

# **STRONG REPUBLIC**

## **The Vision and the Performance Record of President Gloria**



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# PREFACE

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n the three years of President Gloria’s administration, the country has successfully built the material and moral foundations of a Strong Philippine Republic— one that can withstand the shocks and rigors of a globalized economy and the demands of a vibrant democracy in action.

With President Gloria’s unrelenting focus on governance, she has not been deterred from making vital gains in the fundamental reform areas in agriculture, social assets, the market, the bureaucracy and the military and the police. These, together with her call for principled reconciliation with justice, have effected changes to make our nation “strong, secure and respected” and the engine of our economy running faster than others and faster than before. Substantial progress was achieved despite the poison and destructive politics that emerged from the May 2001 riot, the Oakwood mutiny and the aborted impeachment of the Chief Justice.

**Strong Republic: The Vision and the Performance Record of President Gloria** is the latest publication in the Strong Republic book series of the **Philippine Information Agency (PIA)**. The PIA presents the concept of a Strong Republic, with the firm belief that only through a well-informed and enlightened citizenry will President Gloria’s challenge for every Filipino to “add a fine stone to that edifice that will go for a strong and enduring structure” become a reality.

Part I, “Strong Republic: The Vision of President Gloria,” seeks to explain President Gloria’s roadmap to prosperity—one that is based on experience and tested through tumultuous times. Part II, “Strong Republic: The Performance Record of President Gloria,” demonstrates her many tangible achievements resulting from her initiatives as well as symbolizes our fight for change. But much more needs to be done to free our country from its feudal past and move it towards the imperatives of the global future.

The PIA hopes that **Strong Republic: The Vision and the Performance Record of President Gloria** will not only provide decision makers, students, scholars and the general public a better appreciation of President Gloria’s vision of a Strong Philippine Republic but her performance record will instill pride in ourselves. For we are a proud people with a noble heritage, and our pride in ourselves can only be sustained by cultivating a society of achievement governed by merit. May all of us be one in this worthy endeavor.

God bless the Republic of the Philippines!



**RENATO S. VELASCO, Ph.D.**  
Director-General, Philippine Information Agency  
Senior Deputy Presidential Chief of Staff



**“We must liberate the country with reforms in agriculture. It is where the keenest struggle for survival takes place. No Filipino who works hard for the family and country must be deprived of a decent meal. *Pagkain sa bawat mesa*-- a duty to every Filipino. We must put the real wealth in the hands of our farmers by legislating the acceptability of their farm land as collateral.”**

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his nation has been rent by political division, self-interest and unfulfilled potential. We take one step forward only to find ourselves two steps backward.

In the vision that guides my administration, I see a country liberated from the grip and greed of the past. I see this happening through a revolution in the way we think and in the way we do politics and economics. At the center of this revolution must be a commitment to reforms and to putting the people first.

- President Gloria



**“We need to reform our protective institutions because of the imperatives of peace and order. We need to reform the military and the police towards graft-free and dedicated organizations with the tools to enforce peace and order throughout the land and to be the true protectors of the people.”**

# STRONG REPUBLIC

## *I*

**The Vision  
of  
President Gloria**





**“We must reform the market by making it a market that creates jobs and opportunities. To do this, we must build the long-term underpinnings of infrastructure, telecommunications, electric power and expanded credit.”**



resident Gloria in her  
2002 State-of-the-Nation  
Address outlined the  
overarching goal for  
Filipinos of our  
generation: To build a  
Strong Philippine  
Republic.

Here is  
President Gloria's vision.

representatives and servants, together with its institutions.

The Philippine Republic consists of both the state, all the three branches of government, and we Filipinos, as a community. The nation-state may in this modern era be seen as the super-association or super-

corporation, with shareholders as the nation, and its elected board of directors and the different ‘corporate’ departments corresponding to the state and its government.

When President Gloria says the Republic must be strengthened, she means that this association—its two elements, the nation and its state—must be strengthened and developed.

The big difference of the Republic from other corporations is that the nation-state is the only corporation that defines the public rules not only for its members but also for other, smaller corporations within its defined territory, and using force, if necessary, to enforce these laws.

Another big difference: This particular corporation—and similar ones on this planet—has determined and will determine the fates of millions of human beings within its territory. The nation-state has become the prime social organization of mankind.

Some have interpreted it as a project to build a strong Philippine state. A few, including one presidential aspirant, erroneously claimed that it is not the Republic that must be strengthened, but the nation.

But the President wasn’t referring to the task of strengthening the state only. Nor did she refer solely to the task of building the nation. She was quite precise: It is the Philippine Republic that must be strengthened.

So what is the Philippine Republic? It is one indivisible entity: the nation-state. The Constitution itself merges the two concepts of nation and state in its section 1 Article II: “The Philippines [i.e., the nation] is a democratic, republican state.”

One element of the Republic is the nation, the community of people with generally common descent, history, language and culture living in a clearly defined territory. The second element of the Republic is the state, the nation’s



President Gloria's agenda is a formidable task. The two elements of the nation-state interact to create either a vicious or virtuous cycle. A weak nation creates a weak state, and a weak state continues to make for a weak nation.

One relatively recent but now classic definition of the nation by the scholar Benedict Anderson—which emphasizes the difficulty of building a national community—is that it is an “imagined community.” In an ordinary, “real” community—may it be your neighborhood, clan, fraternity—the sense of unity is facilitated by the fact that it is likely that you will meet each and every member of that community, and interact with him or her for some goal. There is no need to imagine that kind of community; it is perceptible.

