



The New Face of Mindanao's Strong Men: The Politico-Economic Foundations of Legitimacy in Muslim Mindanao

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TWO MONTHS AGO and following the horrific events of November 23, 2009, I wrote a piece that called attention to the ruthless political entrepreneurs of Muslim Mindanao. This was followed by another essay on the interaction between local and national elites, and the often seamless transition between collusion and collision in sub-national states locked into conditions of war.¹

I spoke of the evolving shift in the “elite bargain,” or the mutually beneficial arrangements entered into by national and local elites, in this case between Muslim Mindanao’s political entrepreneurs and the Macapagal-Arroyo administration. The notion of an elite bargain is nothing new; in earlier studies, scholars including the French social scientist Francois Bayart, referred to these as forms of “elite accommodation.” I argued, however, that the elite bargain was inexorably shifting in the direction of local warlords who had acquired extraordinary influence and power over national electoral outcomes, and hence, over the future power of national elites.

These two essays landed in the national dailies, in editorials and commentaries, and other media outlets. Yet very little evidence was provided to support the argument posed in these short think-pieces. This paper seeks to fill this gap by providing some empirical evidence to support the claims made in those essays, and offer a few suggestions on what can be done to begin changing these conditions.

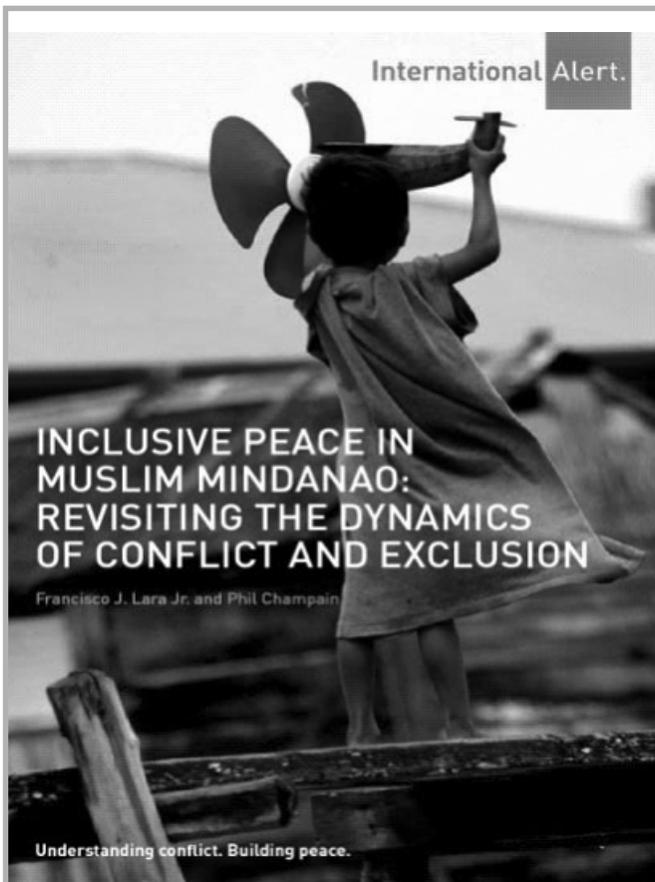
Why was there so much conflict at the post-conflict moment?

In the abovementioned essays I had argued that the Maguindanao massacre was a manifestation of the shift in politico-economic sources of violence and conflict in Muslim Mindanao. It signified the emergence of new-type warlords whose powers depend upon their control of a vast illegal and shadow economy and an ever-growing slice of internal revenue allotments (IRA). Both factors induced a violent addiction to political office.

Mindanao's "local strong men" were an essential component of the central state's efforts to extend its writ over the region. The elite bargain was built upon the state's willingness to eschew revenue generation and to grant politico-military dominance to a few Moro elites in exchange for the latter providing political thugs and armed militias to secure far-flung territories, fight the communists and separatists, and extend the administrative reach of the state.

However, the economic foundations of the elite bargain have changed since then. Political office has become more lucrative because of the billions of pesos in IRA remittances that electoral victory provides. The "winner-takes-all" nature of local electoral struggles in Muslim Mindanao also means that competition is costlier and bloodier. Meanwhile, political authority may enable control over the formal economy, but the bigger prize is the power to monopolize or to extort money from those engaged in the lucrative business of illegal drugs, gambling, kidnap-for-ransom, gun-running, and smuggling, among others. These illegal economies and a small formal sector comprise the "real" economy of Muslim Mindanao.

