

LANDLESS WORKERS  
AND RICE FARMERS:  
PEASANT SUBCLASSES  
UNDER AGRARIAN  
REFORM IN TWO  
PHILIPPINE VILLAGES

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ANTONIO J. LEDESMA

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INTERNATIONAL RICE RESEARCH INSTITUTE



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INTERNATIONAL RICE RESEARCH INSTITUTE  
LOS BAÑOS, LAGUNA, PHILIPPINES  
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The responsibility for this publication rests with the International Rice Research Institute.

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# Foreword

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This year marks the 10th anniversary of the official abolition of share tenancy on rice farms in the Philippines. The objective of that agrarian reform was to provide a more equitable distribution of income and land resources for the tillers of the soil. The reform program came shortly after dramatic changes in rice farming that were speeded by the development of a modern rice technology. Those events in the early 1970s brought promises of increased income that would be equitably distributed among the tillers of the soil.

It is appropriate that Dr. Ledesma's book should be published during the 10th anniversary year of agrarian reform. His detailed study of two areas of the Philippines provides readers with an opportunity to compare that promise with what exists in typical villages in rice-growing areas.

Many studies have provided details on the effects of land reform on individual groups. This study takes a look at the benefits and burdens of land reform as perceived by the peasant subgroups – amortizing owners, permanent lessees, and landless workers – within the same villages. Dr. Ledesma raises valid questions about the future of all three subgroups and lists alternatives suggested by his studies. His research and his book, which were supported by IRRI, should serve as a valuable resource for those who will help set policy that will affect the peasant population over the next decade.

IRRI appreciates the efforts of Dr. Ledesma, and those whose help he acknowledges herein, in making this study a part of the growing list of IRRI publications. Dr. Ledesma's quiet patience in working with IRRI Editor Walter G. Rockwood and Editorial Assistant Emerita P. Cervantes is gratefully acknowledged.

M. R. Vega  
Acting Director General

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My sincere thanks go to the senior staff of IRRI's Agricultural Economics Department: Drs. R. Barker, R. Herdt, and J. Flinn for their support; Drs. Y. Hayami, M. Kikuchi, and E. Price, Jr. for sharing their experience in daily record-keeping; and particularly, Dr. G. Goodell for her anthropologist's critical eye.

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On a more personal note, the various peregrinations for my research were made enjoyable by the ambience provided by the communities of the SEARCA and IRRI dorms and the Agudo household in Los Baños; Colegio Inmaculada Concepcion and the Lacson household in Iloilo; Wayland House in Madison; and my own Jesuit confreres at the Ateneo de Manila University and Xavier University. I have almost taken for granted the abiding support and interest of my parents and other members of the family.

Last but not least, this study would not have been possible without the candid cooperation and hospitality of the landless workers and small farmers in the study barrios of Abangay and Rajal Sur. More than any other source, it is from them that I have gained some insights into the way of life of rural households. It is to them that this book is respectfully dedicated.

# Preface

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Since the mid-1960s, rice farming areas in the Philippines have undergone perceptible, even dramatic, changes as a result of modern rice technology and agrarian reform. The modern technology has increased rice production; agrarian reform has worked for a more equitable distribution of income and land resources for the tillers of the soil. Increased productivity and equity, through technological and institutional innovations, were thus interrelated in the economic and social development of rice-growing areas.

In 1972, the Philippines' agrarian reform program was extended to all tenant-farmed rice- and maize-growing areas. Share tenancy was officially abolished. Operation Land Transfer (OLT) was initiated to distribute Certificates of Land Transfer (CLT) to eligible rice and maize share-tenants. These tenants became amortizing owners. By 1974 Operation Leasehold (LHO) started fixing leasehold status for share-tenants of small landlords — those exempt from OLT because they owned 7 ha or less of tenanted rice- and maize-growing lands.

The agrarian reform program did not, however, include the landless rural workers, a “non-tenure” group in the reform areas. The official assumption was that rural communities were relatively homogenous or, at worst, two-class societies made up of landlords and tenants.

The approach I have taken is to assess the impact of the institutional and the technological changes on all peasant groups within the same rice-growing villages. There are three parts to the study:

- The first examines the basic differences between landless workers and tenant farmers in terms of labor allocation, household economy, and security of tenure.
- The second focuses on the incipient formation of three major peasant groups under agrarian reform — amortizing owners, permanent lessees, and landless workers. These groups constitute the bottom strata of rural society. They all work on the land but have different legal or moral claims and aspirations for eventual land-ownership under the agrarian reform program.
- The third tries to shed light on problem areas in agrarian reform, particularly as they pertain to the interactions between landless

workers and tenant farmers or among the three emerging peasant groups. It also leads to a re-examination of agrarian reform policies—in the short run as well as in the long run.

### THE LITERATURE ON AGRARIAN REFORM

Throughout this text, the term *rice farmer* is synonymous with small farmer, tenant farmer, tenant tiller, or agrarian reform beneficiary. As an inclusive term, *small farmer* is often used in rural development literature to refer to farmers with limited landholdings and often characterized as operating a family-size farm. It also refers to subsistence or marginal farmers, irrespective of their tenure status.

*Tenant farmer* or *tenant tiller*, on the other hand, excludes landlords and owner-cultivators and focuses on farmers with tenancy rights to work the land. The Philippine Ministry of Agrarian Reform uses tenant tiller in its identification and enumeration of tenants, whether share-tenants or lessees. Tenant farmers become agrarian reform beneficiaries when they become amortizing owners under OLT or lessees under LHO.

In a restricted sense then, *rice farmers* in this study refers to agrarian reform beneficiaries — whether amortizing owners or lessees, or both.

*Amortizing owners* is the official term used in government documents to designate rice and maize farmer-tenants who have been deemed as owners of the land they worked as tenants. Amortizing owners are in a wide sense all CLT recipients and in a narrow sense those who have started amortization payments based on the agreed price of the land. These payments are to be paid over the next 15 years. In the absence of land valuation proceedings, a CLT recipient's lease rentals since October 1972 would be considered partial payments for the land (Estrella 1978).

The principal objective of OLT is to transform tenants into amortizing owners. Several studies of the tenure status of amortizing owners have either compared reform beneficiaries with small landowners (Nicolas 1974, Flores and Clemente 1975), or studied CLT recipients as a single group (Montemayor and Escueta 1977, Sodusta 1977) or examined their situation from two points in time (Angsico 1978, San Andres and Illo 1978). The nearest to a cross-tenure comparison of small farmers is a study of Nueva Ecija farmers by Mangahas et al (1974). In their study, however, lessees before 1972 were used as proxies for amortizing owners after 1972; no separate category for permanent lessees after 1972 was included.

*Permanent lessees* after 1972, a second group for comparison in this study, should be distinguished from share-tenants who became lessees

before 1972. In the pre-1972 reform program, all lessees were seen as occupying an intermediate stage between share-tenant and owner-operator. The post-1972 reform program, however, gives lessees under LHO a definite ceiling on their aspirations for landownership. Unlike CLT recipients, lessees' fixed rentals are not considered partial payments for the land. With the present coverage of OLT stalemated at the small landlords' retention limit of 7 ha, the Ministry of Agrarian Reform (MAR) has estimated that 61% of all rice- and maize-farm tenants would actually be covered by LHO rather than by OLT.

Although lessees under LHO are not considered permanent by the MAR, they are, for all practical purposes, permanent in two related senses:

- they are protected by government decree against eviction from their present landholdings, but
- they must pay a fixed rental for use of the land, and cannot hope to become landowners.

The pre-1972 studies on lessees should be considered in the light of the crucial difference between lessees who become owners and permanent lessees whose aspirations for landownership have been blocked by the OLT exemption granted to small landlords. For instance, Takahashi (1972) noted a perceptible improvement in the life styles of sharecroppers-turned-lessees in a Bulacan barrio. Those lessees, it seems, behaved as amortizing owners. Would permanent lessees after 1972 also behave in the same manner? Fegan (1972a) mentioned obstacles raised by landlords against tenants-turned-lessees. Would these same obstacles be raised in 1980, or would landlords be more kindly disposed toward permanent lessees than to amortizing owners on their lands?

*Landless rural workers* have been described in various ways (Makil and Fermin 1978). In my operational definition, they are landless because they have neither ownership nor tenancy rights to the land, rural because their employment is mostly in agriculture, and workers because their income is principally from their toil.

Because they have no clear-cut rights to the land under agrarian reform, landless workers constitute an amorphous and shifting group in peasant society. It has been suggested that present policies of agrarian reform and rural development adversely affect landless workers' access to credit, extension services, and other government programs (Zimmerly 1976). Referring to the plight of landless agricultural workers, Harkin (1975) observes:

It is important that research carefully assess the impact of land reform on this group — one of the most vulnerable economic classes in the Philippines. If ownership of land by the

tenant is successful in encouraging him to substitute his own family's labor for hired labor, then the plight of the landless agricultural workers may be aggravated.

The same observation was made by Takahashi (1972) in his study of successful lessees vis-a-vis hired agricultural workers. On the other hand, other studies indicate that enterprising lessees and amortizing owners may explore employment opportunities elsewhere while operating their farms through hired labor (Barker and Cordova 1976, Smith and Gascon 1979).

Harkin (1975) suggests that unless the present agrarian reform program provides for landless workers, "this generation's land reform beneficiaries will become the next generation's landlords." Others suggest that the presence of landless workers in the rural areas makes it difficult for agrarian reform beneficiaries to be strictly "business-minded" in their farm operations and increases the likelihood for subtenancy relationships to arise (Fegan 1972b; Kikuchi et al 1977a, b).

As a point of comparison, it is instructive to note that China's land reform program in the early 1950s included the landless rural workers as one of the principal beneficiaries of land redistribution. In the Philippine case, landless workers are still largely an unidentified group.<sup>1</sup>

Finally, *peasant* subclasses is a term that connotes both the similarities and the differences among amortizing owners, permanent lessees, and landless workers. All, as peasants, are composed of small farmers, who till the land as their major source of livelihood and have been engaged in subsistence farming with varying degrees of market orientation (Shanin 1971). But, differences in tenure status—in terms of rights to the land, rights to the harvest, rights to infrastructure services, and even rights to be organized and recognized by government — may have formed subdivisions among the peasant class and brought about a stratification of the peasantry.

Various classifications have been suggested to denote this stratification of the peasantry. Wolf (1969) suggested rich, middle, and poor peasants. In the Philippine setting, Takahashi (1972) pointed out an increasing peasantization of agrarian reform beneficiaries in contrast to the rural proletariat. Umehara (1974) studied the heterogeneity of the peasant class within a hacienda barrio in Nueva Ecija and noted new dominance-dependence relationships between permanent and casual workers. The literature contains nothing, however, on the implications of the formation of peasant subclasses under the present agrarian reform program in the Philippines.

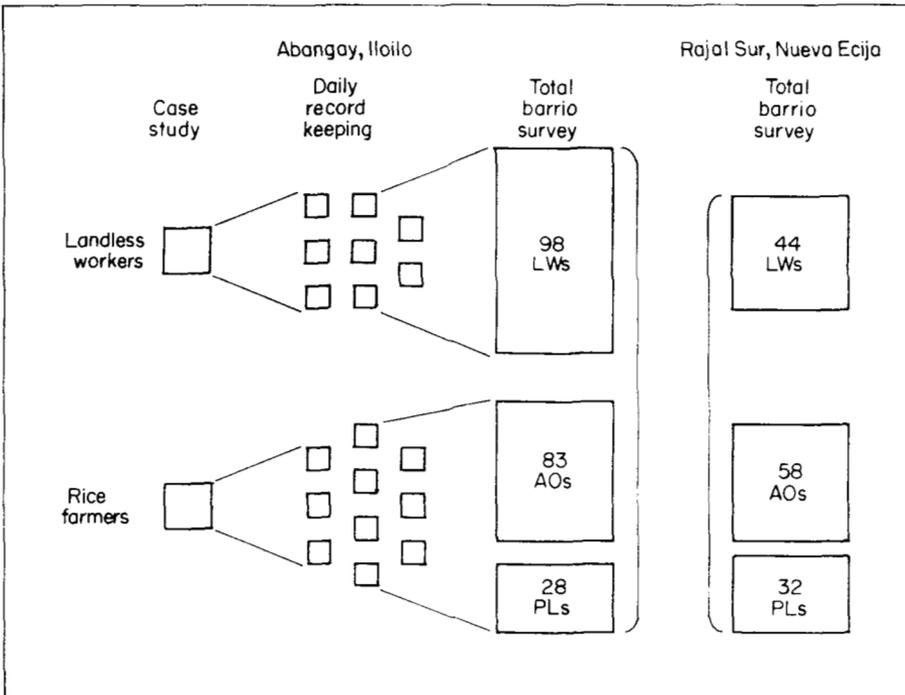
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<sup>1</sup> Preliminary studies have been undertaken by Barker (1972) and Wickham et al (1974). For a summary of recent studies, see Castillo (1979).

## ORGANIZATION OF THIS STUDY

Two villages were selected for my study. One was a focal point for intensive study, and the other provided a basis for comparison. The villages were in Iloilo and Nueva Ecija, leading provinces in terms of rice production and agrarian reform implementation. Each village was within the scope of infrastructure development projects (e.g. irrigation and farm-to-market roads) and development programs (e.g. *Samahang Nasyon* and *Masagana 99*). In each village, amortizing owners, permanent lessees, and landless workers each constituted at least 10% of the total households.

The figure that follows indicates the linkages of the various research methods used. From detailed case studies of 2 families, the scope was widened to 16 households engaged in daily record keeping for 1 crop season, and finally extended to the entire village by means of a total household survey. The same household survey in Iloilo was made in another village in Nueva Ecija for purposes of comparing two sets of peasant subclasses. I started the research in May 1977 with unstructured interviews of key respondents during a 2-week stay in the Iloilo village. In August and September field interviewers did household surveys of the two villages while I started the case study of a landless



Research methodology for household and village level studies in Iloilo and Nueva Ecija. LW = landless worker, AO = amortizing owner, PL = permanent lessee

worker's family.

Sixteen households in the Iloilo village kept daily records from September 1977 to March 1978. I visited them periodically while making a case study of a small farmer's family. At various times between 1977 and 1979, small samples of rice farmers in the study villages were interviewed to gather information on farm management and productivity.

My approach to the study was phenomenological — from the particular to the general, from one household to several households, and from several households to the entire village community. On a quantitative level, the village surveys complemented the case studies of individual households — the latter being treated not so much as unique cases but as approximations of the “concrete universal.”

Part I portrays the dynamics of rural life in a single village from the perspectives of individual actors and households. In this sense, it can be read as a complete narrative in itself. It focuses on the basic differences between landless workers and rice farmers — during and even before agrarian reform implementation.

Chapter 1 describes the life situation of a landless worker's family, particularly the dynamics of their labor arrangement and its bearing on the household's economy.<sup>2</sup>

Chapter 2 expands on the topic of labor allocation by analyzing the daily record-keeping data of eight landless worker households vis-a-vis eight rice farmer households.<sup>3</sup>

Chapter 3 complements these labor data by examining the corresponding socioeconomic situation of the record-keeping households in terms of income, expenses, and credit practices.

Chapter 4 presents a case study of a tenant farmer and his family across generations. In the process, a history of the institutional and technological changes that have occurred in the principal study village is depicted from the viewpoint of the family members.

Part II examines the formation of three recognizable peasant sub-classes *after* the initiation of agrarian reform. Shifting from the household to the village level, I utilize mostly survey data from the two study villages.

Chapter 5 carries forward the discussion of tenure change in one family to tenure differentiation in the two villages. It also includes case illustrations of small and large landlords in the principal study village as a complementary perspective to the earlier case studies of landless workers and tenant farmers.

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<sup>2</sup>To preserve confidentiality all names in the text, except those of public figures, have been changed.

<sup>3</sup>In the absence of any clear-cut distinction between amortizing owners and permanent lessees in the principal study village, both groups are simply called rice farmers and compared with landless workers.

Chapter 6 examines the economic viability of tenant farmers under agrarian reform and with the new rice technology. It also expands on topics first discussed in Chapters 3 and 4 such as farming expenses and the income situation of rice farmers.

Profiles of the three major peasant subclasses are drawn in Chapter 7. Assuming the official distinctions among amortizing owners, permanent lessees, and landless workers, the section points out whether significant differences do exist among the three peasant subclasses. The qualitative aspects of the survey are included in a section on attitudes and aspirations.

Seen from an institutional framework, the three chapters of Part II deal successively with the political, economic, and social aspects of agrarian reform.

Part III presents the findings of the field research and my conclusions. Moving from the village to the national level, I include implications for the current Philippine agrarian reform program.

Chapter 8 summarizes the salient characteristics of landless workers and rice farmers and raises issues related to the stratification of the peasantry under agrarian reform. In the light of these issues, Chapter 9 examines the 7-year record of land tenure reform in the Philippines. It points out some major obstacles to implementation, the likely social impact of agrarian reform, and alternative courses of action.

# I

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## PERSPECTIVES

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## FROM THE HOUSEHOLD

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## LEVEL

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“You must realize that we live in two different worlds. It is as if you live in the world of the birds of the air, and we in that of the fishes of the sea.

When birds move, they of course move fast because they fly. On the other hand, when we the fishes move, we move relatively slower because we have to swim in an ocean.

And so it sometimes happens that some birds want to do good for us from the height in which they fly. Condescendingly they say, ‘Mr. Fish, progress! Move like I do — this way and that way — so you could come faster!’

When fishes of course cannot follow because we have to move in this ocean of usury, and tenancy and other unjust relations . . .”

— Mang Juan,  
a Filipino peasant<sup>1</sup>

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<sup>1</sup>From Asian Action Newsletter. 1977. Asian Cultural Forum on Development.

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# 1

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## Labor income and credit needs of the Sumagaysay family

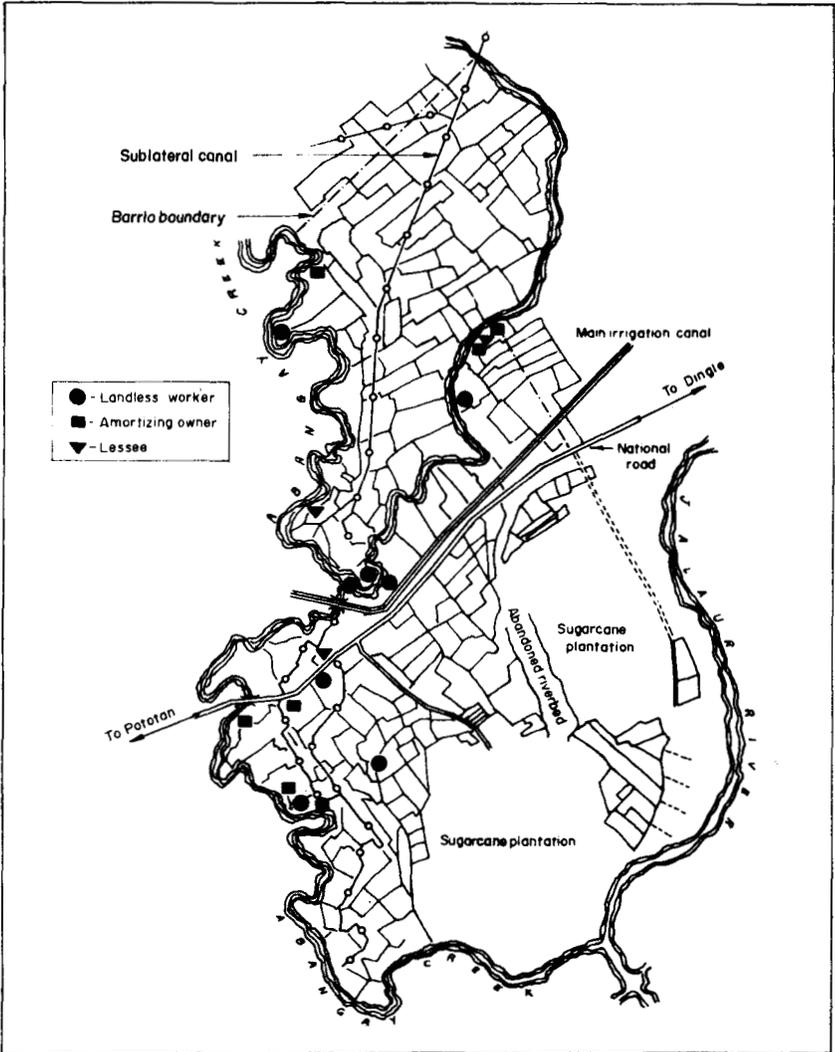
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The Sumagaysay family lives a short distance from the provincial highway, 37 km northeast of Iloilo City. The Sumagaysay home is a typical barrio house with bamboo walls and nipa roof, elevated on posts. Entry is by bamboo ladder to the front porch. The house is bounded by rice fields at the front, a spacious playground under mango trees at one side, and two neighbors' houses at the back. Near the house, the main irrigation canal passes under a creek and continues southward, feeding lateral canals that provide the agricultural lifeline for Iloilo's central plain — the rice bowl for Western Visayas.

The Sumagaysays live in *barrio* (village) Abangay in the municipality of Dingle. Geographically, the barrio is midway between the towns of Dingle and Pototan but from the Sumagaysay home the Pototan *poblacion* is more accessible. Abangay is the largest barrio in Dingle, and had a population of 1,352 in 239 households as of the 1975 census.

Geographically, and in terms of infrastructure projects (Fig. 1-1), Abangay could be termed a "best possible situation" for rural development. Most of its agricultural land is flat lowland and ideal for wetland rice culture. Furthermore, because of Abangay's population size and accessibility from two towns, it is usually among the first to be included in government-sponsored projects — the setting up of demonstration rice farms by Taiwanese experts in the late 1950s, the introduction of modern rice varieties in the late 1960s, the initial implementation of OLT in 1972, and the organization of a Compact Farm in 1976.

If development projects are bound to succeed, they should succeed in Abangay. If they fail, there is critical need to determine why.



1-1. Rice farms in Barangay Abangay, Iloilo, and homesites of recordkeeping households.

### FAMILY PROFILE

The setting for the Sumagaysay home may not be as ideal as it appears. The rice paddy in front of the house is neither owned nor tenanted by the Sumagaysays, although they do the weeding and the harvesting for a 1/6 share of the crop. Neither is the home lot theirs; it belongs to the heirs of one of the bigger landowners in Abangay. Some older people remember the original landlord but few of the barrio residents remember him or any of his heirs having actually visited their lands in



Tiyo Oyo Sumagaysay and his two sons harvest a sagod plot

the barrio. Transactions with the landlord are usually through an *encargado* (*overseer*) who comes periodically from Iloilo City to collect a nominal annual rent of ₱2.50 per home lot<sup>2</sup>, plus the fixed rentals that have been charged to tenant tillers since the implementation of agrarian reform in 1972-73.

Thus, the Sumagaysays live close to the soil but are *landless* in the eyes of the law. Yet, socioeconomically, they are *rural workers* (*mamumugon*). Their only means of livelihood is from farmwork for a daily wage or for a share of the crop.

The Sumagaysay house, which has only 2 bamboo partitions and about 8 m<sup>2</sup> of floor space, shelters 8 family members:

Gregorio (Tiyo Oyo), the family head, 49 years old;

Gliceria (Tiya Teria), his wife, 48;

Wilfredo (Molok), their second son, 20;

Jose (Bodol), their third son, 16;

Roberto (Bintoy), the fourth son, 13;

Merlinda (Merly), the only daughter, 18;

Crispin Pagdato (Cris), Merly's husband, 28; and

Rolly, their son, 1.

<sup>2</sup>Pesos (₱) 7.35 was equivalent to US\$1 during the 1977 study.

The Sumagaysay couple's first-born, Gregorio Jr., died at 6 months of age. Their eldest living son, Vicente (Itik), 23, lives nearby with his wife, Loreta, 28, and their son, Ronnie, 1.

The reason for the crowded Sumagaysay family quarters is that Itik's family lives in what used to be the kitchen of the original home. When Itik was married in 1975, Tiyo Oyo and Tiya Teria did not have enough savings to buy him bamboo materials for a new home. The only thing left to give was part of their own home. Thus, the kitchen was moved and reassembled to provide a dwelling place by the creek about 100 m away.

Merly, Cris, and Rolly are living with the Sumagaysay family while waiting for their new house to be completed on the other side of the creek. Cris buys bamboo and nipa materials and hires carpenters from his savings and from income from rice harvests as a contractual rural worker. By harvesttime of the 1977 wet season, Merly and Cris hope to complete their house.

Housing may be the most visible indicator for gauging the Sumagaysays' quality of life because as landless workers, the most tangible form of property they can call their own is a house. Yet, other less tangible assets may be equally significant.

In terms of education, the Sumagaysays compare favorably with other families in Abangay. Although Tiyo Oyo had no schooling and Tiya Teria reached only the fourth grade in elementary school, all their children have finished elementary school and some have gone to high school. Itik graduated from the Pototan Vocational High School with training in building construction. Molok stopped schooling for 5 years after grade school to help his parents but then went to Pototan Vocational. He plans to concentrate on electrical subjects, because of planned rural electrification for Dingle. Merly and Bodol finished elementary school, and stopped. Merly married and Bodol helps his parents earn for the family. He plans to go back to school after 3 years. Bintoy is finishing Grade 6 in elementary school. Cris, the son-in-law, finished high school.

For a family of landless rural workers, sending teenage children to school has relatively high opportunity costs. It means less hours to earn badly needed cash wages or a share of the rice harvest. Indeed, during harvests schoolchildren of landless workers usually forego school for several days to help in the harvesting, threshing, and grain cleaning.

Thus, in many respects, although their working hours are seasonal, schoolchildren of landless workers are also working students. In contrast, schoolchildren of tenant farmers may not have the same pressures to forego school, because much of the rice harvesting in Abangay is actually done by landless workers and their children.



Members of the Sumagaysay household pose with their harvest share at the end of the season

### THE SAGOD SYSTEM AND HOUSEHOLD INCOME

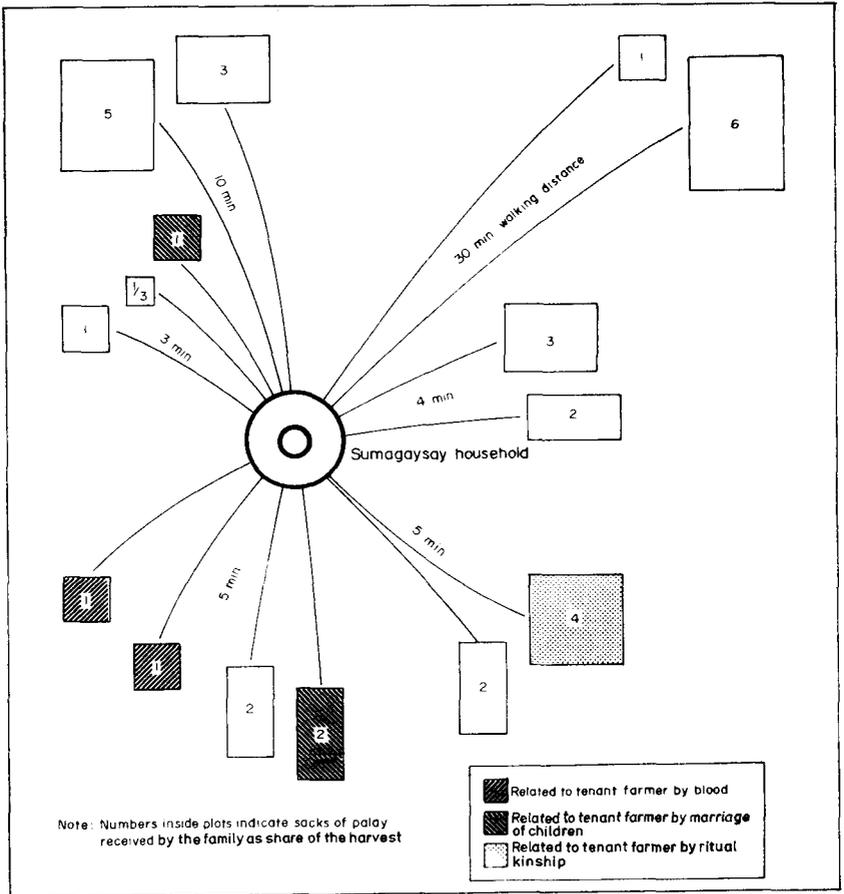
The major part of the Sumagaysay household income comes via the *sagod* system, a labor arrangement initiated in 1973 in Abangay, and which has already influenced significant changes in the landless workers' allocation of their time and resources. *Magsagod* in Hiligaynon, the local language, means *to take care of* or *to nurture*. It refers primarily to the weeding (*hilamon*) operations done by landless workers for tenants. But under the new *sagod* arrangement, whoever does the weeding on a certain plot (or subplot) is given the exclusive right to harvest (*garab*) that same plot for a percentage of the crop. The percentage is usually 1/6, if the crop is also threshed and cleaned by the harvester.<sup>3</sup>

For the 1977 wet season crop, the Sumagaysay family contracted to do the weeding and harvesting on 10 plots belonging to 10 different tenants. The size of the plots (*kahon*) ranged from 0.125 to 0.25 ha and earnings can be gauged by the number of sacks (*cavans*) expected by the Sumagaysays as their share of the harvest as shown in Table 1-1.

<sup>3</sup>With some variations, this kind of labor arrangement is called *gama* in Laguna province, *agui-agui* or *hilani* in the Bicol region, and *prendes* in Leyte province (Kikuchi et al 1977a, Barrameda 1977, and Morooka et al 1979).

**Table 1-1. Grain income of the Sumagaysay family from 10 tenants' plots contracted under the sagod system in the 1977 wet season.**

Tenant	Expected harvest (sacks of grain)	Actual harvest (sacks)	Sharing arrangement
Carding Pelayo	3	2	1/6, cleaned
Zimo Florencio	4	3	1/6, cleaned
Patring Pagdato	3	3	1/7, not cleaned
Andong Pedroso	5	4	1/8, not cleaned
Nato Portal	5	4	1/8, not cleaned
Ader Daanoy	3	5.5	1/6, cleaned
Imeng Pagdato	3	3	1/6, cleaned
Roman Sembrano	6	6	1/6, cleaned
Junior Peñaranda	3	2.5	1/6, cleaned
Conrad Daanoy	2	2	1/6, cleaned
Total	37	35	



**1-2. Rice plots contracted by a landless worker's family under the sagod system, Abangay, 1977-1978 dry season.**

(See also Fig. 1-2).

In Abangay, the usual sharing arrangement between the tenant farmer and the harvester is *anum-anum* (1/6) provided the harvester also does the threshing and winnowing of the grain. If the winnowing is by a mechanical blower or by the tenant farmer, the harvester's share becomes *pito-pito* (1/7).

In the neighboring barrio, however, a number of tenants are still under 50-50 share tenancy with their landlord instead of fixed rental leasehold and the sharing percentage is a notch lower for the harvester — 1/7 of the harvest if cleaned, 1/8 if not cleaned.

The Sumagaysays usually sell their palay in small quantities to local buyers at middlemen's prices ranging from 80 centavos to ₱1/kg. At an estimated ₱43/sack in Pototan, the Sumagaysays' 35 sacks (Table 1-1) would be equivalent to ₱1,505. If the Sumagaysays' 3 unmarried sons, together with their parents, also did a day's transplanting on 9 other tenant's plots at a ₱6 daily wage, the family would earn an additional ₱270 in cash wages. This, plus the imputed value of the 35 sacks, gives the family (excluding the married children) an estimated ₱1,775 during the 4 months of the wet season or ₱443.75/month — a monthly per capita income of ₱88.75.

There are later rice crops but the Sumagaysays' share of the harvest from the dry season and from a third crop on some farms would be proportionately less because of lower yields resulting from undependable irrigation water supply. Thus, the Sumagaysays can hope for no more than 30 sacks for the second crop, and much less for a third crop. Table 1-2 estimates the Sumagaysays' household income for the previous 12-month period in 1976-77.

An additional source of family income was a fattened pig, which Tiya Teria sold for P800. With the money, Tiya Teria planned to buy enough bamboo materials for expansion and major repairs of the family house.

**Table 1-2. Household income for the Sumagaysay family for 1 year, 1976-77.**

Source	Sacks of palay	Value (P)	%
Dry season crop, 1976-77	30	1290	25
Third crop, 1977	20	860	16
Wet season crop, 1977	35	1505	29
Cash wages for farm labor		81 0	15
Sale of pig		800	15
Gross income		5265	100
<hr/>			
Per capita gross income (for 5)	P 1053		
Net income <sup>a</sup>	4906		
Per capita net income (for 5):	981 (US\$133)		

<sup>a</sup> Based on gross income less farm expenses (see Table 1-3).

However, almost immediately after the sale of the pig, some friends and ritual kin of the Sumagaysays started borrowing most of the cash funds — presumably as short-term loans only (*hulam*).

In all, the sagod system provides for survival, not marked improvement in the landless workers' socioeconomic situation. At its best, it provides some security of labor tenure to the Sumagaysays because they regularly do the weeding *cum* harvesting for certain small farmers, many of whom are also their relatives or neighbors. It spreads the risk of a poor harvest among 10 different plots. It enables the family members to space and distribute their work activities — some members, usually the women and younger children, do the first and second weeding, and the others do the harvesting, threshing, cleaning, and hauling.

Sagod minimizes competition from landless workers outside the barrio who cannot be present all the time to do the weeding. It reduces harvesting losses incurred under the old *pasapar* system, wherein unlimited numbers of harvesters would race with each other during the actual day of harvest. Finally, it provides the landless family with a stable source of income through the exclusive right to harvest areas of various farms — so much so that landless workers often begin to look on the areas they care for as *their* plots.

Indeed, over the past 2 years, Tiyo Oyo and his older sons have no longer gone to other municipalities looking for work. Three years ago and earlier, Tiyo Oyo and his sons would go to other areas to work after the rice harvest in December. They cut cane in a sugar hacienda in New Lucena, or hauled bags of milled sugar in a *central* in Passi.

Now, with the introduction of triple-cropping by some farmers in Abangay and year-round activities on rice farms, Tiyo Oyo and his family have been able to find enough work in the barrio.

At its worst, however, the sagod system means more work for landless workers for the same percentage share of the crop. Under the old system, weeding would be done for a daily wage, and harvesting would also be done for a 1/6 share of the crop.

Under the sagod system, weeding is not remunerated immediately by a cash wage but is considered in the harvester's share. In some cases, the share given to weeder-harvesters is heaped over (*bumbong*) rather than leveled (*karis*) in the measuring container. However, the practice is not uniform. And, among landless workers some tenant-employers are reputed to be strict in sharing, others more generous.

The sagod system is premised on the assumption that the landless worker is always capable of working: "So long as you are in good health, you can breathe and make both ends meet; but once you get sick, then you are truly squeezed." It leaves no allowance for emergencies such as illnesses or natural calamities. In a way, the Sumagaysays have an



An old lady from a landless worker's family gleans the ricefield after harvest. Whatever the gleaner collects is not shared with the farmer.

advantage over many other landless workers because the three youngest sons can now do farm work, giving Tiya Teria and Merly more time for housework. Because the family operates as a working unit, individual illnesses or other emergencies are more easily tided over. Tiyo Oyo, however, recalls when the children were young and he and his wife had to do most of the farm work by themselves.

As a young man in Barotac Nuevo, Tiyo Oyo used to join migratory workers following the rice harvest in nearby localities. It was during one of these harvesting trips that the young Gregorio met his future bride working in the fields of Abangay.

### HOUSEHOLD EXPENDITURES

Rice constitutes the largest single expense item for the Sumagaysays and much of it comes from the family's shares in the harvest. In this sense, the rice retained for consumption is not affected by price fluctuations in the market. However, there are hidden costs for the Sumagaysays before their stored grain becomes edible milled rice. For one, the recovery rate of the village rice mills is considerably lower than that of the bigger mills in town — for a sack of rough rice, the return is often less than the expected half sack of milled rice.

Tiya Teria is quite definite about the family's daily rice needs: 1 liter (dry measure) in the morning, 1.5 liters at noon, and another 1.5 liters in

**Table 1-3. Household expenditures of the Sumagaysay family for 1 year, 1976-77.<sup>a</sup>**

Items	Amount (₱)	%
<i>Living expenses</i>		
Food		
Rice	1806	33
Others	1207	22
House repair	800	15
Tobacco, recreation	624	11
Clothing, personal care	340	6
Gifts and celebrations	227	4
Transportation	168	3
Fuel, light, water	139	3
Interest on loans	86	2
Education	61	1
Medical care	20	—
Rentals, fees	6	—
Subtotal	5484	100
<i>Farm expenses</i>		
Livestock feed	150	
Farming equipment	209	
Subtotal	359	
GRAND TOTAL	5843	
Per capita living and farm expenses (for 5)	1169	
Per capita living expenses (for 5)	1097 (US\$149)	

<sup>a</sup>Includes cash and rice transactions. Composite estimates were based on: (1) Tiya Teria's calculations of average expenses for 1 week or for 1 month; (2) a daily recording of the family's expenses for 1 month in 1977; and (3) Tiya Teria's itemization of outstanding annual expenses.

the evening, or 4 liters of rice/day. At this rate, the family consumes about 3.5 sacks of palay monthly.

Table 1-3 shows the Sumagaysays' expenditures for a year. Food requirements aside from rice do not figure prominently in the Sumagaysays' household expenses. Occasionally, the Sumagaysays run out of rice and buy it — at a relatively high cost — in small *sari-sari* (general) stores in Abangay. Tiya Teria sometimes buys fish from vendors. An improvised garden plot along the irrigation canal provides the family with most of its vegetable needs. Meat is eaten only on special occasions about two times per crop season. Eggs are not part of the family diet. For drinking water, the Sumagaysays and nine other families each contribute ₱2/month for a supply from a neighbor's faucet by the highway.

Daily living expenses, particularly for food and cigarettes, are constant, but cash income is earned only at certain periods. Work to clear fields, fix bunds, and transplant seedlings at the beginning of the crop season is usually for daily cash wages. For 2-3 months before harvest-

time, however, the Sumagaysays and other landless workers have no source of cash income because weeding operations are part of the sagod system and no longer remunerated by a cash wage.

Eight years ago (1969), Tiyo Oyo had a mild form of cholera and was hospitalized in Pototan for a week. Hospital bills amounted to P250—P120 for a room and P130 for medicine. A relative in Pototan provided a guarantee for the Sumagaysays' hospital costs. To cover the hospital expenses, Tiya Teria sold their carabao for P330 to another farmer in the barrio. The carabao was in full working condition, and could have been sold for more than twice that amount. Moreover, with it, Tiyo Oyo would have been able to plow farm parcels for P10/day instead of working for the current daily wage rate of P6. "*Sa pamugon,*" remarks Tiya Teria, "*lawas mo gid lang ang nagatrabaho.*" ("As a landless worker, it is solely your body that earns a living.")

In that sense, parting with the carabao meant parting with their last capital investment in farming. Buying a new carabao today would be unthinkable with the current market value of a working carabao estimated by barrio people at P1,000-P1,500. At any rate, the number of carabaos has decreased in Abangay with the advent of hand tractors and the demand for faster turnaround periods after harvesting to enable a third crop in 1 year.

### CREDIT NEEDS

The Sumagaysays resort to borrowing only during emergencies. At times, the emergency may seem small but can be as urgent as the need for rice for the next meal. At such times, Tiya Teria usually borrows a small amount from a neighbor or from relatives. Thus, for example, during the particularly lean month of July the Sumagaysays were forced to borrow small amounts of rice (see Table 1-4).

Tiya Teria makes the distinction between *hulam* (usually short-term loans without interest) and *utang* (usually long-term loans with interest). In most cases, the rice loans were repaid in kind without interest within the same month. To complete the neighborly circle, Tiya Teria also loaned small amounts of rice to practically the same persons whenever they ran out of rice. Indeed, more than half of the loaning families are also landless workers and face similar circumstances as the Sumagaysays. Thus, short-term borrowing in kind becomes a form of shared poverty. What little one has is shared with a relative or friend so that no one really goes hungry for long in Abangay.

For other food and household expenses, the Sumagaysays rely on an informal credit account with a nearby *sari-sari* store. The owner of the store, Ogoy Daanoy, is a *kumpare* (ritual brother) and they are able to

**Table 1-4. Short-term credit in rice for the Sumagaysay family, July 1977.**

Lender	Quantity lent	
	Local measure <sup>a</sup>	Kg
Lita Pagdato	1 korha or 3 salmon	0.9
Oday Ceballo	3 salmon or 1/2 rayna	0.9
Agay Espinosa	4 salmon	1.1
Cena Dizon	1 caltex	0.9
Toming Palacios	3 salmon	0.9
Jesus Lorenzo	1 korha	0.9
Puring Esquivel	1 rayna	1.7
Anas Sorsano	1 rayna	1.7
Pinang Pelayo	3 gantas, 2 litro	6.3
Total	8-2/3 gantas	15.3

<sup>a</sup>See Appendix 1-A.

procure various items on a credit basis. The costs are listed in the storekeeper's notebook and payable the next harvest season. Items bought in this manner and their estimated monthly costs are in Table 1-5.

According to Tiya Teria, the family account at the *sari-sari* store is about P500 by the time payment is made at harvesttime. Last year, Merly's husband paid P475 in the name of the family. Thus, about 11 sacks of palay harvested by the Sumagaysays are set aside to settle the *sari-sari* store account every 4-5 months. Apparently, except for the ₱.10 surcharge for every can of milk bought on credit, the other items are charged at fixed prices.

Aside from the factors of face-to-face proximity and ritual kinship with the storeowner, the Sumagaysays usually settle their accounts promptly because Ogoy's father, Ader Daanoy, is one of the bigger tenant farmers who hire the family's work force under the sagod system. For the present wet season, the Sumagaysays received the second largest harvest share from Daanoy's farm.

The restrictions on cash availability also affect the small tenant farmers. Complaints of delays in the release of cash loans are often heard. With a shortage of cash loans, tenant farmers have found it convenient to enter into the sagod system to eliminate cash expenses

**Table 1-5. Items bought by the Sumagaysays on a credit basis from a sari-sari store during 1 month of 1977.**

Item	Cost (and use)
Salt	₱ 4.00
Kerosene	9.60 (for household's lighting at night)
Cigarettes	30.00 (the two older boys smoke about 1 pack a day at ₱ 1/pack)
Milk	40.00 (a ₱2 can of milk lasts 1.5 days for the Pagdatos' son.)



Tiya Teria Sumagaygay holds her grandson during a leisurely conversation with neighbors. Group babysitting is common in the rural household. This same circle of friends provides the credit for family needs.

for weeding. Likewise, many tenant farmers have shifted from straight-row transplanting to broadcast seeding partly to hasten the turnaround period for the next crop, but also to reduce the hiring of transplanters on a cash-wage basis. One landless worker (a widow) remarked that there may come a time when the sagod system may include transplanting in addition to the present weeding activities, without immediate cash payments but only a guaranteed share of the harvest.

Thus, with tenant farmers themselves short of cash, there is added reason for landless workers to enter into transactions on an in-kind or credit basis. It is in this light that the sari-sari store's credit line fulfills a vital need in the Sumagaysays' household economy.

Sometimes, long-term consumption loans are also made by the family. Table 1-6 lists long-term loans in palay made by the Sumagaysay family over the past 2 years. For 4 sacks of palay borrowed, the Sumagaysays repaid their creditors with 6 sacks, or a 150% return over one crop season.

The system of borrowing and paying in kind with interest is called *sagahay*: for 2 sacks of palay, 3 are paid (50% interest); or for every 3 sacks, 5 are paid (67% interest). The Sumagaysays prefer the *sagahay* to an *alili* arrangement, wherein one borrows money for payment in kind. The usual arrangement would be to borrow P20-25 and to pay ~ back 1 sack of palay at harvesttime (worth P43-45), or to borrow P40-50 and pay back 2 sacks of palay (worth P86-90). The effective interest rate

**Table 1-6. Long-term credit in palay for the Sumagaysay family, 1976-77.**

Lender	Amount borrowed (sacks of palay)	Payment (sacks of palay)	Duration (mo)	Effective interest rate (%/mo)
S. Santos	2	3	5	10
M. Alisan	1	1.5	5-6	10-8.3
L. Daanoy	1	1.5	3-4	16.7-12.5

would run to a little more than 100% in 1 cropping season of 4-5 months, or a monthly interest rate of 20-25%.

For the Sumagaysays, informal borrowing becomes more pronounced during emergencies. A flood in December 1973 swept away their house. Throughout that period, the family was forced to borrow two sacks of palay, a situation made more difficult because practically everyone else in the barrio had been affected by the flood. This was also the beginning of repayment difficulties for many small farmers in Abangay who had borrowed under the Masagana 99 rice production program.

