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AGENCY FOR INTERNATIONAL DEVELOPMENT

SPRING REVIEW

Country Papers  
Vol. 4

LAND REFORM

in the

PHILIPPINES

by

Harold D. Koone and Lewis E. Gleeck  
USAID/Philippines

June, 1970

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## LAND REFORM IN THE PHILIPPINES

### I. SUMMARY

Philippine land reform may be said to have begun in 1903 when the United States Government purchased some 1,500 hectares owned by the Spanish Friars. The American Congress had a year earlier signified its intention of encouraging independent farmers rather than tenancy in the Philippine Organic Act, which offered public land for homesteading and limited the size of agricultural lands from the public domain. Nonetheless, tenancy rates rose from 3% in 1903 to 22% in 1918, 35% in 1952 to 45% to 50% at present.

There were peasant revolts in the 1930's, in large part motivated by unsatisfactory tenurial conditions and landholder abuses, and in the last years of the Commonwealth, President Quezon obtained legislation which provided for a more equitable sharing of the farmer's product and for the expropriation and division of large estates. This legislation remained largely ineffective, as it was without self-implementing or enforcement provisions.

Wartime resistance to the Japanese in the Central Luzon provinces saw the organization of large numbers of Filipino tenant farmers into the Communist-led Huk movement. These provinces were the rice bowl of the Philippines, and tenancy rates were highest there. After liberation, the Huks elected sympathizers to Congress, but they were denied their seats on the grounds of election terrorism. The Huks then turned to armed revolt, which reached the outskirts of Manila before it was turned back by Ramon Magsaysay, President Quirino's

Secretary of Defense. Quirino's own efforts in the area of land reform were minimal.

The United States government was drawn directly to the field of land reform as a result of the studies of the 1950 Bell Mission, which recommended U.S. government assistance to the Philippines if the Quirino administration would adopt certain tax legislation and other reform policies. The MSA's Robert Hardie, who had helped to administer Japanese land reform, wrote an aggressive report urging drastic land reform, but no legislation was introduced until Secretary Magsaysay, whose campaign had urged land for the landless, became President on January 1, 1954.

In 1954 and 1955, Magsaysay persuaded his Congress, over landholder opposition, to pass four pieces of legislation which the U.S. MSA Mission had helped prepare. As finally enacted, the proposed legislation was weakened, the program was under-financed and poorly administered, and in places it was corrupt. Nonetheless, there were some improvements and better enforcement, and as long as Magsaysay was alive, the cooperative institutions established by his legislation functioned efficiently. Following his death, the program collapsed.

In 1963, with tenancy rates in Central Luzon ranging from 70% to 85%, President Macapagal, who had also promised land reform in his election campaign, succeeded in persuading the Philippine Congress to pass well studied and comprehensive legislation. The balance of political forces had shifted sufficiently that landlord resistance might

have been overcome if the program has not been under-financed, imperfectly administered and frequently used as a vehicle for political ends rather than for the achievement of economic and social objectives. After initial successes, it finally broke down. When President Marcos assumed office in 1965, he continued the program, but with the proclamation of far more land reform areas than could be financed and with unsolved management and administrative problems, the program has continued to stagnate, and its effectiveness has been watered down.

## II. PRE-REFORM PERIOD

### A. Introduction: Economic and Political Background

In a publication of the Governor of the Philippines' Office of the Economic Coordinator dated April 1951, the historical origin of the agrarian problem in the Philippines was well set forth as follows:

"Historically, Philippine agricultural tenure has been largely of a feudal character. The landowner, called 'cacique', and the tenant, known as 'aparcerero' or 'Masama', operated under a well-established crop-sharing system sanctioned by ancient tradition. The landlord had his obligations as well as his privileges. He carried his tenants through crop failure, he was their banker, their baptismal and wedding sponsor, and he helped them when disaster struck. This system worked without general complaint only so long as farming met the needs of the subsistence economy then prevailing.

"At the turn of the century, after American occupation, the social usefulness of this feudal system began to fall apart. The campaign for higher living standards and the spread of general education created new needs that only money could satisfy. The farm system gradually approached that of a money economy. This shift was accelerated with the sudden expansion after 1909 of the sugar industry, which in Luzon saw much rice land converted into sugar fields.

"During the present century, opportunities for gainful employment in the cities expanded. Many sons of tenant farmers accumulated enough capital to become landowners themselves. Many of these 'newly-rich' landowners inherited none of the tradition of noblesse oblige which the old cacique families observed. To them, the relation between landlord and tenant often became one-way traffic to the advantage of the landlord. This attitude added to the growing discontent among tenant farmers. Under the new economic and social conditions, which came into being, not only was the tenant farmer's cash income inadequate, his farm became substandard even as a subsistence unit.

"In the highly developed and thickly populated grain regions agrarian unrest was further aggravated by population

pressures. With a high birth rate, a drop in infant mortality, and a longer life expectancy, tillable land in these areas could not support the growing population."

Dr. Carl J. Pelzer, who in 1952 was serving as a staff member of ECA in Manila, in Chapter IV of his 1945 book Pioneer Settlement in the Asiatic Tropics, described the U.S. and Philippine public policy on land tenure as follows:

"Long before agrarian unrest had become a major social problem in the Philippines, public policy had been expressed as favoring the development of a broader base of land ownership, with the object of developing a large population element of independent working farmers, instead of tenant farmers. This principle was early expressed by the U.S. Congress in the Organic Act of 1902, regulating the disposal of the public domain. It provided for homesteading, and it limited the size of agricultural public lands which could be acquired.

"Immediately thereafter came the Friar Lands Purchase, to relieve discontent among the tenants on land owned by various religious orders. Over 153,000 hectares were included in this purchase, and practically the entire area has been sold and the Friar Lands Purchase Bonds paid off.

"Public land distribution became more strictly limited under the Jones Law and the new Public Land Law adopted thereunder.

"In 1936, when the Philippine Constitution came into effect, public policy was even more clearly expressed as to land tenure. This policy was not a policy suggested by the United States. It was a clear indication of public opinion on the part of the people and their leaders, and was based on historical urges. Not content with the regulation of public lands, the Constitution took cognizance of the growing socio-economic problems which flowed from the antiquated tenancy relationships which failed to meet the changing needs of the times. Provision was made for the expropriation of landed estates for resale, and for the limitation in size of agricultural lands or private ownership.

"Shortly after the Commonwealth came into being, the Rural Progress Administration was organized in 1939, under

Commonwealth Act No. 530, establishing assessed values as the prima facie value for expropriation purposes."

The humane issues of equity and enfranchisement dominated the movement for land reform in the Philippines before the war. This continued down into the Fifties. Although AID-predecessor agencies had compiled some material on agricultural production and employment, it was not until scholars such as Frank Golay had called attention to the overall questions of agricultural production, productivity and employment in the Fifties that these economic questions began to receive attention equivalent to the moral issues. By the Sixties, the spectre of runaway population growth and pressure from increasingly impatient, capable and highly-trained technocrats inside and outside the government demanding more satisfactory national economic growth, had on the one hand produced the first comprehensive legislation, while on the other, public discussion on land reform, though indecisive, involved all the relevant factors.

American political dependence on landlords during the early years of the regime, and the rapid growth of Philippine exports of sugar, abaca and coconut oil following the opening of free trade between the United States and the Philippines in 1909 dissuaded the American colonial government, despite frequently expressed interest and activity of American high officials on behalf of the under-privileged, from actively pursuing land reform. It did, however, promote homesteading and colonization,

as legislation passed in 1919 and 1929 bear witness.

The first Filipino legislative initiative was taken in 1933, when Senate President Quezon, reacting to the inequities of tenancy contracts in the rice and sugar areas of Central Luzon and Negros pushed through legislation dividing the product between tenants and landholder. This legislation, however, like most of the succeeding acts down to 1955, lacked provision for implementation or enforcement. After the inauguration of the Commonwealth, President Quezon emphasized a "social justice" program, which found expression in the Acts of July 11, April 18, 1938, and August 23, 1938, authorizing the President "to purchase, either by negotiations or through expropriation proceedings, homesites, on large landed estate for resale to occupants," and also to sublet to tenants. Additional legislation in 1939, 1940, and 1946 tended to emphasize the social justice theme, and the legislation under Magsaysay in 1955 and 1956, though it had the benefit of much information compiled by American government experts, treated the problem primarily as one of equity, adding more effective provisions for enforcement.

Most of the American government studies were prepared in 1952-54. At times perhaps needlessly militant, they nonetheless provided much useful economic information. Their authors had no doubts that the key issue was land reform, and drawing on their own experiences in Japan and Taiwan, they took for granted that the proper way to proceed was to take over the large estates

by negotiation or expropriation and to distribute them to tenants who aided by government credit and technical advice, would become independent farmers. Their studies made it clear that if tenancy was the key problem, it was localized both as to crop and to region: the central rice growing provinces of Luzon, Bulacan, Pampanga, Nueva Ecija, and Tarlac, where tenancy rates ranged from 55-70%. This was also the area of the farmer revolts of the 1930's and Huk strength in the 1950's and 1960's. The problems of Negros in the south - center of the archipelago, the center of sugar culture, though the incidence of tenancy was high, were mainly those of securing a living wage and tolerable working conditions for agricultural laborers.

The basic problem of Philippine agriculture in the late Fifties, however, Golay pointed out, was poverty. With upwards of 70% of the population dependent upon agriculture for a livelihood, less than 40% of the national income was drawn from agriculture. Golay linked this poverty with (a) low productivity of both land and labor, (b) concentration of land ownership, widespread absentee landlordism, and high rates of tenancy, (c) organization of production into small-scale, technologically backward units, and (d) relatively high land values. Thus, in effect, Golay concluded that the principal problem of agriculture in the Philippines was not primarily agrarian reform, but low productivity, though he by no means excluded the possibility that land reform could result in increased productivity.

Continued dissatisfaction with inefficiency and corruption in government and in inequitable distribution of income particularly to tenant farmers sustained the humane motivation for land reform from 1958 to 1963, but increasing knowledge of the interaction of the agricultural and industrial sectors, growing awareness of the population problem and the increasing influence of government planners determined to modernize the economy tempered the heretofore largely emotional dedication to land reform. With a new reform-minded President at the helm, these elements combined to produce a comprehensive Land Reform Code which involved a balance of humane and economic considerations.

B. Land Tenure Structure

1. Characteristics

The 1960 agricultural census showed 2,166,216 farms with a total area of 7,772,484.6 hectares. The greatest number of farms were between one and two hectares in size; the average size farm was 2.9 hectares (1969). Farms smaller than 4 hectares made up 74% of the total number of farms.

According to the 1960 census, the pattern of tenancy had not changed since 1948. Out of the 2,166,216 total 967,725 (44.7%) farms were operated by full owners; 310,944 (14.4%) by part owners; 248 (0.1%) by farm managers, and 864,538 (39.9%) by tenants ("others" - 0.9%). In longer range terms, however, there has been a steady growth of tenancy: from 3% in 1903, 22% in 1918, 35% in 1952 to probably 45% to 50% at present.

Farm tenancy is highest in rice farming (48.1% of the total number of farms), which is concentrated in the Central Luzon provinces. There, the 1960 tenancy rate was 85.2% in Pampanga, 76.3% in Nueva Ecija and 69.1% in Bulacan. Out of a total 1,041,882 rice farms in 1960, only 1,042 were larger than 200 hectares and 4,688 were over 50 hectares. Farms over 500 hectares accounted for 373,985 hectares out of a total hectareage of 3,112,131. The largest number of rice farms (330,667, or roughly one-third) were from one to two hectares in size: the second most numerous were from two to three hectares (249,412).

Nearly one-third of the tenants were related to their landlords, who usually lived on their property, although some of them lived in Manila, a distance of less than a hundred miles, visiting their properties weekly or monthly. Before 1963 leasehold arrangements were seldom registered or protected. A 1952 survey (McMillan) showed that 46% of the tenants succeeded relatives who had lived on the same farm previously.

## 2. Changes

Golay<sup>1</sup> described the principal changes which occurred from the time of liberation through 1954 as follows:

"Before it was dissolved in 1950, the Rural Progress Administration had acquired a total of 37,747

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<sup>1</sup> Frank H. Golay, The Philippines: Public Policy and National Economic Development (Cornell University, 1961), pp. 273-277.

hectares, equal to approximately 2 per cent of the area of tenant-operated farms in 1948. The RPA received no new appropriations in the postwar period. Land acquisitions by the RPA depended upon loans by the government-owned Philippine National Bank and the Rehabilitation Finance Corporation. It was expected that the payments of new owners-cultivators would maintain a revolving fund for continuing land redistribution. During the postwar period, however, RPA operating expenses were approximately equal to laggard collections, and the capital assets of RPA drained away. Though the rate at which estates were purchased was slow, distribution was even slower, and during the four years ending June 30, 1950, only 641 patents of title were issued. During the remaining years of the Quirino administration land reform was dormant as Congress refused to appropriate funds for this purpose. Distribution of titles to land previously acquired continued at low levels . . .

"In March 1954, after the inauguration of President Magsaysay, an Inter-Departmental Committee on Land Tenure was created . . . The Committee's proposal called for the creation of a land tenure authority with power to purchase estates through negotiation or expropriation. Compensation could take the form of (a) interest-bearing amortized land certificates, redeemable in 25 equal annual payments, (b) non-negotiable fixed maturity land certificates, also interest-bearing and redeemable in full after 25 years, and (c) negotiable land certificates payable to bearer on demand when presented at the Central Bank. Owners accepting negotiated purchase could receive a maximum of 50 per cent in legal tender or negotiable certificates, the rest to be paid in non-negotiable certificates. Tenants to whom the estates would be sold would assume an obligation to repay to the government, in 25 equal annual installments, the full cost of the land plus 1 per cent of the price to cover administrative cost plus 6 per cent interest.

