

Document Section

Towards New Beginnings

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This is the first opening session of Congress and my first state of the nation address to be held in the 3rd Millennium and in the 21st Century. It is obviously an auspicious occasion for new beginnings.

Specifically, it should be a new beginning for Mindanao, a new beginning for the economy, a new beginning for integrity in government, and a new beginning for the country. It will also be a new beginning for the presidency.

To begin with, we will write a new history for Mindanao. We will rectify centuries of historical wrongs committed by successive colonial powers, and decades of inequities committed by successive Philippine governments.

Mindanao has traditionally been called the “Land of Promise.” This romantic name has always been a one-way affair. The rest of the country has always expected Mindanao to fulfill its promises to them. It is now time for the rest of the country to fulfill its promises to Mindanao. We should now convert Mindanao into the “Land of Fulfillment.”

Let us not forget that Mindanao is an integral, inseparable and organic part of the Philippines. It has been so for the past four and a half centuries. It is so today. It will be so forever.

This is why the government had to neutralize the attempt of the Moro Islamic Liberation Front (MILF) to amputate the southern parts of the country away from the organic whole and to convert them into an independent Muslim state. They were winning their war of territorial encroachment simply because the previous government refused to fight, pretending that it was not happening. In fact, the MILF had already occupied and hoisted their flag over large territories in Mindanao—in at least 46 camps—under the nose of the preceding administration, which was either naïve enough to tolerate them or too timid to stop them.

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In contrast, my government was decisive enough to expel them. As President, I could not just stand by while the rebels ate up more and more of the country's territory they were not elected to govern. When I took office, I swore to preserve and defend the Constitution. It was my solemn duty under that constitution to repel the armed rebellion and to defend the sovereignty and integrity of the Republic.

The MILF could not be talked out of their position, whether territorial or ideological. They said that their goal of secession was non-negotiable. Well, neither is the sovereignty and integrity of the republic. No one can challenge that proposition by force of arms and get away with it.

It would have been quieter if the conflict could be resolved by an exchange of words rather than by an exchange of fire. But whenever words were tried in the past, in the name of so-called peace but which in reality was appeasement, the rebels simply used the peace talks as an opportunity for arms build-up, for troop recruitment and training; for deployment, for territorial consolidation, and for enlarging their threat to the republic.

There would have been a larger space for tolerance if they had pushed their cause in the open marketplace for ideas. But instead, they built up an army and used their firepower to force their separatist aims on an unwilling people.

True to form, the MILF took advantage of the 1997 Ceasefire to commit at least 227 violations. These include the kidnapping of Father Luciano Benedetti in September 1998; the occupying and setting on fire of the Municipal Hall of Talayan, Maguindanao; the takeover of the Kauswagan Municipal Hall; the bombing of the Lady of Mediatrix boat at Ozamis City; and the take-over of the Narciso Ramos Highway. By doing so, they inflicted severe damage on the country's image abroad, and scared much-needed investments away.

The numerous camps they maintained were not boy scout camps. They were staging areas and launching pads for expanding the MILF rebellion further. These military camps were not under the command and control of the Government of the Philippines. They owed their allegiance elsewhere.

Given all these, plus the unabated murders, terrorism, ambushes, extortion, bombings, illegal control of buildings and public highways, and other atrocities committed by the rebels in the pursuit of their secessionist aims, the government was faced with two choices. One was to play the sucker, keep talking and let the problems grow until the republic was in real mortal danger. The other was to meet force with force. An armed rebellion demanded an armed response. The sitting-duck strategy has never been known to work well ... for the duck.

In order to ensure permanent peace in the future, we had to demolish the rebels' apparatus for making war. Moreover, abstention from military action would have been tantamount to political abdication.

In effect, we did not choose the military option. It was forced upon us. But we used it. And we succeeded.

The retaking of these territories was not just a symbolic victory but a substantive one. We upheld the constitutional principle that the Philippines is one state, one republic, with one government, with one military answerable to one civilian commander-in-chief, under one constitution and one flag, in one undivided territory. That is what is now. That is what it will be forever.

