Amid impeachment proceedings

Philippines president Estrada struggling to hang onto office

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Philippines President Joseph Estrada is fighting to hang onto office after desertions from his cabinet, advisers and ruling coalition last week, further falls in the peso and demands from big business that he step down to stem the country's deepening economic and political turmoil.

On Saturday, an opposition rally in Manila, estimated at up to 130, 000 people, demanded that he resign. The demonstration, organised by the Catholic church and Archbishop Jaime Sin, was attended by key opposition figures including Vice President Gloria Macapagal Arroyo and former president Cory Aquino, as well as politicians who have defected from the Estrada camp. Further protests are planned for today and a strike been called against Estrada by the New Nationalist Alliance next week.

Two weeks ago Arroyo resigned her cabinet position but retained the vice-presidency. Constitutionally, she would be the successor to Estrada if he resigned or was removed from office. She formed the United Opposition made up of three parties—the Lakas-NUCD-Kampi coalition, the Provincial Movement for Development of Initiatives (Promdi), and Reporma—and is confidently preparing a detailed agenda for her first 100 days in office.

The Justice Committee of the Filipino House of Representatives is due to meet today to consider impeachment proceedings against Estrada over allegations that he received $11 million in kickbacks from the illegal gambling racket known as jueteng and from provincial tobacco taxes.

In early October Estrada's former friend and political ally Governor Luis Singson from Ilocos Sur province, who is known for his jueteng connections, claimed that he had handed over the money in return for political protection for the gambling. Singson has since described Estrada as “the lord of all jueteng lords”.

One of Singson's former employees, Yolonda Ricaforte, testified last week to a Senate inquiry that a cheque for $4 million had been delivered one of Estrada's top aides, Edward Serapio. Other allegations have surfaced that Estrada used the jueteng money to acquire five mansions worth nearly a billion pesos ($19 million) through his associates.

When the impeachment motion was first tabled in the 218-member House of Representatives in mid-October, it appeared unlikely that Estrada's opponents had the numbers. At least 73 votes are necessary in the House in order for a trial to be convened in the Senate. But over the last three weeks Estrada's support has rapidly crumbled as political uncertainty has compounded the country's economic crisis.

Last Friday, the House Speaker Manuel Villar, previously a firm Estrada supporter, announced that he was defecting to the opposition with more than 40 congressmen. “Every day the economy is becoming grave. Every day the political crisis is becoming worse. Every day, Filipinos are becoming deeply polarised. So we have to resolve this soon.”

Estimates of the support for Estrada's impeachment vary widely—from 78 to as many as 130 legislators. But there is now little doubt that the numbers exist in the House to send the matter to the Senate where at least 15 out of the 22 Senators are needed to remove Estrada from office.

Estrada is also losing support in the Senate. Senate President Franklin Drilon announced last Friday that he was leaving the ruling coalition, saying that “the deterioration of the economic situation” made “the matter of [Estrada's] resignation a matter of national interest.” He was joined by Senator Nikki Coseteng. Drilon claims that 13 Senators support the removal of Estrada.

Trade Minister Manuel Roxas resigned late last week along with four out of five prominent businessmen who make up the Council of Senior Economic Advisers established by Estrada in January after his popularity began to plummet. Estrada's chief political adviser Angelito Banayo also resigned last Friday.

Each fall in the peso adds new pressures for Estrada to go. The currency hit a record low of 51.95 to the US dollar last week and has been the world's worst performing currency over the past month. The peso has lost 10 percent since the allegations were made and 22 percent since January. Two credit rating agencies—Moody's and Standard & Poor's—have revised their outlook for the Philippines from stable to negative

Last Wednesday Philippines Central Bank governor Rafael Buenaventura warned that the country would fall into recession by next year unless the corruption scandal was resolved. He said foreign capital inflows had all but “dried up” over the last month and that the central bank could not sustain its defence of the peso beyond 60 to 90 days without causing serious economic damage.

Buenaventura reflects the concerns of big business that a protracted impeachment process would be a calamity for the economy. The Makati Business Club (MBC), the Financial Executives of the Philippines (Finex), the Management Association of the Philippines (MAP), the Bishops-Businessmens Conference (BBC) and other business groups issued a joint statement last week calling on Estrada to resign.

Estrada has repeatedly denied the charges against him and refused to step down. Last Monday he made a last ditch appeal for a compromise with opposition leaders. He appeared on national television flanked by the heads of the armed forces and police and called on Arroyo as well as Aquino and another former president, Fidel Ramos, to attend a special session of the National Security Council (NSC) to overcome the national crisis.