"No action was taken by the landlord-dominated Congress in the regular session of 1954. In the regular session in 1955 the Senate passed a land reform bill, but the House of Representatives adjourned without acting on the administration's proposal. President Magsaysay called a special session of Congress in July 1955 to consider the land reform bill as well as

other urgent legislation. The Land Reform Act, Republic Act No. 1400 of September 9, 1955, was enacted in the closing hours of the special session."

None of this was likely to accomplish much, Golay

continued:

"The original intent of land reform has been circumvented by far-reaching congressional changes in administration proposals. The administration proposed that the landowner be permitted to retain 150 hectares, but the legislation provides for the acquisition of land only in excess of 300 hectares of contiguous area." The opportunity to frustrate land reform by minor sales of land to break up contiguous holdings is obvious. Another consequence of this change will be to minimize acquisition proceedings, which must be initiated by petition of a majority of the tenants of the whole estate. Inasmuch as the large exemption reduces very significantly the proportion of tenants who might conceivably benefit from acquisition, the number of petitions will be reduced.

"Equally important were changes in the method of compensation of landowners. All mention of fixed maturity or amortized land certificates was deleted, thus placing compensation, in effect, on a cash basis at the discretion of the estate owner. Moreover, issuance of land certificates by the Central Bank is limited to ₱60 million in the first year and to ₱30 million thereafter. During the first year less than 1 percent of the authorized amount was issued."

Golay describes the activity of the Land Tenure

Administration (LTA), the administrative agency of the Land

Reform Act:

"The three-man administration was appointed by the end of 1955. Within one month, the LTA had compiled a list of 82 petitions for expropriation. At the end of June 1956, the LTA reported having 251 petitions for expropriation, 60 of which had been investigated. As of June 20 of that year, only one

agricultural estate -- of 508 hectares and worked by 187 tenants -- had been purchased by the government. At least eight estates were subject to final negotiations preliminary to purchase, and by September expropriation suits had been filed against 11 more landowners. In January 1957 expropriation of 7 additional estates totaling more than 3,400 hectares was approved by the cabinet ....

"The LTA has also been besieged by offers of landowners to sell directly and by tenant petitions initiated with landlord connivance and reflecting landowners' desires to sell underdeveloped or low-yield land at favorable prices. Over 42 per cent of the estates offered for sale were outside Central Luzon. However, the LTA has husbanded its resources and concentrated its activities in Central Luzon."

Golay summarized: "Effective land reform is still ahead in the Philippines."

Effective legislation would be delayed until 1963, and effective reform is at this writing (February 1970) yet to come.

### C. Land Resources Information

#### 1. Land Availability

"Philippine agricultural development over the first 60 years of this century essentially was a process of bringing land under cultivation at a rate approximating that of population growth. In the aggregate, yields of rice and corn plantings were stable and, therefore, per capita output remained stable. Beginning in the late 1950's expansion in land under cultivation declined to a minor fraction of the rate of population growth."<sup>2</sup>

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<sup>2</sup> Rice plantings have actually declined by about five per cent from peak levels of crop years 1959 and 1960. One source has suggested that the decade of the 1960's may see the closing of the "frontier" of land settlement. See International Rice Research Institute, Annual Report, 1965 (Luzon Banos: IRRI 1966), pp. 296-297.

"Reliable soil surveys exist for the seven major river basins containing the major portion of Philippine alluvial soil resources suitable for irrigation and lowland rice cultivation.<sup>3</sup> These basins include 8.3 million hectares or 28 per cent of the land area of the Philippines. Within these basins, land of soil classifications I, II and III (gradients under 25 per cent and with structure suitable for lowland rice cultivation) total about 3.1 million hectares.<sup>4</sup> Although estimates of the area in soil classification I, II and III, for the entire country are unavailable, it is unlikely that the total would be more than three times the area of such soils in the seven major basins.<sup>5</sup>

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- 3 U.S. Department of Interior, Bureau of Reclamation, Central Luzon Basin (Preliminary Draft), April 1966, A Report on the Cagayan River Basin, December 1966, A report on the Cotabato River Basin, November 1966, The Bicol River Basin (Preliminary draft), October 1966, and the Ilog-Hilabangan River Basin (Preliminary draft), November 1966. The Central Luzon includes the basins of the Pampanga River System and that of the Agno River.
  - 4 In the seven major river basin the area of Class IV soils totals about 4,204,000 hectares and 860,000 hectares are unclassified. Class IV soils are defined as "lands which (a) have no agricultural value in the immediate future, (b) are not readily accessible for orderly examination, (c) are used for dumping of waste materials, (d) are severely eroded, and (e) swamp lands."
  - 5 DANR, HANDBOOK OF AGRICULTURE, 1959, Table 1.8 presents an estimate that the "total potential agricultural area" is 17.2 million hectares. Since the concept is undefined, it is not possible to assess the significance of this estimate. Clearly it exceeds the area of soils in Classifications I, II and III.

Moreover, a Philippine relief map will readily confirm the impression that the proportion of less suitable class III soils (gradients between 3 and 25 per cent) is much higher for the country generally than for the major basins.

"In other words, the area under cultivation in the mid-1960's (excluding the area planted to second crops) of some 7.5 million hectares is probably approaching the limits of the area suitable for agriculture with gradients under 25 per cent. To the extent that the foregoing estimates are valid, it means that additions to the cultivated area in the future are going to consist of rougher lands generally unsuitable for lowland rice cultivation.

"To estimate the role of land inputs in the development of the Philippine rice economy over the 25 years following 1965, we assume that the additional area brought under cultivation (excluding the area planted to second crops) will increase one per cent per year, a total expansion of 2.1 million hectares. The area under cultivation (exclusive of second crops) in 1990, therefore, will total 9.6 million hectares as compared to 7.5 million in 1965.

"Population growth will be the basic determinant of the allocation of agricultural land to alternative uses in the future, as it has been in the past, and population growth will maintain pressure to increase plantings of rice

and other cereals which contribute the basic energy calories required by the Philippine population. The influence of population growth will be reinforced by other factors including new high-yielding varieties which will improve the relative productivity of resources in rice production and will tend to divert resources, including land, to rice production. On the other hand, requirements of foreign exchange, relative price movements reflecting improved productivity in rice production, diversion of consumption expenditures to foods other than rice as per capita real income rises, and urbanization may moderate pressures on rice supplies and divert land resources to production of other crops."<sup>6</sup>

Very little productive land remains in the Philippines that is virgin territory. The government owns sizeable area of lands, mostly in remote areas which are theoretically suitable for cultivation but, in most cases there are squatters or settlers in smaller or larger number on most of the lands. Thus, although most of this land is underutilized, it does not offer attractive opportunities for settlement or colonization as part of a land reform program. Furthermore, these lands are far from the principal areas of land reform and are relatively inaccessible.

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6 Rice and People, by Golay, F. E. and Goodstein, M. E. (March 1967), pp.65-66.

2. Classification

Most of the lands encompassed in the present land reform area have been classified according to land type (soil type and gradient) and according to use. There is a reasonably good basis for assessing the relative agricultural value of different plots. Aerial photographs of the area were made within the past 5 years but little use has been made of them to date.

3. Identification and Titling

A report from the Bureau of Lands of November 1967 reveals that since the start of its operations on September 2, 1901 the Bureau has surveyed about 10.8 million hectares which represents 36.1% of the 30 million hectare Philippine land mass. Of the surveyed area, 3.8 million hectares divided into 896 thousand lots have been delineated through public land surveys and awarded to qualified applicants. There remains about 19 million hectares of public lands. According to the report, the 19 million hectare includes land claimed as private property and/or occupied by squatters. Based on information available, the authors were not able to determine with any accuracy the area which had been surveyed prior to 1955. We have reasons to believe, however, that the rate of accomplishment has not increased appreciably over the past 25 years or so.

Based on the available information, the Central Luzon area, which comprises the bulk of the land reform provinces, has had a higher proportion of land surveyed than is true for the country as a whole.

The Philippines uses the Torrens System of titling. According to Bureau of Lands records, approximately six million hectares (20 per cent of the total area) of land in the Philippines had been titled as of 1969. Approximately 19 million hectares of public lands must be surveyed before titling. As in the case of cadastral surveys, the authors were unable to determine with any accuracy the extent of titling before 1955, but indications are that the rate of progress has not changed perceptibly for the past 20 years or so.

D. Rural Production and Productivity

As in the case of many former colonies, Philippine agriculture has two distinct sectors: That producing for domestic consumption (rice, corn, sweet potatoes, fruits, etc.) which occupies 80% of the area under cultivation, and that producing for export (coconuts, sugar, abaca, pineapple, etc.) accounting for 20% of the cultivated area. Golay notes that agricultural productivity has been limited both by population increase which has outstripped employment opportunities and the availability of land suitable for cultivation.

"The majority of Filipinos are dependent upon agriculture for a livelihood, and though agricultural production has shared in the postwar expansion in output, per capita output of agriculture has only recovered to 1934-38 levels .... combined with the relative stability in the proportion of the population engaged in agriculture, .... the productivity of human resources engaged in agriculture has increased modestly if at all."

From 1910-1919, imports of milled rice amounted to approximately 30 percent of estimated production during the period. During the decade of the 1920's, expansion in the area per capita planted to rice accelerated, and dependence upon imports declined rapidly, averaging 3.3 percent of estimated domestic production. During the thirties, imports dropped further, averaging about 2.5 percent of domestic production.

In the case of corn, the second most important food crop, which occupied about one-third of the area of rice, per capita plantings remained quite stable throughout the 30 years prior to World War II. Yields were equally stable, and the Philippines remained self-sufficient in this cereal, which provided from one-sixth to one-eighth of the cereals consumed over the period. It is estimated that plantings of other food crops, root crops, vegetables, fruits and other perennial crops, occupied approximately 10 percent of cultivated crop area prior to 1950.

Tables 1 and 2 give additional data relative to area and yields planted to rice and corn for the period 1910 to 1968.

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7 Golay, op. cit., p. 107.

TABLE I

Philippines: Area Planted to Rice and Yields, 1910-1965

<u>Crop Year of Average for Period</u>	<u>Hectares</u>	<u>Rice Area Hectares Per Capita</u>	<u>Yields Palay kg./Hectare</u>	<u>Area Planted to Rice and Corn Hectares Per Capita</u>
1910-14	1,140,194	.133	757	.173
1915-19	1,251,342	.127	960	.171
1920-24	1,650,636	.151	1,102	.201
1925-29	1,770,180	.145	1,199	.188
1930-34	1,848,558	.135	1,188	.175
1935-40	2,005,240	.129	1,104	.177
1946-47	1,879,600	.106	984	.151
1947-48	2,026,380	.106	1,111	.149
1948-49	2,164,100	.110	1,106	.154
1949-50	2,214,000	.109	1,151	.154
1950-51	2,251,800	.108	1,177	.153
1951-52	2,466,040	.115	1,162	.163
1952-53	2,655,000	.120	1,148	.169
1953-54	2,645,440	.116	1,184	.165
1954-55	2,655,540	.113	1,203	.172
1955-56	2,742,480	.113	1,206	.182
1956-57	2,768,120	.111	1,194	.182
1957-58	3,154,100	.122	1,016	.176
1958-59	3,329,410	.125	1,107	.204
1959-60	3,306,460	.121	1,131	.181
1960-61	3,197,750	.113	1,159	.185
1961-62	3,179,190	.109	1,230	.178
1962-63	3,161,320	.105	1,255	.169
1963-64	3,088,000	.099	1,244	.159
1964-65	3,200,000	.099	1,248	.158
1965-66	3,109,200	.094	2,104	.158
1966-67	3,096,100	.090	2,115	.152
1967-68	3,303,700	.091	2,355	.156

TABLE 2

Philippines: Area Planted to Corn and Yields, 1910-1965<sup>8</sup>

<u>Crop Year of Average for Period</u>	<u>Corn Area</u>		<u>Yields Shelled Corn kg./Hectare</u>
	<u>Hectares</u>	<u>Hectares Per Capita</u>	
1910-1914	347,242	.040	642
1915-1919	430,642	.044	969
1920-1924	544,178	.050	774
1925-1929	530,210	.043	816
1930-1934	557,368	.041	667
1935-1940	723,992	.046	605
1946-1947	812,300	.046	581
1947-1948	826,490	.043	628
1948-1949	866,200	.044	617
1949-1950	909,000	.045	631
1950-1951	953,170	.046	633
1951-1952	1,043,970	.048	730
1952-1953	1,101,250	.050	644
1953-1954	1,120,000	.049	697
1954-1955	1,388,000	.059	555
1955-1956	1,675,000	.069	542
1956-1957	1,787,000	.071	501
1957-1958	1,381,000	.054	617
1958-1959	2,107,000	.079	482
1959-1960	1,846,000	.067	631
1960-1961	2,046,000	.072	591
1961-1962	2,016,000	.069	628
1962-1963	1,950,000	.064	653
1963-1964	1,898,000	.061	681
1964-1965	1,923,000	.059	683

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<sup>8</sup> DANR estimates, for production, area planted and yield series, 1910-1954, See DANR, Philippine Agricultural Statistics, Vol. 1 (Manila, 1955) Production and area planted series for subsequent years from IRRI, compilation, op. cit., Tables 1 and 2.