The Sumagaysays have not tried borrowing from any formal credit institutions — they have no farm and cannot apply for production loans. There was one instance, however, when the family indirectly availed themselves of formal credit. In June 1976, a newly organized Compact Farm (CF) sponsored by the Department of Agrarian Reform (DAR) and financed by the Agricultural Credit Administration (ACA) started granting production loans to its 120 members in Abangay and in the neighboring barrios Bongloy and Pandan. All CF members were small tenant farmers. Most had become agrarian reform beneficiaries in shifting from share tenancy to leasehold and in receiving Certificates of Land Transfer (CLTs). One CLT recipient was Toming Palacios, a small tenant farmer of 0.3 ha of rice land. His wife is Tiya Teria's younger sister and they live beside the Sumagaysay home.

Toming's initial CF loan consisted of 1 sack of rice (P102), 1 sack of seed (P85), and 1 bottle of insecticide (P24). The Sumagaysays borrowed about half of the sack of rice loaned to Toming for their consumption needs during the lean month of July. Thus, although they themselves were not eligible for CF membership, the Sumagaysays, through a relative, availed themselves of about 25% of a CF member's small loan. At the end of the crop season, the Sumagaysays contributed their share for the repayment of the CF loan.

## PROSPECTS AND CREDIT ALTERNATIVES

How do the Sumagaysays view the future from their present situation?

Tiyo Oyo and Tiya Teria are now getting on in years. They are thankful that their children have grown and are now able to help in the household economy. From his small frame of about 45 kg, and despite his slightly greying hairs, Tiyo Oyo always seems to exude a cheerful disposition. He states matter-of-factly that he has no vices — he doesn't smoke, drink, or gamble. Yet sometimes he wonders why the income he earns from his work in the fields never quite satisfies the family's needs. Tiya Teria remarks in a more pragmatic vein, "So long as you are willing to work hard, you will always be able to find some rice in the barrio for your family to eat."

The Sumagaysay children, however, are less resigned to the life of landless workers. Itik has been invited by a friend to apply for a job in the Breeding Department of the Philippine Sugar Institute in Bacolod. If accepted, he may move his family to Negros.

Molok wants to finish high school, and take a special 2-year college course in electricity offered at Pototan Vocational.

Cris and Merly will soon move into their new house and become more independent of the Sumagaysay household. Indeed, because Cris is an unusually fast harvester and is level-headed with finances, he has probably contributed more to his in-laws' household income than to his own family's specific needs. Cris' parents are share-tenants who became lessees on 1.5 ha in a neighboring barrio. Although he has two older brothers, Cris is likely to inherit at least part of his parents' landholding, and join the ranks of small farmers.

Bodo1 and Bintoy, the youngest boys, are now their father's constant companions in the field, particularly at harvesttime. It is likely that they will continue their studies in high school despite increased tuition fees (at present ₱56/year), and may look for nonfarm jobs after graduation.

For the Sumagaysay family, however, plans for the future have to be cautiously measured in the light of present possibilities. At the moment, the sagod system is providing them some security and stability as landless rural workers. With more plots regularly entrusted to them over the past 2 years, Tiyo Oyo and his family are more and more tied to rice farming in Abangay. Although their expected share in the harvest is more assured with the sagod weeding, their chances for earning cash wages have been restricted to occasional activities in transplanting or other tasks, such as clearing fields or repairing levees.



Cris and Merly Pagdato worked and saved for this new house, which will allow them to move out of the Sumagaysay house.

As evidenced from their constant borrowing for consumption needs, the Sumagaysays have not appreciably improved their lot under the new labor arrangement. At best, the sagod system has rationalized the keen competition among landless workers for available farm jobs. But it has failed to modify the economic forces that keep the daily wage rates or its equivalent in palay shares for landless rural workers at a bare minimum.

In another sense, however, the sagod system has given the Sumagaysays a form of collateral for borrowing for their consumption needs. Relatives or friends are more inclined to give them credit on the basis of their expected share in the harvest. This is thus part of the paradox posed by the sagod system: it provides more regular employment, but often not sufficient for the subsistence needs of a rural worker's family; on the other hand, it gives the same family access to consumption loans from informal sources to overcome the limitations of the system.

As landless rural workers in Abangay, therefore, the Sumagaysays' greatest need may no longer be regular employment (which has been provided by the sagod system), but higher remuneration for their farm work. For instance, the current daily wage rate for farm work in Abangay is ₱4 with meals, or ₱6 without meals.

According to Itik, the daily wage in other municipalities may even be as low as ₱5 without meals. It is in this light that he and other young landless workers express the need for an organization of their own — to agree, for instance, on standard daily wage rates or the percentage of

sharing at harvesttime.

If ₱6 is earned by a family head it is clearly insufficient to support a family with 2 to 4 children or more. In this sense, children of preschool age are liabilities for a landless worker's livelihood. However, at an age when they can work the children become assets for the family's earning capacity. But, some trade-offs have to be made. Should it be more hours worked by the children in the fields or more schooling for them? More family income now or more opportunities for the children to finish at least high school and acquire skills for higher-income jobs later on?

Going beyond subsistence wages, some landless workers harbor a deep desire to acquire a farm of their own. Tiya Teria, for instance, recalls the period before World War II when her father operated a farm in Abangay as a share-tenant. Had he not been asked by a new *encargado* to relinquish his farm, Tiya Teria and her family might still be in the category of small farmers (*mangunguma*) in the barrio today — a status decidedly preferable to the status of landless workers (*mamumugon*). For one thing, as a small farmer, according to Tiya Teria, one can borrow bigger amounts, certainly more than just one or two sacks of palay at a time. Despite the greater risk of defaulting on repayments, there are also more chances for breaking through the perennial cycle of indebtedness.

What then are the credit alternatives for landless workers like the Sumagaysays? Starting from their own needs, consumption loans for daily subsistence are still the most important considerations. How to meet their rice requirements during the nonharvest period, how to procure their other food needs, how to market or mill, at reasonable cost, the little palay they earn to exchange this for other household expenses? These are some of the continuing questions that confront the Sumagaysay family.

Possible credit alternatives can be mentioned. Perhaps a consumers' cooperative in their neighborhood to take the place of the *sari-sari* store; perhaps a credit union among the same circle of friends and relatives that Tiya Teria relies on for her rice needs; or perhaps a government-sponsored loan program that distributes piglets on a consignment basis — as was tried once, Tiyo Oyo recalls, during the Magsaysay administration.

As with the Sumagaysay children, education for landless workers' children may be highly valued as a means of providing other skills and job opportunities for the landless. Educational loans for school fees and even living allowances may be a worthwhile investment in the development of skilled manpower among the landless rural youth.

At the moment, most strategies for rural development, particularly credit programs, have been designed for small tenant farmers. How-

ever, the presence of landless families like the Sumagaysays has to be considered in the overall scheme for rural progress. Otherwise, there is a possibility that one group of small farmers may avail itself of the credit, while another group of landless workers does most of the actual farm work. In Abangay, this possibility may not be too remote because a recent benchmark survey of the barrio revealed that 97 of a total of 250 households (38%) are landless rural workers.

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**Appendix 1-A. Local volume measures<sup>a</sup> used in Abangay, 1976–77.**

Leche Chupa	Salmon	Caltex, korha	Litro	Rayna, ganta	Panega	Sako, kaban	Bulto, pasong
3	=	2	=	1			
	3	=	1				
		2	=	3	=	1	
				8 <sup>b</sup>	=	1	
		(50) <sup>b</sup>		(24) <sup>b</sup>	3	=	1
		52	=	25	=	1	
						2	= 1

<sup>a</sup>The (=) sign denotes the most common conversions. <sup>b</sup>At multiples of the smaller measures, these are all that would be needed to make up 1 sack or cavan, the most commonly used measure. However, one or two more units are added to cover spillage. Note: 1 cavan = 50 kg (official weight measure); one 25-ganta cavan = 42–44 kg (local volume measure).

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# 2

## Labor allocation under the sagod system

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How do landless workers as a group compare with tenant farmers in terms of labor allocation and other aspects of their household economy? Over a 6-month period, I had 16 households belonging to 8 landless workers and 8 rice farmers keep daily records. Record keeping started in the middle of the rainy season and included an entire crop season in the 1977-78 dry season.

Because of Iloilo's relatively long rainy season and the year-round availability of irrigation water (at least along the main canal), rice farmers in Abangay have considerable leeway in scheduling their rice crop seasons. With some exceptions, planting and harvesting are usually done within the following periods:

<i>Crop season</i>	<i>For two rice crops</i>	<i>For three rice crops</i>
Wet ( <i>dinag-on</i> )	Jun-Oct (5 mo)	Jun-Sep (4 mo)
Dry ( <i>patulos</i> )	Nov-Mar (5 mo)	Oct-Jan (4 mo)
Third ("triple")		Feb-May (4 mo)
Idle (or nonrice crop)	Apr-May (2 mo)	

The households itemized:

- labor allocation of income-earning activities in working hours;
- income and expenses in cash and palay; and
- credit practices.

### HOUSEHOLD CHARACTERISTICS

The 16 households were spread fairly evenly throughout the barrio (see

Fig. 1-1).<sup>1</sup> The rice farmers, whether amortizing owner or lessee, usually lived beside their farm parcels. All the landless workers' homesites, on the other hand, were near the farm parcels of relatives or friends where farm work could more easily be obtained. Other considerations in the location of homesites' were proximity to the highway — for greater access to the towns and to piped water along the highway — and permission of the landlord, or, in the case of landless workers, acquiescence of the tenant farmer.

Biographical data for the 16 households are in Table 2-1. Young landless workers included those 36 years old or younger. Older landless workers were 37 years old or older. Small farmers had farm areas less than 1 ha and medium-size farmers had from 1 to 3 ha. There were less visible differences among small and medium farmers than among young and old landless workers.

Except for the young landless workers, household size for the 3 other groups was the same at 6.8. However, the size of the economically active population differed according to the number of years of the family's existence. The economically active population in each household, defined as all those belonging to the age bracket 13-65, determined in many cases the extent of labor allocation in each household, particularly among landless workers.

#### FAMILY WORK FORCE AND THE SAGOD SYSTEM

Land fragmentation under the *sagod* system means allocating farming operations on specified plots to various workers. With this labor

**Table 2-1. Biographical data of 4 groups of daily record-keeping households, Abangay, Iloilo, 1977.**

Characteristics	Landless worker		Tenant rice farmer	
	Young (n = 3)	Old (n = 5)	Small (n = 4)	Medium (n = 4)
1. Age of family head (av years)	27.7	49.8	35.8	41.5
2. Education level (no. of years)	8	3.2	5.5	4
3. Years of family's existence	7	28.2	13	19.3
4. Household size (no. of persons)	5.7	6.8	6.8	6.8
5. Economically active population (ages 13-65)	2.3	5.4	3.0	4.0
6. Labor participation ratio: (5) ÷ (4)	40.4	79.4	44.1	58.8

Source: Appendix 2-A.

<sup>1</sup>Two of the 18 original households that agreed to be cooperators were later found to have incomplete records, particularly regarding income and expenditures. One was excluded altogether from the final tabulations, while the other's records were included only in some tables on labor allocation.

arrangement, landless workers — or sometimes other small farmers — contract to weed designated plots without immediate pay provided they are given the exclusive right to harvest the crop on their assigned plots and receive a share of the harvest.

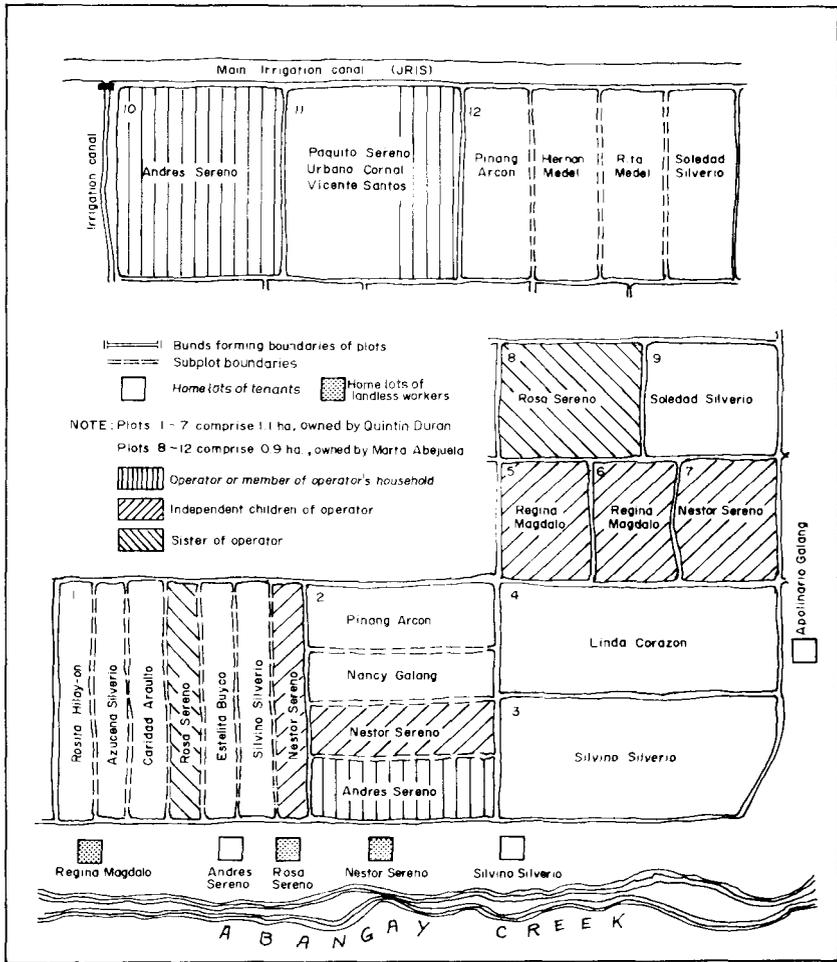
Landless workers are well aware of the constraints in the number and size of sagod plots they can contract for weeding and harvesting:

- The size of the contracted plot should not be beyond the working capacity of the worker and his household. In particular, the number of grown children who can work determines the number and size of sagod plots that the family can contract in one crop season.
- The plot should not be too far from the worker's home so that his household can keep an effective watch against weeds and other pests that may affect the rice crop.
- As much as possible the various plots should have different schedules for weeding and harvesting; otherwise, the worker and his family may not be able to finish the work on time. For similar reasons, small farmers themselves are reluctant to apportion bigger sagod plots to landless workers particularly during the rainy season when the ripe grain can easily spoil in the field if it is not threshed and dried immediately.

The Sumagaysay family, for instance, with 3 grown children and the highest possible labor participation ratio (100%), had 10 different sagod plots during the 1977 wet season. This number was increased to 15 plots during the following dry season. Figure 1-2 indicates the relative size and distance of each plot from the Sumagaysays' homesite, as well as the Sumagaysays' relationship with each tenant farmer. The weeding-harvesting activities earned the family 34.3 sacks of palay during the dry season.

In contrast, Figure 2-1 shows how Andres Sereno, a tenant farmer with 2 ha, divided his farm into sagod plots and subplots among his relatives and neighbors. Levees around a plot may provide the most convenient boundaries for designating an area for sagod operations. In some instances, however, subplots are created by marker sticks or by specifying the number of rows of rice plants to accommodate more relatives and friends within the sagod system.

Although the Sereno household had the highest labor participation ratio (86%) among the record-keeping farmers, only about 1.6 plots of their 12 plots were reserved by the family for their own harvesting operations. The rest of the farm was allocated to 15 individuals and their families for sagod work. Three of those sagod workers were immediate relatives of Andres Sereno — two grown children with independent households and a married sister. All three are landless workers. On another plot, a 20-year-old unmarried son of Andres joined 2 friends in



2-1. Weeder-harvesters under the *sagod* system on a tenant farmer's rice farm, Abangay, 1977-1978 dry season.

the *sagod* operations to earn some pocket money. Neighboring tenant farmer households, the Silverios and Galangs, also reserved six plots and subplots of the Serenos for *sagod* operations to gain additional income. The nine other individuals with contracted areas were pure landless workers and not related to the Serenos.

Thus, Andres Sereno's 2-ha farm with 12 plots and 24 subdivisions accommodates 18 *sagod* workers. Although technically, under agrarian reform the entire farm area is designated to one tenant farmer, many other parties are involved in the farming operations and claim a share in the harvest, a form of further land fragmentation for specific farming operations.

## LABOR ALLOCATION BY SOURCE AND ECONOMIC ACTIVITY

A look at the sagod system gives an indication of the complexity of employer-employee relationships that have arisen for particular operations on rice farms in Abangay. The system, however, does not embrace the full range of income-earning activities engaged in by rural households. Neither does it indicate the specific contributions of household head and members in various economic activities.

Table 2-2 compares the labor allocation of landless workers and rice farmers by source and economic activity. Income-earning activities are classified under four categories:

- work on “on rice farm,” which is applicable only to tenant farmers and includes hired labor;
- work on “other rice farms,” which means hiring out one’s labor to other farmers;
- “other agricultural activities,” principally livestock and poultry raising, vegetable gardening, or farm work on small parcels of nonrice crops such as maize or tobacco; and
- “nonagricultural activities,” which include various occupations like carpentry, buy-and-sell activities, construction work, and tricycle driving.

### **Rice farming**

Rice farming activities constitute 82% of the total labor allocation of landless workers and 51% of that of rice farmers. Of the 25 hours per week tenant farmers spend in rice farming, about two-thirds (16.2 hours) are on their own farms; the other third (8.8 hours) is on other farms. Landless workers, in contrast, spend all their work hours (62.2) as hired laborers on other rice farms.

Among the 8 rice farmers, hired labor on their farms constitutes the larger portion of labor input — 23.7 hours/week as compared to 16.2 hours for family labor. Exchange labor contributes an insignificant fraction — 0.2 hour/week — and is not included in Table 2-2. In all, tenant farmers spend only 51% of their income-earning time in rice farming activities, and only 33% of the total time on their own rice farms. In contrast, landless workers spend 82% of their income-earning time in rice farming activities, which are wholly in the form of hired labor.

### **Other agricultural activities**

Rice farmers spend much more of their work hours (46%) than landless workers (13%) on other agricultural activities. Individual household records reveal that rice farmers have more opportunities in the form of

**Table 2-2. Labor allocation per week, by source and economic activity, 16 households, Abangay, 1977–78 dry season.**

	Landless workers (n = 8)		Rice farmers (n = 8)	
	Work hours (no.)	%	Work hours (no.)	%
Own rice farm				
Head			9.8	
Members (Hired)			6.4 (23.7)	
Subtotal			16.2	33
Other rice farms				
Head	23.7		6.7	
Members	38.5		2.1	
Subtotal	62.2	82	8.8	18
Other agricultural activities				
Head	4.5		12.9	
Members	5.6		10.0	
Subtotal	10.1	13	22.9	46
Nonagricultural activities				
Head	3.6		1.6	
Members	0.5		—	
Subtotal	4.1	5	1.6	3
All activities				
Head	31.8		31.0	
Members	44.6		18.5	
Total	76.4	100	49.5	100

Source: Appendices 2-B and 2-C.

more capital or land to start a piggery or poultry, or for vegetable gardening and other nonrice crops. Likewise, whatever rice farmers engage in is often done on a slightly bigger scale - e.g. in terms of number of pigs or chickens (Table 2-3).

Among landless workers, 5 households spend 30-60 minutes daily on some form of poultry raising — chickens, ducks, or geese. Two households spend an additional hour daily on pig raising. Half of the landless worker households engage in vegetable gardening, either beside their homes or on provisional plots constructed on vacant spaces near the irrigation canal or Abangay creek.

In several other instances, landless workers agree to fatten a rice farmer's pig or take care of his carabao with the understanding of splitting the outcome — whether it be a litter of piglets or cash proceeds from a market sale. This arrangement is also called *sagod*, likely a prototype for *sagod* activities on rice farms.

Housewives (or an elder daughter) usually take charge of these miscellaneous tasks, which are considered part of the household chores and do not require as much energy as work in the fields.

**Table 2-3. Number of households engaged in other agricultural activities among 16 cooperators. Abangay, 1977-78.**

Income-earning activity	Landless workers (n = 8)	Rice farmers (n = 8)
Piggery	2	3
Poultry:		
Chickens	5	6
Geese	1	3
Ducks	1	0
Vegetable garden	4	6
Carabao tending	2	4

Although not included in the record-keeping because they are not strictly classified as income-earning, household chores such as preparing meals, tending small children, and washing and cleaning tasks require the housewife or some of the older children to spend at least an additional 2 hours daily.

### Nonagricultural activities

Nonagricultural activities take up the smallest part of the labor allocation of both landless workers and rice farmers. Landless worker households spend slightly more time, the equivalent of 0.5 day/week, or 5% of their total work time, compared to 3% for rice farmers. The low percentages indicate a serious lack of employment opportunities outside the agricultural sector for the rural-based households of Abangay.

Among the few households that engage in nonagricultural activities, there is more immediate cash payment. Conrado Gumban, a landless worker, spent an average of 20.3 hours/week, mostly in carpentry. Federico Calinog, tenant of a medium-size farm, also spent almost 1 day/week in carpentry. Members of two other landless households also hired out occasionally as carpenters.

Other nonfarming jobs that household members engage in on a short-term basis are: buy-and-sell activities particularly during harvest, tailoring services, working 1-2 weeks on a construction project, and tricycle driving.

### Landless workers on rice farms

How do landless worker households divide their rice farming activities among head and members? Daily records of the 8 households over a 6-month period indicate that household heads spent 23.7 hours/week in rice farming, whereas family members, including spouses, spent 38.5 hours (Table 2-2). The 8 households averaged 62.2 farm-work hours/week, with some notable differences among them, ranging from 16.7 hours/week (the Pagdato family with 2 small children) to 116.2 hours

/week (the Sumagaysay family with 3 grown male children). (See Appendix 2-B).

In addition to family labor, a few landless laborer households had a small amount of exchange and hired labor usually among close relatives or friends. In some instances, landless workers were pressured to hire other workers when harvesting operations occurred almost simultaneously in their sagod areas. The hired workers got a fixed wage of ₱6/day without meals.

Another occasion when a landless worker under the sagod system hires other workers is when weeding must be completed before the tenant farmer applies fertilizer on his fields. In this case, the landless worker is more at a disadvantage because he has to pay his fellow laborer a daily cash wage of ₱6 whereas he has to wait until harvesttime for his pay in rice.

If one takes the average of the rice farming hours of all 8 households, it would seem that for every hour the household head spends in the fields, the other members of his family spend almost 2 hours (Table 2-2). However, except for one household, the households diverge significantly from this labor distribution. Three patterns are distinguishable:

1. the household head does most of the farm work;
2. both head and family members share the work almost equally; and
3. the family members do most of the farm work (Fig. 2-2).

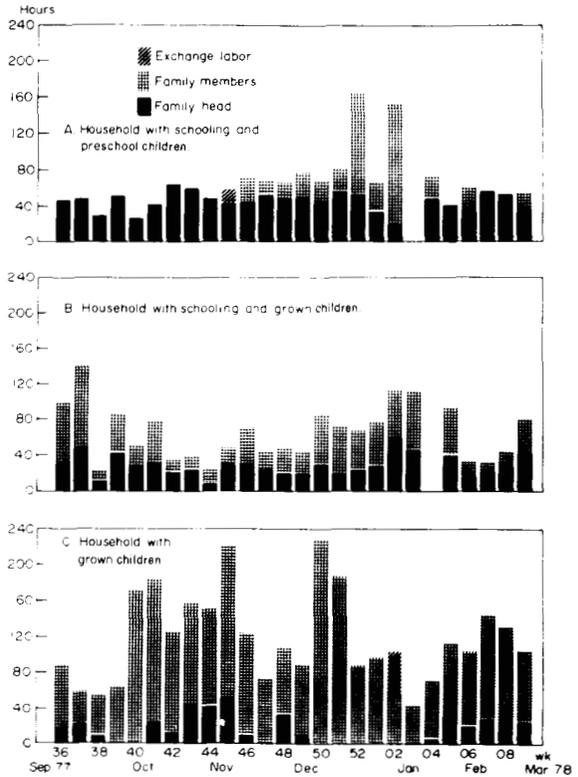
Melchor Daraug's case represents one end of the spectrum where the head of the household does most of the fieldwork. His children are either too young for farm work or are still in school, and his wife has to stay home to take care of the children. Melchor worked alone for half of the 26 weeks recorded (Fig. 2-2A). Of the household's total employment on rice farms for the same period, Melchor did more than two-thirds of the work. The two other children helped their father only in the lighter task of weeding from mid-November to early February.

Of the 8 landless workers with daily records, Melchor worked the most, averaging 42.3 hours/week in the fields. This is not surprising because Melchor is practically the sole income-earner in his young but large family of 10.

The Cahuya household typifies the second pattern of a more even distribution of farm work between the head (44%) and the members (56%) (Fig. 2-2B). Except for 1 week in January, all the older members in the family worked throughout the various phases of rice cultivation, principally at weeding and harvesting. This typifies some of the older households, usually with two or three out-of-school children, who work on a regular basis.

The third pattern of labor utilization by source is characterized by the Sumagaysay household (Fig. 2-2C). The Sumagaysays as a family work-

2-2. Labor allocation, by source, on rice farms among three landless worker households, Abangay, 26 weeks, 1977-1978.



ing unit did the most work among the 8 landless families during the 6-month period. However, out of the household weekly average of 116.2 hours, Gregorio, the household head, contributed only 15 hours (13%), leaving the bulk of the work (87%) to his 3 sons. As his grown children began to do more of the heavier tasks such as harvesting, threshing, and hauling of grain, Gregorio himself spent fewer hours in the fields.

LABOR ALLOCATION BY RICE FARMING OPERATION

Because of stepwise delivery of water along the irrigation canals, rice planting in Abangay is staggered and landless workers space their field work accordingly. It is not uncommon for one family to be engaged within the same week in land preparation of one farmer's plot, weeding of another, and harvesting of still another. Indeed, with some farmers engaged in triple-cropping, it has now become possible for landless workers, like the Sumagaysays, to work year round in rice farming in the same village.



Two tenant farmers prepare a seedbed. The rice farmer and his family usually take charge of land and seedbed preparation. After 8-10 days, seedlings from this *dapog*-type seedbed are rolled like a carpet and sent to larger fields for transplanting.

In addition to the flow of irrigation water, labor allocation on rice farms in Abangay is influenced to a large extent by the *sagod* system. Table 2-4 indicates the proportion of family labor to hired labor for different rice farming operations.

In general, rice farmers and their families do most of the work during land and seedbed preparation. Usually, the rice farmer also takes care of fertilizing, spraying, and water control.

However, transplanting, weeding, harvesting, and threshing, which take up two-thirds of the total hours of farm work, are mostly left to hired labor. In all, hired labor, which is provided mostly by landless workers in Abangay, constitutes 60% of the total labor on the 9 rice farms studied.

Weeding, harvesting, and threshing require about one-half (51%) of the total labor time on the 9 farms. For each operation, hired labor provides more than 75% of the required hours. Weeding constitutes the single most time-consuming operation, requiring 24 workdays/ha. Of these, 19 days are contributed by hired labor, mostly landless workers.

Rice farming operations can also be traced from the landless workers' daily records. Table 2-5 indicates their allocation of workdays for different rice farming activities over a 6-month period. Weeding, harvesting, and threshing — the three operations covered by *sagod* —

**Table 2-4. Labor allocation (hours/ha), by operation and by source, on 9 rice farms, Abangay, Iloilo, 1977-78 dry season.<sup>a</sup>**

Farming operation	Family <sup>b</sup>		Hi red		Total	
	Hours	% <sup>c</sup>	Hours	% <sup>c</sup>	Hours	% <sup>d</sup>
Land and seedbed preparation						
Clearing, fixing bund	78.9	91	7.4	9	86.3	12
Plowing, harrowing, leveling	58.7	73	21.9	27	80.6	11
Seedbed preparation	13.3	89	1.7	11	15.0	2
Planting care and control						
Transplanting or broadcasting <sup>e</sup>	19.8	20	80.7	80	100.5	14
Fertilizing, spraying, water control	40.8	86	6.9	14	47.7	7
Weeding, replanting	42.7	22	149.4	78	192.1	27
Harvesting and postharvest operations						
Harvesting	12.9	12	95.1	88	108.0	15
Threshing, <sup>f</sup> cleaning	8.1	13	56.1	87	64.2	9
Hauling	8.5	45	10.3	55	18.8	3
Total	283.7	40	429.5	60	713.2	100

<sup>a</sup>From farmers' daily records on 10.8 ha. <sup>b</sup>Includes 37 hours of exchange labor. <sup>c</sup>Percentages for "family" and "hired" are read across to total 100. <sup>d</sup>Percentages of "total" are read downward to total 100. <sup>e</sup>Four farmers practiced broadcasting, 1 tried it on half of his field. <sup>f</sup>Four farmers used portable threshers.

**Table 2-5. Labor allocation by operation on rice farms, 8 landless worker households, Abangay, Iloilo, 6 months, 1977-78 dry season.**

Farming operation	Young landless workers (n = 3)		Old landless workers (n = 5)		All landless workers (n = 8)	
	Days	%	Days	%	Days	%
Land and seedbed preparation						
Clearing, fixing bund	2.6	2	1.9	1	2.2	1
Plowing, harrowing, leveling	6.3	5	0.1	-	2.5	1
Seedbed preparation	1.0	1	0.4	-	0.6	-
Planting care and control						
Transplanting or broadcasting	2.2	2	25.4	10	16.7	8
Fertilizing, spraying, water control	1.9	2	0.1	-	0.8	1
Weeding, replanting	40.8	33	76.6	30	63.2	31
Harvest and postharvest operations						
Harvesting	24.6	20	85.2	34	62.5	31
Threshing, cleaning	38.8	32	62.4	25	53.5	26
Hauling	3.2	3	1.1	-	1.9	1
Total	121.4	100	253.2	100	203.9	100

took 88% of the landless workers' time on rice farms. Weeding alone represents the equivalent of 3.1 months of work for each household, assuming that a month of full employment is 20 workdays. In this sense, the sagod system is the landless worker's way of providing production credit to farmers — their labor costs for weeding being traded for a share in the harvested crop.

## Weeding and plant care

Seedbed preparation and application of fertilizer and other chemicals are mostly done personally by tenant farmers because they are intimately connected with current cash inputs. Occasionally, however, farmers hire landless workers for spraying insecticides. On one occasion, the Sumagaysays had to use their money to buy a bottle of insecticide for spraying a tenant farmer's rice crop. Implicitly, the farmer still considered this a part of the landless worker's obligations under the sagod system.

Weeding epitomizes for landless workers the full weight of the sagod system as the prevalent labor arrangement in Abangay. Many landless workers recall that there was a previously fixed wage for weeding. Today, except among one or two large tenant farmers, there is no pay for weeding and if one does not weed, neither can he harvest. For all 8 households, weeding over 2 or 3 months of the dry season constitutes nearly a third of the total workdays on rice fields (Table 2-5).

Weeding is considered lighter work than harvesting and threshing, is often done by women and children, and may be spread over several days or even weeks. However, it usually has to be done at least twice. Farmers may also require that weeding be completed before fertilizer is applied. In such cases, landless workers have to speed their weeding activities, sometimes asking children to forego school or hiring nonfamily weeders on a cash wage basis.

Weeding is further complicated by broadcast seeding. This practice makes it more difficult for the weeder to make his way through the rice plants in the absence of straight rows and he is also expected to fill up the empty spaces with replanted seedlings. Weeds also grow more densely in the absence of weedicides, which some tenant farmers are tempted to omit when they are short on cash. Moreover, the use of rotary weeders has ceased in Abangay, partly due to the deep mud in constantly irrigated fields and partly to the sagod system, wherein the tenant farmer relinquishes the problems of weeding to landless workers.

Landless workers perform weeding creditably well, even without immediate remuneration for two reasons:

- better care insures a bigger harvest and consequently a larger share for the worker; and
- the tenant farmer may or may not hire the landless worker again for the next crop season, depending on his performance in weeding activities. Several landless workers recounted instances of loss of sagod rights to others because of poor weeding.

To a certain extent, landless workers are free to contract sagod plots anywhere in the barrio. The arrangement is usually made among rela-



Roberto Sumagaysay, assisted by his sister Merlinda (background), weeds one of the family's sagod plots. Weeding is usually done twice and does not earn a daily wage under the sagod system.

tives or close friends as the planting period begins, certainly before the first weeding has to be done. Almost invariably, it is the landless worker who approaches the small farmer for the sagod arrangement, which is an indication of competition among landless workers for available sagod plots. If the landless worker has already covered a sagod plot for the farmer during the previous season, a simple reminder may suffice to renew the arrangement.

### **Harvest and postharvest operations**

The landless worker household's work tempo increases at harvest periods. More than half of the work time of the 8 families was devoted to harvest and postharvest operations (Table 2-5).

Landless workers try to finish harvesting and threshing a sagod plot as rapidly as possible to satisfy the tenant farmer, who ordinarily supervises the operations. Fast work also enables the landless worker and his household to move to other sagod plots for harvesting and threshing. If they have a kerosene lamp, some landless workers find it convenient to thresh rice at night. This enables them to avoid the heat of the sun and speed field operations during the peak labor season.

Use of mechanical threshers has increased in Abangay. At the height of harvest activities in September to October, when rains may still damage a harvested crop, small farmers find it expeditious to hire a threshing machine. The sagod harvesters may also find the threshing



A landless worker and his family thresh rice. The household head threshes the grain by foot, and the wife helps separate grain and straw. Children, although not old enough to help in farm work, accompany the parents to the field.

machine advantageous — in saving time, especially when other sagod plots remain to be harvested, in saving human energy, and in eliminating the tediousness of foot threshing itself.

Landless workers estimate that it would take them 1-2 workdays to thresh by foot what a mechanical thresher can do in 1 hour. Threshing qualities of particular varieties are also favored among harvester-threshers. IR36, the current predominant variety in Abangay, is considered tough to thresh and may cause the harvester's feet to bleed. "IR74," a locally named variety, is more readily threshed by foot.

The decision to thresh by machine or to thresh by foot is theoretically left to the harvester who provides the labor or pays for the operating cost of the machine. The sagod harvester pays a third of his share (*trecia*) to the threshing-machine owner. For example, if 18 sacks of palay are harvested and then threshed by machine, 15 go to the tenant farmer and the sagod worker receives 3 sacks as his 1/6 share. From the 3 sacks, 1 goes to the owner of the threshing machine.

If the weather is favorable, and there is no immediate need to work on other fields, landless workers would rather do the threshing by themselves. Yet it is not uncommon for tenant farmers to have their preference for mechanical threshing followed, particularly during the rainy season. Their wishes are not easily ignored because they decide which



A tenant farmer's wife (foreground) shares the rice harvest with a landless worker and her two sons. The harvester's one-sixth share includes a small bonus, which is the portion being heaped on the measuring container.

landless workers to hire for the next crop.

After threshing, harvesters traditionally drop the threshed grains from a small container and allow the wind to blow away the chaff. Sometimes a motor-run blower, which can clean the grains 10-20 times faster than the manual method, is hired.

The standard fee for the use of a blower is  $1/52$  of every sack cleaned. The use of a blower further reduces the landless worker's income — from  $1/6$  to  $1/7$  share of the total harvest if the sharing is done before

cleaning. If the sharing is done after cleaning, the harvester receives his 1/6 share of the cleaned palay, but pays blower costs from that. The blower owner gets about 2% of the landless workers' share of the harvest.

### THE EMPLOYMENT ISSUE — SOME CONSIDERATIONS

What has been the impact of the sagod labor arrangement, along with the adoption of the new rice technology, on rural households in Abangay?

Higher productivity and double- and even triple-cropping have increased the capacity of fully irrigated rice lands to provide food and employment opportunities for farmers and landless workers. Rice farmers agree that modern seed-water-fertilizer technology has meant higher production, greater cropping intensity and, consequently, more employment opportunities on the farm.

The fact that most landless workers no longer seek seasonal work elsewhere attests to their full-time employment in Abangay. Some landless workers even had farms in nonirrigated upland areas, which they abandoned in exchange for more stable work opportunities in Abangay.

### Alternative farming practices

The percentage contribution of hired labor on rice farms would actually be higher if new practices had not been adopted by about half of the record-keeping rice farmers. Those practices, from the point of view of rice farmers, were introduced because they are either time-saving or

**Table 2-6. Comparison of traditional and modern methods in rice farming operations, 9 rice farms, Abangay, Iloilo, 1977-78dry season (per hectare).**

Method for rice farming operation	Workdays	cost (₱)	Wage rate (₱/day)
Carabao plowing	16.1	193	12-15
Hand tractor	2.9	350	
Difference	13.2	-157	
Transplanting	28.3	170	6
Broadcasting	2.8	34	12
Difference	25.5	136	
Weeding with wage	19.0	114	6
Weeding under sagod	19.0	0	6
Difference	0	114	
Foot threshing	11.5	Included in harvester's 1/6 share	
Mechanical threshing	3.1	One third of harvester's 1/6 share	
Difference	8.4		

**Table 2-7. Workdays spent per week in rice farming operations by source, 16 households, Abangay, Iloilo, 1977-78 dry season.**

Source	(1) Landless worker (n = 8)	(2) Rice farmer (n = 8)	(3) Ratio (1) ÷ (2)
	— — — workdays — — —		
1. Household head	3.0	2.1	1.4
2. Household members			
a) All	4.8	1.1	
b) Per capita	1.5 (3.2) <sup>a</sup>	0.4 (2.5) <sup>a</sup>	3.7
3. Entire household			
a) (1) + (2a)	7.8	3.2	
b) Per capita	1.9 (4.2) <sup>b</sup>	0.9 (3.5) <sup>b</sup>	2.1

<sup>a</sup> Av number of economically active members in the household, aged 13-65, excluding household head. <sup>b</sup> Av number of economically active members in the household, including head.

cost-saving, or both. From the landless workers' point of view, however, some of the practices tend to displace labor and consequently to limit their income opportunities. Table 2-6 provides a comparison of practices in major farming operations together with their estimated labor requirements and farm expenses.

Carabao plowing has traditionally been done by the rice farmer himself and any substitution by hand tractors generally represents a saving on the farmer's own labor. However, the farmer has an additional cash outlay of ₱157/ha.

The three other operations directly affect the landless worker's employment and income opportunities. If a rice farmer adopts broadcasting (*sab-og*) instead of transplanting, he saves 25.5 workdays and an estimated ₱136/ha, which is correspondingly lost by hired laborers.

A comparison of weeding operations for cash wages with the same operations by the sagod worker shows clear advantages to rice farmers and corresponding disadvantages to landless workers. Labor requirements remain the same (an average 19 days/ha) but ₱114 worth of cash wages/ha no longer go to sagod laborers.

Both the sagod and the nonsagod harvesters pay a flat rate of 1/3 of their 1/6 share for mechanical threshing. With the sagod system, therefore, the machine technology may be creating a *trickle-up* effect with the thresher operator capturing one-third of the sagod harvester's share, although the operator did none of the *free* weeding.

### Degree of employment on rice farms

To what extent are landless workers and rice farmers occupied with rice farming activities? Table 2-7 compares both types of households. On the average, household heads among landless workers work 1.4

times more than heads of tenant farmer families on rice farms in Abangay. Household members among landless workers work 3.7 times more than their counterparts among rice farmers. This suggests that children of rice farmers have greater opportunities to increase and finish their schooling. Children of landless workers work more in the fields, and forego schooling temporarily, or sometimes completely.

On the whole, each economically active member in a landless worker household works 2.1 times more than his counterpart in a rice farmer household. In absolute workdays, however, neither landless workers nor rice farmers are fully occupied with rice farming. Among landless workers, household heads spend only about 3 days/week in rice farming, and household members individually spend only half that time. Household heads among rice farmers spend even less working time in rice farming — only 2.1 days/week. In terms of hours, the work may actually be spread throughout the week. Nonetheless, considering that rice farming constitutes the principal income-earning activity of most households, the figures provide a measure of *disguised unemployment* in Abangay.

### **Wage rates under the sagod system**

Compounding the problem of underemployment of landless workers is the fact that they have also experienced a decline in real wages for sagod operations. Based on the actual hours spent on 10 rice plots, Table 2-8 compares a sampling of wages received by 8 landless workers with (and without) sagod arrangements during the 1977-78 dry season.

In all cases, wage rates for harvesting-threshing-cleaning alone were the highest, ranging from ₱0.97 to ₱3.47/hour. The standard cash wage for weeding was ₱0.75/work hour, based on the usual ₱6/day for farm work in Abangay. By comparison, the real wage rates for the entire sagod operation (i.e. weeding-harvesting-threshing-cleaning) were lower, ranging from ₱0.44 to ₱1.26/work hour.

Computations for the real wage rates took into account:

- total hours spent by household head and members for weeding, followed a month or 2 later by harvesting-threshing-cleaning;
- the actual share of the landless worker in the harvest; and
- the prevailing palay price in the barrio at the time of the harvest.

Considering all these factors, the real wage based on sagod arrangements on the 10 rice plots worked by 8 landless worker households averaged ₱0.73/hour. This reduced the relatively high wage rate of ₱1.56 for harvesting-threshing-cleaning alone by more than half — a decline of ₱0.83/hour. The real wage rate for sagod operations fell slightly by 2 centavos below the standard cash wage rate of ₱0.75/hour for farm work. This falling off would actually average 5 centavos less per

**Table 2-8. Comparison of wage rates for 8 households on 10 rice plots for weeding, harvesting, and sagod operations, Abangay, Iloilo, 1977–78.**

	Landless worker household										Av
	AC (1)	EC (2)	GS (3)	RH (4)	CG (5)	CP (6)	CP (7)	RS (8)	MD (9)	MD (10)	
1. Weeding hours	48	93	99	84	78	52	20	51	20	27	
2. Harvesting-threshing-cleaning hours	82	132	60	80	48	41	8	40	38	60	
3. Sagod hours (1) + (2)	130	225	159	164	126	91	28	91	58	87	
4. Harvest share (kg)	86	184	86	129	71	43	28	69	86	53	
5. Current palay price (₱/kg)	0.93	0.93	0.93	0.99	0.99	0.93	0.99	0.93	0.85	1.10	
6. Harvest share (₱) (4) x (5)	79.98	171.12	79.98	127.71	70.29	39.99	27.72	64.17	73.10	58.30	
Wage rate (₱/hour):											
7. Harvesting, etc. (6) ÷ (2)	0.98	1.30	1.33	1.60	1.46	0.98	3.47	1.60	1.92	0.97	1.56
8. Weeding (₱6/day standard cash wage)	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
9. Sagod operations (6) ÷ (3)	0.62	0.76	0.50	0.78	0.56	0.44	0.99	0.71	1.26	0.67	0.73
10. Difference (9) - (7)	-0.36	-0.54	-0.83	-0.82	-0.90	-0.54	-2.48	-0.89	-0.66	-0.30	-0.83
11. Difference (9) - (8)	-0.13	+0.01	-0.25	+0.03	-0.19	-0.31	+0.24	-0.04	+0.51	-0.08	-0.02

Source: Eight landless workers' daily records on labor allocation. Note: 1 ganta palay = 1.72 kg.

hour if the seventh sample with unusually high wage rates (₱3.47) in Table 2-8 were disregarded. Nonetheless, the households illustrate some of the variations in the decline of real wages among landless workers as a result of the sagod system — a decline that ranges from 31% to 71% of the original wages for harvesting alone, before the sagod preconditions for free weeding.

### **The sagod system in retrospect**

How did the current sagod system get started in Abangay?

Although most respondents recall its introduction sometime in 1973, no one in the barrio really knows how. Some say it started in a neighboring barrio; others allude to certain individuals; still others time it with a period when rice farmers were short on cash and the first offers for sagod weeding for free were made by some landless workers. Indeed, rice farmers claim it was the landless workers who first asked for sagod weeding *cum* harvesting.

At any rate, sagod arrangements have come to stay. “If you refuse the conditions,” a landless worker remarked, “ten others are willing to take your place.” Some landless workers recognize the irreversibility of the process. Two grown children of a landless worker in Abangay wanted to introduce the sagod system in a nearby municipality but were advised against it by their mother who foresaw the wider implications. Another landless worker did initiate the sagod terms in another barrio, but his plot was harvested the night before he came to harvest — presumably by disgruntled parties in the barrio. Finally, a business-minded landowner wanted to introduce similar sagod arrangements for his 10-ha rice farm in Pototan; the landless workers in the area refused, and at the time of harvest, they boycotted his fields.

