

Analyse, inform and activate

LAKA

Analyseren, informeren, en activeren

Stichting Laka: Documentatie- en onderzoekscentrum kernenergie

De Laka-bibliotheek

Dit is een pdf van één van de publicaties in de bibliotheek van Stichting Laka, het in Amsterdam gevestigde documentatie- en onderzoekscentrum kernenergie.

Laka heeft een bibliotheek met ongeveer 8000 boeken (waarvan een gedeelte dus ook als pdf), duizenden kranten- en tijdschriften-artikelen, honderden tijdschriftentitels, posters, video's en ander beeldmateriaal. Laka digitaliseert (oude) tijdschriften en boeken uit de internationale antikernenergie-beweging.

De [catalogus](#) van de Laka-bibliotheek staat op onze site. De collectie bevat een grote verzameling gedigitaliseerde [tijdschriften](#) uit de Nederlandse antikernenergie-beweging en een verzameling [video's](#).

Laka speelt met oa. haar informatie-voorziening een belangrijke rol in de Nederlandse anti-kernenergiebeweging.

The Laka-library

This is a PDF from one of the publications from the library of the Laka Foundation; the Amsterdam-based documentation and research centre on nuclear energy.

The Laka library consists of about 8,000 books (of which a part is available as PDF), thousands of newspaper clippings, hundreds of magazines, posters, video's and other material. Laka digitizes books and magazines from the international movement against nuclear power.

The [catalogue](#) of the Laka-library can be found at our website. The collection also contains a large number of digitized [magazines](#) from the Dutch anti-nuclear power movement and a [video-section](#).

Laka plays with, amongst others things, its information services, an important role in the Dutch anti-nuclear movement.

Appreciate our work? Feel free to make a small [donation](#). Thank you.



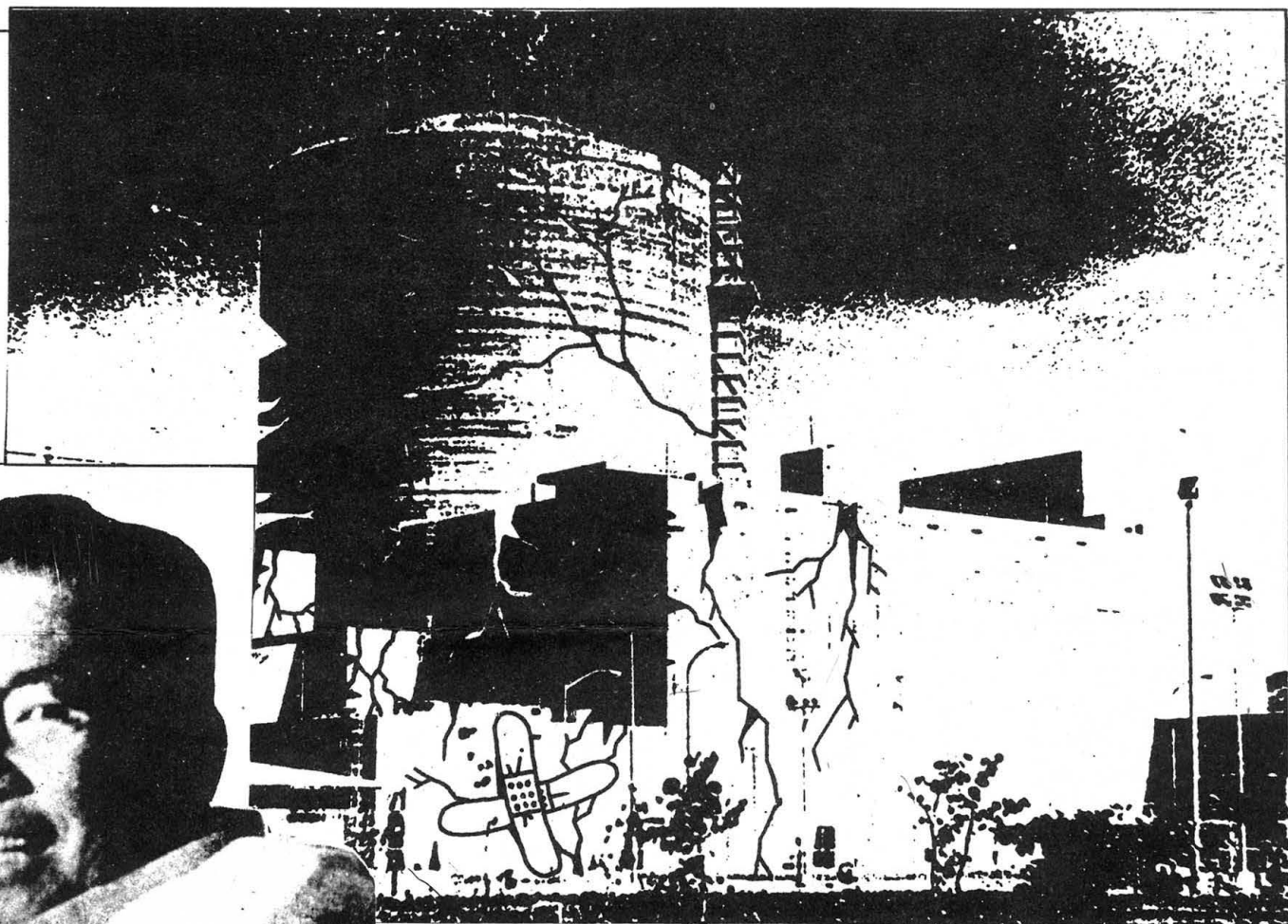
www.laka.org | info@laka.org | Ketelhuisplein 43, 1054 RD Amsterdam | 020-6168294