E. Rural Population, Employment and Underemployment

Underemployment and unemployment have for many years characterized the Philippine agricultural labor force. Small farm size, limited land use and the one crop farming system, a lack of rational farm planting, a shortage of occupational experience, inadequate specialized vocational skills, limited education, over-supply of labor on small farms, limited resources, the seasonal nature of farming -- all contributed to farm labor underemployment and unemployment.

According to a 1955 study by the U.P. College of Agriculture, the typical farmer spent 5.3 months working on his farm, 2.1 months in off-farm employment, and 4.6 months in virtual unemployment. The farm thus provided productive labor for less than half the year. Family members other than the operator supplied a potential labor force of 16.3 man-months. Less than one-fourth of this found productive labor on the farm, one-fourth had opportunities for off-farm labor, while more than half of the potential labor force had no gainful employment. Thus, operators and family members together supplied the equivalent of 28.3 man months of potential labor force of which only 8.9 months were utilized in productive farm labor, 6.2 months for off-farm employment opportunities, and 13.2 months remained idle.

Unemployment or underemployment was a major cause of low farm income, leading to the inefficient use not only of

the land but other resources. There are few places in the world, if any, where farmers who are idle most of the year and who produce only one particular crop a year can support their families at an adequate level of living.<sup>9</sup>

F. Income Distribution

Information on income distribution is scarce. Farm income was estimated at just under ₱1,000 in 1955 and 1957:

According to a 1955 survey of 5,172 farms in 25 of the 53 Philippine provinces, family farm labor earnings averaged ₱375; family income from all sources was ₱982.<sup>10</sup>

In a survey conducted two years later, the National Economic Council of the Philippine Government found practically the same low income of ₱989 for rural households of six persons.<sup>11</sup>

Rice farmer income was estimated by Hardie in 1952 as ₱440 per annum: average yield per hectare (20 cavans) x 2 hectares (average size of individual farm) x ₱11 per cavan (government price).

Using the same formula for 1969 yields a figure of ₱1,152 (36 x 2 x 16).

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9 Agricultural Credit in the Philippines 1960, p.30

10 H. and J. Von Oppenfeld, et. al., "Farm Management, Land Use and Tenancy in the Philippines." Central Expt. Sta. Bul. 1, 1957, p. 66.

11 The Philippine Statistical Survey of Households, Series No. 4 "Family Income and Expenditure," 1958, p. 4.

Ref: The Pilot Study in Farm Development p. 1.

G. Supplementary Services and Supplies

1. Information

In 1923, the Agricultural Extension Division was created as part of the Bureau of Agriculture. In 1929, the Bureau was split into the Bureau of Plant Industry and Bureau of Animal Industry. The Agricultural Extension remained with the former and the latter subsequently organized an extension program to promote the livestock industry. A number of other administrative changes were made in the following two decades but, in general, agricultural extension as known today remained quite weak and highly proliferated until 1952, when the Bureau of Agricultural Extension was created. All agricultural extension services were consolidated and placed under the Bureau at this time. The Bureau of Agricultural Extension continued until 1963 when it was transferred from the Department of Agriculture to the Office of the President and renamed as the Agricultural Productivity Commission (APC). The personnel complement of the APC, by 1963 numbered approximately 4,000, of which approximately 2,500 were stationed in the provinces as extension agents of one sort or another. At that time, the ratio of extension agent to farmer was approximately one to one thousand.

The Bureau of Plant Industry has played an important role in plant research since the early 1900's. The U.P. College of Agriculture has also played an active role over most of this period. Prior to the mid-1950's, however, most agricultural research dealt with adaptive trials of varieties and techniques which had been established outside the country, and in most cases outside the monsoon tropics. A sprinkling of minor successes - development of new varieties, techniques, etc. -- occurred, but no real breakthrough was made until after World War II when hybrid corn was developed. This effort was facilitated through the introduction of germ plasm from Mexico and other countries. These early hybrids were later replaced by a number of synthetic varieties. A number of rice varieties were developed and named in the late 40's and 50's. For the most part, these were developed through crossing introduced varieties with native varieties. It was not until the 60's, however, that a dramatic breakthrough occurred in rice varieties.

Communication deficiencies, low educational levels and dialect differences in the pre World War II period limited the extension of new agricultural discoveries and techniques. This was largely overcome by the mid-1950's.

4. Credit

Agricultural credit has and continues to be a major problem for the common Philippine farmer. Little or no

information is available on the overall supply of agricultural credit prior to the 1954-55 period. Prior to the mid-1950's, formal institutionalized credit to the small farmer was almost non-existent. Rivera and McMillan<sup>12</sup> reported in 1952:

"Among the 749 farmers in the sample, 89% borrowed during the crop year ending in 1952. The following percentage of farmers by tenure reported borrowings: full owners, 83; part-owners, 78; and tenants, 92."

Sources of credit reported by the authors were money-lenders, landlords, and relatives in that order. No loans were reported from banks. Regarding interest and repayment, Rivera and McMillan reported the following:

"According to reports of borrowers, no interest was charged on 42 percent of the loans made during the crop year ending in 1952. However, many of these farmers probably paid interest without knowing it, through changes in the price of palay.... One proof of this is suggested by the data, which shows that relatively more full owners than tenants paid interest and at higher rates, which seems very doubtful. Most landlords in the barrios surveyed charged interest on loans, though a few of them charged only for loans in excess of the five or ten cavans of palay advanced at planting time.

"Interest amounting to 50 percent of more of the amount borrowed was charged on at least one-fourth of all loans. From 20 to 49 percent was charged on an additional one-fourth of the loans studied. Interest charges amounting to less than 20 percent of the principal were reported on fewer than one-tenth of all loans. Other data at hand indicate that merchant-moneylenders generally charge higher interest on loans than landlords.

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12 An Economic and Social Survey of Rural Households in Central Luzon, p. 101-103.

"Of 990 loans to farmers in the sample, nearly three-fifths were repaid in full at the end of the crop year. Another one-seventh, or 15 percent of the loans were repaid in part. More than one-fourth, or 26 percent were unpaid. Larger proportions of loans amounting to less than ₱100 than of those totalling ₱100 and over were liquidated completely. As loans increased in amount, especially those totalling ₱400 and over, the proportions repaid in part tended to increase. What proportion of the loans will be liquidated finally is conjectural."

The common Filipino farmer has traditionally been a poor credit risk largely because of low production as compared to the consumption needs of a large family. Generally speaking the common farmer has been more lax in meeting credit obligations to the government or to a bank than in the case of the moneylenders or landlord.

The role of formal credit institutions changed somewhat beginning with the mid-50's.

### 3. Supplies

Since land reform efforts have been directed primarily to rice farmers and since the present proclaimed area is devoted mainly to rice production, this section is largely confined to rice.

Since 1902 the Bureau of Agriculture and later (1920) the Bureau of Plant Industry has supplied limited quantities of improved seeds of various food crops. The U.P. College of Agriculture and other agricultural institutions, to a lesser degree, have also played an active role. Because of limited

resources, however, only small quantities of improved planting materials were made available to a very few farmers. Prior to the mid-1950's, commercial seed producers hardly existed, and adapted seeds of improved quality were scarce. Seed distribution was largely accomplished by passing from neighbor to neighbor.

No pre-1950 data is available on the use of fertilizer, but indications are that its use was insignificant. The fertilizer administration of the Department of Agriculture and Natural Resources was created about 1950 and began fertilizer subsidies in conjunction with the U.S. Assistance Program. Approximately 600,000 metric tons of formulated fertilizer were imported in 1950-54. How much of this was used in the reform area is unknown, but it was probably during this period that fertilizer in appreciable quantities was first used for rice production. Sales, subsidized by approximately 50%, were made through government administered agencies. Neither cooperatives nor private industry supplied substantial quantities of fertilizers until about 1955.<sup>13</sup>

4. Infrastructure

In 1955 approximately 226,000 hectares were under irrigation in Central Luzon, of which 38,000 were irrigated for the second crop, making a total effective area of 264,000

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<sup>13</sup> The Philippine Fertilizer Industry - GROWTH AND CHANGE, IRRI Seminar November 16, 1968 - Hilda G. Cura.

hectares per year. Outside of Central Luzon, approximately 10,000 hectares in what is now proclaimed land reform areas were also under irrigation making a grand total of approximately 274,000 hectares. Data could not be located for the pre-1955 era. The irrigated area in 1955 represented about 40 percent of the area planted to rice in what is now the land reform area.

Roads in the pre-reform era (prior to 1955) in Central Luzon were better than for most other regions of the country though floods often interrupted traffic during the rainy season. The National Railroad also served the western part of the area.

5. Crop Procurement and Marketing

In the pre-land reform era (prior to 1955) the marketing of farm produce, especially rice (rough) was handled almost exclusively by efficient Chinese middlemen, who were usually the agents of millers. Few rice farmers by-passed the barrio buyers to sell directly to the miller. It was a common practice among these local traders to advance cash or goods to farmers during the production period, even before planting, to be repaid with interest at harvest usually in the form of palay. Such contracts, which gave the trader a tremendous bargaining edge over the farmer, were usually exploitative in the case of coconuts and other crops, but not in rice.<sup>14</sup>

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<sup>14</sup> See "Some Aspects of the Philippine Rural Economy," by Jose E. Veimonte, reprinted in Rivera and McMillan, The Rural Philippines, p. 215.

Even in the absence of any credit obligations or tenancy relationship, the buyer usually possessed enough power to be able to pay the farmer less than the competitive price.

During the period prior to 1955, prices of rough rice commonly varied as much as 50% from the low in December-January to the high of August-September. Tenant-farmers were usually obliged to sell at low prices and to buy back or borrow at high prices to tide them over until harvest time.

The tenant-farmer in Central Luzon during the 1951-1952 period actually sold only about six percent of his annual harvest. A large share went for payment of rent, repayment of loans extended by creditors, shares for harvesting and threshing and for family use. Rivera and McMillan's study of 1,103 farms in Central Luzon in 1951-52 (Table 3) showed that the crop was distributed as follows:<sup>15</sup>

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<sup>15</sup> Rivera and McMillan, An Economic and Social Survey of Rural Households in Central Luzon, p. 68.

Table 3 -- Disposal of Palay Produced During Crop Year 1951-1952  
in Nine Barrios by Tenure of Farmer

(Complete Enumeration)

Disposal of Palay Produced	Total	Full Owners	Part Owners	Tenants
Number of cavans produced	93,088	4,717	4,142	84,229
Total, percent	100.0	100.0	100.0	100.0
Rent	37.1	--	27.7	39.4
Repayment of loans and advances from landlord	7.9	0	10.9	8.1
Repayment of loans from other creditors	11.7	18.9	6.7	11.5
Harvesting and thrashing	12.2	14.7	11.8	12.0
Sold by operator	6.0	17.1	5.0	5.7
Kept for seed	2.7	3.5	3.8	2.6
Used by farm household	20.1	41.0	31.2	18.5
Other	2.3	4.2	2.9	2.2

## H. Peasant Associations and Power

### 1. Coops and Other Associations

Given the widespread Filipino tradition of joint voluntary effort for such private projects as house building or community activities such as fiestas, it may seem curious that a strong cooperative movement has never developed in the Philippines. Apparently, its growth has been stunted by the stubbornness of the feudal tradition, the primacy of family loyalties, dialect differences, and a client attitude toward the government. Despite earnest organizational efforts based on a concept of class or national interest, results, except for short periods, have usually been only paper organizations. Outside forces such as the Communists and the Jesuits have succeeded for a time in organizing what amounts to labor unions among oppressed laborers or tenants, but none of them have been able to extend their influence beyond regional areas.

The government, which passed legislation providing rural credit in 1914, cooperative marketing in 1927 and a general cooperative law in 1940, has had little difficulty in organizing farmers into cooperatives for the purpose of the extension of credit, but the members, since 1913 accustomed to expecting favors from the government in return for their votes at election times, manifest little or no

self-reliance, or sense of obligation and loyalty to the organization. The cooperative is therefore, artificial, and seldom survives longer than the government pumps in resources and organizational effort. Thus it is meaningless to speak of any substantial economic role played by cooperative organizations before the mid-fifties. Bargaining strength, based on threats or violence by temporary organizations of local groups, however, has been exerted from time to time as set forth below.

## 2. Political Power

Historically, the first peasant association was officially founded in 1919. It was called the Union de Aparceros de Filipinas, headed by Jacinto G. Manahan of Bulacan. In 1922, when the union expanded its activities, its name was changed to Confederation de Aparceros y Obreros Agricolas de Filipinas. Two years later the name was again changed to Kalipunang Pampansang mga Magbubukid sa Filipinas (KPMP), the immediate predecessor of the post war KPM (Pambansang Kaisahan ng mga Magbubukid) or National Peasants Union which supplied most of soldiers of the Hukbalahap (Hukbo ng Bayan Laban sa Hapon) or People's Anti-Japanese Army.

During the same years, there were outbreaks by secret societies called Colorums in Mindanao, whose influence was reportedly felt in areas of agrarian discontent as far north

as Nueva Ecija, where the group planned to overthrow the government and was said to have had a carefully mapped-out scheme to divide the spoils if they succeeded.

