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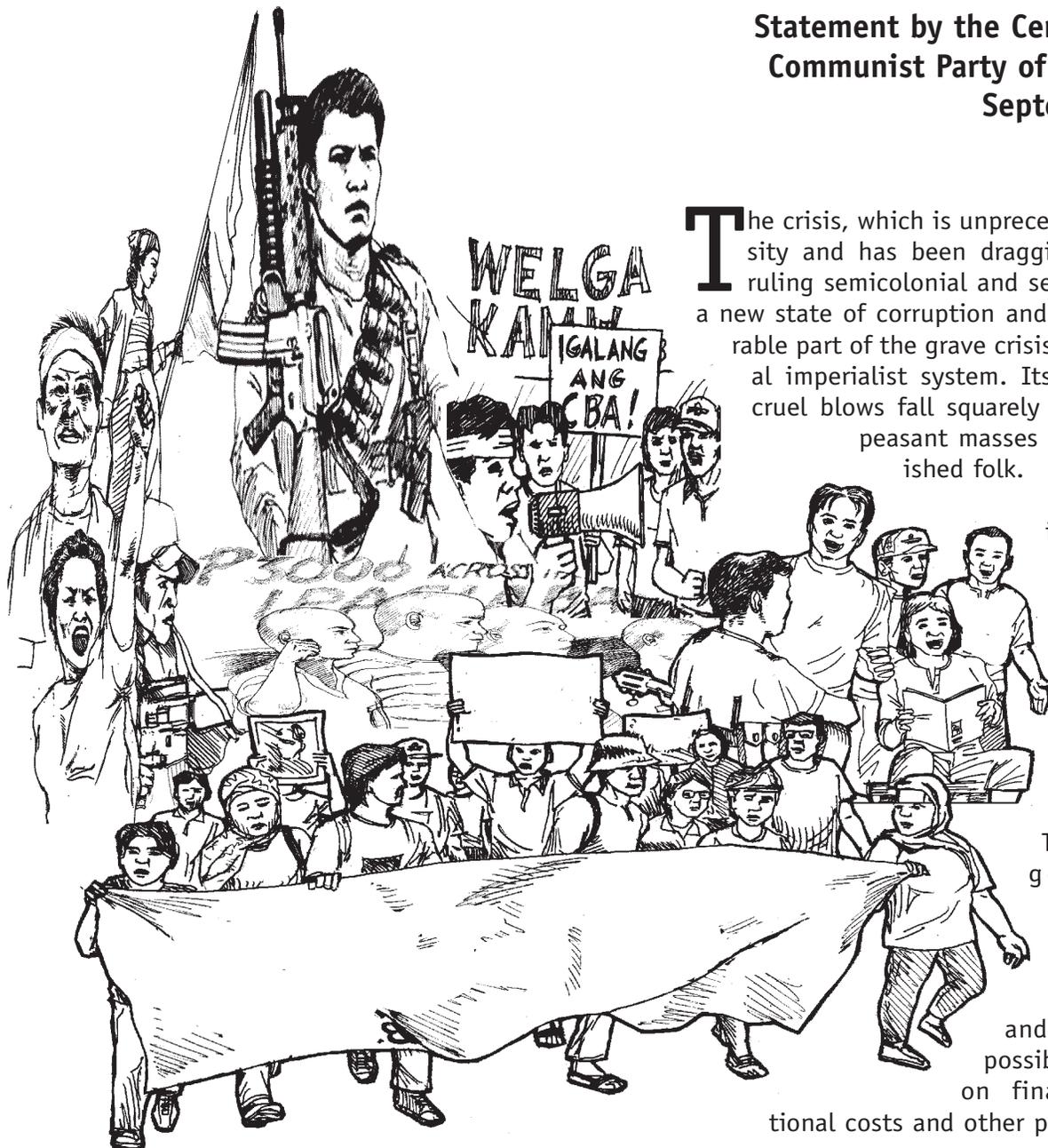
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Escalating armed revolution is the correct response to the unprecedentedly intensifying crisis

