

solving the problem of rice and food on the table," the President said. "It does not, as it has been said, clear away—there has been a fundamental shift in global economics," she said.

"The price of food and fuel will likely remain high. Nothing will be easy, the government cannot solve these problems overnight. But we can work to ease the near-term pain (evolving on long-term solutions)," she said.

She noted the country was looking towards brighter future with the 2017 president with its increased economic growth in a generation.

She said it was a period of low inflation, strong pace and more than a million new jobs.

She said the current global crisis in some developed parts of the world in the 1930s, and the end of World War II and is made difficult to address than the 1907 Asian financial crisis.

"This is a complex time that defies simple and easy solutions. For starters, it is hard to identify any similar cases in the 1997 financial crisis," Mrs. Arroyo said.

"We are on a roller coaster ride of oil price hikes, high food prices and looming economic recession in the US and other markets. Economists are predicting a global recession that will spread the globe, wiping away gains, erasing progress," she pointed out.

But Mrs. Arroyo said her administration's huge but unrepeatable measures have prepared the country for the worst.

"Through rigorous, grit and political will, we built a shield around our country that has withstood a shock and somewhat softened the worst effects of the global economic crisis," she said.

Mrs. Arroyo cited various government measures that have allowed ordinary Filipinos to cope with the rising consumer prices.

She said the campaign against existing crops allowed price stabilization and the rice market. She cited the case of former deputy Fidel Ramos (Alvarez, who was in the gallery, who now came from P300 below the campaign was launched.

"Testing" the market by allowing telecom companies to cut the cost of messages between networks. They responded. It is

now down to 30 cents," the President said. The National Telecommunications Commission confirmed the test rate cut between networks, saying it was good for three months.

"The Land Bank has quadrupled loans for farmers and fishfarmers. That is far not fiction, Check it. For more effective credit utilization," he instructed the Department of Agriculture to revitalize farmers cooperatives," she said.

She said the government is providing seeds at reduced prices to help farmers while the incremental Malapascua national reserves of P4 billion will go to rice self-sufficiency program.

She said that strict government monitoring of oil is a constant for farmers and the people, has stabilized prices of rice offered by the National Food Authority (NFA).

She said that since she assumed office in 2001, new irrigation systems have been unveiled for 140,000 hectares and old ones restored for 980,000 hectares of rice lands.

Rice production since 2000 has increased by an average of 6.7 percent a year, twice the population growth rate.

"To meet the challenge of today, we will find our people, now, not later, and help them get through these hard times. To meet the challenge of tomorrow, we must become more self-reliant, self-sufficient and independent, relying on ourselves more than on the world," Mrs. Arroyo said.

She also said the global energy crunch demands better and more focused resource mobilization, innovation and management.

She said government agencies are reducing their energy and fuel bills by 30 percent.

"To reduce power system losses, we clean up government operations and also on EPIRA (Clean Air Act) and on energy and management," Mrs. Arroyo said, referring to the proposed amendments to the law.

"We are successful in increasing energy self-sufficiency—56 percent, the highest in our history. We produced our own oil and managed global financial fields, among the world's largest; we saved like those in Mexico and Botswana; and the solar cells lighting many communities in our islands," she said.

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on an average of 17,000-22,000 barrels per day or 10 percent of the country's crude consumption.

"Our costly commodity imports like oil and rice should be offset by hard commodities exports like primary products, and soft ones like tourism and other services, at which our industry leads," she said.

VAT stays

Mrs. Arroyo also vowed to keep VAT and other unpopular but necessary measures in place to help the country weather the crisis "no matter what."

"Take VAT away and you will abdicate our responsibility as leaders and lead the rag from under our present and future progress, which may be compressed by the global crisis," she said.

She said the VAT would reduce debt and shore up the country's fiscal independence.

She said the collections of the VAT have strengthened the trust and confidence of international investors and finance community in the Philippines.

"If the VAT on power and oil would be scrapped, it would benefit the rich who consume 84 percent of oil and 98 percent of electricity while hurting the poor who will lose P80 billion per program," she said.

"If we strip our people of the means to take out the world food and energy crisis," the President said.

"We have come too far and made too many sacrifices to turn back now on fiscal reforms."

The government has promised, without flip-flopping, to keep VAT and not to strip our people of the means to take out the world food and energy crisis," she said.