The depression added to the miseries of the farmers, and on January 10, 1931, some two months after the open establishment (with the encouragement of American Communist agents), of the Communist Party in the Philippines, a peasant uprising occurred in Tayug, Pangasinan. The uprising was easily put down by units of the Philippine Constabulary, but was for a time widely believed to have been organized by the Communists. An important Communist leader of that date denied the allegation, pointing out that the local Communist Party was severely criticized by a foreign Communist critic for not providing the rebels with a 'definite and clearly defined revolutionary leadership.' What happened was that an armed bands of several hundred peasants briefly took over Tayug, one of the chief towns in Pangasinan. They succeeded in disarming the local unit of the Constabulary, and after hacking their officers to pieces, burned their barracks and the post office. The peasants also looted the City Hall and, significantly, destroyed the land records on file. After holding the city for 24 hours, they were overcome by Constabulary re-enforcements which killed many of their number. At the time, most official agencies attributed the incident to religious fanaticism, outbreaks of which under

local brigands assuming a religious role have been a recurring phenomenon in Philippine history.

Vice Governor Hayden, however, reviewing the events 10 years later, wrote:

"I doubt .... if you could find ten Americans in the islands who do not believe the poor peasants who rose against constituted authority were rebelling chiefly against 'caciquism,' agrarian oppression and Constabulary abuses. One Filipino newspaper strongly expressed this view, and Tomas Confessor, the outspoken Director of the Bureau of Commerce and Industry, told his people that this was the case, adding that dangerous discontent based upon oppression and injustice existed over large areas of the plain of Central Luzon."<sup>15a</sup>

Peasant dissatisfaction also contributed to the Sakdalista rebellion of 1935, although it was primarily a movement dedicated to the achievement of immediate independence and intensely critical of the corruption of Filipino politicians in power under the Commonwealth. The leader, Benigno Ramos, whom Senate President Quezon had discharged from a minor position in the Senate, proved himself a highly capable organizer and propagandist, and even attempted to obtain Japanese support for his movement. The revolt broke out on May 2, 1935, apparently timed to disturb if not block the national plebiscite called for approval of the new Philippine Constitution on May 14. Attacks, made on 14 towns in Central Luzon, were put down with a loss of 29 killed and 30 wounded against losses by the Constabulary of 4 killed and 11 wounded.

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<sup>15a</sup> Joseph Ralston Hayden, The Philippines: A Study in National Development (New York, 1942) p. 380

Extensive confidential interviews by American members of the Governor General Staff with survivors established that economic and social factors could not be established as the reason for the uprising, but

"that oppression and abuse by local caciques, whether officials, landlords, or usurers -- and the three are sometimes combined in one family -- was one of the causes ... is not doubted by those who know intimately the life of the area affected." <sup>15b</sup>

The years of the Commonwealth were not active ones for peasant organization, as the Communists were preoccupied with their United Front against Fascism and Quezon was pursuing his highly personalized program of social justice. In the course of this period, Quezon even won over Jacinto Manahan, the Communist head of the KPMP and organized a National Peasant Commission, but there is no evidence that the association was active or accomplished anything of value.

With rebellions unsuccessful and lacking representation in Congress, the peasant movement was without formal political power before the war. During the war, however, when their movement in Central Luzon was captured and organized by the Huks, they became a power militarily and potentially a political force of some magnitude, as they had far more votes than the land holders and their retainers in the Central Luzon and Negros Occidental areas. This was proven

<sup>15b</sup> Ibid., p. 398

in the first post-war election of 1946, when although their opponent Roxas was swept into office, the organized peasants succeeded in electing, by large majorities, six of their group to office -- they captured both seats in Pampanga and Nueva Ecija, and one each (of two) from Tarlac and Bulacan. Included among these six were two of the best known Communist leaders, Luis Taruc and Jesus Lava. All those elected had campaigned as members of the Democratic Alliance, which along with the peasants, included Communists and radical left elements in Manila. Two sympathizers, Alejo Santos of Bulacan and Vicente Gustilo of Negros Occidental, were also elected. When the Congress convened, however, it refused to seat the six members of the Democratic Alliance, Santos and Gustilo on the grounds that their election had been secured by force and fraud. This undemocratic step undoubtedly had widespread approval inside and outside the Congress, because of the fear of a Huk takeover, but it had the effect of again denying Congressional representation to the peasants of Central Luzon (and Negros Occidental).

The 1949 elections, which brought Quirino into office, were widely believed to have been rigged, and there was even an incipient rebellion in Batangas, home province of defeated Presidential candidate Laurel, but after he had counselled peaceful acceptance of the verdict, it collapsed. In Central Luzon the heartland of farm tenancy, the Huks (mainly composed

of farmers), were in open rebellion, which Quirino met first by amnesty, then by negotiation with the Huk leaders and finally, when the Huks refused to surrender their arms, into armed warfare. In this struggle, the regular Philippine forces floundered until the appointment of Ramon Magsaysay to the post of Defense Secretary. Combining what he called a policy of force and friendship, Magsaysay defeated them in the field and captured their leadership. This set the stage for his own efforts at land reform.

Magsaysay was supported by a new peasant organization, the Federation of Free Farmers, which had been organized in 1953 by Jeremias Montemayor, a Jesuit-educated labor lawyer and Dean of the Ateneo College of Law. Numbering probably 40,000 by 1957, it carried on a post-war tradition of militant Catholic labor organization among both the urban and rural workers.

### III. LAND REFORM PROGRAM

#### A. Legislation

There have been two major land reform acts in modern times. The first, in 1955, is associated with the name of Magsaysay and the second, in 1963, with President Macapagal.

Republic Act 1400, approved by President Magsaysay September 9, 1955, declared it to be the policy of the Philippine Government

"to create and maintain an agrarian system which is peaceful, prosperous, and stable, and to this end the Government shall establish and distribute as many family-size farms to as many landless citizens as possible through the opening up of public agricultural lands and the division and distribution of private agricultural lands where agrarian conflicts exist, either by private agreement with the owners or through expropriation proceedings."

The act established a Land Tenure Administration (LTA), to which the functions of the Division of Landed Estates in the Bureau of Lands were transferred. Its chairman and two members were to be appointed by the President, and it was funded by an appropriation of ₱100,000,000 out of the proceeds of bond issues for general public works authorized under R.A. No. 1000. Magsaysay appealed to rich landowners in Central Luzon to trade their haciendas for public lands in Mindanao, so that their properties could be divided up by the LTA among their tenants. Nearly all Magsaysay's program, however, would eventually fail. Despite his own personal integrity, it would also turn out to be saddled with graft and corruption, as one

of his closest associates, Manuel Manahan, in 1963 acknowledged on the floor of the Senate. Nonetheless, on January 28, 1957, President Magsaysay in his State of the Nation Address, delivered six weeks or so before his death, claimed significant breakthroughs and appealed for additional assistance:

"We have pressed our program of social justice.

"From the outset of our administration, we have emphasized the need for reforms and improvements in our land tenure system. Similarly, we have stressed the urgency of promoting the development of our rural communities.

"Through tenancy and land reform measures, we have improved the living conditions of our tenants and farmers. More than that, these new measures have opened up the path to land ownership. But ownership alone will not insure to the small farmer the full enjoyment of his land. For this, it is necessary that he should operate his farm efficiently. We have, therefore, redoubled our efforts in assisting him to become an efficient farmer.

"Since 1954, we have vigorously campaigned against the exploitation of tenants by their landlords. We are succeeding. We have helped the tenants secure a greater share of the fruits of their labors. Last year, the Court of Agrarian Relations was established. Within the brief period of its existence, this Court has shown its effectiveness in the settlement of tenancy disputes. This is a fresh advance toward agrarian peace.

"The rate of land resettlement and land purchase for redistribution has not reached our expectations. It must be accelerated. But in another phase of land tenure improvement --the issuance of land patents-- we have made unprecedented progress. The Bureau of Lands in the last three years granted a total of 124,200 land patents to qualified settlers. This figure is more than five times the total number of

land patents issued during the period from 1946 to 1953. This fact not only reflects our intensified efforts in public land distribution, but also attests to a significant advance in land reform. It means that we are setting up thousands of small independent farmers on land of their own, with the opportunity to work out a decent living for themselves and their families."

The Magsaysay land reform program was embodied in four pieces of legislation. Land reform experts working for the then MSA had helped prepare them all. These were R.A. 1160, passed June 18, 1954, which created the National Resettlement Rehabilitation Administration (NARRA), R.A. 1199, approved August 3, 1964, establishing the Agricultural Tenancy Commission (ATC), R.A. 1267 of June 14, 1955, setting up the Court of Agrarian Relations (CAR), and R.A. 1400 described above.

There was thus created a system of legislation which at the time was felt by both the American experts who had helped to frame it and the Filipino legislators who had approved it as adequate to support a genuine land reform. Landlords, to be sure, had held up the legislation for two years, and inserted into the act various provisions which had effect of blunting or in certain particulars even crippling the legislation. Nonetheless, had Magsaysay's career not been cut short, we are entitled to assume that Magsaysay's personal appeal and the momentum of the program might have overcome the landlords' resistance. Certainly the cooperative institutions, the ACCFA and the FaCoMas, got off to a fine start. By 1957, there were a quarter of million farmers in over 10,000 barrio belonging to 400 FaCoMas.

In June of 1954, 91% of the original ₱4,000,000 that ACCFA had loaned to FaCoMa members had been repaid, and the FaCoMas owned 158 warehouses with a storage capacity of three million cavans (1 cavan = 44 kilos) of palay and 105 rice mills with a milling capacity of 5-½ million cavans annually. Within a short time following President Magsaysay's death, however, the greatly expanded operations of the ACCFA and the FaCoMa soon deteriorated and became a symbol of corruption and inefficiency. An independent survey revealed extensive mismanagement. Of ₱86 million of ACCFA loans outstanding at the end of 1958, two-thirds were delinquent. Over four-fifths of the FaCoMas were operating at a loss. The record of the NARRA was also marred by corruption and inefficiency. By 1958, only 15,000 to 30,000 farmers had been resettled and each farmer had cost the government ₱10,000 to relocate. Vigorous leadership on the part of ATC and the CAR, however, had put teeth into the enforcement of some aspects of land reform.

Under the Garcia Administration (1957-61), the program again lagged, only to be renewed with vigor during the Presidency of President Macapagal (1962-1965), under whom a major piece of land reform legislation was passed in 1963. This law, the fruit of serious study and careful preparation, was principally the work of a very able young official, Sixto Roxas, Jr., who was also the author of President Macapagal's Five Year Socio-Economic Program. Senator Manglapus, the young, idealistic and articulate Catholic

politician presented, and with Roxas defended Macapagal's proposed legislation during many hearings and sessions of Congress. It was strongly supported by radical and reform elements as well as the young technocrats who hoped to modify both the economic and social systems through its operation. The conservatives in the Congress still opposed land reform, but they had come to believe that it was politically essential to pass new land reform legislation. They could not, however, be brought to approve the section continuing a land tax, and Senator Manglapus was informed that unless he agreed to the elimination of this section, the bill would not be reported out of committee. Macapagal eventually agreed, and after exhaustive debate and considerable amendment, as well as some claims that the legislation might be found unconstitutional, the bill was passed.

B. Institutional Arrangements

Congressional jockeying in support of agencies already involved in land reform activities and a prohibition against the discharge of any personnel already employed by these agencies resulted in a complex organizational structure. Apart from this basic weakness, all of the institutions established by the Act seemed well designed in themselves to achieve the purposes of the legislation.

The Land Authority (LA) was charged with establishing ownership cultivation and the economic family-size farm, with the power to expropriate and divide private agricultural lands

The Land Bank (LB) was to finance the acquisition of landed estates for division and resale, and the purchase of the landholding by the agricultural lessee from the landowner. The LB was authorized to issue bonds and preferred shares to raise money for payments to landholders. The Agricultural Credit Administration (ACA) was reorganized to align its objectives of stimulating the development and operation of farmers' production and marketing cooperatives. The Agricultural Productivity Commission (APC) was created, absorbing the Bureau of Agricultural Extension of the Department of Agriculture and the Agricultural Tenancy Commission of the Department of Justice to accelerate the improvement of farm productivity through extension activities. The Courts of Agrarian Relations (CAR) were to settle all agrarian disputes, violations of the Act and to hear expropriation cases brought to it by the LA. The Office of the Agrarian Council (OAC) was to represent farmers who were without counsel before the CAR. Above all these organizations was established the National Land Reform Council (NLRC), an ex officio organization, which was to lay out the land reform program under the act. This was composed of the heads of the LA, LB, ACA and the APC, together with a member of the minority party in Congress.

C. Program Objectives

The policy goals of the program was listed in Section 2 of R.A. 3844:

- (1) To establish owner-cultivatorship and the economic family-size farm as the basis of Philippine agriculture and, as a consequence, divert landlord capital in agriculture to industrial development;
- (2) To achieve a dignified existence for the small farmers free from pernicious institutional restraints and practices;
- (3) To create a truly viable social and economic structure in agriculture conducive to greater productivity and higher farm incomes;
- (4) To apply all labor laws equally and without discrimination to both industrial and agricultural wage earners;
- (5) To provide a more vigorous and systematic land resettlement program and public land distribution; and
- (6) To make the small farmers more independent, self reliant and responsible citizens, and a source of genuine strength in our democratic society.

At the time of the passage, a newspaper correspondent well summarized the 173 articles of the Act and some of the fears entertained by its sponsors:

"The original bill, drafted by a committee of experts at Macapagal's request, would replace all existing share tenancy with a system of leasehold and guarantee security of tenure for agricultural leasees. It would reorganize and strengthen the machinery for providing assistance to farmers in the form of credit and marketing and technical services. It would greatly expand the legal services available to tenants and small farmers and multiply the number of agrarian court judges. And it would raise the minimum wage of farm workers, and provide safeguards for their employment.