These arguments were initially revealed a year before the massacre in a research paper, *Inclusive Peace in Muslim Mindanao: Revisiting the Dynamics of Conflict and Exclusion*, which I co-authored with Phil Champain of the UK-based peace-building organization International Alert (IA). The study was based on earlier work done by IA in Muslim Mindanao, on my own doctoral field work in the region, and an analysis of descriptive statistics on the nature of growth in the region. Both sought to explain the foundations of the political economy of the conflict in Mindanao.



My own objective was to discover the politico-economic foundations of legitimacy, or how the power and authority of local elites drew from the underlying foundations of economic and political power in Muslim Mindanao. This meant uncovering the “real economy” of the region. It also required a process of mapping out how local leaders entered into “bargains” with local citizens, as well as with national political elites.

My study was based on a single paradox that I felt had not been adequately addressed by earlier studies of conflict in the region. Why was there so much conflict in the post-conflict moment? This in turn was prompted by my own dissertation puzzle – if political legitimacy was crucial for state and peace building, why had legitimate self-rule under an autonomous and devolved political authority, i.e., the ARMM, failed to contain violence and conflict?

Data from a study undertaken by Asia Foundation, and the 2005 UNDP-funded HD Study of Mindanao and Conflict provided the facts behind the puzzle. Mindanao scholars such as James Kamlian, Abhoud Lingga, and Mochtar Matuan confirmed the rise in inter- and intra-clan and tribal conflict in the period immediately following the 1996 final peace agreement (Figure 1).

Exclusionary political economy

In the study published by International Alert, Champain and I argued that the sources of unrest were rooted in the nature of Mindanao’s exclusionary economy. Muslim Mindanao was being geographically and socially excluded from the fruits of national economic growth. The region was undergoing similar patterns of exclusion comparable with strife-ridden Aceh in Indonesia and are validated by data on expected life at birth (ELB), poverty incidence, infant mortality, and percentage of unemployment (Table 1).

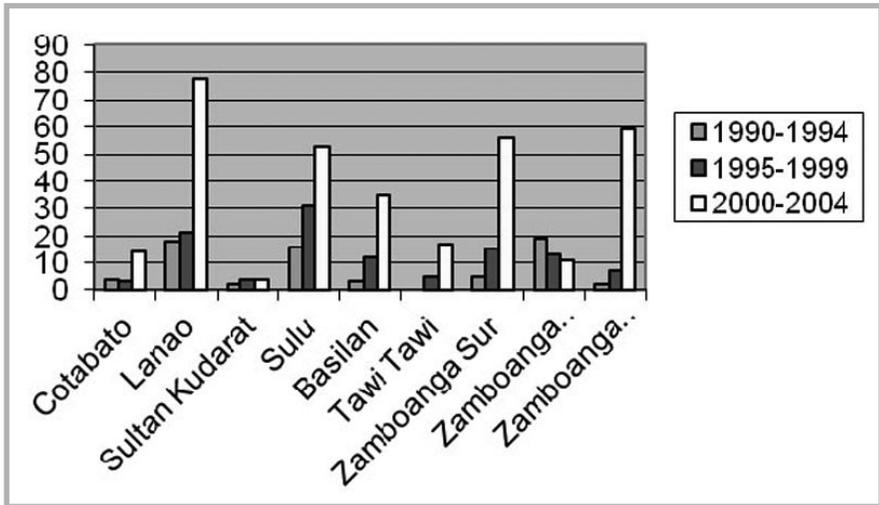


FIGURE 1
Increase in rido incidence after 1986 peace agreement:
Kamlia 2007

TABLE 1: Comparative human development indicators:
Aceh and Muslim Mindanao, WB 2007, UNDP 2005

Province/ Country	ELB	Poverty	Infant Mortality (per 000)	Percentage of Unemployed
Aceh	55 years	26 %	42 infants	29 %
Indonesia	67 years	17 %	35 infants	12.5 %
ARMM	52 years	45 %	55 infants	56 %
Philippines	71 years	36 %	49 infants	10 %

But this was not the whole picture. We also pointed out that in the few instances when growth was indeed occurring in the region – the sources of that growth were based on unsustainable sources, i.e., from election

spending and reconstruction assistance. Previous election years such as 1998 and 2004, and the post-war reconstruction beginning in 2002 saw the most rapid increases in gross regional domestic product. Growth did not emerge from agriculture or natural resource extraction. GVA in agriculture, according to Mindanao Economic Development Council (MEDCO) statistics, remained low and investors were steering away from investing in mining, manufacturing, and agribusiness activities because of the conflict in the region.

This sort of growth is further confirmed when one uncovers another puzzle which I stumbled upon in my own research studies – why were tax revenues growing in the ARMM in the midst of conflict? I came upon these figures while gathering tax data from the five major revenue district offices in the region.