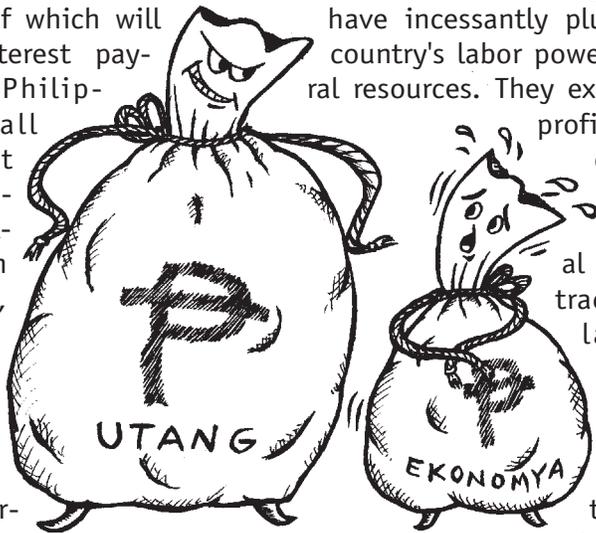
Statement by the Central Committee
Communist Party of the Philippines
September 21, 2004

The crisis, which is unprecedented in its intensity and has been dragging the reactionary ruling semicolonial and semifeudal system to a new state of corruption and ruin, is an inseparable part of the grave crisis of the international imperialist system. Its fiercest and most cruel blows fall squarely on the worker and peasant masses and other impoverished folk.



The most striking indicator of crisis is the continuing hemorrhage in the public sector due to plummeting revenues and the uncontrollably swelling budget deficit and government debt. The reactionary government is bankrupt and neck-deep in debt. It is strangled by massive debt service and haunted by the possibility of defaulting on financing its operational costs and other payments.

Total public sector debt runs to P6 trillion—which is almost 130% of the Gross Domestic Product (GDP) and exceeds many times over the international standard of 25% of GDP for the optimum level of public borrowing. In the last two decades, the reactionary government's debt grew to more than double that of the nominal economy and ballooned by an even bigger percentage relative to the moribund and stagnant real economy. The Arroyo regime incurred the biggest debt ever in Philippine history in its first three years. In 2005, more than P700 billion (or 70% of government income) will be allotted to debt service, more than P300 billion of which will consist of interest payments. The Philippines' overall external debt comes to almost \$60 billion (more than P3.3 trillion), for which government shells out almost P400 billion annually in debt service.



But it is far more important to point to the collapse of production and the real economy as the reason behind the apparent financial problems. The main culprit behind the pervasive and very grave economic crisis which the reactionary government and pro-"globalization" bourgeois economists purposely obscure is the backward, crisis-ridden and corrupt semicolonial and semifeudal social and economic system made worse by marauding international banking giants and transnational corporate monopolies under the policies of "globalization," liberalization,

deregulation, privatization and denationalization.

The puppet Arroyo regime blindly follows the dictates of US imperialism and international agencies under its control, mainly the IMF-WB-WTO combine. At the same time, the US has been intensifying its trade diplomacy and direct intervention through agencies like USAID (United States Agency for International Development) and AGILE (Accelerating Growth, Investment and Liberalization with Equity) to impose laws, policies and programs that favor US big business and promote "globalization," liberalization and deregulation. Foreign monopoly capitalists have incessantly plundered the country's labor power and natural resources. They extract super-

profits through colonial trade, international usury, contract manipulation, financial and stock speculation, takeovers of state-owned corporations at bargain-basement prices, cheap raw materials and various other swindles and schemes. Imperialist "globalization" extorts from the worker and peasant masses, professionals, intellectuals and other urban petty bourgeoisie and even medium-scale businessmen.

Imperialist "globalization" runs roughshod over what little protection there is left for the local economy and industry and stands in the way of national industrialization and development. Imperialists seize and monopolize strategic sectors of the economy, including

public sector businesses and services in cahoots with the local big comprador bourgeoisie and big landlords. Even agriculture has been devastated by massive rice, corn, fruit, vegetable, sugar, fish, meat, tobacco, garlic and other agricultural imports.

Local markets and businesses are left wide open to foreign monopoly capital even as local businesses are forced to engage in brutal competition in an international market subject to the overproduction and oversupply of all types of commodities. Prices of traditional natural resources exports like sugar, logs, copra and minerals have already collapsed as far back as the 1970s due to an oversupply of these products in the international market. They have not recovered since. The crisis of overproduction has worsened with respect to cheap semimanufactures such as garments and shoes, toys and electronic consumer products since the latter part of the 1980s. And since 2000, even the market for expensive high-tech products has suffered a breakdown.