"Finally, the bill looked to an orderly transfer of lands from landlords to the actual tillers of the soil. In line with this objective, it proposed an overhaul of the land taxation system with a graduated upward revision of land taxes. The program hoped to bring about more realistic land values. At the same time, it would provide for a large-scale, integrated program of land redistribution and of land settlement.

"Under the bill as finally enacted, share tenancy is to be abolished... The guarantees for tenant and farm worker have been diluted somewhat, and the agrarian court has been decentralized to a degree that some agrarian leaders regard as ominous. To the dismay of the bill's sponsors, the chapter on taxation was dropped from the bill.

"But it was in the provisions on land redistribution that the original measure was most drastically revised, and it is this aspect of the bill that appears most vulnerable on constitutional grounds. While the original bill established a formula to be used by the courts in determining compensation for expropriated lands, the bill as enacted allows the court to use its discretion on this question. And whereas the original mode of payment for such lands was to be 10 percent in cash, 60 percent in redeemable bonds of the Land Bank to be created under the act, and 30 percent in shares of stock in the Bank, the final enactment gave the landowner an option on receiving stock. Moreover, while the original version would have exempted only twenty-four hectare lands, and given the Land Authority discretion in the matter of priority, the approved version raised this exemption to seventy-five hectares, and spelled out priorities based on aggregate area of lands."<sup>15c</sup>

Nonetheless, this was to be breakaway legislation. The program was based on careful study of many past attempts to deal with the problem and the experiences of successful programs elsewhere, notably in Taiwan and Japan. It sought, in the process of turning share tenants into first leaseholders and then owner-cultivators of family farms, to create an entire new social class of self-reliant and responsible citizens. Their increased prosperity

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<sup>15c</sup> Evening News, July 15, 1963

would offer markets for **expanding** industry, while growing political maturity would liberate rural society from the autocratic rule of the cacique. At the same time, the legislation sought to convert the large landholders into industrial shareholders and entrepreneurs by moving capital tied up in haciendas worked by tenants into industry on plantations worked by machinery. It sought to deal with all the key problems of land reform -- land classification, financing of land purchase, changing land tenure, farmer credit, agricultural productivity, enforcement and adjudication.

Objectives were not quantified in 1963, but when President Marcos became President in 1966, he announced that he would convert 350,750 tenants into lessees by the end of 1969. As of September 30, 1968, 13,377 farmers had obtained leasehold contracts, and on December 31, 1969, 28,616 farmers had such contracts.

D. Program Implementation and Enforcement

1. Redistribution of Land Ownership

It should be kept in mind that the 1963 act contemplated two separate and distinct approaches to land reform.:

- (1) the conversion to leaseholder and subsequently to owner of individual tenants in land reform areas.
- (2) the acquisition and distribution of public and private land. This, in turn involved two different procedures:

- (a) Proclamation of settlements from the public domain and purchase by the government of landed estates outside proclaimed areas;
- (b) Acquisition by purchase or expropriation of private properties which under the Land Reform Code of 1963 had been officially proclaimed as land reform project areas.

In the 1950s, resettlement of public lands and expropriation of landed estates represented the main thrust of Philippine land reform efforts. In the early 1960s, however, the Philippine Government conceded that the resettlement program, including the landed estates, was not an effective means of land reform. The Land Reform Code of 1963 with its emphasis on leasehold was therefore enacted. Although the old programs have been continued, the leasehold provisions of the Act have received the major emphasis.

The 17 settlement projects which form a part of the Philippine Land Reform Program were formerly public lands. A total of 400,000 hectares are involved, most of which were made available for the resettlement of landless farmers during the 1950s. The area was divided into approximately 30,000 farm lots and as of 1969 approximately 25,000 settlers had been located.

The 47 landed estates, which compose an area of approximately 66,500 hectares, although a few go back as far as 1918, were mostly purchased between 1950 and 1962. A total of 29,352 farmers

are reported to occupy these lands. An undisclosed number, however, have been allocated home sites only. These lands were purchased (and in a few cases donated) from the Roman Catholic Church and private individuals. Purchases were made both through negotiations and expropriation proceedings. For the most part, settlers were already on the lands at the time of purchase and very little relocation took place.

The resettlement projects were divided into parcels which on the basis of unknown standards or criteria were judged by an appointed team to be economic units. Since projects were in most cases located on undeveloped or underdeveloped lands outside of Central Luzon, the size of allotted parcels for settlers was larger than the prevailing tenant holdings for the Central Luzon area. Farm allocations usually averaged about 6 hectares. The responsible government agency (the Land Authority or its predecessors) was to develop the land and the necessary infrastructure for the settlement projects. This phase of the operation has lagged far behind the rather sophisticated plans. Some buildings were constructed by the government and some progress has been made in the construction of roads. Little has been accomplished in the construction of irrigation facilities.

Settlers are not charged for land or the cost of infrastructure facilities. They are charged for certain supplies and/or services provided by the Land Authority during the first two years of tenure (this may be extended in case of force majeure). They are given 10 years to repay such obligations, without interest.

Although most of the settlements were established in the 1950s, surprisingly few titles have been awarded to settlers. President Magsaysay claimed the issuance of almost 125,000 patents from 1954-57, but since 1963, according to available records, only 1,243 titles have been awarded. During the same period, a total of 4,127 settlers were allocated lands.

At the time of purchase, landed estates were usually fully occupied by tenants. Most of these were located in the rice producing areas of Central Luzon where tenant allocations averaged two to three hectares. Since 1963, a total of 4,236 hectares have been purchased by the Land Authority, which benefited 2,862 tenants. A total of 6,589 deeds of sale have been made since 1963 to farmers occupying land within the landed estates.

The Land Bank has purchased little to date but is slated to become the agency for land purchased under the Land Reform Program. From August 1966, when the Land Bank became operational, it has purchased only 1,551 hectares, consisting of 13 land holdings in Pampanga and Nueva Ecija. 327 tenants (of whom about 70 occupy home sites only) occupied the properties at the time of purchase and apparently no subdivision or resettlement actually took place. The Land Reform Project Administration is now preparing amortization schedules for the occupants. The Land Reform Code prescribes that payments are to be amortized over a 25-year period at 5% interest.

The Land Bank is now negotiating the purchase of an additional 5,000 hectares in Central Luzon. Such proceedings involve appraisal of the properties and price negotiations. In cases where sales cannot be negotiated to the satisfaction of the parties concerned, expropriation proceedings become necessary. These are time consuming, but they minimize the temptation of under-the-table deals between land authority officials and landlord.

2. Changes in Tenancy Systems

The Act of 1963 visualized a two-phase schedule which would transform tenant or share farmers first into bona-fide leaseholders and ultimately into owner-operators. The rights of leaseholders were explicitly spelled out in the Code. Maximum rentals for leaseholders were established as the equivalent of twenty-five per centum of the average normal harvest during the three agricultural years immediately preceding the date the leasehold was established, after deducting the amount used for seeds and the cost of harvesting, threshing, loading, hauling and processing, whichever are applicable.

The Act states that once an area is officially proclaimed as a land reform area, share tenancy automatically ceases. This has not happened. As of December 1969, approximately five years since the first proclamations, it was reported that only 28, 616 of 196,365 (15%) share tenants had been converted to leasehold agreements of one kind or another. Only 6,663 (3.4%), were written and duly registered. Approximately 2% were written but not registered,

and the remainder were oral, many of which probably will not meet the criteria specified in the Code. The 154 municipalities now under land reform were proclaimed in the following years:

<u>Calendar Year</u>	<u>No. of Municipalities Proclaimed</u>
1964	4
1965	8
1966	13
1967	1
1968	22
1969	86
1970	20

It is evident that there is a positive relationship between time of proclamation and percentage of conversion, i.e., municipalities proclaimed in 1964, 65, and 66 have relatively higher rates of conversion than do municipalities proclaimed in 1968-69. The conversion rate for municipalities proclaimed prior to 1967 is approximately 60% (including oral agreements) as compared to approximately 18% for the 1968 proclamations and a much lower rate for the 1969 proclamations. The time element, however, may not be as important as this data suggest, since the rate of proclamation has progressively slowed down during the past two years. The wholesale proclamations in 1969-70 were not accompanied by a corresponding increase in resources made available - especially legal services. This has watered down a number of activities, especially the conversion to leasehold. It appears that the easy cases were worked out early and the difficult ones remain. Many reasons for the slow conversion to leasehold are given. Some of the more common are (1) tenant fears of pressuring

landlords, (2) a paternal relationship between some landlords and their tenants, (3) an acute shortage of legal officers assigned to the field teams, and (4) tenant apprehensions that he will not be able to borrow the necessary money for production and other purposes from the Agricultural Credit Administration (ACA). Before the ACA will extend a loan to a farmer, a legal officer must certify that the farmer has in fact worked out a leasehold arrangement with the landlord.

From all reports, where leasehold arrangements have been finalized between leaseholder and landlord, they are adhered to. The bulk of the tenants in the proclaimed land reform areas who have not been converted to leasehold are generally operating on the typical 50-50 share basis.

3. Colonization (See also III-D-1)

A large portion of the 400,000 hectares now included in the settlement projects were, at the time of inclusion, virgin lands in the sense that they had not been cultivated systematically. Most of the area was in forest, although logging operations and slash-and-burn farming had occurred over portions of the area for many years. This was generally not true in the case of landed estates which, for the most part, are located in Central Luzon and had been utilized for rice culture prior to government purchase. Accomplishments of the settlement projects and landed estates can only be identified in general terms, i.e., number of tenants settled, area involved, etc. From the standpoint of having established

independent and economically sound farm family units, the projects, with possibly a few exceptions, have been unsuccessful. They may have provided some relief to the ever-mounting problem of land pressure but, over the long run, they have been expensive, and have done little to solve the land tenure problem where it is greatest. Furthermore, the government, especially in the case of settlement projects, appears to be making little headway toward the achievement of adequate performance standards which that would permit withdrawal.

4. Not Applicable.

5. Classification, Identification, and Titling

Little can be added here to what has been stated in Part II-C, 2 and 3, since the rate of progress has not changed appreciably for many years. It is worth mentioning, however, that soon after the enactment of the 1963 Land Reform Code, rather sophisticated plans were made to accelerate the rate of land classification, cadastral surveys, and titling. These plans envisioned the use of aerial photography and the latest techniques. From 1965 to 1969, 12.9 million hectares were photographed at a scale of 1 to 15,000 by a private contractor costing the Philippine Government ₱2.9 million. This area encompassed all of Central Luzon, Panay Island, Palawan and part of Mindanao. However, a shortage of funds, administrative difficulties and insufficient technical personnel to evaluate and interpret the

the photographs has limited their use. This task, as originally conceived, would have greatly facilitated not only classification, identification and titling, but also land capability studies, the location of infrastructure, etc. There is little likelihood that this activity will be fully implemented within the next three or four years.

Soil and cadastral surveys are inadequate, but the authors cannot quantify the extent to which this inadequacy has been an impediment to the program.

E. Financial Aspects

1. Valuation Procedures

Some considerations were given to allowing the tenants and landholder to negotiate property values directly or to authorize the Land Authority to negotiate with landholders. Another possibility was to authorize the land reform teams to appraise property values. As finally prescribed by the Act, when at least one third of the lessees petition for subdivision, the landowner, if he agrees to sell, can submit, together with the Land Authority, a joint proposal on the terms of purchase to the Court of Agrarian Relations for approval. If a beneficiary objects that the price is excessive, the Court is to base its valuation, along with other factors, on the annual lease rental income capitalized at 6%.

2. Program Financing

a. Landowner Compensation

Landowners were to be compensated by 10% in cash and 90% in 6% tax free, redeemable Land Bank bonds, unless the landowner opted for payment in Land Bank shares up to a total of 30%. Landowners were vehemently opposed to taking compensation in bonds. They preferred cash, but acknowledged that the government was without funds and that such payments would be inflationary. Many of the largest landowners would also have accepted government holdings in Manila and its suburbs or in Palawan or Mindanao in exchange. Dr. Salvador Araneta, a prominent business, educator, and landowner, with consistently nationalistic and inflationistic preferences in public finance, would have given all landowners an exception from the income tax and the right to borrow from the Development Bank an amount equal to the assessed value of the land at 3% interest payable after 10 years and a three year grace period, with the provision that all such funds must be invested in basic industries.

b. Peasant Repayment

The tenants were to pay landowners the purchase price plus 6% to cover costs, within twenty five years.

Guaranteed crop prices were not part of the repayment program, though the government has for many years had a support price for rice. No attachments of the crop were provided by the Act.

The 6% charge provided payment for administrative costs and expenses for subdivision including surveying and registration.

c. Government Expenditures<sup>16</sup>

The estimated expenditures given below represent in some cases, actual releases for non-supplementary services (not including F below) for fiscal years 1966-70 inclusive (1970 estimated). In other cases, i.e., where budgets for particular agencies are split between land reform and non-land reform functions, rough estimates are made for that portion that was channeled to land reform. Expenditures include such items as (1) administrative and personnel costs, (2) land survey and classification costs, (3) land purchases, and (4) operating costs, etc. as given in Table 4 for years 1966-70 inclusive.

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<sup>16</sup> Information from "The Philippine Land Reform Program - 1966-69 and Land Authority Annual Report 1967-68".