In the case though of a nation as a community, you will never meet each and every Filipino. There will never be a stockholders' meeting in some hotel ballroom for that corporation we call the Philippine Republic, no town-hall meeting for this national community.

But still, that national community is as real as any. The flag, the Constitution and laws, our language and culture, our passports, our government are all evidence that this community exists. We know from the past that the destiny of each and every member of that community is intertwined. We ‘know,’ we imagine, and identify with a national community we call the Philippines.

It is the intensity though of that “imagining” of a national community in the people's minds—even felt in their hearts—that determines their nation's strength.

But history has handicapped us in imagining a community. Very little in our three and half centuries of Spanish rule and four decades of US colonialism served as precursors to the building of a Philippine nation-state. The two colonial conquerors in fact had blocked Filipinos' conceptualizing of the nation as a community, one that bonds us one way or another, whether we like it or not, to a common destiny.

Before Spanish colonization, the archipelago was populated by scattered, independent *barangays*. There obviously was not an imagined community of people



living in the archipelago. There were only small, directly-perceived, separate communities of groups of families.

There was after all no compulsion to organize people on a scale bigger than the extended clan. Circa 1600, Luzon and the Visayas had a population of only 800,000. Compare that to Japan's 22 million, India's 135 million, China's 150 million, Java's 4 million, Burma's 3 million—dense populations that prompted the

dominantly through the Catholic parish friars.

The community, which the friars forced the *indios* to “imagine,” was not a national entity—not even an earthly one. It was a religious community, the parish as a flock of God through the Holy Roman Catholic Church. After the family, Filipinos' sense of belonging was in the “flock,” with the Spanish friar as shepherd. As the historian Reynaldo Ileto put it, the



organization of kingdom-states with the God-King/Emperor as the organizing principle, as early as, in Japan's case, the 8<sup>th</sup> century.

Despite the growth of the population to 4 million by 1850, a sense of national community however was stunted by Spanish colonialism. The main factor for this was that, in contrast to that in Latin America, Spanish colonial rule was

community our ancestors believed they were living in was foremost the religious realm: “The Spanish priest was the equivalent of the God-King elsewhere in Southeast Asia.”

That notion of being members almost solely of religious flocks, rather than of a national community, was inculcated over three centuries. The impact of those three centuries cannot be



underestimated. Even our popular myths such as that of Bernardo Carpio and our epics like *Florante at Laura* talk of Christian kingdoms. Even in revolt towards the end of the 19<sup>th</sup> century, the felt project on the grass-roots level was not for building a nation, but for creating an Eden-like religious community.

It is even not unlikely that the growth and survival of the Communist Party—the major force today opposing the building of a Philippine Republic—have been due to its ingenuity in tapping into remnants of such a religious realm.

Philippine Communist Party ideology and practice make up a secular, nation-less religion: the prophesied Proletariat versus the capitalist Satan; that the Proletariat as the chosen people will eventually triumph to create a classless Eden; the scriptures of Marx, Lenin, and Mao with ‘Amado Guerrero,’ now ‘Armando Liwanag,’ as their sole interpreter; even the secret oath-taking ritual for new party members.

Spanish colonial policy of indirect rule, of recruiting local elites for administering the archipelago—with the Spanish and Chinese *mestizo* as its core—also served to stunt the development of a national identity.

In most of the world’s strong nation-states, it was the elite—they had the resources after all—that was the vanguard for conceiving a nation. Here though, the *mestizo* elite’s agenda was for full-fledged membership in the Spanish Crown. The main project even of the *ilustrados* was not for creating a sovereign nation-state, but for reforming colonial government and the recognition of the *mestizos*, and later even *Indios*, as Spanish subjects.

But who could blame them? The concept of a nation-state started to crystallize only in the 18<sup>th</sup> century. It is only in the 20<sup>th</sup> century that the nation-state has been firmly established as the prime social organization of mankind, the corporation which would determine how





millions of people would live. It would have taken during that time a heroic, spectacular effort to conceive, to imagine a Philippine nation-state.

Indeed, even with a Philippine Republic existing in the mid-20<sup>th</sup> century, hundreds of thousands of our middle and upper class have chosen to leave the nation, to imagine themselves as members of communities overseas.

It is in this context that the heroism of a *mestizo* like Rizal and other

wasn't just a slogan. The U.S. conquerors—especially Governor-General William Taft who nurtured the Federalist Party—attempted to mold a Filipino community that would be part—formally or informally—of a rising U.S.A., her little brown brother.

That project required the deletion of the historical memory of three and a half centuries of a people, and the decades of resistance to U.S. colonialism. Even the language used by the revolutionary leaders, Spanish, was practically eradicated in several years' time. The



revolutionaries like Bonifacio, Aguinaldo, and Mabini was quite remarkable. When the notion of nation-states in the world was still emerging, these revolutionaries not only had a concept of what the Filipino Republic was; they saw it as something worth dying for.

U.S. colonialism further handicapped our ability to conceive of a national community. “Benign assimilation”

novel that first imagined the Philippine nation—the *Noli Me Tangere*—as well as the writings of Filipino revolutionists like Apolinario Mabini and Antonio Luna became accessible only through a biased English translation.

All over the world, accounts of a people in arms against foreign invaders are the stuff for imagining a national community. But the U.S. conquerors



banned such accounts of those “bandits.” Not too many of us know heroes like Vicente Lukban, Miguel Malvar, Mariano Trias who led against-all-odds resistance against U.S. occupation.