The Bataan Nuclear Power Plant MONSTER OF MORONG

Collection Laka foundation

www.laka.org
Digitized 2022



The Monster from Morong

THE TIME

Well, it's running out

THE SETTING

Somewhere in a group of islands which once flowed with milk and honey. All that flows from there now are its trees, cash crops, cheap labor and precious foreign exchange which flow to other countries.

THE CAST

The Pro-Banks

PNPP—also known as the \$2.2 billion Philippine Nuclear Power Plant. A huge white elephant vulnerable to earthquake and volcanic hazards, not to mention the open sea (tsunamis). It was mothballed in 1986 because of perceived dangers to public health and safety. But what causes the real damage

to the Filipino people is the government's policy of continuing to pay the loan, despite the accumulating evidence of fraud on the part of the banks and Westinghouse.

Eximbank—bankroller of nuclear products from the U.S. of A. Guaranteed the first wave of loans to the Marcos dictatorship. It also had a hand in raising the price of the PNPP

400% of the original. It was headed at the time by William Casey, also head of the CIA when it was involved in the Iranscam.

Foreign Commercial Banks—lent irresponsibly, knowing full well the Philippines' inability to pay back the PNPP loans and also quite knowledgeable of the large-scale looting of the project by Marcos and Disini. Citicorp, Inc. for example, being one of the lead banks knew everything that went on. Now these banks want their money back, plus interest, guaranteed to the last cent by the Philippine government. The Bank Advisory Committee acts as their representative. It is composed of Manufacturers Hanover Trust—which chairs the committee, Bank of Tokyo, Bank of America and seven other banks.

Westinghouse—it lost once in bidding for the Calaca power plant. Learning from the experience, it hired Herminio Disini as Special Sales Representative and cornered the contract for the PNPP. It conceptualized and designed the PNPP and sold the reactor at an exorbitant price. New Jersey District Court



Estanislao



Cuisia

Judge Debevoise recently ruled that prima facie evidence of bribery exists against the company.

Burns and Roe—following the example of Westinghouse, they too acquired Disini as SSR. It was the first time they were to build a nuclear power plant but they got the contract despite a more qualified competitor.

