Power Politics In Policymaking: The Anti-Money Laundering Act Of The Philippines

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Abstract

The Anti-Money laundering law (AMLA) is a financial regulation enacted mainly because of external demand, as the Financial Action Task Force (FATF) called on the Philippine Government to comply with the Anti-Money Laundering (AML) regime. The FATF not only summoned the Philippine Government, but also determined the shape and content of the AMLA by requiring the institutional policy actors to conform to the global standards. Thus, the FATF exercised direct powers — agenda setting and decision making — in persuading the Philippine Government to enact the law. The institutional policy actors were impelled to prioritize the consideration and deliberation of the financial regulation (agenda setting) and compelled to enact and rework the content of the policy to conform to the FATF standard within a time frame (decision-making). The FATF's use of direct powers was made possible and reinforced by the context-shaping power of the prevailing financial structure, specifically, the establishment of the AML regime. Context-shaping bound the institutional actors to enact the policy because of the prevailing AML regime established by the FATF. As the context-shaping power underscored the exercise of the agenda-setting and decision-making powers, the lawmaking experience that created the AMLA highlights the employment of the different dimensions of power as well as the contemporary dynamics in the global financial structure vis-à-vis the policymaking process.

Keywords: Anti-Money Laundering Law; Agenda-Setting; Decision-Making; Context-Shaping.

1. Introduction

Power is pervasive in politics, as the practice of the latter entails the exercise of the former. In the praxis of the political, policymaking is the central activity where power is utilized in the process as well as in shaping the outcome. As the principal political institution in society, the Government assumes the mandate of undertaking such activity. The Government makes public policies that go through the lawmaking process. The process entails the exercise of influence and power, as the institutional policy actors contend with vested interests in crafting policies.

In the era of financial globalization where financial transactions are instantaneous and interconnected, the power dynamics in lawmaking has been refashioned. One effect of financial globalization is the reorientation of the power relations among policy actors in some areas, such as financial regulations. International organizations are added to the policy equation, as the external actor becomes an influential policy actor. In effect, the encroachment of international organizations on lawmaking is reshaping the power relation to their advantage.

This paper is about the power dynamics at work in policymaking. The study analyzed the power play involving the Financial Action Task Force (FATF) and the governmental policy actors in crafting the Anti-Money Laundering Law (AMLA, Republic Act 9160) and its amendment, Republic Act 9194, in the Philippines, as well as the consequence of the anti-money laundering (AML) regime in the power dynamics of the policy process. With the use of the framework of analysis developed by Hay [1], the paper surveyed how the FATF functioned and utilized power to bring about financial regulation. Specifically, the paper examined the use of agenda-setting, decision-making, and context-shaping powers in enacting the AMLA.

2. Framework of Analysis: The Three Dimensions of Power

The centrality of the concept of power is well established in the study of politics and has been acknowledged by most scholars and practitioners in the realm of the political. As the field of study recognizes the essentiality of the concept, however, the discipline also

acknowledged the perennial problem of defining power. For instance, referring to the ongoing debate about the nature and definition of power, Hay noted that the controversy "rests fundamentally on the tension between a concept of power that is simple, precise and potentially quantifiable and one which is more complex and intuitively appealing, yet which is much more difficult to catalogue and measure" [1].

Notwithstanding the problem, power has been generally viewed from the purview of a particular school of thought in the study of politics. The pluralist conception of power dominates political science, where power is considered "transparent, expressed in unambiguous and empirically demonstrable way in the decision-making process" [1]; while the realist conception of power dominates international relations, where power is deemed as the "ability of states to use material resources to get others to do what they otherwise would not" [2]. Both conceptions are rooted on the classic Dahlian definition— power over another conceptualization, where one exercises control over another to the extent that the former can get someone to do something that otherwise the latter would not want to do [3]. The directness of effect on political actors has made the definition the most influential view of power in the study of politics. The dominance of the Dahlian definition, in effect, has developed into a simplified but one-dimensional view of power.

The constricted view of power has resulted in the underdevelopment of the concept. To deal with this inadequacy, political scholars have underscored the need to expand the outlook, as power is deemed multidimensional in nature. This sentiment has led some scholars to critique and reexamine the dominant conception. For instance, Barnett and Duval [2] argued that to have a more robust understanding of how power works in international politics, scholars need to see the connection among the multiple conceptions of power (e.g., compulsory, institutional, structural, and productive power).

