

**PRESIDENT GLORIA MACAPAGAL ARROYO'S
2009 STATE OF THE NATION ADDRESS
DURING THE 3rd JOINT REGULAR SESSION OF THE
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The past twelve months have been a year for the history books. Financial meltdown in the West spread throughout the world.

Tens of millions lost their jobs; billions across the globe have been hurt—the poor always harder than the rich. No one was spared.

It has affected us already. But the story of the Philippines in 2008 is that the country weathered a succession of global crises in fuel, in food, then in finance and finally the economy in a global recession, never losing focus and with economic fundamentals intact.

A few days ago Moody's upgraded our credit rating, citing the resilience of our economy. The state of our nation is a strong economy. Good news for our people, bad news for our critics.

I did not become President to be popular. To work, to lead, to protect and preserve our country, our people, that is why I became President. When my father left the Presidency, we were second to Japan. I want our Republic to be ready for the first world in 20 years.

Towards that vision, we made key reforms. Our economic plan centers on putting people first. The aim of our policies has always been, first and foremost, to help the hardworking, ordinary Filipino. New tax revenues were put in place to help pay for better healthcare, more roads, and a strong education system. Housing policies were designed to lift up our poorer citizens so they can live and raise a family with dignity. Our agriculture investments aim to recognize our farmers as the backbone of our nation, and give them the modern tools they need to feed our nation and feed their own family.

Had we listened to the critics of those policies, had we not braced ourselves for the crisis that came, had we taken the easy road much preferred by politicians eyeing elections, this country would be flat on its back. It would take twice the effort just to get it back again on its feet—to where we are now because we took the responsibility and paid the political price of doing the right thing. For standing with me and doing the right thing, thank you, Congress.

The strong, bitter and unpopular revenue measures of the past few years have spared our country the worst of the global financial shocks. They gave us the resources to stimulate the economy. This year they gave the largest increase in Internal Revenue Allotment to local government units (LGUs) of P40 billion, imparting strength throughout the country at every level of government.

Compared to the past we have built more and better infrastructure, including those started by others but left unfinished. The Subic-Clark-Tarlac Expressway is a prime example of building better roads. It creates wealth as the flagship of the Subic-Clark corridor.

We have built airports of international standard, upgraded domestic airports, built seaports and the roll-on-roll-off system. I ask Congress for a Philippine Transport Security Authority Law.

Some say that after this State of the Nation Address (SONA), it will be all politics. Sorry, but there's more work.

In telecommunications, I instructed the Telecommunications Commission to act already on the complaints of dropped calls and disappearing loads in cellphones. We need to amend the Commonwealth-era Public Service Law. And we need to do it now.

If in the past electronics flourished, today we are creating wealth by developing the business process outsourcing (BPO) and tourism sectors as additional engines of growth. Electronics and other manufactured exports rise and fall in accordance with the state of the world economy. But BPO remains resilient. With earnings of \$6 billion and employment of 600,000, the BPO phenomenon speaks eloquently of our competitiveness and productivity. Let us have a Department of Information and Communications Technology.

In the last four years tourism almost doubled. It is now a \$5 billion industry.

Our reforms gave us the resources to protect our people, our financial system and our economy from the worst of shocks that the best in the west failed to anticipate.

They gave us the resources to extend welfare support and enhance spending power.

For helping me raise government salaries through Joint Resolution 4, thank you Congress.

Cash handouts give the most immediate relief and produce the widest stimulating effect. Some 700,000 poorest of the poor families benefit from our conditional cash transfer program.

We prioritize projects with the same stimulus effects plus long-term contributions to progress.

Through the distribution of millions of hectares of land, 700,000 indigenous people and more than a million beneficiaries of the Comprehensive Agrarian Reform Program (CARP) can proudly say they own their own land. I ask Congress to pass the CARP extension immediately. And P42 billion of agrarian liabilities should be condoned because only 18% has been paid since 1972. It is timely because it will unfreeze the rural property market. My beloved father was the one who emancipated the farmer. Now we will emancipate their titles.

Seven million entrepreneurs benefited from P165 billion in microfinance.