It is thus a standing paradox in Abangay that landless workers both *want* and *don't want* the sagod system. They want the sagod rights to an exclusive area for harvesting as a form of security in the face of increasing competition from other landless workers. But they do not want to do the weeding “for free.” With the increased productivity of rice farms in Abangay, landless workers may actually be getting more in harvest shares under the customary 1/6 sharing arrangement than in earlier years. But under the sagod system, considering the increased number of workdays spent on the farm, their real wage rates have decreased and an artificial gap in cash earnings has been created during the weeding period.

In this sense, the new rice technology may be neutral to scale, but not to tenure. Divisible amounts of seeds and inputs may equally benefit both large and small farmers, but divisible sagod plots and subplots place the burden of labor on the landless workers.

Thus, because decisions over farming technology are left mostly with rice farmers, whereas more of the farm work is being done by landless workers in Abangay, tenant farmers have for the most part become tenant-operators, and landless workers have become the actual tillers.

It is in this light that the original word, *magsagod*, in the local language, takes on its full spectrum of meanings: to feed, to nurture, to take care of—and now, to work for.

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**Appendix 2-A. Biographical data of 16 daily record-keeping households, Abangay, Iloilo, 1977.**

Name of household	Age of head (1)	Education of head (2)	Years of family's existence (3)	Household size (4)	Economically active population (5)	Labor participation ratio (5) ÷ (4) (6)	Farm Size (7)
<b>Young landless workers</b>							
Pagdato	28	10	3	4	2	50.0	
Sorilla	21	7	3	3	2	66.7	
Daraug	34	7	15	10	3	30.0	
<b>Older landless workers</b>							
Cahuya	56	3	28	7	5	71.4	
Colon	47	3	25	6	5	83.3	
Sumagaysay	49	0	28	5	5	100	
Hiti-ayon	47	6	29	8	6	75.0	
Gumban	50	4	31	8	6	75.0	
<b>Small farmers</b>							
Belen	40	6	16	8	3	37.5	1.0
Jubilag	36	4	9	5	2	40.0	0.9
Gil	38	6	18	8	5	62.5	1.0
Dato-on	29	6	9	6	2	33.3	0.9
<b>Medium farmers</b>							
Sereno	54	5	29	7	6	85.7	2.0
Calinog	46	2	25	9	6	66.7	1.25
Porras	35	3	13	6	2	33.3	1.25
Diaz	31	6	10	5	2	40.0	1.3

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**Appendix 2-B. Average work hours per week, by source and by economic activity, 8 landless worker households, Abangay, Iloilo, 1977–78 dry season.**

Name of household	I. On rice farms				Sub-total <sup>a</sup>	II. Other agricultural activities		
	Head	Members	Exchange	Hired		Head	Members	Sub-total
<i>Younger landless workers</i>								
Pagdato	16.7	0	0	0	16.7	5.8	4.5	10.3
Sorilla	28.8	5.2	0	0	34.0	0.9	8.8	9.7
Daraug	42.3	18.5	0.6	0	60.8	0.1	4.3	4.4
<i>Older landless workers</i>								
Cahuya	27.6	35.2	0	0	62.8	6.4	8.2	14.6
Colon	28.6	36.8	0	0	65.4	2.0	5.0	7.0
Sumagaysay	15.0	101.2	1.8	0	116.2	14.7	4.7	19.4
Hiti-ayon	21.0	34.9	0	0.3	55.9	0.3	6.7	7.0
Gumban	9.2	76.3	0	1.3	85.5	5.5	2.8	8.3
Name of household	III. Nonagricultural activities			Sub-total	IV. All activities			
	Head	Members			Head	Members	Total	
<i>Younger landless workers</i>								
Pagdato	1.3	0		1.3	23.8	4.5		28.3
Sorilla	0.8	0		0.8	30.5	14.0		44.5
Daraug	2.9	0		2.9	45.3	22.8		68.1
<i>Older landless workers</i>								
Cahuya	0	0		0	34.0	43.4		77.4
Colon	0.2	0.1		0.3	30.8	41.9		72.7
Sumagaysay	0.4	1.4		1.8	30.1	107.3		137.4
Hiti-ayon	2.8	1.2		4.0	24.1	42.8		66.9
Gumban	20.3	1.1		21.4	35.0	80.2		115.2

<sup>a</sup>Does not include exchange and hired labor.

**Appendix 2-C. Average work hours per week, by source and by economic activity, 8 rice farmers, Abangay, Iloilo, 1977–78dry season.**

Name of household	I. On own rice farms					IA. On other rice farms			II. Other agricultural activities		
	Head	Members	Ex-change	Hired	Sub-total <sup>a</sup>	Head	Members	Sub-total	Head	Members	Sub-total
<i>Small farmers</i>											
Belen	9.8	2.0	–	25.3	37.1	13.2	–	13.2	38.6	12.5	51.1
Jubilag	5.7	3.3	–	22.2	31.2	0.4	–	0.4	1.5	2.5	4.0
Gil	19.7	29.2	–	27.5	76.4	16.1	2.5	18.6	3.3	12.4	15.7
Dato-on	7.0	0.5	(0.3)	16.0	23.5	0.5	–	0.5	11.2	4.4	15.6
<i>Medium farmers</i>											
Sereno	15.2	3.8	–	24.6	43.6	2.5	0.8	3.3	21.4	6.8	28.2
Calinog	6.5	5.2	(1.1)	12.9	24.6	–	13.2	13.2	17.9	27.6	45.5
Porras	4.4	0.2	(0.4)	21.0	25.6	13.4	–	13.4	–	5.7	5.7
Diaz	9.9	6.7	–	39.9	56.5	7.4	–	7.4	9.4	7.7	17.1

Name of household	III. Nonagricultural activities				IV. All activities			
	Head	Members	Hired	Sub-total <sup>b</sup>	Head	Members	Hired	Total
<i>Small farmers</i>								
Belen	0.4	–	–	0.4	62.0	14.5	25.3	101.8
Jubilag	1.5	0.2	–	1.7	9.2	5.9	22.2	37.3
Gil	0.2	–	(2.9)	0.2	39.2	44.1	27.5	110.9
Dato-on	2.6	–	–	2.6	21.3	4.9	16.0	42.2
<i>Medium farmers</i>								
Sereno	–	–	–	–	39.1	11.4	24.6	75.1
Calinog	7.6	–	–	7.6	32.0	46.0	12.9	90.9
Porras	–	–	–	–	17.8	5.9	21.0	44.7
Diaz	0.8	–	–	0.8	27.5	14.4	39.9	81.8

<sup>a</sup> Does not include exchange labor. <sup>b</sup> Does not include hired labor.

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# 3

## Household income, expenses, and credit practices

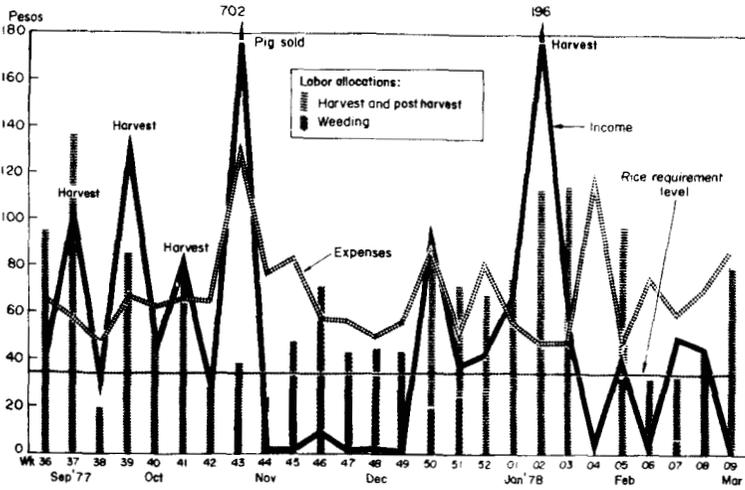
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Landless workers regard their sagod plots more in terms of the sacks of rice they expect to earn from them than in the number of work hours needed to tend them. Rice farmers also look on their farms as an assurance of income from rice. In this light, it is useful to examine income, expenses, and credit practices among rural households.

### PATTERNS IN CASH AND PALAY FLOWS

Cash and palay flows for landless workers and tenant farmers follow closely the cycle of rice planting operations in Abangay. Different patterns however, are discernible between the two groups.

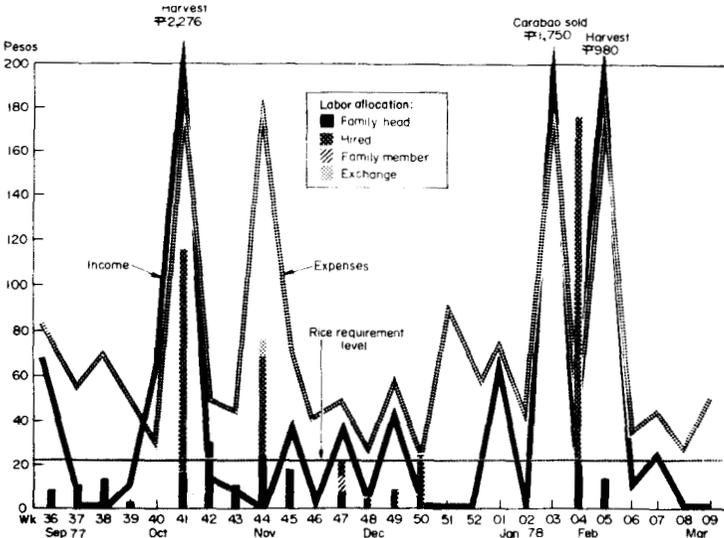
Generally, landless workers have more frequent but lower income peaks than farmers, depending on the availability of a harvest or occasional farm jobs for cash wages. The income and expense record of the Cahuya household superimposed on its labor allocation record typifies the life situation of landless workers (Fig. 3-1). Weekly expenses do not go much higher than the family's rice requirement level except when these follow the two highest income peaks for the recorded period. Income levels are closely related to the household's harvesting operations and to the sale of a pig by the last week of October. The livestock sale is indeed timely for the Cahuya household because the succeeding 6 weeks from late October to mid-December are the lean period when the dry-season crop has been planted but there is no income until the harvest. Consequently, household expenditures decrease to near the rice requirement level, a poverty line equated with the family's subsistence level.



3-1. Weekly income and expenses, and labor allocation, by rice farming operation, of the landless Cahuya family, Abangay.

Although the 6-week lean period brings practically zero earnings for the Cahuyas, their work hours remain almost on the same level. Practically all of the farming activities for this period are sagod weeding, which guarantees a share in the harvest after 1-2 months. In effect, sagod operations provide more steady employment but create a sharp gap in income for landless workers during the months of weeding.

The weekly records of the Dato-on household exemplify the situation of rice farmers (Fig. 3-2). Rodolfo Dato-on leases 0.9 ha of rice land. He has 2 harvests during a 6-month period — the wet-season crop in



3-2. Weekly income and expenses, and labor allocation, by source, on own rice farm of a rice farmer's household, Abangay, 26 weeks, 1977-1978.

**Table 3-1. Sources of gross income of landless workers and rice farmers, 16 households, Abangay, Iloilo, 1977-78 dry season.**

Gross income sources	Landless workers (n = 8)		Rice farmers (n = 8)	
	₱	%	₱	%
Farming				
Own rice farm	—	—	3355	58
Harvest share	1236	60	38	1
Cash wages	316	15	102	2
Livestock sales	291	14	1045	18
Nonfarming				
Carpentry	76	4	25	0.5
Buy and sell	75	3	—	—
Donations	56	3	28	0.5
Others	19	1	7	—
Machine rentals	—	—	1154	20
Gross income	2069	100	5754	100

Source: Appendix 3-A.

October and the dry-season crop in February. A third income peak in late January represents the sale of a carabao. The proceeds of this sale are used partly to pay a production loan and partly to buy a hand tractor on an installment basis. Although work on other rice farms provides occasional income, the family's income comes mostly from harvests and livestock sales.

Unlike the Cahuya household, the Dato-ons' labor allocation for household head and members does not coincide with the income peaks. During harvest, hired labor constitutes the bulk of labor inputs on the Dato-ons' farm.

### SOURCES OF GROSS INCOME<sup>1</sup>

How do landless worker and tenant farmer households compare in terms of their gross earning capacities? Ordinarily, household income comes from farm and nonfarm sources. A third category of machine rentals was kept separate to distinguish them from strictly farm and nonfarm income.

Table 3-1 indicates the gross income sources of eight landless-worker and eight rice-farmer households for the 1977-78 dry season. For rice farmers, only the dry-season harvest was included in their aggregate income figures. The previous wet-season harvest was left out even though chronologically it was covered within the early phase of the

<sup>1</sup>Gross income refers to all cash and palay income, without deducting production expenses. *Net income* is gross income less these production expenses.

6-month record keeping period. A similar adjustment was made for farm expenditures to cover only one complete crop season.

The single major income for landless workers comes from shares in the rice harvest — 60% of their total income or an average of 29 sacks of palay for the 6-month period. Another 15% of the household income comes from cash wages in farm work such as fixing bunds, transplanting, and hauling of sacked rice.

Altogether, 75% of the landless workers' gross income is directly derived from rice farming. In contrast rice farmers receive 58% of their gross income from their own farms and another 20% from their capital investments in machines. In gross value, income from machine rentals almost equal the landless workers' income from harvest shares. Only 3% of the rice farmers' income comes from work on other rice farms.

For both groups, livestock sales which include selling a fattened pig or some eggs occasionally constitute an appreciable source of income. In addition, three rice farmers sold their carabao during the record-keeping period to enable them to make a down payment for farm machinery. In absolute figures, the rice farmers' sales amount to 3.6

**Table 3-2. Consumption and production expenses of landless workers and rice farmers, 16 households, Abangay, Iloilo, 1977–78dry season.**

	Landless workers (n = 8)		Rice farmers (n = 8)	
	₱	%	₱	%
<b>Consumption expenses</b>				
Food: Rice	687	39	841	34
Others	466	27	529	21
Clothes and personal wear	119	7	187	8
Household items	74	4	112	4
House repairs	10	1	191	8
Schooling	38	2	114	5
Transportation	70	4	110	4
Recreation, drinks, and cigarettes	165	9	116	5
Medical care	30	2	126	5
Donations and others	85	5	143	6
Subtotal	1744	100	2469	100
<b>Farm expenses</b>				
Own rice farm	—		2238	
Other rice farms	9		18	
Livestock and other farm activities	40		23	
Subtotal	49		2279	
<b>Machine costs</b>				
Maintenance			193	
Depreciation			397	
Subtotal	—		590	
<b>Totalexpenditures</b>	<b>1793</b>		<b>5338</b>	

Source: Appendix 3-B.

times those of landless workers. Nonfarming sources account for 11% of the gross income of landless workers but a negligible 1% for rice farmers.

## EXPENDITURES

Even though income dips to almost zero in some weeks, household expenditures invariably remain above the rice requirement level — an indication that all the study households are able to obtain at least their subsistence needs for rice every week. On the other hand, unless a special occasion like a wedding or a funeral occurs, weekly consumption expenditures stay near the subsistence level — an indication of the precarious situation of many rural households, particularly of landless workers.

### Consumption expenses

Table 3-2 compares expenditure patterns of landless workers and rice farmers. By far, the largest single expense is for food — 66% among the landless workers and 55% among the rice farmers. Next highest expenses among landless workers are for recreation, which includes liquor and cigarettes (9%) and clothing (7%).

Rice farmers have a more even spread among all consumption expenditures, outspending landless workers in all categories except in recreation. In particular, rice farmers spend more for house repairs, medical care, and schooling.

### Production expenses

A crucial difference between the two groups is their outlay for farm expenses and machine operating costs (Table 3-2). Landless workers spend only 3% of their total expenses for production purposes, mostly replacing worn-out sickles or mats used for grain drying. At other times, landless workers make a small cash outlay for a piglet or two for fattening. Among a few landless workers, labor costs for hiring other workers enter the record. This happens when landless workers have to finish urgent farm tasks such as weeding or harvesting.

On the other hand, the 8 record-keeping farmers spend an average of ₱2,869 or 54% of their total expenses for production purposes during the dry season. Most of that amount is for farm expenses; 21% for machine costs.

## NET INCOME AND CONSUMPTION LEVELS

Household net income is the crucial measure for comparing landless workers and rice farmers. Although consumption and production

**Table 3-3. Monthly income, expenses, and savings of landless workers and rice farmers, 16 households, Abangay, 1977–78dry season.**

	Young landless workers (n = 3)	Older landless workers (n = 5)	Small farmers (n = 4)	Medium farmers (n = 4)
	P			
1. Gross income	273	388	795	1123
a. Rice farming <sup>a</sup>	223	280	395	770
b. Other activities <sup>b</sup>	50	108	400	353
2. Current operating expenses	1	12	318	507
a. Rice farming	–	2	265	487
b. Other activities	1	10	53	20
3. Net income (1) – (2)	272	376	477	616
a. Rice farming (1a) – (2a)	223	278	130	283
b. Other activities (1b) – (2b)	49	98	347	333
4. Consumption expenses	244	319	366	457
5. Gross savings (3) – (4)	28	57	111	159
6. Machine depreciation <sup>c</sup>	–	–	99	33
7. Net savings (5) – (6)	28	57	12	126
8. Machine amortizations	–	–	140	170
9. Cash or rice on hand (5) – (8)	28	57	–29	–11

<sup>a</sup>Includes own and other rice farms. <sup>b</sup>Includes other farming activities and machine use. <sup>c</sup>Estimated at 5% of purchase price per crop season. Sources: Appendices 3-A and 3-B.

expenses are interwoven in the daily cash and palay flows of rural households, aggregate accounts at the end of the 6-month recording period approximate the net incomes of each family.

### Monthly net income and savings

A breakdown into four subgroups provides a measure for comparing monthly net incomes as well as consumption levels (Table 3-3). Deducting current operating expenses from gross incomes, the expected ranking of the four subgroups is borne out — with young landless workers having the lowest net income (P272) because of smaller household size or more preschool children, and the larger farmers earning the highest (P616) because of their farm size. After consumption expenses are subtracted, the various groupings ended the record-keeping period with gross savings ranging from P28 to P159 per month.

Because of their capital investments, rice-farmer households have further deductions to make for machine depreciation and amortization payments. When these installment payments are included in the accounting, rice farmers show deficits in their cash or rice on hand. This is offset, however, by the fact that they have acquired capital assets as sources of future net income.

**Table 3-4. Monthly per capita consumption expenses, and proportion spent for rice needs, 16 households, Abangay, Iloilo, 1977-78dry season.**

Household category	Monthly per capita consumption expenses (₱)	Spent for rice (%)
Young landless workers	42.78	42
Older landless workers	45.50	39
Small farmers	53.87	33
Medium farmers	67.23	27

Source: Appendix 3-B.

### Per capita consumption levels

The average level of household consumption is highly indicative of the economic standing among subgroups. Table 3-3 indicates the rankings — with rice farmers spending more on consumption than landless workers, older landless workers more than the younger ones, and medium farmers more than the small farmers. Monthly consumption expenses on a per capita basis for the four groups are shown in Table 3-4. Based on the rice requirements of landless workers, the monthly palay needs per capita are estimated at 18.1 kg or ₱17.85. The corresponding percentages of consumption expenses set aside for rice are thus indicated for each household category.

## CREDIT PRACTICES

Along with real income and expenses, additional “income” from borrowing and “expenses” from repayment are part of the cash and palay flow in each household. This borrowing and lending among households may involve small or large amounts, in cash or in kind (usually palay), and on a short- or long-term basis.

A crucial difference between the two groups is the rice farmers’ access to institutional credit in contrast to landless workers who rely mostly on relatives or friends. Furthermore, credit practices vary from household to household, depending on such factors as household size, earning capacity, access to credit sources, and occurrence of emergencies.

### Directions of credit

Landless workers tend to borrow smaller amounts frequently for consumption purposes. Rice farmers borrow bigger amounts but less frequently, principally for production purposes.

**Table 3-5. Credit practices of landless workers and rice farmers by subgroups, Abangay, Iloilo, 6 months, 1977-78.**

Credit practices	Young landless workers (n = 3)	Older landless workers (n = 5)	Small farmers (n = 4)	Medium farmers (n = 4)
<i>As borrower</i>				
Times borrowed (no.)	20	28	14	12
Creditors (no.)	11	14	10	8
Cash borrowed (₱)	86.7	523.5	821.9	638.7
Palay borrowed (gantas)	65.6	78.5	67.1	33.3
Total borrowed: cash and palay (₱)	198.2	656.9	935.9	695.4
Total payment (₱)	121.7	210.3	1885.6 <sup>a</sup>	765.6 <sup>a</sup>
Remaining debt (₱)	76.5	446.6	74.4	273.7
Time duration: <sup>b</sup> range (days)	1-107	1-189	1-105	1-89
<i>As creditor</i>				
Times loaned to others (no.)	4	4	5	2
Persons loaned to (no.)	4	4	3	1
Cash loaned (₱)	208.3	57	91.8	53.5
Palay loaned (gantas)	21.1	6.9	58.7	1.4
Total loaned: cash and palay (₱)	244.2	68.9	191.6	54.9
Total repaid (₱)	26.3	51.3	47.2	183.5 <sup>a</sup>
Remaining debt to others (₱)	217.9	18.2	135.6	—
Time duration: <sup>b</sup> range (days)	1-41	1-156	2-145	0-27

<sup>a</sup> Includes payments for wet season loans contracted before the record-keeping period. <sup>b</sup> Refers only to loans actually paid.

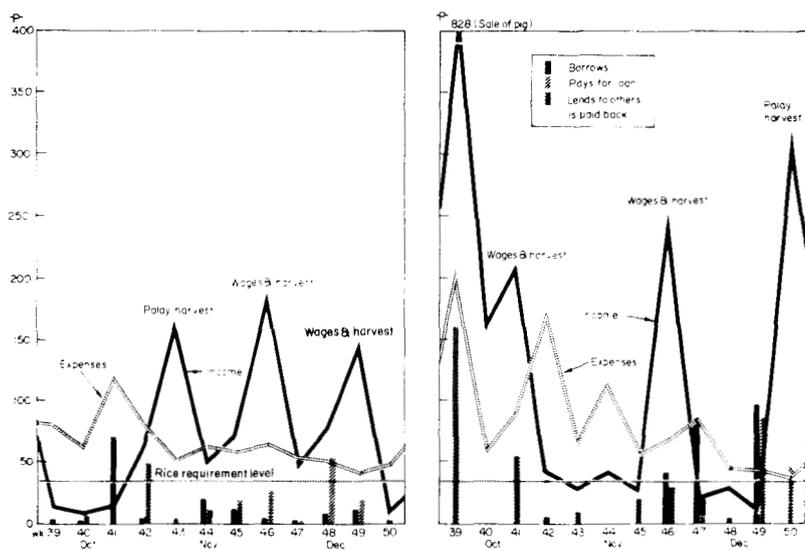
On the average, young landless-worker households borrow cash and palay 20 times over the 6-month period with a cumulative total of ₱198. Older landless workers borrow 28 times and amounts that add up to ₱657. Small and medium farmers, on the other hand, borrow an average 13 times cash and palay totaling ₱816 for the dry season. This includes production loans. Table 3-5 summarizes a 6-month period of credit for the 16 record-keeping households.

The lower half of the table summarizes their credit practices as creditors. The frequency and amount of loans are on a smaller scale — a per-household average of 4 times and a total amount ranging from ₱55 to ₱244 among the four subgroups. Surprisingly, during the 6-month period, the larger rice farmers loaned the least while the younger landless workers loaned the most.

A salient feature in credit practices among rural households is the occasional intersecting of several or even all of the four directions in credit practices:

- the household borrows cash or palay,
- the household pays for that loan;
- the household lends to others; and
- the household is paid back by the others.

Figure 3-3 contrasts the credit patterns of two landless worker house-



3-3. Credit practices of two landless worker households over a 12-week period. Abangay, 1977.

holds. The first is a young household characterized by many short-term consumption loans. The second is an older household with grown children, characterized by all four directions in credit practices — in week 47 especially. Indeed, by the end of the 6-month recording period, the older household had made more consumption loans than it had received.

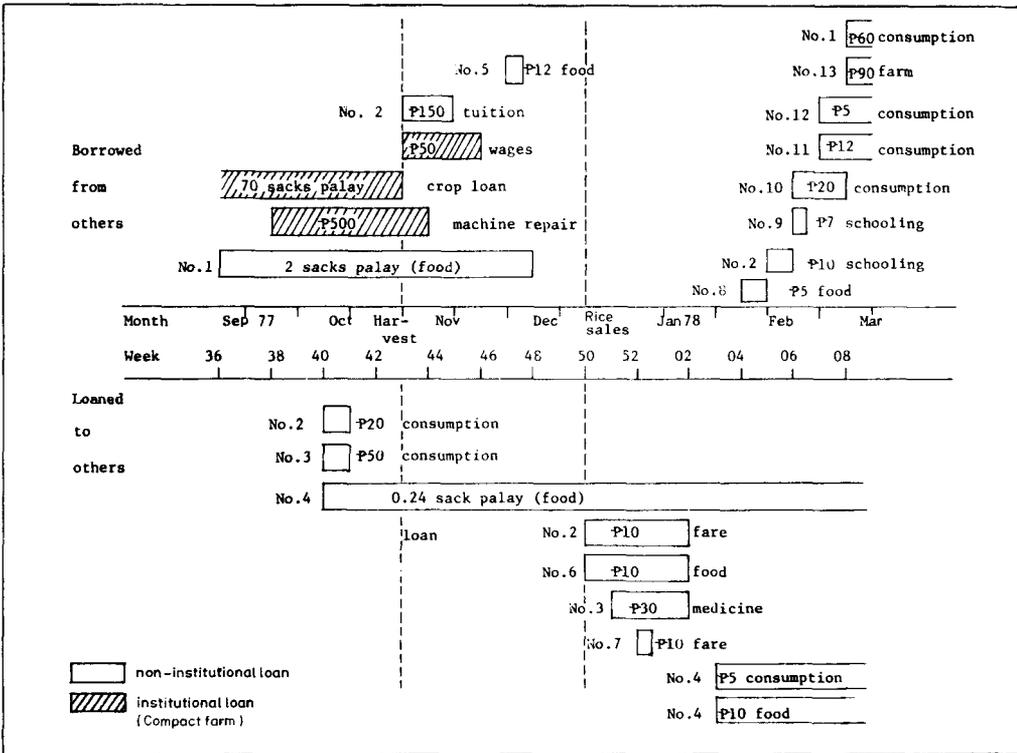
The fact that a household acts as a creditor to others does not necessarily indicate its economic viability. Other social considerations are involved — families may lend out what little they have as a form of shared poverty and also as a form of security in the face of future emergencies.

### Credit cycles

To understand some of the diversity in the credit behavior of rural households, two examples from the record-keeping cooperators are examined.

*The Belen household.* The Belen household exemplifies how a small farmer combines loans from institutional and non-institutional sources, along with a dual role as debtor and creditor.

Figure 3-4 portrays the Belen's record of debts and loans from September 1977 to the first week of March 1978. The weeks of harvest and major sales of palay are also indicated within this time frame. During the period the Belens borrowed 14 times from 10 different parties. These include a Compact Farm, which loaned the largest



3-4. Credit practices of a rice farmer's household, Abangay, 1977-1978 dry season.

amount in institutional loans - worth 70 sacks of palay in accumulated debts before the recording period, P500 for machine repairs during the current season, and another P50 as wages for hired labor. These are the only loans with legal interest rates of 1% per month. All the other debts of the Belen household are without interest - including 2 sacks of palay for food, P150 for tuition, and smaller cash amounts ranging from P5 to P90.

The Belens also lend without interest - 9 times to 5 different persons. One of those (No. 2) is a close relative who borrowed twice from but also loaned twice to the Belens. In contrast to this, a hard-pressed neighbor (No.4) only borrowed (three times) from the Belens, and another relative with a small farm (No. 1) only loaned (twice) to the Belens.

The general direction of the Belens' credit practices (Fig. 3-4) follows alternating periods demarcated by the harvest in late October (week 43) and the sales of palay in mid-December (weeks 50 and 51). Four periods are discernible:

- During the preharvest period (weeks 36-42), the household runs out of income and borrows 2 sacks of palay for home consumption and ₱500 for machine repairs. At the same time, a part of the Compact Farm loan is diverted in the form of smaller cash loans to two relatives. A third relative also borrows some palay.
- In the postharvest period (weeks 43-49), the Belens repay their previous Compact Farm loans in kind (70 sacks) right after harvest but are still short of cash. They resort to borrowing cash amounts for immediate needs such as farm wages for hauling grain, tuition for the second semester, and food.
- The Belens sell the bulk of their marketable palay in mid-December as soon as the prices go up. During this postsale period (weeks 50-03), relatives borrow cash for various needs.
- The cycle is completed when the Belens enter another preharvest period (weeks 04-11) characterized by many different loans. They incur 8 debts from 8 different households with cash amounts ranging from ₱5 for food to ₱90 for farm expenses. By this time, the Compact Farm in Abangay had stopped granting production loans because of the failure of its members to meet the previous season's loan repayment schedule.

The *Sumagaysay* household. Among landless workers, 3 periods with different directions in credit practices are discernible in the Sumagaysays' 6-month record. These correspond to the phases in their farm work. The period from mid-September to late October represents a period of high income for the Sumagaysays, principally from harvests of the wet-season crop and the sale of Tiya Teria's pig. The proceeds of the pig sale (₱800) are partly divided in the form of short-term loans to close relatives — in varying amounts of ₱150, ₱5, and ₱55. Tiya Teria's plan to use all of the cash from the pig sale to repair their house is postponed because of the cash outflow to neighbors.

The second period (late October to mid-December) includes the lean months. These are spent mostly on weeding, although harvesting takes place on one farm. Over a period of 4 consecutive weeks, the Sumagaysays borrow 5.4 sacks of palay from 6 different persons. The overall record for the period, however, shows a mixture of credit outflows and inflows — the Sumagaysays loan small sums (usually in cash) about the same time they borrow palay.

During the third period (second week of December to the end of February), the Sumagaysays again engage mostly in harvesting and threshing. With a steady flow of palay income, the household pays its debts from the earlier period and even loans small amounts of palay and cash to their neighbors.

## PROFILES OF LANDLESS WORKERS AND RICE FARMERS

Two summary tables based on the daily records of the 16 households provide comparisons of the average income-earning capacity, labor productivity, and credit behavior of landless workers and rice farmers in Abangay. Constructed from aggregate figures, Table 3-6 provides a comparative view of key economic indicators characterizing landless workers and rice farmers.

Some considerations in the interpretation of the aggregate data should, however, be kept in mind:

- The records come from a single crop season, the dry season, which is considered by Abangay farmers as less productive than the wet because of the irregular flow of irrigation waters.
- Some of the landless workers' accounts may include part of the previous wet season's activities due to the staggering of rice harvests in different fields and the consequent overlapping of crop seasons.

### **Economic parameters**

In terms of earning capacity, landless workers on the average derive 76% of their net income from rice farming, 13% from other agricultural activities, and another 11% from nonagricultural activities. In contrast, rice farmers have a net income distribution of 43% in rice farming, 35% in other agricultural activities, and 2% in nonagricultural activities. Another 20% of these rice farmers' net income comes from machine rentals.

Hence, in terms of net income, landless workers may even earn 1.25 times more in rice farming operations than rice farmers themselves! This is because several of the rice farmers experienced low yields for this particular dry season but had high production costs. On the other hand, rice farmers earn four times more than landless workers in other agricultural activities, principally livestock sales. If machine rentals are combined with income from nonagricultural activities, rice farmers net almost three times as much as landless workers.

### **Average productivity**

Landless workers invest 81% of their work hours in rice farming and earn 76% of their net income from this source (Table 3-6). Rice farmers, on the other hand, spend only 51% of their work hours in rice farming, and derive 43% of their net income from this source. The other half of the rice farmers' labor allocation and a fourth of the landless workers' time are spent in other agricultural and nonagricultural activities.

By dividing the net income by total work hours, one gets an approximation of the average net income earned per hour for each economic

**Table 3-6. Average income, expenses, and labor allocation, by economic activity, of landless workers and rice farmers, 16 households, Abangay, Iloilo, 1977-78 dry season.**

	Rice farming	Other agricultural activities	Non-agricultural activities	Machine use	Total
<i>Landless workers (n = 8)</i>					
1. Gross income (₱)	1552	291	226	—	2069
2. Production expenses (₱)	9	40	—	—	49
3. Net income (4) (1) - (2)	1543	251	226	—	2020
4. Labor hours	1617	263	107	—	1987
5. Av productivity (₱/ha) (3) ÷ (4)	0.95	0.95	2.11	—	1.02
<i>Rice farmers (n = 8)</i>					
6. Gross income (₱)	3495	1045	60	1154	5754
7. Production expenses (₱)	2256	23	—	5906 <sup>a</sup>	2869
8. Net income (4) (6) - (7)	1239	1022	60	564	2885
9. Labor hours	650	595	42	—	1287
10. Av productivity (P/h) (8) ÷ (9)	1.91	1.72	1.43	—	2.24
<i>LW-RF Ratio</i>					
11. Gross income (1) ÷ (6)	0.44	0.28	—	0.19 <sup>b</sup>	0.36
12. Production expenses (2) ÷ (7)	0.003	1.74	—	—	0.02
13. Net income (3) ÷ (8)	1.25	0.25	—	0.36 <sup>b</sup>	0.70
14. Labor allocation (4) ÷ (9)	2.49	0.44	2.55	—	1.54
15. Av productivity (5) ÷ (10)	0.50	0.55	1.48	—	0.46

<sup>a</sup>Includes machine depreciation costs. <sup>b</sup>Combines nonagricultural activities and machine use. Sources: Tables 3-1, 3-4, 2.2. and Appendix 3-B.

activity. For the most part, the average productivity of landless workers in farm work refers also to their labor productivity, approximating the wage rates that they earn. On the other hand, the rice farmers' net income per work hour is derived not only from their own labor inputs but also from their land resources and other capital investments.

Landless workers earn an average ₱0.95/hour in rice farming and in other agricultural activities. This amounts to a daily wage rate of ₱7.60, which is higher than the standard daily wage of ₱6 for ordinary farm work such as transplanting or weeding.

Other daily wage rates include: ₱8-10 for direct seeding, fertilizer application, and chemical spraying; ₱10-12 for carabao plowing and leveling; and imputed rates of ₱12-15 for harvesting-threshing. In 1977, the legal minimum wage for agricultural workers was ₱7 a day.

For their working time, landless workers receive the highest returns from nonagricultural activities (₱2.11/hour). Rice farmers, on the other hand, attain higher productivity in rice farming (₱1.91/hour) and in other agricultural activities (₱1.72/hour). Their average productivity, however, in agricultural activities, excluding machine use, is lower than that of landless workers (₱1.43/hour).

In summary, the average productivity of landless workers is only half that of rice farmers in rice farming although they spend 2.5 times more work hours than rice farmers in this activity. For all economic activities, landless workers spend 1.5 times more work hours than rice farmers but their average productivity is again only half that of rice farmers.

### **Low-level equilibrium**

The preceding statements are more easily visualized in terms of monthly household economic indicators (Table 3-7). Although landless workers spend considerably more labor time than rice farmers in all income-earning activities combined and even net more income in rice farming alone, their total net income amounts to only ₱337 per month, which is equivalent to 70% of the net earnings of rice farmers.

Consumption levels are significant indicators for determining a household's economic viability because they represent the household's own estimates of its economic parameters - in terms of income-earning capacity as well as access to credit sources to cover any deficits. Again, landless workers spend only 7 out of every 10 pesos that rice farmers would spend. In absolute figures, both consumption levels are low - ₱291 for landless workers and ₱412 for rice farmers - when one compares these, for instance, with the ₱517 basic monthly salary of a public school teacher in Abangay.

It is in this light that the surpluses of landless workers - equivalent to about a sack of palay per month - may be regarded as marginal

**Table 3-7. Monthly household economic indicators among landless workers and rice farmers, Abangay, Iloilo, 1977–78dry season.**

	(1) Landless workers (n = 8)	(2) Rice farmers (n = 8)	(3) Ratio (1) ÷ (2)
1. Labor allocation (h)			
a) Rice farming	270	108	2.50
b) All activities	331	215	1.54
2. Net income (₱)			
a) Rice farming	257	206	1.25
b) All activities	337	481	0.70
3. Consumption level (₱)	291	412	0.71
4. Surplus (₱): (2b) – (3)	46	69	0.67

amounts. These are ordinarily loaned to others in small, interest-free loans - a mechanism for maintaining a low-level equilibrium among rural households in terms of income, expenses, and the ubiquitous credit line. Likewise, the deficits of rice farmers, after machine amortizations are paid, indicate that they, too, continue to depend on credit.

From the cases examined, however, several characteristics differentiate rice farmers and landless workers in their credit practices.

- Rice farmers have access to production loans; landless workers do not.
- Rice farmers can usually borrow greater amounts of palay or cash; landless workers are more limited in the size of their loans.
- Rice farmers are considered more credit-worthy because of their farmholdings; landless workers have, at most, only their sagod plots as a form of loan guarantee.
- Repayment of a rice farmer's loan is premised on the expected productivity of his farm; for a landless worker, it is premised on his continued work in the fields.
- Often a rice farmer's loans are in cash and are spent for secondary basic needs such as schooling for the children; a landless worker's loans are more often in the form of palay and go more often to primary basic needs such as food.

On the other hand, despite their lower consumption levels, the records indicate that landless workers may even be lending more cash and palay than rice farmers do to their neighbors.

Rural households, then, live from harvest to harvest. Paradoxically, when the fields turn green and the laden rice stalks begin to bend, many households on their part begin to run out of stored rice and cash from the previous harvest. It is then that a credit line veritably becomes a lifeline for rural households — much in the same way that irrigation waters provide a lifeline to maturing crops. In more ways than one, it is

this network of credit relationships that constitutes a measure of security and interdependence among landless workers and rice farmers alike in Abangay. The economic parameters, however, differ for each household — being linked in varying degrees to the rice harvest, and ultimately to one's tenure on the land.

**Appendix 3-A. Sources of gross income of 16 daily record-keeping households, Abangay, Iloilo, 6 months, 1977-78.**

Source of gross income	Young landless workers				Older landless workers			
	1 Pag	2 Sor	3 Dar	4 Cah	5 Col	6 Sum	7 Hit	8 Gum
<b>Farming</b>								
1. Own rice farm	—	—	—	—	—	—	—	—
2. Harvest share	1241	651	1432	1176	968	1933	824	1663
3. Cash wages	44	357	292	27	151	787	231	635
4. Livestock sales	600	27	46	675	—	890	92	—
<b>Nonfarming</b>								
5. Carpentry	—	—	66	—	—	—	18	520
6. Buy and sell	—	—	—	—	—	70	534	—
7. Donations	10	122	—	—	—	10	303	—
8. Others	—	27	—	—	—	13	71	42
<b>Machine rentals</b>								
9. Gross income	1895	1184	1836	1878	1119	3703	2073	2860
10. Production expenses	19	—	—	51	—	250	47	27
11. Net income: (9)–(10)	1876	1184	1836	1827	1119	3453	2026	2833
12. Monthly net income	313	197	306	305	187	576	338	472
13. Household size	4	3	10	7	6	6	8	8
14. Per capita monthly net income (12) ÷ (13)	78.2	65.7	30.6	43.6	31.2	96.0	42.2	59.0

Source of gross income	Small farmers				Medium farmers			
	9 Bel	10 Jub	11 Gil	12 Dat	13 Ser	14 Cal	15 Por	16 Dia
<b>Farming</b>								
1. Own rice farm	3096	3182	1720	1232	6192	2172	3010	6235
2. Harvest share	47	—	43	136	34	—	41	—
3. Cash wages	—	—	—	15	102	323	30	349
4. Livestock sales	—	2491	360	1769	250	11	2266	1210
<b>Nonfarming</b>								
5. Carpentry	—	—	—	—	—	200	—	—
6. Buy and sell	—	—	—	—	—	—	—	—
7. Donations	—	—	—	—	50	67	—	105
8. Others	3	—	20	29	—	—	—	—
<b>Machine rentals</b>								
9. Gross income	4837	7143	3915	3181	6628	5223	7196	7899
10. Production expenses	3418	3389	2250	945	4626	2770	2456	3102
11. Net income (9) - (10)	1419	3754	1665	2236	2002	2453	4740	4797
12. Monthly net income	236	626	278	373	334	409	790	800
13. Household size	8	5	8	6	7	9	6	5
14. Per capita monthly net income (12) ÷ (13)	29.5	125.2	34.8	62.2	47.7	45.4	131.7	160.0

**Appendix 3-B. Consumption and production expenses of 16 daily record-keeping households, Abangay, Iloilo, 6 months, 1977–78.**

Item	Young landless workers			Older landless workers				
	1	2	3	4	5	6	7	8
	Pag	Sor	Dar	Cah	Col	Sum	Hit	Gum
Consumption expenses								
1. Food: a) Rice	309	309	890	1000	571	928	681	804
b) Others	457	256	470	448	193	650	523	732
2. Clothing	92	34	114	137	28	109	115	326
3. Household items	58	30	66	16	31	160	44	185
4. House repairs	1	43	–	–	–	15	17	–
5. Schooling	–	–	38	58	7	19	3	180
6. Transportation	14	81	44	19	32	86	55	229
7. Recreation, drinks, cigarettes	486	123	32	31	120	278	62	189
8. Medical care	13	81	63	–	–	–	81	3
9. Donations, others	111	124	50	49	–	274	33	40
Total	1541	1081	1767	1758	982	2519	1614	2688
Production expenses								
1. Own rice farm	–	–	–	–	–	–	–	–
2. Other rice farms	–	–	–	–	–	–	45	27
3. Other farm activities	19	–	–	51	–	250	2	–
Total	19	–	–	51	–	250	47	27

Continued on next page

## Appendix 3-B continued

Item	Small farmers				Medium farmers			
	9 Pel	10 Jul	11 Gil	12 Dat	13 Ser	14 Cal	15 Por	16 Dia
Consumption expenses								
1. Food: a) Rice	928	667	825	605	1238	1238	619	608
b) Others	468	588	541	238	489	591	369	944
2. Clothing	231	290	–	12	214	279	79	392
3. Household items	253	139	46	30	67	87	140	136
4. House repairs	1	51	66	4	–	240	70	1098
5. Schooling	570	5	67	5	63	13	176	16
6. Transportation	144	58	208	57	82	122	62	146
7. Recreation, drinks, cigarettes	103	89	121	47	128	163	47	233
8. Medical care	42	346	1	155	121	1	–	338
9. Donations, others	498	153	86	50	28	95	75	162
Total	3238	2386	1961	1203	2430	2829	1637	4073
Production expenses								
1. Own rice farm	1913	1787	1716	943	4621	2020	1996	2910
2. Other rice farms	–	–	–	–	–	–	–	144
3. Other farm activities	–	107	23	2	5	–	–	48
4. Machine operating costs								
Maintenance	305	745	86	–	–	350	60	–
Depreciation	1200	750	425	–	–	400	400	–
Total	3418	3389	2250	945	4626	2770	2456	3102
Machine amortization	305	2767	300	–	–	1333	2751	–

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# 4

## Land and tenure change in the Pelayo family

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It was a hot day in March 1979. The dusty 5-km walk from Abangay to the Dingle town cemetery had been made easier by the company of relatives and friends. Now, Lolo Miguel was nearly home, a bit forlorn yet grateful that his ailing wife, Marta, had finally been laid to rest. Walking slowly with the aid of his homemade cane, Lolo Miguel at 79 was among the last of his generation still living in Abangay.

His father, Bernardo Pelayo, had been one of the early settlers in the village and became village head during the last years of Spanish rule. In his younger days, Lolo Miguel served in the same capacity. Two of Lolo Miguel's sons have likewise assumed leadership of the local government or other village organizations.

The Pelayos are one of the older kinship groups in Abangay, and at least a third of the barrio population can trace some blood relationship to a Pelayo. Indeed, among the six or seven family clusters that constitute the web of kinship ties in Abangay, the Pelayos and their relatives have the most widespread affiliations. Thus, it has become almost a family tradition for the Pelayos to assume leadership at one time or another in the village community. Over the past decade, members of the Pelayo extended family have been closely connected with important events in the village. In many respects, therefore, the story of the Pelayos is the story of Abangay itself in microcosm — its history, its problems, and the changes that have occurred in rice farming, land tenure, and local organizations.

