



The Philippines: The Weak State and the Global War on Terror

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ABSTRACT. The Philippines is clearly one of the principal “front-line” states with Southeast Asia’s identification as the second front of the “global war on terror.” Its participation in and strong support for this campaign was commended strongly in the international stage especially by the government of the United States. At the same time, however, this policy was received with mixed feelings within the country itself. There are strong and legitimate fears that the Philippine government’s support for the United States places the stability of the country over the short- to medium-term in jeopardy. This is particularly important as the international campaign against terror has come at an inopportune time. The Philippines is currently facing multi-faceted challenges that the government is unable to address because it cannot mobilize the requisite economic and political resources. Terrorism is not the main cause of the persistent instability in the Philippines. The growth and persistence of terrorism in the country, in fact, is indicative of the weak Philippine state.

KEYWORDS. terrorism · weak state · stability

INTRODUCTION

This paper looks at the implications of the Philippine involvement in the “global war on terror” on the stability of the country. One largely overlooked fact is that the country’s involvement in this campaign predates the September 11 attacks on the World Trade Center and the Pentagon. The Abu Sayyaf, the extremist group identified with the al-Qaeda terrorist network of Osama bin Laden, has been waging a campaign of terror in Southern Philippines since 1992. As such, critics of the government have argued that the Philippine government’s unquestioning support for the US-led international coalition against terrorism, and its subsequent invasion of Iraq in 2003, has laid the country more open to terrorist attacks. Supporters of the policy, on

the other hand, have explained that US assistance in fighting the Abu Sayyaf has been instrumental in the gains that the government has had against terrorism in the country. Supporting the United States has not only reinvigorated the nearly-moribund Philippine-US security relationship but has also been a major factor in maintaining the country's stability. Both sides necessarily exaggerate the linkage between terrorism and the stability of the Philippines—but not by much. Terrorism *per se* is not the main cause. It is argued in this paper that instability in the country is due to the weakness of the Philippine state. This can be seen in the growth and persistence of terrorism in the country. At the same time, terrorism exacerbates the inability of the Philippine state to enhance the country's stability.

GLOBALIZATION AND THE STATE

One of the most enduring myths that emerged out of the multiple terror attacks in the United States on September 11, 2001 is the idea that the world has changed since then. This is particularly elucidated in a discourse on security which has emphasized the changed nature of war wherein the enemy is no longer represented by states. However, this representation of security becomes problematic when contextualized along the lines of the retribution taken by the United States which still target states—Afghanistan and Iraq. Indeed, what is ostensibly a “new” discourse on security really harks back to a discourse more familiarly associated with the Cold War era.

The reinvigoration of this security discourse comes at a time when the role of the state within the ambit of globalization is being redefined. The traditional notion of the state as a bulwark of domestic order against the anarchic influence of the international system can no longer be taken as given. Neither is there a clear consensus on the emerging role of the state. Susan Strange asserts that state power has been on the decline as reflected in the growing diffusion of authority which traditionally had been the domain of states (1996, 4). While she recognizes that states are becoming more interventionist in certain aspects of the daily lives of people, this actually disguises the diminishing ability of states to provide the kind of political authority which had always been their fundamental *raison d'être*. Strange pointed out that states have become less effective in addressing concerns that are considered to be the traditional domain of states—providing protection from violence, stability of money for trade and investment, a functioning

legal system, and sufficient public goods (1996, 5). Her argument, in turn, tends to downplay the impact of globalization on the role of the state in relation to the object of its existence: the protection of the well-being of the people subject to its sovereign jurisdiction. Robert Cox (1996, 154) and Stephen Gill (1995, 399) both argue precisely that the state has become the instrument for disciplining the domestic sphere to conform with a globalized neoliberal economy. Cox borrowed the concept of Polanyi's double movement to show how developments pertaining to globalization are analogous to economic and social conditions in Europe during the nineteenth century. He wrote that

the thrust behind the utopian vision of a self-regulating market was the first phase of movement. The market was conceived as bursting free from the bonds of society, a newly unleashed natural force that would subject society to its laws. Then came, unplanned and unawaited, a second phase of movement: society's response of self-preservation, curbing the disintegrating and alienating consequences of market-oriented behavior. Society set about to tame and civilize the market. (Cox 1996, 155)

Cox sees a recurrence of this double movement in the "powerful globalizing trend...towards the achievement of the market utopia on a global scale" (Cox 1996, 155). He notes that the protective response that constitutes the second part of the double movement is uncertain and lacks coherence. The implication here is that the state has become more responsive to the demands of global market structures than to the domestic needs of society.

