

Political payoffs to supporters and opponents alike

Arroyo attempts to shore up her grip on the Philippine presidency

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Just over a month ago, with the backing of the military, the Catholic hierarchy, significant sections of big business and the political establishment, Gloria Macapagal Arroyo forced Philippine president Joseph Estrada from office and, blessed by the Supreme Court, took charge herself. Her installation was portrayed in the national and international press, with a few misgivings, as a triumph for democracy and People Power that would end Estrada's alleged corruption, incompetence and abuse of power.

It has soon become apparent, however, that Arroyo is just as beholden to big business and her political backers as Estrada ever was. She has handed cabinet posts to those who supported her virtual coup d'etat, sought to cut deals with key corporate figures, including those who previously backed Estrada, and reassured the international markets that her administration will pursue the IMF's restructuring agenda. Time will tell whether she is any less inclined than Estrada apparently was to use the presidency for personal financial gain.

The most obvious political payoff is to former president Fidel Ramos, who along with Cory Aquino and Roman Catholic Archbishop Jaime Sin, was instrumental in inserting Arroyo into office. The three were all key figures in the so-called People Power movement that toppled Philippine dictator Ferdinand Marcos in 1986 and installed Aquino in power. Ramos, who was head of the armed forces at the time, succeeded Aquino as president.

Arroyo has appointed Ramos as a special international emissary; his close associate Renato de Villa, who served as his defence secretary, has the powerful post of executive secretary; and the key position of finance secretary has been given to Alberto Romulo, who served as budget secretary under Aquino and was Senate majority leader during the Ramos administration.

The new Vice-President, Teofisto Guingona, is also allied to Ramos, having served as justice minister in his administration and as parliamentary leader of the opposition Lakas party. He was the first in the Senate to openly call on Estrada to resign last April, before provincial governor Luis Singson made public his allegations of Estrada's involvement siphoning off money from the country's gambling rackets and tobacco taxes.

Herando Perez, who has been appointed Justice Minister, was Deputy Speaker of the House of Representatives during the Ramos administration. Eduardo Ermita, the new Defence Secretary, was

government negotiator with the Moro National Liberation Front under Ramos, and Hernani Braganza, now the Agrarian Reform Secretary, is one of Ramos's nephews.

Arroyo has also rewarded leaders of Kongreso ng Mamamayang Pilipino (Kompil) 11, an alliance of unions from the public and private sectors, who were instrumental in mobilising support against Estrada. KMP convenor Corazon Juliano-Soliman was given the post of Social Welfare Secretary and another KMP figure, Teresita "Ging" Quintos-Deles, was appointed as National Anti-Poverty Commission Chair. Quintos-Deles was a representative for non-government organisations (NGOs) on the social reform council during the Ramos administration.

Estrada's cronies

It is not so surprising that Arroyo has handed positions to those members of the political establishment who helped remove Estrada. What is more revealing about the Arroyo administration is the rapidity with which it has appointed or sought deals with key supporters of the ousted president.

One of the most striking appointments is that of Luis Singson; a man who by his own confessions acted as the bagman for Estrada, funnelling millions of dollars in payoffs from the illegal gambling racket known as "jueteng" into the president's pockets. He was an close confidante of Estrada, taking part in his drinking parties that were lambasted for months in the Philippine press, right up until the point when the president decided to hand the running of a new legal gambling game to one of Singson's rivals.

Not without a touch of irony, Singson has been officially appointed as "gambling consultant" to the Arroyo administration. According to the interior minister, the provincial governor's "experience and knowledge" made him the obvious choice for the post. Moreover, through his sister, Viviana "Honeygirl" Singson, who has been given the job of chairperson of the state-run lottery, he has succeeded in getting a stake in the country's legalised gambling—something he failed to do under Estrada.

An article entitled "Revenge of the Estrada Cronies" in the latest issue of the *Far Eastern Economic Review* made clear that the appointment of the Singsons is not an aberration. It commented:

"[W]hat really bothers a lot of Filipinos is that Governor Singson isn't the only friend-of-Estrada who has ingratiated himself with the new president. In recent weeks, Malacanang [the presidential palace] has laid out the red carpet for everyone from allies of the

former president in Congress to Estrada's most notorious drinking companions and big-business supporters. Arroyo's fans call this 'reaching out' to the opposition. To increasing numbers of Arroyo's critics, however, it is a sign that she is cynically padding her power base with the same characters who caused so much mischief under the Estrada presidency."