## LOLO MIGUEL'S FAMILY

Miguel Pelayo and Marta Soberano were married in 1920 and settled in Abangay where they were born. Miguel was then 20 years old, an age easily remembered, he remarks, because he was born at the turn of the century. Marta was 17. Their nipa house was by an acacia tree on the road that cuts across the village. The tree still stands and parts of the old house remain, but the original site is now occupied by Edita Pelayo, widow of one of Lolo Miguel's sons.

Lolo Miguel recalls that his house was one of the 3 original homesites in the area and 13 Pelayo children were born there. Only four children survived (Table 4-1).

The families of the four married children live in Abangay. Erlinda, the eldest daughter, married Felipe Paseo, a rice farmer. They have an adopted daughter. Ricardo, the eldest living son, is also a rice farmer. He married a cousin of Felipe and they have six children.

Agustin, who died in 1973, worked as a policeman in Dingle and then became the barrio captain of Abangay for 7 years while rice farming. He left his widow and 7 sons 1 hectare of rice land.

The youngest living Pelayo son, Rene, worked in Manila as a plumber and in Saudi Arabia with a construction firm but returned to Abangay because of illness. He buys and sells rice and his wife farms a tiny plot of land allocated to her by the Paseos.

When Lolo Miguel retired from full-time farming in the late 1950s, he and his wife moved in with the family of their eldest daughter, Erlinda. Her small nipa house is about 200 meters from the old family house and just behind a new chapel. The chapel, put up in 1976 through voluntary contributions, stands as the center of the village. Many barrio meetings over the past 3 years have been held in it — meetings of the *Samahang Nayon* (village association), Compact Farm, family planning programs, and of government agencies such as DAR, NIA, BPI, and BAI.<sup>1</sup>

To Lolo Miguel and Abangay's older residents, the chapel has added significance. It is built on land belonging to the heirs of Basilio Mirasol, Lolo Miguel's original landlord and one of the two big hacienda owners in Abangay. The chapel is also at the edge of the largest grouping of houses in Abangay. During his younger days, Lolo Miguel muses, one could list the houses in that area by name. At present, Purok Katilingban, the southern portion of the village, is occupied by 70 households, a

<sup>1</sup>Department of Agrarian Reform (DAR); National Irrigation Administration (NIA); Bureau of plant Industry (BPI); and Bureau of Animal Industry (BAI). Since 1978, all Departments in the governmental bureaucracy have been renamed Ministries — hence, DAR becomes MAR, etc. Because events in the narrative straddle both periods, both designations are interchangeably used in the text.

**Table 4-1. The family of Miguel and Marta Pelayo, Abangay, Iloilo.**

Name	Year born	Age at death	Present age (1979)	Educational level	Livelihood	Family composition
Miguel	1900		79	None	Farming; now retired	
Marta Soberano	1903	75		Gr. VI	Wife of Miguel	
Children:						
1. Erlinda	1922		57	Gr. VI	Farming	Husband Felipe Paseo and one adopted daughter
2. Paz	1923	4				
3. Angelina	1925	4				
4. Emerenciana	1927	3				
5. Gil	1929	4				
6. Juan	1931	stillborn				
7. Ricardo	1933		46	H.S. I	Farming	Wife Lorena Paseo and six children
8. Agustin	1935	38		H.S. I	Farming and nonfarm work	Wife Edita Calde and seven children (all boys)
9. Rene	1937		42	H.S. I.	Nonfarm work	Wife Lourdes Pelayo and two children
10. Federico	1942	3				
11.	1947	miscarriage				
12-13. Twins	1948	miscarriage				

Gr. = Grade school, H.S. = High school.

5-fold increase in 40 years. The households belong to 36 rice farmers, 8 nonfarmers, and a new group comprising 26 landless workers (Fig. 4-1).

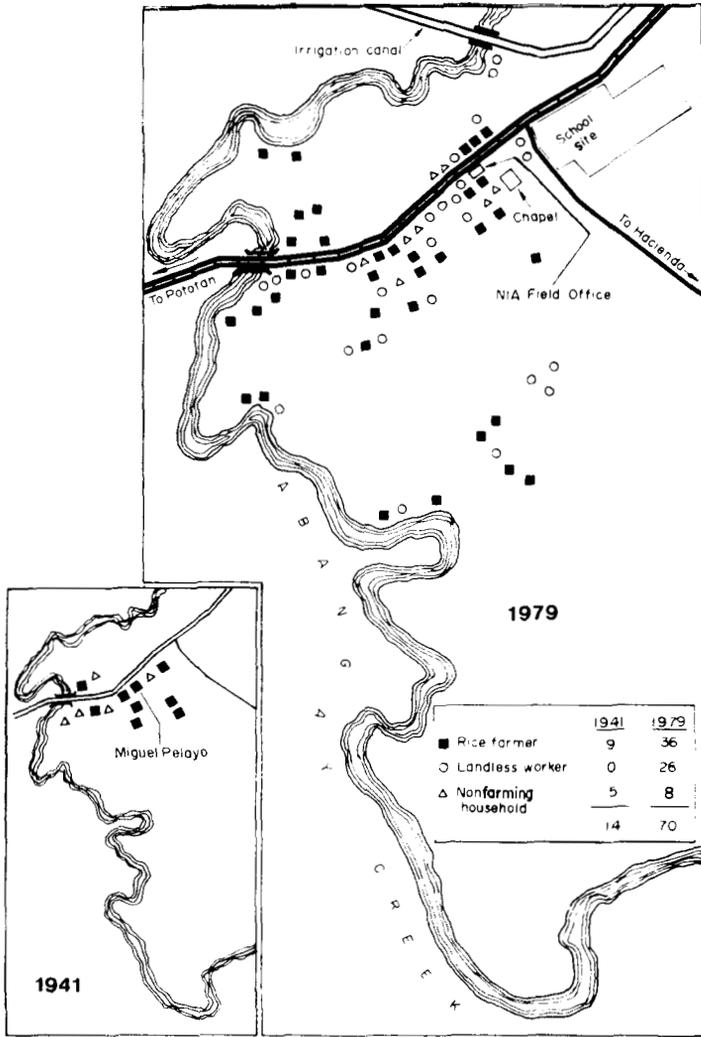
During earlier times, in the absence of any public hall or plaza, Lolo Miguel's house served as the meeting place for that part of the barrio — whenever the landlord's overseer would stay overnight with him as one of the more trusted tenants. In that sense, throughout Lolo Miguel's farming years, real authority did not rest in the honorary title of village head, nor in the proximity of one's house to a public center, but in one's position in share-tenancy arrangements under the *hacienda* system.

### SHARE TENANCY AND TRADITIONAL RICE FARMING

To Lolo Miguel, share tenancy and rice farming are synonymous. He was able to farm because he was a share-tenant (*agsador*). He was a share-tenant because he regularly needed financial help for farming and living expenses. Farming the land under any other tenure arrangement was practically unheard of in Abangay. Indeed, Lolo Miguel recalls several instances when his fellow share-tenants lost their lands because they quarrelled with the overseer (*encargado*). Because there were not too many tenants then, one could look for another landlord or sometimes extend one's tenanted area. The only condition, from the point of view of the landlord or his overseer, was the tenant's ability to cultivate all his assigned parcels. In practical terms, this meant that each tenant had to have at least one carabao and a plow. At the height of his farming activities, Lolo Miguel owned 3 carabaos and was able to till 6-7 ha of tenanted rice land, one of the larger areas in Abangay. Nonetheless, he was still a tenant farmer, continuously dependent on a sharecropping arrangement that included a sharing of farm expenses as well as access to his landlord for family needs.

#### **Sharing arrangements**

The traditional share tenancy practiced in Abangay was 50-50 in expenses and net harvest between landlord and tenant. At harvest-time, harvesters and threshers first got their wage share of the harvested crop from the cleaned rice on the threshing floor. Then one sack of seed rice was set aside for every hectare of land to be planted next season. As a rule of thumb, two more sacks per hectare, or double the amount for seed, was set aside for other farming expenses — usually labor costs. Thus, for every hectare of rice land, the tenant farmer got three sacks of rice for the next season's farm expenditures. This represented the 50-50 sharing of costs between landlord and tenant. What was left was then equally shared, representing the 50-50 sharing of net harvest.



4-1. Purok Katilingban. Barangay Abangay, Iloilo. 1941 and 1979

With the traditional varieties, yield ranged from 40-50 sacks/ha, Lolo Miguel recalls. In an exceptionally good year, the yield reached 80 sacks/ha.

Because there was only one harvest a year and rice yields were low, most tenants had to borrow from their landlord or from outside. Loans in the form of cash or rice during the lean months could usually be procured but with interest. In the case of Lolo Miguel's landlord, particularly in the postwar period, interest rates were lenient. However, some overseers privately charged exorbitant interest rates for their own profit.

At any rate, payment of these consumption or emergency loans was deducted from the tenant's share of the next harvest. In extreme cases, the share-tenant would be left with nothing at harvesttime and might even have some debts, which remained collectible at harvest a year later. Commonly, as in Lolo Miguel's case, the tenant would receive enough income as rice to cover his household's needs for the next 6-9 months. Almost inevitably, he had to borrow cash or rice at usurious rates toward the end of the idle period. Thus, harvesttime for Lolo Miguel, the share-tenant, completed a rice farming cycle wherein yields were generally low, landlord's shares were high, and interest rates were usurious — setting the stage for another year of sharecropping in a situation of debt peonage.

### **Traditional rice farming practices**

For Lolo Miguel, this cycle of subsistence sharecropping was simply the way share tenancy had been practiced since his father's time. The rhythm of annual farming activities started with the first rains in May and ended in March of the following year (Table 4-2).

Because the traditional rice varieties grew tall and were hardy, weeding was not commonly done. Neither was fertilizer applied, nor spraying of chemicals practiced. Thus, during the 4-5 months that the rice plant was maturing, there was practically no work in the fields. Many farmers went to upland areas where the harvest was earlier.

When the Abangay crop was ready for harvest in December, many harvesters from other places in turn came looking for work. A hand instrument (*kayug*) manipulated by the fingers cut panicles one at a time. The procedure was time-consuming, but insured that every grain-filled panicle was properly cut and not wasted. For every eleven bundles of reaped palay, the harvester retained one as his share.

Certain rituals accompanied harvesting and threshing. A harvester was expected to cut his specified portion alone and in silence and no one could cut across the intended path of his harvesting operation. The cut sheaves were stacked in a big pile and left in the field to dry from January to February, and threshed by foot on an elevated platform (*papag*) in March. Silence was observed while the threshed grain was measured and divided in proportional shares. Another ten parts went to the tenant farmer and one part to the thresher.

With the introduction of modern rice varieties—with shorter stalks, denser tillers, and earlier maturity—the tempo in harvesting operations quickened. First came the sickles and the *pasapar* system wherein unlimited numbers of individual harvesters were allowed to join the harvesting operations. This caused quarrels among competing harvesters and noticeable grain losses due to the harvesters' haste in covering

**Table 4-2. Traditional rice farming operations on 1 hectare. Abangay, Iloilo. 1920s to mid-1950s.**

Period	Operation	Labor arrangement (persons)	Duration (days)	Farming equipment
Late May	Seedbed preparation	1–2, family or exchange	2–3	Plow and harrow (carabao)
May–June	Clearing and fixing bunds	1–2	4	Bolo and hoe
	First plowing	2–3, family and exchange	2–3	Plow (carabao)
	First harrowing	5–6, exchange	0	Harrow (carabao)
	Second harrowing	5–6, exchange	1	Harrow (carabao)
	Leveling	3	2	Harrow (carabao)
Late June	Pulling and bundling of seedlings	10–12, hired at piecework rate	1	
	Transplanting	15–20, hired at daily wage or exchange	1	
July–November	Weeding	1–2, family or exchange	Occasional 2–7	Machete
	Fixing bunds	1–2, family	Occasional 2–7	
December–early January	Harvesting	10–30, hired at share-cropping	1–7	Hand cutter
	Piling of sheaves	1–2, family	0.5	Storage area or shed
February–March	Threshing and winnowing	6–8, hired at share-cropping	1–7	Bamboo platform and mats
	Measuring and sharing	6–8, family and hired	1	Baskets and sacks
	Hauling	2–3, family and hired at piecework rate	0.5	
	Drying	1–2, family	Occasional	Mat
	Marketing	1–2, family	1	Cart



receive a parcel of 1.5 ha was Erlinda, the eldest daughter, in 1946. During that same year, Lolo Miguel gave 1 ha to a faithful farmhand (*timbang*). In 1952, Ricardo, the eldest son, received 5 parcels comprising 2.5 ha. In 1957, 1 ha went to Agustin, the second eldest son.

Rene, the youngest son, was not able to receive any farmholding directly from his father. Instead, Lolo Miguel enabled him to take a 2-year technical course in plumbing. With this training, he was able to work as a plumber and joined a construction firm in Saudi Arabia. He sent some of his earnings to his family, which he left in Abangay. To help support herself, his wife, Lourdes, was allotted 0.2 ha by Felipe and Erlinda Paseo from the original 1.5 ha received from Lolo Miguel.

In addition to this subdivision, another 0.25 ha of the Paseo land went to Elma, an adopted daughter, when she married. Thus, Felipe and Erlinda have only slightly more than 1 ha left of the tenanted land they received from Lolo Miguel, although the entire parcel of 1.5 ha still remains under the name of Felipe Paseo as amortizing owner under the agrarian reform program.

As a share-tenant, Lolo Miguel had a seventh hectare which he passed to Ruben, another helper, in 1946. When Ruben died, Lolo Miguel passed this 1 ha to Raul, a nephew, who had also helped on the farm. In turn, Raul further split this parcel into 2 in 1973 — 0.5 ha under his direct cultivation, and the other 0.5 ha on loan to his older brother, Efren. The loan will probably become a permanent arrangement because Efren and his wife have five children to support, whereas Raul has remained unmarried and takes care of his father, Marciano, an older brother of Lolo Miguel.

Thus, Lolo Miguel has witnessed the progressive fragmentation of his tenanted farm area. On a 7-ha area, where a single family sharecropped a living more than 50 years ago, there are now 8 families still mostly dependent on rice farming.

To summarize the process, Figure 4-2 (inset) indicates the inheritance pattern of landholdings in Lolo Miguel's family over four generations in Abangay. During the 1920s and the 1930s, land for tenancy purposes was still relatively plentiful in Abangay. In addition to the 3.5 ha that his father had been tilling as a share-tenant for one of the larger haciendas, Lolo Miguel acquired another 3.5 ha from the same hacienda. Over the two decades, however, he had parcelled out his land to three of his children, a nephew, and a farmhand. Consequently, the average farm size of his heirs was drastically reduced to 1.4 ha. In the 1960s and 1970s, two farm areas were further split up among 5 operators, with 4 of the plots comprising only half a hectare or less. It is important to note that in this fragmentation, only two CLT holders are recognized by the Ministry of Agrarian Reform (MAR) — 1 for 1.5 ha

and the other for 1.0 ha. *De jure*, fragmentation stops at this point, but *de facto*, it continues.

To be sure, even if the land area has been fragmented, the intensity of rice cultivation has heightened. Ever since he ceased to farm in the late 1950s, however, Lolo Miguel has left the new technology in rice production to his children and another generation of rice farmers in Abangay.

### TECHNOLOGICAL CHANGES ON RICARDO'S FARM

When Ricardo, the eldest son, started farming in 1952, he continued to follow the traditional methods and arrangements. The only innovation for a while was the introduction of a big McCormick thresher on the Mirasol lands — a way for the landlord to measure the size of the harvest and the specific share of each tenant. However, the big thresher operated for only 2 years before it caught fire in another municipality. About the same time, Ricardo recalls, the Mirasols also brought in a 4-wheel tractor to speed land preparation on the hacienda. This, too, lasted for only about 2 years — due partly to the unmanageability of the tractor in deep mud.

The subsequent history of technological innovations on Ricardo's farm as well as on other rice farms in Abangay comes under two broad headings:

- a period of yield-increasing rice technology from the late 1950s through the 1960s; and
- a period of labor-saving and cost-saving technology in the 1970s almost at the same time as land tenure changes (Table 4-3).

#### **Yield-increasing technology**

Irrigation water, high-yielding varieties, and modern farming techniques represent various aspects of yield-increasing rice technology—in terms of crop yields per hectare and the expansion of effective crop area by means of double- or triple-cropping.

To Ricardo, the start of the construction of the Jalaur River Irrigation System (JRIS) in 1954 was a mixed blessing. The JRIS main canal cut through his farm taking away almost 0.25 ha of crop area. Moreover, according to him, much of his farm's fertile topsoil was removed to provide the embankment for the main canal — one reason for the dip in yields on his farm in subsequent years, and the constant need thereafter for fertilizer application.

Nonetheless, Ricardo welcomed the irrigation water for his farm. Indeed, he enjoys an enviable locational advantage in Abangay because he can take irrigation water directly from the main canal, unlike many other farmers whose water supply comes irregularly via lateral canals.

Although the irrigation network assured a steady supply of crop water throughout the rainy season, it did not immediately lead to a second crop during the dry season. The water supply during the dry months was insufficient and unreliable — and remains so today. The biggest constraint, however, was the continued use of traditional rice varieties, which were photoperiod sensitive, required 5-6 months to mature, and could be harvested only during November-December.

Introduction of the early-maturing, dwarf varieties from 1967 on made double-cropping of rice practicable. The newer varieties took a shorter time to grow and could be planted and harvested throughout the year because they were not seasonally dependent on rainfall and day length. With their shorter stalks, denser tillering, and greater resistance to grain shattering, another change was forthcoming — the replacement of the finger knife with the sickle (*garab*) which enabled the harvester to reap faster.

In 1968-69, a group of Taiwanese rice experts, in collaboration with the Bureau of Plant Industry, set up demonstration farms in the Pototan-Dingle area as part of the Iloilo Rice Production and Extension Project (IRPEP). Abangay was chosen as a demonstration site and farmers learned the various techniques of the *dapog* seedbed method, straight-row transplanting, the use of rotary weeders, and regular application of fertilizer and insecticides. The demonstration farm in Abangay was hard hit by leafhoppers that year but the new techniques were eventually assimilated by many farmers. The modern seed-water-fertilizer revolution took root in Abangay — expedited by an extension program consisting of method and result demonstrations.

### **Labor-saving and cost-saving technology**

With the advent of the 1970s came increased activities pertaining to tenure change and a new round of technological change — this time more labor-saving than yield-increasing. Farm mechanization, traditionally the preserve of big landlords and symbolized by the four-wheel tractor and the McCormick thresher, came within the scale and reach of small farmers. In 1970, Ricardo notes, the first hand tractor owned by a fellow tenant farmer made its appearance in the barrio. In 1974, a year after he received a CLT, Ricardo, together with four consignatories, procured a hand tractor through a Central Bank-World Bank loan program administered by DAR. Three signatories backed out, however, leaving Ricardo and another tenant farmer as the remaining partners.

In many respects, the hand tractor — made economically feasible by double-cropping and the quickened tempo for land preparation —

**Table 4-3. Changes in rice farming, land tenure, and peasant participation, Abangay, Iloilo, 1950s–1970s, as determined by farmer interviews, 1977–79.**

Year	Changes in rice farming <sup>a</sup>	Land tenure reform and government programs <sup>a</sup>	Peasant participation and organization <sup>a</sup>
<i>Traditional rice farming</i>			
Early 1950s	Traditional methods	Share tenancy	Nava's group; agitation for 70–30 sharecropping
1953	McCormick thresher on Mirasol lands		
1954	JRIS construction started		
1955		(Magsaysay's Land Reform Act)	Dingle FACOMA established
<i>Increased production</i>			
1957	JRIS irrigation begins		
1963		(Macapagal's Agric. Land Reform Code)	
1967	IR5 and modern varieties introduced; double-cropping and use of the sickle		
1969	Demonstration farms by Taiwanese rice experts		PFMCI organized in Pototan; PANELFU agitates for 75–25 leasehold
<i>Land tenure changes</i>			
1970	First hand tractor		
1971		(Marcos' amended Agrarian Reform Code)	Federated Farmers' Association active
1972		Martial law declared; Operation Land Transfer	
1973	Sagod labor arrangement started	First Certificates of Land Transfer distributed	<i>Samahang Nayon</i> started; Dingle Small Landowner's Association organized
1974		Small landlords exempted from OLT; Two IBRD/DAR tractor loans	Masagana 99 credit to tenant farmers; BCLP meetings

1975	Broadcasting and use of weedicides popularized; first water pump; triple-cropping tried		
1976	First blower		Compact farm organized in three barrios with DAR/ACA
1977	First portable thresher	DAR's intensive rice gardening demonstration farm shelved	
1978	Rehabilitation of irrigation system		
1979	Rural electrification begins	NGA support price for palay increased	Compact farm reorganized with Land Bank financing; Barangay Brigades trained

<sup>a</sup>JRIS = Jalaur River Irrigation System, FACOMA = Farmers' Cooperative Marketing Association, PFMCI = Pototan Farmers' Multipurpose Cooperative, Inc., PANELFU = Panay-Negros Laborers' and Farmers' Union, OLT = Operation Land Transfer, IBRD = International Bank for Rural Development, BCLP = Barrio Committee on Land Production, DAR = Department of Agrarian Reform, ACA = Agricultural Credit Administration, NGA = National Grains Authority.

became the new status symbol among small farmers. Over the past decade, other tenant farmers have sold their carabaos in exchange for hand tractors on an installment basis. By the beginning of 1979, there were 10 hand tractors owned by farming households resident in Abangay (Table 4-4).

Other farm machines soon followed the hand tractor — the first water pump in 1975 along with the first attempts at triple-cropping in a single year; the first blower in 1976 replacing manual winnowing; and the first portable thresher in 1977, supplanting the traditional foot threshing.

Although the most recent addition to the farm machines in Abangay, the portable thresher has had the most rapid diffusion. During the dry season harvest of 1977, only one thresher was operating on a trial basis in the barrio; by 1979, six threshers were in full operation. By the 1978 wet season and thereafter, practically no one did foot threshing. Had he not been hampered by previous loans, Ricardo would have acquired a portable thresher in 1978.

A principal reason for the greater attractiveness of a thresher compared to the hand tractor was the manner of immediate payment for its operations - a sharing in kind from the grain threshed. Custom plowing by hand tractor, on the other hand, often involved a promise to pay at harvesttime, 3-4 months later.

Along with labor-saving farm mechanization, two cost-saving techniques have also been adopted by many tenant farmers in Abangay - the sagod labor arrangement, which stipulates that prospective harvesters do the weeding without immediate payment in exchange for an exclusive right to harvest their weeded areas; and direct seeding which eliminates labor costs for transplanting. Ricardo's farm is under the sagod system and he has tried direct seeding on a portion of his farm.

A system of continuous rice cropping is being promoted by a demonstration farm and training center of the MAR in Dumangas. The system is designed to increase yields as well as labor requirements. Ricardo visited this farm and observed the staggered method of planting and harvesting to provide continuous rice production. In Abangay, a specially trained MAR technician planned a similar demonstration on a 1-ha

**Table 4-4. Number of farm machines owned (cumulative frequency) by Abangay residents, 1970-79, as determined by field surveys and interviews, 1977-79.**

Farm machine	1970	1974	1977	1979
Hand tractor	1	4	7	10 <sup>a</sup>
Water pump	—	—	1	5
Blower	—	—	3	5
Portable thresher	—	—	1	6

<sup>a</sup> Does not include the hand tractor acquired in 1970.



The small portable thresher started supplanting foot threshing by sagod workers in 1977. Two of the workers are Tiyo Oyo Sumagaysay's sons.

area tilled by a close tenant farmer friend of Ricardo. But although the tenant farmer was willing to cooperate, his landlord was not. The reason given was that the lessee's fixed rentals were based on discrete crop seasons, and there was no precedent in Iloilo for fixing rentals on intensive rice culture areas with their staggered periods for harvesting.

This particular incident highlights a common situation of tenant farmers in Abangay: technological changes have not taken place in a vacuum, but almost simultaneously with pressures for tenure change from various local organizations. Indeed, all the farm machines in use in Abangay today have been acquired only after the rice farmers' tenure shift from share tenancy to leasehold or amortizing ownership. In Ricardo's case, it was his CLT that allowed him to acquire a hand tractor on an installment basis.

#### PEASANT ORGANIZATIONS AND TENURE CHANGE

In contrast to the previous share-tenant status of his father, Ricardo holds a CLT for his four parcels of farm land. Since 1973 Ricardo has technically been an amortizing owner under OLT. Together with other CLT recipients in Abangay, however, Ricardo continues to pay a fixed rental to his landlord every crop season rather than an amortization payment to the Land Bank for the purchase value of the land. In this respect, Ricardo's perception of his status is that of a lessee rather than that of an amortizing owner. On the other hand, Ricardo carefully keeps all his rental receipts against the day they may be considered

partial payments for the land.<sup>2</sup>

Despite this ambiguity, Ricardo considers his tenure status better than that of his father. Where his father had to share 50% of the net harvest with the landlord, Ricardo now pays a fixed rental for his 2 ha of crop area - 10.5 sacks of palay/ha for the wet season, and 8.5 sacks for the dry season. Where his father had to be extra careful in his relations with the landlord or his overseer to avoid eviction from the land, Ricardo feels secure by virtue of the CLT. Indeed; when the first CLTs were being issued in Abangay, Lolo Miguel was reluctant that his son should accept them because Lolo Miguel felt a sense of gratitude to his landlord; after all, he had received one of the larger tracts of tenanted land and he considered Basilio Mirasol a benevolent landlord. For his part, Ricardo had no qualms in accepting the CLT. "They had already gotten much out of us in the past," he remarks.

### Early land conflicts

The past was not harmonious throughout Abangay, even if Lolo Miguel considered share tenancy conditions in the Mirasol estate more acceptable than in other places. After the end of World War II, among the earliest issues that arose was the regulation of land rents based on the Rice Share Tenancy Act, which had been promulgated even before the Commonwealth period in 1933.

Invoking the law's provision for 70-30 sharing, an organization led by Jose Nava tried to unite the share-tenants in several barrios, including the hacienda lands in Abangay. Their chief objectives were the lowering of the landlord's share and mutual protection against eviction. Because of these activities, some hacienda owners agreed to abide by the 70-30 law, so long as their tenants would not join Nava. For Abangay residents, things came to a head one night when constabulary troops looking for Nava surrounded the houses in one of the bigger haciendas. Eventually, as Lolo Miguel recalls, Nava was imprisoned and charged of being linked to the Huks<sup>3</sup> based in Central Panay.

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<sup>2</sup>Along with other tenants on the Mirasol estate, Ricardo's leasehold contract was signed in February 1972 in conformity with the amended Code of Agrarian Reform of 1971. His leasehold status was therefore attained before the New Society's agrarian reform program enunciated by P.D. 27 in October 1972.

<sup>3</sup>Acronym for *Hukbalahap* (*Hukbong Bayan Laban sa Hapon*, meaning People's Army against the Japanese). The Huks were the largest guerrilla fighting force during the Japanese occupation. As a peasant-based organization, it continued fighting for land tenure reforms after the war against landlords — many of whom were also seen as war-time collaborators with the Japanese. Although government forces fought the Huks as a communist-inspired organization espousing armed revolution, many of the Huks' demands were actually based on existing laws such as the 1933 Rice Share Tenancy Act and the subsequent Agricultural Tenancy Act of the Philippines (R.A. 1199) passed in 1954.

For Nava's checkered career as the foremost labor leader in Iloilo from the 1930s to the early 1950s and the political climate surrounding his activities in the region, see McCoy 1977. For another facet of Nava, the playwright and dramatist, see Fernandez 1976.

After more than 2 decades another peasant organization started recruiting local members in Abangay with practically the same issues that had been raised earlier by Nava — rent reduction and security of tenure. Toward the end of the 1960s agrarian reform was receiving more attention in the media with various peasant and student groups pressing for its implementation. In Abangay, the issue focused on the shift from share tenancy to leasehold with the land rental to be fixed at 25% of the average normal yield. In 1969, the Panay-Negros Laborers' and Farmers' Union (PANELFU), led by Nicolas Centeno, was committed to asserting tenants' rights under the existing laws, principally those included in the Agricultural Land Reform Code of 1963 (R. A. 3844).

In 1971, the amended Agrarian Reform Code was passed in Congress and the DAR was created to implement the law. A few months later, under the guidance of a forceful DAR technician, tenant farmers in Abangay and neighboring villages started organizing themselves into Farmers' Associations, which were eventually federated under one leadership. In Abangay, Ricardo became chapter president of the Farmer's Association.

The activities of PANELFU and the Federated Farmers' Association during the early 1970s are remembered best by Abangay residents through three celebrated land tenure disputes.

The first case was that of Nestor Pagdato and 10 other tenants who asked for leasehold status in 1971. Their landowner, represented by her son, an official of an adjoining municipality, was adamant against this petition and adopted harassment tactics. Nestor's companions eventually gave up the fight and have remained share-tenants. However, aided by the DAR technician, Pagdato persisted in his legal battle.

It took 13 months and 45 trips to the Court of Agrarian Relations in Iloilo City before Nestor's landlord acceded to leasehold arrangements.<sup>4</sup>

The turning point came when the landlord refused entry of a hand tractor onto Nestor's farm, which was surrounded by other tenanted lands of the same landlord. Pagdato appealed to the members of the "Federated." On a designated day for clearing his land, about 100 members, including Ricardo, showed up with their bolos to help carry out the job. They all came from the five barrios of the federation in an unprecedented voluntary mass action (*tawilihan*) — ostensibly to help

<sup>4</sup>Every round trip Nestor made to Iloilo was marked on the wall of his house. A round trip by bus ordinarily took 3-4 hours and, including expenses in the city, cost practically the equivalent of a day's farm wage. Nestor is the father of Cris, son-in-law of the Sumagaysays. The protracted legal battle, with its attendant costs, was the main reason why Cris had to drop out of college after one semester.

a fellow member. The municipal official and his men were nowhere in sight that day.

The second case involved Dioscoro Simbal, who also asked for leasehold conversion on his 2 parcels totaling 2.5 ha. Both parcels belonged to a single landowner, a retired public school supervisor residing in town. Aided by a lawyer of PANELFU, Dioscoro brought his case to court. However, in the course of the proceedings, a printing error occurred and instead of 2.5 ha, only 1.5 ha was listed as Dioscoro's farm area. To avoid further complications and delay, Dioscoro was persuaded to arrange for a settlement out of court. The landowner would agree to leasehold conversion on 1.5 ha but would get back the other 1 ha parcel for personal cultivation. Dioscoro still feels bitter against PANELFU for mishandling his case, but he won a partial victory in his shift to leasehold.

Notwithstanding this case, PANELFU gained several tenant members in Abangay and assisted them in their legal battles to shift to leasehold. The union also initiated other activities including a march from Pototan to Iloilo City in September 1969. This mass demonstration was joined by several members in Abangay. On the whole, however, tenants like Ricardo did not favor PANELFU because it demanded from its members a contribution of 2 sacks of palay/ha each season. This was a marked contrast from the style of operation of the "Federated," which was locally based and did not demand membership fees.

### **Operation land transfer**

More petitions for leasehold conversion would have been handled by the "Federated" and PANELFU in Abangay had martial law not been declared in September 1972. As one of the first widely publicized pronouncements of the martial law government, Presidential Decree No. 27 extended agrarian reform to all tenanted rice and maize lands and initiated OLT. Share tenancy was abolished as a matter of public policy, automatically converting sharecroppers into lessees.

Because of the earlier activities of the "Federated," the Pototan-Dingle area was included by DAR as one of the nine pilot municipalities for OLT implementation. By May 1973, many tenants in Abangay, including Ricardo, became the first CLT recipients. The CLTs were personally distributed to them by Agrarian Reform Secretary Conrado Estrella at the Abangay Elementary School.

It was under these circumstances of an accelerated agrarian reform program that the third land dispute arose in Abangay. Among the 14 share-tenants of Severina Cordoba, Arcadio Banzon and Perfecto Paraiso filed their petition to shift from 50-50 sharecropping to fixed rental leasehold.

Aided by the DAR Legal Officer, Arcadio presented his case before the Court of Agrarian Relations in December 1972. The case dragged on for the entire year of 1973 and the first quarter of 1974. For one crop season, all the harvested rice from Arcadio's farm was ordered stored in a warehouse while the case was pending. This gave the landlord a decided advantage over a tenant who was going hungry. The landowner claimed that Arcadio and Perfecto had earlier signed papers stating that they were hired laborers, not share-tenants, on the land. Two other tenants, pressured by the landowner, testified against Arcadio and Perfecto. When the decision was finally handed down in March 1974, the tenants lost.

By this time, however, Arcadio had already received a CLT. DAR personnel advised him that he had the right not to be ejected from his farmplot, notwithstanding the decision of the court. At the moment, therefore, Arcadio continues to cultivate his farm under a 75-25 share-cropping arrangement, a compromise solution better than the previous 50-50 sharing but not quite the fixed rental leasehold he had originally asked for.

Arcadio's case is particularly significant because all the events took place after martial law and P. D. 27. This case has been watched closely by other tenants in Abangay as a test case of how a tenant's grievances are actually settled under the agrarian reform program. The prolonged court proceeding in the case has been the reason, some claim, why they have been slow in demanding leasehold conversion, much less the actual start of amortization payments.

### **Samahang Nayon**

As a prerequisite for the distribution of CLTs, tenant beneficiaries of OLT in Abangay had to become members of the *Samahang Nayon* (SN), a barrio association that serves as a precooperative unit for a projected network of cooperatives servicing small farmers. For 20 weekends, candidates for SN membership from Abangay and other villages gathered for training seminars. When the SN was eventually formed in Abangay in 1973, Ricardo became the first elected president.

The imposition of martial law and the quickening of agrarian reform activities since 1972 may have offered more rights to the tenant farmers, but the tenants for their part have lost the initiative in asserting their rights. The present SN in Abangay is primarily a precooperative organization of the village under the supervision of another government agency, and does not ordinarily discuss land tenure disputes in its meetings — a matter under the responsibility of DAR. Thus, the DAR-sponsored Farmers' Association has been superseded by the SN in Abangay, and there is no longer a tenants' organization that articulates

their demands in cases of land disputes. Due to its lack of militancy, the SN has “slowed down” in its activities, according to SN officers themselves.

Over the past few years, the SN has, in the eyes of many, become merely a collecting agency for membership fees, the Barrio Guarantee Fund, and the Barrio Savings Fund. Because the SN is considered only as a preparatory stage toward the eventual formation of an Area Marketing Cooperative, small farmers in Abangay do not as of today have a cooperative structure that services their various needs. In particular, production loans for rice farming are not included within the scope of SN activities.

### **The Barrio Committee on Land Production**

As SN president in Abangay for the first 2 years, Ricardo attended the convening of the Barrio Committee on Land Production (BCLP). Composed of representatives from various tenure groups and offices, the BCLP was a DAR mechanism to arrive at uniform valuation of all farmlands, classified under four categories, in a village. This would be the first step before the Land Bank could issue to each CLT recipient his Farmer’s Undertaking, which sets down the schedule of amortization payments for the land over the next 15 years.

As Ricardo and other tenants recall, the two or three meetings of the BCLP in 1975 were attended by two owner-cultivators, two to four tenants, the barrio captain, the SN president, and the DAR technician together with the DAR team head. Representatives of the landowners, particularly of the two largest haciendas with rice tenants in Abangay, did not appear. Instead, the barrio captain, who was also working in one of the haciendas, acted as proxy for the landlord side in the discussions.

For the category of irrigated wetland, the tenant farmers suggested an initial value of ₱8,000/ha. As finally agreed upon, the land value was based on the 3-year production record of an owner cultivator known in the village for his above-average farm management. Thus, for Abangay the average gross production for the 3 normal crop years before P. D. 27 was estimated at 110 sacks/ha (4.84 t/ha) with a value of ₱9,625/ha. Although this figure was patently above average for most tenant farmers in Abangay, the BCLP representatives consented to expedite matters and forestall any objections from landlords.

Despite the completion of the BCLP process by 1976, no Farmer’s Undertaking has yet been issued by the Land Bank to any tenant farmer in Abangay or in any other village in Dingle.

### **Operation Leasehold**

Since mid-1974, small landlords of 24 ha or less have been allowed to

retain 7 ha from OLT coverage. This means that tenants on these lands would be covered instead by LHO, with the objective of accomplishing written contracts between the landlord and the tenant to fix rentals once and for all. Because OLT was carried out in the pilot area of Abangay under the original premise of zero retention for absentee landlords, a number of CLT holders have now become ineligible for OLT. In such instances, their CLTs are quietly canceled in the DAR office, even if the certificates are left with them.

One major reason for LHO was the strong opposition of small landlords throughout the country against the scope of OLT. In the town of Dingle, small landlords organized themselves into the Dingle Small Landlord's Association (DSLAs) with the principal objective of petitioning the government to limit OLT's scope to landlords owning more than 24 ha. No doubt, the organized opposition of small landlords in Iloilo contributed to pressures on the government to allow the 7-ha exemption from OLT.<sup>5</sup>

#### A GENERATION OF LEAVES

Ricardo currently occupies two important positions. He is the district representative in the Dingle Farmers' Cooperative Marketing Association (FACOMA) and the newly elected president of the Abangay Samahang Nayon Compact Farm. Both organizations provide access to credit and marketing. Ricardo became a member of the FACOMA in 1973. Several other tenant farmers from Abangay have joined the organization after their shift from share tenancy to leasehold.

Membership in both organizations indicates the increasing need of Ricardo and other small farmers for production loans. In Lolo Miguel's farming days, it was impossible to have access to institutional loans at legal rates of interest but the needs of a share-tenant then were less than those of an agrarian reform beneficiary like his son. Where Lolo Miguel's overriding concerns pertained to food, security of tenure, and subsistence loans, Ricardo's interests have shifted toward higher education for his children, production loans through credit institutions, and the completion of OLT. Where Lolo Miguel's security of tenure depended on his smooth relations with the landlord or his overseer, Ricardo views his CLT as a guarantee against willful eviction as well as a promise of eventual ownership of the land.

<sup>5</sup>For a more extended description of landlord views, see the selected case studies in Chapter 5. Silliman (1975) also provides an assessment of political events and the first 3 years of OLT in Dingle



Ricardo Pelayo addresses the reorganizational meeting of the compact farm. Being a member of one of the older tenant families in Abangay, Ricardo is recognized as a natural leader.

### Children's education from the rice harvest

Ricardo and Lorena have six children. Julna, the eldest, is married and lives with her husband and a 2-year-old son on a home lot at a corner of Ricardo's farm. The other children remain in the family household and are in various stages of schooling (Table 4-5).

Ricardo and Lorena have decided to concentrate on educational opportunities for two sons attending college. Ignacio had qualified for the government's "study now-pay later" plan but has been temporarily disqualified for failing one subject. According to Lorena, a semester's expenses for sending each son to college in Iloilo are ₱125 for dormitory

**Table 4-5. Ricardo and Lorena Pelayo's family, Abangay, Iloilo. 1979.**

Name	Age	Educational attainment <sup>a</sup>	Occupation
Ricardo	45	High School I (SPI)	Farming
Lorena	45	Elementary school graduate	Housewife
Children:			
Julna	25	College I	Housewife
Nemia	21	High school graduate (PVS)	Out of school
Ignacio	19	College II (Marine Science, WIT)	Student
Sonny	18	College II (Mech. Eng., WIT)	Student
Victor	15	High School I (PVS)	Out of school
Junior	11	Grade 5	Student

<sup>a</sup> SPI = St. Pius X Institute (Pototan), PVS = Pototan Vocational School, WIT = Western Institute of Technology (Iloilo City).

lodging, ₱350 for food and pocket money, and ₱344 for tuition. The total equals slightly more than 19 sacks of rice at ₱43/sack. The Pelayo family thus spends the equivalent of 38 sacks of rice for every semester of schooling for two children. This constitutes 72% of the net harvest from their farm for the 1978-79 dry season.

This is the main reason why Victor, the third son, was asked by his parents to stop schooling for a while. Junior, the youngest, continues his schooling because he can walk to school and the elementary grades are tuition-free.

### **Debt financing**

Ricardo and Lorena have continually resorted to various loans in the course of the crop season. Their disposal of the dry-season harvest can be traced. From the gross harvest of 148 sacks on 2 ha, 25 sacks went as harvesters' and threshers' shares, 17 to the landlord as rental, 37 as payment in kind to various lenders, and another 50 sacks were sold to the National Grains Authority (NGA). The family had only ₱614 and 19 sacks left for household consumption. This would have to last the family until the next harvest in September. No third crop could be planted because the irrigation canal was closed for 2 months for rehabilitation of the network.

From Ricardo's credit profile, it is obvious that he is one or two seasons behind in the payment of his institutional loans, and consequently cannot set aside part of his surplus for next season's production expenses.

Table 4-6 summarizes Ricardo's production credit practices for 17 crop seasons over 9 years. It shows how he was able to borrow from various sources, including four credit institutions, how payment of current loans were dependent on the state of the harvest, and how crop failures in the 1973 wet season and the 1977-78 dry season caused outstanding debts to accumulate because of compounded interest and other penalties. Ricardo observes that for every crop failure, it takes the farmer at least three crop seasons to recover. In his case, it has taken longer.

It is interesting to note the credit path traveled by Ricardo in his quest for production loans. He moved away from the traditional landlord source in 1972 and proved to be a good borrower at the Pototan Rural Bank for two consecutive crop seasons. Three factors made this period Ricardo's best year in terms of credit solvency:

- his improved tenure, with the shift to leasehold followed by the receipt of a CLT a year later;
- his participation in farmers' organizations like the local Farmers' Association and the FACOMA; and
- normal crop yields.

**Table 4-6. Production loans of Ricardo Pelayo with two hectares of riceland, Abangay, 1971–79.**

Year-crop season	Credit source	Production loan <sup>a</sup>	State of harvest <sup>b</sup>	Payment of current loan	Outstanding debts	Remarks <sup>c</sup>
1971 wet	Landlord	₱ 500	Poor (lacks fertilizer)	Full	None	Share-tenancy arrangement
1971-72 dry	Landlord	₱ 500	Poor (lacks fertilizer)	Full	None	Leasehold contract signed in February
1972 wet	Pototan Rural Bank	₱1,800	Normal	Full	None	Acquired loan through Farmer's Association
1972-73 dry	Pototan Rural Bank	₱1,800	Good	Full	None	CLT distributed in May
1973 wet	FACOMA	₱1,800	Failure (big flood)	None (restructured)	₱ 1,800+ (FAC)	Becomes FACOMA member; paid only 1/2 of land rental
1973-74 dry	Pototan Rural Bank	₱1,800	Poor (hopperburn)	Partial: ₱1,400	₱ 1,800+ (FAC); ₱400+ (PRB)	
1974 wet	Dingle Rural Bank	₱2,400	Good	Full	₱1,700+ (FAC)	₱400+ paid to Pototan RB from M-99 loan; ₱200 paid to FACOMA from harvest
1974-75 dry	Relatives	₱ 500	Poor (lacks inputs)	Full	₱ 1,700+ (FAC)	Dingle RB no longer gives M-99 loans
1975 wet	Neighbor	₱ 400	Poor (lacks inputs)	Full	₱1,700 (FAC)	
1975-76 dry	Pototan Rural Bank	₱1,800	Normal	Full	₱1,500+ (FAC)	₱400 paid to FACOMA from M-99 loan
1976 wet	Compact Farm	₱2,000	Normal	Partial; ₱1,900	₱1,500+ (FAC); ₱300+ (CF)	Deposited 40 sacks worth ₱1,700 in FACOMA for CF
1976-77 dry	Compact Farm	₱2,000	Normal	Full	₱1,500+ (FAC)	Deposited 55 sacks worth ₱2,145 in CF to cover all debts to CF

1976-77 Third	Self-financed	-	Failure (tungro)	-	₱1,500+ (FAC)	Only 1/3 of the farm area planted
1977 wet	Compact Farm	₱ 500	Poor (flood)	None	₱1,500+ (FAC); ₱500? (CF)	Earlier palay deposited in CF for 1976-77 dry may cover part of current loan
1977-78 dry	Pototan Rural Bank	₱2,400	Poor (drought)	None	₱1,500+ (FAC); ₱500? (CF); ₱2,400+ (PRB)	Water stress due to closure of irrigation canal in mid-March for rehabilitation
1978 wet	Friend and relatives	₱ 650	Poor (lacks fertilizer)	Full	₱800+ (FAC); ₱500? (CF ); ₱2,400+ (PRB)	R borrows 11 sacks from a friend to pay ₱700 to FACOMA, but borrows ₱500 again for children's tuition
1978-79 dry	Money- lenders	₱ 400	Normal	Full	₱1,000+ (FAC); ₱500? (CF); ₱1,000+ (PRB)	₱1,600 paid to PR B from palay sold to NGA at new price of ₱1.30/kg

<sup>a</sup>In cash and kind. <sup>b</sup>According to respondent's evaluation based on his *limpio* production, i.e. gross harvest minus the 1/6 share for harvesters and threshers, in 44-kg sacks per hectare: Very good (100 sacks or more); Good (80-99); Normal (60-79); Poor (30-59); and Failure (less than 30). <sup>c</sup>PRB = Pototan Rural Bank, FACOMA = Farmers' Cooperative Marketing Association or (FAC), CLT = Certificate of Land Transfer, CF = Compact Farm, R = Respondent, + = plus Interest.