A hundred thousand benefited from the emergency employment of our economic resiliency plan. We have one of them with us today, Gigi Gabiola. Formerly a household service worker in Dubai, now she works at the Department of Labor. Good luck, Gigi.

A million families have benefited from our housing and shelter program: from Pag-Ibig, National Housing Corporation, community mortgage programs, certificates of lot awards, and loan condonation and restructuring.

Our average inflation is the lowest since 1966. Last June, it dropped to 1.5%. How?

Proper policies lowered interest rates, which lowered costs to business and consumers.

Because of our reforms, we were able to sell NFA rice at P18.25 per kilo even if the market price went up from P17.50 to P30 due to the world shortage. Meanwhile, for the first time, we were able to buy palay from the farmers at P17, up from P11.

Because of our reforms, we were able to invest in food production—anticipating an unexpected global food crisis. We were able to build thousands of kilometers of farm-to-market roads and, together with the private sector, irrigate two million hectares. Badjaos like Tarnati Dannawi were taught modern mariculture. Her earnings in the past year have reached P180,000. Congratulations, Tarnati. We will help more fisherfolk shift to fish farming with P1 billion.

Because the hunger is reportedly increasing again, we will invest anew in our hunger mitigation program which proved effective in the past.

Since 2001, we have been calling for cheaper medicine. We have been selling medicines at half-price in thousands of Town Drug Stores and Village Drug Stores across the country. Our efforts prodded the pharmaceutical companies to come up with low-cost generics and brands like RiteMed. I supported the tough version of the House of the Cheaper Medicine law over the weak version of my critics. The result: the drug companies volunteered to bring down drug prices, slashing by half the prices of 16 drugs. Thank you, Congressmen Cua, Alvarez, Biron and Locsin.

Pursuant to law, we are placing other drugs under a maximum retail price. To those who want to be President, this advice: If you really want something done, just do it. Do it hard, do it well. Don't pussyfoot. Don't pander. And don't say bad words in public.

In health insurance, 86% of our population is now covered.

In the Rent Control Law that covered 2005-2008, annual rent increase was limited to 10%. In the law we just signed, there is a one year moratorium, after which the rent increase shall be limited to 7%. Thank you, Congress.

Last year, more than seven million small electricity users were subsidized at P500 each.

On power price, the long-term solution is our Electric Power Industry Reform Act (EPIRA). EPIRA dismantled oligopoly. But we inherited power purchase agreements, so we still cannot enjoy the full intended effect. But we are happy enough, because they have only one year left to expiration. The next generation will benefit from low prices from our EPIRA. Thank Congress.

Meanwhile, electrification has reached almost all villages. We increased indigenous energy from 48% to 58%. We saved on dollars and we reduced oil consumption (from 110 million in 2001 to 86 million in 2008). The huge reduction in fossil fuel is the biggest proof of energy independence and environmental responsibility. Further reduction will come with the implementation of the Renewable Energy Act and the Biofuels Act.

The next generation will also benefit from our lower public debt to GDP ratio. It declined from 78% in 2000 to 55% in 2008. We cut in half the debt of government corporations from 15% to 7%. Likewise foreign debt from 73% to 32%. If there is any big enemy we defeated, it is no other than the debt, the foreign debt. Those in the past conjured the demon of foreign debt. We exorcised it.

The market grows economies. A free market, not a free-for-all.

To that end, we improved our banking system to complement its inherent conservatism. The Bangko Sentral ng Pilipinas (BSP) has been prudent. Thank you, Governor Tetangco, for being so effective. To make the BSP even more effective, I ask Congress to amend its Charter.

We worked on the Special Purpose Vehicle Act, reducing non-performing loans from 18% to 4% and improving loan-deposit ratios.

Our new Securitization Law does not encourage the recklessness that brought down giant banks and insurance companies elsewhere and laid their economies to waste. In fact, it monitors and regulates the new-fangled financial schemes. Thank you, Congress.

We will work to increase tax effort through improved collections and new sin taxes to further our capacity to reduce poverty and pursue growth. Revenue enhancement must come from the Department of Finance plugging leaks and catching tax and customs cheats. I call on taxpaying citizens and taxpaying businesses: help the Bureau of Internal Revenue and Customs spot these cheats.