Gill pushes the argument further by maintaining that states introduce legal or constitutional devices to safeguard neoliberal economic institutions from democratic accountability (1995, 399). Globalization, therefore, brings with it a narrowing of the social basis for popular participation in politics. In this context, the coercive power of the state is used more often against social forces challenging the hegemony of neoliberal norms in the domestic sphere. The wall separating the domestic from the international becomes porous within the framework of a more apparent nexus between economics and security.

The impact of globalization in relation to a state's responsiveness (or lack of it) to the demands of society becomes even more evident in cases where state capability is already weak *ab initio*. The Philippines is a case in point here.

STABILITY AND THE WEAK PHILIPPINE STATE

Stability is a concept whose meaning remains principally contested. To a large extent, it connotes the persistence of a desirable (or at the very least acceptable) social order. This could be altogether moral in its basis, or one enforced through coercion. Ideally, it requires a combination of these two factors. In 1992, a study conducted by a group of political scientists under the aegis of the Social Weather Stations (SWS) identified five dimensions that necessarily constituted political stability in general, but which were particularly important in the context of the Philippines (Miranda *et al.* 1992). These are constitutionalism, legitimacy, effectiveness, relative impermeability and durability. Their inter-relationship and connection to political stability was described as follows:

Political stability... is defined as a condition where these five parameters converge and work to reinforce each other. Effectiveness builds up legitimacy which strengthens constitutionalism and facilitates the relative impermeability of political orders. As this process is iterated over time, the durability of political regimes and their structures is reinforced and provides a stabilizing effect on the other parameters. Conceptually, this synergistic relationship could be activated from any of the five constituent parameters of political stability. Overall system stability has a positive effect on all the parameters and... makes it easier for all of them to be sustained at increasing levels of effectiveness. (Miranda *et al.* 1992)

Underlying the factors described above that are key to any examination of political stability is the effectiveness and efficiency of the state in addressing the issues and concerns of its citizens within the constraints of the law. Not being able to do so leads to a diminishing stature of the state and eventually its ability to function as a “state,” hence contributing to the steady erosion of political stability. The interconnectedness of the factors indicated above (i.e., of political stability itself) and the ability of states to function is described in the SWS study. It was pointed out that a “sustained degradation” of any of these factors could lead to a breakdown of political stability, as a

non-functioning government and its non-performing authorities incline the general citizenry and other groups towards political cynicism and alienation, a low regard for the ruling authorities as well as the constitutional rules of political change. Eventually, as continuing crises reveal the gross inadequacies of the authorities, the probability increases that there would be internal subversion and armed challenges to the regime. The probability

that the political order could persist becomes significantly weakened. In the international arena, political fecklessness invites similar challenges and manipulation if not outright takeover by other states and international agencies. . . (Miranda *et al.* 1992)

The important thing about this study is not the parameters it identified as central to the question of stability in the Philippines, but rather the same issues that continues to bedevil the country eleven years after. The study identified the weak Philippine state as a critical issue of stability that any political leadership in the country has to contend with. Eleven years after, at the turnover ceremony of the Chief of Staff of the Armed Forces of the Philippines, President Gloria Macapagal-Arroyo pointed out the problem as the principal reason for the country's continuing malaise. She said that the "state is weak if dominant classes or sectors control it or shape government policies, especially those dealing with the economy" (Macapagal-Arroyo, 2002). The wide gap between the rich and the poor, a political system based on patronage that breeds corruption, and preoccupation with politics were alluded to as the symptoms that show the weakness of the Philippine state.

