

The brazen Ongpin-Fernandez fire sale of Philippine assets is causing a stir even within the Aquino cabinet. On April 23, National Economic and Development Agency director Solita Monsod wrote a letter, only now released, questioning the method of counting foreign-exchange earnings. According to a 1972 law instituted in the first year of Marcos's martial law, the Philippines is forbidden to allocate over 20% of its foreign earnings to debt service. To get around this, Fernandez announced in 1984 that receipts from foreign loans would count as new export earnings—effectively raising the ceiling on the amount paid to debt service by ballooning the export-earnings figure. Even with this subterfuge, under the agreement worked out by Ongpin, the Philippines will pay 45% of its bloated export earnings in debt service.

The Grand Alliance for Democracy is the only force in the country putting forward a nationalist program for economic sovereignty and development—one reason why the leading figures of the alliance have somehow always been on the outs, no matter who the United States backed in Malacanang Palace. The evidence of massive vote fraud which continues to break in the press, should be taken as a warning by Mrs. Aquino, that her brutal defeat of the Grand Alliance at the “polls” May 11 could well be a Pyrrhic victory.

Wall Street firm owns Jaime Ongpin

Stephen Bosworth has left his post as U.S. ambassador to the Philippines. Bosworth, it has been announced, will take up a position with the New York investment banking house of Allen and Co. Throughout 1985 and early 1986, Bosworth, from his U.S. Embassy post in Manila, had been the chief orchestrator of the U.S. State Department coup, which overthrew President Ferdinand Marcos and installed the government of Corazon Aquino.

Curiously, the Finance Minister of the new “people’s power” government, Jaime Ongpin, has been owned lock, stock, and barrel throughout his entire adult career, by Bosworth’s new employer, Allen and Co. This firm, one of the top ten investment banking houses on Wall Street, whose partners Charles and Herbert Allen are worth a combined minimum of \$550 million, achieved great notoriety in the 1960s and 1970s, as the private investment bank of Meyer Lansky. It looks as if Allen and Co. will more than get their money out of Ongpin and Bosworth. Now that Ongpin is in power, he has authored an innovative new scheme, the Philippine Investment Notes (PINS), to raffle off the chief assets of the Republic of the Philippines to pay the foreign debt.

The lead investment bank on the new Ongpin-authored PINS? Allen and Co., of course.

Bosworth’s employment raises immediate issues of conflict of interest. Was Bosworth, during his tenure as ambassador in Manila, actually representing the interests of the U.S. government, or was he representing the interests of Allen & Co., which is now cleaning up on the debt-for-equity schemes of Aquino Finance Minister Ongpin?

In 1986, *Dope, Inc.*, the best-selling exposé of the \$500 billion international narcotics cartel, devoted several pages to the unusual story of the Airborne Freight Co. of Seattle, Washington, and its subsidiary, Midwest Air. According to U.S. law enforcement sources, Airborne was a major carrier of drugs coming in from the Far East. Its subsidiary, Midwest Air, carried two things: time-sensitive checks of the Federal Reserve System, which meant its cargoes were not inspected, and secondly, dope. The owners of Airborne Freight? Allen and Co.

The Allens also own the Philippines’ Benguet Consolidated Mining Company, the largest gold mining operation in Asia. The *New York Times* of Feb. 26, 1978 recounted the story of a notorious crook named Louis Chesler, whom former U.S. prosecutor Robert Morgenthau called “just another bagman for Meyer Lansky.” Said the *Times*, “Charlie Allen was no stranger to Louis Chesler, either. Both men owned significant portions of a development in the Bahamas which was involved in building the Lucayan Beach Hotel and Casino, a scandal-tainted operation which included . . . a convicted stock swindler named Wallace Groves . . . who would be later identified by law enforcement sources as yet another bagman for Meyer Lansky. How a large, well-respected Wall Street investment banking firm became involved with such a shady bunch of characters . . . tells much about Charlie Allen. . . .” Ultimately, the Allens sold their Cayman Islands piece of the Lansky action to themselves—to Benguet Consolidated Mining Co.

Around this time, a young Filipino named Jaime Ongpin had just graduated from Harvard Business School. He was hired by Allen and Co., and sent back to the Philippines. In 1974, Jaime became Benguet’s first Filipino president.

The following interview with Allen and Co. partner Herbert Allen was made available to *EIR* by a source in business in the Far East, and sheds interesting light on the Ongpin-Bosworth case. It was conducted June 1, the day after a dramatic speech at the Manila Rotary Club by Grand Alliance for Democracy leader Vicente Puyat, which called for the Philippines to follow the “Peruvian solution,” to pay only 10% on foreign debt.

Q: . . . I don’t know whether you got the news over the past 24 hours, the speech that the leader of the opposition gave in Manila?

A: I have been traveling. I just came in from Paris.

Q: Ok. What he said is, “Look, the Grand Alliance for

Democracy is adopting the García solution. We're going with the Peru model, 10%, that's all we are going to pay."

what I didn't like about it so much was that he was very specific and concrete on how much of the \$2 billion that was not going to be paid to the banks in the coming period was going to be spent for education, for energy infrastructure, for this, for that. In other words, it was quite well thought out as a major policy statement.

A: Ongpin was not involved?

Q: No. . . . Apparently this flies very much in the face of what Jimmy Ongpin has been saying.

A: Yeah, well, quite frankly, I haven't spoken to Jimmy in a couple of weeks.

Q: But you're in pretty regular touch with him, right?

A: Oh, well uh, you know, well I'm in touch with somebody in the Philippines, almost daily, yes.

Q: Yes. Okay, good, because. . . .

A: I don't know this, I can't talk to you on this because I really don't know. . . . It seems to me the statement would be made by Jimmy rather than by him.

Q: Herb, let me ask you, on the PINs, because that's, I have been getting questions all over the place. Is this thing going

to go ahead? Because you folks are pretty much. . .

A: On what?

Q: On the Philippine Investment Notes.

A: Uh, I, I won't, will not, I don't want to remark on it.

Q: Okay, obviously.

A: Okay?

Q: No problem, no problem. Let me just ask, in the sense of the policy that was agreed to, with the restructuring when Ongpin and Jobo came here, as far as you know, that's what's. . .

A: I know of nothing else other than that.

Q: Okay.

A: Jimmy would tell me if it were changed.

Q: Yes, he used to work for you.

A: Yes, he was employed here for two years.

Q: At Allen and Co.?

A: At Allen and Co., Inc. When he came out of Harvard Business School. Then through our connections we helped him become president of the Philippines—of the Benguet, in the Philippines.

Q: Yeah, sure. So I guess you are. . .

A: And we happen to be very close friends.

Q: Oh? That's good.

A: Yeah.

Q: So you're quite happy with what he and Jobo [Fernandez, Central Bank head] are doing.

A: They're terrific.

Q: They're terrific?

A: They're terrific.

Q: Well, you know, with elections, what they're doing is, they're screaming, "Jimmy's selling out the Philippines." That's. . .

A: Contrarily, he's, he's done a great job for them. A great job.

Q: So he has your, more or less, your stamp of approval?

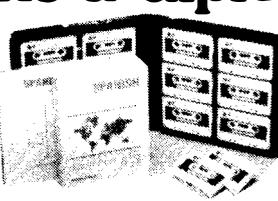
A: I think he's done a fantastic job, really. Dedicated man.

Q: Uh, huh. And you're still pretty much talking to him regularly and you have a. . .

A: Well I know, I, I, I talk to the Philippines quite frequently. Okay?

Q: Because. . . okay, well, thanks very much Herb.

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