

# Estrada embarrassed by proof of Marcos billions

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A series of six articles by journalist Donna S. Cueto of the *Philippines Daily Inquirer*, exposing the extent of the Marcos fortune, has thrown the Estrada administration into its greatest political turmoil since taking office a little over a year ago.

Until these articles appeared, it had been asserted by the governments of Cory Aquino, Fidel Ramos and the incumbent president, Joseph Estrada, that the hoard stashed away in Swiss bank accounts by former dictator Ferdinand Marcos was in the order of \$US550-600 million.

With the release of Cueto's report, based primarily on the transcript of a phone conversation between an Australian investigator Reiner Jacobi and David Castro, former head of the Presidential Commission for Good Government (PCGG) it seems that the Swiss accounts hold billions, with a similar amount in gold bullion.

Following the fall of the Marcos regime in 1986, the incoming president, Aquino, set up the PCGG to unearth and recover the mountain of wealth that had been stripped from the economy by Marcos. In the 13 years since, not one cent has yet been retrieved. Throughout three administrations, the Marcos wealth, now conservatively reported to total some \$30 billion in gold and Swiss bank accounts, has remained under the control of the Marcos family.

At various stages the Filipino people were told that the Swiss banks, notably the Union Bank of Switzerland, refused to cooperate with Philippine authorities. When political pressure mounted, politicians referred to only one account of \$356 million, which has grown to \$590 million with interest.

For her part, Marcos' widow, Imelda, has denied in public any such figure. When confronted over her obvious wealth she has steadfastly refused to give an inch, claiming that any monies in the family's account were acquired through legitimate business investments. She has continued to press for legal immunity in exchange for handing over any sum.

Until recently, the Philippine authorities have invariably quoted the figure of \$590 million as the full amount to be confiscated from the Marcos family to pay for the class action brought by an American legal team on behalf of 9,539 human rights victims. After paying the victims the agreed settlement of \$150 million, the remainder would be split between the government and the Marcos family.

Estrada, a longtime Marcos crony, was more than happy to accept this deal. All appeared well until March 8, when the *Inquirer* broke the news of the \$13.2 billion Irene account in Switzerland. Estrada, the Marcoses, the present head of the PCGG and the Swiss banks denied that the Irene account existed.

Then on May 23, the *Inquirer* began its series of articles based on the conversation between Castro and Jacobi, who was hired by Castro in 1988 to obtain evidence of the Marcos wealth, in exchange for a 10 percent share of all monies recovered by the Philippines government.

When asked to comment on the *Inquirer's* reports, Estrada, PCGG officials and the Marcos family made no statements. Executive Secretary Ronaldo Zamora and former President Fidel Ramos sought to reject Castro's claims.

One of the human rights claimants, Loretta Ann Rosales, now a Congresswoman, said the alleged bank account was "nothing new to the claimants". She said the plaintiffs, who were awarded \$2 billion in damages in a class suit against the Marcoses, had asked the Senate two years ago to investigate the account, which Jacobi had first exposed in 1991. "But we were ignored and discouraged then," she said.

Rosales' remarks followed mounting support for former Solicitor General Francisco Chavez's open appeal to the government to prove the existence of these accounts. Chavez appears to be seeking a way out for the Estrada administration, which is attempting to convince the public it is not covering up.

But according to the *Inquirer*, Estrada knew of the \$13.2 billion account. "The account placed under the name of Araneta by the Marcoses at the United Bank of Switzerland (UBS) is no secret to President Estrada," Cueto wrote. "Neither is it a secret to his trusted and most loyal police General Panifilo Lacson, head of the Presidential Anti-Organised Crime Task Force."

Sections from the transcript of the conversation between Jacobi and Castro show that Estrada appointed Lacson to deal with the hidden Marcos treasures, including the Irene Araneta account. According to records obtained by the *Inquirer*, Zamora instructed Castro to deal directly with Lacson. Castro is also reporting to Estrada on the "very confidential" Marcos accounts plus the gold accounts under an operation called

“Project Recovery”.

