

Following our [first report on the Philippines](#) ahead of the inauguration of President Rodrigo Duterte, we have received a lot of follow up questions and concerns from investment clients in light of the war on drugs, concerns over possible constitutional changes and even rumors of the imposition of martial law. To get an update, we spoke with Chris Leahy, co-founder and head of Blackpeak's Southeast Asian practice, who authored the original piece.

Chris, we understand that President Duterte is considering drafting the Armed Forces of the Philippines (AFP) into his so-called war on drugs and this is leading to rumors that martial law might be imposed in the Philippines, something mooted by Duterte himself. What do you think is behind these rumours?

Chris Leahy (CL) - President Duterte is liked and admired in the military (strong-arm leaders generally go down well in the military, especially in the Philippines). The request from the AFP for a formal invitation from Duterte suggests that they are keen to assist in the war on drugs. The reason for the formal request is that there is precedent. In 2000, then-President Estrada issued a Letter of Instruction for AFP troops to be deployed in Manila to assist with a serious crime wave, including murders and kidnappings that risked spiraling out of control. The order from Estrada was contested (by the Bar Association) but was upheld, which explains why the AFP sought a formal request this time.

There has been lots of talk since Duterte came to power about a possible imposition of martial law. Duterte conspicuously courted the military in the early days of his administration, visiting camps and delivering bellicose speeches. He has even suggested imposing martial law on several occasions—possibly as a test to gauge popular reaction, possibly in preparation for an attempt to force a constitutional change to permit multiple presidential terms: post-Marcos the constitution was changed to permit single terms only.

Duterte and his supporters in Congress seem determined to change the country's constitution, adopted in 1987. Such a move will be controversial, difficult to execute, but not impossible. Duterte talks about wanting to move towards a federal system, de-centralizing the country from the significant influence of Manila (remember—he comes from Mindanao), but critics are skeptical and suspect the real motivation behind the move is to allow him to run again. President Arroyo mooted similar constitutional changes during her term, in part to open the possibility of a prime ministerial role and thus allow her to run again. She got nowhere with the proposal, but she was a lot less popular than Duterte is right now. My view is that the Philippines probably does need a new constitution, but not now and not under the current administration.

What do you think is behind Duterte's AFP move and what of the rumors about him re-commissioning the Philippine Constabulary (PC)?

CL - It's worth remembering that the EDSA "People's Power" uprising against Marcos that led to Corazon Aquino becoming President in 1986 actually started as a military coup attempt. The reason it failed was that the now-disbanded Philippine Constabulary (despite its name, an arm of the AFP and in effect, a paramilitary police force) refused to participate and stayed in its barracks. Its leader then was Fidel Ramos, later President himself, in part elected due to his perceived hero's role at EDSA. I expect that there remains some "romanticism" towards the PC as a result and that may well explain why there is now talk of resurrecting it to assist in the so-called war on drugs. Note that there have been a number of subsequent coup attempts and mutinies by the AFP since the EDSA uprising – two current sitting Senators have personally led several failed attempts. None has ever succeeded. This has been symptomatic of a morale problem in the AFP—underfunded and marginalized post Marcos. The underfunding has led to a number of damaging and at times humiliating defeats at the hands of Muslim rebels in the south. Getting involved in the so-called war on drugs could be one way for the AFP to improve morale, increase its popularity with Filipinos and gain a new sense of purpose. That could explain their eagerness to get involved.

Will the Philippine National Police (PNP) cease to be involved in the war on drugs then?

CL - No, I don't think so. What has brought the issue of AFP involvement to a head is the appalling level of corruption in the PNP, the huge death toll racked up during operations against alleged drug pushers and most recently the kidnap and murder of a Korean businessman by senior police officers. The murder itself took place at the Philippine National Police headquarters in Camp Crame, a particular source of humiliation and outrage. There are some suggestions (unproven) that there may have been more behind the abduction and killing than mere police avarice. The Korean businessman, Jee Ick Joo, who lived in Manila with his family, was apparently supplying staff to online gaming businesses—a growing industry in the Philippines, and typically financed and run by Taiwanese, Korean and now mainland Chinese gangsters, much like the "shabu" (methamphetamine hydrochloride) drug businesses.