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Mrs. Arroyo, whose administration has been rocked by corruption scandals, pointed out that no reason reasons have been planned to lift corruption, including strengthening the Office of the Ombudsman.

"Our investments also include essential steps to strengthen our institutions of governance in order to lift the decades old scourge of corruption," she said.

"I will continue to fight this battle every single day," Mrs. Arroyo said. "While others are happy with headlines through association with evidence and privilege speeches without accountability, we have allocated more than P5 billion—the largest anti-graft fund in our history—to gather evidence, gathering and vigorous prosecution," she pointed out.

From its past dismal record, she said the Ombudsman's corrective rate has increased 300 percent. The Office of the Ombudsman is also pushing a reform body of the government for erasing public officials.

Ombudsman Merceditas Gutierrez has been under attack from Special Prosecutor Danilo Villegas for allegedly being beholden to politicians through business connections.

Villegas has filed to order investigation for contempt, a charge he said was politically motivated.

"Several corruption scandals have rocked the Ombudsman's office, including the massive bribery scandal involving the \$325-million national broadband network controversy and the P28-million so-called fertilizer scam.

Legislative inquiries into the scandals were conducted by Mrs. Arroyo's Executive Order that bans officials from testifying before lawmakers without her approval.

"Limping checks, never seriously implemented, have resulted in the dismantling of anti-graft prosecution body of the Ombudsman," Mrs. Arroyo said.

Mrs. Arroyo called on Congress to enact a stricter anti-corruption law or to amend the Anti-Graft and Corrupt Practices Act.

"More advanced anti-corruption practices require a commensurate advance in legislative responses. Colleagues in Congress, we need a more stringent Anti-Graft Act," she said.

With Rainier Allan Rueda

'VATeconomics' slammed

Critics of President Arroyo slammed her 2007 president in 2003, said.

She said he refuses to believe that his proposal to lift VAT was a populist and anti-fiscal responsibility but which he had to push through.

"We are going to have to reform our economy," she said.

She said Mrs. Arroyo made it appear like the VAT was only imposed on the country's economy.

She said she had a P1.6-billion budget at her disposal.

"The government will not stop spending without the VAT, even if we lose the P10 billion from it," Rousso said.

But the senator was more worried over the President's "concern" for the people.

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Anti-corruption record defended

President Arroyo also defended yesterday her administration's record in fighting graft and corruption even as the scored detractors for making "occasional" without evidence and privilege speeches without accountability.

"I am happy for those people, if indeed their situation has improved with the help of government," she said.

"If we strip our people of the means to take out the world food and energy crisis," the President said.

"We have come too far and made too many sacrifices to turn back now on fiscal reforms."

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GMA: We will survive crisis

SONA HIGHLIGHTS:

- Oil, power VAT stays
- More subsidies set
- Text cost cut by 50¢ for three months
- CARP to be extended
- Natural family planning method to be promoted
- Anti-graft law to get more teeth
- Consumer protection act pushed



'I will let no one's political plans threaten nation's survival'

By PAOLO ROMERO and MARVIN SY

The "tough choices" made by the administration will help the country survive and emerge stronger from the global food and fuel crunch, President Arroyo said yesterday.

In her 38-minute State of the Nation Address, Mrs. Arroyo also stressed that there is no easy cure for the country's economic ailment, which she said is global in nature.

Yesterday's SONA was Mrs. Arroyo's eighth since assuming the presidency from Joseph Estrada in 2001.

With the presidential elections just 22 months away, the President also vowed "not [to] allow anyone to stand in the way of the progress and prosperity of our countrymen."

"As your President, I care too much about this nation to let anyone stand in the way of our people's well being," she declared.

"I will let no one - and no one's political plans - threaten our nation's survival," she said.

She also vowed to stay the course and continue with her much-criticized but vital economic policies, including the value-added tax (VAT) on oil and power, to allow the country to become food and energy self-sufficient.

"While we can take some comfort that our situation is better than many of our nations, there is no substitute for

Turn to Page 8

President Arroyo delivers her State of the Nation Address while Vice President Gloria Macapagal Arroyo (left) and Speaker Prospero Nograles listen at the Malacañan Presidential Palace yesterday.



SWS: GMA gov't gets lowest satisfaction rating since Marcos ouster

(Story on Page 2)