Ferdinand E. Marcos—former dictator of the Philippines, overthrown in 1986 by People's Power. Acquired loans in the name of the Filipino people and put millions of dollars of that money in Swiss banks under his.

Corazon Cojuangco Aquino—she promised to be the opposite of Marcos but continued his policies. "If only for honor we shall pay!" she says and the Filipino people have indeed paid dearly. Applying vetoes on Congress resolutions suspending payments to the BNPP loans seems to be her idea of honorable governance.

Disini—the best bagman in town during Marcos' time, belonging to those few who got rich during Martial Law by being close to the former dictator. He had a high batting average, getting 80% of his recommendations carried out by Marcos. He was instrumental in fixing up the contract for Westinghouse and Burns and Roe. Wisely salting away his billions before the February revolution, he now goes by the title of Duke, having purchased a turn-of-the-century villa at the outskirts of Vienna.

Jose Cuisia and Jesus Estanislao—Central Bank Governor and Finance Secretary respectively. They insist on paying back all foreign obligations—most especially the PNPP loans—despite the fact that these were fraudulently contracted, despite the Filipino people's protests, despite common sense, and whether or not Westinghouse and the banks are proven guilty. Probably the most two powerful men in the Philippines when it comes to wrecking the country's economy.

Foreign Debt Council- a recommendatory body tasked to study appropriate debt strategies. It is also responsible for information dissemination and public consultation but has so far functioned as a cheerleading squad for the the policy decisions of Cuisia and Estanislao. It recently recommended to the President that the PNPP loans be securitized.

The Pro-people

Filipino People—Marcos paid no attention to them; Cory and her financial managers don't pay any attention to them when it comes to paying the debt, raising taxes and cutting back on



The Freedom from Debt Coalition holds a picket against the securitization of the BNPP.

social services; the IMF, World Bank, and commercial banks don't even notice them when they impose conditionalities on the Philippine economy.

Some Legislators—fortunately there are staunch debt relief advocates in Congress. So far, they have been very consistent and passionate in this issue, opposing the debt policies of Malacañang.

Freedom from Debt Coalition — the largest and broadest coalition in the country counting some 250 organizations within its umbrella. We've been around for quite a while working closely with some members of the Legislative, the Churches, mass media, academe, and even with some people in the government bureaucracy. We also have strong links with NGOs

abroad. We draw our strength from various cause-oriented and people's organizations and we have chapters in different parts of the Philippines. Our main campaign now is to stop moves by our debt negotiators, Estanislao and Cuisia to securitize the PNPP loans and as before, make them repudiate these fraudulent loans once and for all.

The Fencesitters

Traditional politicians—this includes public officials from Congress, most of whom come from the Lower house who perennially vote for Congress resolutions limiting debt payments and stopping debt service of the PNPP. But when Cory vetoes the resolutions, they simmer down. They've never actively campaigned against the PNPP loans.

What makes a fish smell fishy?

The Philippine Nuclear Power Plant at Napot Point, Morong, Bataan is the costliest and largest monument to human folly in the Philippines. Its closeness to the sea has nothing to do with its smelling fishy. How then, did we come to the conclusion that the Philippine Nuclear Power Plant loans were fraudulently contracted?