President Arroyo's statement establishes an important point. The Philippine state and its "weakness" should be analyzed within the context of the Philippine society. Joel Migdal has argued that the core idea behind the existence of states is the establishment of a "hegemonic presence"—described in terms of capacities that include penetrating society to the point of affecting individuals' sense of identity, regulating social relationships through the promotion a system of meaning, rules and legitimacy, the execution of rules, adjudication, the possession and use of coercion, and the extraction and appropriation of resources (1996, 24). These capacities closely correspond with certain elements of political stability identified by the 1992 study, namely legitimacy, effectiveness, and relative impermeability. How states are able to exercise these capacities vary in terms of their relationship with other social forces. States can both mold and be molded by its interaction with these social forces. Migdal proposes four different types of relationships which can explain the strength or weakness of state capacities (Migdal, 1996, 24). These range from situations where the state has complete hegemony over the rest of the society and becomes a completely transformative agent to one where it is completely ineffectual and disengages completely from the society. The case of the Philippines

exemplifies the type which Migdal describes as a state which does not produce radical changes in the pattern of domination. The reference made by President Arroyo to the culpability of “dominant classes and sectors” points to a long-standing pattern of elite politics in the Philippines dominated by entrenched political clans (see Coronel, Chua, Rimban and Cruz 2004, 44-117). Aside from the traditional elite, other emerging forces have been influencing the state. These include major commercial and industrial conglomerates, the active civil society, and even the bureaucracy. The period immediately following the Marcos era was an opportune time to put in place reform programs necessary for economic, political and social development. But very little actually materialized while the success of the most important programs were not sustained. A comprehensive agrarian reform program was diluted by a legislature dominated by members of the landed elite. Tax reform never took off because of manipulation by a number of major corporations. Even attempts to push economic liberalization and industrialization were hampered by a strange alliance between leftist ideologues and the self-serving protectionist interests of local capitalists (Rivera 1994). The Arroyo administration faces growing public disenchantment and pessimism about its ability to get the Philippines out of this economic and political morass.

The most immediate and noticeable concern regarding the Arroyo administration since it came to power in 2001 has been its inability to manage the growing fiscal deficit of the country, a problem that can be attributed to poor tax collection (see Table 1). In September 2002, a report from the US investment bank Morgan Stanley pointed to the very low government revenue collections for that year. According to the report, the Ramos presidency during the booming 1990s registered the strongest tax collection effort with tax revenues as a percentage of gross national product (GNP) reaching 15.6 percent. Under the Estrada presidency, the ratio was at 13.9 percent while the Aquino administration had 13.7 percent. The revenue-GNP ratio under the Arroyo administration is at 12.7 percent, while during the Marcos regime it reached 11.5 percent. The investment bank estimated that the government could theoretically generate a tax effort ratio of up to 25 percent of GNP based on its 33-percent corporate tax rate and the 33-percent top-tier income tax rates, and its system of “indirect taxation.” Historically, the tax ratio has never exceeded 20 percent in recent decades. Morgan Stanley’s Daniel Lian said the government has

Table 1: Selected Indicators, Philippines

Year	Revenue effort (% of GDP)	Tax effort (% of GDP)	Deficit (% of GDP)	GDP Growth Rate	Inflation rate	Net Factor Income from Abroad (% of GDP)	GDP per capita (% change)
1984	10.84	9.56	-1.92			-3.94	
1985	12.04	10.71	-1.96	-7.31	23.45	-3.58	-9.54
1986	12.98	10.76	-5.17	3.42	-0.45	-3.37	0.95
1987	14.73	12.58	-2.65	4.31	3.03	-2.54	1.85
1988	13.19	11.31	-3.08	6.75	8.93	-2.17	4.27
1989	15.87	13.23	-2.26	6.21	11.47	-2.16	3.77
1990	16.19	14.08	-3.66	3.04	13.15	-0.54	-0.20
1991	17.12	14.61	-2.35	-0.58	18.48	0.52	-3.14
1992	17.69	15.44	-1.31	0.34	8.55	1.72	-2.19
1993	17.44	15.61	-1.59	2.12	6.95	1.75	-0.39
1994	18.05	16.03	0.92	4.39	8.34	2.57	1.89
1995	17.71	16.29	0.53	4.68	8.00	2.76	2.23
1996	18.61	16.94	0.26	5.85	9.07	4.12	3.44
1997	18.98	16.98	-0.01	5.19	5.86	4.19	2.86
1998	17.28	15.63	-1.89	-0.58	9.70	5.14	-2.73
1999	15.92	14.50	-3.76	3.40	6.65	5.35	1.21
2000	15.38	13.91	-4.10	4.38	4.39	5.70	2.21
2001	15.40	13.46	-4.09	3.22	6.11	5.86	1.07
2002	14.09	12.33	-5.24	4.43	3.09	6.65	2.00
2003				4.51	3.00	7.49	2.12

Source: ADB Key Indicators of Developing Member Countries; National Statistical Coordination Board.

so far lost about \$205 billion in foregone taxes—roughly 10 percent of the value of the local economy annually—since the advent of the Marcos era in 1965 to the present day. He claimed that this “sum is enough to retire all debt, foreign and domestic, in the combined government and private sector and render the country a strong net creditor nation” (Lian 2002). The tax collection effort ratio has seen some improvement since 2002 but remains inadequate as far as the needs of the government is concerned.

