

JOURNAL NO. 1
Monday, July 22, 2002

PROCESSIONAL

At 3:50 p.m., the processional took place with the entry of the President, Her Excellency Gloria Macapagal-Arroyo, in the Plenary Hall of the House of Representatives.

CALL TO ORDER

At 3:52 p.m., Senate President Franklin M. Drilon, on behalf of the Senate, and Speaker Jose De Venecia Jr, on behalf of the House of Representatives, called the Joint Session to order.

NATIONAL ANTHEM AND
THE NATION'S PRAYER

Thereafter, the House Chorale sang the National Anthem which was followed by the "Panalangin ng Bayan" led by Fr. Gerardo Tapiador, Dr. Arab Aguam and Bishop-elect Ephraim Fajutagana, to wit:

Panginoong Maykapal, gabayan Mo po ang lahing ito
Allahng Maykapal, akayin Mo po ang tanging lahi namin,
Tanging lahi na Iyong kaloob.
Ikaw ang aming paningin, Ikaw ang tanging pag-ibig.

Sa ilalim ng malayang demokrasya, iba't iba ang mga tinig.
Alalayan Mo, dakilang Lumikha, ang aming mga lider
Na itampok ang diwa ng pagkakaisa
Para sa inang bayan at para sa kadakilaan Mo.

Panginoong pinagpala at nagpapala,
Ituro Mo sa amin ang paraan para manalig sa aming mga lider.
Gabayan Mo ang aming mga puno na manguna sa ngalan ng paglilingkod
Na walang pag-iimbot at pinasisigla lamang ng diwa ng kagalingang panlahat.

Panginoong dakila sa lahat, pagbuklurin Mo ang puhunan at paggawa
Ang dalawa'y bukal ng buhay at yaman
Hindi dapat na langis at tubig sa isang banga.
Hayaang ang pawis ay magsikhay
Tulungan ang puhunang may diwa ng pagkalinga.

Panginoong Maykapal, bagama't sunod-sunod ang pagsubok,
Tigib pa rin kami ng pag-asa at pananalig.
Ikaw lamang, Panginoong Diyos, Allahng Maykapal, Bathalang Kabunyian
Ang aming timon, sa paglalakbay naming Pilipino.

Siya nawa.

STATE OF THE NATION ADDRESS
OF PRESIDENT GLORIA MACAPAGAL-ARROYO

In the corridors of power, in the place where I work, past Presidents of the Republic sit in their portraits in judgment of me. In this gallery of the highest public servants, none sits in sterner judgment than the man who first led me by the

hand into the palace as a teenager.

In a country where a man's worth was measured by his property, he was born in a nipa hut, into a family that tilled less than a hectare of land.

After years of hard struggle and brilliant achievement, my father took his oath as President of the Republic on ground made hallow by the martyrdom of our national hero. A hero whose name he would honor, and ideals he would pursue.

Indeed, in a democracy, a man may rise to the nation's highest service by dint of energy and intelligence alone, without regard to wealth and connections of which my father had none.

It was Jose Rizal who wrote: "A life not dedicated to a great ideal is useless; a mere pebble in the field that forms no part of an edifice."

The words of Diosdado Macapagal echoed this theme as he assumed the mantle of leadership forty years ago: "No President can build the whole edifice of a nation. All that he is called upon to do is add a fine stone to that edifice, so that those who shall come after him may add other fine stones that will go for a strong and enduring structure."

Modest words from a modest man who would yet change for all time how a feudal society would come to view a vital institution - land reform.

My countrymen, the fine stone I should like to add to the edifice of our nation, right above the stone of social justice that my father left behind, is a strong Republic.

Two essential features mark out a strong Republic. The first is independence from class and sectoral interests so that it stands for the interests of the people rather than of a powerful minority. The second is the capacity, represented through strong institutions and a strong bureaucracy, to execute good policy and deliver essential services - the things that only government can do.

The results of these two features-good policies and empowered institutions-is faster economic development and social reform. A strong Republic takes care of the people and takes care of their future. Thus a strong Republic is the bedrock of the victory we seek over poverty within the decade.