The late historian Renato Constantino popularized such an analysis through the term “miseducation of the Filipino,” the title of his book on the phenomenon. It was worse than a “miseducation” though. An entire three hundred years of the existence of a people, of historical memory was practically deleted. As one scholar put it, a “virtual lobotomy was performed” on the Filipino’s collective mind.

Not only a lobotomy on the brain of the Filipino nation, perhaps. Transplanted was a brand-new world-view: an individualistic, materialistic world-view as if nation-states didn’t matter. After all, the quality of life in the archipelago, at least for its elite, improved vastly under the American colonial state that certainly was not the embodiment of the nation.

Liberal democracy was transplanted to replace Catholicism. But liberal democracy as an ideology evolved out of, a reaction even, to societies—mainly the strong nations of France and England—where the social sense of belonging to a nation became too dominant that liberalism emerged to assert the rights of the individual.

However, here, with the sense of nationhood very much still embryonic, liberalism merely atomized Filipinos into nation-less individuals. The Filipino *sacristan* who lived in the Church since birth was suddenly thrown out of it, into the marketplace, with no family-nation to remember, or feel attachment and responsibility to.

As during the Spanish occupation, many of the Filipino elite could conceive of the Filipino corporation only as merely a subsidiary of U.S.A. Corp. Instead of Spain then, many among the Filipino elite imagined America as their community.



## STRONG REPUBLIC

The American project of establishing a nation-less liberal democratic system targeted the destruction of the religious community created by the Spanish friars, a process that still continues. The community of the Filipino Republic has not been able to replace that religious realm. What substituted for it has not been the imagined community of the nation but directly-felt ones, for many, solely the family and the clan.

After our families, we have come to embrace other communities, to which our loyalty is foremost.

A few even mock, and plot to smash the Philippine Republic, as the Communist Party does. The imagined community of Communist chief Jose Ma. Sison—living in capitalist-nation comfort in the Netherlands—is not the Filipino nation. With his dream of a Maoist revolution in the Philippines shattered in 1986, Sison’s

imagined community is the delusion of an international communist movement.

It’s not hard to spot the communities we identify with and which command our loyalties more than the Republic--corporations especially the most prestigious ones (“My prime responsibility is to my shareholders.”); the churches and religious organizations; in the 1980s for some in the military, the RAM and YOU brotherhoods; the Left; NGOs; fraternities; law firms; and even—for some of today’s journalists—the newspaper and the television network.

As nation-states’ boundaries become more porous and with the speed of modern transportation, for many among our intelligentsia, the community has even been the “world,” seeing themselves as cosmopolitans with globalization as a justification.

Indeed, if the Strong Republic vision is an ideology, its sense of community is in stark contrast to that of communist ideology.

For a Strong Republic vision, the prime community is the nation. It emphasizes the reality that Filipino worker and Filipino capitalist and Filipino landlord and Filipino tenant share somehow the same fate since they are all members of the same Republic.

For Marxism, the community is not the nation, but the international ‘proletariat.’ Needless to say, that belief has been shattered by reality: No workers’





international has emerged. Instead, what has emerged out of communist-party rule are strongly nationalist regimes as the People's Republic of China and People's Democratic Republic of Korea. What was supposed to be the vanguard of the world proletariat, the Soviet Union has splintered into intensely nationalist republics.

Imagine yourself in an international airport, and you see people from different countries. An American distinguishes himself—maybe act superior—not because he is a worker or a capitalist. He distinguishes himself from others as a U.S. citizen. That is, a card-carrying (i.e., passport) member of the U.S. nation-state.

It is an identification he cherishes, since much of that American's quality of life is not solely due to his individual efforts, but to the fact that his nation-state in the past had succeeded in creating a productive economy, and in ensuring the well-being of its members.

**The Strong Republic vision recognizes the individual's inalienable rights to life, liberty, and pursuit of happiness; but it emphasizes that such rights will be best exercised by the majority of Filipinos in a prosperous country, which only a Strong Republic can create.**

Indeed, look at the most liberal people on this planet, who are also usually those who are most capable of pursuing their individual dreams: Europeans and North Americans. Why are they most free to pursue their dreams? Because their fathers, grandfathers, and great-grandfathers endured hardships and made sacrifices to build their strong nation-states.

The nation-state is a single entity. The feebleness of our sense of belonging to a nation has created a weak state.

For many oligarchs and the elite—from the Spanish days up to now—more important than strengthening the state has been to extract wealth out of it. For some in the opposition, more important than building the Republic is to weaken the hold of whoever is presently heading it in order to assure they capture it in the next elections. For the Communist Party, the goal is more direct, to overthrow the Filipino Republic itself—by pitting its elites against each other—so it can take over to set up a Sison-led dictatorship.

All this discussion on the nation-state would be merely as academic as talking about the history of the Lions or Jaycees Clubs, if not for one reality: The nation-state today is the prime social organization of humanity.

The actions of a nation's state determine if millions of human beings, the members of that organization, would live in squalor or comfort. The 'state' part of the nation-state in all countries has become the biggest organization with the largest resources within its territory, whose actions affect the course of its people's lives.

It is only in the past two decades that scholars have emphasized the reality that it is the state in the modern era that has determined the fate of peoples and their economies.



There has been nearly a consensus among economists—of even contrasting political ideologies—that a strong, effective state has been the crucial factor in the economic growth of the advanced countries and more recently, of the East Asian tigers. One of the major conclusions of the 1997 World Bank Development Report was : “Development –economic, social and sustainable—without an effective state is impossible. It is increasingly recognized that an effective state—not a minimal one—is central to economic and social development...”