The current collapse of local agriculture and industry due to poor sales in the international market and the influx of imported products alongside worsening smuggling involving Malacañang residents no less, have been unprecedented in the last 50 years. Worst hit were the sugar, vegetable, chicken and hog, cement, leather products, garments and other industries. The complete phaseout of the US garments quota next year is expected to spell the death of the garments industry.

The severe crisis is exacerbated by widespread corruption in the reactionary government. Stealing and plunder by high-ranking civilian and military bureaucrats are unprecedented in terms of growth,

breadth, intensification and unbri-dledness. An estimated 20% of the reactionary government's overall budget or about P200 billion is lost annually to corruption. Bil-lions of pesos worth of funds from PAGCOR, Philhealth, NIA, the De-partment of Agriculture, Quedancor and other government agencies were brazenly used for Arroyo and her party's campaign.

The AFP, PNP and Malacañang's intelligence funds are worth P90 billion annually, and come on top of the billions hidden in budgets of other agencies and departments spent by the reactionary military or used for its needs and operations. These funds are squandered in surveillance and repressive opera-tions against the people, especial-ly those who wage resistance and are ruthlessly attacked. High-rank-ing military and police officers likewise steal these funds.

On the whole, the Philippine economy has grown even more backward, decrepit, corrupt, bankrupt and depressed. As long as it is tied to imperialist "globaliza-tion," the corrupt semifeudal econ-omy has no hope of ever recovering from this crisis. Instead of subsid-ing, all the signs indicate that the crisis will persist and intensify.

The worker and peasant masses and other impoverished folk suffer acutely from massive unemploy-ment, the deterioration of their livelihoods, lack of definite sources of income and a severe shortage of basic necessities. Worse, their suf-ferings will be aggravated by crisis and the fact that the puppet Ar-royo regime plans to mercilessly bleed them dry so it could pass on the brunt of the crisis to the ex-ploited classes.

The puppet regime is desper-ately looking for additional income and funds to defray the costs of the reactionary government's oper-

ations and other finan-cial obligations even as it protects the su-perprofits of foreign monopolies and makes sure that funds are available to service its debts to international and local banking gi-ants. The people are being made to shoul-der a slew of taxes, successive price in-creases and endless belt-tightening mea-sures. Barely a month has passed since Ar-royo promised the peo-ple the moon and the stars through her so-called 10-point program, but already they are overwhelmed by all the bitterness and suffering that the puppet government has thrown their way. Malacañang is pushing Congress to approve eight new taxes designed to raise an ad-ditional P80-127 billion for debt service and to support the opera-tions of NAPOCOR and other gov-ernment-owned corporations.

Meanwhile, international and local banking giants are assured of receiving huge debt and interest payments. Monopoly corporations merely pay nominal taxes or enjoy tax exemptions, contracts with terms stacked in their favor, very high rates of return on investments guaranteed by law as well as other benefits and privileges. In fact, it is the hundreds of billions of pesos in tax revenues and tariffs lost as a result of exemptions enjoyed by monopoly capitalists and their lo-cal business partners aside from the humongous subsidies and in-centives granted them under pro-"globalization" and liberalization policies that are the biggest rea-sons behind the fall in the govern-ment's income and the deficits it has been suffering for the past



eight years. Up to P400 billion is lost annually on incentives, with no significant growth or devel-opment to show for it.

Ostensibly to save on funds, the reactionary government has announced plans to lay off 30% or 420,000 out of its 1.4 million employees. On the other hand,

big bureaucrat capitalists relent-lessly commit anomalies and steal and squander public funds. There have been recent exposés of the scandalously large salaries, al-lowances and honoraria received by high-ranking officials of govern-ment-owned corporations, some of them amounting to almost P10 million, aside from the fact that they enjoy gargantuan privileges, steal huge amounts and wallow in luxury. The public is aware that po-sitions within these corporations are rewarded to the ruling reac-tionary faction's closest political supporters, cronies and relatives. Because they serve as milch cows for those in power as well as local and foreign speculators and swindlers in cahoots with them, these corporations are awash in lopsided contracts, lose hundreds of billions yearly, squander huge amounts of public funds and are the leading culprits behind the re-actionary government's massive debt and deficit.

The reactionary regime obsti-nately opposes just increases in workers' wages and government employees' salaries even as oil gi-ants and public utilities constantly and unrestrainedly impose exhorbi-

tant price increases. Public and social services suffer merciless and indiscriminate budget cuts even if public education, health and housing systems are woefully inadequate, barely survive and are severely deprived of funding and ordinary folk live thoroughly wretched lives.