Ang buong bansa ay nagpupugay sa kagitingan ng mga opisyal at mga kawal ng ating Sandatahang Lakas ng Pilipinas sa pamumuno ng ating kalihim ng Department of National Defense at ang ating Chief of Staff. Kasama ng ating mga Field Commanders, tinupad nila ng buong katapatan at katapangan ang kanilang tungkulin sa ating pagsakop ng mga kampo ng MILF. [The entire nation salutes the valor of the officers and soldiers of the Armed Forces of the Philippines under the leadership of the Secretary of National Defense and the Chief of Staff. With our Field Commanders, they honestly and courageously fulfilled their duties in capturing the MILF camps.] Let the whole country salute the Filipino soldiers who valiantly and bravely fought the rebels in defense of the sovereignty, integrity and honor of the Republic of the Philippines. Let the whole country pay tribute, in particular, to those who gave up their lives or were injured fighting to preserve the unity of their motherland. *Sila ay nakadagdag sa hanay ng ating mga bagong bayani.* [They are our new heroes.]

Ngunit ang buong lipunan ay nakikiramay din sa mga mahal sa buhay ng mga nasawi, sa hanay ng dalawang puwersa, sibilyan man o mga sundalo. Nakikidalamhati tayo doon sa mga nasaktan at napinsala ng kaguluhang ito. [But the whole society also grieves with the loved ones of the departed in the ranks of the two forces, civilian or military. We condole with those who were injured by these conflicts.]

Now that we have won the war, it is time to win the peace. Towards this end, the government has adopted a four-point strategy in approaching the Mindanao Question from here on.

The first is to restore and maintain peace in Mindanao—because without peace, there can be no development.

The second is to develop Mindanao—because without development, there can be no peace.

The third is to continue seeking peace talks with the MILF within the framework of the constitution—because a peace agreed upon in good faith is preferable to a peace enforced by force of arms.

And the fourth is to continue with the implementation of the peace agreement between the government and the Moro National Liberation Front, or MNLF—because that is our commitment to our countrymen and to the international community.

I now invite the MILF into a brotherly embrace of peace. Let us walk away from the battlefield and into the conference room. But we must do so in good faith. You must talk peace with us, not talk while preparing for war.

And you must accept our conditions. You must drop secession, drop your criminal activities, and drop your arms.

These are not requests but demands. They are not proposals but premises. We can talk about when, where and how, but not about whether or not. We can be flexible on timetables and methods, but not about principles.

The reasons for each demand should be obvious. I will briefly discuss them in reverse order.

You must drop your weapons because outside of the Armed Forces of the Philippines and the authorized police forces, no group whatsoever has any right to maintain an armed force or military camps within the sovereign territory of this republic.

Secession by itself is a mere ideology, but if backed by armed force, it becomes a rebellion. A secessionist can only argue, but a rebel can kill. The government has no choice but to disarm the rebel—except for duly licensed personal firearms.

You must drop all your criminal activities because terrorism, bombings, ambushes, and violence have no place in a civilized society. Criminals have no place in a negotiating table. Their place is in jail.

Most of all, you must drop your secessionist goals. We do not ask that you respect and recognize the sovereignty of the republic. We demand that you do.

May I give the MILF some unsolicited advice. Secession in the Philippines is an impossible dream. There simply is no space in our geography, in our demographics, and in our national psyche for forcibly carving another state out of the present Philippine territory. For that reason, the foreign models you invoke, like East Timor, will not work for you.

Please bear in mind that you are neither the sole occupants nor even the majority in the lands you wish to carve out to convert into your own state. There are whole Filipino populations in Mindanao—Muslims, Christians, and Lumads—who do not want their territories and their residencies disturbed. Not even the majority of the Muslim population shares your separatist views nor the violent means you employ to attain them. The overriding passion of the people of Mindanao is for peace.

Our people will simply not stand for the dismemberment of the country. All of the Philippines belongs to all Filipinos. No part of it belongs to any particular group.