It is a two-edged sword though. Economists, notably Nobel laureate Amartya Sen, have shown that it wasn't nature at all that resulted in famines in Ireland, India, or Maoist China in the last century but those countries' states.

We don't have to look far to understand this. The accumulation of foreign debts coupled with massive corruption during a Marcos-controlled state resulted in a three-year contraction of the economy that had resulted in the deaths, because of lives in squalor, of probably hundreds of thousands of impoverished Filipinos.

But not only during the Marcos period. The consensus has emerged in the past decade among foreign and Filipino scholars that, first the Philippines has had



a weak state since after the war; and second, that the weakness of the Philippine state has been the country's overarching problem that explains its inability to develop the economy and alleviate poverty.

And what is a strong state? It is one with two features:

- First, it is independent from manipulation or control by narrow interests or sectors, whether these business groups or cronies. A strong state is one whose policies and actions are for the good of the national community, not just favoring dominant sectors of that community including politically powerful organizations. Our age-old problem—corruption—simply means the control or use of state resources by groups or individuals for their enrichment.
- Second, a strong state is one which can implement its policies and programs, through effective institutions and bureaucracy. It is one efficiently and effectively serving the people, whether it is in the form of ensuring peace and order, upholding the rule of law, intervening in the markets to ensure economic growth, protecting the weakest, and helping the poorest.

Can we build a Strong Philippine Republic, even if it is difficult to imagine a community without a mythical glorious past, without its ancient and classic literature, without God-Emperors and their Imperial Palaces, all of which serve as powerful symbols to create a deep emotional attachment to one's nation?

But we do have our past: the phenomenal heroism of Rizal, Bonifacio and our other revolutionaries. Scholars like Reynaldo Ileto and Ambeth Ocampo have only started to unearth the histories of Filipinos during the Spanish colonialism.

More importantly, it has been the life-and-death struggles of peoples that constitute the narratives for imagining a nation—the French and the American revolutions, the U.S. Civil War, the anti-colonial insurrections. We have that, and our scholars—hopefully to be popularized by our writers, especially our journalists—are constructing the narratives of the successful Philippine Revolution against Spain, of the many resistance movements against US imperialism and the anti-Japanese resistance.

It is after all only a strong state that can put a former, even popular President to jail while he is being tried, a congressman to be extradited abroad to face charges. Only a strong state can wage an all-out war against terrorists, drug lords, and kidnap-for-ransom gangs.

Only a strong state can create three million jobs in three years and stabilize the economy despite stormy global and domestic conditions; provide cheap housing to nearly one (1) million people;



But we have more recently than those. We have an actual experience of a struggle by the community that is as real as any people can ever achieve: People Power I and II when Filipinos of all classes rose as one.

And in the past nearly three years, President Gloria has been strengthening the Philippine Republic.

mobilize billions of pesos for agriculture and for small enterprises; bring down the cost of medicines and strengthen the educational system by drastically increasing the number of teachers and textbooks; accelerate the construction of mass transit systems, dams, and highways.

Indeed, the Communist Party has been so hateful of President Gloria as to



endorse Fernando Poe, Jr. and Loren Leviste, as it has seen in the past three years the emergence of a Strong Republic under the Filipino Iron Lady, one which would be impossible to overthrow in order to put the Philippines under communist-party rule. In the last three years, the down payment for the building of a strong Republic has been made under President Gloria. We can not afford that down payment going to waste. We can not afford the momentum for building a Strong Republic to sputter to a halt.

**How can the private citizen help build the Strong Republic? First our sense of national community—our nationalism—should be nurtured. This involves helping change people's**

**consciousness by extolling the virtues of being Filipino, being proud of our roots and history, and reminding our countrymen that we are all members of one community.**

Second, we have to take our civic duty seriously. There are myriad ways of doing this: supporting government undertake its tasks to serve the people rather than obstructing it or bad-mouthing it continuously; fighting corruption by refusing to participate in it even in its minor, seemingly harmless forms and by informing authorities about cases of graft they have learned about; paying our taxes; supporting locally-produced products; and yes, even following the simplest traffic rules.



There is a lot of work for more activist work. For example, rather than getting involved in pseudo-NGOs devoted to criticizing the government, one could get involved in genuine NGOs which have supported the President's programs for the poor.

One NGO has helped the President's micro-financing campaign tremendously by acting as a conduit for this lending program. Another NGO has set up its network to help President Gloria's anti-corruption campaign by acting as informants for cases of graft. Several

young, idealistic lawyers have made the sacrifice of foregoing better salaries by working at the Ombudsman's office. Indeed, many of my colleagues in government—for instance in the Cabinet—have demonstrated their commitment to help build the Republic by putting on hold their lucrative private careers and joining government with its low pay.

**Building a Strong Republic is certainly not a hopeless task. Other peoples have proven their ability to build a strong nation-state within just a generation. The Filipino certainly can.**

Note the following descriptions by scholars:

- “Patronage-oriented political parties and free-spending corruption dominated...” “The political system consisted of a “distinctive complex of a weak national administration, divided and fragmentary public authority and nonprogrammatic political parties.”
- The nation-state “had a weak hold on the imagination and consciousness of a people who were now forced to think of them” as one community. Most identified

themselves with their province of birth not with the nation.

Apt descriptions of the Philippines today these may be, these referred to different countries. The first described the U.S.A. in the 1930s. The second described Italy in the 1920s. These two countries were able to build strong-nation states within a generation. We too can.

