

**STATE OF THE NATION ADDRESS
OF PRESIDENT GLORIA MACAPAGAL-ARROYO
DURING THE 2ND REGULAR SESSION OF THE 13TH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
25 JULY 2005**

Thank you.

Thank you, Speaker De Venecia.

Vice President De Castro; President Ramos; Senate President Drilon and the members of the Senate; members of the House of Representatives; Chief Justice Davide and the members of the judiciary; Archbishop Franco and the excellencies of the diplomatic corps; fellow government workers whether elected, appointed or civil servants; distinguished guests; ladies and gentlemen:

Every year, we meet on this day in this great hall to celebrate democracy and take stock of the nation: the country and its condition; the government and its performance; the people and their well-being.

Ours is a country divided; the story of our nation is a tale of two Philippines; almost, as it were, two countries under the same name.

One is the Philippines whose economy, after long years of cumulative national endeavor, is now poised for take off. The other is the Philippines whose political system, after equally long years of degeneration, has become a hindrance to progress.

As a country on the verge of take off, our storyline would surprise many at home and abroad. The story includes an economy that grew more than 6% last year and that has continued to work in the teeth of the biggest oil price hikes in history, while generating 4 million jobs in the last four years.

The story includes marked improvements in tax collections, infrastructure housing construction, shelter, security for the urban poor and indigenous peoples, and rice productivity.

The story includes 69 million beneficiaries of health care insurance, including 30 million indigents, whose re-enrollment started early this year and is still ongoing.

That same story, over four years, saw the drug menace cut in half, the rash of kidnappings become a thing of the past, and insurgency in the south abated.

This story should work itself out as one about an economy as resilient and full of potential as its people are patient and hardworking, guided by a government - with the executive and the legislative hand-in-hand -- that is able to pass a no-nonsense budget and make the tough decisions to put our fiscal house in order.

I specially refer to our recent titanic struggle to enact the three laws that comprised the biggest fiscal package in our history, the biggest revenue increase in a generation that will break the vicious cycle of financing development by borrowing and having to borrow again just to service those loans. This is the one reform that will snap the chain that has bound our future to a profligate past and the debt-burdened present. The Filipino's strong sense of family has given congress a stronger resolve not to pass on today's debt, and bankrupt our children and grandchildren tomorrow. That struggle has done the house and the senate great honor. Congratulations.

Abroad, the story continues. We've worked long and hard to restore our country to the prominent place it once held as co-founder of the United Nations and the free world's first line of defense in the east. We won a seat in the UN Security Council, where we presided over the landmark resolution calling for democracy in Iraq. The Philippines chaired the historic conference on interfaith

cooperation for peace at the UN, the fruit of a bold and creative initiative by your Speaker of the House.

We head the APEC anti-terrorism task force. Our victories in the war on terror have been acknowledged by no less than president bush before the U.S. National Defense University. The Jemaah Islamiya and the Abu Sayyaf can only pick up the pieces of its broken backbone in Mindanao.

We've worked with the organization of the Islamic conference to forge peace with our Muslim brothers. Eighty percent of our peace talks with them have been completed. Permanent peace in Mindanao is within reach.

Indeed, our story as a country on the verge of take off is real. Analysts need only to look at our stock market, and even the peso-dollar exchange rate, to sense the strong anticipation of significant improvements, if only we would overcome the tendency to be our own worst enemy.

Thus, with investors both here and abroad in mind, I invite you all to join me in sending them a strong message from this great hall: we will not waver in our commitment to economic reform and fiscal discipline, whatever the political cost.

The other message to send is that we will address the burden that the other Philippine story imposes on our anticipated take off. I refer to the story of how our political system has now become a hindrance to our national progress.

Over the years, our political system has degenerated to the extent that it is difficult for anyone to make any headway yet keep his hands clean. To be sure, the system is still capable of achieving great reforms. But, by and large, our political system has betrayed its promise to each new generation of Filipinos, not a few of whom are voting with their feet, going abroad and leaving that system behind.

Perhaps we politicians have done our best; but maybe our best is not enough, given the present system. Perhaps we have strained the present political system to its final limit.

It is time to turn to the people, bring them into government -- and change the way that government is done.

The people want government that works for them at every level. They want good government that begins at their doorstep in the Barangay, and does not end before the closed door of a bureaucrat in metro manila.

The system clearly needs fundamental change, and the sooner the better. It's time to start the great debate on Charter Change.

We must address such questions as how much more government is needed for the greater safety and economic security of our people, and how much less government is more conducive to free enterprise and economic progress.

The mode of Charter Change is the exclusive prerogative of Congress. But a Constituent Assembly may well give our people the quickest reforms.

I shall work with Congress, civil society groups and local government executives who are convinced that charter changes are needed to enable the country to surmount the unprecedented challenges of the 21st century.

I take this opportunity to acknowledge the local government executives who have brought about an LGU power revolution through transformative leadership.

The economic progress and social stability of the provinces, along with the increasing self-reliance and efficiency of political developments and public services there, make a compelling case for federalism.

Perhaps it's time to take the power from the center to the countryside that feeds it.

I recognize that our form of government will be the decision of the body constituted to undertake charter change. But we should consider that legislation could be quickened and laws made more responsive to the people under a parliamentary system, similar to that of our progressive neighbors in the region.

But even as we make a serious start in Charter Change, I hope we can still work together on other initiatives to the lasting benefit of our people.

In the area of education, we've spent our increased resources on better trained teachers in more classrooms, teaching students in more effective ways. We've laid a strong foundation by building almost 30,000 classrooms in the past four years, providing computer access to more than 3,000 high schools, and beginning a "healthy start" breakfast program for our young school children.

I ask Congress to pass the pre-need code to rehabilitate, reform and regulate the pre-need educational programs that worked so well in the past as a major vehicle for youth education entitlement.

College education is the great Filipino dream. But in a world of rapid technological change, getting a job or keeping it depends as much on how well one reasons as how well one uses his hands. I have issued E.O. 358 so that hours spent in vocational training can be credited towards a college degree. That will combine job readiness with the dream of a college education while increasing the competitiveness of our nation.

But our competitiveness is greatly endangered today by the global oil crisis. I call on Congress to pass legislation encouraging renewable and indigenous energy.

In the area of national security, I urge the swift passage of an anti-terrorism law that will protect rather than subvert, enhance rather than weaken, the rights and liberties that terrorism precisely threatens with extinction.

These examples serve to highlight that there is much work to be done.

Now is not the time for divisiveness, and while there's no avoiding partisan politics, there can be a determined effort by all sides to limit the collateral damage on a country poised for take-off.

Let's call on the Lord. Let us ask him for the grace to make us worthy of his healing our land.

Alam kong tayong lahat ay naghahangad ng isang makabuluhang pagbabago para sa ating bayan. Tayong lahat ay nagsisikap para matamo ang kapayapaan at kaunlaran. Kung kaya't ako'y nakikiusap na tulungan ninyo ako, para sa kapakanan ng taong bayan.

We may disagree among ourselves but let us never lose sight of that greater battle for one people, one country, one Philippines.

Not the country of this or that president but the Philippines of our shared and passionate affections.

Maraming salamat sa inyong lahat.