

# President Aquino's Last Mile

AN (EARLY) ASSESSMENT OF HIS PRESIDENCY

**On June 27, 2015, Philippine President Benigno S. Aquino III delivered his sixth and final State of the Nation Address (SONA) before Congress. Since Aquino, due to the term limit provided by the constitution, is not allowed to run for a second term in the national elections in May 2016, it is time for an (early) assessment of his Presidency.**

In 2010, then Senator Aquino, son of the late Corazon Aquino, ran for President, promising to fight corruption in the country. Once elected, *Daang Matuwid* (the Straight Path) became the power brand of his Presidency. However, some challenges that characterized his term most prominently were the Pork Barrel scam and Typhoon Yolanda (also known internationally as typhoon Haiyan---and the catastrophic disaster management that came along with it). Nonetheless, Aquino's record has successes to show, even though those came at a price. Challenging the powerful Catholic Church, the Administration accomplished the passage of the controversial Reproductive Health Bill in Congress, which aimed at facilitating sexual education and providing better access to contraceptives. Assured of the public and political support for the bill, the President was willing to start a long lasting clash with the Catholic Church to achieve this. Also, the passage of a long awaited competition law (20 years after its first draft) was also a more recent success. The sustainable effects on existing oligopolies and cartels in the country remain to be seen, however. Facing economic integration in ASEAN, this much-needed law is good news for foreign investors. The peace process in Muslim Mindanao, however, has not yet ended. Whether or not a Bangsamoro Autonomous Region (BAR) will be established by the end of Aquino's term will decide the President's legacy.

## On the "State of the Nation": Patronage and Dynasties

Feudal structures still prevail in politics; the country's fate in business and in politics is still in the hands of a few powerful families. The growth of wealth of the 40 richest families is the equivalent of 76% of the country's GDP (in Thailand: 34%, in Malaysia: 6%, in Japan: 3%). 70% of both Houses of Congress are descendants of political dynasties. Among lawmakers aged 26 to 40, 80% come from those dynasties. Figuratively speaking: they inherit their seat in parliament. Research by the renowned Policy Center at the Asian Institute of Management has shown that underdevelopment and poverty is correlated with the dominance of dynasties in their respective regions and provinces<sup>1</sup>.

President Aquino, coming from a political dynasty himself, made it clear during his last SONA that he supports the Anti-Dynasty Law and encourages its passage in Congress. Despite the fact that calls for this law have remained strong over the years and despite the fact that the 1987 Constitution even requires it to be established, efforts to pass any bill related to political dynasties have remained futile (main-

<sup>1</sup>Mendoza, Beja, Venida, Yap (2012): Inequality in democracy: Insights from an empirical analysis of political dynasties in the 15th Philippine Congress, in: Philippine Political Science Journal 33(2):132-145. Online: [http://www.kas.de/wfi/doc/kas\\_9551-1442-2-30.pdf?13043005519](http://www.kas.de/wfi/doc/kas_9551-1442-2-30.pdf?13043005519).

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ly because the actors who are supposed to pass the bill will be heavily and negatively impacted by its passage and implementation).

Another evident problem in Asia's oldest democracy is the participation in public matters and politics for the common people. Genuine, programmatic parties with internal democratic structures as a vehicle in participatory processes hardly exist. In general, political parties enjoy a bad reputation for their image as merely "campaign machineries" of the privileged elites. At present, a party law giving parties a place in the political system is far from being passed. Also, much needed rules and legislation on party and campaign finance remain unrealized.

### The Fight against Corruption

Aquino's term saw the successful and public impeachment of then Supreme Court Chief Justice Renato Corona for the "betrayal of public trust and culpable violation of the Philippine Constitution" because he did not completely disclose all of his assets in his Statement of Assets, Liabilities, and Net Worth. Also, former President Gloria Macapagal Arroyo was placed under house arrest because of electoral fraud. But the most staggering incident was the Pork Barrel Scam in 2013. Several lawmakers had been revealed to have rerouted money from state funds into their own pockets through fake non-governmental organizations. 3 out of 24 senators remain under arrest until now.

Aquino's *Daang Matuwid* has earned him the reputation of an incorruptible statesman. On the international level, this did not go unnoticed. For the first time, rating agencies gave the Philippines a BBB rating in 2014. Nonetheless, the fight against corruption seems to be futile. Eliminating corrupt executives at the top has not had any effect on the processes in politics, administration or business. However, the Transparency International Corruption Perceptions Index shows a positive trend for the Philippines since Aquino came into power.

#### *Corruption Perception Index*

Year	Rank
2014	85
2013	94
2012	105
2011	129
2010	134

*(Transparency International)*

The pending Freedom of Information Bill, meant to enhance public transparency, has a small chance of being passed before the end of Aquino's term, though.

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The Philippines has seen steady economic growth in the past years. In addition to that, the new Competition Act is a positive signal for international investors.