During these past eighteen months, our efforts to build the strong Republic have been difficult, with both domestic and global conditions extremely harsh. At home, the poor were pitted against the rich to further inflame our nation's social divisions

Abroad, the contradicting economies of our main trading partners were further aggravated by the tensions generated by the global war against terrorism.

Meanwhile, one shocking corporate scandal after another severely eroded public faith in the most promising system for conducting economic activity-the free market.

These were the large long-term crises of social justice and the capitalist system itself, whose resolution awaits events well beyond one small nation's ability to influence in the short term.

But as I report on the State of the Nation today, I can say this: the immediate crises have been resolved.

This resolution was achieved by focusing on three things.

First, by showing tangible results in the delivery of government services. Thus, in my State of the Nation Address last year, I did something never done before: I detailed a long list of measurable targets that would show a government on the move, marking progress by swift sure steps, despite the turbulent state of domestic and global affairs.

Halimbawa, target natin noong isang taon: Dalawandaang libong ektarya para sa land reform. Nakamit natin: dalawandaan at limampung libong ektarya. Congratulations sa mga topnotchers: Negros Occidental at Sultan Kudarat, higit pitong libong ektarya bawat isa.

Target natin: dalawampung bilyong piso para sa modernisasyon ng agrikultura. Nakamit natin: dalawampu't apat na bilyon.

Target natin: sandaan at limampung libong pamilyang maralitang tagalunsod na makakatiyak sa lupang kinatitirikan. Nakamit natin: sandaan at walumpung libo.

Target natin: sandaan at limampung libong pamilyang mahihirap na magkaroon ng pabahay. Nakamit natin: sandaan at limampung libo na nga.

Target natin: sanlibong rolling stores na magbebenta ng bigas na P14 per kilo. Nakamit natin: sanlibo limang daang rolling stores.

Target natin: Ibaba sa kalahati ang presyo ng gamot na madalas bilhin ng mahihirap. Nakamit natin: naroon sila sa mga parmasya ng 72 government hospitals at sa mga outlet ng Unilab. But sad to say, except for Unilab, the wider distribution network of commercial drugstores -- under pressure from the multinational drug companies -- will not sell our cheaper medicines. We are studying punitive measures to correct this unfair, unjust, and heartless situation.

Target natin: limang daang libong maralita para sa health insurance. Nakamit natin: apat na milyon.

Target natin: pagdating ng 2004, may eskwela sa bawat barangay. May 1,612 na barangay na wala pang eskwela. Nakamit natin: 1,005 na malapit nang matapos, bukod pa sa 285 schoolbuildings na humahalagang P100 million galing sa alokasyon ni Senate President Franklin Drilon.

Target natin: kompletong libro sa pangunahing subjects sa grades one to four at sa first at second year high school. Nakamit natin: magkakaroon ngayong taon ng 54 million books para sa labing-anim na milyong estudyante.

Target natin: pag-ibayuhin ang pagtuturo ng mathematics. Nakamit natin: dagdag na oras para sa math sa bagong curriculum.

Target natin: mas maraming guro. Nakamit natin: labinlimang libong bagong guro.

Target natin: dagliang trabaho para sa dalawampung libong out-of-school youth. Nakamit natin: tatlumpung libo.

At noong isang taon, dinala ko ang tatlong batang kumakatawan sa adhikain ng Payatas. Sabi nila, ang kailangan nila ay edukasyon, kabuhayan, pabahay. Higit na apat na daan ay iskolar na ngayon, kasama si Jayson, Erwin at Jomar. Halos walong daang pamilya ang nabigyan ng kabuhayan. May pitong daang pamilyang binigyan ng

karapatang bilhin ang lupang kanilang tinitirahan. Inaatasan ko ang Department of Environment and Natural Resources na apurahin ang pag-aayos ng natitirang problema sa lupa ng mga residente ng Payatas.