In political analysis, the more prominent contemporary literature heeding the call for the reassessment of power is the "faces of power" of Hay [1]. Hay discussed the three dimensions of power and argued for the need to redefine power. The first dimension, consistent with the Dahlian definition, sees power as decision making— determining the outcome of political decision. The focus of analysis is the formal political arena. In this conception, the actors that exercise power are those whose opinion holds sway in the decision-making process [1]. The second dimension, following Bachrach and Baratz [4] effort to broaden the definition, sees power as not only decision making but also agenda setting— the capability to set the political agenda. The focus is the formal political arena as well as the informal processes surrounding the corridors of power. The conception for a more inclusive definition of power is grounded on the argument that through the agenda-setting process, powerful actors get to decide which issues become subject to the formal decision-making process and which do not [1].

The third dimension, following Lukes' attempt to incorporate the Marxist notion of "false consciousness" to the definition, sees power as not only decision-making and agenda setting but also preference shaping— influencing others by shaping what they think, want, or need [5]. The focus is on the formal political arena and the informal processes, as well as the broader civil society in which preferences are shaped. In this conception, powerful actors not only exercise power over and set the agenda, but also distort the perception and the perceived interest of the people [1] through ideological indoctrination or psychological control [6]. Lukes' attempt to broaden the definition, however, created complications in the conceptualization, as determining power in preference shaping indicates a need to differentiate between genuine interests and false interest of the actors. Identifying real from false interests entails a normative judgment, which presupposes superiority in one (ability to see and make correct judgment about real interest) and inferiority in another (subjectively judge the incorrect interest). This praxis implies a condescending relationship, which from the academic vantage point, makes the undertaking highly biased, subjective, and empirically unjustifiable.

As a remedy, that is, to maintain the three-dimensional perspective but eliminate the value judgment in the conception, Hay [1] proposed that the definition of power emphasize not only the consequences of one's choices on the actions of another, but also their effects on the context within which subsequent action must take place. Power then could be seen as both context shaping and conduct shaping. The former refers to the "capacity of actors to redefine the parameters of what is socially, politically, and economically possible for the others," and the latter refers to the ability of actors "to influence directly the actions and/or choices of another individual or group" [1]. The distinction entails two forms: indirect (context shaping) and direct (conduct shaping) power. On one hand, indirect power emphasizes, "power relations in which structures, institutions and organizations are shaped by human action in such a way as to alter the parameters of subsequent action" [1]. Indirect power may also serve as the potential basis for exercise of direct power. Thus, the effect of indirect power is latent, as the exercise of this power creates an atmosphere that restricts or limits future actions as well as sets down the grounds for potential exercise of other powers. Direct power, on the other hand, has an effect that is immediate, visible, and behavioral, as the exercise of this power is openly felt by the intended recipient.

In this paper, the power taxonomy identified would be used to assess the forms of power in play in the process of enacting the AMLA. In particular, the workings, impact, and interplay of direct power (power as decision-making and agenda setting), and indirect power (power as context shaping) are examined from the beginning to the end of the policymaking process.

3. Power as Agenda Setting

Policymaking comprises the whole legislative enterprise of producing public policies. The process begins with policy initiation, where demand for a policy arises to meet a certain issue, problem, or contingency. In the case of the AMLA, there was an international demand for financial regulation to address the threat that money laundering poses to the stability of the global financial system. Money laundering is defined as "a process in which the illicit source of assets obtained or generated by criminal activity is concealed to obscure the link between the funds and the original criminal activity" [7]. This criminal activity has been used by criminal syndicates and terrorist groups to legitimize their illicit finances. To curb the practice, the G-7 member States in 1989 facilitated the establishment of the FATF. "The FATF is an intergovernmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing" [12]. The international organization assumed the lead role in combating the worldwide problem of money laundering by mandating that all states legislate the AMLA. The FATF mandate was reinforced after the 9/11 terrorist attack against the United States, as the incident revealed the urgency of the worldwide implementation of financial regulation.

One of the countries identified as lacking the AMLA was the Philippines. The country was on the list of Non-Cooperative Countries and Territories (NCCT) in 2000. Being on the NCCT list, the Philippines was vulnerable to the imposition of countermeasures following Recommendations 21 and 22 of the FATF:

21. Financial institutions should give special attention to business relationships and transactions with persons, including companies and financial institutions, from countries that do not or insufficiently apply the FATF Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help competent authorities. Where such a country continues not to apply or insufficiently applies the FATF Recommendations, countries should be able to apply appropriate countermeasures.