This poor fiscal performance has had a particularly bad direct impact on the government’s ballooning budget deficit (Austria 2002). This had grown to P187.6 billion (approximately \$3.54 billion) in the first 10 months of 2002 against an original cap of just P130 billion (\$2.45 billion) set by the government. In 2003, the government was able to keep the deficit below the initial estimate of P202 billion (\$4.2 billion) but it still reached P199.9 billion. The government froze programmed tariff rate reductions (from commitments to the WTO and the ASEAN Free Trade Area) to stop the further swelling of the budget deficit. This means reversing its programmed most favored

nation (MFN) rates provided under the WTO. The country's MFN rates are supposed to decrease by a uniform rate of five percent by 2004.

Deterioration of public finances has led the American investment bank Lehman Brothers to report that the Philippines faced the highest risks of another financial crisis than any other emerging market in Asia. This is due to concerns over the country's public debt, financial sector, low foreign exchange reserves and the uncertain political environment (Lehman Brother's 2004). This has been the situation of the Philippines for the past three years. In 2002, the London-based credit ratings agency Fitch Ratings downgraded its outlook on the Philippines from stable to negative. Fitch Ratings noted, "a stable outlook appears increasingly inappropriate in the context of the seemingly relentless decline in public revenues, particularly when judged against the background of modest economic recovery and a benign macroeconomic environment" (Rawkins and Coulton 2002). The complicating factor for the Philippines in 2004 was the holding of national elections which was expected to drive the inflation rate up.

The growing budget deficit creates increased pressure on the government to borrow more money. The Department of Finance said that the Philippines has a total outstanding debt of P2.716 trillion (around \$51.2 billion). Domestic debt is P1.412 trillion (\$26.6 billion) and foreign debt is P1.304 trillion (\$24.6 billion) (Mencias 2002b). A report from the US investment bank Morgan Stanley stated that the country's total private and public sector debt stood at about \$110 billion at the end of last year. The report, points to the most telling effect of the growing budget deficit—increasingly inadequate resources are going to the education, health and welfare. It pointed out that "despite persistent government borrowing, investment in critical infrastructure has thus far been inadequate and the government has under-invested in education and other essential social services and economics' software." Debt service requirements further diminish the resources available to the government that could be invested in these sectors.

The dismal fiscal picture has likewise affected the country's macroeconomic condition. In a region noted for high economic growth rates, the Philippines has always been an outlier. Its economic performance has ranged from at best modest to at worst mediocre (see Table 1). In the aftermath of the Asian financial crisis, the Philippines remain lagging behind its neighbors in economic recovery. Countries which were harder hit by the 1997 Crisis, like Malaysia and Thailand,

have re-started their economies better. Even Indonesia has been recording modest growth rates despite the serious deterioration in political and social cohesion the country had experienced since 1997 (ASEAN 2001, 27). In a speech she gave in Singapore on August 2001, President Arroyo noted that about four million Filipinos were out of jobs, compared to only 2.5 million four years ago (Marfil 2001). It is officially estimated that 40 percent of the population is now mired in poverty compared to only about 30 percent four years ago. This unemployment situation is made bleaker by the low probability of new foreign direct investment entering the country. A 2002 Corporate Performance Survey conducted by the Wallace Business Forum showed that most multinational corporations no longer saw the Philippines as an attractive investment prospect because of the shaky peace and order situation and the deteriorating infrastructure (Austria 2002b). Two thirds of the respondents have rated the Philippines as worse than other Southeast Asian countries as an investment destination, thus giving it a low priority in expansion or new investment programs within the region. The Philippines has traditionally been a low priority recipient of FDI within Southeast Asia, but more so in the aftermath of the Asian financial crisis (ASEAN 2001, 152-163).