And the international community as a whole will neither support nor sympathize with secession. In fact, we deeply appreciate the statement of His Excellency, Dr. Azeddine Laraki, Secretary General of the Organization of Islamic Conference (OIC), encouraging Muslim minorities in non-member states [and I quote] "To contribute effectively to the progress of the countries they live in and to respect their sovereignty and laws." [unquote.]

Secession as a dream is also out of tune with history. If there is one lesson that historical evolution has taught us, it is this: that diversity is a cause for celebration, not segregation; that cultural cross-breeding leads to strength while in-breeding leads to weakness; and that cultural identities are enriched by interaction and impoverished by isolation. Some of the most glorious creations and achievements of civilization are the products of the historical confluences between Islam and Christianity.

What we should strive for is not just peaceful coexistence but interactive harmony and constructive interdependence.

We cannot negotiate over secession. The sovereignty and the integrity of the republic are not available for compromise or trade—not even for the sake of peace. Any peace won by bartering any portion of our sovereignty is an immoral peace.

Moreover, the sovereignty and integrity of the republic are unconquerable. No guns will ever terrorize the Filipinos to surrender any piece of their sovereignty to anybody: not—as our history shows—to any colonial power, not to any foreign invader, and certainly not to any internal rebel.

We cannot talk about secession. But we can talk about a new beginning for Mindanao.

In fact, if you are bold enough for it, we can talk about a different war, a bigger war that needs to be fought. I do not mean the guerilla warfare that you

appear to have shifted to. I hope you stop—for the sake of the people, specially the poor, who will suffer the most from continued hostilities. But if you decide to engage us further, we are ready for you. If you can shift strategies and tactics, so can we.

When I talk of another war, I mean the war to correct historical wrongs, which left a sad legacy of poverty and social injustice to Mindanao. This is the war that all of us, including ex-rebels, should fight together.

Fighting the rebellion is one thing. It takes the military to do it. But fighting the root causes of rebellion is another. It will take the whole society to do it.

We can talk about the possibility of amnesty. I ask the MILF leaders to lead your followers in walking with us along the path of peace. On the other hand, I invite the MILF followers to walk with us in peace even if your leaders won't. Instead of the lives of hunted fugitives, you can now live the lives of peaceful farmers, fishermen, factory workers, merchants, entrepreneurs, or civil servants, soldiers, or policemen. In short, we can talk about your re-integration into our society.

We can also talk about autonomy. On this subject, we are willing to be creative and to explore a wide range of possibilities, including radical changes in our political structure. I urge that we jointly envision and create a new order for Mindanao, which will restructure governance, the economy, and the social environment of that island, with all its beauty and diversity.

We will convert Mindanao into the main food basket of the Philippines, into an agricultural paradise, and into a booming manufacturing base. Camp Abubakar itself will be developed into a special economic zone.

One thing I must emphasize, however. Autonomy does not confer immunity or exemption from good governance, transparency, and accountability, particularly in the use of public funds.

The government has been providing full development support for Mindanao. From 1996, when the peace agreement was signed, up to 1999, the government poured in more than ₱32 billion for socioeconomic development programs into the Special Zone for Peace and Development (or SZOPAD) comprising 14 provinces, as well as for the support and strengthening of the political institutions in the Autonomous Region for Muslim Mindanao (or ARMM).

But to move both the peace process and the development of Mindanao forward faster, I urge Congress to pass the bill amending the ARMM Organic Act

and the bill granting special powers to enable the fast-track development of Mindanao.

On the matter of the Abu Sayyaf, we are all happy that some hostages have been released. I wish to give the assurance that the government will do everything reasonable to obtain the release of the remaining hostages as soon as possible and not to put them in harm's way.

Contrary to rebel propaganda, our fight is not against Muslims at all. They are all our brothers. Our fight is against rebels and other outlaws, regardless of their religion.