Ricardo's financial problems started with a big flood during the 1973 wet season. The same flood swept away the Sumagaysays' home and generally caused many credit arrearages among Abangay's small farmers. Ricardo's crop was badly damaged and he paid only half of his land rental that season. His FACOMA loan was carried over to the next season. In Ricardo's case, it meant having the shadow of the FACOMA loan hanging over him until the present time. Because he could not procure a substantially new loan from the FACOMA in the meantime, he went back to the Pototan Rural Bank where he maintained a good credit standing. However, a second poor harvest caused by insect damage to the crop enabled him to make only a partial payment for this loan.

For the 1974 wet season, Ricardo decided to try a third credit institution, the Rural Bank of Dingle. He received the full Masagana 99 allowance of P2,400 for his 2 ha and the harvest was good. This enabled him not only to make a full repayment of his current loan but also to complete his partial payment, plus interest, to the Pototan Rural Bank as well as to pay a token amount to the FACOMA.

For the next two seasons, however, the rural banks entered a period of retrenchment as a result of widespread arrearages in Masagana 99 loan repayments. Ricardo relied on relatives and friends for limited production loans. He had poor harvests but they were sufficient for the repayment of the smaller loans.

For the 1975-76 dry season, Ricardo, as one of the remaining debtors in good standing under the Masagana 99 program, tried the Pototan Rural Bank again. He received the full amount of P1,800 but immediately set aside P400 as a partial payment for his long outstanding FACOMA loan. Ricardo notes that although P400 was paid, because of interest charges the principal of the debt was reduced by only P200.

When the Compact Farm (CF) was first proposed in early 1976, many farmers in Abangay, including Ricardo, welcomed its creation because it afforded them, despite past arrearages, a chance to obtain production loans from a new funding source, the Agricultural Credit Administration (ACA). Moreover, the CF office and warehouse would be in Abangay, allowing the members to carry out their transactions within the barrio. For Ricardo, the CF represented his fourth credit institution in 5 years.

As agreed, Ricardo deposited his surplus sacks of palay with the CF as repayment for loans. These in turn were to be deposited in the bonded FACOMA warehouse in Dingle. However, after two crop seasons in 1976-77, the CF was beginning to encounter repayment problems compounded by accounting problems. For instance, although he knew how many sacks of palay he deposited, Ricardo could not quite



Farmer-members chat with a Ministry of Agriculture technician (back to camera) in front of their compact farm warehouse in Dingle. The compact farm, which originally comprised three adjoining barrios, has been reorganized into three small groups.

tell its cash equivalent because it was subject to fluctuating prices and because the CF Manager decides when to have the palay milled and sold in the open market. Ricardo, together with many other CF members, decided to call for a reorganization. They proposed the merging of the Samahang Nayon and the Compact Farm, particularly because many small farmers in Abangay were members of both.

During this transition period, Ricardo tried triple-cropping on his own resources, but the harvest failed. After a final season with the CF in the later half of 1977, he approached the Pototan Rural Bank once more to procure one of his largest loans so far. However, because his planting schedule was delayed for the 1977-78 dry season, Ricardo's crop was severely affected by the closure of the irrigation canal in mid-March. Although his current loan was restructured like the earlier FACOMA loan, he had now fallen into his deepest level of indebtedness - with a total amount of ₱4,000, plus interest, awaiting liquidation in 3 credit institutions. By the time the two most recent crop seasons were reached, Ricardo had completed his circuitous credit path. He was again approaching friends and relatives and finally ended up with private money-lenders charging usurious *alili* rates of interest.

### Prospects and aspirations

To reconstruct the record of his credit practices over the past years,

Ricardo unfolded documents and old receipts he kept in a plastic bag. It was almost inevitable, he remarked, that production loans had to be procured because modern farm management required fertilizer and other chemical inputs.

Yet often, a part of the new loan would go to pay off an outstanding debt to another credit institution; in this way obligations were rolled over from one credit source to another. At other times, part of the production loan would go instead for pressing household needs such as the tuition payments of schooling children.

Ricardo always hopes that next season's harvest will cover all his current debts and some outstanding obligations. Despite some inadequacies in farm management and budgeting, he has been able to cover most of the major needs of his household and can always fall back on the security of having 2 ha of first-class irrigated rice land. Moreover, because of his kinship ties and leadership position, Ricardo can also fall back on friends and relatives for emergency loans.

Other tenant farmers with smaller farm sizes and with less access to credit sources have experienced more difficulties in balancing income with expenses. Ricardo recounts at least two instances in Abangay when tenant farmers were jailed temporarily because of nonpayment of Masagana 99 loans. Nestor Pagdato, a close friend of Ricardo, recalls his long fight for tenure change and remarks half in earnest, half in jest: "We will survive, even if only like a tree with withered leaves." Despite his illiteracy, Nestor is regarded as a natural leader among his peers in Abangay - as evidenced, for instance, by his prolonged legal battle against a powerful local official. He is one of the few small farmers in Abangay who have worked in other regions of the country and are familiar with rural conditions elsewhere.

To Ricardo and his fellow farmers then, modern farming and tenure improvement have indeed widened the range of possibilities and options:

- a bigger harvest but with more expenditures for inputs and capital investments;
- higher education for children but also larger household expenses;
- larger loans but also greater risks of cumulating outstanding debts;
- greater security of tenure and lower fixed rentals but no schedule of amortization payments yet to make Operation Land Transfer complete;
- more government-sponsored programs but also a loss of self-direction in local organizations; and
- on the farm itself, a need for closer field supervision but also the possibility of using hired labor.

Seated on the front steps of his house one quiet afternoon, Ricardo was itemizing the disposal of his rice harvest after the last crop season while Lorena and Lolo Miguel listened. In the distance, a laborer hired for the day was clearing the Pelayo fields for the next planting. With his three sons, the laborer would eventually do some sagod weeding-harvesting on a portion of the Pelayo farm. As he straightened up for a while, his small body frame could easily be recognized. The laborer was Gregorio Sumagaysay.

# II

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## AGRARIAN

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## REFORM IN TWO

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## VILLAGES

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“There is no turning back in land reform. It is my fervent desire to see every farmer own the land he tills.”

“Hindi na matatalikuran pa ang pagbabagong-ayos ng pananakahan. Higit kong pangarap na makita ang ating mga magsasaka na pag-aari ang lupang kanilang binubungkal.”

– President Ferdinand E. Marcos

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# 5

## Land tenure reform: scope and opposition

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The current Philippine agrarian reform program started in September 1972 with the declaration of martial law and Presidential Decree (P. D.) 2, which proclaimed the whole Philippines a land reform area. A month later, P.D. 27, the principal document on agrarian reform in the *New Society*, proclaimed “the emancipation of tenants from the bondage of the soil transferring to them ownership of the land they till.”

### Operation Land Transfer

Pursuant to P. D. 27, the Department of Agrarian Reform (DAR) launched Operation Land Transfer (OLT) in 17 pilot municipalities, including Pototan and Dingle.<sup>1</sup>

Under P. D. 27, landowners could retain a maximum area of 7 ha, provided they personally cultivated that land. Noncultivating landowners could not keep tenanted rice- and maize-growing lands. With this understanding, tenant-tillers in Abangay were issued Certificates of Land Transfer (CLT) during the early part of 1973.

Outside the pilot municipalities, OLT coverage followed a step-wise order of priority starting with landlords of 100 ha or more, moving next to landlords with 50 ha or more, and further down to the 24-ha category. However, by mid-1973, after the first flush of CLT distribution in the pilot

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<sup>1</sup>The other municipalities by province were: San Mateo (Isabela); Guimba, Zaragoza, and Bongabon (Nueva Ecija); Plaridel and Calumpit (Bulacan), Concepcion and Capas (Tarlac); Mabalacat and Minalin (Pampanga); Biñan and Calamba (Laguna); Tigaon (Camarines Sur); Carcar (Cebu); and Kanagna (Leyte). Nine of these 17 pilot areas are in Central Luzon. Two pilot provinces were also subsequently selected — Nueva Ecija and Camarines Sur (DAR Memo 27, 25 October 1973).

areas, landlord opposition to OLT implementation intensified, particularly among the small landowners who owned less than 24 ha. It took until November 1974, 2 years after P.D. 27, for the OLT coverage to move down to include small landlords owning more than 7 ha. By this time, however, a significant concession was given — the 7 ha could be retained by small landlords who did not personally cultivate the land. Thus, the scope of OLT started at zero retention for noncultivating landlords, then hovered for 2 years at the 24-ha ceiling separating big and small landlords, and finally moved to a 7-ha retention limit for small landlords.

### **Operation Leasehold**

As a parallel undertaking, Operation Leasehold (LHO) absorbed tenants and landlords not covered by OLT in its step-wise implementation. Because most small landlords were exempted from OLT, their tenants were not eligible to receive CLTs. But the tenants could not be evicted. Rather, they were presumed to have shifted from share tenancy to leasehold arrangement, either under an oral or a written contract. LHO covered these permanent lessees on small landlords' lands although the term permanent is not used by DAR. Indeed, as provided for in Letter of Instruction (LOI) 474, some tenants of small landlords previously exempted could still be included under OLT. However, there is little likelihood that the bulk of small landlords will be further disturbed from their ownership claims, short of voluntary offers of sale to the government.

The OLT and LHO tenant-beneficiaries — along with landless workers not included within the scope of land tenure reform — make up the groups for comparison within two study villages, the principal village of Abangay in the Western Visayas region, and the village of Rajal Sur in Central Luzon.

## STUDY SETTING

### **Barangay Rajal Sur**

Along the Santa Rosa-Tarlac highway in Central Luzon, the first thing that strikes the visitor to Barangay Rajal Sur is its new Samahang Nayon (SN) office, a symbol of the advent of agrarian reform in Rajal Sur. The office is strategically located by the crossroad separating Rajal Sur, Rajal Centro, and Rajal Norte. Formerly one barrio, the three Rajals were divided into separate jurisdictions in the 1960s.

Rajal Sur's households are mostly along a side road from the highway that abruptly ends in the rice fields. The road once connected the two largest haciendas in Rajal Sur — Castro and Alonso. Today, the barrio remains almost equally divided into two sections — each with a chapel — that retain the boundaries of the former haciendas.

Beside the SN office is the M. Alonso Elementary School, named after the original landowner whose heirs donated the land for the school. The school, the two chapels, and the SN office stand out as the only public structures in Rajal Sur. More imposing, however, is Mount Arayat, which dominates the landscape from the southwest. It stands as a stark reminder of the agrarian unrest that swept Central Luzon during the days of the *Hukbalahap* in the 1940s and 1950s when the battle for land and tenancy rights was bitterly fought in its shadows. It is not surprising then that government efforts at agrarian reform are concentrated here.

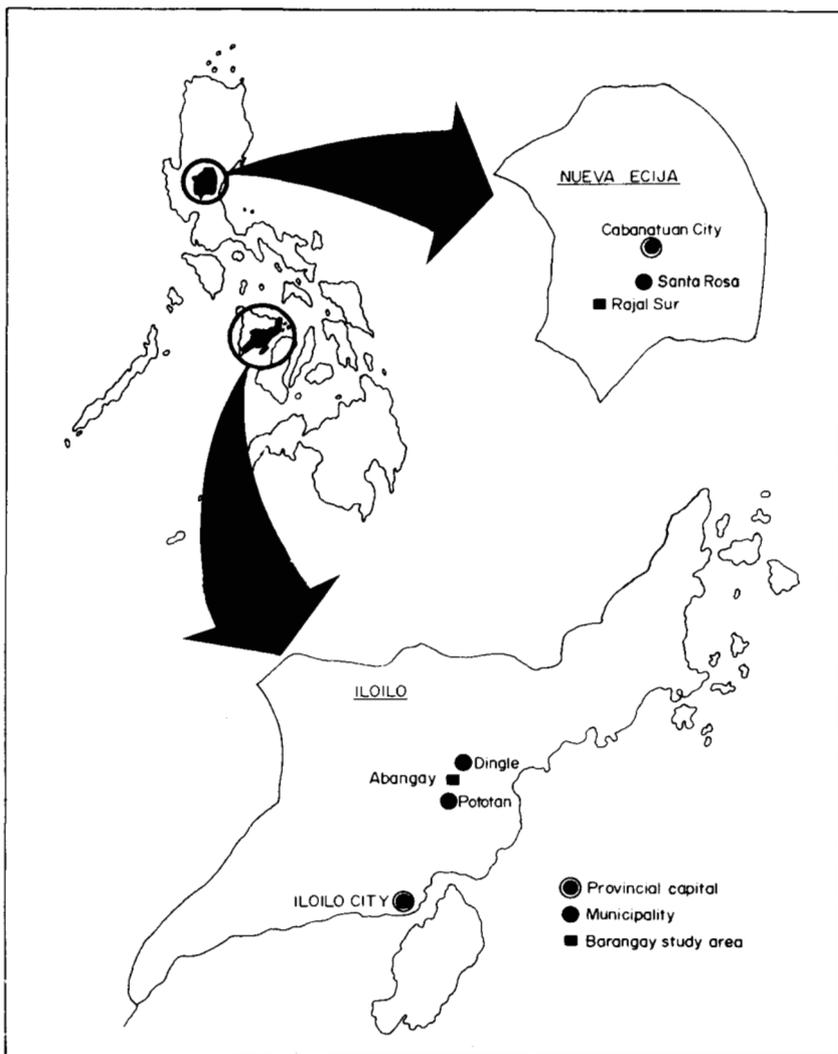
Rajal Sur is no stranger to the legacy of Arayat. Several of the older inhabitants remember the mid-1950s when the barrio land had to be cleared and resettled after being abandoned during the Japanese occupation and the Huk activities that followed. Indeed, Rajal Sur is in a border area designated by town residents as *ibayo*, meaning “across the river.” At the height of Huk activities, *ibayo* had another meaning - “no man’s land.” This no man’s land of Rajal Sur is now within the scope of agrarian reform.

### **Village profiles**

Rajal Sur is in Nueva Ecija, a pilot province for agrarian reform. I selected Rajal Sur and Abangay, the principal study village in Iloilo Province (Fig. 5-1), because both barrios are in rice-growing provinces that have had major government efforts toward agrarian reform. Both barrios include sizable percentages of amortizing owners, permanent lessees, and landless workers. Furthermore, the rice fields in both barrios are irrigated.

Other characteristics of the two villages are presented in Table 5-1. Rajal Sur has a smaller population and its household heads are younger on the average than Abangay’s with a slightly lower educational level in formal schooling. Rajal Sur’s total rice farm area, however, is larger with a corresponding larger average farm size and a more favorable ratio of total population to rice land. Rajal Sur is more remote from the center of town and is divided by a major river.

Rajal Sur was not in one of the pilot municipalities for OLT implementation, but it has a distinct group of CLT recipients who have started amortization payments for their lands, unlike Abangay’s CLT recipients who are still leaseholders. Moreover, Rajal Sur’s SN office testifies to the higher level of peasant organization among its households — no doubt brought about by the earlier history of landlord-peasant conflicts. Rajal Sur, therefore, may not be in a best possible situation for rural development, but it has been in a most politicized situation for agrarian change.



5-1. Relative location of two study areas in Iloilo and Nueva Ecija.

What has the impact of land tenure reform been on these two, barrios? From village survey data, the following sections discuss the scope of agrarian reform reflected by tenure differentiation and mobility, various factors behind landlord opposition, and finally, the equity issue in agrarian reform.

#### TENURE DIFFERENTIATION

Agrarian reform principally means land tenure change. Table 5-2 presents the tenure classification of each household head in Abangay and

**Table 5-1. Characteristics of survey villages, Abangay and Rajal Sur, 1977.**

Characteristics	Abangay, Iloilo	Rajal Sur, Nueva Ecija
Demographic indicators		
Population	1434	964
Number of households	253	169
Household head's biodata		
Mean age (yr)	43.0	39.4
Mean educational level (yr)	5.2	4.4
Major tenure groups		
Amortizing owners (%)	33	34
Permanentlessees (%)	11	19
Landless workers (%)	38	26
Rice farms		
Total area (ha)	158	248.5
Average farm size (ha)	1.3	2.3
Man-land ratio (persons/ha)	9.1	3.9
Accessibility to		
Market town (s) (km)	3-5	7
Provincial capital (km)	37	15
Public elementary school (grades)	1-6	1-6

Rajal Sur. In cases of tenure combination, the household is classified by its dominant tenure, which provides the major source of income.

### **Dominant tenure**

Although there are five small landlords in Abangay, and three in Rajal Sur who are resident in the barangay or an adjoining one (Table 5-3), none of these landlords consider their earnings from land rentals as their major source of income. By dominant tenure, therefore, there are no landlords in the two barrios, and only 2% in each barrio are owner-cultivators. A third of all the household heads in each barrio are considered amortizing owners. In Abangay, all amortizing owners have received CLTs only, without starting amortization payments for the land. In Rajal Sur, more than half of the CLT recipients have started the schedule of amortization payments for their lands.

Lessees are subdivided into those with written contracts and those with oral contracts. In general, lessees pay a fixed rental for the use of the land - stipulated at 25% of the normal harvest. Under the agrarian reform program, tenants not covered by OLT are automatically covered by LHO, which entails the formalization of written leasehold contracts. A number of lessees, however, have not yet entered into written contracts - 15 in Abangay and 8 in Rajal Sur.

The comparison is further complicated by the fact that in Abangay OLT was hurriedly implemented in early 1973 with the original premise of zero retention for landlords. Subsequently, several lessees had their

**Table 5-2. Tenure classification of households <sup>a</sup> in Abangay, Iloilo, and Rajal Sur, Nueva Ecija, 1977.**

Tenure	Abangay		Rajal Sur	
	No.	%	No.	%
Owner-cultivator	5	2	3	2
Amortizing owner	83	33	58	34
- with amortization payment			(30)	
- with Certificate of Land Transfer only	(83)		(28)	
Lessee	28	11	32	19
- with written contract	(13)		(24)	
- with oral contract	(15)		( 8)	
Share-tenant	(10)	12	5	( 6)
- subtenant	( 2)		( 4)	
- <i>kasugpon</i> with farm			( 3)	
- mortgagee ( <i>sangla</i> )			( 3)	
Landless worker	97	38	44	26
- with regular wage ( <i>kasugpon</i> )			( 4)	
- without regular wage	(89)		(40)	
- sugar workers	( 8)			
Nonfarm	(27)	28	11	(13)
- retired	( 1)		( 3)	
Total	253	100	169	100

<sup>a</sup>Numbers within parentheses indicate frequency count for each subcategory.

CLTs invalidated because they were found to belong to small landlords owning 7 ha or less.

From the tenant farmers' perceptions, the most tangible effect of agrarian reform in Abangay was the shift from 50-50 share tenancy to the paying of fixed rentals — whether they are considered lessees under LHO or amortizing owners under OLT.

Although officially abolished, share tenancy is not dead in Abangay or Rajal Sur. The classical 50-50 sharing of expenses and harvest is still practiced in 10 cases in Abangay and 6 cases in Rajal Sur. In both barrios, there are also instances of subtenancy arrangements, usually involving the same kind of sharecropping on a 50-50 basis.

In Rajal Sur, two other tenure arrangements that are fairly close to conditions of share tenancy are discernible. The first case involves three instances of permanently hired landless workers (*kasugpon*) who practically manage farms for resident or absentee tenants. The second type comprises mortgage arrangements (*sangla*) wherein the mortgagee operates the farm as long as the mortgaging tenant has not yet paid back the amount of money borrowed.

Because they have no rights, legal or otherwise, to own or cultivate the land, landless rural workers were not identified by DAR personnel in their mapping operations under agrarian reform. In Abangay, these

**Table 5-3. Landlords' size category and place of residence, Abangay and Rajal Sur, 1977.**

Landlord's residence	Size category (ha)						Total
	I 100 or more	II 50-99	III 24-49	IV 12-23	V 7-11	VI <7	
<i>Abangay</i>							
In same or adjoining barrio		1		1		3	5
In town or another municipality	2	1	1	1	1	21	27
In capital city	1	1			1	3	6
In another province							
In Manila		1				1	2
In another country							
No information							
Total	3	4	1	2	2	28	40
<i>Rajal Sur</i>							
In same or adjoining barrio					1	2	3
In town or another municipality						6	6
In capital city					1	2	3
In another province						1	1
In Manila		2	1	1			4
In another country						1	1
No information						1	1
Total		2	1	1	2	13	19

landless workers work either on rice farms without a regular wage or on sugar lands with a regular wage. In all, they comprise 38% of all households in the village or as much as 43% if only farming households are taken into account.

In Rajal Sur, 26% of all households are classified as landless workers — 4 as permanently hired *kasugpon* over at least one crop season, and 40 as casual workers for various operations in rice farming, particularly transplanting and harvesting. Unlike in Abangay, however, there is no sagod labor arrangement or its equivalent.

Generally, there is more diversity of tenure arrangements in Rajal Sur than in Abangay, coupled with a more pronounced difference between the 30 amortizing owners who have actually started amortization payments and the 32 permanent lessees. Abangay has less heterogeneity among its small farmers, but a sharper distinction between small farmers and landless workers under the sagod system. In each barrio about 10% of all households are not engaged in farming as their principal source of livelihood.

### **Certificates of land transfer**

Where are the CLTs at the moment? Table 5-4 indicates how CLT recipients in Abangay and Rajal Sur have kept or used these documents.

In Abangay, 92% of CLT recipients have the CLTs in their houses, but in Rajal Sur, 60% of all CLTs distributed are now with the banks, the SN, or hand tractor dealers as collateral for capital investments. Rajal Sur has more power tillers (30 on farms during the survey) than Abangay.

Based on their current sharing arrangements or on the size category of their landlords, some CLT recipients may not actually become amortizing owners. In Abangay, 12 lessees and 3 share-tenants hold CLTs even though they are not eligible because of the 7-ha retention limit granted to their landlords. In Rajal Sur, 4 lessees of small landlords have received CLTs, and 16 share-tenants and subtenants have either not been identified by DAR technicians or have preferred to remain as share-tenants.

A few CLTs have been returned to the DAR office for corrections or have not been distributed by the DAR office. None of the respondents reported that their CLTs were cancelled, refused by them, or surrendered to the landlord.

In all, 98 CLTs were distributed among Abangay residents, but only 83 are eligible to become amortizing owners. In Rajal Sur, 61 CLTs have been distributed, although 4 recipients are not covered by Operation Land Transfer. Aside from CLT recipients, 25 lessees and share-

**Table 54. Location of Certificates of Land Transfer (CLT) distributed in Abangay and Rajal Sur, 1977.**

Location of CLT	Abangay <sup>a</sup>				Rajal Sur <sup>a</sup>			
	AO	PL	ST	Total	AO	PL	ST	Total
In family head's possession	77	10	3	90	14			14
In relative's possession	2			2	2	1		3
With bank					20			20
With <i>Samahang Nayon</i>	1			1	13	2		15
With hand tractor dealer					2			2
Returned to DAR office for correction	2	1		3	1			1
In DAR office: not yet given to respondent	1			1	2	1		3
Lost or elsewhere		1		1	3			3
Total	83	12	3	98	57	4		61
Waiting for CLT					1	6		7
Not ascertained or not applicable		16	9	25		22	16	38

<sup>a</sup>AO = amortizing owner, PL = permanent lessee, ST = share-tenant.

**Table 5-5. Occupation of nonfarming households, Abangay and Rajal Sur, 1977.**

Nonfarm occupations	Abangay	Rajal Sur
Home industry	2	
Janitor-laborer	2	1
Buy and sell	9	
Driver of passenger vehicle	3	7
Motor pool mechanic	3	
National Irrigation Administration employee	1	5
Foreman	1	
Government employee (in town)	1	
School teacher	3	
Engineer	1	
Dentist	1	
Retired	1	3
Total	28	16

tenants in Abangay and 45 small farmers in Rajal Sur have not received CLTs - either because they are not eligible or they have not been identified as tenant-tillers.

### **Nonfarm and secondary occupations**

Aside from farming, several other occupations are practiced by rural households. Table 5-5 indicates a variety of occupations ranging from home industries, such as hat weaving, to professional careers. Abangay has a preponderance of households engaged in buy-and-sell activities, a reflection of its greater proximity to market towns. It also has several professionals, including three public schoolteachers, an engineer, and a dentist. On the other hand, Rajal Sur has more employees in the National Irrigation Administration and drivers of passenger vehicles.

Among farming households that reported secondary occupations, buy-and-sell activities and construction work are the most popular in Abangay. In Rajal Sur, part-time operation of machines and backyard activities are some of the more frequently mentioned sources of supplementary income.

### MOBILITY OF TENURE

To what extent have tenure shifts taken place in the study villages? Based on the recall of survey respondents, tenure shifts by time periods can be outlined in both barrios. Table 5-6 provides a summary of shifts in Abangay. Amortizing owners and lessees generally shifted from share tenancy during the 1972-77 period.

In Rajal Sur, 24 tenants had already become lessees during the 1963-71 period, in contrast to only 3 lessees in Abangay. This is an indication of the greater political awareness of the Nueva Ecija tenants

**Table 5-6. Dominant tenure shifts by time periods, 1977 respondents, Abangay, Iloilo.**

Tenure shifts <sup>a</sup>	1977	1972– 76	1963– 71	1954– 62	Before 1954
<b>Owner-cultivators:</b>					
Owner-cultivator	5	4	2	1	1
Share-tenant	–	1	1	1	1
Total	5	5	3	2	2
<b>Amortizing owners:</b>					
Amortizing owner (with CLT only)	83	44	–	–	–
Lessee (oral contract)	–	–	3	–	–
Share-tenant	–	39	75	44	27
Total	83	83	78	44	27
<b>Lessees:</b>					
Lessee (written contract)	13	4	–	–	–
Lessee (oral contract)	15	7	–	–	–
Share-tenant	–	17	23	12	6
Total	28	28	23	12	6
<b>Share-tenants:</b>					
Share-tenant	10	9	7	5	2
Subtenant	2	2	1	1	1
Landless worker with regular wage	–	1	–	–	–
Total	12	12	8	6	3
<b>Landless workers:</b>					
Landless worker without regular wage	89	84	49	35	11
Share-tenant	–	–	–	–	1
Sugarland workers	8	5	3	2	–
Total	97	89	52	37	12
<b>Nonfarmers:</b>					
Nonfarmers	27	–	–	–	–
Landless worker without regular wage	–	2	1	1	1
Retired	1	–	–	–	–
Total	28	2	1	1	1
Grand total	253	219	165	102	51

<sup>a</sup>Tenure status in the years before 1977 was based on recall observations of 1977 respondents. Earlier years have less tenure entries because some respondents had not yet started farming.

in their capacity to demand tenure shifts before martial law.

With the exception of one in Rajal Sur, no rice farmer — whether currently an amortizing owner, lessee, or share-tenant — has been a landless worker in either barrio. On the other hand, a few landless workers in 1977 were share-tenants in the past — one in Abangay, and four in Rajal Sur. On the whole, therefore, landless workers have always been landless workers and tenant farmers have remained tenant farmers. Any upward shift has occurred within the ranks of tenant farmers — from a lower status of share tenancy to a higher status of amortizing ownership. This indicates the absence of an agricultural tenure ladder for landless workers whereby a young worker attains a higher tenure status with the passage of time. The relative immobility of rural households also reflects a shortage of farmland in relation to the

growing population, or that the upwardly mobile households migrate out of the two barrios.

### **Manner of farm acquisition**

The manner of acquiring farms reveals some parallels between the two study villages (Table 5-7). About 30% of the farms in both places were inherited from the parents of the family head. Likewise, nearly half of the farms had been acquired through direct arrangement with the landowner. Abangay has more farms inherited from the parents of the spouse (11%) or arranged with another tenant (11%). In Rajal Sur, 15% of all farmers have engaged in the buying of cultivating rights (*puesto*) or the mortgaging of these rights (*sangla*). This indicates the greater commercialization of tenancy rights among tenants in Central Luzon. But, in no case was a rice farmer in either barrio able to buy his farm!

Table 5-8 compares 16 individual transactions for *puesto* and *sangla* rights made for 1961-77 in Rajal Sur. In two instances, payment was made in kind instead of cash. On a per hectare basis, there is a noticeable increase in the prices of *puesto* from relatively low prices of ₱356 in 1961 and ₱250 in 1967 to ₱1,000 and ₱2,333 in 1977.

It is important to note that *puesto* transactions are traditionally made among tenant farmers, not between landlord and tenant. Although often a precondition for entering into a sharecropping or leasehold arrangement with the landlord, a tenant's *puesto* constitutes a customary right that goes beyond the purview of the law and is, therefore, not regulated in any tenancy act. In that sense, *puesto* prices reflect the true market value of a tenancy right — even if this right is still one step removed from a full right of ownership.

To the extent that land tenure reform has made tenancy rights more secure and subject to rental ceilings, *puesto* becomes more highly prized in market transactions. On the other hand, because tenant-tillers are now identified by DAR personnel, *puesto* transactions may also have been curtailed.

In neither case, however, are landless workers likely to acquire cultivating rights — either because they have become too expensive for landless workers, or landless workers are not counted as tenant-tillers. Indeed, no landless worker figured in the listing of *puesto* and *sangla* transactions in Rajal Sur. And instead of diminishing, the three cases of *puesto* transactions and one case of *sangla* arrangement in 1977 suggest that tenancy rights are still in the open market despite restrictions under agrarian reform.

The lack of *puesto* transactions in Abangay reveals a notable regional difference, probably due to historical variations in settlement patterns in Nueva Ecija and Panay. However, although tenancy rights are not

**Table 5-7. Manner of farm acquisition.<sup>a</sup> Abangay and Rajal Sur, 1977.**

Manner of acquisition of farms	Abangay					Rajal Sur				
	OC	AO	PL	ST	Total	OC	AO	PL	ST	Total
From parents of family head	5	19	8	4	36	1	22	6	4	33
From parents of spouse	–	13	1	–	14	2	–	2	–	4
Arranged directly with landowner	–	40	13	6	59	–	27	17	10	54
Arranged with another tenant	–	11	2	1	14	–	–	–	1	1
Bought <i>puesto</i> ; or <i>sangla</i>	–	–	–	–	–	–	8	7	1	16
Bought ownership of the land	–	–	–	–	–	–	–	–	–	–
Others	–	–	1	1	2	–	1	–	–	1
Not ascertained	–	–	3	–	3	–	–	–	–	–
Total	5	83	28	12	128	3	58	32	16	109

<sup>a</sup>OC = owner-cultivator, AO = amortizing owner, PL = permanent lessee, ST = share-tenant.

**Table 5-8. *Puesto* and *sangla* transactions reported by Rajal Sur respondents in 1977.**

Year	(1) Tenanted area (ha)	(2) Purchase price (₱)	(3) Price/ha (2) ÷ (1)
1961	3	1200	400
1961	2.25	800	356
1962	2	Horse and carriage	500±
1966	2.5	1000	400
1966	1	1000	1000
1967	3	750	250
1967	3	100 sacks palay	800±
1968	1.5	900	600
1971	2.5	2000	800
1972	2.5	2300	920
1972	3	2100	700
1975	2.5 <sup>a</sup>	1500	600
1977	1.5	3500	2333
1977	1	1000	1000
1977	3	7000	2333
1977	1 <sup>a</sup>	600	600

<sup>a</sup>Sangla arrangements to mortgage cultivating rights.

bought and sold, Abangay farmers use a related term to express the same reality, — *colocado na* — meaning that all tenancy places are already occupied in the barrio.

### Diminishing farm sizes

A final measure related to tenure mobility is the decrease of average farm sizes among tenure groups by benchmark years (Table 5-9). In Abangay, the average farm size for all farming households in 1977 was 1.26 ha as compared to 1.34 ha in 1963, 1.45 ha in 1954, and 1.51 ha before 1954. Although farmholdings in Rajal Sur are generally larger, a similar process of diminution in average farm size has occurred - from 2.99 ha before 1954 to 2.31 ha in 1977.

Across tenure groups in each barrio, amortizing owners today have a larger average farm size than permanent lessees, who in turn have larger farms than share-tenants. Owner-cultivators have the smallest average farm size in Abangay, but the largest in Rajal Sur.

For each tenure group, average farm size has also decreased over the years. Abangay's 83 amortizing owners in 1972-77, for instance, have an average farm size of 1.41 ha. Based on their recall observations, 78 of these 83 tenants were farming in 1963 with an average farm size of 1.48 ha. In 1954, among the 44 households who were already farming, average farm size was 1.52 ha and in the period before 1954 the average size was 1.69 ha.

## BIG AND SMALL LANDLORDS

Landlords have also been stratified according to size of holdings, place of residence, and other socioeconomic characteristics. Agrarian reform in the Philippines has been unique in this regard — its declared scope has shifted according to the socioeconomic profiles of landlords, *not* of tenants.

Part of the rationale in the government's policy is indicated in LOI 143: ". . . these landowners holding small parcels of land constitute part of the economic middle class, which we are trying to build, and therefore deserve as much consideration as the tenants themselves."

Hence, it is essential to examine differentiating characteristics among landlords to appreciate their varying degrees of opposition to land reform.

**Size category and place of residence**

Philippine agrarian reform documents distinguish big landlords, who own 24 ha or more, from small landlords, who own less than 24 ha. As currently interpreted, small landlords are allowed to retain ownership of 7 ha with their tenants becoming permanent lessees as a consequence. Holdings of big landlords are fully covered by OLT.

Following a stepwise implementation of OLT, local DAR teams originally classified landlords according to 6 size categories, ranging from landlords of more than 100 ha (Category I) to the small landlords of 7 ha or less (Category VI). Table 5-3 lists size categories for landlords and gives their places of residence.

**Table 5-9. Average farm size of 1977 tenure groups compared with their previous farm sizes (in hectares), Abangay and Rajal Sur.<sup>a</sup>**

Tenure groups	1972-77	1963	1954	Before 1954
<b>Abangay</b>				
Owner-cultivators	0.78 ( 5)	1.20 ( 3)	1.55 ( 2)	1.55 ( 2)
Amortizing owners	1.41 (83)	1.48 (78)	1.52 (44)	1.69 (27)
Permanent lessees	0.92 (28)	0.84 (23)	0.90 (12)	0.78 ( 6)
Share-tenants	1.12 (12)	1.44 ( 8)	1.63 ( 6)	1.43 ( 3)
Landless workers				1.00 ( 1)
All tenure groups	1.26 (128)	1.34 (112)	1.45 (64)	1.51 (39)
<b>Rajal Sur</b>				
Owner-cultivators	4.17 ( 3)	4.17 ( 3)	2.83 ( 3)	6.50 ( 1)
Amortizing owners	2.40 (58)	2.57 (42)	2.77 (32)	2.56 (15)
Permanent lessees	2.29 (32)	2.84 (24)	3.28 (17)	3.30 (10)
Share-tenants	1.64 (16)	2.00 ( 3)	2.50 ( 1)	
Landless workers		2.30 ( 5)	1.50 ( 2)	
All tenure groups	2.31 (109)	2.67 (78)	2.88 (55)	2.99 (26)

<sup>a</sup> Figures in parentheses indicate number of observations. Earlier years have less observations because some respondents had not yet started farming.

In all, there are 40 landlords for Abangay and 19 for Rajal Sur. Only 5 are residents in Abangay and 3 in Rajal Sur. Most live in the nearby towns but most of the bigger landlords reside in the provincial capital or in Manila. Seven out of every 10 landlords in both barangays have 7 ha or less and are exempt from OLT. Four other landlords in Abangay and 3 more in Rajal Sur belong to Categories IV and V and can retain 7 ha as small landlords. Hence, the effective scope of OLT covers only 20% of all landlords in Abangay, and 16% of all landlords in Rajal Sur.

As an example of how big and small landlords are aligned vis-a-vis agrarian reform beneficiaries in one village, Appendix 5-A provides a complete listing of individual landlords with their corresponding tenants in Abangay. Landlords are ranked from biggest to smallest and their tenants are listed under either OLT or LHO. Based on their perceived tenure status, share-tenants are kept separate, although still under the scope of LHO.

Although the biggest landlord (A) has only 36.4 ha of rice land in Abangay distributed among 23 tenants, DAR classified that estate under Category I because the same family corporation has landholdings elsewhere that make a total exceeding 100 ha. Landlord B also falls under Category I because that *hacienda* owns 19.7 ha of tenanted rice land as well as 80 ha of exempt sugar land in the same barangay, not to mention other lands elsewhere.<sup>2</sup>

Aside from these two landlords, the next biggest landlord has only 14 ha in Abangay parcelled out among 13 CLT recipients and 3 lessees. The remaining landlords each have 8.2 ha or less in the barangay. For 20 of the 40 landlords, the individual landowner has a tenancy relationship with a single tenant, which indicates part of the rationale for the exemption of small landlords from the scope of OLT.

### **Landlord case illustrations**

A sampling of interviews illustrates the reaction of different landlords to agrarian reform, particularly the threat of land transfer. These were selected from 1976-77 interviews of Abangay landlords residing in Dingle, Pototan, Iloilo, and Manila. For the sake of brevity, the interviews

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<sup>2</sup>Land records pertaining to landlords and their tenants pose formidable problems to local DAR team offices. Despite DAR's continuing efforts at tenant identification, parcellary mapping, and cadastral surveys, discrepancies have repeatedly cropped up in the writer's experience among field survey data and records available at DAR, Bureau of Lands, other government offices like NIA, and credit institutions.

Part of the confusion lies in determining the size categories of landlords who may have lands in other parts of the country, for agricultural or nonagricultural purposes, tenanted or nontenanted, and who may turn out to be a corporation, heirs of the original landlord, or an individual small landlord. In Abangay, the two biggest landlords are actually corporations formed by the heirs of the original landlords.

are summarized. As much as possible, however, the respondents are allowed to speak for themselves. As with the earlier case studies, all individuals' names have been changed.

### **Jose Quimpo**

Jose Quimpo, aged 73, retired in 1971 as District Supervisor of Public Schools in Iloilo where he had taught for 44 years. His wife also taught in the public schools. One of his sons is with the intelligence section of the armed forces.

Quimpo's father was a share-tenant and part-time laborer. His mother was also a laborer. Quimpo became a Normal School graduate. He and his wife used to live in a small hut. Now Quimpo's family lives in a well-built house in the town of Pototan and has a new Toyota Land Cruiser.

Quimpo and his wife bought their lands by parcels out of their own earnings. By lending money through the *alili* system, Quimpo was able to increase his capital — e.g. he would loan ₱2.50 for repayment of 2 sacks of palay, which was worth ₱5 at the time. Land then cost ₱1,000/ha. Quimpo sometimes borrowed money from the bank at 12% annual interest and supplemented that with his vacation salary to buy land. He owns 27 ha of rice land, of which 2.5 ha are in Abangay.

In October 1972, the agrarian reform declaration that tillers were deemed “absolute owners” of the land caused panic. News of OLT made many old landowners sick. Quimpo suffered a stroke. If agrarian reform was meant to free farmers from the bondage of the soil, he remarked, it struck down the very people who were already small owners of the land. On one occasion, Quimpo stated that he would part with his lands “only over my dead body.”

Many of Quimpo's tenants have been working the land for about 40 years. Over the past few years, tenants came to him asking for leasehold, based on the average of the last 3 years' production — at least 60 sacks/ha per crop season. Quimpo asked for a rental of 24 sacks/ha per crop, with the tenant providing all expenses for seeds, chemicals, labor, etc. and hauling the landowner's share to the nearest roadside.

Quimpo does not like the anomaly of having the rental payments now considered amortization payments for the land. “Isn't the landowner being paid with his own rental money?” he asks. Instead, Quimpo makes an extraordinary offer: let Quimpo work the land directly, and he will pay the tenant whatever the tenant was supposed to pay him — and the tenant would be doing nothing. With such an arrangement, Quimpo believes the new rice technology will give him more profit from the land than under the earlier tenancy arrangement.

Quimpo cultivates 4 ha personally, by “remote control” — he pays a

laborer ₱250/ha, shoulders all costs, and supervises the work. He gets 1,200 sacks of rice from the 4 ha in 3 crops/year. This represents a yield of 100 sacks/ha per crop season. On the other hand, Quimpo's tenants get only 64 sacks/ha.

Quimpo doesn't like to talk about compensation or Land Bank bonds, or even think of losing his lands. He has no plans to go into business, and he has no other source of income. Even at ₱30,000/ha, he wouldn't sell his lands. "We like land reform," Quimpo asserts, "but not the sharing basis. Most tenants are dishonest. They harvest at night to get a bigger share for themselves. Some small farmers don't use their loans properly for crop production — they sell their fertilizer and spend the money in gambling and drinking. The government must jail those who don't pay their debts."

Although Quimpo indirectly acknowledged his court case with Simbal, he would not talk about it (See Chapter 4).

### **Mariano Cancio**

Mariano Cancio is a retired colonel of the armed forces. He lives in a well-built house in Pototan. Cancio was not cooperative and answered questions only at the front gate of his residence. He had no comments on OLT. He "can't object to the government" and gave guarded answers.

Cancio says his lands were divided among his six children, before OLT. Each child has about 15 ha in his name, mostly rice land. Cancio still owns some lands and muses that he bought his lands before the war.

Cancio does not know whether his tenants are now on leasehold or if a lease contract has been signed at the DAR office; certainly the contract has not been given to him.

There has been no negotiation for land valuation. Cancio does not know anything about Land Bank bonds, and in his old age has no plans for any new business venture. His only business is farming. The land valuation, he states, should be the market value, whatever it is.

### **Juan and Conrado Pili**

Juan Pili died in February 1976, leaving no will for the disposition of his lands of about 50 ha, including 42 ha of rice land. Seven of the nine children including Conrado Pili are heirs. These are children by a first wife (fraternal property rights) and children by a second wife (conjugal property rights). The estate owes about ₱70,000 in delinquent taxes, which have to be paid before the lands can be divided. Conrado estimates it will take 2-3 years of crop production to cover the outstanding obligations.

Since 1967, all tenants on the Pili lands have been asked to shift to leasehold. Some apparently prefer sharing to leaseholding. Of the 22 tenants, 16 have done so and 6 have remained with the 50-50 sharing arrangement. The lease rental based on previous production is 24 sacks/ha per crop. Conrado estimates his annual income from his tenanted lands at ₱12,250 for the year. This constitutes principally the reduced rentals collected on 7 ha of rice land. Conrado comments that he used to receive double that amount under the 50-50 system. Hence, OLT caused a big reduction in the landowner's income.

No process for land valuation has been started yet. However, Conrado mentions the stipulated price of ₱10,000/ha arrived at by another big landowner and her tenants in Pototan. This price may be fair to both parties, comments Conrado, although the market price of land is now higher. For compensation, he prefers 10% cash with Land Bank bonds. He is ready to invest these in a new business venture — the buying and selling of rough rice and farm inputs in connection with government agencies or cooperatives.

Conrado complains that some lessees do not give him their full rental payments — e.g. on 3 ha only 62 sacks are paid, instead of the 72 sacks agreed upon. Tenants today are different; they “have pride now.” Conrado suggests that the applications for land retention be extended to the heirs. If the land is subdivided, each heir would have less than 7 ha. He agrees, however, that there should be no ejection of tenants. A resurvey of rice land is going on. Conrado seems well-disposed toward OLT. He lives in a simply furnished house in Pototan. He is an example of a landowner-heir who is willing to start some new business with whatever compensation he gets from his rice lands.

### **Mirasol Corporation**

Basilio Mirasol died 10 years ago. Mirasol Corporation, a family corporation formed out of part of the estate left to 3 of his 8 children, was formed 3 years later. Other heirs have salt beds, lands in Passi, and other properties.