Taxes should come from alcohol and tobacco and not from books. Tax hazards to lungs and livers, do not tax minds. The revenues from sin taxes should be used for health and education. They should fund public health insurance premiums for the poorest of the poor. They should fund more classroom and computers.

Pardon my partiality for the teaching profession. I was a teacher.

That is why we have invested so much in education and skills training.

A good education is the ticket to a better life. Education is the great equalizer that will allow every young Filipino a chance to realize their dreams.

We built 95,000 classrooms, created 60,000 teaching jobs, and allocated P1.5 billion for teacher training, especially for 100,000 of English teachers.

One of the most difficult Millennium Development Goal is Education for All by 2015, meaning, universal primary education. Almost no country will achieve it. But we are still trying. We built schools in over a million villages where there were none so that the children can save on transportation going to school. We eliminated miscellaneous fees for primary school. School uniforms are no longer required for public school.

In private high schools, we finance half of the students.

We have provided college and post-graduate education for over 600,000 scholars. One of them, Mylene Amerol-Macumbal, finished Accounting at MSU-IIT, went to law school, and placed second in the last bar exams - the first Muslim woman bar topnotcher. Congratulations!

In technical education and skills training, we have invested three times that of three previous administrations combined. Jennifer Silbor is here, one of 10 million trainees. She learned medical transcription. Now, as an independent contractor and lecturer for transcriptions in Davao, she earns P18,000 a month. Good job, Jennifer.

The Presidential Task Force on Education headed by Jesuit educator Father Bienvenido Nebres has come out with the Main Education Highway towards a Knowledge-Based Economy. It envisions seamless education from basic education to vocational school or college.

We must mainstream early childhood development in basic education. Our children are our most cherished possession. In their early years we must make sure they get a healthy start in life. They must receive the right food for a healthy body, the right education for a bright and inquiring mind—and the equality of opportunity for a meaningful job.

For college admission, the Task Force recommends mandatory Scholastic Aptitude Tests. It also recommends that private and state higher education institutions should be harmonized with each other, and that CHED should oversee local universities and colleges. For professions seeking international recognition—engineering, architecture, accountancy, pharmacy and physical therapy—it recommends radical reform: 10 years of basic education and two years of pre-university before three years of university.

Our educational system should make the Filipino fit not just for whatever jobs happen to be on offer today, but also for whatever economic challenge life will throw in their way.

In good times and bad, overseas Filipinos keep our nation resilient. Their remittances of \$16 billion last year were a record. This year it is even higher.

I know that this is not a sacrifice joyfully borne. This is work where it can be found—in faraway places, among strangers with different cultures. It is lonely work, it is hard work.

That is why we are working to create good paying jobs here at home, so that overseas work will just be a career choice, not the only option for a hard-working Filipino.

Meanwhile, we should make their sacrifices worthwhile. We should take stronger measures to preserve and enhance the value of their hard earned wages. That means stronger consumer protection for overseas Filipinos investing in property and products back home. For them, I am activating an Investors Protection Task Force.

I spare no effort to visit our people and their hosts across the globe – from Japan to Brazil, from Europe and the Middle East to the American Midwest, listening to their problems and needs, learning how our government can help them – by working out better policies on migrant labor, or by saving lives and restoring liberty.

When I visited Saudi Arabia, King Abdulla granted amnesty to 700 jailed OFWs. A planeload of them came home with me.

Since I visited Spain, it has become our biggest European donor. And King Juan Carlos has been interceding in other countries for our distressed OFWs. Sheikh Khalifa, Prime Minister of Bahrain, is another advocate for our people.

When I visited Kuwait, Emir Al-Sabah commuted death sentences.

Our vigorous international engagement has helped bring in foreign investment. Net foreign direct investments multiplied 15 times during our administration. Together with our OFWs, they more than doubled our foreign exchange reserves. They strengthened our peso and helped keep inflation down. They upgraded our credit because while the reserves of our peers have shrunk this past year, our reserves grew by \$3 billion.

Our international engagement has also corrected historical injustice. The day we visited Washington, Senator Daniel Inouye successfully sponsored benefits for our veterans as part of America's stimulus package.

I have accepted the invitation of President Obama to be the first Southeast Asian leader to meet him at the White House, later this week.