Those taxes came from tax remittance advice, which accounted for more than 70% of the increase in collections – or taxes deducted from incomes of infrastructure-building contractors by the BIR Large Taxpayers

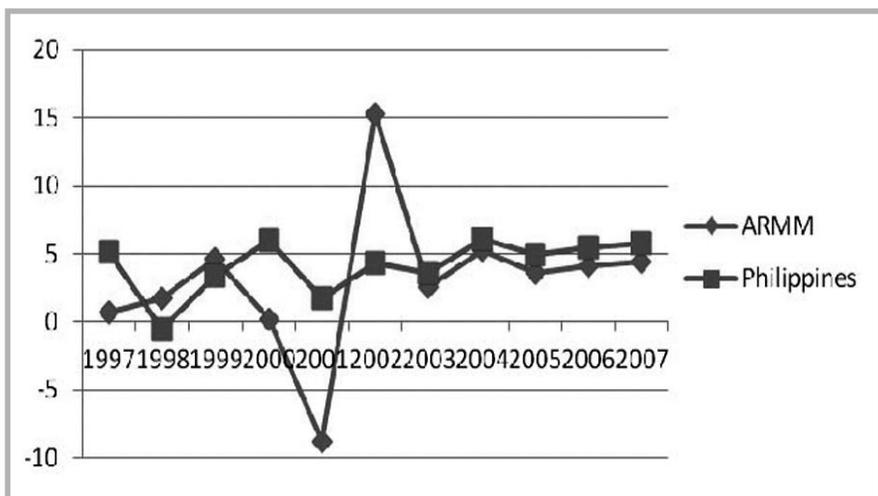


FIGURE 2
GRDP Growth Rates : ARMM vs Philippines (1997-2007, NEDA)

Office. Was it possible that revenue generation, a key indicator of success in any state building project, relied on the two-stage process of violence and reconstruction that was a feature of conflict?

I rechecked my facts and saw the same happening in other regions of the country – in Bicol, for example, where successive typhoons had produced destruction and dislocation and a paradigmatic increase in tax collections. From these I concluded that war and destruction had indeed become a necessary instrument in state building, as Charles Tilly suggested more than three decades ago. It had become, for all intents and purposes, a distinctive feature of sub-national state building in Mindanao.

From these facts it was easier to move forward in analyzing how political legitimacy and authority was constructed in the region.

Informal economy in Muslim Mindanao

Analysis of the “real” economy of Muslim Mindanao indicates that this economy was not actually “formal” in nature. The formal economy flowed from investments and spending in the civil service through internal revenue allotments (IRA), foreign and state-funded reconstruction projects, development aid, and a little agribusiness and fishery. They helped secure some credibility and legitimacy among some communities who benefited from these projects. In the main they were essential in gaining credibility from other stakeholders, most of whom were development and aid agencies, bilateral and multilateral donors, the Islamic world and the OIC, and the diplomatic posts.

The role of internal revenue allotments (IRA) as a motor of the local economy is indeed apparent, but the role of IRAs as political inducement is crystal clear. Despite the absence of revenues and the lack of any palpable signs of economic or social development, IRA remittances continued to flow into the ARMM and its warlord leaders. This is underscored by the rapid increase in government consumption expenditures in Muslim Mindanao, compared with the rest of Mindanao (Figure 3).

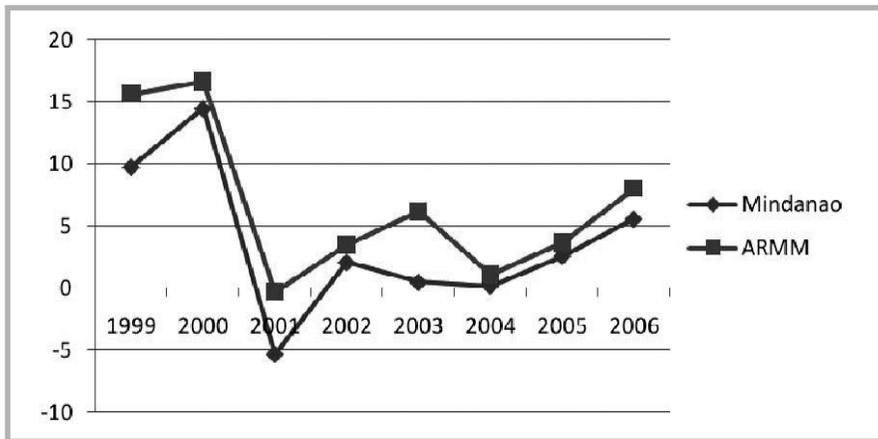


FIGURE 3
GCA Expenditures: ARMM vs. Mindanao (1999-2006)

Indeed, most of the real economy in the ARMM was of the informal type. Investigating that informal, shadow, hidden, illegal, underground, or third economy – whatever you want to call it – became a critical aspect in uncovering the politico-economic foundations of the power of clans and their warlords.