In assigning blame to the members of the dominant classes and sectors in Philippine society, President Arroyo effectively argues that the ineffectiveness of government is due to the interference of groups which have vested interests to protect. While this is true, the experience of the Ramos administration and even the late Aquino years showed that it is possible for the Philippine government to be effective, including pushing reforms in the face of opposition from these vested interests. (Balisacan and Hill 2002, 244). A report presented by the US investment bank Morgan Stanley noted that “the eras of Aquino and Ramos are being viewed as periods of reform and fiscal consolidation.” At the same time, however, the strength of these dominant sectors and classes in Philippine society continue to hamper efforts to improve the situation. The Philippine Center for Investigative Journalism (PCIJ) have published reports that showed how Philippine politics has traditionally been dominated by political clans whose hegemony can be traced back to the Spanish colonial era. The PCIJ reports described this political class as exploitative, and often use its privileges and resources of government to perpetuate themselves in power (see Chua and Datinguinoo 2001, Datinguinoo and Olarte 2001, Gutierrez

1994). Any attempt to introduce political reforms is strongly opposed by the political dynasties if the policies will curtail their privileges and control over their power bases. These traditional political groups are now joined by commercial and civil society groups in creating push and pull factors that inhibit state action on a number of policy areas, particularly on economic reform. The issue of a “meat crisis” in the Philippines in early April 2004 illustrates how these groups seem to force the government into certain policy tracks that may be contradictory to its commitments to economic liberalization (see Alunan 2004).

The discussion has so far shown that the principal indication of the weakness of the Philippine state is its inability to improve the economic condition of the country. In fairness to the Arroyo administration, this is an issue that likewise bedeviled earlier administrations. Nonetheless, the disenchantment with her presidency lies primarily in its inability to initiate, manage and sustain the economic recovery of the country. It is noteworthy that in a Social Weather Station survey just prior to the elections President Arroyo was seen as leading the field (albeit only slightly) (Mangahas 2004). The survey also showed that her popularity as a candidate among Filipinos (around 37 percent of respondents) was triggered more by the collective paranoia against the possibility of a presidency led by a popular actor with less political sense and experience than President Joseph Estrada, rather than by the outright preference for her. In fact, her new administration started with a distinct disadvantage in terms of popular support.

Since 2002, Pulse Asia, a private polling organization in the Philippines, has released a number of survey results which showed a steady erosion in President Arroyo’s performance rating. In November 2002, her rating dropped to 45 percent from 54 percent in July (Pulse Asia 2002). Her performance and trust ratings fell as respondents reported that their family’s quality of life deteriorated over the past 12 months. Fifty-two percent of respondents said their own quality of life has worsened over the past year. Only 17 percent said it was better while 31 percent said nothing has changed.

More importantly, the survey results showed that most respondents were pessimistic about the future with only 27 percent believing that their lives would improve over the next 12 months while a resounding 71 percent said their individual lifestyles would remain just as bad and even worse. The country reported distrust in the President with her trust rating falling from 43 percent to 38 percent nationwide. Their

sense of the national quality of life was even worse with 65 percent saying that the quality of life of Filipinos has worsened over the past 12 months while 28 percent said it is just as bad. Only seven percent said it was better. Neither are they optimistic that the situation would improve by next year with 84 percent saying it would be worse or, at best, just as bad as today. Only 16 percent declared that it would be better.

By September 2003, Pulse Asia, in its annual *Ulat ng Bayan* National Survey noted that there was some improvement in this trend, but generally the sense of pessimism remained. The public approval rating of President Arroyo had moved up a bit since the beginning of 2003 but had dropped by 10 points, from 51 percent in August to 41 percent in September (Pulse Asia 2003). Felipe Miranda, the President of Pulse Asia, reported that a large majority (about 80 percent) of the respondents in these national surveys saw either no change or a worsening in their personal quality of life for the past year, as well as the coming one (Miranda 2003). There was significant improvement, however. The percentage of “losers” claiming a deteriorated quality of life in the past year decreased by nine points (from 52 percent to 43 percent) between August and September 2003. Nonetheless, a general sense of disappointment in the performance of the Arroyo administration underlay all these sentiments. This general sentiment of disappointment has its basis in a number of perceived policy and management failures of the administration, particularly in the performance of the economy.