This is just the tip of our accomplishment, all in just the first year of the ten-year fight I projected against poverty. I am submitting the entire iceberg to Congress in a comprehensive performance report. For good measure, it has been published and nationally circulated. These were our commitments. We delivered on them. A strong Republic does what it says.

It takes care of the people and takes care of their future.

Our second focus to achieve the resolution of the immediate crises was the preservation and defense of the Republic against forces that seek to destroy its unity and tear the fabric of its society, not least in the name of ideas that history has already passed by.

The turning points are clear.

This year, May 1 passed peacefully.

This year, our soldiers rescued Gracia Burnham and finished off her terrorist captor.

This year, what used to be Camp Abubakar became an authentic community of new hopes and dreams, where our flag flies and our soldiers protect those who have returned to their homes.

Beyond the symbolic significance of these accomplishments, we have brought back inter-faith solidarity, energized by the invaluable initiative of Speaker Jose De Venecia, and sealed peace agreements with the Moro Islamic Liberation Front.

We achieved all of these backed by the valor, professionalism, and restraint of our soldiers and police. I salute our men and women in uniform, at the forefront of our Republic's efforts to fight terror and enforce peace.

The third focus to resolve the crises and build a strong republic was to restore macroeconomic stability and win back investor confidence.

The linchpin was to control our fiscal deficit. If EDSA 2 had not happened, the government would simply have gone bankrupt with a deficit of P245 billion. But we controlled it, brought it down to P417 billion and against all odds, turned our international credit rating from risky to stable. It was hard work, here and abroad, to rekindle global interest in our country, but we did it.

The adoption of strong administrative measures, including fighting smuggling and graft and corruption, will enable us to close the gap in our revenue targets.

The basic macro signs indicate that things are under control. Inflation is at a low, driven down by stable food prices and now by declining power costs.

Nang ako ay naging Pangulo, ang presyo ng galunggong ay otsenta pesos ang kilo. Noong isang linggo, nakabili ako sa palengke ng sesente pesos lamang. Ang presyo rin ng bigas na binibili ng mahihirap ay nananatiling P16 ang kilo sa palengke, gaya pa rin noong isang taon.

Interest rates are also at a low, and our peso is stable. From P56 to the dollar, it is now a little over P50.

Internationally, the Philippines is back on the map. We are the third best performing economy in Asia and the best in Southeast Asia.

As a result of our decisive action after September 11, the Philippines is now a recognized player in world affairs. The President of the Philippines was the first head of government to emphasize the interconnection between the war against terrorism and the war against poverty. Nations large and small now embrace this interconnection.

We have gained powerful allies in our domestic war against terrorism. I am certain that our increased international visibility will continue generating capital inflows for the Philippines.

Where we have fallen short of achieving what we intended, it has not been from misdirection or a lack of trying. After all, it has really been only one year and a half.

In any event, I promise to work even harder if that is possible, and do even better because I believe that there is always room for improvement. I cannot grow taller but I can always get better.

My working agenda for the coming year will focus on creating and improving job opportunities. Citizens with rewarding jobs paying decent wages constitute not just a stone in the edifice but the very foundation of a strong Republic.

We need investments to generate jobs, and to draw in investments, we will address certain problems in the short term: katiwalian, peace and order, and the cost of power.

Bilang Pangulo, tinatanggap ko ang pahayag ng mga negosyante na dapat sugpuin ang katiwalian sa bansa.

Noong isang taon nga sa aking State of the Nation Address, sinabi ko na aalisin natin ang mga hadlang sa ating productivity, kagaya ng mahal na koryente at katiwalian.

At dahil ako ay naluklok sa pagkapangulo dala ng malawakang galit sa anomalya, alam kong kailangan wakasan ang katiwalian. Naniniwala rin ako na pinahihina ng katiwalian ang daloy ng puhunan sa ating bansa.

Kaya noong isang taon, sinabi ko na ang Kabinete ko ay kailangang gumawa ng kongkretong resulta sa paglaban sa katiwalian.

Pinapaalala ko sa kanila ngayon na sa mga sumusunod na araw, magbigay ng kanilang ulat sa naturang mga resulta.