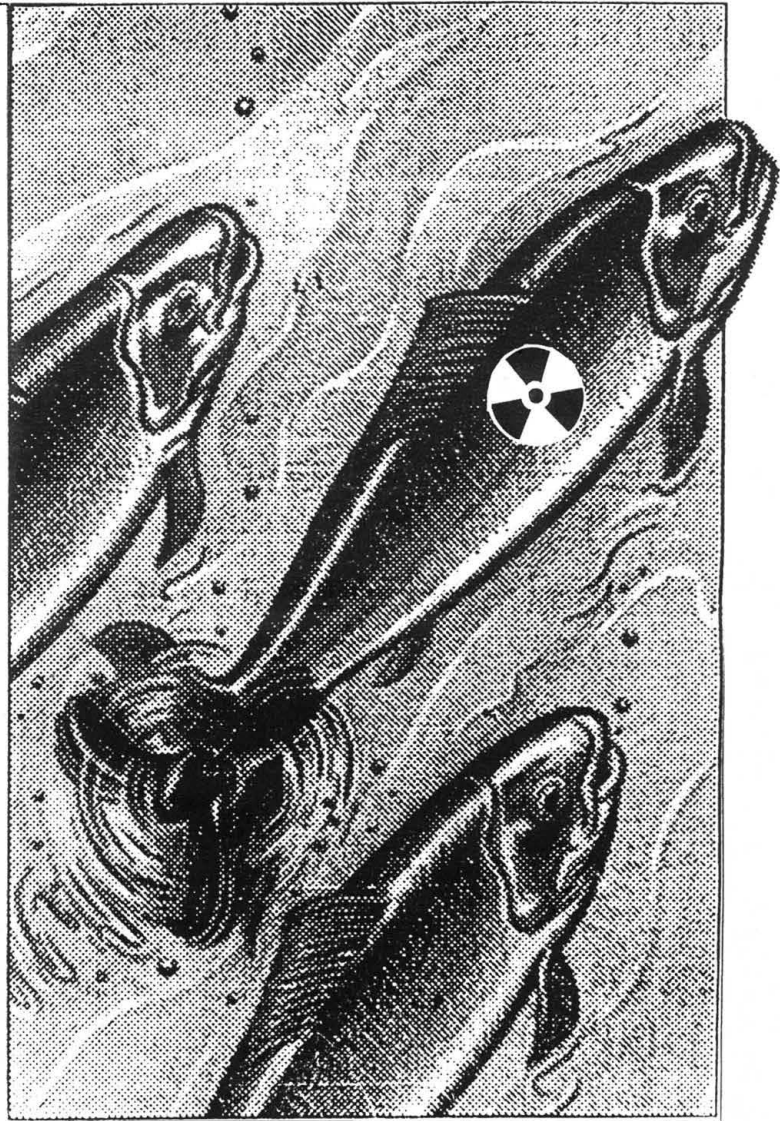
Firstly, the pricing of the PNPP jumped from its original of \$500 million for two nuclear plants in 1974. By 1975, when the Philippines formally applied for a loan, the cost for one reactor had shot up to \$1.1 billion. A consortium study on the loan, says that the US embassy in the Philippines and US Eximbank had a hand in the price increases. And what a dirty hand indeed!

Secondly, Marcos bypassed what was supposed to be an international bidding process, narrowing his choice to Westinghouse and General Electric. Westinghouse, for its part, acquired the services of Herminio Disini—a Marcos crony—as Special Sales Representative with the promise of millions of dollars in kickbacks. Burns and Roe likewise did the same. It is estimated that Marcos received \$80 million by 1976, when the contract with Westinghouse was signed.

The systematic looting was not only limited to the SSR agreements. Marcos and Disini, through a series of dummy corporations, looted the PNPP when and where possible. They did this by cornering the vital subcontracts of the project.

Thirdly, the banks funding the project knew that a) the price was wrong, b) there was no public bidding of the project, c) no auditing was taking place, d) no progress billing, e) etcetera, etcetera. Despite knowing all these, they continued to lend irresponsibly.

These are the facts about the key players in the fraud. They all remain scot-free.