I studied the drug and arms trade – the most lucrative sources of illicit bounty from a region that was only part of the Philippines in name and location. While doing field work I also came across a whole range of illegal activities. These included pearls, gems, pirated discs, cross-border smuggling, most of which were treated as livelihoods, a few of which can be deadly and pernicious – KFR, carjacking, guns for hire.

The interplay between the formal and informal economy pointed to the real sources of economic and political power. A formal economy, from the civil service, reconstruction, aid, and a little agribusiness, became sources of credibility and legitimacy to stakeholders external to the region – development and aid agencies, diplomatic posts, financial agencies, etc. However, it was the underground economy, founded and controlled from within the structure of the clan, that really provided the legitimacy

necessary to capture the passive allegiance and support/acquiescence of ordinary citizens.

Yet even this analysis, I argue, has become insufficient.

Regional networks

To confine the dynamics of power to the sub-national (ARMM) and national level neglects a new source of politico-economic power which explains the resilience of warlord clans – their links to supra-national and regional criminal networks engaged in the lucrative arms and drug trade in Southeast Asia, and their increased access to considerable amounts of foreign aid and the millions in reconstruction assistance poured into conflict-affected areas. These have enabled warlords to embellish their legitimacy and tap into a new source of wealth and power that corrodes and transcends the nation-state.

The discovery of cocaine shipments in Davao City and in Philippine waters off Eastern Visayas underlies a shocking reality that stares the nation in the face – the Philippines has become an important trans-shipment point for high-value drugs such as cocaine and heroin, as well as a global supplier and consumer of methamphetamine hydrochloride (shabu), and a wide user of methylene dioxy-methamphetamine (ecstasy).

For international security agencies these events herald a tipping-point in the narcotics terms of trade. They demonstrate how the Philippines has evolved as a major crossroad in the global trade in illicit drugs, provoking security specialists to intensively monitor local drug networks and identify the Muslim and Christian warlords embedded in the Triad and other criminal gangs in Asia.

At the same time, international pressure has forced local intelligence operatives to trace the origin of weapons used in the Maguindanao massacre and their links to national, cross-border, and regional gun-running syndicates, including the recently aborted smuggling of firearms from Indonesia, and the landing of illegal firearms in Sulu.

The discovery of high-value weapons in the Ampatuan arsenal is alarming because of their underlying politico-military implications. One, they expose a rupture in the logistics chain that undermines existing security arrangements and military assistance programs between the Philippines and the United States. The possession of a Barrett sniper's rifle also implies that warlord clans may be engaged and harnessed in the dirty job of political assassinations.² Two, they indicate the extent and potential repercussions inherent in the outsourcing of armed violence that the Philippine State is engaged in – and how such policies can be manipulated by a warlord clan bent on liquidating its political opponents, instead of Muslim rebels and communist insurgents.

It highlights the alliances that lurk behind the trade in illegal drugs, illicit weapons and munitions, and the nation-state. The effective control of the illegal drug trade undoubtedly requires huge investments in firepower. The awesome resources available to warlords who can enlist and equip hundreds of paramilitaries are comparable to the costs of running a mid-sized bureaucracy. Meanwhile, continued access to weapons and the means to lug these around require the approval of the Leviathan that holds monopoly rights over the means of coercion. This uncovers an elite bargain that includes the de-facto sanctioning of a growing trade in lootable resources such as drugs. It begs an important question: how often has the Philippine State turned a blind eye to a clear and present danger in exchange for political support?

The issue resonates in the huge amounts of foreign aid and reconstruction assistance targeted towards an impoverished region reeling from both local and rebellion-related conflict. What sort of bargains have aid agencies entered into with powerful warlord clans to enable them to operate in conflict-affected areas under warlord control?

It is no secret that development assistance targeted to Maguindanao province and the ARMM regional government meant the forging of project arrangements with their overlords. The data shows how the mix of fiscal resources and foreign aid has enabled government consumption

expenditures in the ARMM to grow faster than in any other region in Mindanao, despite the negligible tax revenues from these areas. How ignorant or aware were aid agencies that they were negotiating with political entrepreneurs with a long history of corruption and violence?