TABLE 4

Agency	Type Expenditure	Hectares Purchased	₱ Expended FY's 1966-70 ₱ (000)
A. Land Authority	1. Administration of Land Reform Program	-	39,466
	2. Land Survey and Classification	-	3,833 <sup>1/</sup>
	3. Land Purchases	2,286	1,648 <sup>2/</sup>
	4. General Administration and staff services	-	10,135
B. Agricultural Productivity Commission	1. Operating Expenditures	-	22,000 <sup>3/</sup>
C. Office of the Agrarian Council	1. Operating Expenditures	-	8,000
D. Agricultural Credit Administration	1. Operating Expenditures	-	10,560
E. Land Bank	1. Operating Expenditures	-	467
	2. Capital Outlay for acquisition of private land	1,551	13,881 <sup>4/</sup>
GRAND TOTAL		3,837 <sup>4/</sup>	₱109,990

<sup>1/</sup> Performs only limited surveys. Bureau of Lands normally responsible this activity.

<sup>2/</sup> May not represent total purchases.

<sup>3/</sup> Estimated at 30% of total releases these agencies for period involved.

<sup>4/</sup> Does not include proclamation of public lands for period involved. No information available.

\*During period covered: \$1.00 = ₱3.90

F. Supplementary Measures

1. Information

Starting in 1964, as successive municipalities were proclaimed as land reform areas, special teams were fielded to provide services for farmers. These teams were composed of technical personnel representing (1) agricultural extension, (2) agricultural credit, (3) legal services and in some cases, community development workers. These personnel were normally stationed at municipal levels before proclamation, but functioned as representatives of distinct and separate agencies. Under the land reform program, they were merged into a team under a team leader. A team with a full complement normally consisted of 50 field workers, most of whom were agricultural extensionists. It was assigned from one to four municipalities depending on the number of farmers involved (prescribed ratio: 1 extension worker per 75 farmers). From 1963 through 1967, these municipal teams were for the most part fully staffed. From 1968 to 1970, however, as additional areas were proclaimed in rapid succession, it became an increasingly common practice to field understaffed teams and in recent times, certain teams are without essential elements (mostly legal).

The extension services in land reform areas were upgraded by assuring that all team members were fully familiarized with the objectives of the program, especially its social implica-

tions. Community development agencies have been minimally involved in land reform. The land reform program per se has not included special agronomic packages or practices although it has played an important role in the dissemination of such practices.

2. Credit

As conceived under the 1963 Land Reform Code, the Agricultural Credit Administration (ACA) would provide a source of credit for all farmers in the proclaimed land reform areas. Credit would be made available on the basis of individual farm plans and budgets as prepared by farm management technicians in conjunction with the agricultural credit technician. Loans were to be made in cash and, when feasible, in kind. No collateral other than a lien on the standing crop was required. In order to encourage farmers to shift to a leasehold status, loans were made available only to farmers that could produce evidence that a fixed rental arrangement (as specified by the code) had been finalized with the landowner. No single loan could exceed ₱2,000.

To fund the Agricultural Credit Administration, the Code provided for an appropriation of ₱150 million. ACA was authorized to obtain additional funds as required from the Development Bank of the Philippines and the Philippine National Bank.

The ACA was also directed to make loans to agricultural cooperatives and in the case of land reform areas, where effective cooperatives existed, to channel loans to small farmers through such cooperatives. In land reform areas where no

effective cooperatives existed, the ACA was to make loans direct to farmers as recommended by the land reform field teams. It should be remembered that the ACA, as a result of the Land Reform Code, superseded the Agricultural Credit and Cooperative Finance Administration (ACCFA), and inherited the responsibility of financing and providing fiscal management (services or supervision) to agricultural cooperatives throughout the Philippines.

The ₱150 million appropriation for the ACA was not released nor has the ACA rediscounted with the CB. Annual releases from the Budget have been made since 1963 amounting to approximately ₱34 million to replenish the loan fund. Since 1964 the ACA has reportedly made cumulative loans in land reform areas amounting to approximately ₱28.3 million involving approximately 65,000 loans and approximately 210,000 hectares. If these figures are correct, they represent ₱435 per loan and ₱135 per hectare. Since many farmers borrowed more than once, the exact number that received loans cannot be ascertained, but estimates are that the ACA is reaching from 12-15 percent of the farmers in the proclaimed areas with direct loans.

In fiscal year 1969, which corresponds to the last reported crop year, the ACA extended approximately ₱12 million credit in the area which as of March 1970 comprises the proclaimed land reform area.

In addition to the ACA, approximately 100 Rural Banks located within the proclaimed areas extended approximately ₱80

million in farm loans during the 1969 crop year. How much of this went to leaseholders is unknown, but indications are that the bulk of it went to or through landowners. In some cases, landowners act as guarantors for their tenants who in turn borrow from the Rural Banks. This accommodation usually ends, however, when the tenant elects to convert to a fixed rental arrangement.

A conservative estimate of the annual credit needs for the present proclaimed land reform area is ₱250,000,000, compared with the total of ₱92 million extended this year by both the Rural Banks, which are not directly connected with land reform, and by the ACA.

Government credit programs directed to the Philippine agricultural sector have a history of poor collections. The present loaning program is no exception. Data available reveal that the repayment rates for farmers in land reform areas that borrowed from the ACA are very low, amounting to 66%, 37% and 30% for crop years 1966-67, 1967-68, and 1968-69 respectively. These figures represent both loans made directly to farmers and those channeled through cooperatives. In general, repayment rates on loans made through cooperatives are much higher than those made direct to farmers. In fact, some of the better cooperatives have excellent repayment records (90 to 100 percent). Most of these, however, are located outside the proclaimed land reform areas.

The amount of institutional credit made available for the land reform program is inadequate. The credit program is reaching only about 12 to 15 percent of the farmers affected. Furthermore, the amount allocated to those farmers served is not sufficient to provide for the input requirements necessary to produce maximum net returns from the high-yielding rice varieties.

### 3. Supplies

A number of more or less simultaneous events have had a direct influence on a sizeable segment of rice farmers that are included both within and without the proclaimed land reform areas. The improvement of institutional structures for the distribution of supplies, i.e., agricultural chemicals, seeds, equipment, etc. has been a most important factor contributing to increased productivity. Although this cannot be attributed to the land reform program, it has had salutary effects, especially for farmers who have transferred to leasehold.

Recent data corresponding to the present area covered by land reform are unavailable, so we must rely on rough estimates. In the Philippines, the majority of agricultural chemicals and seeds are made available to farmers through the private sector - even in the proclaimed land reform areas.

In 1964, a survey by the San Miguel Corporation showed that 144,000 m.t. or 49% of the entire consumption of fertilizer was being used on approximately 300,000 hectares of sugar land.

In contrast, 27% or 79,000 tons was reportedly applied to approximately 3 million hectares of rice land, but much less than this amount was actually used for rice production, since a sizeable portion was applied to sugar lands. Out of the 79,000 tons, 24,000 tons or approximately one third was consumed in Central Luzon, which comprises the bulk of the present land reform area.

Over the past six years the ACA has accelerated the supply and distribution of fertilizers and pesticides through agricultural cooperatives. In CY 1968 it distributed 417,000 bags (approximately 19,000 tons) of fertilizer and 15,000 bags (20 kgms. each) of insecticide to rice farmers. It is estimated that 60% of the fertilizer was utilized by farmers now located in proclaimed land reform areas. No figures are available for distribution in 1969 but it is estimated to be about the same as for 1968.

Looking at total consumption, the use of fertilizers in the Philippines has increased at the rate of roughly 10% per year from 1964-1969, or from approximately 300,000 metric tons to 400,000. In reality, this increase is even greater, since the nutrient content per ton has also increased during this period. Most of the increase has gone to rice production. Of the 400,000 tons utilized in 1969, approximately 100,000 tons was imported.

No figures are available for the amount of fertilizer used annually in the proclaimed land reform area. However, the authors estimate that approximately 40% of total domestic consumption is now used on rice. The present proclaimed land reform area, amounting to 15% of the total area devoted to rice production, represents some of the better and relatively well-irrigated rice lands. We estimate, therefore, that at least 30% of the total fertilizer applied to rice lands is used in the proclaimed land reform areas. If these estimates are correct, approximately 160,000 tons of fertilizer were used for rice production in the 1968-69 crop year, and approximately 48,000 tons were consumed in the present proclaimed land reform areas. From these rough estimates, it appears that the use of fertilizers by rice farmers in what is now the proclaimed land reform area has more than doubled since 1964, but is still very low - roughly the equivalent of 28, 8 and 5 kilograms of N, P<sub>2</sub>O<sub>5</sub>, and K<sub>2</sub>O respectively per hectare, less than one fourth the recommended levels. Of the total rice land in the proclaimed land reform area (about 460,000 hectares) approximately 200,000 hectares (not including that double cropped) are irrigated. It is estimated that one-half of the irrigated area is planted to the high-yielding varieties which probably received a major portion of the fertilizer used.

The expansion of the local fertilizer industry happened to coincide with the development and release of new rice varieties

in the mid-1960's. One new plant went into operation during this period and one of the remaining three expanded operations considerably. Out of a total of 1,462 private fertilizer agencies, most were established during this period. Of these, 374 are located in the Central Luzon area. During the same period, the Philippine Seed Producers Association was formed and in conjunction with the Bureau of Plant Industry, has effectively supplied seeds of the high-yielding rice varieties.

#### 4. Infrastructure

Infrastructure development within the proclaimed land reform area is not the direct responsibility of the Land Reform Project Administration. The National Irrigation Administration and the Irrigation Service Unit are respectively responsible for irrigation project construction and assisting farmers to procure pumps and other equipment. The Bureau of Public Highways, Provincial Governments, Armed Forces of the Philippines and National Irrigation Administration are responsible for the construction and maintenance of highways and roads.

From 1956 to 1967 irrigated rice lands were increased from approximately 600,000 to 1.35 million hectares (area irrigated for double cropping counted twice). For Central Luzon, which includes the proclaimed land reform areas, the area increased from approximately 264,000 to 372,000 hectares during the same period.

The construction and improvement of highways and farm-to-market roads was significantly accelerated, especially from 1966 to 1969, but how much of this was accomplished in the proclaimed land reform areas cannot be determined. The Rice and Corn Production Coordinating Council reported that for calendar years 1967 and 1968, a total of 2,278 kilometers of farm-to-market roads were completed which represented 72 percent of the established goal. Data are not available for other years.

5. Crop Procurement and Marketing

The role of the Rice and Corn Administration (RCA) in marketing operations was treated in Part III-2-b. In general, the price of rough rice (palay) received by farmers in land reform areas has been more stable than those received by farmers in the more outlying areas of Northern Luzon and Mindanao.

For the 1968-69 crop year, which corresponds to FY 1969, 44 of the 65 cooperatives located in what is now the land reform areas, participated in the marketing of palay for farmer members. No figures are available regarding the percentage of total farmers served, but it is estimated that 5 to 6 percent of the annual harvest for the areas involved was marketed through the 44 cooperatives. In cases where outright purchases were made by cooperatives, the established floor price of the RCA (₱16/cavan) was paid to farmers. When funds permitted, the cooperatives also extended commodity loans at the option of the farmer. This allowed farmers to deliver palay for which they

were paid 80% of the floor price at time of deposit and the remainder, less storage charges, at the time of sale at the farmers' option. This procedure allowed the farmer to hold palay for higher prices.

The 44 cooperatives involved marketed a total of 1,074,000 cavans for crop year 1968-69.

G. Mobilization of the Peasantry

1. Economic Aspects

The architects of R.A. 3844 clearly contemplated a mobilization of the peasantry and saw farmers' cooperation, particularly for credit and marketing, as a principal tool for such mobilization. The problem was that the same approach, though less systematically and consistently pursued, had been tried between 1952 and 1962 with disastrous results so that disillusionment with the system was widespread.

The movement had begun well under President Magsaysay. The Agricultural Credit Cooperative Administration (ACCF) was established in 1952, and until 1955-56 it was a thriving organization. In 1955-56, it had released loans of over ₱51 million and operating expenses were ₱0.04 per peso loaned. From that point, the cost per loaned peso rose to ₱0.10 in 1957-58, to ₱0.33 in 1958-59, and to ₱1.78 in 1959-60. In 1957-58 ACCFA had an income of nearly 6-½ million pesos and operating expenses of almost 4.4 million pesos.

The FaCoMas (cooperatives) financed by the ACCFA had also had spectacular successes until 1957. From 1952 to 1956, 376 FaCoMas had been organized. These cooperatives had a membership of 225,269 farmers in 9,339 barrios. Their paid-up capital had risen to ₱2,252,604. In 1957, however, the movement declined. Paid-up capital dropped precipitously to ₱409,952, and the movement went from bad to worse until January 1960, when the entire ACCFA Board was discharged. Vicente Araneta, who had served briefly as the first ACCFA administrator, was re-appointed administrator. With the assistance of ICA-financed survey teams and specialists, first Araneta and then (in 1962) Sixto Roxas, Jr. set about rehabilitating the coops.

Because of its inclusion as an integral part of the ambitious land reform program, Roxas was optimistic:

".... much of the failures that manifestly sound and potent programs including ACCFA's have met within the past have been due largely or basically to the fact that these programs have been implemented in disjointed, disparate, even conflicting segments. They were not coordinated, as they should have been. As now reorganized into the ACA, the ACCFA finds common direction and aim with the other land reform agencies and within which it also works, as they work with it, in an organized, purposive, and coordinated attack upon the institutional bastions of poverty and stagnation in our agricultural communities."<sup>17</sup>

Land reform planners visualized credit cooperatives as playing a crucial role in the program, transforming the farmer into a self-reliant citizen and knowledgeable farmer

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<sup>17</sup> ACCFA Annual Report 1962-63.

instead of an ignorant peasant, oppressed by landlord and usurer. Membership in cooperatives was also expected to result in high repayment rates of loans extended to the farmers.