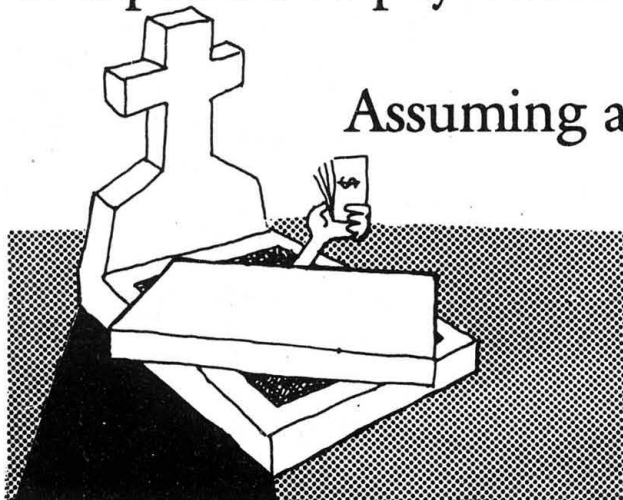


How much has the Philippines bled?

The Philippines started paying the PNPP loans in 1981 at the rate of \$355,000 a day in interest alone which also translates to \$130 million a year. Presently, the Philippines is still losing much needed cash to the tune of \$300,000-\$335,000 daily, a consequence of religious observance of debt payment schedules made to other players in the fraud—the foreign commercial banks which financed the project but remain unaccountable to the Filipino people. But we are accountable to them. How come?



In terms of budget drain, the national government lost P5.123 billion in debt service to the PNPP loan in 1989; P5.02 billion in 1990; 5.61 billion last year; and is expected to pay P6.56 billion by the end of this year.



Assuming an exchange rate of P27:\$1, that would give us a scandalous \$826.4 million of much needed cash going into the foreign commercial banks' pockets in 4 years.

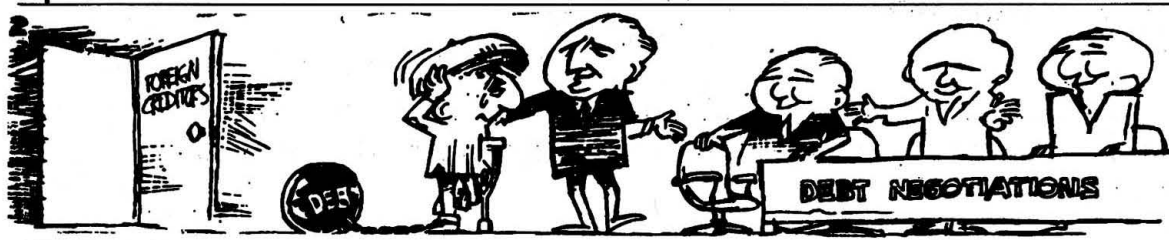
What zeems to be zee problem?

Despite mounting evidence on the fraudulent nature of the PNPP loans, our government continues to religiously pay the PNPP loan.



What's worse, Philippine debt negotiators, headed by no less than our "Honorable" Central Bank Governor Jose Cuisia and Honorable Finance Secretary Jesus Estanislao, are trying to conclude a "debt relief package" under the Brady plan this January 1992.

Not that we have anything against a debt relief package per se, but this will effectively transform Philippine commitments to commercial banks into more binding obligations. Furthermore,

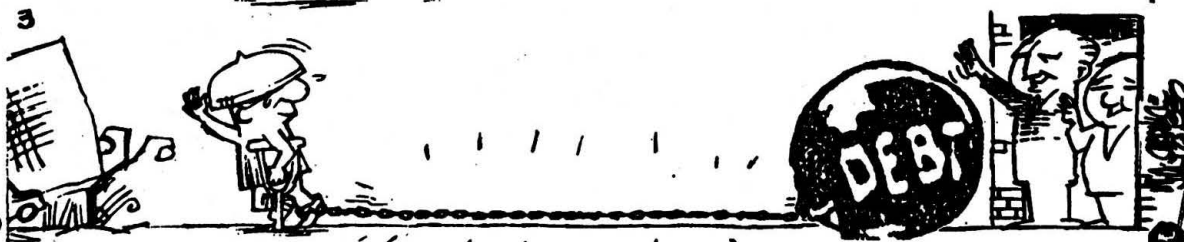


members of the Bank Advisory Committee have explicitly demanded the inclusion of \$250 million PNPP loans into the package.