But even now I can tell you that our new E-procurement program is saving billions and minimizing anomalies.

The Presidential Anti-Graft Commission is doing its best to ensure that good governance is carried out. Inaatasan ko ang PAGC na gumawa rin ng ulat sa kanilang trabaho.

Tungkol naman sa katiwalian sa mga korte, inaatasan ko ang Department of Justice na kasuhan ang prosecutor na tinuloy pa iyong kaso kontra sa Kimberly-Clark kahit nagkaroon na ng affidavit of desistance ang complainant. Kaya tuloy ang Kimberly-

Clark ay dinala iyong kanyang Asia operations sa Thailand imbes na sa Pilipinas. Inaatasan ko ring kasuhan ng DOJ iyong prosecutor na ginawang accessory imbes na principal iyong ilang mga nagkidnap kay Rowena Tiu. At inaatasan ko rin ang DOJ na kasuhan pati na rin ang mga huwes na gumagawa ng katiwalian.

Noong isang taon, sinabi ko na gagawin nating sample ang BIR at Customs sa paglaban sa katiwalian.

This is still a continuing effort. Tax evasion is a white-collar crime and the response is a white-collar response - systems improvement, audit, prosecution. But smuggling is something else. It is done by hoodlums and criminal gangs, but the punishment for both must be the same: blue-collar time -- kalaboso.

Indeed, criminal gangs and homegrown terrorists have exploited the poisoned political atmosphere to spread poisons of their own: rampant smuggling, kidnapping, gambling, drug-dealing.

You have seen political will in the harsh interpretation of command responsibility with regard to illegal gambling. That draconian application was a dress rehearsal for enforcing command responsibility in the more difficult challenges of kidnapping, drug-dealing, and smuggling.

I am determined to build a strong Republic by breaking the back of terrorism and criminality.

In the year 2000, despite all the reports of rampant smuggling, only P16 million worth was confiscated. But, last year, in a show of political will, my administration seized P1.2 billion worth of smuggled goods, including more than a million bags of smuggled rice, as compared to much less than a hundred thousand the year before.

I congratulated the Commissioner of Customs but told him also: Go beyond getting smuggled goods and get me the big time smugglers. I have instructed the DOJ to charge them not just with smuggling but also with economic sabotage - a non-bailable capital offense.

Criminal syndicates will be treated as what they are, direct threats to national security. Criminals are criminals, whether of the common kind or the kind that kill in the name of political advocacies. They will feel the full brunt of the arsenal of democracy. Freedom, too, is entitled to self-defense.

I have given very clear orders to spare nothing in hunting down kidnapers.

We will go by scorecards and track progress by counting beans, if we have to.

Remember Mary Grace Rosagas of Uratex who was kidnapped from UP. Remember her aunt Connie Wong who was killed by the kidnapers. Remember Rowena Tiu who was kidnapped in La Union. Remember the owner of Llana's Supermarket. And the whispers about the kidnapping of the granddaughter of a big banker and the son of a steel magnate. We have taken down the syndicates responsible for kidnapping them and 52 other victims. 170 kidnapers were killed or captured.

The ideal response to kidnapping was in the case of Rowena Tiu. She was rescued in eight days, the ransom money was recovered, and her kidnapers were arrested and are now facing trial. Hers was the first and last kidnapping to take place in Region I in my administration.

I want to smash the other 21 syndicates in the same way. We are getting a clearer picture of the leadership, membership and area of operations of these syndicates. I now want their linkages and modus operandi. I am overseeing how they are being watched, tracked and infiltrated. We will start with the two biggest syndicates, the Bucala and Fajardo gangs. I have challenged the Philippine National Police to eliminate them within a year.

I have told the PNP that they must start with the cleansing of their own ranks. The rascals among them disgrace the uniform and paint in the same broad brush the majority who do their duty well.

I salute the men and women who scorned to be bribed and confiscated 500 kilograms of shabu in Quezon province last year, and caught the biggest fish so far in the drug trade.