The corporation has roughly 500 ha. Of these, 297 ha are planted to sugarcane, 30-40 ha are tenanted rice lands (with 25-30 tenants), 10 ha are rice lands under administration, 18 ha are coconut lands. Some areas are used for home lots, and the rest are unspecified. Mirasol Corporation land is principally in an upland area on the Moroboro hills of northern Dingle, but it also has tenanted rice land in Abangay, part of which is tenanted by the Pelayo family (Chapter 4).

Two-thirds of Mirasol Corporation belongs to Rolando Fornier, who is married to a Mirasol daughter and bought the share of a second Mirasol daughter. Fornier, a lawyer with five children, lives in Manila

and comes to Iloilo occasionally. The other third of Mirasol Corporation belongs to Basilio Mirasol, Jr. There have been three previous administrators of the corporation. Felipe Colayco, the present administrator, is also married to a Mirasol daughter.

According to Colayco, none of the landowners he knows are in favor of OLT or its compensatory schemes. They would prefer full cash compensation if required to part with their lands. Many tenants, according to Colayco, want to go back to the old system or to leasehold because they cannot get consumption and emergency loans from the government. This means that in case of sickness they still have to borrow from the landowner. Under OLT, when amortization payments begin, tenants should get all their credit from the bank.

The old tenants did not apply for CLT; however, they are now on leasehold. Under leasehold, the Mirasol Corporation still gives credit but not production loans. In some cases, the tenants used half of their fertilizer loans for other purposes — in 1975, they sold half of their subsidized fertilizer to sugar planters because of the government's fertilizer subsidy for rice farmers. This resulted in lower rice production for the tenants. An irrigation pump was installed 6 months before the shift to leasehold. The rental is fixed at 20 sacks/ha per crop with usually 2 croppings a year and production ranges from 70-80 sacks/ha.

The corporation prefers to sell its rice land directly to the tenants over 15 years. It offers ₱10,000/ha as the price of its irrigated lands. However, there have been no negotiations yet for land valuation. (But see the BCLP process in Abangay — Chapter 4).

Colayco comments that the government should not disturb lands that are already productive. Instead it should open new areas for agriculture. It could make available the 32,000 ha of army reservation lands in Tapaz, near the Iloilo-Capiz boundary. Colayco also mentioned the case of a retired army general who evicted his rice tenants and has become owner of more than 1,000 ha in the Bicol region.

### **Landlords-turned-entrepreneurs**

Landlords' reactions to agrarian reform vary depending on their life situation and the extent to which they feel threatened by land transfer or leasehold proceedings. Small landlords have expressed the most vocal opposition, although the bigger landlords have also indicated their reservations with the reform program.

As the interviews suggest, landlords want to preserve sharecropping arrangements or at least retain their holdings for a variety of reasons:

- they bought the lands out of their own savings;
- they want to bequeath the lands in inheritance to their children;
- they are dependent on the harvest shares for a sizable portion of

- their income;
- they can earn additional income by providing loans to their tenants at extra-legal rates of interest;
- they see no better alternative for capital investments than agricultural lands; and
- the market value of their lands is higher than the forms of compensation offered by the government.

The last two reasons cited by landlords have been heightened by the advent of the new rice technology and the imminent threat of agrarian reform. Potential increases in yields as a result of the modern seed-water-fertilizer technology are fully appreciated by landlords, who also have readier cash than their tenants to procure the needed inputs. A classic example of this is that some landlords recommended that their tenants adopt the modern rice varieties — before the implementation of land reform. Because fixed rentals of reform beneficiaries would be based on the three normal yields preceding the tenure shift, it was to the landlord's advantage to increase yields as soon as possible.

Quimpo's offer to pay off his lessee-tenant with the same amount as the reduced rental season after season reveals a landlord's awareness that modern rice farming can be highly profitable — and that the legal rent for land under agrarian reform is now much lower than the actual market rent.

In this light, tenant eviction is not simply a landlord tactic to maintain ownership of the land but also an economic proposition. Indeed, if tenants want fixed rentals for the land, landlords on their part now want fixed wages for tenants who become hired laborers. This was the main point at issue in the Banzon case (See Chapter 4). A DAR memo "on the status quo order of the President" (9 January 1973) acknowledged this anomaly: "Some landowners are forcing their tenants to sign as farm laborers to evade Presidential Decree No. 27. This is illegal."

Entrepreneurship in rice farming has thus become a full-time occupation for several landlords as well as a profitable activity — even for retirees. Farm administrators like Colayco have pointed out the potential profitability of modern rice farming in contrast to what they consider the inadequate farming methods of their small tenant farmers. Other landlords in their retirement years, like Quimpo, have devoted more time and energy to their rice farms no longer in terms of maintaining patron-client relations with their tenants, but as business ventures subject to profit or loss. Indeed, because most landlords are resident in the market centers of towns and cities, they have an added advantage in integrating their rice farming activities — from the procurement of credit and inputs to the large-scale drying and marketing of grain in commercial rice mills. They even have greater access in lodging their

grievances against tenants at the local agrarian reform team office.

Better roads and other infrastructure improvements in the municipalities may have brought the tenant farmers closer to the towns, but they have also brought the landlords closer to the farms. Bigger landlords, or their administrators, may even commute regularly from the city. It is in this sense that nonresident landlords cannot simply be considered absentee landlords. With better communication and the increasing commercialization of rice farming activities, particularly in irrigated areas, the landlords' presence lives long after their residential disappearance from the rural areas. This is bound to continue as the economic profitability in rice farming increases and so long as there is some legal claim to the land left for landlords.

### THE EQUITY ISSUE: SOME CONSIDERATIONS

Complete landownership transfer remains the cutting edge of agrarian reform. But, to what extent can the present reform effort actually bring about a redistribution of land ownership? Can small landlords be accommodated in the reform program alongside permanent lessees? What will happen to the landless workers in the meantime? These, and related questions focus attention on equity considerations in agrarian reform.

#### **Distribution of landholdings**

Who are the target beneficiaries of agrarian reform, and how are they being benefited? A comparison of Lorenz curves and Gini ratios can provide a measure for equity with regard to the present and projected distribution of landholdings in the study villages. The Lorenz curves are constructed based on different interpretations of farm work and ownership, which would include (or exclude) various tenure groups?<sup>3</sup>

Lorenz curve A compares all landholders who are actual cultivators, whether tenants or owners, with a Gini ratio of 0.299 in Abangay (Table 5-10 and Fig. 5-2). Curve A also represents the pattern of landownership in Abangay, had OLT been continued with the original premise of zero retention for noncultivating landlords. In this sense, curve A represents the optimum situation for improving equity of landownership among all tenant farmers and owner-cultivators. in the barangay

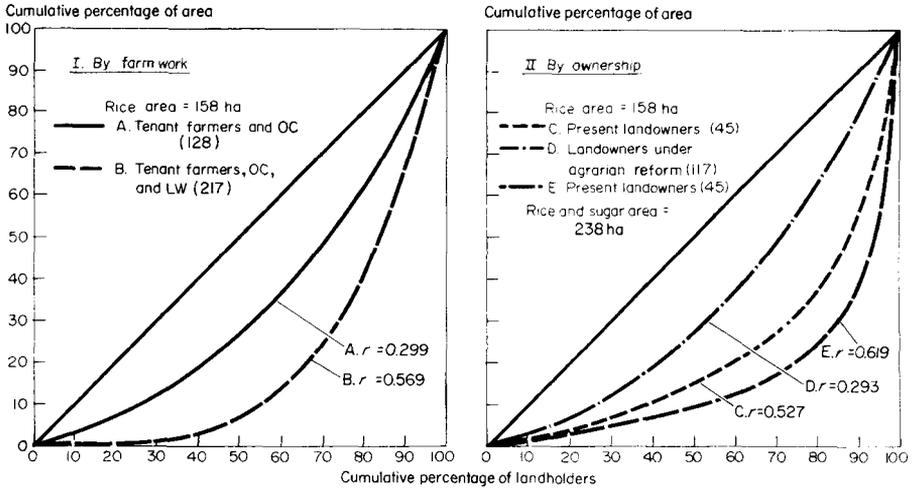
<sup>3</sup>By relating cumulative percentages along two axes, a Lorenz curve indicates what percentage of the population holds what percentage of the land area. The diagonal line intersecting the square box represents the line of perfect equality — e.g. 40% of the population owns 40% of the land area. Hence, the closer the curve approaches the diagonal line, the more equitable the distribution becomes.

Similarly, the Gini ratio indicates this degree of equitable distribution in mathematical numbers — i.e. the closer to 0, the more equitable; the nearer to 1.0, the greater the inequality.

Table 5-10. Percentage distribution of farm area by population quintiles, according to various tenure groupings.

Population quintile	A	B	C	D	E
	Tenant farmers and OC (128)	Tenant farmers, OC, and LW (217)	Present landowners (45)	Landowners under agrarian (117)	Present landowners (45)
- - - - - Percentage distribution of farm area - - - - -					
<i>Abangay</i>					
Lowest fifth	5.8	0	3.4	6.1	2.2
Second lowest	12.5	0	6.6	12.6	4.4
Middle	18.0	12.4	9.6	18.0	6.4
Second highest	26.0	31.5	15.6	26.0	10.3
Highest fifth	37.6	56.1	64.8	37.3	76.7
Total	99.9	100.0	100.0	100.0	100.0
Gini ratio	0.299	0.569	0.527	0.293	0.619
Ratio: $\frac{\text{Highest fifth}}{\text{Lowest fifth}}$	6.5	—	19.1	6.1	34.9
<hr/>					
Population quintile	A	B	C	D	
	Tenant farmers and OC (106)	Tenant farmers, OC, and LW (150)	Present landowners (22)	Landowners under agrarian reform (77)	
- - - - - Percentage distribution of farm area (248.5 ha) - - - - -					
<i>Rajal Sur</i>					
Lowest fifth	7.0	0	1.8	6.6	
Second lowest	15.1	4.9	2.7	11.9	
Middle	20.2	20.4	4.1	15.0	
Second highest	23.2	30.4	8.9	18.3	
Highest fifth	34.5	44.2	82.5	48.1	
Total	100.0	99.9	100.0	99.9	
Gini ratio	0.243	0.455	0.635	0.334	
Ratio: $\frac{\text{Highest fifth}}{\text{Lowest fifth}}$	4.9	—	45.8	7.3	

<sup>a</sup>Total farm area for Lorenz curves A–Dis 158 ha. Total farm area for Lorenz curve E is 238 ha. OC = owner-cultivators, LW = landless workers.



5-2. Lorenz curves indicating distribution of landholdings under different categories, Abangay, Iloilo, 1977. OC = owner cultivators, LW = landless workers.

(See Appendix 5-B).

However, if one extends the definition of farm work to include the 89 landless workers on rice lands (even if they have zero holdings), Lorenz curve B produces a more inequitable Gini ratio of 0.569. This means that 40% of all actual tillers of the soil have neither tenant's nor owner's rights to the land. Conversely, the top 20% of actual tillers hold tenancy or ownership titles to 56% of Abangay's rice lands.

From the legal perspective of ownership, Lorenz curve C with a Gini ratio of 0.527 also indicates an inequitable distribution of land among the present landowners (40 landlords and 5 owner-cultivators) in Abangay. These are the pre-reform landowners who retain the titles to their lands despite the distribution of CLTs to their tenants. The bottom quintile of landowners has title to only 3.4% of Abangay's rice area, whereas the uppermost quintile owns 64.8% of the total area. This represents a ratio of more than 19 times, if one divides the 102.6 ha of the nine largest landowners by the 5.3 ha of the nine smallest landowners.

Lorenz curve D is constructed on the assumption that under agrarian reform the 83 eligible recipients of CLTs have joined the ranks of landowners along with 5 owner-cultivators and 29 exempt small landlords. In this projection, curve D swings back towards the diagonal line of equality with a Gini ratio of 0.293. This closely resembles Lorenz curve A, except that 32 lessees and 12 share-tenants in curve A are now replaced by their exempt small landlords in curve D.

In contrast to this, Rajal Sur's tenure configuration manifests a noticeable difference between Lorenz curves A and D, with Gini ratios

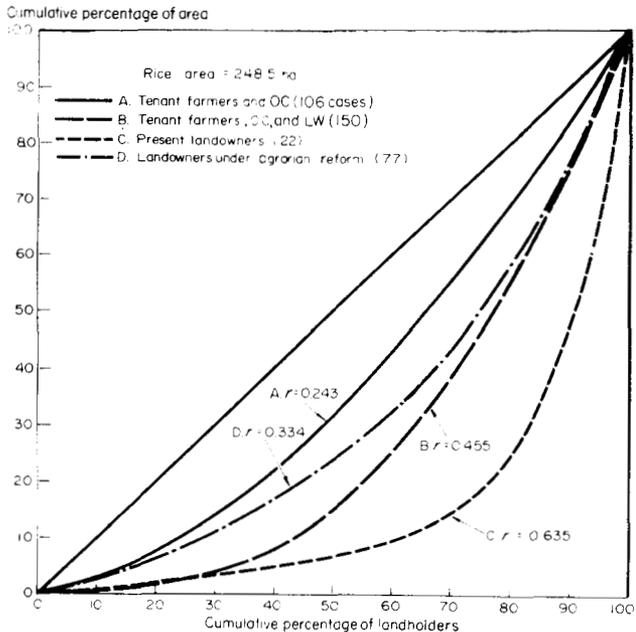
of 0.243 and 0.334 (Fig. 5-3). This indicates that the permanent lessees and share-tenants in Rajal Sur are replaced in curve D by fewer small landlords with relatively larger landholdings.

Going back to Abangay (Fig. 5-2), an additional Lorenz curve E has been added to include the 80 ha of sugar land belonging to a single estate, which also has some tenanted rice lands. Although sugar land and lands under administration are exempt from land reform, the entire hacienda is within the boundaries of Abangay. A Lorenz curve comparing ownership of all agricultural lands in Abangay should, therefore, include the sugar land by expanding the total area to 238 ha. The resultant Gini ratio of 0.619 reveals the most inequitable distribution of landholdings among the five Lorenz curves. This is principally due to the fact that the two largest haciendas have title to 57% of Abangay's farm lands!

The Abangay curve E is comparable to Rajal Sur's Lorenz curve C for its 22 landowners (Fig. 5-3). The Gini ratio of 0.635 reflects the fact that the two largest haciendas comprise 61% of Rajal Sur's farm land. This extreme inequality among all the Lorenz curves examined is corroborated by the fact that it also produces the greatest disproportion of 45.8 times between the highest and the lowest population quintiles in terms of their farm area (Table 5-10).

The Lorenz curves are based only on farm areas recorded within the village. If landowners, actual or potential, are compared based on all

5-3. Lorenz curves indicating distribution of landholdings under four categories. Rajal Sur. Nueva Ecija, 1977. OC = owner cultivators, LW = landless workers.



their landholdings, the land distribution would in all likelihood be more skewed because several landlords, particularly the bigger ones, own lands elsewhere (as evidenced in the case interviews). Tenants, on their part, have at most only a few more parcels in neighboring villages to satisfy their farming and household needs.

### **The dilemma of permanent leasehold**

The overlapping of Lorenz curves A and D (Fig. 5-2) points out a major reversal of agrarian reform policies from its original objectives — there has been legitimation of small landlords in their ownership claims with the consequent displacement of their tenants from an ownership status in reform areas.

Although the Gini ratios of curves A and D are practically identical (as in Abangay) or do not show marked differences in relative distribution of landholdings (as in Rajal Sur), they merely hide the fact that a group of tenants has already been replaced by another group of small landlords. In this light, the dilemma of permanent leasehold on small landlords' lands has to be regarded as a compromise solution with inherently conflicting implications.

Small landlords, from their perspective, are not compensated at all for any reduction in land rentals whereas the bigger landlords may be eventually compensated in cash and bonds for their expropriated properties (cf. Harkin 1976). Without compensation, the projected transfer of landlord capital to industries, an original goal of land reform since 1963, likewise cannot be realized. On the other hand, although their assets are still tied to the land, the more enterprising small landlords cannot fully exploit the yield potentials of the new rice technology because of the provisions against tenant eviction. In effect, small landlord-entrepreneurs are denied any productive roles on their lands and by continuing to collect rentals have simply become "parasitical" landlords, the very ogre that land reform tried to eradicate in the first place. In this regard, P. D. 27's original provision for a 7-ha retention allowance on grounds of personal cultivation might have been more conducive in bringing about greater social benefits through increased productivity by landlord-entrepreneurs.

If small landlords are being "punished" because they cannot become more businesslike on their own lands, permanent lessees on their part are also being denied the status of owner-cultivators simply because their tenanted lands belong to small landlords. From their own perspective, lessees are no different from other tenants with CLTs. The sole criterion for distinguishing amortizing owners and permanent lessees is the size category of their landlords, not the size category of the tenants nor their expertise in rice farming. Oddly enough, whereas the new rice

technology has spurred the search for an appropriate technology for small farmers, agrarian reform in turn has worked at cross purposes by confirming “appropriate landlordism” on small farms.

As a compromise solution, therefore, permanent leasehold may not quite please either small landlords or permanent lessees. Aside from the uneven benefits of rental reductions for tenants, the only other concrete benefit of permanent leasehold is its assurance of security of tenure on the land — for both permanent lessees and small landlords.

### **Landless rural workers**

Almost by definition, the term “landless rural workers” refers to workers who should have land because they are also tillers of the soil — at times more so than tenant farmers themselves. It is with this in mind that Lorenz curve B was constructed for Abangay and Rajal Sur (Figs. 5-2 and 5-3). As such, curve B represents the authentic context for agrarian reform and any serious attempt to apply the land-to-the-tiller principle. Yet, as the Gini ratios indicate (0.569 for Abangay and 0.455 for Rajal Sur), the inclusion of landless workers within the reform scope only distends the pattern of land distribution further away from the idealized curve A of emancipated tenant farmers. Moreover, the acknowledged presence of landless workers reduces the land-man ratio for actual tillers from 1.23 to 0.73 ha in Abangay and from 2.34 to 1.66 ha in Rajal Sur.

Unlike the presence of landlords, however, which can be dispensed with according to the original goals of land reform, the presence of landless workers asserts itself as an essential ingredient in any equity considerations and any comprehensive solution to the land problem. Otherwise, new forms of dependency between tenant-beneficiaries of reform and landless workers may stealthily emerge — as already evidenced by the *sagod* system in Abangay, and the continuing purchases of *puesto* cultivation rights in Rajal Sur. It is also likely that as agrarian reform focuses only on limited target groups of tenants, the proliferation of extra-legal tenure arrangements on the land will continue — ranging from mortgage and subtenancy agreements to the hiring of permanent workers. In one instance in Rajal Sur, four households were deriving a major source of their income from the same parcel of land in a four-tiered tenure arrangement — landless worker (A) was working as the *kasugpon* of a share-tenant (B) who was on a subtenancy arrangement with a reform lessee (C) under a small landlord (D)!

Presidential Decree 27, the major document for agrarian reform, does not identify landless workers as a separate group, but it does reiterate the fundamental principle of *land to the tiller*. Unfortunately, within the scope of the current agrarian reform program, despite its

avowed intentions, this land-to-the-tiller principle has already been violated twice — by the inclusion of small landlords, and the exclusion of landless workers.

**Appendix 5-A. Total listing of landlords with their tenant farmers, Abangay, Iloilo, 1977.<sup>a</sup>**

Operation land transfer CLT recipients (n = 83)				Landlords (n = 40)	Operation leasehold	
					Lessees (n = 32)	Share-tenants (n = 12)
1(2.5); 2(1.9); 3(0.7); 4(1.0); 5(2.0); 6(3.0); 7(1.0); 8(1.5); 9(0.5); 10(1.0); 11(2.3); 12(2.0); 13(0.5); 14(2.0); 15(0.6); 16(0.6); 17(2.0); 1/(2.4); 19(0.5); 20(1.4); 21(2.8); 22(1.0); 23(1.0)	A(36.4)	84(1.0); 85(0.9)	112(0.3)			
24(0.5); 25(1.0); 26(1.0); 27(0.5); 8(1.2); 28(1.8); 29(0.5); 30(0.7); 31(0.9); 32(1.5); 33(2.6); 34(1.0); 35(1.3); 36(0.2)	B(19.7) + (80) <sup>b</sup>	86(1.0); 87(0.7)	113(2.0); 114(0.2); 115(1.0)			
37(0.5); 38(0.5); 39(0.2); 40(1.7); 41(1.3); 42(0.9); 43(0.1); 44(0.7); 45(0.6); 46(0.9); 47(1.4); 48(0.9); 49(2.0)	C(14.0)	88(0.3); 89(0.4) 90(1.6)				
50(1.8); 51(1.5); 52(1.5); 53(3.0)	D(8.2)	91(0.4)				
54(1.0); 55(1.0); 56(0.5); 57(0.5); 58(2.0)	E(7.0)	92(0.5); 93(1.0); 94(0.5)				
59(2.5); 60(1.7); 61(0.9)	F(5.5)	95(0.4)				
9(1.0); 32(1.0); 62(2.0)	G(4.0)					
63(2.0)	H (4.0)	92(2.0)				
64(1.3); 65(2.3)	I(3.8)	97(0.2)				
66(1.3); 67(2.0)	J(3.3)					
68(1.4); 69(1.7)	K(3.1)					
70(3.0)	L(3.0)					
71(1.4); 72(1.5)	M(2.9)					
73(1.3)	N(2.8)		116(1.5)			
74(1.5); 75(0.5); 61(0.7)	O(2.7)					
76(1.8)	P(2.6)	98(0.8)				
77(1.2); 78(1.0)	Q(2.2)					
	R(2.0)		117(1.0); 118(1.0)			
	S(2.0)		119(2.0)			
79(1.0)	T(2.0)	99(1.0)				
	U(1.8)		120(1.8)			

Continued on opposite page

**Appendix 5-A** Continued

Operation CLT recipients (n = 83)	land transfer recipients (n = 83)	Landlords (n = 40)	Operation leasehold	
			Lessees (n = 32)	Share-tenants (n = 12)
		V(1.7)	100(1.7)	
		W(1.5)	101 (1.5)	
		X(1.5)		121 (1.5)
80(1.5)		Y(1.5)		
		Z(1.5)	102(1.5)	
81(1.5)		AA(1.5)		
82(0.8); 83(0.6)		BB(1.4)		
		CC(1.1)	103(0.1); 104(1.0)	
		DD(1.0)	105(1.0)	
		EE(1.0)	106(1.0)	
		FF(1.0)	107(1.0)	
		GG(0.9)	108(0.9)	
		HH(0.9)	109(0.9)	
79(0.8)		II(0.8)		
		JJ(0.8)	110(0.8)	
		KK(0.7)		122(0.7)
		LL(0.7)	111(0.7)	
		MM(0.5)		117(0.5)
		NN(0.1)		123(0.1)
Subtotal (ha)	114.6	153.1	24.8	13.6
<i>Owner-cultivators (5)</i>				
		OO(1.6)		
		PP(1.5)		
		QQ(1.0)		
		RR(0.5)		
		SS(0.3)		
Grand total (ha)	114.6	158	24.8	13.6

<sup>a</sup>Landlords are ranked A–Z, from largest size category to smallest. Tenants are consecutively numbered and listed parallel to their landlords under OLT or LHO. Figures in parentheses indicate rice farm area in hectares. <sup>b</sup>Exempt sugar lands.

**Appendix 5-B. Calculation of Lorenz curve A and Gini ratio of concentration, based on farm size and number of landholders, Abangay. Iloilo. 1977.**

Farm size (ha)	Land-holders (H)	Distribution of land-holders ( $\frac{H}{N} \times 100$ )	Cumulative % distribution of land-holders (X)	Aggregate area	% distribution of aggregate area	Cumulative % distribution of aggregate area (Y)	x+1	Y+1	Y(X + 1)	X(Y + 1)	$\frac{[Y(X+1) - X(Y + 1)]}{N}$
0.1-0.5	25	19.5	19.5	9.2	5.8	5.8					
0.5-1.0	25	19.5	39.0	19.8	12.5	18.3	19.5	5.8	356.9	226.2	130.7
1.0-1.4	26	20.3	59.3	28.5	18.0	36.3	39.0	18.3	1415.7	1085.2	330.5
1.4-1.7	26	20.3	79.6	41.1	26.0	62.3	59.3	36.3	3694.4	2889.5	804.9
1.7-3.0	26	20.3	99.9	59.4	37.6	99.9	79.6	62.3	7952.0	6223.8	1728.2
Total (N)	128	99.9		158	99.9						2994.3

$$\text{Gini ratio} = (R) = \frac{1/2 \sum [Y(X + 1) - X(Y + 1)]}{5000}$$

$$\text{Ratio: } \frac{\text{Highest fifth}}{\text{Lowest fifth}} = \frac{37.6\%}{5.8\%} = 6.48$$

$$R = \frac{112 (2994.3)}{5000} = 0.299$$

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# 6

## Small rice farmers under agrarian reform

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Land tenure arrangements in Abangay and Rajal Sur are complex, but so are the levels of farm management among rice farmers. These complexities stem from the nature of wetland rice cultivation, which lends itself to diverse combinations of small-scale, labor-intensive operations on the one hand and capital-intensive inputs and farm mechanization on the other.

### VARIABILITY IN CROP YIELDS

This complexity of rice farming is manifested in the variability of rice yields over the years and among tenure groups. Table 6-1 indicates production levels for different years in the two study villages. Despite discrepancies that may exist among the different data sources, the figures suggest a steady increase in productivity in both villages.

Dry season harvests in Abangay are noticeably lower than the wet season harvests. Farmers attribute this to poor irrigation service during the dry months. The newer rice varieties mature in 100-110 days, making 3 crops a year possible and about 25% of the farmers in Abangay have started to plant a third rice crop in 1 year. With full irrigation, dry season crops are expected to produce higher yields because of the plants' longer exposure to solar radiation. In Rajal Sur, most farmers have grown a second crop only since the 1976-77 dry season when irrigation was extended from the newly opened Pantabangan Dam in northern Nueva Ecija.

**Table 6-1. Rice yields in Abangay and Rajal Sur, 1964-77.**

Village	Yields (t/ha) by year and season <sup>a</sup>								
	1964-6 <sup>b</sup>	1969-7 <sup>b</sup>		1973-7 <sup>b</sup>		1975 <sup>c</sup>	1976-7 <sup>d</sup>		
	Wet	Wet	Dry	Wet	Dry	Wet	Wet	Dry	Third
Abangay		2.09 (22)	1.31 (22)	2.37 (99)	2.06 (99)		3.25 (106)	2.71 (104)	2.54 (24)
Rajal Sur	1.74 (25)					2.43 (151)	2.56 (79)	2.72 (53)	

<sup>a</sup>Numbers in parentheses indicate number of farmers. <sup>b</sup>Data from a random sample from local team records of the Department of Agrarian Reform. <sup>c</sup>Data from local office records of the National Irrigation Administration. <sup>d</sup>Data from complete household survey.

**Table 6-2. Average rice yield<sup>a</sup> by tenure and crop season, Abangay and Rajal Sur, 1976–77.**

Tenure group	Abangay			Rajal Sur	
	Wet	Dry	Third	Wet	Dry
Owner-cultivator	46.9( 4)	43.4( 3)	–	64.5( 3)	52.0( 1)
Amortizing owner	73.4( 75)	61.9( 72)	58.1(15)	57.5(47)	66.8 (32)
Permanent lessee	81.4( 20)	65.9( 21)	52.6( 5)	59.9(20)	53.2 (14)
Share-tenant	71.5( 7)	56.1( 8)	63.1( 4)	52.6( 5)	57.3( 4)
Total	73.8(106)	61.7(104)	57.8(24)	58.1 (75)	62.0(51)

<sup>a</sup>Yield is in sacks (44 kg)/ha. Numbers in parentheses indicate number of farmers.

Table 6-2 indicates average rice yields, by tenure group, for the crop year 1976-77. In both villages, lessees report slightly higher yields than amortizing owners for the wet season. Aside from this, however, there are no clear-cut differences among tenure groups. For instance, owner-cultivators in Abangay and share-tenants in Rajal Sur generally have the lowest yields, whereas the rankings for productivity levels among tenure groups during the dry season and the third cropping are sometimes reversed.

In both villages, the most productive farms yield four to five times more than the least productive farms. For the wet-season crop in Abangay, production levels range from 1.06 t/ha to 5.28 t/ha. In Rajal Sur, the lowest yield is 1.02 t/ha in the wet season and the highest reaches 4.63 t/ha in the dry season. Factors cited by rice farmers behind crop failures or variability in yields even within the same crop season are one or several of the following:

- weather,
- incidence of pests and diseases,
- inadequate use of fertilizer and other inputs,
- credit and marketing problems, and
- land tenure arrangements.

### COSTS, RETURNS, AND LAND RENTALS

The traditional sharecropping arrangements were one sack of seed rice along with two sacks of rough rice to cover all costs on a hectare of land. With modern rice farming a complex combination of production factors has evolved. Small tenant farmers incur four major categories of farm costs: current inputs, hired labor, capital, and payment for the use of land.

- Current inputs refer to seed of the high-yielding varieties, fertilizer, and other agricultural chemicals such as insecticides, fungicides, weedicides, and rodenticides.

- Hired labor pertains to labor costs over and above the operator's own labor or that of his family. These costs may be in cash wages or a share in the harvest for various farm operations such as transplanting, weeding, harvesting, threshing, and hauling.
- Capital comprises rental costs for capital equipment and services such as tractors, mechanical threshers, water pumps, irrigation, and transportation for marketing. Samahang Nasyon (SN) fees and interests for production loans, although not strictly considered capital, are included in this category.
- Land pertains to the costs for the use of the farm — either in terms of the landlord's harvest share, fixed rentals, or amortization payments.

For greater understanding among the small farmers, all costs and returns are translated into the local volume measure of a cavan, which approximates 44 kg<sup>1</sup> with an average price of ₱43. Thus, the operator's net return is obtained by deducting the equivalent in cavans of all operating costs from the gross harvest.

### **Share-tenants vis-a-vis other tenure groups**

Table 6-3 presents two stratified random samples of rice farmers. A group of 16 farmers in Rajal Sur reported their farm output and expenses for the 1977 wet season.

Twenty farmers in Abangay gave similar reports for the 1978-79 dry season. Although the two groups are not quite comparable because of differences in crop season and location as well as tenure groupings, several observations can be pointed out for each locality, particularly with regard to share-tenants as the nonbeneficiaries of agrarian reform.

In the Rajal Sur 1977 wet season, amortizing owners, permanent lessees, and share-tenants spent 23-27% of their production costs for current inputs and another 24-28% for hired labor. Costs for capital equipment ranged from 8.8 sacks/ha for share-tenants to 10.9 sacks/ha for amortizing owners. The major difference among tenure groups lay in the payment of land rentals — share-tenants paid an average of 23.4 sacks/ha to their landlords. In contrast, amortizing owners and permanent lessees spent about 7.5 sacks/ha, either as amortization payments or fixed rentals, for the land — about a third of the share-tenant's payment to their landlords.

Despite their higher rentals, share-tenants managed to retain the largest surplus per hectare (13.3 sacks) among the three tenure groups because of their relatively higher yields for this particular season. However, if one multiplies operator's surplus by the average farm area, each

<sup>1</sup>The sack of rice, used as a volume measure elsewhere in this work, also approximates the cavan.

**Table 6.3. Costs and returns<sup>a</sup> in rice farming by tenure group, Rajal Sur and Abangay.**

Village, tenure group, and season	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Gross yield (sacks/ha)	Production costs (sacks/ha)				Total (2 thru (5))	Operator's net return (1) – (6)	Profit cost ratio (7) ÷ (6)
		Current inputs	Hired labor	Capital	Land			
<i>Rajal Sur (1977 wet)</i>								
Amortizing owner (n = 7)	67.0	17.8	18.0	10.9	7.9	54.6	12.4	0.23
Permanent lessee (n = 6)	57.4	13.7	16.0	10.3	7.6	47.6	9.8	0.21
Share-tenant (n = 3)	85.0	19.2	20.3	8.8	23.4	71.7	13.3	0.19
<i>Abangay (1978-79 dry)</i>								
Owner-cultivator (n = 3)	86.6	12.3	9.8	19.0	–	41.1	45.5	1.11
Lessee (n = 11)	76.3	11.3	12.4	14.7	10.7	49.1	27.2	0.55
Share-tenant (n = 6)	68.4	7.3	13.5	12.3	14.9	48.0	20.4	0.43

<sup>a</sup> A sack is about 44 kg.

**Table 6-4. Net income per farm,<sup>a</sup> by tenure group, Rajal Sur and Abangay.**

Village, tenure group, and season	(1) Average farm area (ha)	(2) Net income per hectare (sacks)	(3) Net income per farm (1) x (2) (sacks)
<i>Rajal Sur (1977 wet)</i>			
Amortizing owner (n = 7)	2.0	12.4	24.8
Permanent lessee (n = 6)	2.6	9.8	25.5
Share-tenant (n = 3)	0.9	13.3	12.0
<i>Abangay (1978-79 dry)</i>			
Owner-cultivator (n = 3)	1.1	45.5	50.1
Lessee (n = 11)	1.3	27.2	35.4
Share-tenant (n = 6)	0.7	20.4	14.3

<sup>a</sup> Source: Table 6-3.

amortizing owner's household retained an absolute amount of 24.8 sacks, permanent lessees had 25.5 sacks and share-tenants had only 12 sacks remaining (Table 6-4).

Overall, therefore, share-tenants in Rajal Sur spent the most for farm expenses per hectare and attained the highest yields and net returns per hectare, but because of their smaller farm sizes, ended the season with the smallest absolute surplus for their households. Among the three tenure groups, they also had the lowest profit-cost ratio of ₱0.19 gained for every ₱1.00 invested — largely because of the added costs in sharecropping rentals paid to their landlords (Table 6-3).

In Abangay for the 1978-79 dry season, share-tenants also ended with the smallest absolute surplus of 14.3 sacks and paid a higher percentage for the landlord's share of the gross harvest. Unlike the Nueva Ecija share-tenants, however, they spent less for current inputs (worth 7.3 sacks/ha) and consequently got the lowest yields (68.4 sacks/ha).

Because no one had actually started amortization payments in Abangay, CLT recipients and permanent lessees were grouped together as lessees (Table 6-3). Whereas owner-cultivators had no land rentals to consider, lessees paid an average of 10.7 sacks/ha as fixed rentals. With the elimination of land rentals, owner-cultivators were able to spend the most for current inputs and capital, resulting in the highest yields per hectare and the highest operator's surplus among the three groups. For every peso spent in farming, owner-cultivators in Abangay earned ₱1.11 in comparison with ₱0.55 for lessees, and ₱0.43 for share-tenants.

### **Land rentals based on the comun harvest**

“The consideration for the lease of rice land and lands devoted to other crops shall not be more than 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.” (Republic Act 6389, Sec. 34).

Reduction of land rentals from the traditional 50-50 sharecropping to 25% of the normal average harvest has been one of the major aims of agrarian reform. This has been the focus of LHO, which enforced leasehold provisions that had been legislated in 1963, amended in 1971, and reiterated in 1972.<sup>2</sup>

Despite the intent of the law, several ambiguities obstruct the full implementation of leasehold. These include how to determine the *average normal harvest* in the absence of written records, and how much to deduct first from the gross harvest as a basis for fixing the land rental at not more than 25%. Three kinds of harvest figures are sometimes interchangeably quoted by small farmers themselves. These should, however, be clearly distinguished from one another:

1. The *gross* harvest refers to the total palay yield or output. This is usually mentioned in the local volume measure of sacks equivalent to 25 gantas, approximating 44 kg.
2. The *limpio* harvest refers to the gross harvest less the traditional 1/6 or 1/7 share that goes to harvesters and threshers. This is often the figure quoted by tenant farmers because it represents their actual intake of the harvest. In Abangay, *limpio* literally means *clean* harvest.
3. The *comun* (common pile) harvest refers to the *limpio* harvest with further deductions for seed and other expenses. Under traditional share-tenancy arrangements, these deductions comprised three sacks per hectare — one sack of seed for the next planting, and two more sacks for other expenses, usually transplanting labor and incidental inputs. The deductions thus represented a 50-50 sharing of these costs between tenant and landlord. Out of the *comun* the sharing of the harvest was then done, usually on a 50-50 basis, although variations arose depending on the contributions of either party for farm implements, work animals, and hired labor.

Thus, although the *limpio* harvest may often be cited by tenant farmers, it is actually their *comun* harvest that provides a comparable basis for determining any changes in the percentage of the land rental to

<sup>2</sup>The basic document for agrarian reform in the Philippines is the “Agricultural Land Reform Code” (Republic Act 3844), enacted in 1963. This was amended by R.A. 6389 in 1971 and renamed the “Code of Agrarian Reforms of the Philippines.” Subsequent documents are Presidential Decrees 2 and 27, promulgated in 1972 within 1 month after the declaration of martial law.

**Table 6-5. Land payments in sacks (44 kg) per hectare as a percentage of the *comun* harvest, by tenure group, Rajal Sur, 1976–77.**

	Wet season			Dry season		
	Amortizing owner (n = 47)	Permanent lessee (n = 20)	Share- tenant (n = 9)	Amortizing owner (n = 32)	Permanent lessee (n = 13)	Share- tenant (n = 6)
A. <i>Comun</i> harvest <sup>a</sup>	46.3	48.3	44.2	54.2	42.6	45.3
B. Land payment	6.3	10.2	10.5	6.7	10.1	11.9
C. Percentage: (B) ÷ (A)	13.6	21.1	23.8	12.4	23.7	26.3

<sup>a</sup> Calculated by deducting from the gross harvest: i) the harvesters-threshers' share of 1/7, and ii) 3 sacks for seed and other expenses.

the harvest. In Rajal Sur, for instance, based on the complete household survey of farming households for the crop year 1976-77, the percentages of land rentals to the estimated *comun* harvests were 12-14% for amortizing owners, 21-24% for permanent lessees, and 24-26% for share-tenants (Table 6-5). Strictly speaking, amortizing owners incurred expenses for amortization payments rather than for land rentals. Their relatively lower percentage of amortization payments to the *comun* harvest is partly explained by the fact that many amortizing owners did not keep up with their schedule of payments to the Land Bank office in Cabanatuan City. As of November 1977, Land Bank records indicated that less than 10% of the amortizing owners in Rajal Sur were up to date on their payments. In terms of the *comun* harvest, therefore, the permanent lessees' fixed rentals approximated the legal rate of not more than 25% of the harvest, with the stipulated deductions for seed and other expenses from harvesting to processing.

### **Land rentals vis-a-vis net harvests**

Under traditional rice farming conditions and share-tenancy arrangements, the *comun* harvest represented the net harvest with deductions being made from the gross harvest for all operating expenses. With the new rice technology, however, and with agrarian reform, the traditional manner of arriving at the *comun* harvest has been drastically affected. Three marked changes are cited by tenant farmers:

1. higher gross harvests on their farm,
2. a reduction in the absolute number of sacks set aside for land rentals or amortization payments, but also
3. a sharp increase in production costs.

In addition, therefore, to the gross, *limpio*, and *comun* harvest figures described earlier, three other calculations of "net" harvests are graphically compared in Figure 6-1:

1. Harvest *D* refers to the *limpio* harvest with further deductions for current inputs and capital. With modern rice farming, this represents an updated version of the traditional *comun* harvest. Aside from the harvesters'-threshers' share, harvest *D* is premised on the assumption that the tenant farmer uses his family labor for other farming operations.
2. If all costs for hired labor are included along with current inputs and capital, harvest *E* shows a smaller net harvest than harvest *D*. As such, harvest *E* represents another basis for determining land

rentals at not more than 25% of the *net produce*.<sup>3</sup>

3. Harvest F represents the actual net harvest left to the operator when all paid-out costs are deducted from the gross harvest — current inputs, capital, hired labor, and the land rental itself. Imputed costs for family labor are not deducted from this harvest.

Using the data in Table 6-3, a comparison of land rent-harvest ratios can be made by dividing the average land rental of each tenure group by the different harvest figures. This is shown in Table 6-6.

Under harvests A, B, and C (Fig. 6-1), all the tenants' groups in both villages, with the notable exception of share-tenants, experienced a reduction of land rentals to less than 25% of the harvest. However, under harvests D and E, all the tenants' groups exceeded the 25% proportion of the harvest for land payments. For instance, permanent lessees in Rajal Sur, during the low yielding 1977 wet season, spent 30-44% of harvests D and E for land rentals, even if their fixed rentals averaged the smallest absolute amount compared to the other tenure groups. Likewise, lessees in Abangay set aside 28% of harvests D and E for land rentals.

After land payments were made, the final land rent-harvest ratio under net harvest F became considerably higher for all tenants' groups, ranging from 39% for lessees in Abangay to 176% for share-tenants in Rajal Sur. This means that for every ₱1.00 net income earned by Rajal Sur share-tenants, a corresponding ₱1.76 went to the landlord! Among lessees, the corresponding amounts that went to their landlords for ₱1.00 net income earned were ₱0.78 in Rajal Sur and ₱0.39 in Abangay.

While land rentals, therefore, have become fixed under agrarian reform, production costs under modern rice farming conditions have gone up. From the small farmers' perspective, it is this accounting of the net harvest, rather than a *reduction* of land rentals alone, that determines any significant improvement in their household economy. There is need, then, for further examination of these production costs and how they affect the final disposal of the palay harvest.

## PARTICIPANTS IN RICE PRODUCTION

Traditionally, land and labor have constituted the two major factors in rice production. Hence, sharecropping arrangements were premised

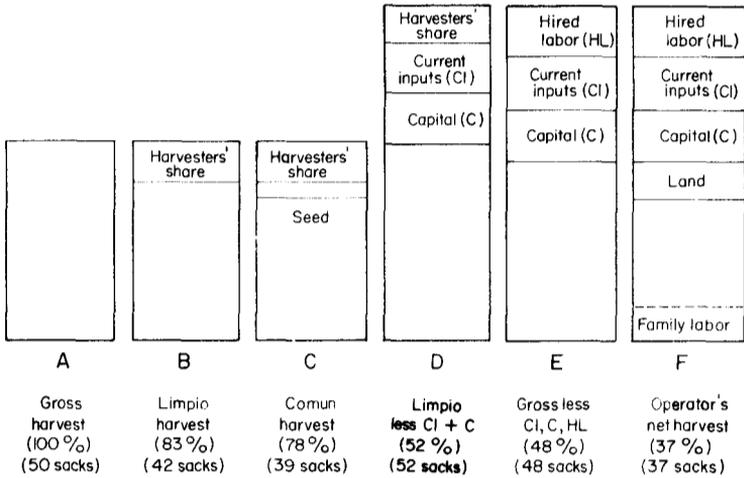
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<sup>3</sup>The term *net produce* is not clearly defined either in MAR documents pertaining to the current agrarian reform program or in the earlier legislation. One of the earliest laws on tenancy regulation, the *Rice Share Tenancy Act* (Act No. 4054), enacted in 1933 during the American period, provides that "the tenant shall receive seventy percent of the *net produce* of the land . . ." (Sec. 8, italics supplied).

**Table 6-6. Land rent-harvest ratios for different kinds of harvest computations per hectare,<sup>a</sup> Rajal Sur and Abangay.**

Tenure group	Land rent	Harvest amount <sup>a</sup>						
		A Gross	B Limpio <sup>b</sup>	C Comun <sup>c</sup>	D Limpio- Cl, C	E Gross- Cl, C, HL	F Net <sup>d</sup>	
<i>Rajal Sur (1977 wet)</i>								
Amortizing owner (n = 7)	(sacks)	7.9	67.0	57.4	54.3	28.7	20.3	12.4
Land rent-harvest ratio	(%)		11.8	13.8	14.5	27.5	38.9	63.7
Permanent lessee (n = 6)	(sacks)	7.6	57.4	49.2	46.2	25.2	17.4	9.8
Land rent-harvest ratio	(%)		13.2	15.4	16.5	30.2	43.7	77.6
Share-tenant (n = 3)	(sacks)	23.4	85.0	72.9	69.9	44.9	36.7	13.3
Land rent-harvest ratio	(%)		27.5	32.1	33.5	52.1	63.8	175.9
<i>Abangay (1978-79 dry)</i>								
Owner-cultivator (n = 3)	(sacks)	–	86.6	72.2	69.2	40.9	45.5	45.5
Land rent-harvest ratio	(%)		–	–	–	–	–	–
Lessee (n = 11)	(sacks)	10.7	76.3	63.6	60.6	37.6	37.9	27.2
Land rent-harvest ratio	(%)		14.0	16.8	17.7	28.5	28.2	39.3
Share-tenant (n = 6)	(sacks)	14.9	68.4	57.0	54.0	37.4	35.3	20.4
Land-rent-harvest ratio	(%)		21.8	26.1	27.6	39.8	42.2	73.0

<sup>a</sup> See figure 6.1 for description of harvests A–F. <sup>b</sup> Limpio = gross harvest minus harvesters'-threshers' share. <sup>c</sup> Cornun = *limpio* harvest minus three sacks for seeds and other expenses. <sup>d</sup> Net = gross harvest minus all production costs (Cl, C, HL, LR). Abbreviations: Cl = current inputs; C = capital; HL = hired labor; LR = land rent. Source: Table 6-3.



