramos—i.e., there is nowhere to pass the buck!

With nowhere to hide, Ramos was reduced to blaming Estrada for the collapse of the economy. But Estrada was not even elected until 1998, after the 1997-98 speculative attack had fallen on the Asian economies during the Ramos Presidency. Estrada responded from his jail cell, revealing that Ramos had signed two of his sweetheart power deals during his final days in office in 1998, long after the economy was deep in the "Asian crisis," and told Estrada "not to mess around with the contracts."

To add to the nation's woes, stranded costs of 12 of the Ramos contracts, totalling nearly \$4 billion, have been dumped on the government by a legal technicality, while the largest purchaser of Napocor's electricity, the Manila Electric Company, owned by the oligarchical Lopez family, suddenly abrogated their contract with Napocor, leaving the company with still more electricity which it must pay for but doesn't need.

Thus far, last year's privatization and deregulation bill has not been directly challenged, either in the Congress or the courts. If privatization is not overturned, even a renegotiation of Ramos' corrupt contracts will only make the formerly state-owned Napocor a sweeter deal for the foreign speculators, depriving the nation of control over the vital energy sector. Still further speculative looting is certain to follow deregulation—as the U.S. Enron fiasco proved to Mexico's Congress, for example (see *EIR*, May 3, 2002).

Just as *EIR* forewarned of the consequences of deregulation, it is now providing the Philippine government with documentation of the successful Mexican campaign to prevent deregulation in Mexico, led by allies of LaRouche, and the fight for *re-regulation* in several U.S. states. No other path can prevent further disaster.

'We've Just Committed Mutiny'

In the midst of this political fight, a suit was filed on May 16, charging former Chief of Staff Angelo Reyes (now the Defense Secretary), outgoing Army Chief Diomedio Villanueva, retired Gen. Fortunato Abat, and retired Gen. Leo Alvez, with the crime of coup d'état, in regard to the withdrawal of the military's support for the Commander in Chief, President Joseph Estrada, on Jan. 19, 2001. The law cited is clear: "The crime of coup d'état is a swift attack accompanied by violence, intimidation, threat, strategy or stealth, directed against the duly constituted authorities of the Republic . . .

with or without civilian support or participation, for the purpose of seizing or diminishing state power."

Certain facts about the coup are undeniable: General Abat, head of a retired military association tied to Ramos, organized support for the coup for nearly a year, as he himself bragged after the fact; and General Reyes, after meeting with Ramos, called the other military chiefs together to declare his intention to desert his allegiance to the constitutional mandate for civilian authority over the military. Despite efforts over the past year to deny that this Ramos coup was in fact a coup, those named in the suit have responded by admitting it, but calling it "justified" because successful!

A recently published book about the coup by Amando Doranila, a journalist for the leading establishment newspaper, the *Philippines Inquirer*, quotes General Reyes in his infamous meeting with the Chiefs of Staff: "Gentlemen, I'm sure you know that we've just committed mutiny." Informed of the charges against him, General Reyes claimed he was concerned at the time that there would be violence, that "things would have become more uncontrollable if I did not lead the move, so I decided to withdraw support from the former President." Likewise, General Villanueva: "How could I defend the former President who was no longer acceptable to the people?"

The question posed anew by the energy-looting scandals is: What people? Whom did Ramos serve? Whose threats did he convey to General Reyes and the other chiefs? His friend Hank Greenberg, perhaps, the head of the giant insurance conglomerate AIG, who has long represented Anglo-American interests in the Philippines? Or his fellows at the Carlyle Group, the arms dealer and investment firm run by Frank Carlucci, for which Ramos is a foreign adviser? The coup of 2001, like that of 1986, could not have taken place without the approval, or control, from Anglo-American financial circles, whose primary point of influence in the Philippines is Fidel Ramos.

The *Philippines Inquirer*, which played a prominent role in the coup, had the most hysterical—and revealing—response to the suit. In a May 18 editorial titled "Hilarious," the *Inquirer* wrote that "no law can prevent a coup from taking place. Coups are staged when there is an imbalance in the power between civilian authority and military authority, and when there is widespread unrest inside the military against a regime. Any law that seeks to prevent a coup is absolutely useless and is a dead letter." Or, "we stole this Presidency fair and square."

Herman Tiu Laurel, one of the journalists who brought the suit for mutiny, responded on May 19 in the *Daily Tribune*: "The *Inquirer's* logic gives *carte blanche* for a regime of perpetual coups, and maybe that's what it wants, because its owners (and foreign allies) don't want a constitutional Republic of, by and for the people. As we are seeing now, we have a government by, of and for the oligarchy of international finance and its local agents."