I salute the men and women who raided the shabu factories in Batangas, Zambales, San Juan, Varsity Hills, and other places, seizing a total of P5 billion worth of illegal drugs and lab equipment in the largest drug busts ever.

Within a month, we shall organize the new Dangerous Drugs Board and the Philippine Drug Enforcement Agency which Congress has just created. With the drug menace now elevated to the level of a national security problem and no longer just a police problem, I am instructing the Armed Forces of the Philippines to field military resources for intelligence and to field soldiers in drug raids in support of civilian law enforcement. Drug lords will be treated as enemies of the state!

In this war with the drug trade, there will be no compromise and no quarter, not for fear of favor.

Indeed, we are at war: at war with the terrorists, at war with the kidnapers, at war with the drug lords -- and we are determined to win decisive victories on all fronts.

The global anti-terrorist coalition is a historical watershed. This new global consensus helps us immensely in finally breaking the cycle of terrorism and criminality. To that end, we shall enhance our strategic relationship with the United States through continuing training exercises to sharpen our soldiers' capabilities to move and communicate, to fix and finish off their targets.

Yesterday we captured the mastermind of the Gensan bombings that killed and maimed 80 persons a few months ago. He is considered the number one terrorist bomber.

We cannot afford to lose. Even a stalemate will be defeat. For what is at stake is our country as a viable proposition in the world economy. And we must be viable if we are to win the most fundamental war, the war against poverty.

I ask the newly elected barangay captains to take an active role in this war. To be the frontliners in this fight in your communities.

And as with war in the past, so will it be with this war. As Commander-in-Chief, I am taking a direct hand in the war against the enemies of the Republic. This was how I did with the Abu Sayyaf, leading to the death of Abu Sabaya. This is how I will do it with the criminal gangs.

Nakasalalay dito ang pamamayani ng ating Republika. Our strong Republic.

At stake in this war is the very life of society, the very possibility of basic

rights and liberties, which have been under attack for too long.

The right to work in peace is as basic as the right to life and liberty, and when both are in danger, their preservation by all lawful means becomes not just a higher right but an overriding duty. And that duty I will discharge.

This is a war we will wage on behalf, and with the rage, of all the victims: those whose businesses were ruined by extortion, those held down in poverty by fear, those whose lives were snuffed out by addiction, and those taken hostage and killed. To them, I say: We shall redeem your pain, we shall redeem your loss.

I endorse to the collective wisdom of Congress, with a great sense of urgency, a new bill that will strengthen our legal armory in this war: the Anti-Terrorism Bill. When passed into law, this bill will plug the loopholes by which crimes spread and democracy is undermined. Congress will also note a reallocation of resources in this year's budget to enhance the Republic's crime-fighting capabilities.

There are a number of other critical bills linked closely to the overall run of social, economic and political reform. I will hold more meetings with the Legislative-Executive Development Advisory Council, or LEDAC, to push this momentum of reform.

We must team up, as I said last year, to enact a law making farm land acceptable as loan collateral, in order to remove a big deterrent to investments in agriculture.

We must pass the Special Purpose Vehicle Act in order to encourage asset management companies to put back into productive circulation assets now tied up in problematic loans.

We must pass a law to give overseas Filipinos the right to vote, consistent with the Constitution. We must pass the bill that will give equal respect and recognition to an overseas Filipino's dual citizenship, consistent with our national honor. This is the least return for the enormous contribution of our overseas Filipinos to the national welfare.

We must pass the TRANSCO Franchise Bill to make our electric service more efficient and more reliable.

Everywhere I go, I ask people about their electric bill. This is not just a pet concern for the moment. I think about it all the time.

You have seen your recent electric bills. You know they have gone down. Because I brought down the PPA.

I did not invent the PPA. I merely inherited it. But my administration chose to confront and stare it in the face and find the solutions.

Before I became President, we had the second most expensive power rates in Asia. Now we have gone down to sixth. This is the fruit of a comprehensive ten-point plan we have put in place to reduce power costs.