The cooperatives (FaCoMas) had shown that with efficient and honest management they could enable the farmer to hold his crop until prices were more favorable and strengthen his bargaining powers against middlemen and miller.

## 2. Political Aspects

There is no doubt that President Macapagal intended to use the farmers as a force for changing power relations, to eliminate the still feudal economic conditions in the countryside, and in the process to create a mass base for his re-election.

Macapagal, who came into office in 1962, tried to pick up where Magsaysay had left off, and succeeded in part in energizing and mobilizing the peasant masses. Though his record as Congressman and Vice President had been that of an extreme conservative, his Presidential campaign and administration was in many respects radical, including land reform as part of a Five-Year Socio-Economic Program. Favored by his own social origins as a poor boy from Pampanga, he developed strong ties with the peasants during his administration which, however, he proved unable to utilize effectively against the conservative forces in the Congress and in the country, either for reform or for his own reelection. Macapagal encouraged the

the organization of a new farmer and labor organization with this in mind: the Lapiang Manggagawa, with the support of the leading radical labor union and peasant leaders in 1963 to support both his program and his reelection campaign. The Lapiang Manggagawa, however, was soon discredited among the workers and peasants it was supposed to represent, and failed to bring any substantial voting strength to Macapagal when he lost the 1965 election. The Hukbatahap vote, in numerical terms perhaps 100-150,000 votes in Central Luzon, was another matter. From the time of Magsaysay, down to the present, municipal and provincial politicians, and even national leaders, have sought Huk votes in election time while (as a rule) they fought them between elections. This was complicated by factional struggles which were always breaking out between the Communist Huk leaders. This usually produced the spectacle of Liberal and Nationalist party leaders working with one Huk faction against the other during and between elections. Along with these factional spirits, the Huk leaders in the Sixties became involved in graft and gun smuggling at Clark Air Base and Angeles City, which turned large members of their leaders into Mafia types and weakened their ties to the working peasants, although some of the peasants were gainfully co-opted into the business of organized graft.

When Marcos, a master campaigner, won the Presidency in 1965, he made use of alliances with certain labor leaders in Manila at odds with the Lapiang Manggagawa, factional splits in the Huk movement and alliances with some of the landlords

in Central Luzon in order to win, though he lost in Central Luzon localities where the Huks and tenants were concentrated. Although he continued the land reform program begun by Macapagal, the established pattern of negotiation and reciprocal terror between Huk-led or terrorized peasants and the government's military forces within a territorially circumscribed Huk area continued throughout his first administration. The current situation is one of serious discontent but great fractionalization among the tenants, who have so far lacked a popular national leader. Active in the field, however, are the Federation of Free Farmers, now grown to 90,000 and still led by Montemayor, who gave up his deanship at the Ateneo in 1967, and a more radical peasant organization, the Masaka organized in 1964, which claim 90,000 members the bulk of whom are in Nueva Ecija. Masaka attacks "American imperialists" and resistance to land reform.

#### H. The Politics of Implementation

It will be helpful to describe the attitude of pressure groups and elites toward land reform in terms of historical shifts. What may be called the Quezon Period (because Philippine political life was dominated by Senate President, later Commonwealth President, Manuel L. Quezon) lasted throughout the Thirties and until the Japanese attack in December 1941. Quezon exercised his authority under the supervision and control of first an American Governor General and after 1936, an American High Commissioner. Nonetheless,

the field of land reform fell within the area of governmental activity which was wholly in the hands of the Filipinos. When the first land reform legislation was passed in 1933, it was a reaction primarily to the periodic localized revolts on the part of a frequently oppressed tenantry. On the other hand, the landholders, who consistently supported Quezon, included not only the oppressive cacique types but many who because they fully discharged their semi-feudal objectives toward the tenants, were well-liked by these tenants and were never the objects of revolt or resistance.

Labor unions had since the early years of the American regime often proclaimed the existence of common objectives on the part of workers and farmers, but until Communist influence made itself felt in unions and peasants' organizations, very few efforts at joint action had proved effective. Most of the legislators from farming areas were either large landowners themselves or financed by them, and had little sympathy either for the tenant farmers or the objectives of land reform. The Catholic church had substantial land holdings of its own and often included priests related to the big landholding families. The Filipino press was largely the organ of Quezon and his political lieutenants, while the American-owned press, though it often fought the caciques and usury, never actively promoted land reform.

The elite, political, and economic, dominated the 1934 Constitutional Convention which was convened to prepare Constitutions both for the forthcoming Commonwealth and a later independent Philippines. It approved provisions (originally written into the Phil-

ippine Organic Act of 1902 by the U.S. Congress) limiting the holding of public agricultural lands in excess of 1,024 hectares by corporation, 144 hectares by individuals or 24 hectares by homesteaders. The Constitution also empowered the National Assembly, upon payment of just compensation, to expropriate land to be subdivided into small lots for conveyance at cost to individuals. Senate President Quezon, when campaigning for the Presidency of the Commonwealth under its new Constitution against General Emilio Aguinaldo, the leader of the Filipino Armed Forces in their resistance to the Americans in the early years, declared that:

"The ownership of big landed estates by corporations or absentee landlords has invariably caused discontent and unrest among the tenants or occupants of such estates. The discontent among the tenants of the friar lands contributed to the causes which led to the rebellion against Spain. Those friar lands have been acquired by the Government and sold in small lots but there are still a few large haciendas particularly in Luzon that are the hotbeds of discontent and unrest among their tenants. Not only for the sake of these tenants, but also in the interest of peace, every effort should be made to acquire these haciendas at a fair and just price to be sold in small lots to the tenants.

"There are complaints in certain places that the tenants are the victims of unfair practices on the part of their landlords. These abuses must be stopped and the tenant protected in his rights." <sup>17a</sup>

General Aguinaldo's platform included an equally explicit pledge to ease the burden on the tenants by reducing rents or by subdivision and sale:

"The large estates which are the constant origin of conflicts between their owners and the tenants, deserve a serious and immediate study on the part of the government, with a view to lessening the tenant's burden of excessive rent, or to offering the estates for sale to the tenants in small subdivided lots at easy payments." <sup>17b</sup>

<sup>17a</sup> Cornejo's Commonwealth Directory of the Philippines, p. 362

<sup>17b</sup> Ibid., p. 372

The second historical period began with the liberation in 1945 and lasted until the inauguration of President Magsaysay in 1953. For a short time, because of the arms, organization, discipline and prestige acquired by the Central Luzon peasantry in war-time resistance against the Japanese, the division of political power shifted radically in their favor. As Huk power grew, however, so also did that of the military, which for the first time in Philippine History since the revolt from Spain exercised substantial power within the society. The Catholic Church, until then largely a passive element in Philippine political life, was also galvanized into action by the Huk threat and began to play a more active role. Land owners, however, continued to exert great influence inside and outside the Congress. The subsequent Congressional decision to unseat the Leftist Democratic Alliance and the arrest of its leaders, left land reform without overt representation. Those groups which advocated land reform opposed the efforts of the land owners to stigmatise such legislation as Communistic in spirit.

President Roxas, who replaced Osmena in the first national election in 1946, advocated land reform but business leaders, many of whom were also landowners, were not favorably disposed. This alignment of forces remained roughly intact up to the Quirino years, in which the government at times temporized or negotiated with and at times fought the Huk military forces. Most of the press, however, turned increasingly hostile toward the Quirino regime, which it came to picture as hopelessly corrupt and

reactionary. In the process, it became perhaps the most effective force advocating land reform.

When Magsaysay was elected in November of 1953, he entered office as a saviour from communism, but also as an advocate of justice for the masses. Having actively advocated a program of land for the landless, he hurriedly convened an Inter-Departmental Committee to draw up legislation. This legislation was bitterly opposed by landowners. Nonetheless, Magsaysay enjoyed not only the support of the farmers, but as a result of a successful mass political campaign, was strongly supported by a wide spectrum of society, including by now a good many businessmen and even a few of the more socially-minded landowners. With the Army as his own personal creation, the way was now clear for a Magsaysay initiative. Last-ditch opposition by landholders in the Congress, along with the President's political timidity and lack of administrative skills, delayed action on his legislation until 1955, and when he died in March of 1957 little concrete progress had been made.

From the time of President Garcia, there has been what amounts to a stalemate between the landlords and their allies in Congress and in the executive departments, and the elements favoring land reform. Apart from the peasants themselves, these elements consist of most of the press, perhaps most of the businessmen, a growing body of opinion which in the past few years has included technocrats inside and outside the government service, and student groups. During the four-year administration of President Macapagal, the pro-land reform forces were enabled through their capture of the

Presidential office to pass new and comprehensive land reform legislation and to put some of their programs into operation. After Macapagal's defeat in 1965, the balance of forces again returned to a rough stalemate.

President Marcos continued the program de facto and also exploited the popularity of the program politically in his electoral campaigns. The most significant development during this later period has been the growth of disillusionment approaching the mutinous with the political system as it exists and functions today and with its capacity to achieve not only justice for the farm tenants but to move society in the direction that modernization requires. This disillusionment has meant a substantial augmentation of the power not only of the radical forces in the city and country, but the emergence of a small number but highly influential group of technocrats with no particular loyalty to the system as it operates at present or to the present occupant of the presidential office. To these elements, there has been joined, in the course of the past year, an active student movement which both autonomously and through manipulation by its radical and conspiratorial elements, not only insists on land reform but has advocated it as an essentially political tactic for overcoming the resistance of the landowners and their political allies to modernization and in order to bring about radical shifts of political power in their own favor.

#### IV. EFFECTS OF THE LAND REFORM

##### A. On Land Tenure Structure

The tenure status of farmers in the proclaimed land reform areas was described in III-D-2. The authors have no official data regarding either the reconsolidation or fragmentation of properties. The Land Reform Code, however, specifically states that leaseholders are prohibited from subleasing any part of their allocated parcels. Unofficially, we have heard reports that many large land holders have divided their holdings into 75 hectare parcels (which are not subject to land reform) between family members. An undisclosed number of land-owners who own small holdings (up to 50 hectares or so) have resorted to legal measures to have tenants ejected from their lands on the grounds that they themselves intend to cultivate these lands. This is permissible under the Code. Other landowners have shifted from rice culture to sugarcane or in some cases have converted rice land to housing subdivisions in order to circumvent the Code's provisions.

As of December 1969, the proclaimed land reform area, based on a report of the NLRC, consisted of 460,990 hectares (mostly rice lands) occupied by 196,365 rice farmers operating under some form of tenurial arrangements. This represents an average holding of approximately 2.3 hectares per farmer. In 62 municipalities (out of 2,000 in the Philippines proclaimed by September 30, 1968, 13,377 out of 86,939 farmers had obtained leasehold contracts.

On December 31, 1969, in the 154 proclaimed municipalities, 28,616 out of 196,365 had such contracts. This is far too few to affect the basic land tenure structure.

The ownership pattern of land in the Philippines has not changed appreciably over the past 20-30 years. In general, the size of owner holdings cannot be compared with those of most Latin American countries. Holdings in the Philippines tend to be considerably smaller. The proclaimed land reform area in the Province of Tarlac appears to be fairly representative insofar as land ownership patterns are concerned. Table 5 presents the number of farms and the area of farms by size for the year 1960.

TABLE 5                      No. of Farms and Area by Size for Tarlac Province

<u>Size Range</u>	<u>No. of Farms</u>	<u>Area of Farms</u>
0 to 1 hectare	1,706	763.2
1 to 3 "	18,753	32,906
3 to 5 "	10,255	36,259
5 to 15 "	4,659	31,216.9
15 to 25 "	132	2,395.4
25 to 100 hectare	74	3,333.8
100 to 200 "	17	2,111.3
200 and up "	<u>10</u>	<u>6,385.8</u>
Total	35,606	115,371.4

No spontaneous changes of any perceptible magnitude have occurred in the land tenure system in other parts (unproclaimed areas) of the country as a result of the 1963 Land Reform Code. However, there are unofficial reports that some landowners in the proclaimed areas have persuaded their tenants not to petition or apply pressure for conversion to leasehold by extending certain

privileges or grants to tenants. Such concessions are reportedly in the form of interest-free loans, and the sharing of certain expenses normally carried by the tenant. To the extent that these Reports are correct, such concessions are an indirect result of reform.

B. On Production and Productivity

Due to a number of intervening circumstances, the impact the land reform program has had on production or productivity in the proclaimed land reform area is difficult to estimate. Ex-Senator Liwag, a critic of Marcos' land reform, cites figures which suggest that it has been without effect: Bulacan's average palay yield in crop year 1966-67 was 48 cavans per hectare, while Plaridel, the first of the land reform districts, showed an average of only 49 cavans. The same critic refers to Bureau of Agricultural Economics statistics of 1968 palay production in Nueva Ecija and Pampanga, the two principal land reform provinces, showing an increase of 3.2 and 10.5% over 1967, while non-land reform provinces such as Cagayan, Isabela and Laguna showed increases of 19.9%, 21% and 15.9%.