Thus, I wish to send a message to all Muslim Filipinos, the majority of whom share a passion for peace and renounce the separatist rebellion:

My Muslim brothers: we worship the same God—the God of Abraham and Moses. You call him by his Arabic name, “ALLAH,” which in Pilipino simply means *Ang Diyos* and in English, “GOD.” Is he on your side or ours? Neither. He is on the side of peace, and therefore on both our sides. The government invoked the Constitution when it rolled back the rebellion. Let us now invoke our common God as we build the structures of peace.

As we embark on a new beginning in Mindanao, we shall also launch a new beginning for integrity in government.

In my address to you last year, I said: “*Hindi binebeybi ang rebelyon. Pinipisa.*” *Iyan ay aking tinupad.* [Rebellions are not cuddled. They are crushed. And I did that.] More recently, I also said: “I offer peace to those who want peace. But I promise defeat to those who want war.” *Iyan ay tinupad ko rin.* [I also fulfilled that.]

I remind you of these statements because from the rebellion, I am shifting the war towards another enemy: Graft and corruption. *Ito ang pangako ko sa inyo: ito ay tutuparin ko rin.* [This is my promise, that I will keep.]

Ang aking susunod na digmaan ay laban sa mga tiwali sa pamahalaan at sa mga tao ng pribadong sektor na nakikipagsabwatan sa kanila. [Next on my agenda is the war against corruption in government and in the private sector.]

Graft and corruption is the worst form of rotteness in our society. It erodes the moral fabric of our people, robs the poor, increases the costs of doing business, erodes tax collection efforts, and drives away investments. The World Bank estimates that at least 20 percent of government project funds ends up as kickbacks.

As a people, we must purge graft and corruption out of our systems.

The World Bank, at my personal request, has conducted extensive studies which they assembled into a report entitled "Combating Corruption in the Philippines." It presents an exhaustive analysis of corruption in this country, and puts forward a set of recommendations for implementing a broad-based comprehensive anti-corruption program.

We can no longer fight corruption piecemeal. We need a comprehensive approach that would reduce opportunities for corruption; remove needless regulations and simplify procedures; eradicate the need to recover electoral expenses by corrupt means; increase public vigilance both to deter and to detect commissions of graft; reform budget processes; improve meritocracy in the civil service; target selected departments and agencies for cleansing; increase the efficiency and speed in catching offenders and their prosecution; stiffen sanctions against corruption; develop anti-corruption partnerships with the private sector; and support judicial reform to make the courts part of the solution rather than part of the problem. The courts should not allow themselves to be used as a refuge for scoundrels.

I warn all departments and agencies of government to brace themselves, especially those consistently listed in surveys and studies on government corruption.

I will be submitting to Congress an urgent bill creating an anti-graft and corruption commission. This bill will provide the government with the necessary powers and resources to combat this long-festering cancer in our society. I also urge Congress to pass the Anti-Racketeering Bill (with anti-money laundering provisions).

Pigilin, supilin ang [Stop, prevent] Graft and Corruption!

As the war on graft intensifies, the war on poverty continues. Our premise is that the most effective way of eradicating poverty is through sound, non-inflationary growth and development. This, however, must be complemented by focused interventions that aim directly at poverty reduction. Hence, the high priority accorded by my government to agriculture and the rural areas, education, health, housing and agrarian reform.

Agriculture, after a momentary dip in the first quarter from the 6 percent growth in 1999, resumed its robust performance with a 4.8 percent growth in the second quarter of this year.

In education, last year we constructed thousands of new classrooms, provided hundreds of thousands of new desks, addressed the teacher shortage

problem and proposed improvements to the curricula to meet both global standards and local needs. In partnership with the private sector, we have extended financial assistance to students by providing them access to the internet.

In health, we launched a parallel importation program to bring down the market prices of medicines drastically and make them affordable to the poor.

For the ten-month period from July 1999 to May 2000, more than 190,000 households were provided with housing units. This represents 52 percent of the target households to be sheltered in Metro Manila and surrounding provinces.

In agrarian reform, our government has distributed a total of 523,000 hectares of land to 305,000 farmers.