We have brought electricity for the first time to the barangays of Balud, Masbate, of Lake Lanao, and 1,500 other barangays.

We have improved the electric service in Boracay, by taking over the electric cooperative. To other electric cooperatives, I ask: be efficient in your operations and improve your customer service.

To electric utilities, I ask: be transparent in your procurement and contracts with affiliates.

To NAPOCOR and MERALCO I ask: stop bickering and instead work together to give price incentives to large users so that excess power can be utilized, economic activity can be encouraged, and jobs can be created.

The results of the review of the contracts of independent power producers are in. We have three months to carry out the concrete courses of action stemming from this review that will further ease the burden on our people.

Soon we shall have the first-ever wholesale electricity spot market in Asia, without the pitfalls of California. In due time, we will give electric consumers the power to choose their electricity suppliers. We are giving you the power of choice.

The power of choice will lead to lower prices and better service.

With cheaper power will come a more competitive economy, and more investors.

We know where we are going and how to get there; we are planting the milestones along the way to a strong Republic and a prosperous country.

A Republic does not exist by the mere fact of declaring itself to be so.

A Republic must be so in fact, in reality, and especially in the difference it makes for the better in the lives of its citizens.

It is not a given but a task, a project undertaken by an entire society for its progress and preservation.

A Republic is like a shield that needs a strong arm to hold it up.

A Republic is a roof, and walls, that need to be constructed.

A Republic is an edifice towards the building of which each must give the finest stone within their ability to shape. In the end, this stone is the only thing by which one will be remembered.

Like my Father, I am working on my stone. The stone of the strong Republic. I intend to be well remembered.

Legions of ordinary Filipinos, many of them students, came, stood and clamored at EDSA, for a better government.

It is to them I look for validation.

I know that it is to me that those many Filipinos are looking for the vindication of their decision to go to EDSA. I shall not disappoint them.

It is for them that I am working hard on that stone that will fit just above my father's, adding security to social justice, and prosperity to the promise of social equality in which he believed so much.

Ang malakas na Republika ay para sa mahihina, para sa mahihirap, para sa walang trabaho, para sa nagugutom, para sa nanganganib, para sa agrabyado, para sa mga api!

Toward the achievement of this strong Republic, I shall bring to bear the full weight of the Executive, and call upon local government officials, to add their own. This is our common struggle, it shall be our shared victory.

I hope to get from Congress at least the same cooperation it extended to me last year.

The Judicial branch needs no reminder of its key role in the unspoken component of justice, fairness, integrity and truth in the equation of law and order.

It has been eighteen months of putting out small fires and soothing hurt feelings, while taking what I hope have been giant steps forward in the economy.

But now the time has come. Now we must devote ourselves entirely to taking more of those giant steps towards the achievement of the strong Republic.

As I look back, down the road on which I came, I see, with some regret, the shards of broken friendships. But I console myself by looking forward to a time when these broken friendships will heal and grievances will be forgotten in the collective satisfaction of our common success.

In the end, we are one nation under God, one people, with one aspiration: A country as good as it can get!

For a country to be as good as it can get, many of the right decisions are tough decisions. I have made some of the toughest. And I will make even more tough decisions in the year to come. Because the easy way out may postpone the pain but only prolong the problem. But the tough decisions which are the right decisions, because they serve the people, are the source of our hope for the future.

In the last year and a half:

I led our nation in making the world recognize and respect our economic discipline.

I led our soldiers in defeating the Abu Sayyaf.

I led our government in meeting the targets we so bravely set for the welfare of our people.

Now I will lead our country towards the strong Republic.

Stay with me. Samahan niyo ako! Itayo natin ang matatag at malakas na Republika!

Maraming salamat sa inyong lahat.

ADJOURNMENT OF THE JOINT SESSION

Subsequently, Senate President Drilon, on the part of the Senate, and Speaker De Venecia, on the part of the House, declared the joint session adjourned.

It was 4:52 p.m.

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I hereby certify to the correctness of the foregoing.

(Sgd.) ROBERTO P. NAZARENO

Secretary General

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