6-1. Different kinds of harvest computations. Deductions are based on a hypothetical gross harvest of 50 sacks (44 kg) for harvests A-C of traditional varieties and 100 sacks for harvests D-F of modern varieties. References: Table 6-3 and 6-8.

on the combination of these two factors — the landlord contributing his land, the tenant his labor. The Agricultural Tenancy Act of the Philippines (R. A. 1199 as amended) in 1954 specified this share basis under traditional rice share-tenancy arrangements. Depending on the contribution of either party, the participation percentages in the net harvest were stipulated to be: land (30%), labor (30%), farm implements (5%), work animals (5%), final harrowing (5%), and transplanting (25%) (Sec. 32).

With modern rice technology, however, other factors and other participants in rice production — owners of capital equipment, dealers of current inputs, government technicians, and landless workers providing hired labor — have begun to play important roles.

**Farm plans: preharvest and postharvest expenses**

In view of the earlier examination of costs and returns based on actual farm production, a look at four farm plans that indicate the optimum combination of current inputs, hired labor, capital, and land rentals is instructive. Two plans were projected by farmers, two by a government program (Table 6-7).

Farm plan A is a composite of statements by three rice farmers known for their above-average production in Abangay. Farm plan B contains the projections of a Pototan rice-grower who has consistently had high production on his 10-ha farm and was recently adjudged the most outstanding rice farmer for the Western Visayas region. Farm plans C and D contain the Masagana 99 recommendations for the maximum loan of ₱1,200/ha as of 1975-78. Factors are broken down into specific items and designated either as pre- or postharvest

**Table 6-7. Comparison of four farm plans for rice production on one hectare, Abangay, 1971–78.**

Factor	Farm plan							
	A		B		C		D	
	Three Abangay farmers <sup>a</sup>		Pototan rice-grower <sup>b</sup>		Masagana 99 farm plans			
					Regular <sup>a</sup>		Direct seeding	
	₱	% <sup>c</sup>	₱	%	₱	%	₱	%
A. Expected yield	4300	100	4300	100	4300	100	4300	100
B. Production costs								
i. Current inputs <sup>c</sup>								
+ Seeds <sup>d</sup>	170		120		90		90	
+ Fertilizer	406		380		480		450	
+ Insecticide	102		120		200		175	
+ Weedicide	–		100		–		150	
Subtotal	678	15.8	720	16.7	770	17.9	865	20.1
ii. Hired labor								
+ Land/seedbed preparation	52		56		–		–	
+ Transplanting/plant care	120		96 <sup>e</sup>		130		–	
* Harvest/postharvest operations	498		627 <sup>f</sup>		–		–	
Subtotal	670	15.6	779	18.1	130	3.0	0	–
iii. Capital								
+ Tractor/carabao rental	350		350		300		335	
* Thresher rental	241		241		–		–	
* Irrigation fee	110		110		–		–	
* Interest on loans	72		72		–		–	
* Samahang Nayon fees	43		–		–		–	
* Storage/marketing	60		100		–		–	
Subtotal	876	20.4	873	20.3	300	7.0	335	7.8
iv. Land								
* Landlord's share	452		–		–		–	
* Land tax	–		80		–		–	
Subtotal	452	10.5	80	1.9	0	–	0	–
Total costs (I thru IV)	2676	62.3	2452	57.0	1200	27.9	1200	27.9
C. Expected net income: (A) - (B)	1624	37.7	1848	43.0	3100	72.1	3100	72.1
Preharvest expenses	1200	27.9	1222	28.4	1200	27.9	1200	27.9
Postharvest expenses	1476	34.3	1230	28.6	–	–	–	–

<sup>a</sup>Based on transplanting operations. <sup>b</sup>based on direct-seeding operations. <sup>c</sup>Percentages may also be read as sacks, since the expected yield is 100 sacks. <sup>d</sup>+ = preharvest expense, \* = postharvest expense. <sup>e</sup>Includes various field operations aside from broadcasting. <sup>f</sup>Includes drying cost.

expenses — a crucial distinction for small farmers who need credit for preharvest expenses but at the same time may underestimate the extent of their postharvest expenses.

Farming expenses are sometimes classified as cash or noncash — with cash expenses generally coinciding with preharvest expenses, and expenses in kind with postharvest expenses. Explicitating the pre- and post-harvesttime frame underlines the psychological time perspective that often determines the financial constraints for small farmers as well as their lack of strict accounting procedures at harvest time — e.g. in selling palay at depressed market prices, or in making loans in kind to neighbors.

Current inputs are all preharvest expenses and require 16.20% of the expected yield of 100 sacks/ha. More expenses are required under farm plans B and D, particularly because of the need for weedicides in direct-seeding operations. The Masagana 99 plans also recommend more use of fertilizer and pesticides to realize the potential yield of 99 sacks or more.

Preharvest costs for labor consist principally in hiring transplanters (plans A and C). The Masagana 99 plan presupposes the use of family labor after transplanting. The Abangay farmers calculated the wages of 8 added days for hired labor for occasional expenses pertaining to clearing fields, fixing bunds, repairing irrigation ditches, and water control. In none of the plans, however, are weeding costs considered a major item. In plan A, weeding costs are included in postharvest expenses under the sagod system.

The only other preharvest expense that figures prominently in all the farm plans is land preparation by means of tractor or carabao rentals. All other expenditures under capital — thresher rental, irrigation fee, SN fees, and transportation to market — are taken from the harvest itself. The other major expense from the harvest is hired labor in the form of the traditional 1/6 or 1/7 share.

For the Abangay tenant farmers, an additional item deducted from the harvest is the landlord's share. For the 3 small farmers, this land rental averages 10.5 sacks/ha. The landowners pay a minimal land tax of ₱80.

Thus, in terms of factor shares, farm plans A and B allocate about 16% of the expected total production for current inputs, another 16% for hired labor, and about 20% for capital requirements. For tenant farmers in plan A, another 10.5% goes for land rentals. Put another way, the maximum surplus expected by tenant farmers under plan A, given a harvest of 100 sacks/ha, is estimated at 37.8 sacks. This amounts to ₱1,624 or a monthly earning of ₱406 for the 4 months of the crop season.

Small farmers often express concern over how to procure adequate loans for their preharvest expenses. In this sense, farm plans C and D answer the farmer's needs. The Masagana 99 plans, however, do not consider postharvest expenses, leaving an illusion that once the ₱1,200 is repaid, the small farmer still enjoys a surplus of more than ₱3,000. Plans A and B, however, indicate that postharvest expenses range from ₱1,200 to ₱1,500—as much as, or more than, the borrowed sum for preharvest expenses!

Tenant farmers themselves do not seem to be aware of the extent of their postharvest expenses, particularly because the major expenses at harvesttime are hidden costs in kind—the rice shares for harvesters and threshers, as well as the landlord's fixed rental. Many farmers find themselves with little to save, even after a fairly good harvest of 80-100 sacks/ha.

The farm plans were drawn up on the assumption that 100 sacks/ha or more could be harvested. In reality, the highest average production for Abangay was only 74 sacks/ha. In Rajal Sur, it was even lower, 62 sacks/ha.

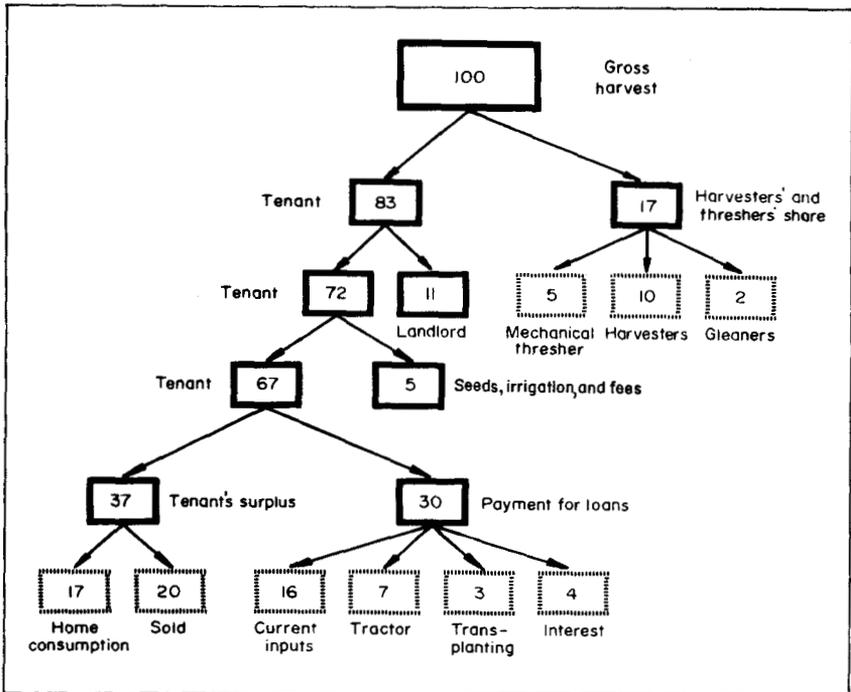
### **Disposal of palay harvested**

Harvesttime represents not only a period of abundance and sharing with neighbors, but also a period of paying off current debts for preharvest expenses. An examination of the stepwise process in the disposal of the harvested grain points out who actually shares in the harvest and in what priority.

Given normal conditions, how is a harvested crop from a hectare of rice land in Abangay divided? Based on the earlier examination of costs and returns and the farm plans, the composite picture of Figure 6-2 can be drawn. The assumptions are:

- the farmer adopts the recommended technology and avails himself of the Masagana 99 loan package for inputs in cash and kind;
- the farmer obtains a harvest of 100 sacks;
- fixed rental payments average 11 sacks; and
- the traditional 1/6 share for harvesters and threshers is further subdivided as 2/3 for harvesters and 1/3 for thresher rental. Included in the harvesters' and threshers' shares is an estimated 2% of the gross harvest, kept by gleaners.

The composite view of Figure 6-2 presents an optimum picture of how much farmers and other participants in rice production may benefit from the harvest, given the current parameters for farm management in Abangay as well as in Rajal Sur. A number of these parameters are from outside the village and to a certain extent beyond the control of individual small farmers. Some of these larger problems and



6-2. Percentage disposal of the palay harvest on one hectare, 1977-78.

issues must be examined.

### MARKETING AND CREDIT PROBLEMS

Although tenure changes may limit the landlord's share of the harvest and his role in the rice production process, the new rice technology has brought into prominence the critical need for credit and marketing facilities for small farmers. Increased commercialization has highlighted the need for organization of small farmers as well as landless workers.

#### Fluctuating rice prices

Central to the farm management concerns of small farmers is the question of stable prices — for the palay they sell or its imputed value as repayment for production loans. In practice, the palay price fluctuates at different times of the year, sometimes week by week.

Based on the government's guaranteed price of ₱1.10/kg, a sack of palay weighing an average 44 kg should fetch a price of ₱48.40. This official price, however, is obtained only when the palay is sold to the National Grains Authority (NGA) and when all its requirements for quality are met. It is the exceptional farmer who can do that.

The standard price of ₱43/sack adopted here for 1977-78 is taken from everyday conversations with farmers in Abangay, from the main bulk of the daily records, and from the actual monitoring of prices in Pototan and Abangay. As a matter of fact, during the harvest period for the 1977 wet season, some farmers and landless workers in Abangay sold their palay for as low as ₱35/sack (See Appendix 6-A).

The difference between the official price quoted by the government and the price farmers actually receive provides one major reason why many farmers have not been able to repay their loans, much less retain enough surplus to provide for their daily needs.

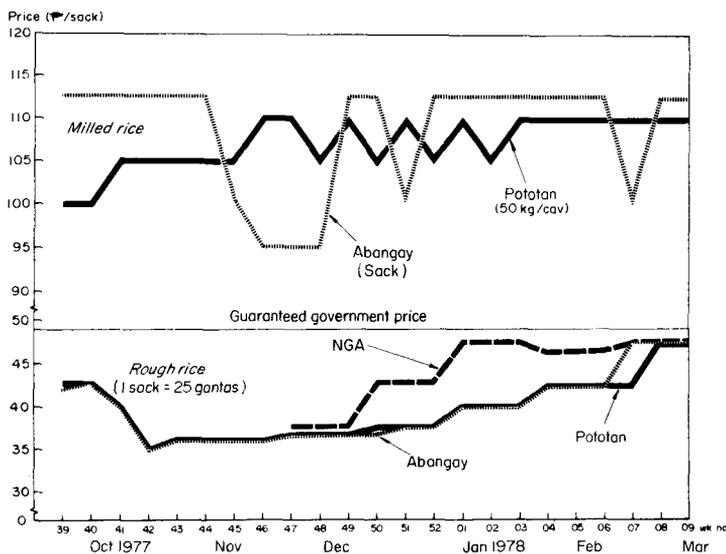
Rice farmers as well as landless workers often mention the problem of low prices for palay at harvesttime. "We sell palay cheap, but buy milled rice dear," a landless worker in Abangay comments. A tenant farmer compares prices during harvesttime — a kilogram of milled rice always costs ₱2.20 at the government-controlled price; a kilogram of unmilled rice, on the other hand, is actually sold by farmers to private dealers at ₱0.80-0.85 — instead of the ₱1.10 floor price assured by the NGA buying station in Pototan. Another tenant farmer explains the price fluctuations by months: in October, at the height of the wet-season harvest, a sack of palay costs as low as ₱35; in January the price goes to ₱42.50; and from May to July, while the next wet-season crop is still growing in the fields, 1 sack may reach ₱50.

Using local measures, rural households ordinarily equate two sacks of palay with one sack of milled rice. Government-controlled prices for both reflect this 2-1 ratio — at ₱2.20/kg for milled rice vis-a-vis ₱1.10/kg for palay. However, the buying price of milled rice with the local ganta measure is 2.65 times more than the selling price of palay — at ₱4.50 for milled rice vis-a-vis ₱1.70 for palay.

The weekly record of palay prices in Abangay and Pototan over a 6-month period corroborates these observations (Fig. 6-3 and Appendix 6-A). As can be noted from the graph, prices of palay in the village and in the town did not differ much — from ₱35/sack, in mid-October to ₱47.50/sack by mid-February. For milled rice, noticeable fluctuations between village and town prices arose.

Despite its publicized floor price of ₱1.10/kg, NGA's buying prices fluctuated from ₱0.85 to ₱1.08/kg. Part of this discrepancy may be attributed to NGA's specifications for quality. From the point of view of the farmers in Abangay, the NGA buying station was not opened when its support prices were needed most — at the height of the wet season harvest in October when palay prices dipped to their lowest levels.

Even with the Pototan NGA station only 3 km away, many farmers in Abangay preferred to sell their rice to private dealers because of the many difficulties in selling to NGA — a long waiting period of half a day



6-3. Weekly prices for rough and milled rice in Barangay Abangay and Pototan poblacion, 1977-78.

or even more than a day, the stringent specifications for moisture content and other requirements, and the extra efforts needed for drying grain during the rainy season. Landless workers do not sell grain to NGA because only rice farmers, particularly CLT recipients, are duly accredited by NGA to sell their rice at the buying station.

Ironically, however, a farmer identification system does not stop big grain traders from selling grain at premium prices to the NGA buying station. Many respondents in Abangay casually remark that the private dealers who buy their grain are the ones who manage to resell to NGA.

From the experience, therefore, of rice farmers and landless workers, palay prices were low during the harvest months but high when the farmers and the landless workers themselves were running out of rice. If the government's floor price for palay did keep local prices from falling further, its buying stations were able to directly service only a few small farmers and only halfway through the harvest season. Moreover, the government's rice procurement program did not include the purchase of palay from landless workers.

### Farmers' credit organizations

The problem of low palay prices has adversely affected the payment of debts and consequently the functioning of credit organizations in Abangay. Once the harvest is in, the farmer has three options for the disposal of his grain:

1. sell it cheap, particularly during the wet season, to private dealers

or to the NGA with its strict requirements;

2. dry and store the palay in his house and wait for higher prices; or
3. deposit his palay in a nearby warehouse belonging to a marketing organization.

In the first case, the farmer immediately receives badly needed cash but at a lower price, which means more sacks of palay are needed to cover production loans. In the second alternative, interest rates for loans continue to accumulate, at times with penalty fees, until the palay is sold. A resident in Abangay comments, "Before, when there were no debts, stored palay used to accumulate in the house; now it is the unpaid loans that accumulate in the banks."

The third alternative of depositing the grain in warehouses recommends itself to farmers who are members of the Compact Farm or the FACOMA. When the Compact Farm in Abangay and the SN Compact Farm in Rajal Sur were newly established, members were quick to point out their positive features — collateral-free loans backed up by ACA; availability of fertilizer and insecticides in the village itself; and a local storage area for grain deposits, which were considered repayment for loans.

There were, however, mismanagement and members' debt arrearages in the early warehouse systems. The original associations have been reorganized under new sets of officers and with fewer members. Despite the earlier setbacks, small farmers in Abangay realize the need for local organizations. "Without an association," comments a tenant farmer, "there is no strength." A Compact Farm official echoes the same sentiments more forcefully, "With individualism you have no chance; you will just die there in isolation."

Landless workers have not participated in credit programs and are, therefore, less concerned about the functioning of local credit organizations. Table 6-8 quantifies this crucial difference between the two groups — rice farmers with access to institutional credit sources, and landless workers relying mostly on relatives or close friends. For the 1977 wet season, institutional credit sources in Abangay such as the rural banks, the FACOMA, and the Compact Farm provided the major loans for 57% of amortizing owners and 51% of permanent lessees. On the other hand, most landless workers depended on relatives for loans. Similarly, in Rajal Sur, 76% of amortizing workers, 53% of permanent lessees, and none of the landless workers went to credit institutions for their major loans.

Because they have no farmholdings, landless workers are virtually excluded from access to institutional credit sources. On the other hand, several landless workers have expressed a desire to borrow from credit institutions, particularly for activities like pig raising and vegeta-

**Table 6-8. Major credit source (%) for farming households and tenure groups, Abangay, Iloilo, and Rajal Sur, Nueva Ecija, 1977 wet season.**

Major credit source	Abangay				Rajal Sur			
	Farming households (n = 215)	AO (n=83)	PL (n = 28)	LW (n = 87)	Farming households (n = 147)	AO (n = 58)	PL (n = 32)	LW (n = 38)
Relative	50	25	32	83	31	21	13	50
Landlord	6	6	11	1	3	0	0	8
Private moneylender	6	5	0	8	8	3	22	0
Rural bank	18	36	18	1	7	10	9	0
FACOMA	2	5	4	0	0	0	0	0
Compact farm	10	16	25	0	0	0	0	0
SN/CRB	1	0	4	0	37	66	44	0
Others	1	2	3	0	0	0	0	0
None	6	5	3	7	14	0	12	42
Total	100	100	100	100	100	100	100	100

AO = amortizing owner, PL = permanent lessee, LW = landless worker, FACOMA = Farmers' Cooperative Marketing Association, SN/CRB = Samahang Nayon/Cooperative Rural Bank.

ble gardening.

In a sense, the problems of credit and marketing indicate an improvement for small farmers over an earlier period when they could barely produce enough for their subsistence needs. The initial organizations have been laid down. In general, however, only half of the farmers in either village have joined these organizations and landless workers as a group have been excluded.

#### AGRARIAN REFORM WITHIN A VILLAGE RICE ECONOMY

“The harvest is plentiful, but so are the costs,” comments a tenant farmer in Abangay. The remark expresses many rice farmers’ dilemma: how to increase their rice harvest without increasing production costs. Although there are obvious limits to cost-saving, several issues related to agrarian reform have a direct bearing on cost reductions. These concern land rentals, risk-sharing under share tenancy, and the continued used of hired labor.

#### **Fixed rental or amortization payment?**

“Whereas rentals are considered costs,” comments an official of the Ministry of Agrarian Reform (MAR), “amortization payments can be considered investments for the purchase of the land.” The distinction is especially applicable to CLT recipients covered by OLT in Abangay. In the absence of any formalization of amortization payments, all agrarian reform beneficiaries in Abangay pay fixed rentals — whether as permanent lessees or as amortizing owners by virtue of their CLTs.

Because of the delays in land valuation and follow-up papers from the Land Bank, MAR officials have continually assured CLT recipients that their fixed rentals in the meantime may be considered partial payments for the land. If so, the factor share for land may be considered as amortization payment for the purchase of the land instead of an irrecoverable rental cost paid to landlords.

Neither MAR nor the Land Bank, however, has actually attempted to calculate the equivalent value of land rentals that have accumulated since the implementation of OLT. Whether or not receipts for land rentals will be required of lessees is another question left unanswered. In both study villages, the majority of lessees have not kept receipts, if they have been given them at all.

For the majority of the villages in Dingle, Barangay Committees on Land Production (BCLP) have already accomplished valuation forms establishing the average gross production per hectare based on 3 normal crop years before October 1972. Based on these production

figures, land values on a per hectare basis can be computed by using the MAR formula:

$$\text{Average gross harvest} \times \text{P}35 \times 2.5 = \text{land value}$$

where average gross harvest is based on 3 normal crop years before October 1972; P35 is the price of 1 sack of palay in 1972; and 2.5 is the number stipulated by the agrarian reform law to arrive at the purchase value of the land. To determine the schedule of land payments over the next 15 years in equal yearly installments (including the 6% annual interest), MAR uses the following amortization factor:

$$\text{Land value} \times 0.10296 = \text{annual amortization payment}$$

Among all the villages in Dingle, Abangay has the highest average production record — 110 sacks/ha of wetland irrigated rice area. Using the MAR formulas, this is equivalent to a land value of P9,625 requiring an annual amortization payment of P990.99 (or 23 sacks at the 1977-78 price of P43/sack). Thus, with a fixed rental payment of 11-15 sacks/crop season, a CLT recipient harvesting 2 crops a year should be able to pay the full purchase value of his land within the prescribed period of 15 years. In well-irrigated areas as in Abangay, the possibility of a third crop in 1 calendar year implies that the additional rental can be included as further amortization payment in advance of the 15-year schedule.

If matters remain ambiguous, however, CLT recipients under OLT are no different from permanent lessees under LHO. Whether considered rentals or amortization payments, these expenses for the use of the land constitute tangible fixed costs that have to be accounted for in the operator's farm budget before any net harvest can be realized.

### **Leasehold or share tenancy?**

Related to the issue of whether tenants are lessees or amortizing owners is the question of whether lessees are much better off than share-tenants. A major reason for the reluctance of several share-tenants in Abangay as well as in Rajal Sur to shift to leasehold is the security they get from the sharing of costs and risks under share tenancy arrangements. Landlords and share-tenants share proportionately in farming costs and in good or poor harvests. Lessees on the other hand pay fixed rentals, regardless of harvest levels.

Based on the plans in Table 6-7 and on contingent gross harvest levels on 1 hectare of rice land, the sliding profitability of lessees vis-a-vis share-tenants can be compared (Table 6-9). The following assumptions were first made:

- to obtain the optimum yield, farming expenses for current inputs,

**Table 6-9. Comparison of leasehold and share-tenancy arrangements on 1 hectare of riceland, based on varying gross harvest levels, Abangay, 1977–78.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
Gross harvest <sup>a</sup>	Current inputs <sup>b</sup>	Hired labor <sup>c</sup>	Capital <sup>d</sup>	Fixed rental	Total costs (2–5)	Common costs <sup>e</sup> (2–4)	<i>Comun</i> (1)–(7)	Landlord's 50% share (8) ÷ 2	Tenant's surplus <sup>f</sup>	Difference in surplus (L) – (ST)
120 (L)	15	17.3	21.7	11	65				55	+26.5
120 (ST)	15	17.3	21.7			45	75	37.5	28.5	
100 (L)	15	15.1	20.5	11	61.6				38.4	+18.2
100 (ST)	15	15.1	20.5			41.6	58.4	29.2	20.2	
80 (L)	15	12.9	19.4	11	58.3				21.7	+9.9
80 (ST)	15	12.9	19.4			38.3	41.7	20.8	11.8	
60 (L)	15	10.7	18.3	11	55				5	+1.5
60 (ST)	15	10.7	18.3			35	25	12.5	3.5	
40 (L)	15	8.4	17.2	11	51.6				–11.6	–6.8
40 (ST)	15	8.4	17.2			31.6	8.4	4.2	–4.8	

<sup>a</sup>In 44-kg sacks. One sack = ₱43. L = lessee, ST= share-tenant. <sup>b</sup>Calculated at 2 sacks for seeds, 9 sacks for fertilizer, and 4 sacks for other chemicals. <sup>c</sup>Calculated at 4 sacks for: transplanting (2.5) and miscellaneous tasks (1,5), plus 2/3 of 1/6 share of the gross harvest for harvesters. <sup>d</sup>Calculated at 15 sacks for: custom plowing (8), irrigation (2), interest on loans (2), farmer's organization fee (1), and marketing costs (2), plus 1/3 of 1/6 share of the gross harvest for mechanical threshing. <sup>e</sup>Expenses for current inputs, hired labor, and capital, but excluding land preparation (8 sacks) and fee for farmer's organization (1 sack). <sup>f</sup>Tenant's 50% share less costs for land preparation (8 sacks) and farmer's organization fee (1 sack).

References: Tables 7-3, 7-8, and 7-9.

hired labor, and capital remain practically the same regardless of tenure;

- rentals are fixed for lessees at 11 sacks/ha;
- the share-tenant shoulders the costs for land preparation and any fees for farmers' organizations; and
- a 50-50 sharing in the rest of the costs and in the *comun* harvest takes place between landlord and tenant under share tenancy.

Given these conditions, lessees are better off than share-tenants by 9.9 sacks if gross harvest levels reach 80 sacks. If gross harvest levels go down to 60 sacks, both tenure groups show very little difference in below-subsistence surplus — lessees retaining 5 sacks and share-tenants only 3.5 sacks.

At the 40-sack gross harvest level, both groups end up with negative incomes, with lessees shouldering more losses than share-tenants by 6.8 sacks. Under sharecropping at this 40-sack harvest level, landlords receive a minimal share of 4.2 sacks while shouldering half of the common costs. But under leasehold, landlords receive a fixed rental payment of 11 sacks, which is practically equivalent to the lessees' total losses. On the other hand, if gross harvest levels reach 100-120 sacks, lessees clearly capture more of the surplus than share-tenants — from 18.2-26.5 sacks more/ha.

Thus, with current farming conditions in Abangay, the first 50-55 sacks of a lessee's harvest merely cover all farming expenses for current inputs, hired labor, capital, and fixed rentals! Going below this harvest threshold means that a share-tenancy arrangement would have been preferable. Between the 60- and 70-sack gross harvest levels, lessees and share-tenants show modest differences in the amounts of their surpluses. It is only when a tenant farmer is assured of a gross harvest level going beyond 70-80 sacks that his option for leasehold definitely tilts to his advantage. Otherwise, he may prefer to share with his landlord the major preharvest expenses as well as the risks of a poor harvest.

### **Family labor or hired labor?**

Tenants under agrarian reform may no longer share risks with landlords, but continue to share the harvest with other workers. It is this phenomenon of the continued use of hired labor — not only for harvesting but for other farm operations as well — that requires further comment.

As already indicated in the daily record-keeping data from Abangay, hired labor contributed 60% of the work-hours on lessees' rice farms, whereas family labor contributed only 35% and exchange labor another 5% (Table 2-4).

**Table 6-10. Demographic characteristics<sup>a</sup> of study villages in Abangay, Iloilo, and Rajal Sur, Nueva Ecija.**

	Abangay		Rajal Sur	
Village population				
1960		928		1490 <sup>b</sup>
1970		1128		1815 <sup>b</sup>
1975		1352		814 <sup>c</sup>
Population growth rate (1960-75) (%)				
a) Village level	2.5	(Abangay)	2.9	(Rajal)
b) Municipality level	2.0	(Dingle)	3.2	(Santa Rosa)
c) Provincial level	2.1	(Iloilo)	3.0	(Nueva Ecija)
Rice land area <sup>d</sup> (ha)		158		248.5
Land-man ratio (ha/person)				
a) Tenants and owner-cultivators	1.23	(128) <sup>e</sup>	2.28	(109)
b) Landless workers	1.63	(97)	5.65 <sup>f</sup>	(44)
c) Farming household heads:	0.70	(225)	1.62	(153)
(a) + (b)				
d) Entire population	0.11	(1434)	0.26	(964)

<sup>a</sup>Source: Philippine census records, and Table 6-2. <sup>b</sup>Population figures for the original barangay of Rajal, before its subdivision into three barangays. <sup>c</sup>Total population figures were 669 for Rajal Norte, 814 for Rajal Sur, and 819 for Rajal Centro. <sup>d</sup>Refers to rice lands held by *resident* households in the village at the time of the survey in 1977. <sup>e</sup>Numbers in parentheses indicate number of persons, as of the 1977 survey. <sup>f</sup>This does not take into account the sizable number of migrant landless workers that enter the village during the peak labor periods, unlike in Abangay where the sagod system has limited the mobility of landless workers coming in or going out of the village.

From the available field data as well as from interviews with small farmers, one finds no substantial evidence to indicate that agrarian reform beneficiaries are substituting more family labor for hired labor. On the contrary, several factors suggest that hired labor will continue to be an important factor in rice production even among small farmers.

Demographic indicators in Table 6-10 point out the increasing population pressure on the 2 study villages — particularly in Abangay with a faster population growth rate (2.5%) than those of the municipality or the province, coupled with a very low land-man ratio of 0.1 ha/person. When landless workers are included in the number of farming households, Abangay has an average of only 0.7 ha for every household, compared to 1.62 ha for Rajal Sur. With its larger farm area and smaller population, Rajal Sur thus enjoys a higher land-man ratio based on any of the four kinds of population figures. This is perhaps one reason why the sagod system or its equivalent has not been adopted in Rajal Sur — reflecting that landless workers there are more mobile than their Abangay counterparts in looking for employment opportunities and higher wages inside or outside the barangay.

In many respects, social expectations rather than any strict eco-

conomic rationale determine the continued employment of hired laborers. Sagod plots in Abangay, for instance, are ordinarily allotted to persons or families outside the farmer's immediate household; otherwise, as a small farmer's grown son remarked, the farmer would be considered as acting niggardly by his neighbors. Indeed, a major portion of the hired laborers' income comes from this traditional 1/6 or 1/7 sharing at harvest time — a socially sanctioned institution unlikely to be changed drastically, unless done in a roundabout manner like the sagod system.

Before the introduction of the sagod system in Abangay, residents recall, rice farmers tried to reduce the harvesters' share from 1/6 to 1/7 during a particular crop season because of the sharp increase in input prices. However, landless workers raised many objections — not the least of which was that they too were already adversely affected by the general rise in prices. The share reverted back to the traditional 1/6. One or two seasons later, the sagod system was introduced without any objections.

In Raja1 Sur, during a typhoon week in 1977, harvesters were able to demand a 1/5 or even 1/4 share of the damaged crop, because the harvesting required more effort but involved lower yields. Moreover, the crop had to be harvested immediately to prevent further losses. Under these circumstances and in the absence of any sagod arrangement, landless workers enjoyed more bargaining power vis-a-vis rice farmers.

Despite agrarian reform and the new rice technology, harvest time therefore remains a community affair regulated by local institutions — a matter of survival for landless workers, incipient business accounting by agrarian reform beneficiaries, and some profit-making by the better-off farmers. It is perhaps inevitable that with the increasing production and commercialization of the rice crop, particularly in well-irrigated areas, new forms of stratification should take place along competitive lines of small-farmer entrepreneurship. Intermediary roles can be absorbed within small-farmers' cooperatives in a process of vertical integration of the rice production process. This is the vision of the SN program. In the two study villages, however, this vision has become blurred.

It is not clear, for instance, how the government's present package of uneven services — in terms of credit, marketing, and stabilization of rice prices — has brought about a positive impact on the tenants' farm economy in the two village settings.

Nor is it inevitable that landless workers have to be left at the margins of the development process. For it is as much their continued presence that depresses their own real wages in rice-growing areas as it is their

labor contribution to increased rice production that helps depress palay prices for farmers at harvesttime.

As with the harvest, therefore, agrarian reform is better viewed from a village-wide perspective rather than from small-farmer households alone. Otherwise, new lines of stratification will simply begin to form. At best, landless workers have shared indirectly in the increased productivity and employment opportunities on rice farms — but at depressed wages. At worst, they have become the gleaners within the agrarian reform program, vying for some remaining security of *labor* tenure on rice farms.

**Appendix 6-A. Weekly prices <sup>a</sup> for palay and rice in Barangay Abangay and Pototan poblacion, 1977-78.**

Week	Palay				Rice	
	Poblacion <sup>b</sup> (₱/cav)	Barangay <sup>b</sup> (₱/cav)	NGA		Poblacion <sup>c</sup> (₱/cav)	Barangay <sup>b</sup> (₱/cav)
			(₱/cav) <sup>b</sup>	(₱/kg) <sup>d</sup>		
39	42.50	42.00			100.00	112.50
40	42.50	42.50			100.00	112.50
41	40.00	40.00			105.00	112.50
42	35.00	35.00			105.00	112.50
43	36.00	36.00			105.00	112.50
44	36.00	36.00			105.00	112.50
45	36.00	36.00			105.00	100.00
46	36.00	36.00	<b>(not yet open)</b>		110.00	95.00
47	36.50	36.50	37.50	0.852	110.00	95.00
48	36.50	36.50	37.50	0.852	105.00	95.00
49	36.50	36.50	37.50	0.852	110.00	112.50
50	37.50	36.50	42.50	0.966	105.00	112.50
51	37.50	37.50	42.50	0.966	110.00	100.00
52	37.50	37.50	42.50	0.966	105.00	112.50
01	40.00	40.00	47.30	1.075	110.00	112.50
02	40.00	40.00	47.30	1.075	105.00	112.50
03	40.00	40.00	47.30	1.075	110.00	112.50
04	42.50	42.50	46.50	1.057	110.00	112.50
05	42.50	42.50	46.50	1.057	110.00	112.50
06	42.50	42.50	46.50	1.057	110.00	112.50
07	42.50	47.50	47.50	1.08	110.00	100.00
08	47.50	47.50	47.50	1.08	110.00	112.50
09	47.50	47.50	47.50	1.08	110.00	112.50

<sup>a</sup> Source: Store owners in Barangay Abangay and Pototan poblacion and National Grains Authority (NGA). <sup>b</sup> Sold at the local measure of 1 cavan = 25 gantas = 44 kg. <sup>c</sup> Sold at the official measure of 1 cavan = 50 kg. <sup>d</sup> Estimated at one 25-ganta cavan = 44 kg.

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# 7

## Profiles of peasant subclasses

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Amortizing owners, permanent lessees, and landless workers constitute today's three major peasant subclasses in Abangay and Rajal Sur. All groups work directly on the land — but in varying degrees of intensity and interdependence. All groups derive their income principally from the land —but again with varying proportions from factor shares in rice production.

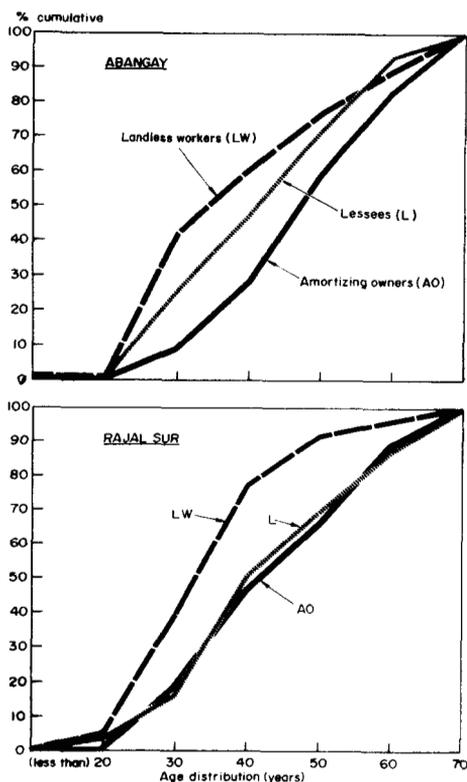
Based on tenure differentiations brought about by agrarian reform legislation, these three major subclasses are compared here with attention to any underlying differences and similarities. From the total village surveys, several key variables are discussed in terms of household biodata, socioeconomic indicators, access to public services, and attitudes and aspirations.

### HOUSEHOLD BIODATA

#### **Age of head and household size**

Landless workers are much younger than amortizing owners and lessees. Two-fifths of all landless workers in Abangay and Rajal Sur are in their 20s or even younger. At the other end of the age range, rice farmers in their 50s and 60s number twice as many as landless workers in Abangay and 4 times as many in Rajal Sur. The age distribution of the three subclasses is seen in Figure 7-1, which traces the cumulative percentage distribution of age brackets for each subclass.

The three groups exhibit distinct age patterns in Abangay, with amortizing owners tending to be older, landless workers younger, and



7-1. Age distribution of household heads (in cumulative percentages) in three subclasses, 1977.

permanent lessees in-between. In Rajal Sur, amortizing owners and permanent lessees are hardly distinguishable from each other, although there is a more pronounced 8-year difference in mean ages between them and landless workers.

Age of family head, number of years of the family's existence, and household size are correlated (Table 7-1). In both villages, amortizing owners and permanent lessees are generally in their 40s and landless workers are in their 30s. Both villages have a mean household size of 5.7, with small farmer families usually having 1 more member than landless workers.

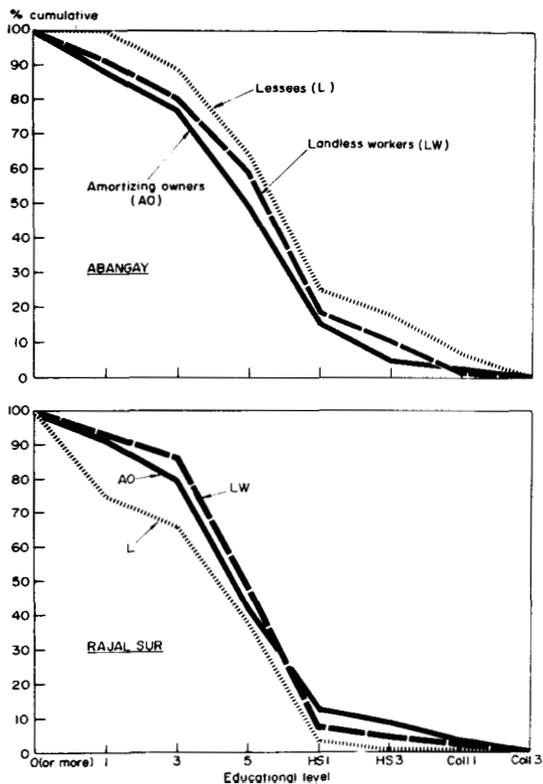
### Educational level of household head

The mean educational level of household heads is 5.2 years in Abangay and 4.4 years in Rajal Sur (Table 7-1). In terms of educational attainment, landless workers are on a par with, or even slightly better off than, amortizing owners and permanent lessees.

As visualized in Figure 7-2, permanent lessees have the highest educational attainment in Abangay, but the lowest in Rajal Sur. In both

**Table 7-1. Household biodata of subclasses, Abangay and Rajal Sur, 1977.**

	Abangay				Rajal Sur			
	Amortizing owners (n = 83)	Permanent lessees (n = 28)	Landless workers (n = 97)	Entire village (n = 253)	Amortizing owners (n = 58)	Permanent lessees (n = 32)	Landless workers (n = 44)	Entire village (n = 169)
Age of family head								
Mean	46.9	41.9	38.2	42.9	42.4	42.9	34.6	39.4
Median	46.3	41.5	34.4	42.0	40.5	37.5	31.8	36.7
Years of family's existence								
Mean	23.7	18.3	15.8	19.9	20.4	21.4	12.0	17.1
Median	23.0	18.5	12.0	18.4	17.5	16.5	10.5	13.9
Household size								
Mean	6.3	6.3	5.0	5.7	6.2	6.6	5.2	5.7
Mode	7.0	8.0	4.0	4.0	6.0	5.0	4.0	4.0
Educational level of household head								
Mean	4.4	5.5	4.9	5.2	4.5	3.5	4.7	4.4
Median	4.5	5.3	5.6	5.5	4.1	4.0	4.4	4.3
Mode	6.0	6.0	6.0	6.0	4.0	6.0	6.0	6.0



7-2. Educational level of household heads (in cumulative percentages) in three subclasses, 1977.

barrios, landless workers are slightly better off than amortizing owners in the elementary years. This is an indication of expanded opportunities for public elementary education among the relatively younger landless workers.

### Origins

Where were most members of each subclass born and when did they or their ancestors settle in the barrio?

More than half of all household heads in Abangay were born in the barrio itself, whereas the same proportion of household heads in Rajal Sur were born in another municipality, indicating the more recent settlement of the Nueva Ecija village (Table 7-2).

Across tenure groups, there are no significant differences in the proportion of first-, second-, and third-generation residents (Table 7-3). In Abangay, only 17% of landless workers consider themselves the first ones in their families to settle down in the barrio; 40% point to their parents; and 43% to their grandparents. This indicates that most of the landless workers in Abangay, like their tenant-farmer counterparts,



**Table 7-3. First settlers in barrio, by subclass, Abangay and Rajal Sur, 1977.**

	Abangay			Rajal Sur		
	Amortizing owners (n = 83)	Permanent lessees (n = 28)	Landless workers (n = 97)	Amortizing owners (n = 58)	Permanent lessees (n = 32)	Landless workers (n = 44)
	-----%-----					
Yourself	17	22	17	35	47	36
Your parents	34	46	40	53	25	50
Grandparents	49	32	43	12	28	14
Total	100	100	100	100	100	100

came from within the village. In Rajal Sur, on the other hand, more than 33% of all respondents in each subclass are first-generation settlers.

### SOCIOECONOMIC INDICATORS

Socioeconomic indicators help compare the current living conditions of amortizing owners, permanent lessees, and landless workers. Income accounts in terms of cash and rice flows may vary from season to season. On the other hand, more tangible current assets, such as type of housing, source of drinking water, and possession of selected household and farm items, reflect more readily the life situation of various subgroups within a community.

#### Type of housing

Respondents' houses were categorized as:

- permanent — made of concrete, wood, and galvanized iron sheets;
- semipermanent — with one or two of the permanent materials replaced by less durable ones; and
- temporary — chiefly made of bamboo and nipa, with a minimum of permanent materials.

Two-thirds of all houses in Abangay and more than half in Rajal Sur are temporary (Table 7-4). Landless workers had the highest percentage of temporary houses - no less than 85% in both barrios. As expected, amortizing owners and lessees own more of the permanent and semipermanent houses. Rajal Sur, however, has a wider disparity among tenure groups in the construction of permanent dwellings, with 41% of amortizing owners, 15% of permanent lessees, and only 7% of landless workers in this category.

#### Home lot tenure

One reason for the preponderance of temporary dwellings is the lack of ownership of home lots (Table 7-5). Only about 10% of all households



**Table 7-5. Tenure of home lot, by subclass, Abangay and Rajal Sur, 1977.**

Home lot status	Abangay			Rajal Sur		
	Amortizing owners (n = 83)	Permanent lessees (n = 28)	Landless workers (n = 97)	Amortizing owners (n = 58)	Permanent lessees (n = 32)	Landless workers (n = 44)
	----- % -----					
Owned	10	11	7	—	3	—
Rented	5	7	17	21	13	18
Occupied without rental	85	82	76	79	84	82
Total	100	100	100	100	100	100

own their home lots in Abangay, and practically no household in Rajal Sur holds title to a home lot — an indication of a more widespread hacienda-type settlement in the Nueva Ecija locality. Most of the families either rent their home lots or occupy them free with the tacit permission of the landlord.

Most tenants consider their home lots part of the traditional share-tenancy arrangements with their landlords. With the fixing of rentals based on farm productivity, however, some landlords in Abangay and Rajal Sur have started to charge nominal rents for the use of home lots, if only to stress their continued claim to these residential areas despite land reform on farm lands. Since 1978, home lots have been included within the scope of OLT.

Landless workers, however, have no similar security of tenure. As indicated in the table, 17-18% of landless workers pay rentals for their home lots; the rest who may still be occupying their home lots for free may soon be asked to pay rentals — either to the landlords or to the new amortizing owners.