The Pulse Asia surveys from 2002 to 2003 showed that the issues which worried respondents most and where President Arroyo had failed to earn majority approval are essentially economic, particularly on the questions of economic recovery, widespread poverty, prices of commodities, and low wages. Arroyo, who is ironically an economist, fared better in non-economic issues. The poor economic performance of the country has already led to a large number of Filipinos voting with their feet. In 2003, Miranda noted that due largely to the economic situation, more and more Filipinos were increasingly losing hope of achieving a better life in a country where four in 10 live on less than \$1 (or more than P55 at the current exchange rate) a day. The *Ulat ng Bayan* survey of Pulse Asia in August 2003 showed that 22 percent of the 1,200 respondents aged 18 and above would like to leave the country for good, a figure that is high compared with their past surveys.

The poor economic performance attributed to her administration (perhaps unfairly so since it could be argued that the Estrada administration had done much to wither business confidence in the Philippines) feed into what is clearly a jaundiced public opinion about her ability to improve the miserable living conditions of the majority of Filipinos. In 2004, President Arroyo received a renewed mandate of another six years. It is interesting to note is that even if she won by more than one million votes in the elections, there was a distinct absence of certainty regarding the legitimacy of her victory as losing candidates accused her camp having committed massive fraud. While this is a common occurrence in Philippine elections, it puts the Arroyo administration on a difficult position. The dynamics between popular opinion has affected the ability of the Arroyo administration to address the issue of the country's stability. This has had implications on those areas which directly contribute to the instability of the Philippines: the armed challenges to the government and the international environment.

THE PHILIPPINE PARTICIPATION IN THE GLOBAL WAR ON TERROR

In the aftermath of the 9/11 attacks, President Arroyo was one of the first state leader to commit their her to join the US-led "coalition of the willing." While one could attribute this decision to a shared abhorrence for terrorism in whatever form, it is more likely based on the calculated gains in joining the United States. It is also an indication of the weakness of the Philippine state that in moments of political difficulty, it goes back to traditional relations of dependency with the United States. The relationship is rooted in a history of colonial domination wherein American rule was partially ensured through the co-optation of the local political elite, a practice which ensured the continuing dominance of this political class. The practice is of course a heritage of Spanish colonial rule, something the Americans merely adopted when their turn at colonial rule came (see Putzel 1992, 43-65; Timberman 1991, 33-51).

Philippine participation in the "global war on terror" led by the United States saw the rejuvenation of what had become a moribund security relationship between the United States and the Philippines, a situation which is potentially double-edged in its consequence. Noel Morada notes that this renewal of the security relationship served the Philippines in opening "channels for increased military support that

could help the Armed Forces of the Philippines (AFP) tilt the military balance against insurgent groups, particularly the *Abu Sayaff* Group (ASG), in favor of the government's forces" (2003, 228-229). He pointed out, however, that it could also cause the re-awakening of anti-American sentiments among nationalist groups in the country. Even more importantly, it opens the Philippines to being a target of international terrorist attacks. A new international terrorist group, the "Yello-Red Overseas Organization," warned that it would target the United States and its allies (including the Philippines) (Lee 2004). The decision to join the "coalition of the willing," highlights the nexus between the economy and security, as well as the global and the local.

The presence of the Abu Sayyaf Group (ASG) and Jemaah Islamiyah (JI) in the Philippines was at least partially responsible for the diminishing investors' confidence in the country. Different groups were alarmed by the situation that the pressure for the reversal of the 1991 decision to pull-out the American bases in the Philippines became strong. Morada notes that even as there were those in the Arroyo cabinet that opposed any agreement that would renew security ties with the United States, there was also a strong sense that this was necessary to reassure the public about the security of the country (2003, 235). Renato De Castro also pointed out that pursuing such a policy actually coincided with the interests of the ruling elite because it would mean not having to devote so much resources to the military (de Castro 2003). At the same time, the presence of American military forces in the Philippines ensured the security of American commercial, economic and political interests in a country that was widely perceived as lacking in political stability.