22. Financial institutions should ensure that the principles applicable to financial institutions, which are mentioned above are also applied to branches and majority owned subsidiaries located abroad, especially in countries that do not or insufficiently apply the FATF Recommendations, to the extent that local applicable laws and regulations permit. When local applicable laws and regulations prohibit this implementation, competent authorities in the country of the parent institution should be informed by the financial institutions that they cannot apply the FATF Recommendations [12].

The FATF called on all financial institutions to give "special attention" to business and financial transactions emanating from among the NCCT to ascertain the lawfulness of the transactions. Thus, countermeasures could translate into a huge increase in the "transaction cost" of doing business. The extra scrutiny that might be imposed on financial transactions emanating from the Philippines would result in delays. The international financial transactions of local banks and other financial institutions, which run into hundreds of millions pesos a day, would no longer be automatically done. Instead, the financial transactions would be handled manually. In the globalized era of instantaneous transactions, a delay of a few days or weeks could easily translate into enormous financial losses and opportunity cost. For instance, in the committee hearings in the Senate and House of Representatives, Department of Justice Undersecretary Jose Calida estimated that the transaction cost due to delays per day could reach P169 million in exports, P116 million in imports, and $4 billion in remittances.

The Philippines needed to enact the AMLA as the prerequisite for removal from the blacklist. Noncompliance with the FATF demand would result in the imposition of more severe additional countermeasures. These countermeasures included the cooperative sanctions of the international financial institutions (IFIs), such as the World Bank and International Monetary Fund as well as the G-7 member states. According to Mr. Leonilo Coronel, the Executive Director of the Bankers' Association of the Philippines (BAP), the countermeasures may isolate the Philippine banking system from the rest of the international financial community and make it

difficult to transact business. The vulnerability of the Philippines to these sanctions was exacerbated by the current makeup of the economy, which is debt-driven and remittance-based.

In the past, Congress made several attempts to enact an anti-money laundering law. In the Tenth and Eleventh Congresses, Congressman Raul Gonzales in the House filed the so-called Rico bill, and the late Senator Robert Barbers in the Senate filed an anti-money laundering bill. The anti-money laundering bills, however, did not prosper beyond the committee level, as an AML bill was not considered a serious legislative agenda. The legislators and the executive branch (Aquino, Ramos, Estrada, and Arroyo administrations) did not see the urgency of the AMLA despite the country being a signatory to international agreements, such as the 1998 United Nations Political Declaration and Action Plan Against Money Laundering and the 2000 United Nations Convention Against Transnational Organized Crime, which mandate it.

Only upon the FATF's decision to put the Philippines on the NCCT list did the government initiate steps to place the AMLA on the legislative agenda as well as prioritize its enactment. Following the FATF demand to pass the financial regulation, President Gloria Macapagal Arroyo made a commitment to the FATF on May 2001 that she would certify to the newly elected Twelfth Congress the urgency of enacting the AMLA [12]. The executive commitment formally pushed the executive agencies, particularly the Department of Finance (DOF), the Department of Justice (DOJ), and the Bangko Sentral ng Pilipinas (BSP), and the legislature— the Senate and House of Representatives— to take immediate action and cooperate. The enactment of the AMLA became of primordial importance, taking precedence over all other pending legislative bills.

Agenda-setting power is "the ability to structure policy debate by controlling which issues are discussed or establishing a priority amongst them" [6]. In the agenda setting for the AMLA, the impetus came from an external entity. Before the FATF came into the picture, the AMLA was out of the picture in the policy agenda of the institutional policy actors. The FATF demand was the compelling factor that prompted the executive and the legislature to consider and undertake the deliberation of the financial regulation.

4. Power as Decision Making

The process of enacting the AMLA was circumscribed by the FATF in two ways. First, the law must be passed before the 30 September 2001 deadline. Second, the law must conform to the 40 + 9 Recommendations, which was the FATF mandated global standard. The FATF report showed that the Philippines did not have any specific legislation to criminalize money laundering per se and did not meet 23 of the 40 Recommendations, and that the current Congress urgently needed to enact the AMLA. The 40 Recommendations called for the criminalization of money laundering and the 9 Recommendations called for the criminalization of the financing of terrorism. Both the deadline and the global standard were unilateral demands of the FATF on the Philippines. The failure to enact, enacting after the FATF deadline, or enacting but without conforming to the FATF standard would result in the imposition of countermeasures against the Philippines.