We don't have a choice really but to build a strong republic, whose

wealth to a philanthropic organization providing free heart-surgery operation to the poor; ex-communists may devote their organizing skills to a farmers' cooperative.

But building a Philippine Republic—imagining it and acting in our everyday lives as if that foremost community really exists, and helping create a strong state—would affect millions of those human beings who call themselves Filipinos, and the millions more of unborn Filipinos to come.



membership has increased from 4 million in the 1800s to today's over 80 million. There is no other entity like the Philippine Republic that has more impact on the lives of more than 80 million human beings and the millions of Filipinos still unborn.

A religious person may decide to devote his life to a Mother Teresa-type of helping the poorest and the sick; a materialist taipan may give part of his

It is in this sense that building the edifice of the nation-state for 80 million Filipinos and future Filipinos is, as Rizal put it—and President Gloria reminded us in her SONA speech—a “great ideal.”





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# STRONG REPUBLIC

## *II*

### **The Performance Record of President Gloria**



**“Land, credit, minimum basic needs-- these are social assets where we have given an unprecedented number of people the right to buy the land they occupy. We must apply deeper reforms, and I have the model developed by Hernando de Soto to follow.”**

A large, stylized, light brown letter 'T' graphic, positioned at the start of the first paragraph.

he reform and reconciliation agenda has been central to President Gloria's Administration from its inception, and its achievement record attests to this.

Notwithstanding harsh domestic and global economic conditions and the threat of terrorism and destabilization, President Gloria has made substantial gains in her administration. In the last three years, solid accomplishments were delivered.

Here is  
President Gloria's  
performance record.

## POVERTY ALLEVIATION

### Stable Prices and Low Inflation

- We have kept the prices of basic commodities at 2000 level, including rice, sugar, canned sardines, soy sauce, vinegar, *patis*, soap and detergent.
- Our full-year 2003 inflation averaged 3.1 percent, the lowest since 1988. This has kept interest rates down, boosting business profits and investment.

### Expanded Property Rights and Housing

- Our shelter program is building strong foundations for future economic growth by spurring homeowner spending and providing collateral for future credit to the poor. Through land proclamations and community mortgages, we gave security of tenure to more than 280,000 poor households—far exceeding the 35,000 family-beneficiaries of housing proclamations and the 16,000 Community Mortgage Program (CMP) holders in the past decade.
- Another 420,000 families from the bottom 30 percent of income levels benefited from housing, slum

upgrading and easy mortgage loans, far exceeding the achievement of the previous administration.

- For the first time, no down payment is required for certain home loans, while lower interest rates have slashed as much as 25 percent off the monthly mortgage payments of low-income home owners.
- Along with beneficiaries of proclamations, over 700,000 families or 3.5 million people have benefited from President Gloria's shelter programs—more than a million every year



### Expanded Health Care

- Better, more affordable health care also touched a record number of people. We have enrolled well over eight million poor people under the National Health Insurance Program, almost five times the 1.7 million individuals provided health insurance in the previous administration. Target for 2004: 10 million.

- Our Greater Medical Access (GMA) 50 program has brought half-price medicines commonly bought by the poor to some 1,000 outlets, including nearly 200 government hospitals and about 800 *Botika ng Barangay*. National Food Authority (NFA) low-cost stores also stock over-the-counter and herbal remedies. These have pushed pharmaceutical firms to make available generic remedies at equivalent or even lower cost. A recent S.W.S. survey reported that close to half of the respondents who had purchased drugs found them inexpensive, compared with less than 20 percent in the past.
- President Gloria launched the “Patubig Program” that provided 160,000 families in 300 communities potable water supply and connection. The project provides potable water to waterless areas via four ways -- a static water tank, a public faucet in each barangay, water interconnection, and deep wells.
- minimize the cost of going to school, 875 school buildings were constructed from January 2001 to December 2003.
- In order to make education truly available to everybody, President Gloria launched the Strong Republic Schools (SRS), a distance learning program, that makes use of printed modules and brochures, radio programs, audio cassettes, slides, pictures and video programs as instructional materials.
- An additional fund of P1.98 billion was allocated for the hiring of 15,206 public school teachers in 2003.
- President Gloria launched the Students’ Assistance Fund for Education for a Strong Republic (SAFE 4 SR). It is an interest-free student loan program for 3rd, 4th and graduating college students.

## Enhanced Access to Quality Education

- To increase the chances of Filipino children finishing school and



## PEACE AND ORDER

### Crackdown on Drugs

- President Gloria's campaign against narcotics is the most intensive ever, with an unprecedented funding of P1 billion, resulting in the following:
  - arrested 33,150 personalities and filed 22,069 cases in court
  - neutralized 8 out of targeted 13 international drug rings and 164 out of 285 local drug syndicates. Some of the big drug lords neutralized were William Gan, Jackson Dy, Jose Kim Cuadra, Frank Chua, and Cesar Sanchez Lareza.
  - dismantled 17 shabu laboratories and warehouses/stockhouses, including the largest shabu factory located in Antipolo City which yielded P2.2 billion worth of illegal drugs
  - seized more than P13.6 B worth of illegal drugs
  - cleared 3,117 of 7,405 drug-affected barangays



## Assault on Terrorists

- We broke the back of the Abu Sayyaf Group, cutting its strength by 62 percent from as many as 1,270 at the start of 2001 to 483 today, and on the run.
- Key Abu Sayyaf leaders were neutralized or captured, including Abu Sabaya, Commander Robot, Commander Global, Boy Iran, Harsim Abdul Sahid, Nuhaysar Tilao, Hector Janjalani, Salat Yacub and Abdulmukin Edris.
- We neutralized Al-Ghozi and arrested terrorists Taufiq Rifqui and Mukhlis Yunos.
- Our 16-point counter-terrorism strategy has held Jemaah Islamiyah and its local cohorts at bay, capturing or neutralizing key operatives like Fathur Roman Al-Ghozi, and hardening major installations and highly populated areas against the kind of horrifying attacks as those in Indonesia, Turkey, Iraq, Russia and the U.S.