Estanislao and Cuisia claim that the Philippines can "save \$2.3 billion" by entering into this package. But economists Prof. Solita Monsod and Dr. Felipe Medalla, assert that it would only amount to \$52 million in savings. This amount is only slightly better than any package the Philippines is liable to get even if it does not include the BNPP loans at all. Giving way to the banks costs this country much more.

If the agreement is signed this January, the \$350 million worth of loans will be converted into Republic of the Philippines bonds. For every dollar worth of bonds sold, the banks turn \$4 of PNPP loans into conversion bonds. We have to pay the principal of these bonds when they mature, without delay and without excuses.

This securitization scheme will effectively bind succeeding administrations into paying for the



PNPP loans which otherwise could be cancelled. More than this, securitization will serve to legitimize a loan which has already been proven to be fraudulently contracted.

Moves and Countermoves

Immediately after the FDC heard of the securitization scheme sometime August last year, it launched a major campaign against the move.

It has always been the position of the Coalition to press for the immediate postponement of PNPP loan payments ever since evidence started mounting against these. This remains our primary objective.

The FDC and its affiliate organizations



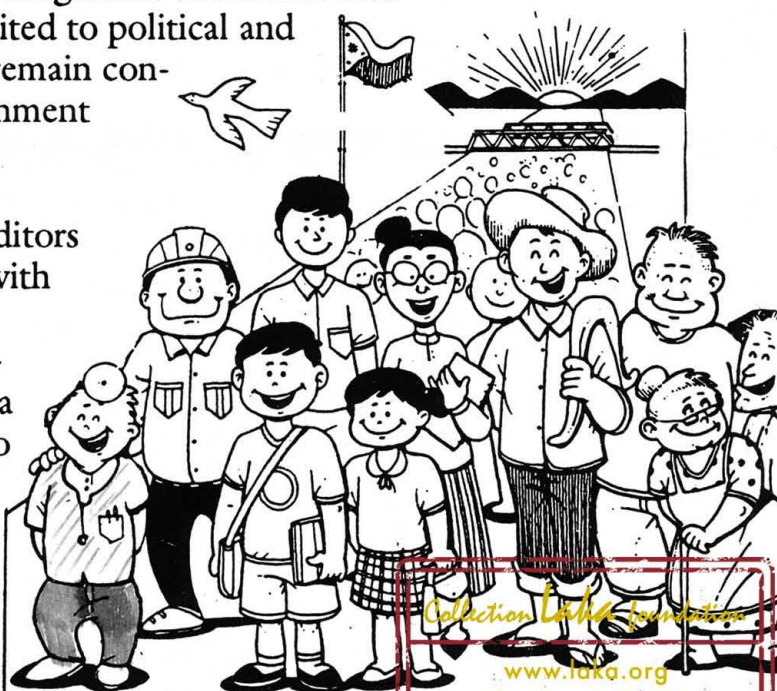
in the provinces are still continuing a massive education campaign aimed at countering government propaganda on the PNPP.

We are lobbying the Senate and the House of Representatives. We continue to get the strong support of the Senate and have established very strong ties with some of the Senators in our work against the debt. The Lower House poses a greater challenge.

We are also establishing links with the various churches. Their response to our campaign have so far been quite positive. This is in recognition of the fact that the handling of the PNPP loans is not limited to political and economic considerations but should also remain consistent with the moral obligation of government to the people.

Tapping media by sending letters to the editors and maintaining regular communication with journalists belonging to the Business and Economic Sector beats, has provided opportunities for the FDC to counteract on a nationwide scale government's attempts to securitize the PNPP loans.

We are now involving ourselves in pickets and high impact mobilizations aimed in capturing media attention and shaping public opinion on the issue.



Collection *Linka Foundation*

www.laka.org

Digitized 2022