To be sure, conflict areas outside the ARMM were also the beneficiaries of millions of dollars in infrastructure support coursed through government agencies such as the Department of Public Works and Highways (DPWH), Department of Agrarian Reform (DAR), and the Department of Agriculture. Numerous development programs directly supported by multilateral (World Bank, ADB, UN agencies) and bilateral (US, Japan, Australia) donors ostensibly meant dealing with the Muslim and Christian warlord clans of Mindanao.

While it is reasonable to expect official donors to deal directly with local officials as the authorized channels for welfare provisioning between governments, it is naïve to suggest that aid givers were ignorant of the dangers these entailed. Yet several project officers involved in Mindanao's development projects cannot help wondering if the aid money ended up in the giant mansions and expensive vehicles owned by warlords; was used in their profligate spending in the gambling capitals of the world; facilitated their purchase of the means to kill; and helped procure expensive infrastructure equipment, including the infamous backhoe.

Tracing the backhoe's provenance is strategic because it provides a way to unravel the indirect role played by government spending and aid money in the events leading to the massacre. The potential connections among violence, government spending, and aid money present a real dilemma that will linger long after Gloria Macapagal-Arroyo leaves the political stage. It will continue to fuel a growing concern among donor higher-ups about whether the integrity and viability of development programs were compromised in Mindanao. It provides the backdrop behind the temporary suspension of Mindanao operations by aid agencies such as the USAID, the Asian Development Bank (ADB), and the World Bank.

Despite their often violent outcomes, the links between warlords and shadowy regional and global syndicates add another layer of legitimacy and credibility to the warlord clans. Combine this with their skills in reversing national electoral outcomes and what emerges is a new-type of warlord with a national and global profile.

Drawing from the scholarship of conflict specialists such as David Keen, Mark Duffield and William Reno, these new conditions would seem to mimic the situation in other civil wars in Eastern and Sub-Saharan Africa. But instead of junking national bureaucracies and the effective territorial control which their counterparts did elsewhere, warlords in Mindanao have found a way to manufacture consent-based political authority by allowing local people to engage in the same underground economy that survived and thrived under devolution.

This explains why the complexion of Mindanao's "strong men" has gained luster over the past decade. They were enabled by the central state to capture a large share of public funds, emboldened by a regional shadow economy that enlarged their resources, and connected to bilateral and multilateral aid agencies that helped strengthen their credibility and legitimacy.

These factors make political office more lucrative and the skill to engage in violent and protracted conflict a desired capability. They also display the changing parameters that determine people's perceptions of political legitimacy in the region. Neither Islam, nor a politician's primordial links to the royal houses of Sulu, Lanao, and Maguindanao are now sufficient to secure political office. Neither are the links to rebel armies, nor the ties that bind local "strong men" to national political elites. These layers of legitimacy will not be enough to overcome the contestation for power by ruthless entrepreneurs whose power knows no boundaries, and whose violent practice defies all norms.

What can be done?

It is important to voice our condemnation and to call for an end to impunity. But equally important is the need to understand what the violence in Maguindanao and elsewhere in the South is all about. Our studies demonstrate that the sources of violence at the outset of this long conflict are far different from the sources of violence that has made this conflict endure. Distinguishing between “conflict onset” and “conflict duration” is crucial. This is critical for actions of the state, civil society and the international community to have the desired, strategic impact on prospects for peace.

Peacebuilding strategies must include an understanding of how local clan-related conflict dynamics interacts with armed rebellion. Peace builders and aid agencies have often been seduced by the broader armed rebellion, the drama of insurgency, when the conditions actually indicate that we need to operate at the nexus between armed rebellion and local community conflict. More efforts to deliver agrarian reform, for example, are far more important than investing in “bantay ceasefire,” “zones of peace,” or even Muslim-Christian dialogues.

Scholars need to involve themselves in closely exploring the informal economy and the contestation for political influence that brings control of this economy. This will enable the true nature of political and economic exclusion to be unpacked and effectively addressed.

Finally, I think we should consider and reflect upon what the Mindanao scholar Albert Alejo refers to as the “privileging of history” in the peace negotiations and peace dialogues that accompanied the long conflict in Mindanao. Instead, a more interdisciplinary approach that harnesses sociologists, anthropologists, economists, and development and governance specialists is important to move the process forward.

Notes

- 1 The Ruthless Political Entrepreneurs of Muslim Mindanao, November 25, 2009, published by MindaNews, and Collusion and Collision in Muslim Mindanao, published by GMA7News.
- 2 The Barrett rifle company's website proudly reports that their rifles "*are made for civilian sports shooters, law enforcement agencies, the United States military and over 50 foreign countries that are American allies*" (emphasis included by author).