The time frame for passing the AMLA was tight, as the committee hearing on the House of Representatives and the Senate commenced on the 22nd and 29th of August, respectively; 32 and 39 days before the FATF deadline. Under normal circumstances, the number of working days was insufficient to enact a highly complex and contentious law like the AMLA. Twice, the government appealed for an extension of the deadline (the first plea was made in the 4th Asia Pacific Group on Money Laundering [APG] meeting and the second was at the FATF meeting in Tokyo), but both were turned down by the FATF. The FATF made it clear that the demand to enact the AMLA was nonnegotiable. Thus, the unequivocal message was that the Philippines must enact the AMLA on time or face the consequences.

To cope with the FATF requirements and avert the grim scenario of facing the countermeasures, the institutional policy actors needed to act immediately. On the part of the executive, the DOF, DOJ, and BSP came up with the administrative draft to "guide" the legislators. The draft was fed to the committee hearings in both chambers so as to fast-track the deliberations. On the part of the legislature, the Senators and the Representatives engaged in express and marathon proceedings to expedite the crafting of the law. Moreover, President Arroyo certified the committee reports of both chambers. In effect, the certification dispensed with the constitutional requirement of three readings on separate days. Thus, the second and third readings were done on the same day.

The lawmakers took shortcuts in the usual lawmaking practice, such as abruptly replacing (by substitution) the committee report with a new working draft while it was being sponsored in plenary, and limiting the bicameral conference committee (BCC)

deliberations as well as the ratification of the BCC report in both chambers to just a day. Because of these extraordinary actions taken by the legislators, Congress was able to pass the AMLA (Republic Act 9160) a day before the FATF deadline.

The lawmakers were able to meet the FATF deadline; however, they committed lapses in conforming with the 49 + 9 Recommendations. Exemplifying the "satisficing" mind-set (just-to-comply attitude), the lawmakers decided to disregard some FATF criteria; as a result, the action diluted the policy. The most conspicuous digression of the AMLA was in the issue of threshold amount (minimum amount needed to trigger the mechanism for reporting suspicious transactions). The FATF standard for the threshold was $10,000 (P500,000), but the Senators and Congressmen set P4 million as the threshold amount in the AMLA. The decision was seen as a compromise to opposing lawmakers to ensure the passing of the AMLA, as it was perceived that lowering the threshold would be unacceptable to their wealthy colleagues as well as their moneyed supporters in the business community.

Consequently, the FATF in its June 2002 Report noted that some stipulations of R.A. 9160 were inconsistent with 49 + 9 Recommendations. For instance, the FATF report cited:

1. Although the Philippines' authorities interpret the regulations as requiring the reporting of all suspicious transactions, this nevertheless conflicts with the AMLA, which only requires reporting of high-threshold suspicious transactions.

2. The law allows the AMLC to access account information upon a court order, but a major loophole remains in that secrecy provisions still protect banking deposits made prior to 17 October 2001. Secrecy provisions also still restrict bank supervisors' access to account information [12].

In view of these deficiencies, the FATF again called on the Philippine Government to take the necessary steps to comply with the global standard. To ensure action, the FATF warned that the Philippines would remain in the NCCT list and may still face countermeasures unless the appropriate legislative amendments were made before 15 March 2003 [12].

Around September 2002, the Senate and the House of Representatives started the deliberations for amending R.A. 9160, while the newly created Anti-Money Laundering Council (AMLC) took the lead role in the amendment process on the executive side. With the AMLC working as the conduit of information in Congress, the amendment process generally went smoothly in both chambers from the committee hearings and plenary debates up to the approval of the reconciled version of the Senate and the House in the BCC. With an approved BCC report, the only things needed for the amendment bill to become a law were the plenary ratification of both chambers (which is considered as a mere formality) and the signature of the President.

Immediately after the approval of the BCC report, however, the FATF gave indications that the approved report would not be acceptable. The FATF continued to see in the BCC report inconsistencies with the 49 + 9 Recommendations, such as the expansion of the definition of "covered transaction" to include any suspicious transaction regardless of threshold amount; to make P500,000.00 the threshold for reporting covered transactions; and to broaden the definition of suspicious transactions. Thus, the whole effort of amending the AMLA could go to waste if the FATF rejected the amendment. Rejection would imply that the Philippines would continue to be in the NCCT list and would suffer the countermeasures.