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*GDP Growth*[www.kas.de/philippinen/en](http://www.kas.de/philippinen/en)

2010	2011	2012	2013	2014
7,6%	3,6%	6,8%	6,8%	6,1%

*(www.databank.worldbank.org)*

However, appearances can be deceiving. Experts argue that the lack of inclusivity in recent growth constitutes a massive problem. With poverty rates of 25%, the Philippines has been lagging behind their neighbors for years. The past 10 years have not shown any improvement here.

*Poverty Rate*

2006	2009	2012
26.6%	26.3%	25.2%

*(www.databank.worldbank.org)*

Property and investment regulations remain problematic for foreign corporations. Even though Manila has become the "call center capital of the world" due to high educational standards and English language skills, international investors still shy away from the Philippines where they can only hold 40% of a venture. The expropriation of the German Fraport AG still remains a lingering issue.

**The Peace Process in Muslim Mindanao**

In the conflict for autonomy or even independence that has been simmering for years in the Muslim south, the peace process has made significant progress. The Comprehensive Agreement on the Bangsamoro (CAB) was signed in March 2014 by representatives of the government and the Moro Islamic Liberation Front (MILF). The Bangsamoro Basic Law (BBL), the result of long negotiations between the government and the MILF, was introduced to parliament in September 2014. After more than 50 meetings, the second chamber of the national parliament, the House of Representatives, adopted an edited version at the committee level, which should be passed in plenary. However, no agreement has been reached in plenary session yet. The first chamber of parliament, the 24-member Senate, also has to pass the BBL. Here, it has proven difficult to reach an agreement as well. The President is still fighting lawmakers and aspirants to higher office, who want to position themselves for the upcoming elections by using the controversial peace process as part of their agenda to oppose the Administration.

The plebiscite for the establishment of the autonomous region constitutes another bridge to cross. In 5 provinces (Sulu, Tawi-Tawi, Basilan, Maguindanao, Lanao del Sur) of the current Autonomous Region in Muslim Mindanao or the ARMM, which will be replaced by the BAR, referendums must be held after a successful adoption of the BBL.

With each passing month of his remaining term, the President's potential influence on the future progress of the peace process, which should ultimately lead to the establishment of the BAR, is growing weaker.

**The Philippines and China****PHILIPPINES**

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In the long lasting dispute with China's activities in the South China Sea, the Philippines dared a bold step in 2013: they called the Permanent Court of Arbitration in The Hague. Contentious issues are mainly the overlapping ownership claims to the Spratly Islands and the Scarborough Shoal. But the question to be clarified in The Hague is not the actual territorial sovereignty issue, but China's occupation and control of reefs such as Fiery Cross, Cuarteron, Subi, McKennan, Johnson South, Gaven, Mischief and Scarborough.

From July 7 to 13 of 2015, the question of the jurisdiction of the panel should have been dealt with in a hearing, before arbitration begins. On July 14, the panel called on the Philippines to substantiate their claim by providing further documents. An actual decision from the Permanent Court of Arbitration on the jurisdiction is expected within the next 3 months.

Should the panel itself – despite China's refusal to participate in the hearing or accept the possible outcome – declare that jurisdiction for the case is with the Permanent Court of Arbitration, it would already be some kind of victory for President Aquino.

**Perspectives**

After 5 years as President of the Philippines, Aquino has proven to be an integral fighter against corruption. Although such efforts must appear almost hopeless without a holistic approach, his *Daang Matuwid* has at least contributed to a more positive perception of the country. With regards to fundamental reforms, his track record remains questionable. Poverty and unemployment are still immense. The Anti-Dynasty Law, the Freedom of Information Act, the Political Parties Act, the reform of the investment law – many important reforms – remain stuck in the process. However, the adoption of the long-awaited Competition Act must indisputably be regarded as a success. Similarly, the CAB with the MILF has been a milestone, even if the BBL has not been passed by Congress yet.

The fact that sustainable reforms are hardly possible is owed to the common attitudes of decision-makers, which consider amendments to the 1987 Constitution as sacrilegious. Aquino himself had made it clear that no comma would be amended to "his mother's Constitution". A much-needed constitutional reform that could mean a transition to a better system of "checks and balances" was not possible. At most, an easing of restrictions on investment by foreign corporations was part of public discourse for a while.

Meanwhile, Aquino has made a proposal for his successor: on July 31, 2015, the Secretary of the Interior and Local Government, Manuel "Mar" Roxas announced that he would run for President in the 2016 elections – with the support of Aquino and his Liberal Party. Aquino's longtime opponent, Vice-President Jejomar Binay, has expressed his desire to run for the highest office much, much earlier than Roxas. However, corruption-related investigations against him and his family seem to have a negative impact on the Presidential opinion polls for Binay. Senator Grace Poe, a neophyte senator who ran as an independent in 2013, was able to overtake Binay in the opinion polls for the first time just recently. Whether far-reaching reforms could be expected from any of these candidates can hardly be predicted right now.

For any future assessment of the success or failure of Aquino's Presidency, one question will be decisive: was he the president who brought lasting peace to Mindanao? Therefore, it will be critical to see if the BBL will be passed, giving way to the birth of the BAR by both houses of parliament before the end of his term. If he succeeds in this endeavor, Aquino would have found his place in the country's history - despite his inability to promote other far-reaching reforms.