One way of reducing expenses for social services is to suspend 20% of the Internal Revenue Allotment or IRA granted to local governments administering health and other social services devolved by the national government. At the same time, reducing or suspending the IRA which serves as the local politicians' "pork barrel" is also a way for the ruling faction to reduce the smaller and weaker reactionaries' share of the loot.

The economic crisis has drastically shrunk resources available for the taking by the reactionary ruling classes and has resulted in intensified scrambling and bickering among them. The ruling Arroyo faction wants to grab most of the loot, control government funds and of course, the distribution of the largesse as well as favors, and thereby strengthen its dominance in reactionary politics. To monopolize the Priority Development Assistance Fund (PDAF) which is more popularly known as the Congressional "pork barrel" and long been treated as private funds by corrupt and reactionary senators and congressmen who scramble for it and divide it among themselves, Malacañang minions have been pushing for "line-item budgeting" and looking for a new name for the hated PDAF.

Senators and congressmen have responded to criticisms of the Con-

gressional "pork barrel" by targeting Malacañang's much bigger "pork barrel"—its social and intelligence funds, the scandals rocking government-owned corporations and the public funds squandered in the electoral campaign. Even within the Arroyo-controlled coalition, rifts are fast appearing and bickering is rife. Malacañang and Congress are engaged in a furious word war over new taxes being pushed by the former.

The outbreak of the financial and economic crisis further incites anti-Arroyo reactionaries still seething in anger from the massive fraud perpetrated in the recently concluded polls. The Estrada, Honasan, Danding Cojuangco, Fernando Poe, Jr and Marcos factions are making their own moves and hatching their own schemes to pressure, frustrate and overthrow the ruling faction. Accusations, destabilization and counter-destabilization threats mark the jockeying among reactionary political rivals.

Powerful factions within the reactionary military and police force are in the middle of these conflicts, making it possible for reactionary infighting to swiftly turn violent. Retired generals are a noticeable presence among elements advocating an AFP power-grab and the establishment of a civilian-military junta. They are active in protest actions and gatherings organized by anti-Arroyo reactionaries even as retired generals allied with the ruling faction are being assigned to high-ranking civilian posts. There are intense intrigues and jockeying for position, privi-

leges and largesse among military and police factions.

Not only have the AFP and PNP been inutile in stamping out rampant and severe criminality. It is high-ranking military and police officers who mastermind or protect the biggest syndicates involved in smuggling, kidnapping-for-ransom, bank holdups, jueteng and other illegal gambling, illegal drugs and other criminal activities.

There is rampant discontent among the rank-and-file and young and junior military and police officers due to severe graft and corruption, favoritism and criminality among the top brass, the absence of democracy within the AFP, the neglect of their welfare and safety and severe isolation from the masses because of antipeople and fascist policies and actions. A growing number could no longer endure the mercenary collaboration with corrupt reactionary politicians and the obsequiousness and servitude to foreign imperialists who are intensifying their armed intervention upon invitation from Malacañang and Camp Aguinaldo. Clandestine groups actively conduct agitation and organizing work within the AFP and PNP. On occasion, armed protests like that of Oakwood or individual exposés and criticisms of the evils within the AFP and PNP break out. They are signs of the seething situation within the reactionary military and police.

In the name of the "anti-terrorist" war, US imperialism has been intensifying military intervention and pushing for the escalation of fascism and the fascization of the country. The US is once again able to effect the permanent presence of troops, weapons and military equipment even without an apparent military base through the continuing series of Balikatan "exercises" and the nonstop rotation of



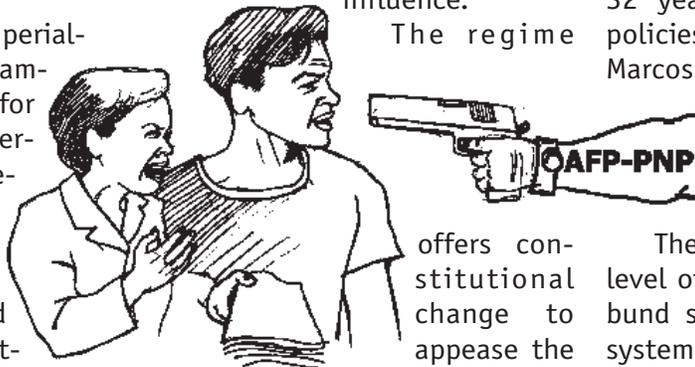
personnel. US propagandists constantly condition public opinion to accept expanded and more overt armed intervention not only against the handful of Abu Sayyaf and Jemaah Islamiyah elements but against their truly bigger targets, the MILF-BMA and the NDF and NPA. The US has downplayed the controversy regarding the repatriation of Filipino troops in Iraq to secure its position and operations in Mindanao.

