

# Philippines president buys a little time by ending Cha Cha reforms and reshuffling cabinet

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8 February 2000

In mid-January, Philippines president Joseph Estrada moved to defuse an increasingly dangerous confrontation with the political opposition headed by former president Cory Aquino and Catholic Archbishop Jamie Sin. Facing plummeting opinion polls and further planned protests, he announced in a report to the nation on January 10 that he would drop his push for constitutional change, commonly referred to in the Filipino press as Cha Cha.

Estrada also outlined a cabinet shake-up, which included the appointment of former Manila mayor Alfredo Lim as his new Interior Secretary. Lim, who is backed politically by Aquino and Sin, was one of Estrada's main opponents in the 1998 presidential elections. Taken together, the announcements smack of a deal between the president and his opposition to shut down anti-government protests and rallies that threatened to become a focus for broader concerns over unemployment, price rises and widespread poverty.

Having come to power promising to assist the poor, Estrada set about imposing the agenda of the International Monetary Fund (IMF), opening up the economy for foreign investment while at the same time imposing a virtual freeze on wages. When protests began to emerge last year, Aquino and Sin intervened to shift the political focus from concerns over declining living standards to demands that expressed their own class interests. Foremost among these was their opposition to Estrada's proposals for constitutional change, which would remove existing restrictions on the foreign ownership of land, media and a range of other businesses.

Aquino and Sin accused Estrada of corruption, pandering to Marcos' business cronies and seeking to

use the constitutional changes to entrench himself in power. But their hostility to the proposed changes reflects the interests of sections of business in the Philippines concerned at the impact of the greater foreign competition. Estrada has been forced to set aside the planned constitutional changes, temporarily at least, in a bid to shore up his shaky administration but is under pressure to find other means to implement his pro-market reforms.

Guillermo Luz, executive director of the Makati Business Club, greeted Estrada's change of course warmly, but then advised the government to use other avenues for "economic reform," such as passing laws to skirt constitutional obstacles.

The appointment of Lim as Interior Secretary is significant concession to Aquino and Sin, who now have a direct voice in the Estrada cabinet. But it is also a warning of the measures that the government will take against further anti-government protests, particularly by workers and the poor. Lim, a former policeman and police chief, is widely known for his rightwing law-and-order rhetoric. He earned the nickname "Dirty Harry" as a result of allegations, never proven, of extra-judicial killings.

Only days after his appointment he provoked a public controversy when he proudly declared in a speech: "I have violated the human rights of evil men, of the criminal, of the people who were trying to overthrow our government." He was promptly defended by Estrada, who said Lim was simply displaying "an excess of exuberance," and Cardinal Sin, who proclaimed on his radio program that his ally was defending "the rights of peace-loving people".

The most significant aspect of Lim's record was his

role under the Aquino government in early 1987 in the notorious Mendiola Bridge massacre. He was the police general in charge of the western district and a key figure along with former president Fidel Ramos, then Aquino's defence minister, in orchestrating an attack on 11,000 peasants protesting for land reform in which 13 were killed.

Other changes to the Estrada cabinet include the replacement of Edgardo Espiritu as finance secretary by former trade secretary Jose Pardo. The appointment was immediately endorsed by the Makati Business Club, which represents the chief executives of the country's top Filipino and foreign corporations.

Estrada also accepted the resignations of some 70 special presidential advisers, assistants and consultants, who have drawn sharp criticism in the media and business. He has replaced them with a Council of Senior Economic Advisors (CSEA), comprising five of the country's most prominent businessmen and an Economic Coordinating Council (ECC), a collection of senior cabinet officials, which he will chair.

The five appointed to the CSEA are Washington Sycip from the accounting firm Sycip, Gores and Velayo, former prime minister Cesar Virata, former central bank governor Gabriel Singson, former Senator Vincente Paterno, and leading businessman Jamie Augusto Zobel de Ayala. Pardo will be vice-chairman of the ECC, which will include Executive Secretary Ronaldo Zamora, Budget Secretary Benjamin Diokno, along with the heads of the various departments.

None of the issues confronting Estrada have been resolved, however.

At the end of January, an Asian Development Bank economic review of the Philippines warned that unless the pace of "reform" was increased, economic recovery would be halted. "In the short term although agriculture has revived, the economy has still to recover from the Asian currency crises. This is evident in the continued low industrial activity, high unemployment, high non-performing loans and lack of adequate credit growth, low investment demand and low foreign capital inflows".

Deepening poverty exacerbated by rising prices and pegged wages will lead to growing anti-government hostility. A survey carried out by Pulse Asia in December 1999 found that under the impact of the economic crisis, seven out of ten people described

themselves as poor. A survey recently published by the Food and Nutrition Research Institution (FNRI) found that malnutrition among pre-schoolers was on the rise. As many as 757,000 pre-schoolers are "wasted", 568,000 are stunted and 967,000 are underweight.

Nor have the tensions between the various ruling cliques abated. Soon after Estrada's speech, he was dropped into the middle of a fresh scandal. On January 19, the head of the Securities and Exchange Commission, Perfecto Yasay, told a parliamentary banking committee that the president had told him over the phone to end inquiries into businessman Dante Tan, one of Estrada's friends. Tan has since backtracked from his sworn testimony. Estrada has, of course, vehemently denied the claims. But again the government is embroiled in a scandal over cronyism and corruption.



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