Prior to the arrival of the Americans, the Philippine government had been largely ineffectual in its ability to destroy the ASG threat. The ASG, a group which emerged out of the resistance against the Soviet Union's military occupation of Afghanistan, was first noticed by the Armed Forces of the Philippines (AFP) in 1992 when it began to engage in kidnapping and killing of Christians and the bombing of Christian places of worship in Western Mindanao. In April 1995, a unit of the ASG attacked the predominantly-Christian town of Ipil in the province of Zamboanga del Sur. The attack resulted in 53 deaths and the destruction of a large part of the town. Their connection to international terrorism was initially established when it was discovered that they had helped Ramzi Ahmad Yousef (who was taken into custody by the United States for complicity in the bombing of the World Trade

Center in 1994) move in and out of the Philippines. Since then, there have been a number of confirmed and unconfirmed reports of foreigners training with them and the MILF (especially when Camp Abubakar was still under its control) and even taking part in their operations (Conde 2002).

In 2002, the ASG has been responsible for 18 separate bombing incidents killing more than 40 people and injuring more than 450. All of these were in Mindanao except for the bombing of a bus in Quezon City. They have perpetrated 19 separate incidents of kidnapping and abduction which resulted in 14 people being killed for varied reasons. It is estimated that they actually received as much as \$20 million in ransom money from these kidnappings which they used to buy arms and equipment for further terrorist activities. The Abu Sayyaf raid on Dos Palmas resort in Palawan on May 27, 2000 where they abducted three Americans and 17 Filipinos was made possible with the purchase of a speedboat from ransom money received from their earlier foray in Sipadan in Sabah (Confidential interview with an officer at the National Security Council).

The involvement of foreign militants in the Philippines adds a new dimension to the terror equation in the country. On December 30, 2000, a Light Rail Transit train bound for Baclaran, Pasay City was destroyed in an explosion that killed 22 people and injured scores of other commuters. At first, the attack was thought to have been the handiwork of the ASG. Later, however, Indonesian Fathur Rohman al-Ghozi was captured in Manila in connection with the bombing. Al-Ghozi, believed to be a member of the shadowy JI, was identified as having been seen in Camp Abubakar when it was still under the control of the MILF.

It was only in the investigations following the September 11 attacks that the linkage between the ASG, the *al-Qaeda* network of Osama bin Laden and the JI in Indonesia, came out in the open. At the initial stages of the development of the ASG, bin Laden sent a brother-in-law to coordinate with them. Money was provided and an attempt was made to arrange a merger between the ASG and the MILF. The Philippine intelligence community as well as that of the United States believe that the relationship never really developed although there were reports of joint operations in Zamboanga and joint training in Camp Abubakar. Circumstantial evidence, however, of connections between the ASG and the JI eventually surfaced (US House Committee 2004). The JI is a network of radical Islamists with a stated goal of

establishing an Islamic state that would encompass the whole of Indonesia, the islands of Palawan and Mindanao, and the Malay peninsula. Both the United States and the United Nations declared it as a terrorist organization after its involvement in a number of terrorist activities including the bombing of a Bali nightclub which killed more than 180 people.

The internationalization of the terrorist war and the involvement of United States military forces in the Philippines saw 650 troops committed to the Philippines to train local forces and join patrols against Muslim rebels. President Gloria Macapagal-Arroyo had initially declined an offer from President George Bush of direct US military support in the Philippines but accepted \$90M in military aid. The military package requested is questionable in terms of what the AFP needs in its anti-Abu Sayyaf campaign. Indicative of the restiveness of the military, some believe that the Arroyo administration may just be taking advantage and using the anti-terrorism campaign of the US to court the AFP. Her administration has openly set the government on the side of the Americans in its war against terrorism. At the same time, nationalists have already expressed their concerns over the increased military relations between the two and the possibility of increased US military presence in the country.

The backlash from the direct involvement of the Philippine government in the international war on terror became evident early on. The Philippine government's support for the US-led global war on terror and its new military agreement with the US makes the country a prime target for terrorist attacks. The December 2000 bombing of the Light Rail Transit train showed that this is not a far off possibility.

At the same time, the weakness of the Philippine state multiplies the impact of terrorist activities. The bombings on October 19 and 20 2002 in Zamboanga and Manila exposed the volatility of the peso and the stock market as both dropped significantly (Mencias 2002a). The branding of the Philippines as an undesirable destination for investment by multinational corporations is another case in point. On November 28, 2002 the Australian and Canadian embassies in Manila closed down after receiving "credible and specific information" about threats from Islamic extremists. This development was apparently another point against the Philippine government which was caught by surprise by the decision of the two countries. It was particularly problematic since the Philippine government could not confirm the veracity of the information received by the two embassies (Fabella *et al.*

2002). Travel warnings from the United States, the European Union and Australia have been criticized by the ASEAN states. The European Union supposedly included the Philippines in its list of “terrorist havens.” The impact of this development is such that it might “wipe out” the efforts of President Arroyo to lure foreign executives to the country (Maragay 2002).