Is the gaming industry another of Duterte's targets?

CL - No, not exactly. Duterte has vowed to shut down onshore online gaming operations, which are not legal in the Philippines. The legitimate casino business is already significant in the Philippines and is growing strongly. The most recent addition to the so-called Entertainment City in Manila, which houses many casino operations, is Okada Manila, an integrated resort. Kazuo Okada, its promoter, is a pachinko billionaire with alleged Yakuza connections. Gaming in the Philippines is a major magnet for black market money laundering: AML laws are too lax—the BSP has only just acted to bring casinos within the country's anti-money laundering regime. The high profile use of a Manila casino to launder some USD 81 million in cash stolen from the Bangladesh central bank account with the New York Federal Reserve in February 2016 is a case in point. But despite all these problems, there is just way too much money in the casino business domestically (and too many local vested interests) to make any crackdown likely.

What will happen to the war on drugs and if the AFP is called into action, is there really a risk of martial law being imposed?

CL - More than 7,000 citizens have been killed by *Oplan Tokhang*—the local name for Duterte’s war on drugs. Of these more than half (some 4,000) have been killed not by police but by masked vigilantes. In reality, most of these vigilantes are almost certainly policemen in plain clothes. The killings are executions and presumably done to silence potential informants among the low-end drug users and drug pusher communities (mainly in Metro Manila) from ratting on policemen. PNP staff, including very senior police officers, are known to be in league with drug lords, providing protection, transport and assassination services, among other things. The official PNP killings are not much better: typically they are reported as sting operations; the suspects are almost always gunned down, allegedly after opening fire on the police. One provincial mayor implicated in a major drug operation in the Visayas was even gunned down by a police detachment while under police detention. I have personally spoken with several eyewitnesses to killings that have described unarmed suspects being executed after attempting to surrender. Recent allegations against the PNP claim that local forces are adopting a policy known locally as “*Palit-ulo*” or “exchange heads.” Broadly speaking, raiding officers in *barrios* in Manila are alleged to have arrested wives or other close relatives of drug suspects in their absence to exert confessions or force the surrender of suspects.

Whether that policy is actually true or not is beside the point. All of the above is by way of demonstrating how utterly corrupt the PNP is *perceived* to be by Filipinos, more so than even President Duterte realized. The recent kidnap and murder incident has shocked the nation and embarrassed the President, who hitherto had offered policemen immunity from prosecution for killings perpetrated by policemen during *Oplan Tokhang*. That policy no longer holds credibility, which explains why he initially suspended the PNP operation, handing day-to-day responsibility for the drug war to the Philippines Drug Enforcement Agency (PDEA).

However, the PDEA is hopelessly underfunded, so Duterte had to allow the PNP to restart the campaign (or risk losing face). He may yet turn to the AFP to assist. My sense is if he does deploy the AFP against drug users it will be tolerated by Filipinos to a certain extent because they have no faith in the police at all. The risk is that AFP involvement may ratchet up the level of violence. Most Filipinos won’t really care if that violence remains directed at low-level drug users and pushers. The key will be if the AFP returns to barracks after the work is done or if their involvement has some more sinister motive (martial law).

While Duterte remains very popular with most Filipinos, the imposition of martial law would be a game changer and most Filipinos I believe would be dead against it. There is a lot of history between the AFP and the people and the military has had, at times, a strained relationship with Filipinos. Memories of the Marcos era and martial law are still strong, especially in Manila. I can’t see martial law being imposed, but during my recent visits to Manila over the last few months, persistent rumors of martial law refuse to go away.

I don’t think it will happen (at least not yet), but this is an unpredictable country to say the least and never more so than currently.

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