

# US plays key role in Philippine corruption scandal

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**8 March 2011**

Charges of corruption on a massive scale in the Philippine military have erupted during the past three weeks, and become a weapon in the hands of President Benigno Aquino III as he strives to consolidate his hold on power at the expense of his predecessor, Gloria Macapagal Arroyo, and her cronies.

The extensive military corruption was first exposed by the United States government in an attempt to discredit Arroyo when she no longer exclusively favored US economic and political interests in the country. The scandal is an effort shaped by the geopolitical machinations of the Obama administration in response to the rising economic power of China.

Investigative hearings in both chambers of the Philippine legislature have revealed a widespread and thoroughgoing rot in the upper echelons of the armed forces. Four-star generals and former chiefs of staff have been accused of participating in the systemic embezzlement of hundreds of billions of pesos.

There is clear evidence that the corruption investigations were instigated by the United States. In a statement before the legislature on February 2, former state auditor Heidi Mendoza testified that in late 2004 Jeff Cole, US Justice Department legal attaché to the American embassy in the Philippines, contacted her and recommended that she investigate possible malfeasance with military funds. Cole told her where she should begin her research.

Cole contacted the Philippine Commission on Audits (COA) in February 2005, inviting Mendoza to New York to review the UN reimbursements for the expenses of Filipino peacekeepers, which wound up being another source of embezzled funds. Mendoza claimed that the COA blocked her investigation and she resigned from her post.

Arroyo had assumed office in 2001 with firm US support for her and for the military-backed constitutional coup which removed her predecessor, Joseph Estrada. She was a Georgetown-trained economist and the daughter of a former Philippine president with deep ties to the United States. She sent Philippine troops to Iraq as part of the façade of

multilateral support for the imperial ambitions of the United States. In October 2003, in the face of protests against Philippine involvement in Iraq, Arroyo stated that she would not withdraw the troops. Despite widespread allegations of electoral fraud on Arroyo's behalf in May 2004, Washington gave its full support to her continuation in office. In July 2004, however, Arroyo withdrew Philippine troops from Iraq.

As the global economic position of the US declined and China's rose sharply, the orientation of the Arroyo administration began to shift. The economic interests of the Philippines were increasingly turning toward China, and a number of important infrastructural projects were awarded to Chinese corporations despite lower bids from American companies.

According to the Asian Development Bank, when Arroyo assumed office in early 2001, total Philippine trade with China amounted to just \$US1.5 billion, while trade with the United States was more than ten times greater—\$US17.8 billion. Data released by the National Statistics Office in early February, however, shows that China has now displaced the US as the second largest trading partner of the Philippines. Japan occupies first place; and 70 percent of all Philippine trade occurs within East and Southeast Asia—a profound shift from the heavy reliance on the US market of just a decade ago.

One of the first to be accused in the recent revelations of corruption was General Angelo Reyes, a former chief of staff of the Philippine Armed Forces. Reyes was head of the military under President Estrada. In January 2001, Reyes shifted sides during a corruption scandal against Estrada and was responsible for bringing military backing to then Vice President Arroyo. Upon assuming the presidency, Arroyo appointed Reyes secretary of defense.

Last month, on February 8, following accusations in the Senate, and before his political connections and involvement in the corruption scandal could be examined, Reyes shot himself under suspicious circumstances. The details of his death were hastily covered up in a slipshod investigation. No autopsy was

performed, Reyes' weapon was never examined, and no paraffin tests were conducted. His death was declared a suicide on the basis of eyewitness testimony. The witnesses produced by the police as having seen the event originally claimed in newspaper interviews that they "heard a loud noise" and rushed to find Reyes shot. Regardless of the exact events surrounding Reyes' death, his sudden removal from the investigation was certainly convenient for others who potentially would be implicated in the corruption hearings.

The Aquino administration, which took office in June 2010, is systematically dismantling Arroyo's base of political power. During her nine years in office, Arroyo created a vast network of cronies and appointees. She stacked government bureaucracies with a clientele beholden to her. Every justice on the Supreme Court was appointed by her. In what was referred to as a "revolving door policy," Arroyo cycled through eleven chiefs of staff of the armed forces.

While Aquino has used the corruption scandal to discipline the military top brass, he has co-opted restive lower-ranking officers, many of whom he amnestied from charges relating to coup attempts committed against the Arroyo administration. In addition to the corruption charges filed against the military commanders, Aquino has conducted a concerted campaign against the Supreme Court, whose Arroyo appointees are inimical to Aquino's political goals and the economic interests of his wealthy family, the Cojuangcos.

On February 16, the US-oriented Makati Business Club announced support for the campaign against military corruption. The Management Association of the Philippines (MAP), a powerful group of large banks, real estate corporations, business process outsourcing centers, and electronics manufacturers, had previously announced its support at its annual meeting on January 26. MAP, which has the US Chamber of Commerce as one of its members, ominously added that it was creating a "shadow cabinet" to monitor Aquino's progress and to "counsel" him.

From February 13 to 17, during the height of the revelations of military corruption, the USS Blue Ridge made a port call in Manila. The Blue Ridge is the command and control ship of the US 7th Fleet deployed in the Asia-Pacific region. Its presence in Manila Bay was a clear indication of US support for the prosecution of the corruption scandal and Aquino's bid to strengthen his grip on power.

Rear Admiral Alexander Pama, installed by Aquino on January 4 as head of the Philippine Navy, stated that he would use the occasion to acquire from the US Navy a Hamilton-class cutter recently decommissioned by the US Coast Guard. He stated that the ship, which would be the largest in the Philippine

fleet, was urgently needed to patrol and protect the Philippines' claims to oil in the South China Sea, which also contains shipping lanes vital to the US. The US is both supplying and training the Philippine Navy to defend its interests in the region.

Until recently, Secretary of Foreign Affairs Alberto Romulo was the only person who retained his position during the transition from the Arroyo administration to the Aquino administration. He had worked as head of Foreign Affairs since 2004. His tenure in Arroyo's cabinet had been characterised by a shift away from a clear political and economic orientation to the United States. As economic ties with China grew dramatically, Romulo was compelled to perform a political balancing act between the geopolitical interests of the two superpowers.

Aquino's initial retention of Romulo was a clear sign that it was Aquino's intention that this precarious, teetering diplomacy continue. With firm US support for his bid to consolidate power, however, and after political relations with China soured in a number of minor diplomatic rows, Aquino announced last month that Romulo would be replaced.

His replacement has strong pro-US credentials. Albert del Rosario, a wealthy businessman who studied at high school and college in New York, was Philippine ambassador to the United States from 2001 to 2006. He is a prominent member of the Makati Business Club. On March 4, Del Rosario outlined the Department of Foreign Affairs agenda under his leadership. The Philippines, he stated, would have to be engaged with China because a significant amount of investment originated there. He insisted, however, that the United States would be the Philippines' "sole strategic partner."

The conflict between the economic dominance of China and the strong political and military ties being formed between the Aquino administration and Washington dictate that the diplomatic tightrope act will continue. Nevertheless, the present trajectory of Aquino's administration in its prosecution of the corruption scandal pushes it sharply in the direction of the United States.



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