## GOOD GOVERNANCE

### Thrown Corrupt Officials to Jail

- Anti-corruption efforts have made gains in both prevention and prosecution. Using computers, the

Department of Budget and Management (DBM) and revenue agencies, such as the Bureau of Internal Revenue (BIR) and the Bureau of Customs, have increased transparency and reduced opportunity for corruption. Under a program assisted by the World Bank, the DBM has signed up virtually all government offices in its e-procurement system, part of the reforms President Gloria certified under the new Procurement Law.



- Under partial operation, the system already saved some P130 million in advertising charges alone, since bidding terms need not be published in newspapers anymore. In the next six months or so, full electronic bidding and awarding is to commence, bringing the process into full view of the Internet-surfing public. We expect a repeat of the kind of reductions we saw with textbook prices, which fell from an average of P80 to P30.
- On the revenue side, BIR has used computers to match sales and purchase data—and uncovered massive under-declaration of sales to avoid VAT. It is collecting about P15 billion in evaded taxes and putting company executives on trial. Meanwhile, Customs is further enhancing its computerization program which has become a model for other countries.
- We have also cracked down hard on officials implicated in irregularities or displaying wealth and lifestyles well in excess of their official incomes. Among high-ranking officials charged with or sanctioned for corruption are board members and top officials of the Philippine Estates Authority, due to overpricing of a waterfront road project; about 250 BIR and Customs personnel, five Department of Public Works and Highway (DPWH) officials implicated in its P139 million vehicle repair scam; at least nine officials of BIR, Customs and DPWH for failing lifestyle checks; ranking officials of Land Bank for diverting P200 million corporate tax payments to private accounts; and a commissioner and an assistant commissioner of the Professional Regulatory Commission.
- We have even charged judges and prosecutors, whom past administrations have tended to leave alone because of their clout in the courts. Five judges faced cases; one was for suspected decisions in



a smuggling case and four in drug cases. The one in the smuggling case has been dismissed from service. Moreover, the prosecutor in the Rowena Tiu kidnapping has been fired for incompetence and inefficiency in handling the case.

- On lifestyle checks, which the World Bank has lauded, at least nine high officials from the DPWH, BIR and Customs have been charged with graft for their



unexplained wealth. We have also created the Revenue Integrity Protection Service to institutionalize anti-graft investigations and lifestyle checks on officials and staff of the revenue agencies. Already, almost 250 BIR and Customs officials and staff are facing corruption cases. With both I.T. and anti-graft measures, BIR and Customs exceeded their 2003 collection targets, helping bring the budget deficit under P200 million.

## ECONOMY AND INFRASTRUCTURE

### Economic Gains

- In her three years, President Gloria has succeeded in promoting growth and producing jobs against opposing currents in the global economy and the domestic political waters. Despite the Iraq war, SARS and Oakwood mutiny, Gross

Domestic Product (GDP) expansion accelerated to 4.5 percent in 2003, the fastest since the Asian Crisis and among the region's top performers.

- The peso has been stable, despite global and domestic turbulence and uncertainty. Under President Gloria, it declined in value by a mere 3.2 percent (from P53.36 in late January 2001 to P55.24 per \$1 today), a fraction of the

currency's 23.6 percent depreciation during the past administration (from P42.03 in July 1998 to P55.01 before it ended).

- We have been able to hold down the prices of basic commodities at year 2000 levels, including rice, sugar, sardines, soy sauce, vinegar, patis, soap and detergent. The 3.1 percent inflation rate is the lowest since 1988.
- Some 3.17 million domestic jobs were created under President Gloria's watch, triple the number under her predecessor. The number of workers given technical and vocational training surged to 855,000 a year—more than four times the combined average of 220,000 in past administrations.
- Workers have made gains in earnings: The average nominal minimum wage under President Gloria is 29.2 percent higher than under Estrada. Adjusting for inflation, that is an increase in real terms of 11.2 percent.
- Strikes are down to an annual average of 39, way below Estrada's time (70).
- One big boost to jobs is our SULONG lending to small and medium enterprises, which totaled P21 billion in the first 10 months of 2003 alone, compared with P6 billion in all the 30 months of Estrada.

- Also providing livelihood and increasing incomes is the P5 billion or so of microcredit we provided to an unprecedented one million poor women. Thus, among families in the lowest 40 percent income levels, those whose household heads earn a living rose from 58 percent in 1999 to 85 percent in 2002.

- After languishing for years, the Agriculture and Fisheries Modernization Act (AFMA) was



finally implemented, with a P61 billion funding from January 2001 to November 2003. Its irrigation and hybrid rice programs have pushed palay yields to unprecedented levels, making local grain more competitive against imports.

- By 2003, irrigated areas totaled 608,000 hectares, the biggest number of hectares in history. Compared with the previous administration, new irrigated areas

increased by 60 percent and rehabilitated areas by 80 percent.