In a private and confidential memorandum dated August 17, 1998, Castro informed Estrada that he and Lacson agreed that it was important to contact Gregorio “Greggy” Araneta and Irene Araneta (Marcos family members) to work out appropriate moves for the withdrawal of the funds. He told the President that the PCGG had knowledge of the account and that a request for mutual assistance had been filed through the Philippines embassy in Berne.

However requests for mutual assistance with the Swiss banks had amounted to nothing in the past because there had been no agreement from Imelda Marcos, so Castro and Lacson had recommended to Estrada that a secret deal be done with the Marcoses.

The *Inquirer* reports that talks between Castro, Lacson and the Marcos family went ahead, but the stumbling block was that Imelda Marcos demanded that all charges against her be dropped. As a condition of further discussions Marcos asked that the full court reconsider a Supreme Court decision for her “imminent conviction” on graft charges, and a sentence of 12 years jail.

The case was elevated to the full court on August 5 1998, just a month into the Estrada administration. On October 6, she was acquitted by a vote of 8-5. Once the vote was taken, however, Marcos again refused to deal with the Estrada administration.

The political impact of this taped conversation has been significant, forcing Estrada to lie about his role and lash out at the media for their exposure of the deal. It has also unearthed the depth of cronyism and corruption that exists in the Philippine capitalist class, with the coverup going all the way back to 1986.

Cueto refers to a report given at Second Asia-Pacific Forum on Corruption, organised by the Transparency International in Manila in November 1997. In it, Dr David Chaiken said: “It was not the Swiss Banks who found those Marcos accounts (\$356 million), but the Philippine government which identified those accounts from documents left behind by the deposed President Marcos at the Presidential palace”.

In fact, successive Philippine governments have fought privately to prevent any disclosure of the Marcos accounts, while publicly trying to create the illusion that they were pursuing the money trail. For its part, the Swiss government has assisted in keeping the truth buried.

In 1991, when the Credit Suisse accounts and the 7,257 gold accounts at UBS were discovered by Jacobi and turned over to the PCGG, he was arrested in Munich, Germany on charges of economic espionage and for passing information on a Swiss bank account to a foreign government. Switzerland sought his extradition but lost in a German court, which decided that the charge against Jacobi was politically motivated.

Fearing further charges and frame-ups when called on to testify in the Philippines over his findings, Jacobi decided to tape his conversation with David Castro on February 24 this

year. Jacobi was previously employed by the US Customs as an intelligence agent for 25 years. In an interview with a Manila radio station on June 23, he claimed that certain elements in the US and Switzerland were suppressing information on the Marcos gold hoard.

Another reason for the taping may well be his fear that a private settlement between the Marcoses and the Estrada administration would leave him and his associates out in the cold, with nothing to show for their efforts.

As news of his investigations became public, it was confirmed that Jacobi has good reason to fear for his safety. When the *Inquirer* phoned Castro to confirm the discussion, he said his life would be in danger if the contents got into print, adding that what he was working on was classified and that if the story broke he would deny it.

Since the release of the documents and articles by the *Inquirer*, Estrada has broken his silence to declare that there will be no cover-up and that he will fight for transparency in future developments. He claimed that Jacobi and others who had evidence had nothing to fear and would be given protection if they came forward. Within a matter of days, however, he was attacking the press for meddling in the investigation.

That was on June 18. Since then the whole issue has been swept under the carpet with hardly a word, let alone an article appearing in the press about any progress in the investigations.

The Karapatan Human Rights Alliance and the Kilusang Mayo Uno (KMU) union remained virtually silent until recently. They have now threatened to stage protests if the government enters a deal to share the money with the Marcos family. They said a deal would be “immoral and highly condemnable” because it would not take into consideration the interests of the Marcos regime’s human rights victims.

For her part, Imelda Marcos has settled back into her normal routine, having just thrown a 70th birthday bash. She spent lavishly on a party that lasted more than two days and featured the cream of Filipino capitalist society. Just to show her concern for the poor, she visited her constituents in her stretch limousine and handed out bags of rice, marked “With love from Imelda” before attending her banquet.



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