To remedy the situation, the Arroyo Government interceded and arranged a dialogue between the lawmakers and the FATF. On 18 February 2003, the FATF delegates and the legislators (16 Senators and a number of Congressmen) led by Senate President Franklin Drilon held a dinner meeting. In the meeting, the lawmakers sought the concerns of the FATF by asking its delegates about specific provisions they want to include or exclude in the AMLA. In turn, the lawmakers put forward proposals on which they sought the approval of the FATF delegates. After "getting the nod" of the delegates, Senate President Drilon requested that the gentlemen's agreement be put into writing to make sure no "slip-up" could happen in redrafting the bill.

The agreement implied that the already approved BCC report would be substantially changed. This scenario implied two things: first, there was a need to redraft the bill and reconstitute the BCC; and second, the imposition of the agreement over the reconstituted BCC would mean that the members could not make any changes beyond those things approved by the FATF. Thus, acceding to the FATF demand necessitated "ditching" the BCC report, which was a genuine product of the institutional policy actors' engagement in the policymaking process, and "tying the hands" of the BCC members as well as the whole Congress, as their freedom to discuss and propose was constricted by the agreement.

Conforming to the agreement, on 4 March the legislators reconvened the BCC to redraft the bill. During the deliberations, the Senate and House leadership reminded the members that they needed to strictly follow the agreement to avoid the risk of inserting stipulations unacceptable to the FATF. As Senator Edgardo Angara warned, adding one word or another inadvertently may require another round of negotiations with the FATF. The next day, the reconstituted BCC report was forwarded and ratified in both chambers. The resulting act, R.A. 9194, was signed into law by the President on 7th March 2003.

Power in decision-making refers to the ability to control the process of making choices as well as reaching the outcome. In the decision making for the AMLA, the institutional policy actors were compelled by the FATF to enact and amend the law within a given time frame. The insistence of the FATF provided enough impetus for the lawmakers to rework the content of the AMLA to ensure that the law conformed to the 49 + 9 Recommendations.

5. Power as Context Shaping

The FATF influence on the Philippine policymaking process was further reinforced by the contemporary dynamics of the global financial structure. The integration of the financial system has altered the underpinning of the state's authority in making policies. In the realm of financial regulations, the influence of international organizations has intensified and transcended the territorial jurisdiction of states. Globalization, depicted as increasing financial interdependence, has further hastened the change. "Globalized international financial markets are more open, more liquid and more internationally integrated than ever before" [8]. In effect, financial transactions became open and instantaneous. With this unprecedented financial mobility, issues such as the danger posed by the erratic financial system emerged and necessitated coordination and cooperation among states. "All the crises of the 1990s highlighted the vulnerability of national financial systems and the need for countries participating in the global financial system to have strong standards of accounting, prudential regulation, disclosure, exchange and so forth" [8]. Avoiding such financial crises in one area or region cannot anymore be done in isolation, as the crisis can easily spill over to other states.

Handling the vulnerabilities of the globalized financial structure created the need for financial regulations. The effectiveness of financial regulations was premised on each state adopting as well as abiding by these regulations. At present, the worldwide responsibility for disseminating the financial regulations has been taken over extensively by international organizations. The task has provided the impetus and rationale for international organizations to encroach on domestic policymaking and, consequently, has tremendously increased the influence of international financial organizations on the institutional policy actors and the policy process. In this global financial setup, interference by international organizations in external policy was acceptable and considered legitimate.

In managing the contemporary global financial structure, international organizations have relied principally on the concept of international regimes. International regimes are "sets of implicit or explicit principles, norms, rules, and decision making procedures around which actors' expectations converge in a given area of international relations" [9]. Simply put, international regimes can be construed as "sets of governing arrangements" [10] imposed on the international community. International regimes, which include informal customs and formal negotiated agreements, affect states' behavior as well as international relations. In global finance, financial regimes aim to regulate states' behavior and promote international cooperation to promote global financial stability. Financial regimes are formalized into treaties or international agreements to make them binding to states. In addition, treaties and agreements usually prescribe formal and informal penalties and are administered by specialized international organizations [11]. The administering organization functions as the principal regulator and enforcer of the regime, as it could impose sanctions to recalcitrant states. For instance, the international trade regime is underpinned by the World Trade Organization (WTO) and the international financial regime is backstopped by the IMF and WB.