Migdal’s state-in-society framework notes that one form of relationship between the state and other social forces involves the state being appropriated by existing social forces. In this situation, the presence of the state does not really change existing patterns of domination even if it forces these social forces to adapt. Often these dominant groups appropriate the components of the state (Migdal 1996, 25). Participating in the “coalition of the willing” and allowing the entry of American troops (ostensibly for exercises) in hotspots in Mindanao, specially in those areas where the ASG operated, was indicative of the government’s weakness in dealing with local insurgent groups. The linkage that had been established through multi-national intelligence sources between the ASG and the JI, the group established as the Southeast Asian leg of the *al-Qaeda* terrorist network, made it possible for the Philippines to internationalize what hitherto had largely (but not completely) been a domestic affair. The backlash against the war policy is also likely to have political repercussions on President Gloria Macapagal-Arroyo, who committed the Philippines to uncritical support of President George W. Bush’s war policy as an extension of the US war on international terrorism. President Macapagal-Arroyo’s popularity rating was going down prior to the start of the election campaign period, although this may not have been necessarily due to her close association with Bush’s war policy. The situation in Iraq, particularly the absence of weapons of mass destruction, the abuses at Abu-Ghraib prison and the deaths of Filipinos in Iraq could feed into a revival of negative sentiment against her foreign policy of support for Bush’s war policy. This grew in the face of the Angelo dela Cruz case.

The kidnapping of a truckdriver from the Philippines, Angelo dela Cruz, by Iraqi militants exposed the fragile state of the Arroyo administration’s political position. The electoral victory of President Arroyo by more than a million votes had not led to overwhelming support for her administration. When the militants threatened to kill dela Cruz if the 51-person humanitarian contingent of the Philippines in the “coalition of the willing” were not withdrawn immediately, her

initial reaction was to reject the demand. This was a position that was lauded by the United States and other countries in the coalition. Her administration, however, was rocked by growing popular protests led by militant groups, cause-oriented groups and other non-government organizations. Within a few days after the initial decision to reject the Iraqi militants demand, President Arroyo decided to move the return of the Philippine contingent a month earlier than planned. This decision doused the protest movement and won her approbation from the general population, but the decision led to an immediate reversal of the previous praises that President Arroyo had received from the US (*The Straits Times* 2004).

Once again, the inability of the government to sustain a policy decision, raises the question of how the long-term stability of the country can be maintained. The Arroyo administration had latched on to the United States in its war against terror because of American support for its own war against Muslim secessionism in Mindanao and, though understated, the fight against communist insurgents, the volte-face on the dela Cruz case has placed this support in uncertain waters. The Philippines is no longer considered by the Bush administration to be part of the “coalition of the willing,” and there have been strong calls in the United States for a review of the relationship. Caught between two hard places, the Arroyo administration continues to be encumbered in its efforts to maintain the fragile state of the country’s stability.

CONCLUSION

This paper had argued from the beginning that the war on terror and terrorism in the Philippines was not the immediate cause of the country’s instability. It has been shown that instability in the country, characterized by diminishing popular support for and belief in the government, and a persistent vulnerability to internal and external forces (whether political and economic) is due primarily to the weak Philippine state. This is indicated by the government’s diminishing legitimacy, a government unable to implement and sustain an economic development program, a government unable to mobilize the necessary fiscal resources to support this program, and a government unable to successfully address armed challenges to its authority.

Terrorism has a destabilizing effect but this could be managed by a state which has complete control of its domain. The Philippines’ participation in the “global war on terror” is an indication of the

weakness of the Philippine state. In fact, this multiplied the impact of the war on terror. The country is faced with a dilemma—continuing support for the American efforts against terrorism (including the occupation of Iraq) with its political ramifications or withdrawing from it and facing a domestic terror campaign that it may not have the capacity to win. The effect of a heightened terror campaign, especially if conducted in Metro Manila would definitely place the weak Philippine state in crisis. ❀

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