That he sought out the Philippines testifies to our strong and deep ties.

High on our agenda will be peace and security issues. Terrorism: how to meet it, how to end it, how to address its roots in injustice or prejudice—and first and always how to protect lives.

We will discuss nuclear non-proliferation. The Philippines will chair the review of the nuclear weapons non-proliferation Treaty in New York in May 2010. The success of the talks will be a major diplomatic achievement for us.

There is a range of other issues we will discuss, including the global challenge of climate change, especially the threat to countries with long coastlines. And there is the global recession, its worse impact on poor people, and the options that can spare them from the worst.

In 2008 up to the first quarter of 2009 we stood among only a few economies in Asia-Pacific that did not shrink. Compare this to 2001, when some of my current critics were driven out by people power. Asia was surging but our country was on the brink of bankruptcy.

Since then, our economy posted uninterrupted growth for 33 quarters; and more than doubled its size from \$76 billion to \$186 billion. The average GDP growth from 2001 to the first quarter of 2009 is the highest in 43 years.

Self-rated poverty went down to 47% from 59%. Even if our population grew, two million people graduated from poverty. GNP per capita rose from a Third World \$967 to \$2,051. We created eight million jobs, an average of a million a year, much more than at any other time.

In sum: 1. We have a strong economy in a strong fiscal position to withstand global shocks.

2. We built new modern infrastructure and completed unfinished ones.

3. The economy is more fair to the poor than ever before.

4. We are building a sound base for the next generation.

5. International authorities have taken notice that we are safer from environmental degradation and man-made disasters.

As a country in the path of typhoons and in the Pacific Rim of Fire, we must be as prepared as the latest technology permits to anticipate natural calamities when that is possible; to extend immediate and effective relief when it is not. The mapping of flood- and landslide-prone areas is almost complete. Early warning, forecasting and monitoring systems have been improved, with weather tracking facilities from Subic, Tagaytay, Mactan, Mindanao, Pampanga.

We have worked on flood control infrastructure like those for Pinatubo, Agno, Laoag, and Abucay, which will pump the run off waters from Quezon City and Tondo flooding Sampaloc. This will help relieve hundreds of hectares in this old city of its age old woe.

Ongoing are those for Camanava, the next phase for Pinatubo, Iloilo, Pasig-Marikina, Bicol River Basin, and river basins of Mindanao.

The victims of typhoon Frank in Panay should receive their long-overdue assistance package. I ask Congress to pass the Simplified Net Income Tax System Law.

We inherited the longest-running Communist insurgency in the world.

Leah de la Cruz is one of 12,000 rebel returnees. She was only sixteen when she joined the New People's Army. She became a member of the regional White Area Committee and got promoted as Leyte Party Committee Secretary. She was captured in 2006. She is now involved in an LGU-supported handicraft livelihood training of former rebels. We love you, Leah!

There is now a good prospect for peace talks both with the Communist Party of the Philippines and the MILF, with whom we are now on ceasefire.

We inherited an age-old conflict in Mindanao, exacerbated by a politically popular but near-sighted policy of massive retaliation. This only provoked the other side to continue the war.

In these two internal conflicts, the question is not, "Who will win?" but why must Filipinos fight each other over issues that we all know cannot be settled with force, and can only be resolved democratically?

There is nothing more that I would wish for than peace in Mindanao. It will be a blessing for all its people, Muslim, Christian and indigenous peoples. It will show other religiously divided communities that there can be common ground on which to live together in peace, harmony and cooperation that respects each other's religious beliefs.

And across the nation, we must secure our citizens against crimes -- in their homes, in their neighborhoods, in their communities. How shall crime be fought? With the five pillars of the justice system, including crime fighters. We call on Congress to fund more policemen on the streets.

Real government is about looking beyond the vested to the national interest, setting up the necessary conditions to enable the next, more enabled and more empowered generation to achieve a country as prosperous, a people as content, as ours deserve to be.

The noisiest critics of constitutional reform tirelessly and shamelessly attempted Cha-Cha when they thought they could take advantage of a shift in the form of government. Now that they feel they cannot benefit from it, they oppose it.

As the seeds of fundamental political reform are planted, let us address the highest exercise of democracy – voting.