Overall, rice yields have increased 30 to 50 percent since 1964. However, the period covered has coincided with: (1) the introduction of new high yielding varieties; (2) a 30 to 35 percent increase in the price of palay; (3) an intensified effort on the part of the private sector to supply the necessary material inputs; (4) an increase in the amount of credit made

available; (5) expansion and improvements of irrigation facilities in the affected areas; and (6) a determined and coordinated effort on the part of the Central Government to increase rice production. A large segment (all except 13 municipalities) of what now comprises the total proclaimed land reform area was formerly included - for varying lengths of time - under the rice production program which was administered through the Rice and Corn Production Coordinating Council (RCPCC). This program had total, top-level government support during the years of 1966-68 inclusive and effectively promoted the rice production programs. As successive proclamations of additional land reform areas were made during 1968 and 1969, RCPCC personnel, who were concerned exclusively with increased production, were withdrawn and land reform personnel were moved in. For the most part, however, this change did not significantly affect production or productivity, since the pattern was pretty well established, and the land reform technical personnel assumed such responsibilities.

The introduction of high yielding rice varieties in the proclaimed areas has intensified the use of labor, and to a lesser degree capital and land. Data indicate that from 40 to 50 per cent of the area planted to rice the past crop was planted to the high yielding varieties. It is too early to assess what effect, if any, land reform will have on diversification, but the area involved includes some of the best rice lands of the country. The authors

feel that diversification is not likely to occur within the near future except for limited planting of off-season vegetable crops.

C. On Rural Employment and Underemployment

The culture of rice under Philippine conditions, even with the introduction of some machinery, remains labor - intensive. Interviews with some 100 farmers in Central Luzon in 1966-67 revealed that on the average 360 man hours are utilized to produce one hectare of rice.<sup>18</sup> This does not include the harvesting operation. With a shift to the high yielding varieties, labor requirements are further intensified.

The labor utilization for rice culture in pre-reform years was highly seasonal: labor requirements were high during planting and harvesting. This is still true but to a much lesser degree. The non-photoperiod-sensitive, short-maturing, fertilizer-responsive varieties have reduced the degree of seasonal labor requirements. Improved irrigation facilities have also had a direct effect. Seasonal planting dates are no longer strictly adhered to, and the interval between planting and harvesting is shortened by approximately 30 days if the new varieties are used.

Due to continued population growth, however, there is still unemployment and under-employment in land reform areas. Heavy migration to urban areas is continuing.

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<sup>18</sup> IIRI Annual Report - Contract No. AID/csd-834.

D. On Income Distribution

A combination of circumstances make it difficult to provide meaningful data. In the first place, at best only about 15 per cent of the share tenants in the reform areas have been converted to fixed rentals. Furthermore, fixed rentals have been found to vary among individual farmers from as low as five cavans of palay to as high as 29 cavans per hectare. Inflation, to some degree, has also entered into the picture over the past 20 years.

Table 6 Farmers Share of Expenditures and Returns for Two Hectares or Rice for a 50-50 Share Tenant as Compared to a Leaseholder (farmer with fixed rental).<sup>1/</sup>

Operation	50-50 Share Tenant		Fixed Rentals	
	Cost to Tenant	Cost to Owner	Cost to Tenant	Cost to Owner
Hired labor for pulling and transplanting seedlings	P 60	P 60	P 120	P -
Fertilizer	100	100	200	-
Pesticides	60	60	120	-
Irrigation Fee	-	50	-	50
Seeds	40	40	80	-
Threshing and harvesting (estimated at 15% value of harvest)	189	189	378	-
Total Costs <sup>2/</sup>	P 449	P 499	P 898	P 50
Returns (gross)	1,190	1,190	1,870	510
Net returns (less farmer and family labor)	741	691	972	460

<sup>1/</sup> Assumptions: (1) Yield of 70 cavans/ha; (2) Price of P17.00/cavan  
(3) Fixed Rental of 15 cavans/ha.

<sup>2/</sup> Does not include cost for farmer's labor, carabao, equipment, land taxes, nor interest on borrowed capital.

The above costs and returns are believed to be fairly representative for the Central Luzon area for crop year 1968-69. The primary purpose of Table 6, however, is to depict the favorable position of the leaseholder as compared to the share tenant. At this early stage, we were not able to get comparative data on actual yields and inputs utilized by leaseholders and share tenants, but the leaseholder, assuming he has available credit, over the long run will undoubtedly apply labor, capital and management more intensively than in the case of the tenant.

E. On Services and Supplies

Since 106 of the 154 proclaimed land reform municipalities were proclaimed in calendar years 1969 and 1970, and since prior to 1969 the proclaimed area did not involve any large, contiguous area, it is too early to assess with any accuracy concrete changes that have occurred as a result of land reform. As stated previously, the entire structure for rice production has made tremendous strides over the past 8 years but there is no evidence that the land reform program has made any substantial contribution to the overall progress of the rice industry.<sup>19</sup>

The Central Luzon area has over the past 10 to 20 years received priority attention insofar as the selection of areas for the development of infrastructure such as sites for irrigation projects, flood control, roads, etc. are concerned. In the early

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<sup>19</sup> See last item in Bibliography.

years, this preferential attention was probably dictated by the degree of unrest and dissidence in the area, but since the Act of 1963, infrastructure decisions were largely based on the relatively favorable economic potentials as compared with other areas.

It is equally as difficult to document alleged negative effects of the program. Complaints have been aired by agricultural extension officials that personnel were drawn from non-land reform areas in order to concentrate activities in land reform areas with the result that the overall Extension Program has suffered, but data to support this complaint are lacking.

F. On Peasant Participation in Decisions

There has been no appreciable increase in peasant participation in decisions through the actual processes of land reform. Only a small fraction of those theoretically in a position to end their status as tenants have done so, and the government has not allocated sufficient resources to strengthen their resolve. The superordinate-subordinate relationship to landlord and tenant is so ingrained that nothing but a major government effort, equipped with abundant resources, will modify that relationship. Indirectly, of course, the land reform legislation and the introduction of new institutions into the agricultural areas have helped to encourage change. Radical farmers organizations have grown in strength. The bargaining power of peasants vis-a-vis landlords has increased in those areas where the Huks or the Masaka are

strong. Their votes are sought at election time and in Huk-controlled barrios, the representatives of the landholders often take their orders from the Huk shadow government. Again, however, the ordinary peasants' influence has not increased; only that of single representatives who have risen in the Huk or (occasionally via the FaCoMas) government structure.

In very recent months, the leadership of a radical member of the U.P. faculty at Los Banos, may have increased peasant influence as the result of a highly disciplined demonstration and a documented legal dialogue with Department of Agriculture officials relating to peasants' claims. This action achieved some peasant objectives. Farmers reportedly were impressed by the results and by his aggressive treatment of government officials and carried the message to other parts of the Philippines, with a resulting increase in peremptory farmer demands.

G. On Character of Rural Society

Rural Society has been at most marginally affected by land reform activity. The FaCoMas have introduced another political as well as economic institution into the area, the Rural Banks have been energized in certain areas and there has been a more lively dialogue between government agents (the land reform teams) and the farmers, but there is little evidence of new social relationships, new towns or markets.

H. Broader Effects on the Economy, Society and Policy

O. D. Corpuz, presently Secretary of Education and formerly U.P. Political Science Professor said in 1963 that Macapagal's socio-economic program, of which land reform was an important part, was for the first time energizing the rural masses, and he forecast the rise of peasant leaders who would share actively in political and economic power. For the period down to 1970, this did not materialize. There was little basic change in the power relations of society. Big landlords and big business continued to divide power with professional politicians who could deal effectively with voters and the press. Politicians did indeed court rural votes, but down until recently, no effective leaders arose from peasant ranks. It may be that the current disturbances will show up such leaders.

V. Critique and Evaluation

The omnibus legislation of August 8, 1963 incorporated many of the previous laws on land reform and was carefully prepared, drawing on the experience of that earlier legislation and lessons from abroad. In its original version, it was well designed and free from most of the defects of previous bills dealing with land reform. The elimination of the chapter on the land tax was a blow to the program, but agreement on the part of the Macapagal administration to its elimination almost certainly represented a realistic assessment of the balance of forces in the Congress at the time. Landlords and their allies were still too powerful; if Macapagal had insisted on the inclusion of the land tax, the Land Reform Code may well have been rejected by Congress. The point to remember, however, is that the Land Reform program did not fail because of the absence of a land tax; it failed for other reasons, and these reasons were essentially the same which had hamstrung previous efforts to promote reform.

What are these reasons? First, of course, there was the continued opposition of many of the most powerful landholders. They are a powerful group, and skillful in utilizing political, legal and financial means to resist. They have powerful political allies. The outcome of this new initiative for land reform, however, was by no means fore-ordained. President Macapagal had exceptionally good technical advice and effective spokesmen in Congress, there was widespread popular sympathy for the objectives of the program, and the farmers might have

been mobilized into a force which could have overcome the conservatives in Congress.

More significantly, the program failed because President Macapagal was tempted into premature proclamations of land reform districts which went beyond the administrative skills or the financial means of the Land Authority to support. It was clearly understood that the program was under-financed, and the correct strategy would probably have been to show that the land reform would work in such areas as could be covered by the administrative skills and financial resources available. With one or two successful examples in operation, additional public support and Congressional financing could have been generated, permitting the gradual geographic expansion of the program.

In the third place, bureaucratic infighting greatly handicapped the program. Although framers of the program correctly considered the key organizational element of the legislation to be a compact, well-coordinated and highly-competent field organization, with a team of experts (information, extension, credit, legal, etc.) responsible to one organization, the participating and other closely related government agencies kept up their bickering and their jurisdictional struggles.

There were of course other problems, but nearly all had been foreseen and provided against in the legislation. Fears that the tradition-bound peasantry, with its inbred loyalty or tradition of submissiveness to landlords and its lack of self-confidence would be reluctant or unable to petition for subdivision of estates or to assume the responsibilities of an independent farmer, proved well-founded,

but this need not have impaired the progress of the program if the credit and productivity agencies provided by the Act had been adequately funded and supported.

There had also been serious misgivings that the legislation might in part be declared unconstitutional by the courts on the grounds, among others, of deprivation of property without due process. This also was foreseen by the framers of the legislation, who not only made provision for legal resources to defend its provisions but were confident that properly administered, it would eventually be sustained by the Supreme Court.

When the Marcos Administration assumed office in 1966, it promised to promote land reform with renewed vigor, and proclaimed thirty-three more land reform districts in the next seventeen months, thereby compounding one of the previous weaknesses of the program. Critics have also claimed that approval of cash payments for certain land purchased by the Authority provided additional grounds for those who wished to attack the constitutionality of the Act to charge that its prescribed forms of compensation -- bonds or other deferred payments -- were inadequate. They have also alleged that piecemeal sales of government properties frittered away government assets which could have been used to capitalize the Land Bank properly.

The program has continued down to the present under the same philosophy and leadership -- broadside proclamations of land reform areas, inadequate financing and conflicts with other competing agencies. Paradoxically, the leasehold aspect of the program has also slowed down because of the success of the rice production program, which has raised

the price of rice land to levels that require rents far above those that the tenants consider reasonable.

In view of the current state of governmental finances, and the equally clamorous demands for assistance on the part of other sectors of society, it seems unlikely that the present administration is in a position to provide the land reform program with the financial support necessary for substantial progress. On the other hand, if government finances should improve in the course of the year (which is part of the typical Philippine cyclical pattern), President Marcos might have another opportunity to mount a more effective program. In that event, the priority requirement would appear to be an administrative reorganization of the several agencies concerned with land reform into one unified agency with a separate budget, concentration on those land reform districts and on those functions for which adequate funding is available, and the appointment of a non-political, highly skilled manager as action officer for an invigorated program.

The foregoing is a critique and evaluation of the land reform program as it has operated in the Philippines since 1963. In looking forward to the future, however, fundamental questions relating to rural and national development must be raised. Interest in and action on land reform has largely been inspired by political reasoning and legislation has often followed outbreaks of peasant rebellion. There is a considerable body of informed opinion which would put the objectives of agricultural productivity before those of land reform.

They argue that breaking up agricultural units is more likely to reduce than to increase production, and that the tenant's client relationship to the land-owner or the government is so ingrained that attempts to transform him into an independent operator are only courting disappointment. There is probably merit in both of these viewpoints. The banner of land reform, however, has been so often raised by politicians that it is probably impossible politically to substitute agricultural productivity for land ownership as a national objective. Moreover, some highly objective observers are reasonably optimistic that the Filipino tenants, like their Taiwanese and Japanese counterparts, can in time, be transformed into more productive self-reliant cultivators if they are provided with inputs such as extension services, credit and cooperatives.

Land reform would, of course, be greatly facilitated by an effective land tax, which apart from its contribution to moving capital from land into industry, would lower the price of land and make both sellers and buyers more willing to exchange the control over land. What is politically feasible remains to be seen. Even without the land tax, however, the present legislation, despite some minor imperfections, offers a sufficient basis for effective action.

B I B L I O G R A P H Y

There is a very large bibliography on land reform in the Philippines but it is unnecessary to cite references before 1965, since most of the citations have already been assembled in:

Virata, Enrique T.: Agrarian Reform: A Bibliography  
(University of the Philippines, 1965)

and

Golay, Frank : The Philippines: Public Policy and National Economic Development  
(Cornell University, 1961)

Golay's volume includes an excellent bibliographical essay, which should be required reading.

In Rice and People in 1970, published by USAID Mission, Manila in 1967, Golay and Marvin E. Goodstein cite most of the relevant government documents relating to rice culture which were not available in the above two publications.

One of the latest bibliographical items, "An Economic Analysis of the Effects of Land Reform in Selected Areas of the Philippines", was prepared by the University of the Philippines, College of Agriculture on the basis of a sample taken in 1969. It is available only in manuscript and is ambiguous in its findings.