Propagandists of US imperialism are persistent in their campaign for a larger budget for the AFP and PNP and "anti-terrorist" operations. They likewise push for laws that would further suppress and limit the rights of ordinary folk to gain a stronger and freer hand in pursuing and attacking suspected and accused "terrorists," an elastic category that can readily include even ordinary striking workers and other protesters.

On its own, the reactionary Arroyo regime has already been subjecting its perceived enemies to more aggressive surveillance and attack. Military operations and campaigns against NPA guerrilla fronts continue without letup. Despite budgetary constraints, new army battalions and CAGFU units are being formed in different parts of the archipelago. Right after the elections, the military intensified offensive as well as SOT and RSOT operations in barrios and towns in all regions. It has targeted not only places identified as NPA areas of operation but those with vigorous protest actions and mass struggles and where progressive party list groups garnered significant votes.

The fascist brutality relentlessly and indiscriminately perpetrated by the military in Mindoro, the AFP's national priority in its war

against the armed revolution, is now being carried out on a wider scale to include other regions and provinces to terrorize the people. Abductions, assassinations, and illegal arrests and searches have become more frequent and widespread. SOT and RSOT operations do not spare even town and city centers in provinces where the legal democratic mass movement has demonstrated its strength and influence.



The regime offers constitutional change to appease the raging masses and fan reformist illusions. The reactionaries have time and again resorted to this measure whenever the crisis wracking the ruling system becomes unusually severe. But past experiences have taught the people to be vigilant because the reactionaries are likely to use such measures to remove whatever remaining constitutional obstacles there are to "globalization," liberalization, deregulation, privatization and denationalization, as well as to the US' unbridled military intervention and operations in the country. Arroyo also wants to do a Marcos by using the change in the form of government to perpetuate herself in Malacañang beyond 2010.

The exploitative, oppressive, puppet and rotten reactionary class rule of the big comprador bourgeoisie and the big landlord class is now even more despicable to the broad masses of the people. US imperialism and its local lackeys are insatiable in their greed. They

would perpetrate every repressive and brutal fascist measure to quell the struggle of the oppressed and preserve their class rule. The armed democratic revolution is the people's sole refuge against the evils of imperialism, feudalism and bureaucrat capitalism. It is high time to remember these historic lessons especially as the people commemorate the vile imposition of the US-Marcos clique's fascist dictatorship 32 years ago. Fascist structures, policies and ways have outlived the Marcos regime. The ruthless violation of the people's rights and welfare remains a marked characteristic of reactionary rule.

The crisis has entered a new level of severity, holding the moribund semicolonial and semifeudal system in its clutches. It grows more vicious, but the oppressed and exploited masses' rage and readiness to wage resistance intensify as well. The Communist Party of the Philippines, the New People's Army and the entire revolutionary movement are prepared to lead the broad masses of the people in advancing all-out the anti-imperialist, antifeudal and antifascist struggle. The revolutionary forces are prepared to exert their utmost to intensify the armed revolution and fight and hold accountable the reactionary and fascist ruling classes, especially the ruling puppet US-Arroyo regime. The revolutionary forces are likewise prepared to unite with all progressive and democratic forces and elements for the sake of the national and democratic cause and struggle. The revolutionary forces shall readily forge links, unite and cooperate with all friendly forces to fight the rabid puppets, reactionaries and fascists principally represented today by the ruling US-Arroyo regime.

The Party Central Committee calls on all Party units and members, as well as all NPA units and other revolutionary forces to further heighten efforts to fulfill the tasks set by the three-year program ratified by the Central Committee's 11th Plenum. In accordance with this program and the urgent demands of the current situation, we must carry out the following specific tasks:

1 Aggressively expand and strengthen the anti-imperialist, antifeudal and antifascist struggle. Concentrate the strongest blows on the US-Arroyo regime to isolate and overthrow it. However, continue to hold accountable anti-Arroyo reactionaries who are big fascist criminals and plunderers and have yet to pay for their crimes.