- Foreign investments in 2003 surged by 23 percent to P27.8 billion, amid last year's threats and uncertainties. In President Gloria's U.S. trips and during President Bush's visit to Manila, about \$2 billion in investments were concluded.
- Among big names putting money in are: Matsushita Electric's \$231 million aircon venture, Ford's \$50 million car plant expansion, and Sunpower's \$295 million solar cell



factory. That's on top of Kirin's \$500 million investment in San Miguel.

- Call centers have grown from two with 2,000 seats in 2000 to 52 today with 20,000 seats. They are projected to continue doubling every year. I.T. total investments reached P6.6 billion in January-

October 2003, led by Convergys, APAC, Sykes, and AIG.

- When President Gloria took over three years ago, analysts were projecting a P220 billion budget deficit, with grave consequences for inflation, interest and exchange rates. With fiscal restraint, revenue reforms and increased transparency, we wrestled the shortfall to P147 billion and maintained control despite the vagaries of taxation, growth and spending. For the first 11 months in 2003, our P172 billion budget deficit was 9.2 percent lower than the ceiling for the period. That has kept inflation and interest rates at their lowest in many years, with huge benefits for our people and our businesses.
- Further showing our international economic clout, we lent a strong voice to the Third World's fight for fair trade and economic sovereignty in global trade talks in Cancun, Mexico.
- Still on the trade front, we secured continued concessional General System of Preference (GSP) access to the U.S. market for \$1 billion in our exports. For our overseas workers, we opened doors wider to our nurses and teachers in the U.S. and, in time, our caregivers in Japan.
- And of course, we have engaged foreign governments for the benefit and protection of our OFWs,

including our fight to ensure that they can send money home at low cost and little delay, by winning the nod of the Financial Action Task Force for our anti-money laundering efforts and the agreement late last year of U.S. authorities and bankers to reasonable remittance fees.

- Our strong ties with international investors are crucial in our push for much-needed investments particularly in power and transport infrastructure to further boost growth, productivity and competitiveness of our economy. We need tens of billions of dollars for the expansion and enhancement of our power grid and eventually the construction of new power plants. The coming privatization of National Transmission Corporation (TRANSCO) and the first National Power Corporation (NAPOCOR) generating facilities testify to our clout with the market.
- Similarly, private capital is going into transport projects to decongest Metro Manila and boost economic links to Mindanao, like the roll on roll off (RORO) ports, the North and South Rail projects (attracting Chinese and Korean funding and know-how), the North and South Luzon and Subic-Clark expressways (with Indonesian and Japanese involvement), and Metro Manila mass-transit systems (with Canadian participation).



## Growing Exports

- Despite the global export slowdown, we managed to increase our January-October shipments to \$29.49 billion. Moreover, we have achieved 55 percent increase in the fast-growing, highly competitive China market and 6.7 percent even in stagnant Japan. When world trade accelerates this year, we are poised to surge.

## Stable Peso

- The peso has been stable, despite global and domestic turbulence and uncertainty. Under President Gloria, it declined in value by a mere 3.2 percent (from P53.36 in late January 2001 to P55.24 per \$1 today), a fraction of the currency's 23.6 percent depreciation during Estrada's presidency (from P42.03 in July 1998 to P55.01 before he resigned).

## Major Infrastructure Projects

- For the first time, 90 percent of all barangays have electricity, with over 4,000 barangays connected to power grids under President Gloria's initiatives, far exceeding the accomplishments of the previous administrations.
- President Gloria launched the Strong Republic Nautical Highway, benefiting among others, the agriculture and tourism sectors. Three routes were opened reducing transport cost between Luzon and Mindanao from 37 to 43 percent for passengers and 24 to 34 percent for cargoes and travel time from 17 to 44 percent.
- The looped Strong Republic Transit System in Metro Manila (due for completion in April 2004) combined with the North and South Luzon Expressway expansion and new North and South Rail commuter train lines will enable millions of urban folk to live outside the city while continuing to work here.
- The enhanced transport links, plus the Cavite Coastal Road and the Subic-Clark-Tarlac developments will lure industries to Regions 3 and 4, further reducing congestion and strain in Metro Manila.



## MINDANAO

### *Mindanao Natin* 10-Point Program

- As of December 31, 2003, President Gloria substantially implemented the 1996 GRP-MNLF Peace agreement. Following are the specific accomplishments on this area:
  - Integration of former MNLF combatants in the police and military (1,500 in the PNP and 5,750 in the AFP),
  - Devolution of several national government agencies to the Autonomous Region of Muslim Mindanao (ARMM),
  - Increased Muslim representation in various branches of government,
  - Additional appointments of judges and counselors in the Shariah Court,
  - National observance of the Eid'l Fitr (Islamic Thanksgiving Festival) and ARMM-wide

observance of the Eid'l Adha (Islamic Feast of Sacrifice) through Republic Act 9177.

- A comprehensive rehabilitation on the clusters of Pikit-Pagalungan-Pagagawan and Carmen-Pres. Roxas-Damulog and Triple SB (Siocon, Siraway, Sibuco, and Baliguan) and other areas in Mindanao were implemented. Among these were the:
  - Establishment of Zones and Sanctuaries of Peace,
  - Construction and repair of damaged houses and social infrastructure (completed repair of 391 and construction of 721 houses, rehabilitation of roads, among others),
  - Provision of health, education, and social services to evacuees,
  - Psycho-social interventions especially for child evacuees, and



- Provision of livelihood support to evacuees and other conflict-affected individuals.