We continued to lay the groundwork for future growth with continuing advances in the construction and completion of major roads and water supply basins, in energizing our barangays, 77.4 percent of which now have power, and in the exploitation of natural gas fields to reduce our dependence on imported oil.

We have been implementing the Clean Air Act, among others by phasing out leaded gasoline in Metro Manila ahead of schedule. We have been removing massive debris from the Pasig River, including sunken vessels and we continued rehabilitation works on Laguna Lake and its tributaries.

We terminated the customs valuation and surveillance contract with the Societe Generale de Surveillance (SGS). We not only saved ₱4.2 billion a year in fees; we also exceeded our customs collection target by ₱3.7 billion without their help.

We pushed the passage of the E-Commerce Act, for which I thank Congress. This makes the Philippines only the fourth Asian country to have such a law. We are among the very few countries whose legal systems now recognize that trade and financial transactions are shifting away from the physical and the paper-based world to the rapid electronic highways of the Internet.

In our external relations, we agreed with other ASEAN leaders to advance the full establishment of the Asean Free Trade Area. We continued to play an active role in the Asia-Pacific Economic Cooperation Group (or APEC), the Asia-Europe Meetings (or ASEM) and the United Nations and its various agencies. To strengthen our bilateral partnerships, I visited China, Japan, Brunei Darussalam, Chile and Argentina this past year. Tonight, I will be leaving for my official visit to the United States.

Since I last addressed you, our economy as a whole has experienced moderate growth, low inflation, low interest rates, strong exports, a healthy balance of payments, and record high international reserves.

In 1999, our GDP grew by 3.4 percent while GNP rose by 3.7 percent. In the first quarter of the current year 2000, GDP rose by 3.4 percent and GNP by 3.45 percent. Not spectacular, but respectable. The industry sector reversed its 3.6 percent decline in the first quarter of last year with a 4.8 percent rise in the first quarter this year.

Our inflation rate was 6.6 percent in 1999, and a highly commendable 3.5 percent for the first semester of this year.

Interest rates remained low. The 91-day Treasury Bill rates stayed below nine percent since the last week of June 1999. Correspondingly, commercial bank lending interest rates also remained soft.

Because of the rise in private consumption expenditures, the government pulled back from the pump priming activities it had engaged in to counteract the recessionary effects of the Asian Crisis. The deficit for the first five months of the current year was ₱34.1 billion, or ₱11.2 billion less than last year.

Exports, led by electronics and semi conductors, reached an impressive \$11.3 billion in the first four months this year, 10.6 percent higher than for the same period last year.

We posted a balance of trade surplus of \$732 million in the first quarter and \$4.31 billion for the whole of 1999, reversing by multiples the \$163 million deficit in 1998.

As a result of this, plus the remittances of our overseas Filipino workers, our gross international reserves reached an all-time high of \$15.44 billion in May 2000, and are expected to rise to \$17.1 billion by the end of the year.

The recent weaknesses in the foreign exchange rate of the peso cannot therefore be attributed to our macroeconomic fundamentals, but more to what we might call the "politicals" and the "psychologicals." Our fundamentals are by any standards respectable—except to those who refuse to see. *Wala ng mas bulag pa kaysa sa ayaw makakita.* [No one can be more blind than one who refuses to see.] In fact, barely two weeks ago, we re-entered the Japanese Samurai Bond Market with a successful 5-year bond float of around \$330 million.

The depreciation of the peso is the result largely of a new Asian currency contagion: other currencies in the region have been weakening due to political factors and the strength of the U.S. economy and the U.S. dollar. If the peso had

not adjusted accordingly, our exports would have become less competitive. Obviously, the nervousness about the potential implications of the Mindanao conflict on the economy also contributed to the depreciation of the peso.

We were thus witness to a paradox: strong exports, large external trade and payment surpluses and record levels of international reserves side by side with a depreciating peso.

That paradox, in fact, might be harbinger of some dark clouds coming back. After a brief period of recovery from the financial crisis, the Asian region is suffering from a mild relapse. As mentioned, currency exchange rates are depreciating. Oil prices have gone up substantially. Unemployment is rising. And investments are nervously staying away from the East Asian region as a whole.