In view of the worldwide proliferation of illicit money and terrorist finance, the AML regime was established. The AML regime promoted the global adoption of laws and regulations that address the problem of the unhampered flow of illicit money. Specifically, the AML regime mandated that all states legislate a financial regulation that combats money laundering and terrorist financing. The FATF, after its formation, became the official regulator and enforcer of the AML regime. On one hand, the FATF regulates by requiring that the law passed by each state conform to the FATF-imposed international standards. The condition was instituted to ensure consistency among the laws crafted by states and effective global implementation. On the other hand, the FATF enforces by imposing sanctions on nonconforming states. In a sense, the capacity to inflict punitive measures makes the AML regime compulsory rather than voluntary.

The AML regime places strong incentives for compliance and penalizes uncooperative behavior. The Philippines, as one of the countries identified as NCCT, hardly has any choice but to accede to the AML regime, as the country would be taking enormous fiscal and monetary risk if it decides to disregard the AML regime. As the FATF could impose sanctions, the AML regime has "a critical impact on what policy makers can and cannot do and the policy choices they make" [11]. The Philippines cannot afford to become a pariah state; as long as economic development is a principal agenda, the government cannot isolate itself from the international financial institutions and the global capitalist economy.

Moreover, the global financial structure is highly skewed, as the financial regimes were determined and set up by wealthy and powerful states, and "ordinary" states were bound to follow. As financial regimes were used to compel, indirect power was utilized on other states. Likewise, the exercise of indirect power opened the possibility of employing direct powers, as the former serves as the basis for the exercise of the latter. In this global setup, the Philippines has negligible influence on the FATF as well as inadequate capacity to resist pressures from the AML regime. This was exemplified by the extraordinary efforts taken by the Philippine government to enact the AMLA, such as the marathon deliberations, the amendment proceedings, and redrafting of the BCC report to conform to the FATF standard. This experience was shared by NCCTs, as all the blacklisted states took immediate action to comply with the AML regime. The clout of the AML regime over states was overwhelming, as even Myanmar, which is considered a rogue state, took serious action to comply with the FATF demand (In the 2006 FATF Report, Myanmar was removed from the NCCT list).Thus the action taken by the Philippines and the other blacklisted states showed the effectiveness as well as the entrenched status of the AML regime in the present global financial structure.

The dynamics of the global financial structure have made international regimes the mode for policy co-optation, and international organizations as legitimate policy actors. The AML regime has restricted the parameters for policy decisions of the institutional actors and sanctioned the management of the policy process by the FATF from the outside, so to speak. Moreover, the financial structure, as it puts limits to a state's policy choices and process, exemplifies the exercise of indirect power as well as serves as the basis for the exercise of direct powers. Thus, the exercise of agenda-setting and decision-making powers exhibited by the FATF in the enactment of the AMLA was made possible and reinforced by the context-shaping power of the prevailing financial structure.

6. Conclusion

In the contemporary era of financial globalization, the AMLA was the byproduct of the skewed relations of power politics in policymaking. By convention, lawmaking is a domestic process where the institutional actors and the executive and legislative branches are the central policy actors. The experience in creating the AMLA altered the power dynamics, as the FATF dominated the institutional actors. The FATF influenced the policymaking by exercising agenda-setting and decision-making powers on executive officials and the legislators. In agenda setting, the institutional policy actors were obliged to prioritize the consideration of and deliberation on the financial regulation. In decision-making, the institutional policy actors were compelled to enact and rework, within a time frame, the content of the policy to conform to the FATF standard. The FATF employed mainly the threat of sanctions in exercising these powers. The use of the agenda-setting and decision-making powers was made possible and reinforced by the context-shaping power of the prevailing financial structure. In context shaping, the institutional actors were bound to enact the policy because of the prevailing AML regime established by the FATF, as noncompliance would make the Philippines an outcast state. Overall, the FATF influenced the lawmaking process and content of the AMLA through the use of direct and indirect powers.

The lawmaking process that produced the AMLA manifested the relationship among the different types of power. The agenda-setting power focused on the introduction of the policy, the decision-making power emphasized the deliberations on the substance of the policy, and the context-shaping power dealt with the effect of the prevailing global financial structure on the policy dynamics. The enactment of the AMLA exemplified the use of several dimensions of power as well as the connection among them, as each dimension reinforced the use of the other dimensions. Thus, the AMLA illustrates that to have a better analytical grasp and understanding of the policy process, the outcome, and the contextual dynamics, all possible sources of power must be considered in the policymaking equation.

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