The magazine reports that key business figures such as Lucio Tan, chairman of Philippine Airlines, and billionaire Eduardo Cojuangco Jr, chairman of San Miguel Corp, have held meetings in the presidential palace. Arroyo disingenuously claimed that just because she had had her photo taken with the two businessmen did not mean that she would be doing them any favours. But Tan, who is facing tax evasion charges, took the opportunity to call on the government to provide more protection to Philippine Airlines.

According to the *Far Eastern Economic Review*, "Manila is rife with speculation that Arroyo, whose government has enough shares in San Miguel to oust its chairman, and Cojuangco have reached an understanding so he can stay at the helm of the brewing and food giant if he gives up his political ambitions (he ran for president in 1992) and cuts his ties with his Nationalist People's Coalition and Estrada's party." Other former Estrada allies, including Senator Ramon Revilla, have abandoned Estrada and joined the administration's Lakas party. Revilla was one of the 11 senators who in January voted to suppress evidence in Estrada's impeachment trial—the event that triggered the president's removal just days later.

A sign of political weakness

While Arroyo has been bending over backwards to accommodate Estrada's supporters, her administration has continued to vigorously pursue charges against Estrada himself. A major legal obstacle is the fact that Estrada insists that he did not formally resign and his lawyers are arguing in the Supreme Court that he is still the president and thus immune from prosecution. A ruling is expected by mid-March, which, if it confirms that Arroyo is the president, will clear the way for charges to be laid by the Ombudsman. One of the charges being prepared—economic plunder—carries the death penalty.

The fact that Arroyo is prepared to put Estrada on trial for his life, while rewarding Singson, his self-confessed partner in corruption, indicates that the new president is far from certain about her own political position. She is compelled to try to politically destroy Estrada, who still commands significant popular support, by proceeding with the charges, and at the same time, undermine his base by doing deals with his allies.

Moreover, there is a certain urgency to the task. Elections for 13 of the 24 Senate seats and all 208 members in the House of Representatives are due in May. Estrada is fielding a team of candidates, including his wife, and has begun to campaign on her behalf. In the 1998 presidential elections he convincingly beat his opponents with a populist campaign geared to exploiting widespread dissatisfaction with the previous Ramos administration and its implementation of the IMF's austerity measures.

Recent opinion polls indicate that the months of corruption allegations against Estrada have taken their toll, but he and his party could still be a force to be reckoned with in the upcoming elections. Whatever support Arroyo has been able to build up in

the course of the campaign against Estrada may rapidly evaporate as she begins to impose the policies being demanded by the IMF and international investors. Dissatisfaction with the ability of Estrada to make the required "reforms" was one of the principal reasons that sections of the ruling class swung against him.

Finance Secretary Romulo is in the process of drafting a budget that will cut public spending by \$US1.6 billion and sharply reduce the size of the civil service in Manila. The IMF had made a number of criticisms of the high level of government spending, which under Estrada resulted in a 136 billion peso (\$2.8 billion) budget deficit last year. In an attempt to compensate for the anticipated cut in public spending, Philippine interest rates have been cut to try to spur private investment.

The peso and share values have risen, temporarily at least, since Arroyo came to power. However, as economic commentators have noted, the Philippines has a long way to go to lift foreign investment. An article in the US-based *BusinessWeek* magazine, which outlined a detailed economic prescription for the new Philippine administration, commented: "Arroyo's longer-term challenges are daunting. She needs to boost growth, cut into corruption, and woo back foreign investment—at a time when the US economy is slowing and amid growing competition from other low-wage centres in China and South East Asia. She will have accomplished a great deal if she merely restores the economy to its condition at the departure of President Fidel V. Ramos."

But in order to carry out such demands, the Arroyo administration will come into conflict with workers and the urban and rural poor, who are already feeling the impact of rising prices for fuel and other basic commodities such as rice, along with cutbacks to jobs and government services. Estrada's populist demagoguery to be "for the poor" was already beginning to wear thin after just two and a half years in office. Arroyo, who is a member of the country's wealthy elite, the daughter of a former president and the wife of a well-off businessman, may find that disillusionment with her administration sets in even sooner.



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