- We also fielded Sala'am soldiers to assist the Department of Social Welfare and Development (DSWD) and the National Anti-Poverty Commission (NAPC) on KALAHI, CIDDs, MBN, and psycho-social and medico-civic services. President Gloria launched the Sala'am Program where of Sala'am soldiers and volunteers were deployed to various conflict-affected communities and evacuation centers.
- An important feature of the rehabilitation of the conflict-affected areas was the launching of livelihood support through micro and SME credit. On this score, some P2.5 million livelihood support through various micro-lending programs of government financial institutions were released. Notable among these programs are the GMA Cares Micro Enterprise Agro-Agri Project; the SME Unified Lending Opportunities for National Growth (*SULONG*) ; the *Isang Bayan Isang Produkto, Isang Milyong Piso* Program; and, the *Easy Pondong Pang-Asenso Para sa Maliliit na Negosyo*; among others.
- At least P3.81 million emergency assistance to 1,586 former rebels and P892,400.00 million livelihood assistance to 167 of them were



released. On top of these, President Gloria initiated a series of discussions with various institutions, especially with the World Bank, for the inception of a Multi-Donor Trust Fund to subsidize various post-conflict projects and programs should a final peace agreement be forged between the MILF and the Philippine Government.

- In Cotabato City, a One-Stop Action Center was inaugurated that expedited the issuance of 471 land titles or patents covering some 1,224 hectares in 70 barangays. On the drawing table is the One-Stop Action Center for Agusan del Sur.
- President Gloria made sure the presence of the Strong Republic Schools is felt in Mindanao by turning-over 13 technovans to LGUs and establishing at least 31 learning centers throughout the region. Under this program, 1,658 Department of Science and

Technology (DOST) scholarships were granted with the total running to 6,667 for Mindanao alone in 2003. Complementing the education program is the adoption of the Madrasah Education and the Unified and Integrated Curriculum (3Rs) by some 600 Ulamas.

- The 3rd Mindanao Friendship Games in Davao City and the 2003 *Palarong Pambansa* in Tubod, Lanao del Norte saw President Gloria's personal endorsement for its successful finish.
- At the end of 2003, some P8.09 billion worth of 144 Official Development Assistance (ODA) projects were established for Mindanao alone. Among these, 253 infrastructure projects and 37 services amounting to P226.7 million have already been completed. On the other hand, 1,298 livelihood skills training and various infrastructure and services are still on-going.
- President Gloria's pursuance of peace and development in Mindanao is manifested by the management of bilateral/multilateral funds exclusively for Mindanao, such as the Special Zone for Peace and Dedevelopment (SZOPAD) Social Fund and the A.R.M.M. Social Fund.



## INTERNATIONAL RELATIONS

### Forged a Strong Relationship with the U.S.

- Foreign policy is anchored on building strong ties with the United States, the economic powerhouses of East Asia, our fraternal nations in ASEAN and the Muslim world, and the countless countries where 8 million of our fellow Filipinos work and live. This global strategy has combined with our national security imperatives and led us into solidarity and leadership among nations in the world war against terrorism.
- America has acknowledged our strategic importance, hosting President Gloria as one of only four leaders to make a state visit. U.S. President George Bush, for his part, made the first state visit by an American in three decades.
- Our strong stand against global terrorism has won for the Philippines the designation as one of only 15 Major Non-NATO Allies of the U.S., boosting aid to the country and giving it greater access to American military equipment, supplies and training.
- At a quarter of a billion dollars, total military assistance to President Gloria is the highest since the closure of U.S. bases and about four times the assistance to the previous administration. More are coming: 30 helicopters coming for AFP as well as training and equipment for Army and Marine troops, plus one more Light Reaction Company.
- With our enhanced prominence and security as a major ally against terror, the Philippines has also achieved the prestige and high regard of the world — culminating in our election to the U.N. Security Council—with positive impact on confidence.
- \$33 million grant for education in Mindanao and \$30 million pledged in support of final peace agreement with the MILF







- President Bush's support for the successful passage of two long-overdue U.S. Senate measures increasing medical benefits for 8,000 Fil-Am veterans in U.S., at a cost of \$19 million, and for 22,000 vets in the Philippines, up by \$1 million every year.
- The Organization of Petroleum Exporting Countries (OPEC) guarantees for \$1.5 billion in loans to major development projects, including sorely needed funding for Napocor.
- Renewed General System of Preference or GSP trade concessions covering \$1 billion in Philippine exports to the U.S., plus additional benefits for six products worth \$30 million a year.
- Formed Philippines-U.S. caucus of 75 members of the U.S. Congress, one of the biggest groupings, to support our interests.
- Agreement with U.S. financial institutions and regulators to reduce remittance costs by around half a billion dollars.
- An estimated \$2 billion in new U.S. investments ushered in during President Gloria's U.S. visits and the Bush visit to Manila. Ford is making the country a key manufacturing base while United Parcel Service (U.P.S.) has joined Fedex in making the Subic-Clark zone their Asian operations hub.
- Our enhanced relationship has also boosted our overall attractiveness to American businesses, fueling the exponential growth in I.T.-based ventures especially call centers, business backroom services, legal and medical data encoding, and animation. •



**"A true leader of this country cannot afford  
to play politics anymore  
and ignore the spreading and paralyzing  
climate of cynicism.**

**So I ask everyone to work with me to ensure that  
we can revolutionize our nation through reform,  
honest dialogue and lasting change."**

**President Gloria**