2 Boldly expand and intensify revolutionary guerrilla warfare. Expand and strengthen the people's army. Strengthen the guerrilla platoon as the basic formation in expanding guerrilla warfare in the current stage. Persevere in developing company-sized guerrilla fronts in every region to gain sufficient strength and invigorate guerrilla warfare and the mass movement to prepare for further expansion to all or almost all districts and municipalities. Master the guerrilla tactics of flexible and timely concentration, dispersal and shifting to be able to carry out the tasks of mass base building, launching tactical offensives, strengthening the people's army and frustrating enemy attacks, among others. Launch more extensive and intensive tactical offensives that we are capable of win-

ning.

3 Boldly expand and strengthen peasant mass campaigns and struggles. Give primary emphasis to the advancement of antifeudal struggles, while paying attention to other types of mass political, organizational, cultural and health campaigns. Organize millions of peasants at a faster pace in mass organizations that span entire barrios and towns, while ensuring the solidness of mass organizations and enhancing their capacity to operate clandestinely. Build the organs of democratic political power in the most advanced barrio clusters. Expand and strengthen the struggle against the brutal fascist repression of the peasant masses. Let the clamor for genuine land reform reverberate throughout the islands.

4 Boldly expand the urban legal democratic movement. Advance the broad mass movement to defend the livelihood, welfare and democratic rights of workers, peasants, the urban poor, professionals and intellectuals, small entrepreneurs and other classes and social strata aggrieved by imperialism, reaction and fascism. Struggle for a just increase in workers' wages and employees' salaries, jobs for the unemployed, housing for the poor, and decent and humane living conditions for all. Struggle for the prioritization of social welfare and oppose moves that would further indulge the appetites of foreign and local big capitalists, landlords and big bureaucrat capitalists. Resist policies and measures that lead to mass unemployment, casualization, the violation of the democratic rights and other forms of oppression against work-

ers. Uphold the people's democratic right to form unions, organize, wage concerted action and oppose oppression and impoverishment.

5 Win over the middle forces including church people, people in the mass media, professionals, and small and medium entrepreneurs among others to join the anti-"globalization" movement and support the antifascist and other struggles of the basic masses. Intensify the protest movement against imperialist "globalization", liberalization, deregulation and other imperialist intervention and impositions that devastate the livelihood of common folk. Promote nationalist industrialization and the people's welfare against imperialist "globalization" and liberalization. Advance the broadest united front of all classes and sectors oppressed by imperialist "globalization."

6 Advance the protest movement against plunder and large-scale corruption perpetrated by both the current and previous regimes and against the new burdens imposed by the US-Arroyo regime.

7 Resist and fight the US-Arroyo regime's all-out counterrevolutionary war being waged in the name of "anti-terrorism." Resist the widespread militarization, worsening fascist repression and violations of the people's human rights. Promote the CARHRIHL to defend the people's rights and welfare and oppose the anticommunist vilification campaign perpetrated by the reactionary government and its armed forces.

8 Expand and strengthen the protest movement against the US' military intervention and its



drive to impose fascist terrorism in the name of "anti-terrorism." Oppose US imperialist wars of aggression in different parts of the world.

9 Strengthen and intensify revolutionary and progressive propaganda and political education among the people. Enlighten the people in their numbers on the real roots of crisis in a society with a semicolonial and semifeudal setting, the destruction wrought by imperialist "globalization," the US terrorist war and intervention, and the blows inflicted by the international crisis of imperialism. Painstakingly explain matters to the people to counter the reactionary government and AFP's systematic and incessant lies, psywar and vilification campaigns. Rouse the people's enthusiasm for armed



revolution and the struggle for genuine national liberation and democracy.

10 Exploit and further intensify rifts among reactionaries to counter schemes that are anti-

masses, anti-democratic and anti-national and isolate and fight the biggest and most rabid puppets of imperialism. Broaden our ties and alliances with groups and elements within the reactionary classes who are willing to cooperate with the revolutionary forces for mutual benefit and for the interests of the masses of the people.

A PEOPLE pushed to the wall by the worsening domestic and international crisis and the puppet regime and its imperialist master's ruthless antinational and antipeople measures have no other recourse but to wage resistance and revolution. Only through revolution can they find the real solution to their endless suffering under the semicolonial and semifeudal system and in the face of imperialism's relentless attacks. **AB**