

By Sheila Coronel

Every year, during the week before Christmas, small crowds gather outside the fortress-like home of Rodolfo Pineda, the operator of a vast, illegal gambling network that spans several provinces of the main Philippine island of Luzon.

Pineda lives in his hometown of Lubao, located in the heart of the great Central Luzon plain, a 90-minute drive from Manila. In this sleepy town of rice farmers and assorted tradespeople, the real power lies not in the whitewashed town hall or the centuries-old Catholic Church: It resides in the Pinedas' high-walled, high-security compound. Although the country's biggest gambling lord is reclusive and rarely seen in public, his wife Lilia was the town's mayor for nine years. Their son, Dennis, is the current mayor.

During the Christmas season, all roads in Lubao lead to the Pinedas. Every day, scores of villagers line up for the bags of goodies that the family gives away. The town's schoolteachers get a leg of ham, corned beef and other canned goods. Ordinary folk take home gift bags containing dressed chicken, sardines, rice and noodles.

If anything serves as a metaphor for the depth and breadth of corruption in the Philippines, it is *jueteng*, the illegal numbers game of which Pineda is the biggest operator. The gambling network shows how nearly everyone—from ordinary citizens to public officials and even the so-called guardians of morality and watchdogs of society—is complicit in the corruption that gnaws at the foundations of the country's fragile institutions.

Various estimates put annual revenues from *jueteng* at about 30 billion pesos (US\$600 million) a year, almost equal the annual earnings of some of the Philippines' biggest tobacco and telecommunications firms.

Former police officials familiar with *jueteng* operations say that 20 to 30 percent of this amount—anywhere from six billion pesos (US\$120 million) to ten billion pesos (US\$200 million)—is paid as bribes or protection money to town mayors, provincial governors, police chiefs, members of Congress, and top-level officers of the Philippine National Police. The Catholic Church and journalists are also among the many beneficiaries of gambling profits, they say.

The movie actor Joseph Estrada, who was elected president in 1998, fell from power in a popular uprising in 2001 because of accusations that he was receiving monthly payoffs from *jueteng* operators, among other issues. A provincial governor believed to be a *jueteng* lord himself, revealed that he collected money from gambling operators every month, packed the bills in black attaché cases, and delivered them to Estrada's home.

Gloria Macapagal-Arroyo succeeded Estrada after the "people power" protests. But she has also been embroiled in a *jueteng* scandal. In 2005, the Senate investigated charges that her husband, brother-in-law and son were taking bribes from gambling lords. Several witnesses in the Senate hearings also alleged that Mrs. Arroyo's 2004 election campaign was partly financed by, among others, the Pinedas.

jueteng is a form of lottery introduced by Chinese traders to the Philippines at least 100 years ago. The earliest court ruling on it dates back to 1905, when a colonial-era tribunal convicted the owner and financier of a *jueteng* operation. In the 1930s, the grand-uncle of President Arroyo's husband, a provincial governor, was dismissed from his post on charges that he was coddling a *jueteng* lord to raise money for his election.

For generations, illegal gambling and politics have intertwined in the Philippines. Some of the country's most prominent political families, including that of former President Corazon C. Aquino, have been linked to illegal gambling. In most of Luzon, *jueteng* is the lifeblood of local politics. It is the major source of campaign contributions. During elections, the network of bet collectors doubles as a campaign machine.

After elections, local officials use gambling money for patronage. Voters traditionally bring their supplications to politicians who dole out money for hospital bills and school fees, weddings, baptisms and burials, expecting their generosity will be remembered on election day.

jueteng keeps the police running as well. Because the police are underfunded, protection money is used to buy gasoline for police vehicles, office supplies, even medicine for sick cops. Moreover, *jueteng* is an employment agency giving jobs to some 150,000 bet collectors. Its grassroots base includes millions of poor Filipinos who bet one peso—about two U.S. cents—or more in a game of chance that has deep roots in popular folklore.

Despite the exposés, many Filipinos condone *jueteng* and accept it as a fact of life. In thousands of villages it is considered a popular entertainment and distraction. Bettors make their wagers based on dreams, omens and premonitions. In *jueteng*, numbers take on a mystical quality: the heavens send signs and favor those who read them well.

Although it provides unending fodder for political scandal, those who play the game hardly consider themselves part of a network of organized crime and corruption. *jueteng*, after all, also serves as a social safety net, funding services that the government, were it not so corrupt, should deliver. The irony, of course, is that the government is corrupt precisely because of *jueteng* and similar rackets.

The truth is that illegal gambling preys on the poor, traps them in relationships of patronage and makes them complicit in the structures that oppress them. But it also provides them with temporary relief from their misery. In the process, it corrupts key democratic institutions and processes. Law enforcement, the justice system and elections are compromised by *jueteng* money. In the end, the country sinks deeper and deeper into the corruption mire.

In 2005, the Arroyo government was shaken by the release of a tape of apparently wiretapped conversations between the president and an election commissioner. The conversations indicated a conspiracy to rig the 2004 vote and set off high-profile investigations on the conduct of the polling that made Mrs. Arroyo president.

One whistleblower said he was present at a dinner for 27 election supervisors at the Arroyo home in January 2004. The president was there, as was Lilia Pineda, widely known as a close friend of the Arroyos. After a meal of black pasta, Pineda supposedly gave each of the election supervisors envelopes containing 25,225 pesos (US\$500) in cash.

Other revelations, including accounts of the military allegedly cheating on behalf of Arroyo and presidential relatives receiving bribes from *jueteng* operators, plunged the presidency into crisis. An impeachment was initiated in 2005, but reached a dead end when the complaint was rejected by a majority in Congress. Because many legislators reportedly received payoffs in exchange for their vote, the process did not clear the president's name, but only muddied it even more.

The crisis has taken its toll on government credibility. The institutions are widely perceived as unable to hold the president or anyone else to account. Polls in 2005 and 2006 showed a palpable increase in public cynicism, with distrust of the presidency, Congress and various executive branch departments on the rise. Most Filipinos did not believe the government was sincere about fighting corruption, according to the polls.

In Lubao, Pineda continues to reign over his gambling empire, accustomed by now to the cycle of Philippine politics: high-profile exposés followed by crackdowns, then business as usual. After all, the Pinedas survived both the both Estrada and Arroyo scandals unscathed. In late 2005, Arroyo herself ordered a crackdown on gambling operations, including Pineda's. The gambling stopped for a few months, as it had when Estrada's *jueteng* links were exposed in 2000. By mid-2006, *jueteng* was back, enjoying the legal and political protection it always has.