As we take a long, hard look at the future, what we see is the need for long, hard work ahead.

Under threat of a national and a regional slowdown, we must keep working at the basics which, because they had been forgotten, led to the Asian Crisis in the first place. We must keep up the pace of reforms, particularly by improving governance all around, by adhering to sound macroeconomic policies, and by taking measures to keep the banking and financial system sound, strong, and prudent.

I must confess however, that I find the faddish word "reform" as too weak and wimpish. What I believe the Philippine economy needs is not just reforms but radical restructuring, from the ground up.

Many are asking why is it that other Asian countries, which went through a worse crisis than we did, actually grew faster on the rebound. One reason is that we recovered from a higher base, they from a lower one. A more fundamental reason is that the very structure of the Philippine economy today was inherited from past decades of import-substitution and protective policies, aggravated by economic mismanagement and corruption. Our industrial base is thin. Due to decades of neglect, our agricultural productivity is low. Our population growth rate is high. And our technology is on a catch-up mode. Rectifying these decades of historical errors and lapses will take much more than two years of any presidency.

Radical restructuring entails the modernization of the economy, both physically and electronically, to make it more productive, efficient and globally competitive. And modernization must touch not just agriculture and industry but the brains and hands of our people, to put the country squarely on the path of

the information superhighway, which in turn links the world's knowledge-based economies into one vast global network.

Physically, the sunset industries we inherited from the past must yield to the sunrise industries of the Internet age. Agriculture must go through a total technological conversion. And our education must catch up with the twenty-first century.

In the meantime, we must lay the basic foundations, the infrastructure, for enabling all these "modernizations" to happen.

In fact, infrastructure is our response both to our long-term and our short-term needs. The expected slowdown in private consumption and investments must be counteracted by a new wave of pump-priming.

There are about \$10.3 billion of Official Development Assistance (or ODA's) available. One billion dollars of this can be readily used for the rehabilitation and development of Mindanao. We will attack the institutional defects and bureaucratic bottlenecks that have prevented the government in the past from utilizing ODA's. It's a shame that because of these bottlenecks, the disbursements on ODA-funded projects fell to \$800 million last year.

There are also development funds abroad that can be made available provided they are used for major road projects in Luzon. These we will seek to utilize.

I ask Congress to pass two vital bills: the "Government Projects Expeditious Implementation Act," which limits to the Supreme Court alone the power to issue Temporary Restraining Orders (or TROs) against government projects, and "The Act Providing for Measures to Facilitate the Acquisition of Right-of-Way for Government Infrastructure Projects." In addition, I ask you to approve my proposal in the 2001 budget to double the appropriations for foreign-assisted projects.

All these institutional reforms and radical restructurings, plus additional measures I will mention later, should restore and increase the country's ability to compete for investments in the future.

As we build our infrastructure, so shall we build our information superhighway. In fact, instead of just retracing the history of other faster-growing countries, we have decided to leapfrog from the so-called old economy to the new economy: using information technology, including E-commerce, to fasttrack our output, our productivity and our competitiveness.

In the 1,408 remaining days of my Presidency, there is more to come. Let me share with you a few highlights of my vision for the future, which consists both of continuities from the past and of quantum leaps into new beginnings.

The economy will grow by an average of five percent during my term. My ever-carping critics say that this target is unambitious and lower than that of our Asian neighbors. I should remind them that this growth rate is much higher than what we achieved in the past. And if I can, for the first time, defeat the boom-bust cycle, my successor will have a good shot at achieving tiger economy growth rates. (Is that a smile I see on the Vice-President's face?)

We will concentrate on providing both socialized and affordable housing for the poor and the wage earners. Housing as a program provides shelter, a basic human need. It is labor-intensive and generates employment. It is a recession antidote.

We must by all means prevent another Payatas, by encouraging the reduction, segregation, recycling and composting of garbage; and by using alternative state-of-the-art technologies.

We will continue with our program of deregulation and liberalization. We will push through with the privatization of a number of our government corporations that have been identified and prioritized.

