

Filipino president faces calls for resignation over gambling payoffs

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Last Wednesday an impeachment motion was formally filed in the Philippine congress against President Joseph Estrada over alleged payoffs of more than \$US8 million from an illegal gambling racket known as *jueteng*. Heherson Alveraz, secretary-general of the main opposition party Lakas-NUCD, who filed the motion along with 40 other congressmen, accused Estrada of bribery, graft, corruption and the betrayal of public trust.

The man at the centre of the scandal is Estrada's long-time friend and drinking partner Luis Singson, Governor of Ilocos Sur Province. Armed with a ledger, he appeared before a press conference just over two weeks ago claiming that he had personally handed over the money to the president in order to prevent a clampdown on illegal gambling activities.

The falling out between the two men took place over plans to establish a new legal lottery system known as *Bingo2-Ball* to replace *jueteng*. When it came to handing out the lucrative franchises for the lottery, Estrada overlooked Singson and gave it to one of his rivals—cousin Eric Singson. Luis Singson alleges that he decided to go public with his allegations after an attempt was made on his life.

Estrada's opponents seized upon Singson's allegations to demand Estrada step down. On October 11, Cardinal Jaime Sin called on Estrada to resign, saying he “has lost the moral ascendancy to govern”. Sin has since been supported by former presidents Cory Aquino and Fidel Ramos, who have been among Estrada's most vocal critics during the past 12 months.

The crisis deepened further when Vice-President Gloria Macapagal Arroyo resigned her cabinet post as secretary of social welfare and development. Arroyo, who held discussions with Sin before tendering her resignation, is being touted as an alternative to Estrada. She retains the vice-presidency and would take over the presidency if Estrada were to resign or be forced out of office.

Following Arroyo's resignation, Senator Ramon Magsaysay Jr, who chairs a number of senate committees, also quit the government. He was joined by congressman Roilo Golez, who attacked Estrada, saying: “the allegations are very serious and affect the moral foundations of the presidency”.

So far Estrada has denied the allegations and refused to resign. Last week he tried to distance himself from the allegations of gambling pay-offs by announcing that he intended to privatise the state-run Philippine Amusement and Gaming Corporation, a huge source of tax revenue. Over the weekend he toured the slums of Manila attempting to revive his populist election image as a man of the poor.

Estrada has also reinforced the military presence in Metro Manila by bringing back the Marines and placing the police and military on alert. While the president claimed that these measures were necessary to prevent bombings, his opponents have warned of the possibility of a Marcos-style declaration of martial law. At a military ceremony to inaugurate a new army chief, Estrada attacked his critics and appealed to the military to “preserve the constitution” against those “who seek to violate its sanctity for their own political ends”.

The *jueteng* allegations are the latest in a string of scandals that have engulfed Estrada. Earlier in the year the chief securities regulator accused the president of tampering with an investigation into the share market activities of one of Estrada's associates, Dante Tan. Estrada is also alleged to have helped out other business cronies including Lucio Tan. But the *jueteng* scandal is by far the most serious political crisis since Estrada came to office just over two years ago and is the first time he has faced an impeachment motion.

In parliamentary terms, Estrada should easily be able to fend off the challenge. The motion to start the impeachment process is still far short of the 73 signatures

required in the Congress, where Estrada's Party of the Filipino Masses (LAMP) controls around 148 members of the 219-member House of Representatives. Even if the motion passes in the Congress and a trial is carried out in the Senate, impeachment requires a two-thirds majority in the upper house where LAMP has 15 of the 22 senators.

But the jueteng scandal and the impeachment motion are starting to become a focus for opposition to the president. Significant sections of big business in the Philippines and internationally are increasingly disenchanted with Estrada's failure to carry out his promises to implement market reforms and economic deregulation and are concerned at the deterioration of the country's economy. At the same time, Estrada's policies have alienated layers of the workers, farmers and unemployed who believed him in 1998 when he demagogically claimed he would act "for the poor".

The diverse character of the opposition was on display at a protest rally held last Wednesday to coincide with the impeachment motion. About 10,000 gathered in Manila's central business district calling on the president to resign over the jueteng scandal. As the *Philippine Daily Inquirer* noted, "The clamour for President Estrada's ouster closed the gap between the dirt poor and the filthy rich but also between the left and right." As well as opposition politicians and religious leaders, the rally included representatives of the leftist KMU union organisation and the rightwing military grouping RAM.

Some of the slogans supported the replacement of Estrada with Arroyo, others were adamantly opposed to her. Arroyo is closely connected to ruling circles. She is the daughter of a former president Diosdado Macapagal and the wife of Miguel Arroyo, an influential businessman and lawyer. She studied economics at Georgetown University, where one of her classmates was Bill Clinton.

There are a number of signs that sections of the ruling class want Estrada out and see Arroyo as a dependable substitute. The Makati Business Club urged the legislature to "expedite the constitutional process" but stopped short of calling on Estrada to step down. A survey of Philippine executives by the newspaper *BusinessWorld* found that 59 percent wanted to see the president impeached.

In the first six months of the year, foreign direct investment plunged by 62.7 percent and is likely to fall even further in the second half year. The government's budget deficit has blown out in the first nine months from \$US1.28 to \$US 1.72 billion with one quarter to go. The growth rate has been revised downwards from the 4.5-5

percent range to 4-4.5 percent and some analysts predict it will be under 3 percent.

Estrada is under pressure from the IMF and World Bank to press ahead with economic reforms. In August the International Monetary Fund (IMF) rejected requests from his administration for loans to cover the budget deficit. Last week the government withdrew plans to tap the remaining \$US310 million dollars from the IMF's loan facility after the IMF again refused to allow any increase in the deficit target.

Now the political crisis has compounded the economic difficulties. After the impeachment notice was filed, the peso continued its slide reaching an all-time low of 48.77 against the US dollar and the stock exchange hit 1,264 points, the lowest level in two years. Last week the credit rating agency Standard and Poor's downgraded its outlook for the Philippines, stating that its action reflected "concerns about the government's ability to undertake effective economic management during a period of political uncertainty."

An editorial in the *Australian Financial Review* on Monday openly called on Estrada to resign and warned that a long-drawn out impeachment process "could have a negative flow-on impact on the rest of the region, where economic recovery is failing." The latest issue of *AsiaWeek* echoed these sentiments in a cover story entitled: "Bracing for the Fallout: As Manila's crisis deepens, a nightmare scenario looms: a new Asian Crisis." It also carried an interview with Arroyo in which she pledged to tackle the peso crisis by "restoring the confidence of businesses".

Whether Estrada survives the latest scandal remains to be seen. One sign that his support may be crumbling was the call for an early presidential election made last week by one of his political allies—the powerful Philippine senator Juan Ponce Enrile. Enrile filed a resolution in parliament for a law to allow for snap presidential elections, saying it was necessary to enable "an expeditious political solution in the face of the leadership crisis that threatens the stability of the republic."



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