

# Arroyo clings to Philippines presidency amid growing economic crisis

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After months of political turmoil, Philippines President Gloria Macapagal Arroyo has staved off efforts to impeach her but remains deeply unpopular and faces a continuing opposition campaign to have her removed from office.

Arroyo's supporters yesterday used their numbers in the House of Representatives Justice Committee to quash three impeachment complaints. Citing the rule that only one impeachment can be brought against an official a year, the committee first voted to formally accept the weakest of the three complaints, then immediately dismissed it as "insufficient in substance".

Only one of Arroyo's opponents was present after opposition legislators stormed out of the committee in protest on Tuesday. Those calling for Arroyo's removal on charges of election rigging, corruption and political repression consist of a motley alliance of right-wing politicians aligned with ousted president Joseph Estrada, together with various Stalinist and leftist parties.

Opposition politicians vowed to fight on but with little prospect that the impeachment will proceed. To override the justice committee decision, the opposition requires 79 votes, or a third of the 236-member House of Representatives, to refer the complaint to the Senate for hearing. As of yesterday, the impeachment lobby had only 73 votes. Pro-Arroyo House Speaker Jose de Venecia told the media this week: "For all intents and purposes, it's dead. They simply don't have the numbers."

Leftist legislator Teodoro Casino bewailed the vote and called for a protest campaign. "This is the saddest day perhaps in Congress," he declared. "This is so brazen. The people have no other choice but to take to the streets because that is the only place we can resolve all the questions raised there."

Opposition demonstrations have, however, largely fizzled out. As the justice committee was voting, several hundred anti-Arroyo protesters gathered outside the Congress building and clashed with police. Two demonstrators were injured.

There is no shortage of public hostility to Arroyo. Opinion polls have consistently shown that the majority of the population wants her to resign. Recent polling has shown that more than 80 percent of respondents want the president impeached.

The opposition has been sparked by revelations that Arroyo may have urged electoral officials to rig last year's presidential election and claims that her family members may have taken bribes from operators of the country's pervasive illegal *jeuteng* lottery. But underlying the discontent are concerns about rising fuel prices, job losses and declining living standards.

The failure of Casino and other "lefts" to mobilise any significant public support is in large measure because they are thoroughly compromised. In 2001, the Stalinist Communist Party of the Philippines (CPP) and other left parties backed the so-called Peoples Power campaign supported by sections of the military, business and the Catholic hierarchy to oust Estrada and install Arroyo, claiming she would help working people. Today the "lefts" are in alliance with the right-wing backers of Estrada seeking to remove Arroyo.

The lack of any credible opposition has enabled Arroyo to hang on, for the time being at least. Six weeks ago, 10 key cabinet ministers and officials, including Arroyo's entire economic team, walked out of the cabinet. Since then, Arroyo has been able to cling onto office by securing the tacit support of the politically influential Roman Catholic hierarchy, senior military officers and sections of big business.

Arroyo, who has been a strident advocate of the Bush

administration's "global war on terrorism," also received some support from Washington. On August 3, as he left for a new posting, senior US diplomat Joseph Mussumeli publicly opposed mass protests to topple Arroyo.

"Twice is enough," Mussumeli declared, referring to the US-backed "Peoples Power" movements that brought down the Marcos dictatorship in 1986 and Estrada in 2001. He praised Arroyo as "assertive and straight forward" and "brilliant and tenacious" and declared that he was confident she would survive.

The president may have weathered the immediate political storm, but none of the underlying issues have been resolved. Arroyo, a Harvard-trained economist, has made fiscal reform and debt reduction the centrepiece of her administration's program. Foreign debt has tripled over the past eight years to \$US70 billion and currently stands at 101 percent of Gross Domestic Product (GDP). Debt servicing consumes 40 percent of government revenue.

Debt repayments have been funded in part by new issues of government bonds but the money markets are concerned that this cannot continue indefinitely. Desmond Soon of the Singapore-based Pacific Assets Management told the *International Herald Tribune* on August 18 that the debt figure is "alarmingly high". "In this kind of situation, some political figure could come along and argue for a debt moratorium or some kind of debt rescheduling," he said.

Arroyo has pushed through changes to the country's Valued Added Tax (VAT) that would boost government revenues. The tax is to be extended to cover essentials such as petrol and electricity and may be extended from 10 percent to 12 percent, at the discretion of the president. In a country where tax evasion by the rich is rife, increased VAT will impose hefty new burdens on the working class and the urban and rural poor.

Following a legal challenge to the VAT legislation, the country's Supreme Court placed a temporary injunction on its implementation. The court's final ruling is due shortly. If the increased tax is imposed, it will only add to the mounting resentment and discontent, particularly over high petrol and fuel prices. Already 40 percent of the population struggle to get by on less than \$US2 a day.

At the same time, the financial crisis confronting the

Arroyo administration is being compounded by the continuing rise of global oil prices. Current government budget estimates were based on an oil price of \$US35 a barrel but that figure has now doubled. In 2004, the country's oil import bill was \$US4.57 billion. Each \$10 per barrel increase adds \$1.26 billion.

On August 17, the Department of Energy outlined plans to re-introduce presidential powers not used since the days of the Marcos dictatorship, including the rationing and administrative allocation of fuel supplies. Arroyo's Executive Secretary Eduardo Ermita said the president regarded the oil crisis as a threat to national security as "it can lead to a situation in which the people could be agitated and lay the blame on the leadership".

These comments underscore the deep fears in the Filipino ruling elite that the widespread popular discontent has the potential to erupt in explosive forms. What is being prepared in response is the assumption of autocratic presidential powers and outright repression.



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