We will convert the power sector into a competitive, market-driven industry. The aim is to ensure a higher and more reliable supply of power at lower cost to commercial and residential users. May I urge Congress to pass the power bill as a matter of high priority.

We will push through further with reforms that strengthen our institutions. In line with this, I ask Congress to pass the New Central Bank Act, which will empower the government to add to the durability and responsiveness of what already is one of the soundest banking systems in all of Asia.

The Philippines will rapidly evolve into a center for software programming and a base for hosting and providing Internet services. As we now excel in the export of electronic products and semi-conductors, we are also fast becoming a major link in the limitless world of the Internet. The big players have begun to converge here, in addition to Texas Instruments in Baguio and Acer in Subic. Clark now hosts the America On-Line (or AOL) call center. Scheduled for signing during my trip to the U.S. are Memoranda of Agreement with Oracle Incorporated and with Pacific Technology International.

It is encouraging to see that the members of our young up-and-coming generation are excitedly doing entrepreneurial work in creating new dot.com concepts, products and services.

The Philippines, in other words, is fast moving from the world of "brick and mortar" to the world of "clicks and portals."

With the cooperation of the private sector, and by linking up our schools to the world of the Internet and wiring them to the cyber world, the Philippine educational system will take a giant stride in both its coverage and quality. Our future "E-schools" will be able to reach more students and provide higher-quality, up-to-date instruction.

The Philippine National Police will continue to pursue its policy of absolute zero tolerance against illegal drugs. It will also continue to professionalize itself in its no-nonsense fight against crime, even as it intensifies its no-nonsense campaign against excessive waistlines.

We will modernize the fighting capabilities of the entire Armed Forces of the Philippines, both in terms of personnel and equipment. Their outstanding performance in Mindanao further highlighted their importance in preserving the territorial integrity of the Republic from external and internal threats.

In fact, we will streamline the entire government, enhance the quality of government service and increase the efficiency by which basic services are delivered. In this connection, I call on Congress to pass the bill re-engineering the bureaucracy.

By way of electoral reform, 45 percent of all the 190,000 precincts all over the country will be computerized by the year 2001, and 100 percent by the elections of 2004. This program will speed up the counting of votes and eliminate opportunities for fraud. I will never tolerate election fraud since I was once cheated when I first ran for mayor of San Juan. I know how it feels. Fortunately, the Supreme Court declared me the winner.

Admittedly, over the past two years, the Presidency itself has struggled through the challenges of coping with the learning curve, made all the more difficult by the long-lasting effects of the corporate sector of the Asian Financial Crisis and by the vicious attempts of my detractors to discredit me and my family. These attacks started way back during my campaign and never let up. Now, it has intensified in a more vicious way after the Social Weather Stations (or SWS) reported a recovery in my approval rating. Unfortunately, by discrediting me, the head of state and government, they also undermine the confidence of the international community in the country, and thereby damage the prospects for our economy.

Sa halip na tayo ay magsiraan, kailangang magkaisa at magtulungan tayo sa darating na apat na taon upang mapabilis ang ating pag-unlad. Habang tayo ay nag-aaway-away, nagpapalangkapan naman ang ating karatig bansa dahil sa kanila pumupunta ang mga dayuhang kapital at turista. [Instead of discrediting one another, we should unite and cooperate in the next four years in order to accelerate development. While we are bickering, the neighboring countries rejoice because foreign capital and tourists go to them.]

Nonetheless, the Presidency has learned its lessons well. At this point, the presidency itself is poised for its own new beginnings.

To assure crystal-clear transparency in all government transactions and to remove all opportunities for abuse by all government officials, I wish to make the following announcements.

As long as I am president, there will be no negotiated contracts in all government procurements, public works and other construction projects. We will never allow another Amari or Centennial Expo to happen ever again. All supply and construction contracts will be awarded through public bidding.