Estrada offered to resign from the key Economic Coordinating Council (ECC) along with his Executive Secretary Ronaldo Zamora and give the job of ECC chairperson to Arroyo. The president pledged to press ahead with economic restructuring, including the opening up of the Philippines to foreign airlines, a system of public bidding for telecommunications rights and the freeing up of port services.

In a bid to stem the allegations of corruption and cronyism, he appointed Interior Secretary Alfredo Lim to implement the decisions taken at the special NSC meeting. Lim, who is a political ally of Aquino, was appointed to the position in January as part of a previous compromise between Estrada and his opponents. The president also proposed that Lim handle the investigations into Estrada's alleged real estate holdings.

Both Arroyo and Aquino have refused to attend the NSC meeting and the Vice President has declined the offer to head the ECC. Aquino commented: “For me to attend the NSC would only mislead the people into thinking that the problem is other than what it is: the imperative of resignation as the swiftest solution to the crisis of the republic.” Ramos has indicated he may attend the NSC meeting due to be held today, despite his criticisms of Estrada.

With a slap in the face to Estrada from big business and his political opponents, his support continued to leak away over the remainder of last week. He is now offering to submit his presidency to a national referendum but maintains that he will not resign.

Estrada has served just over two years of his six-year term as president. During the election campaign in 1998, he exploited the hostility of workers and the poor to the previous Ramos administration that began to implement free market policies aimed at opening up the economy to foreign investors. Estrada, a former B-grade movie star, used his film persona as a tough fighter for the underdog to appeal to the most impoverished layers of Filipino society with the slogan: “Erap [buddy] for the poor.”

Estrada, however, has always had close links to the wealthy business cronies of the former military dictator Ferdinand Marcos, including billionaire tycoon Eduardo Cojuango. The president's right-hand man Ronaldo Zamora is the younger brother of the wealthy mining magnate Manual Zamora. While Estrada appeared at election rallies shouting “Erap for the poor,” his political and economic advisers were quietly reassuring big business and the international markets that his administration would continue the program of economic reform begun under Ramos.

During his two years in office, Estrada has engaged in a delicate balancing act. As well as giving a few crumbs for the poor and paying off political debts to his business associates, the president has been compelled to pursue the market reforms demanded by the International Monetary Fund (IMF) and World Bank. Relying heavily on his corporate advisers, his administration has initiated the restructuring of the banking sector, the stock exchange, opened up the retail trade and begun the privatisation of the National Power Corporation.

Right from the outset, Estrada has faced opposition from different directions. Ramos and Aquino along with Archbishop Sin have criticised his connections with Marcos's business cronies and his “loose” reputation as a gambler and a womaniser. At the same time his popularity ratings have plummetted as the social conditions have continued to decline. The latest unemployment figure of 11.2 percent is the highest for second quarter since 1986.

The government has also been under pressure from the IMF and World Bank to accelerate its restructuring program. Last year Estrada attempted to pass a series of constitutional changes aimed at ending restrictions on the foreign ownership of land, the media and a range of other businesses. Aquino and Sin accused Estrada of corruption and seeking to entrench himself in power. But their opposition reflected the interests of sections of Filipino business concerned at the impact of greater foreign competition.

The administration faced mounting protests to the constitutional ("Cha Cha") reforms, including from layers of workers and the poor angry over declining living standards. At the last minute, fearful of the popular discontent, both sides backed off and affected a compromise in early January. Estrada shelved his proposals and reshuffled his cabinet, handing the key job of Interior Secretary to Lim—an ally of Aquino. In return, Sin and Aquino shut down the protests. But the deal was little more than a temporary truce.

Estrada attempted to shore up his falling popularity by launching a military offensive against armed Islamic separatist groups in southern Mindanao. But his ability to play the military card came to an abrupt halt with the kidnapping of Western tourists by the Islamic fundamentalist organisation Abu Sayyaf based on the island of Jolo in April. The European powers insisted that Estrada negotiate their release rather than send in the troops.

Moreover, the escalating costs of the military campaign have contributed to a rising budget deficit and growing criticisms from the IMF, which has refused to provide loans to cover the extra government spending.

Estrada's position has become increasingly untenable. Sections of big business no doubt calculated two years ago that the president's popularity could be used to push through market reforms that were certain to generate widespread hostility and opposition. But amid declining poll ratings, scandals and with the economy now perched on the brink of recession, Estrada has become a political liability for the ruling elites.

Aquino, Arroyo and Ramos, who also represent powerful, though competing, sections of the capitalist class, have seized on the gambling scandal and the deteriorating economy, to make their own bid for power. If Arroyo does finally comes to power, she will pursue essentially the same policies as Estrada: a few crumbs for the poor and pay-offs to her business connections while she attempts to implement the demands of the IMF and World Bank for further economic restructuring.