In 2001, I said we would finance fully automated elections. We got it, thanks to Congress.

At the end of this speech I shall step down from this stage – but not from the Presidency. My term does not end until next year. Until then, I will fight for the ordinary Filipino. The nation comes first. There is much to do as head of state—to the very last day.

A year is a long time. We will continue to fight for the economy, education and the environment. There are many perils that we must still guard against.

A man-made calamity is already upon us, global in scale. As I said earlier, so far we have been spared its worst effects, but we cannot be complacent. We only know that we have generated more resources on which to draw, and thereby created options we could take. Thank God we did not let our critics stop us.

As the campaign unfolds and the candidates take to the airwaves, I ask them to talk more about how they will build up the nation rather than tear down their opponents. Give the electorate real choices and not just sweet talk. Meanwhile, I will keep a steady hand on the tiller, keeping the ship of state away from the shallows some prefer, and steering it straight on the course we set in 2001.

Our people are hard-working and God-fearing. These qualities are epitomized in someone like Manny Pacquiao. Manny trained tirelessly, by the book, with iron discipline, with the certain knowledge that he had to fight himself, his weaknesses first, before he could beat his opponent. That was the way to clinch his victories and his ultimate title: the greatest boxer in history. Long live, Manny!

However much a President wishes it, a national problem cannot be knocked out with a single punch. She must work with the problem as much as against it, turn it into a solution if she can.

There isn't a day I do not work at my job or a waking moment when I do not think through a work-related problem. Even my critics cannot begrudge the long hours I put in. Our people deserve a government that works just as hard as they do.

A President must be on the job 24/7, ready for any contingency, any crisis, anywhere, anytime.

Everything right can be undone by even a single wrong. Every step forward must be taken in the teeth of political pressures and economic constraints that could push you two steps back-if-you flinch and falter. I have not flinched, I have not faltered. I have never stepped back from a challenge.

And I have never done any of the things that have scared my worst critics so much. They are frightened by their own shadows.

In the face of attempted coups, I issued emergency proclamations just in case. But I was able to resolve these military crises with the ordinary powers of my office. My critics call it dictatorship. I call it determination. We know it as strong government.

But I never declared martial law, though they are running scared as if I did. In truth, what they are really afraid of is their weakness in the face of this self-imagined threat.

I say to them: do not tell us what we all know, that democracy can be threatened. Tell us what you will do when it is attacked.

I know what to do:

As I have shown, I will defend democracy with arms when it is threatened by violence; with firmness when it is weakened by division; with law and order when it is subverted by anarchy; and always, I will try to sustain it by wise policies of economic progress, so that a democracy means not just an empty liberty but a full life for all.

I never expressed the desire to extend myself beyond my term. Many of those who accuse me of it tried to cling like nails to their posts.

I am accused of misgovernance. Many of those who accuse me of it left me the problem of their misgovernance to solve. And we did it.

I am falsely accused, without proof, of using my position for personal profit. Many who accuse me have lifestyles and spending habits that make them walking proofs of that crime.

We can read their frustrations. They had the chance to serve this good country and they blew it by serving themselves.

Those who live in glass houses should cast no stones. Those who should be in jail should not threaten it, especially if they have been there.

Our administration, with the highest average rate of growth, recording multiple increases in investments, with the largest job creation in history, and

which gets a credit upgrade at the height of a world recession, must be doing something right, even if some of those cocooned in corporate privilege refuse to recognize it.

Governance is not about looking back and getting even. It is about looking forward and giving more—to the people who gave us the greatest, hardest gift of all: the care of a country.

From Bonifacio at Balintawak to Cory Aquino at EDSA and up to today, we have struggled to bring power to the people, and this country to the eminence it deserves.

Today the Philippines is weathering well the storm that is raging around the world. It is growing stronger with the challenge. When the weather clears, as it will, there is no telling how much farther forward it can go. Believe in it. I believe.

We can and we must march forward with hope, optimism and determination.

We must come together, work together and walk together toward the future.

Though the challenge is great before us, we have it in our power to take control of our own destiny. Let us work together to ensure the future that our motherland deserves.

And to the people of our good country, for allowing me to serve as your President, many thanks. Long live the Phiippines!