And to make doubly sure that future bids will be completely transparent, the government will resort to electronic public bidding, or the so-called "Reverse Auction" method, where bids from all suppliers and contractors will be posted on a website, watched by the whole world, and where each bid can be improved upon by other bidders. This brings transparency to a new dimension.

As long as I am President, there will be no government guarantees issued on the loans of private firms. No creditors should be shielded by the government's sovereign guarantees from the market risks that they themselves should bear. The risks of their debtors' default should be borne by them, not by the taxpayers.

The only guarantees to be given will be under the most restrictive conditions, such as those provided by the Build-Operate-Transfer (BOT) Law.

I shall not do to the next administration what the last one did to mine, namely, handover multi-billion peso guarantees on failed negotiated projects that my administration now has to honor.

No government financial institution (GFI) shall extend any new loans, nor shall any government agency enter into any new contracts, with any private party with any past-due loans from a GFI, a record of foreclosure or special bad debt settlement by any GFI, or any pending and unresolved dispute with the government.

We will further curb smuggling by rationalizing the operation of duty-free shops. We will confine them to traditional merchandise, like alcoholic beverages and cigarettes carried in plastic bags, not frozen chickens and cheese curls loaded on grocery shopping carts; where consumers can purchase chocolate bars, but not the refrigerators to store them in. Duty free shops should not operate as supermarkets, and vice versa.

I have ordered all the agencies concerned to carry out with unrestrained determination the investigation and, if warranted, the prosecution of those suspected of illegal involvement in the trading of the shares of BW Resources. Incidentally, I wish to thank Congress for passing the new securities regulation act, which provides for stronger protection of investors from fraud and deception and which strengthens the capabilities of the SEC both for regulating and developing our capital markets.

I hereby order the concerned agencies to resolve the air dispute with Taiwan at the shortest possible time, taking into account the interests of our OFWs, balikbayan, and tourists, as well as cargo shippers. We will reshape our aviation policies to promote primarily the interests of the economy.

Before I conclude, I wish to extend my administration's gratitude and appreciation to Congress for its diligence and dedication in acting on a significant number of measures. You have enacted a large number of important laws affecting the economy, including the Electronic Commerce Law, the Safeguard Measures Act, the Securities Regulation Code, the Retail Trade Liberalization Law, among others. Our Congress worked long and hard to deliver these measures. *Alam kong inuunmaga kayo sa inyong mga sesyon at ako ay taos-pusong nagpapasalamat.* [I know that the sessions last till the wee hours in the morning, and for this, I am very grateful.]

Nguni't hindi pa tayo tapos. May utang pa tayo sa bayan. Umaasa ako na inyong pagtitibayin ang mga panukalang batas tulad ng [But we are not yet done. We still owe the nation. I count on your support for the approval of administration bills like the] amendments to the ARMM Organic Act, the Power Bill, the New Central Bank Act, the Comprehensive Solid Waste Management Act, Reengineering the Bureaucracy Act, the Anti-Racketeering Act, Amendments to the Omnibus Investment Code, and the bill granting special powers for the fasttrack development of Mindanao.

To conclude, with all due candor:

We have done quite well, but we could have done better. We have gone quite far, but we are far from where we want to go. And before we can tell a story of success, we will have to go through a story of struggle. The weather ahead will be a bit rough before we get to see some real sunshine.

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In the face of the difficulties we face, I call on the whole country—the government, the legislature, even the judiciary, the private sector and civil society—to work together in unison rather than to fall apart in dissension. We can ride the storm if we unite. It will blow us apart if we fight.

I also call on the affluent to pay their taxes correctly. There is only one thing worse than not spending enough on pro-poor programs, and that is running excessive deficits and allowing inflation and macroeconomic instability to rob the poor.

The present uncertainties call for courage, hope and faith in our ability to cope and to prevail. If we face these challenges with the proper spirit, we will survive the storm and thrive when the sunshine returns.

Now that I have brought my presidency through a process of renewal, I ask you once again, as I did at the elections of 1998, to give me your trust and your support. Let us leave the past with all its disappointments behind, and let us shape our future together. Let us all embark on a new beginning.

Maraming salamat po.