In one instance, after a typhoon in Nueva Ecija in November 1977, tenant farmer A was asked by a fellow tenant-farmer, B, not to reconstruct A's house on B's home lot, which was now included in B's CLT. Previously, according to custom, the absentee landlord in town had allowed both tenant farmers to occupy this home lot for free.

### Source of drinking water

Although the differences among subclasses are not clear-cut, the source of drinking water provides an indicator of the level of sanitation in the two study villages (Table 7-6). In Abangay, dwellers along the highway can get piped water. Rajal Sur has no piped water service, but neither do any of its residents draw drinking water from open wells.

As a group, landless workers in both villages are slightly worse off than the other subclasses. Fourteen percent in Abangay depend on



**Table 7-7. Consumer durables owned, by percentage of subclasses, 1977.**

Consumer durable <sup>a</sup>	Abangay			Rajal Sur		
	Amortizing owners (n=83)	Permanent lessees (n=28)	Landless workers (n=97)	Amortizing owners (n=58)	Permanent lessees (n=32)	Landless workers (n=44)
				%		
Living room	59	43	19	50	41	7
Clothes closet	69	61	27	91	88	66
Radio	86	86	49	78	66	57
Books or magazines	39	39	13	45	34	16
Sewing machine	29	11	8	28	16	0
Gas stove	6	7	0	24	28	18
Refrigerator	0	7	0	3	0	0

<sup>a</sup> In working condition and/or at least one item in the house.

open wells and another 42% on public or nearby pumps. In Rajal Sur, 86% of the landless workers rely on public or neighbors' pumps.

### **Consumer durables and farm items**

In terms of selected household items kept in the house, the three subclasses in both villages rank consistently one after the other, with amortizing owners having more of each item, permanent lessees a little less, and landless workers owning the least (Table 7-7).

The same pattern is evident in the ownership of farm implements and power sources (Table 7-8). Generally, amortizing owners owned most of each item, followed by permanent lessees, and by landless workers. Except for sickles, bolos, and mats for grain drying, most landless workers do not own farm items.

In contrast to Abangay, Rajal Sur has an extraordinary number of 30 hand tractors owned by resident households. Most of these have been procured by amortizing owners who used their CLTs as collateral with machine dealers. Many of the small farmers, however, admitted that their hand tractors were under-utilized and that consequently they would have difficulties in complying with all their installment payments — a case of "instant development" incurring adverse consequences in the long run.

### **Tenure and age**

Selecting 12 socioeconomic indicators, chi-square values can further be disaggregated to indicate with greater precision where significant differences lie among the three subclasses. Table 7-9 presents the chi-square values and their levels of significance for three pairings of subclasses.

**Table 7-8. Ratio of item per household for farm items owned by farming households and by subclasses, Abangay and Raja1 Sur, 1977.**

Farm items	Abangay					Raja1 Sur				
	No. of items	Farm house-holds (n=223)	Amor-tizing owners (n = 83)	Perma-nent lessees (n = 28)	Landless workers (n = 95)	No. of items	Farm house-holds (n = 145)	Amor-tizing owners (n = 58)	Perma-nent lessees (n = 32)	Landless worker (n = 36)
Sickle	408	1.83	1.86	1.75	1.81	266	1.83	2.05	1.81	1.64
Bolo	284	1.27	1.52	1.32	1.06	216	1.49	1.62	1.69	1.03
Mat for drying palay	249	1.12	1.41	1.5	0.74	118	0.81	0.86	0.97	0.64
Carabao	70	0.31	0.48	0.32	0.14	78	0.54	0.69	0.84	0.11
Animal plow	78	0.35	0.58	0.54	0.06	57	0.39	0.55	0.66	0
Rotary weeder	7	0.03	0.07	0	0	18	0.12	0.26	0.06	0
Sprayer	69	0.31	0.59	0.5	0.01	40	0.28	0.47	0.22	0.03
Hand tractor	8	0.04	0.07	0.04	0	30	0.21	0.41	0.16	0
Water pump	4	0.02	0.02	0	0	18	0.12	0.16	0.25	0
Blower	4	0.02	0.04	0	0	7	0.05	0.05	0.09	0.03
Thresher	1	0.01	0.02	0	0	0	-	-	-	-

**Table 7-9. Chi-square values<sup>a</sup> for two-group comparisons among three subclasses, Abangay and Rajal Sur, 1977.**

Socioeconomic indicator	Degrees of freedom	Amortizing owners + Permanent lessees	Amortizing owners + Landless workers	(Amortizing owners + Permanent lessees) + Landless workers
<i>Abangay</i>				
Type of house	2	2.04	24.59**	24.73**
Home lot tenure	2	0.26	6.28*	6.90*
Drinking water source	2	0.41	1.01	1.24
Living room set	1	1.61	29.15**	27.08*
Clothes closet	1	0.29	29.89**	31.37**
Radio	1	0.0	25.63**	31.26**
Books/magazines	1	0.0	13.78**	15.63**
Sewing machine	1	2.84	11.70**	8.45**
Sickle	3	0.41	7.50	9.44*
Drying mat	2	2.06	24.45**	30.48**
Carabao	2	1.39	22.16**	20.46**
Sprayer	1	0.07	53.26**	54.83**
<i>Rajal Sur</i>				
Type of house	2	6.41*	34.74**	33.25**
Home lot tenure	2	2.66	0.00	0.49
Drinking water source	1	—	0.02	0.13
Living room set	1	0.40	19.71**	19.29**
Clothes closet	1	0.49	8.74**	10.08**
Radio	1	0.96	4.09*	2.98
Books/magazines	1	0.55	8.28**	7.41**
Sewing machine	1	1.05	12.39**	10.47**
Sickle	3	0.98	0.19	9.44*
Drying mat	2	0.32	0.19	30.48**
Carabao	2	0.75	12.21**	20.46**
Sprayer	1	3.74*	5.56*	54.83**

<sup>a</sup>Level of significance: \* = .05 level, \*\* = .01 level.

In Abangay, amortizing owners and permanent lessees are not significantly distinct from each other with regard to any of the socioeconomic indicators. On the other hand, amortizing owners vis-a-vis landless workers reveal chi-square values at the 1% or 5% level of significance for all the indicators except source of drinking water and ownership of sickles.

Combining amortizing owners and lessees on the one hand, and matching this with landless workers on the other, reveals the highest number of significant associations between tenure and socioeconomic

indicators. In other words, small farmers — amortizing owners and permanent lessees — are significantly superior to landless workers in terms of all the socioeconomic indicators, except for source of drinking water.

The Rajal Sur pairings in Table 7-9 indicate similar relationships, except that several socioeconomic indicators are more evenly spread out among the subclasses — notably home lot tenure, drinking water source, and ownership of sickles and drying mats.

Table 7-10 answers a further question as to whether age rather than tenure is more closely associated with the socioeconomic indices. Household heads in all subclasses were first divided into a younger subgroup (36 years or younger) and an older subgroup (more than 36 years).

In Abangay, the resulting chi-square values indicate that younger amortizing owners, permanent lessees, and landless workers are only moderately differentiated from one another. Half of the indicators manifest some significance at the 5% or 1% levels. Older households, on the other hand, definitely reveal a greater number of highly significant associations between tenure and socioeconomic variables, particularly when amortizing owners and lessees are combined into one group vis-a-vis landless workers.

In Rajal Sur, the younger groups are practically indistinguishable from one another. Among the older groups, the most significant differentiating indicators are type of housing and ownership of consumer durables like a living room set, a clothes closet, a book or magazine, and a sewing machine.

Tenure and age are thus determining factors in pinpointing differences among subclasses. In terms of tenure, the basic socioeconomic differences lie between small farmers and landless workers. In terms of age, the older groups manifest more significant differences than the younger ones.

#### ACCESS TO PUBLIC SERVICES

Socioeconomic indicators measure the current stage of development in the two study villages. To gauge prospects for the future, however, access to public services provides a focal point of comparison. Because government programs, such as agrarian reform, have been initiated to help develop rural communities, it is crucial to find out who actually benefits from these programs, and to what extent. Three indicators were included in the survey:

- children's access to education,
- access to institutional credit sources, and
- membership in local organizations.

Table 7-10. Chi-square values<sup>a</sup> for younger and older subgroups in three subclasses, Abangay and Rajal Sur, 1977.

Socioeconomic indicator	Three groups			Two groups		
	Amortizing owners + permanent lessees + landless workers			(Amortizing owners + permanent lessees) + landless workers		
	Degrees of freedom	Younger	Older	Degrees of freedom	Younger	Older
<i>Abangay</i>						
Type of house	4	9.57*	14.39**	2	8.25*	12.58**
Home lot tenure	4	4.94	6.24	2	2.58	5.42
Drinking water source	2	1.52	2.68	2	0.88	0.48
Living room set	2	2.14	22.27**	1	0.72	20.02**
Clothes closet	2	6.42	17.94**	1	4.75*	16.34**
Radio	2	8.56*	17.57**	1	7.20**	15.73**
Books or magazines	2	2.76	7.98*	1	1.68	6.57*
Sewing machine	2	1.29	8.69*	1	0.18	5.38*
Sickle	6	11.63	6.93	3	7.02	4.33
Drying mat	4	13.17*	14.90*	2	9.55**	13.76**
Carabao	4	11.41*	16.26*	2	8.42*	13.62**
Sprayer	2	14.33**	32.12**	1	11.63**	29.95**
<i>Rajal Sur</i>						
Type of house	4	10.79	32.83**	2	8.93	22.80**
Home lot tenure	4	4.34	2.16	2	0.91	0.03
Drinking water source	2	1.32	—	1	0.02	—
Living room set	2	4.51	13.99**	1	3.09	11.09**
Clothes closet	2	1.39	14.48**	1	0.74	11.03**
Radio	2	5.27	5.16	1	0.00	3.60
Books or magazines	2	1.37	9.82**	1	0.27	7.81**
Sewing machine	2	—	11.14	1	—	7.41**
Sickle	6	3.78	3.99	3	2.55	1.53
Drying mat	4	3.17	0.68	2	2.92	0.11
Carabao	4	10.27"	6.62	2	7.56	5.74
Sprayer	2	2.80	4.83	1	0.38	1.16

<sup>a</sup>Level of significance: \* = .05 level, \*\* = .01 level.

**Table 7-11. School enrollment ratios, by age bracket and subclass, Abangay and Rajal Sur, 1977.**

Abangay age group	Amortizing owners (n = 83)		Permanent lessees (n = 28)		Landless workers (n = 97)		Entire village (n = 253)	
	No.	%	No.	%	No.	%	No.	%
<i>Grade school children (7-12)</i>	88		26		69		219	
In (grade) school	87	98.9	25	96.2	65	94.2	213	97.3
<i>High school children (13-16)</i>	53		18		42		145	
In school, any level	39	73.6	13	72.2	29	69.0	103	71.0
In high school	32	60.4	7	38.9	14	33.3	69	47.6
<i>College children (17-21)</i>	54		16		30		121	
In school, any level	32	59.7	6	37.5	8	26.7	51	42.1
In college	23	42.6	5	31.2	3	10.0	35	28.9
Rajal Sur age group	Amortizing owners (n = 58)		Permanent lessees (n = 32)		Landless workers (n = 44)		Entire village (n = 169)	
	No.	%	No.	%	No.	%	No.	%
<i>Grade school children (7-12)</i>	60		43		28		156	
In (grade) school	55	91.7	41	95.3	23	82.1	141	90.4
<i>High school children (13-16)</i>	32		20		13		81	
In school, any level	14	43.8	10	50.0	3	23.1	30	37.0
In high school	6	18.9	7	35.0	1	7.7	15	18.5
<i>College children (17-21)</i>	34		10		5		55	
In school, any level	3	8.8	1	10.0	0	0	6	10.9
In college	1	2.9	0	0	0	0	2	3.6

## Children's education

A universal attitude among practically all rural households is that they must send children to school. An indicator of the differences among subclasses regarding children's educational opportunities is the school enrollment ratio, which is obtained by dividing the number of children in school by the total number of children within the school age bracket. Based on household census data from the village surveys, Table 7-11 indicates the differences among subclasses.

Two kinds of ratios are presented:

- The *schooling* ratio takes into account all schooling children within an age bracket, regardless of educational level.
- The *school-level* ratio considers only schooling children actually enrolled at a particular level - e.g. high school or college.

The difference between those in school at any level and at a given level indicates the lag in schooling years — some children of high school age are still studying in the elementary grades, and some of college age are still studying in high school.

In Abangay, almost all children go to grade school. By the time the high school level is reached, 7 out of 10 children are still in school. Landless-workers' children of high school age, however, experience the greatest lag in schooling; 69% are in school, but half of these are still in the elementary grades. A similar lag is noticeable on the college level: 27% of the landless-workers' children are still schooling but only 10% have reached the collegiate years. In contrast, 60% of the amortizing-owners' children with ages 17-21 are in school and 43% have actually enrolled in college.

Rajal Sur's schooling ratios are lower than Abangay's particularly on the high school (37%) and college (11%) levels — partly an indication of the greater distance of the village from secondary and tertiary schools, and partly of the more depressed economy in the area. Among the three subclasses in the post-elementary levels, lessees' children have slightly higher ratios than amortizing owners'. Landless-workers' children, however, are again found at the bottom: only one child is actually in high school and none of college age are still going to school.

The findings on landless workers in both villages are not surprising in view of their life situation: children are needed more frequently and at an earlier age to help their parents in farm work. Because the major part of the household's income comes from labor in the fields, landless worker households operate together as working units, more so than families of tenant farmers who do not have to hire out their labor and can let their children go to school longer.

### **Institutional credit sources**

A notable difference between tenant farmers and landless workers is their access to institutional or government-sponsored credit sources such as the rural bank, FACOMA, Compact Farm, and Samahang Nayon (SN) (Table 7-12).

During the 5 years prior to the survey, about two-thirds of tenant farmers procured loans from credit institutions at legal rates of interest. In contrast, landless workers relied mostly on their relatives or friends — 95% in Abangay and 75% in Rajal Sur. Tenant farmers also relied on relatives and friends but had more alternatives for obtaining credit elsewhere. Landlords still provided some loans but fewer than the formal credit institutions. A persistent source of credit for all tenure groups were private moneylenders who were approached by almost half of the rural households in Abangay and a third in Rajal Sur over the 5-year period.<sup>1</sup>

<sup>1</sup>See also Table 6-8 for the major credit sources of farming households during the 1977 wet season.

**Table 7-12. Credit sources<sup>a</sup> approached by percentage of farming population and subclasses over the past five years, Abangay and Rajal Sur, 1972-77.**

Credit sources	Abangay				Rajal Sur			
	Farm population (n=219)	Amortizing owners (n=83)	Permanent lessees (n=28)	Landless workers (n=97)	Farm population (n=153)	Amortizing owners (n=58)	Permanent lessees (n=32)	Landless workers (n=44)
	----- % -----							
Relative or friend	79	65	71	95	69	64	63	75
Landlord	18	24	36	3	10	9	3	9
Private moneylender	47	46	46	48	29	28	50	18
Rural bank	35	68	50	1	46	67	72	0
FACOMA	18	35	32	1	12	22	13	2
Compact Farm	14	27	21	0	—	—	—	—
Samahang Nayon <sup>b</sup>	6	11	7	0	56	90	75	2

<sup>a</sup> Note that multiple answers are possible. <sup>b</sup> In Rajal Sur, the Samahang Nayon also serves as a Compact Farm.

### **Membership in local organizations**

As with access to formal credit institutions, access to local organizations is mostly a characteristic of tenant farmers rather than of landless workers (Table 7-13). In both villages, practically all amortizing owners and two-thirds of lessees consider themselves members of the government-sponsored SN — a prerequisite to receiving a CLT under agrarian reform.

In Abangay, paying members of the SN comprise two-thirds of amortizing owners and a third of permanent lessees. The Compact Farm, on the other hand, has only about a third of tenant farmers as members but these have a fairly high rate of repayment — at least for the 1977 dry season.

In contrast, Rajal Sur has a higher proportion of paying members — more than 95% for its combined SN and Compact Farm. Despite some management problems, this is one indication of the greater viability among small farmers of a combined organization that services their credit-cum-marketing needs and provides opportunities for land tenure improvement.

Because they have no farms and presumably no credit needs for farm production, landless workers have joined neither SN nor Compact Farm. The lone landless worker in either village who has become a member simply highlights the contrary situation — the other 99% do not belong.

When respondents were asked whether they were members of any other organizations, the vast majority gave negative responses. A handful mentioned some community or religious organizations. For the most part, socioeconomic and political issues have been discussed either through the SN, the Compact Farm, or the traditional channels of the local government. In effect, landless workers are not included in the more important organizations in the local community and do not have any viable organization of their own.

### ATTITUDES AND ASPIRATIONS

How do rice farmers and landless workers view the future? What are some of their major problems and aspirations?

From random interviews and open-ended questions, three areas of concern, common to tenant farmers and landless workers but seen from different perspectives, were articulated. These are:

- the need for security of tenure,
- the need to provide for the children's future, and
- the need to have a viable household economy.



## Security of tenure

“Tenants want first not to be evicted, then a bigger share in the harvest,” remarked a MAR technician when asked about the progress of OLT in her area. Indeed, to many CLT recipients, the certificate has meant that they can no longer be evicted from the land. Ironically, some landlords have used the threat of eviction to keep their tenants under a sharecropping arrangement. Likewise, the threat of eviction or other forms of landlord harassment have induced some tenants to agree on a higher fixed rental or land valuation than would otherwise have been stipulated based on legal provisions.

If agrarian reform has frozen the tenure situation by putting a stop to tenant eviction from the land, it has also meant the exclusion of landless workers from becoming future tenants. Several landless workers express their disappointment that they can no longer hope to take the place of evicted tenants. An Abangay councilman, himself an amortizing owner, sums up the situation: “Those without a farm can no longer have a farm; those without a house can no longer have a house.”

This statement points out the close relationship among different kinds of security of tenure for rural households — legally sanctioned claims to the farm lot, to the home lot, and to one’s own house. As discussed earlier, type of housing becomes a visible indicator of a household’s security of tenure.

One form of security experienced by landless workers in Abangay is their working arrangement under the sagod system — even if this is renewable from season to season, and from farmer-employer to farmer-employer. Nonetheless, security in working and harvesting rights is perceived differently from security in tenancy rights. Peasant perceptions of their own tenure status bear out this distinction between an emancipating and a forced security with regard to varying claims to the land, to the harvest, or to work opportunities on the land.

Tenant farmers as well as landless workers were asked which tenure status they preferred if given a choice: amortizing owner, lessee, share-tenant, or landless worker. Almost invariably, everyone signified his preference to have his own farm, either as amortizing owner or as lessee. Among the reasons given were:

- “With your own farm, it’s all right even if you have no work.”
- “The rice farmer only has to go around his farm, whereas there is no rest to your body as a landless worker. If you rest, you will have nothing to eat.”
- “The lessee can harvest anytime, unlike the share-tenant who has to wait for an owner’s watcher.”
- “It is always better to have a farm of your own.”

Almost every respondent also placed the status of landless worker last in his ranking of tenure choices. Among the views expressed were:

- “As long as one is a hired laborer, it is always extremely difficult.”
- “If your body gets sick, you have nothing left; your family will simply die.”
- “A landless worker has to work every day; otherwise he has nothing for buying his rice.”
- “The way they (rice farmers) look on us is as if we are no more than the ashes.”
- “There is no way up for a landless worker.”

Other views were also given. A few indicated that a 50-50 share-tenancy arrangement was worst of all.

- “It depends, if you have many debts.”
- “It’s not good to be a farmer because your debts now are in the thousands.”
- “It is worse to be a share-tenant than to be a landless worker.”

Views on the *sagod* system among landless workers ranged from feelings of determination to indignation to desperation:

- “You can earn enough to eat if you are industrious . . . there is no end to our work. What will it be in the end?”
- “We would want to do the weeding for a wage; in the end, we may even be transplanting (in addition to weeding) without a wage!”
- “It’s too much for a landless worker to work without pay . . . a man’s thinking gets confused when he has nothing to eat.”

Tenant farmers view the *sagod* labor arrangement with mixed feelings. Expressions of sympathy and pity are most often heard:

- “You also feel pity for them — that you can eat, but they cannot.”
- “You also sympathize with your fellow man . . . your relative . . . your neighbor.”
- “Even if there is no work, if the landless worker is in need, you give him work.”
- “Weeding without pay — isn’t this like fooling your fellow human being?”
- “We like the *sagod* system, of course, because it means less costs.”

### **The children’s future**

Education for children is a major preoccupation. The comment of a Rajal Sur housewife typifies the outlook of many households:

“I think my children will finish high school only because of the little income that we have, but I want them to continue to college so that it will be easy for them to get employed.”

Education becomes the key to the children's future, particularly in the face of limited employment opportunities in farming. In this light, the differing school enrollment ratios among peasant subclasses indicate the gap between aspirations and actual opportunities for amortizing owners, permanent lessees, and landless workers. Because of their higher levels of schooling, children of tenant farmers have more chances to move out of farm work. In contrast, children of landless workers who cannot hope to inherit farm areas have even fewer educational qualifications for moving out of farm work.

If there are no work opportunities outside the farm, tenant farmers think almost instinctively of subdividing their farm land among the sons, if not among all their children. Thus, tenant farmer A says he will divide his 2.4-ha farm among his 6 boys; tenant farmer B plans to divide his 1.2-ha farm among his 3 children; tenant farmer C has actually given a plot of about 0.25 ha to his newly married daughter and son-in-law; whereas tenant farmer D says that all his 7 children will share in the inheritance of his 1.5-ha farm, not by actual subdivision but by taking turns every crop season.

In one sense, the stress on children's education indicates the realization among many rural households that farm resources are becoming severely strained with increasing population pressure. A number of housewives have even indicated their willingness to adopt family planning practices. The need for family planning, however, was expressed in casual remarks by only a few housewives who already had several children.

In another sense the actual lack of higher educational opportunities for many small farmers' children indicates that the land continues to be the most tangible form of security for many households, including grown offspring without gainful employment elsewhere.

Thus, although mindful of the agrarian reform provision that the land can go to only one heir, many tenant farmers would not disagree with the observation of a local leader in Abangay: "One can continue to subdivide the land, even if the papers remain under one name."<sup>2</sup>

### **Household economy**

Security of tenure and provision for the children's future are contingent on a viable household economy - in providing, at the least, the subsistence needs of the family. In practical terms, both tenant farmers and

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<sup>2</sup>The Pelayo case study in Chapter 4 illustrates some of the various ways that a farm holding can be subdivided - e.g. by inheritance; for a limited period of time; or through informal arrangements among close relatives.

landless workers want:

- credit at low interest rates;
- high prices for their palay; and
- a functioning organization to service their credit and marketing needs.

The oft-mentioned desires simply highlight the contrary facts that many households in Abangay and Rajal Sur have again reverted to procuring loans at high interest rates, selling their grain at a low price, and are still trying to establish viable organizations adequately responsive to their needs. The previous chapter covered the perspective of tenant farmers in this regard.

Landless workers on their part exhibit a variety of behavior that enables them to survive at a near-subsistence level. When asked individually about their aspirations and prospects for the future, many landless workers expressed desires to till their own lands, to see their children finish high school or college, and to improve their housing conditions. In the same breath, several landless workers also mentioned the continuing drudgery of farm work, particularly the recurrent cycle of weeding without pay every 3-4 months between harvest periods, and the apparently insoluble problem posed by their present situation. In this regard, younger landless workers are more vocal about their dissatisfaction with their limited opportunities.

In the meantime, each landless worker household has worked out its own way to cope with its subsistence needs — in terms, for instance, of the number of sagod plots to be contracted for the season; the kinds of other farming and nonagricultural activities the household should engage in; credit practices; and who among the children should be allowed to continue schooling in a particular year.

Some of the more enterprising landless workers or their wives have devoted more time and what little capital they can invest into other more gainful occupations such as tricycle driving, starting a small store, or selling beverages in the fields during harvesttime. These activities, however, are usually limited in scope to a small circle of customers and often last only during certain busy periods of the year.<sup>3</sup>

For the landless workers, long-term alternatives such as their own organizations, or cooperatives, or agrarian reform models based on group farming seem to be remote and abstract possibilities. Other

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<sup>3</sup>See Table 5-5 for a listing of nonfarm occupations in the two villages. Some of the more enterprising landless workers have actually moved into full-time nonfarm occupations and have thus been classified as nonfarming households. Others have moved out of the village and were not included in the survey. In this sense, the landless workers identified in the village are by way of a negative definition: those who have not been able to pursue a full-time nonfarm occupation and who have not been able to move out of the village.

current “givens” — the selling price of palay, which perceptibly drops during harvesttime, current wage rates for farm work, and the sagod system itself — also go beyond the control of individuals or even groups of landless workers.

In this light, landless rural workers subsist as the truly marginal group in rural society — subject to factors and decisions beyond their control, yet contributing a significant amount of labor for rice production in the two villages.

# III

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## IMPLICATIONS FOR

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## THE PHILIPPINE AGRARIAN

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## REFORM PROGRAM

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“It is the policy of the State:

- 1) To establish cooperative-cultivatorship among those who live and work on the land as tillers, 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 and economic structure in agriculture conducive to greater productivity and higher farm incomes through a cooperative system of production, processing, marketing, distribution, credit, and services.”

– Code of Agrarian Reforms  
of the Philippines  
(as amended, 1971)

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# 8

## Stratification of the peasantry

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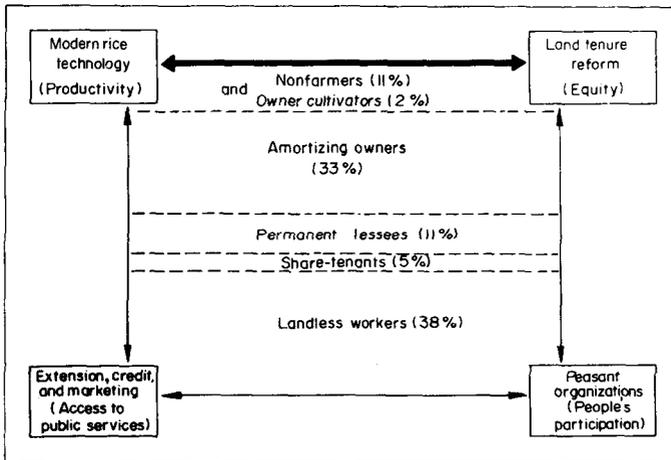
From a relatively homogeneous rural society composed mostly of share-tenants and a few landless workers, rice-growing villages like Abangay and Rajal Sur have begun to experience greater diversification of tenure groups — partly as a result of population increase, and partly of agrarian reform policies. Land tenure security for agrarian reform beneficiaries has been paralleled by a growing demand for labor tenure rights among landless workers, either in the traditional tasks of transplanting and harvesting, or in newer arrangements like the sagod system.

One result has been the stratification of the peasantry into a hierarchy of subgroups based on varying claims to the basic village resource, the land. Figure 8-1 depicts the relative sizes of these peasant subgroups in the principal study village of Abangay. In addition to the three major subclasses — amortizing owners, permanent lessees, and landless workers — smaller groups of share-tenants, owner-cultivators, and nonfarming households are included to complete the village population.

Providing a simplified framework for the interaction of these subgroups are four factors in rural development:

- land tenure reform,
- modern rice technology,
- extension, credit, and marketing, and
- local peasant organizations.

Much like the four posts of a rural dwelling, each factor is crucial for the integral development of village society. The first two factors — land



8.1. Peasant subclasses within a rural development framework, Abangay.

tenure reform and modern rice technology — are relatively recent introductions of a little more than a decade; the other two pertain to small-farmer services and local organizations and are complementary features of the first two. It is this combination of both technological and institutional factors that provides a multidimensional framework for rural development.

Not all groups in rural society, however, have participated fully in these development factors. Indeed, the bases for stratification lie in each subgroup's access, or lack of access, to these factors of development, particularly land tenure reform.

Paradoxically, agrarian reform policies have not dealt with the pre-existing differences between tenant farmers and landless rural workers, but have instead brought about what the tenant farmers see as an arbitrary difference between sharecroppers-turned-amortizing-owners and sharecroppers-turned-permanent-lessees. This is better seen by listing the more salient characteristics of landless workers and rice farmers in the two study villages. Complementary to these observations, Appendices 8-A and 8-B include summary characteristics of all tenure groups in the two study villages.

## LANDLESS RURAL WORKERS

Landless rural workers have the following characteristics:

- they are landless — they neither own nor have tenants' rights to the land;
- they are rural — they live in the countryside and are dependent mostly on rural forms of employment, particularly farm work; and

- they are workers — they sell their labor to others, together with the labor of their family, as their principal source of income.

Ten observations describe their situation:

1. As a group, landless worker household heads are younger than those of other peasant subclasses, but have about the same, if not higher, educational attainment.
2. Compared to other peasant subclasses, landless workers are the worst off in terms of household economy and socioeconomic indicators.
3. In rice monoculture areas, landless workers are almost totally dependent on rice farmers for their employment and income.
4. Landless workers - both household head and members — do more work in rice farming operations than tenant farmers themselves.
5. Under the sagod system, landless workers have experienced greater “security of tenure,” but on the other hand have witnessed a decline in real wages for the sagod operations of weeding-cum-harvesting.
6. Some forms of new technology on rice farms are beginning to limit the employment and income opportunities of landless workers.
7. Landless workers in rice-growing villages are not benefited directly by present agrarian reform policies, and some have even been adversely affected by the program.
8. Although children of landless workers are in need of higher education to enable them to acquire nonfarm employment, they experience greater constraints than children of rice farmers in continuing their schooling.
9. Landless workers themselves perceive that they are at the bottom of the social ladder.
10. Landless worker households exhibit a variety of coping behavior that enables them to survive on a near-subsistence level; however, lasting solutions to the problems of landlessness and rural unemployment have to be considered within a wider context beyond that of the household or village levels.

#### TENANT FARMERS UNDER AGRARIAN REFORM

As an inclusive term, tenant farmers are amortizing owners under OLT, permanent lessees under LHO, and other small farmers, such as sharetenants. In one sense, they are all landless because they do not have ownership rights to the land. But inasmuch as they have tenancy or use rights, they are considered small landholders, unlike the truly landless rural workers who, at most, have labor rights to the land.

It should be kept in mind that both study villages are located in pilot areas for agrarian reform implementation — Abangay in the pilot municipality of Dingle, and Rajal Sur in the pilot province of Nueva Ecija. Ten summary observations on the impact of agrarian reform on tenant farmers are thus listed:

1. The most tangible impact of agrarian reform has been the granting of security of tenure and some reduction of rentals for many tenant beneficiaries.
2. The reduction of land rentals to no more than 25% of the average normal harvest is illusory when these rentals are measured in terms of the net harvest.
3. Despite agrarian reform restrictions, several tenant farmers persist in share tenancy or other extra-legal tenure arrangements.
4. Agrarian reform is failing in its original objective of land ownership transfer.
5. Although amortizing owners under OLT are distinguished from permanent lessees under LHO, there are no clear-cut socio-economic differences between the two groups of tenant farmers.
6. Despite increased yields, many rice farmers face credit and marketing problems, due principally to increased preharvest expenses and low palay prices at harvesttime.
7. In farming operations, tenant farmers continue to use hired labor.
8. Compared to landless workers, tenant farmers spend more time in agricultural activities outside of rice farms; likewise, their children have more chances of acquiring nonagricultural work because of greater schooling opportunities.
9. Tenant farmers have experienced problems with a variety of local organizations, particularly the Samahang Nayon and the Compact Farm.
10. With continuing population pressure and diminishing farm sizes, tenant farmers are beginning to face problems of minifundism and stratification.

#### EMERGING ISSUES IN AGRARIAN REFORM

In focusing on the interactions among landless workers and rice farmers as a result of land tenure changes, several issues arise. These issues touch on the interrelated aspects of equity, productivity and employment, and the direction itself of agrarian reform policies. It is well to elaborate on these emerging issues, if only to reiterate the original principles of land reform and to see how major peasant subclasses are being variously affected — either as target beneficiaries of reform or as marginalized groups.

### **Land to the tiller and landless workers**

How are landless rural workers to be regarded in the light of the land-to-the-tiller principle repeatedly enunciated in agrarian reform pronouncements? A basic objective of the Philippines' agrarian reform program, since its inception in 1963, has been the creation of an independent peasant class of owner-cultivators whose claims to ownership are based precisely on being the tillers of the soil. Yet, in a barrio like Abangay, the landless workers spend more hours in actual rice farming operations than the agrarian reform beneficiaries.

If land to the tiller is actually premised on the more basic principle of security of tenure, landless workers still find themselves at the margins of rural society - bypassed by the major thrusts of agrarian reform and increasingly dependent on rice tenant farmers for employment opportunities. In this light, the sagod system has indeed provided a modicum of security and perhaps even an incipient tenure right to sagod plots cared for on a more regular basis. Yet, on the whole, landless workers find themselves with few other alternatives — much in the same way that share-tenants of yesterday, and even today, have become dependent on their landlords.

### **Owner-cultivatorship and permanent lessees**

How are permanent lessees under LHO to be reconciled with agrarian reform's original model of owner-operated family-size farms? In their socioeconomic conditions, permanent lessees are indistinguishable from bonafide CLT recipients.

With already small holdings, lessees' hopes for eventual ownership of the land are dim or practically nil with the current exemption of small landlords from the scope of OLT. The bases, therefore, for distinguishing permanent lessees from amortizing owners lie not in the tenant's life situation nor in his capacity to work the land but in the landholding category and income situation of his landlord. In this light, LHO, coming as a later modification to OLT, was conceived to accommodate not so much the interests of tenant farmers as those of small landlords. Thus, in the 2 study villages, almost 50% of all landlords remain owners but not tillers, whereas about 25% of all tenant farmers remain tillers but not owners of the land.

### **Family-size farms and amortizing owners**

Can amortizing owners really become full owners of their farms? And are these family-size farms? Do amortizing Owners behave as cultivators or as operators of these farms?

Although "deemed owners" of the land under Presidential Decree 27, CLT recipients in Abangay are *de facto* still paying fixed rentals to

landlords, and not making amortization payments based on a 15-year schedule to the Land Bank. In Rajal Sur, the majority of amortizing owners have lagged in their schedule of amortization payments to the Land Bank.

In addition to incomplete tenure change, amortizing owners along with the rest of small farmers face other problems such as procurement of production loans for farming expenses and the marketing of their surplus rice at reasonable prices.

Because of the small per-hectare surplus, amortizing owners themselves are not satisfied with average landholdings of 1.4 ha in Abangay and 2.4 ha in Rajal Sur. Yet, as the daily record-keeping data indicate, even on these small holdings, amortizing owners are using more hired than family labor — particularly under the sagod system in Abangay. In this sense, rice farmers for the most part have become operators supervising farm activities rather than cultivators of their landholdings — even if they consider these areas smaller than family-size farms.

The better-off rice farmers also exhibit other more tangible interests than those of landless workers — such as better housing, higher education for their children, and installment payments for farm machinery. In the meantime, agrarian reform beneficiaries are practicing some traditional as well as some new patterns of behavior on rice farms — such as continued land fragmentation to a point of subsistence returns; the sagod system (a form of subtenancy arrangement with landless workers), and adoption of labor-displacing in addition to yield-increasing technology.

Because this study stresses the dynamic relationships among peasant subclasses, it can be regarded simply as a presentation of perspectives of agrarian change from the household and village levels. On the other hand, the village sites selected approximate the best possible situation for rural development, and the households studied are considered even more advanced in many aspects than their neighbors. One would, therefore, not expect better conditions in less favored areas.

Thus, despite the limited geographical scope of this study, the summary findings could be extended to other localities — particularly in the more developed rice areas undergoing technological and land tenure changes. In this light, further questions are raised:

- Is this the goal toward which other villages are heading?
- If it is the goal, how can subsequent problems such as the working relationships between landless workers and rice farmers be avoided?
- If not the goal, what then becomes the paradigm for agrarian reform and rural development?

## Appendix 8-A. Summary characteristics of all subclasses, Abangay, Iloilo, 1977.

	Total	OC	AO	PL	ST	LW	NF
<i>I. Biographical data</i>							
No. of households	253	5	83	28	12	97	28
Percentage of barangay population	100	2	33	11	5	38	11
----- Mean -----							
Household size	5.7	7.4	6.3	6.3	6.3	5.0	4.9
Years of family's existence	19.9	25.0	23.7	18.3	19.9	15.8	23.2
Age of head	42.9	48.6	46.9	41.9	44.0	38.2	47.6
Educational level of head	5.2	5.8	4.4	5.5	5.7	4.9	7.9
----- Mean -----							
<i>Origin</i>							
Born in barangay	53	60	64	36	25	49	61
Prewar settlement	68	60	75	68	50	64	75
Self as first settler	20	40	17	21	58	17	18
<i>II. Socioeconomic indicators</i>							
Permanent housing	8	20	8	14	8	2	18
Own home lot	10	40	10	11	0	7	18
Piped water or private pump	54	60	54	54	67	43	82
<i>Consumer durables owned</i>							
Sala set	41	20	59	43	50	19	61
Clothes closet	50	80	69	61	67	27	50
Radio	68	80	86	86	83	49	61
Books/magazines	31	60	39	39	50	13	50
Sewing machine	19	40	29	11	25	8	32
<i>Farming implements owned<sup>a</sup></i>							
Sickle	92	100	89	86	92	97	n.a.
Drying mat	80	100	88	96	92	68	n.a.
Carabao	26	20	41	29	42	10	n.a.
Sprayer	27	40	52	46	17	1	n.a.
<i>III. Access to public services</i>							
<i>"Schooling" enrollment ratios</i>							
Grade school	97	100	99	96	100	94	100
High school	71	80	74	72	57	69	72
College	42	40	60	38	0	33	42
Institutional credit, 1977 wet <sup>a</sup>	29	40	57	51	25	1	n.a.
Samahang Nayon membership <sup>a</sup>	45	100	94	64	33	1	n.a.

<sup>a</sup>Based on n = 225 farming households. OC = owner-cultivator, AO = amortizing owner, PL = permanent lessee, ST = share-tenant, LW = landless worker, NF = nonfarmer, n.a. = not applicable.

**Appendix 8-B. Summary characteristics of all subclasses, Rajal Sur, Nueva Ecija, 1977.**

	Total	OC	AO	PL	ST	LW	NF
<b>I. Biographical data</b>							
No. of households	169	3	58	32	16	44	16
Percentage of barangay population	100	2	34	19	10	26	9
	----- Mean -----						
Household size	5.7	4.3	6.2	6.6	5.2	5.2	4.7
Years of family's existence	17.1	31.7	20.4	21.4	10.3	11.9	14.5
Age of head	39.4	52.3	42.4	42.9	32.4	34.6	39.4
Educational level of head	4.4	5.3	4.5	3.5	4.0	4.7	5.3
	----- % -----						
<b>Origin</b>							
Born in barangay	15	0	16	19	6	16	13
Prewar settlement	18	33	24	25	6	7	19
Self as first settler	38	67	35	47	25	36	44
<b>II. Socioeconomic indicators</b>							
Permanent housing	21	67	41	16	6	7	6
Own home lot	1	33	0	3	0	0	0
Piped water or private pump	38	67	62	41	6	14	38
<b>Consumer durables owned</b>							
Sala set	31	33	50	41	6	7	31
Clothes closet	78	100	91	88	38	66	81
Radio	67	67	78	66	56	57	69
Books/magazines	30	33	45	34	25	16	6
Sewing machine	15	67	28	16	13	0	6
<b>Farming implements owned<sup>a</sup></b>							
Sickle	91	100	97	97	100	95	n.a.
Drying mat	61	33	66	66	75	68	n.a.
Carabao	35	33	48	56	13	7	n.a.
Sprayer	10	100	21	6	0	0	n.a.
<b>III. Access to public services</b>							
<b>"Schooling" enrollment ratios</b>							
Grade school	90	100	92	95	82	82	91
High school	37	50	44	50	17	23	13
College	11	100	9	10	25	0	0
Institutional credit, 1977 wet <sup>a</sup>	43	67	66	53	13	0	n.a.
Samahang Nayon membership <sup>a</sup>	58	67	98	72	31	2	n.a.

<sup>a</sup>Based on n = 153 farming households. OC = owner-cultivator, AO = amortizing owner, PL = permanent lessee, ST = share-tenant, LW = landless worker, NF = nonfarmer, n.a. = not applicable.

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# 9

## Seven years of land tenure reform

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An overview of the first 7 years of land tenure reform under the Philippines' New Society provides a wider context for discussing the village-level findings summarized in Chapter 8. A review of government records and the findings of other researchers provides a fuller background for the alternatives presented in the final section of this chapter.

Even before 1972, the reform program was designated *agrarian* reform instead of the more limited phrase, *land* reform. Agrarian reform underscored the government's integrated approach to rural development. Thus, the ongoing agrarian reform program extends not only to land tenure improvement under OLT and LHO but also to related activities, such as resettlement schemes, land consolidation and cooperative farming, infrastructure construction, and credit and marketing programs.

Despite the desirability of an integrated approach in rural development, it is well to focus on the original intent of agrarian reform — land tenure reform under OLT and LHO. Who are the target beneficiaries of land tenure reform and how many have actually been reached? What are some likely trends for the future? Are there alternative courses of action?

### TARGET BENEFICIARIES

Table 9-1 indicates the scope of land tenure improvement as adjusted for three time periods by the Ministry of Agrarian Reform (MAR) — 1972-77, 1978, and 1979. In round numbers, the latest scope covers 1.0

Table 9-1. Program scope of Operation Land Transfer (OLT) and Leasehold Operation (LHO), 1972-79.<sup>a</sup>

Program	Farmer		Area		Landowners		Farmer's av farm size (2) ÷ (4)	Landowner's av farm size (2) ÷ (3) (5)	Farmer-landowner ratio (1) ÷ (3) (6)
	No. (1)	%	No. (2)	%	No. (3)	%			
<i>As of 31 December 1979</i>									
OLT	396,082	39.4	730,734	49.9	49,221	—	1.8	14.8	8.0
LHO	609,042	60.6	731,836	50.1	n.a.	—	1.2	—	—
Total	1,005,124	100.0	1,462,570	100.0	—	—	1.4	—	—
<i>As of 31 December 1978</i>									
OLT	400,082	39.2	750,469	49.7	50,438	10.3	1.9	14.9	7.9
LHO	619,647	60.8	760,575	50.3	438,553	89.7	1.2	1.7	1.4
Total	1,019,729	100.0	1,511,044	100.0	488,991	100.0	1.5	3.1	2.1
<i>From 21 October 1972 to December 1977</i>									
OLT	393,778	43.0	759,015	53.3	39,550	9.6	1.9	19.2	10.0
LHO	521,136	57.0	663,973	46.7	371,129	90.4	1.3	1.8	1.4
Total	914,914	100.0	1,422,988	100.0	410,679	100.0	1.6	3.5	2.2

<sup>a</sup>Sources: Ministry of Agrarian Reform, *1978 Year-End Report* as of 31 December 1978; MAR, *Summary: Operation Land Transfer, Program Accomplishment* as of 31 December 1979. (mimeo).

million rice and maize tenants on 1.5 million ha owned by almost half a million landlords. For every two tenant beneficiaries, one landlord will be affected. Average farm size for the tenant beneficiary is 1.4 ha, less than one-half that for landlords covered by OLT-LHO.

If land tenure improvement is broken up into its 2 components, OLT as the original program includes 39% of all tenants farming 50% of the area owned by 10% of all landlords. LHO covers the rest: 61% of all tenants, 50% of the farm area, and 90% of all landlords. In round numbers, the transfer of land ownership which was the original thrust of P. D. 27, will at most benefit 400,000 tenants tilling 730,000 ha owned by 50,000 landlords.

Average farm size for OLT beneficiaries is 1.8 ha and that for LHO beneficiaries is 1.2 ha. By comparison, small landlords under LHO own an average of 1.7 ha and landlords under OLT have 14.8 ha. There are eight tenants for every dispossessed landlord under OLT, and three tenants for every two landlords under LHO.

Smallness thus stands out as the salient feature of the current scope for land tenure improvement:

- landholdings of all tenant beneficiaries are small, averaging 1.4 ha;
- nine of 10 landlords are also small, having an average farm holding of 1.7 ha under LHO; and
- three of 5 rice and maize tenants are found on these small landlords' farms and are working with an even smaller average farm size of 1.2 ha.

With the exemption of small landlords from the scope of OLT, owner-cultivatorship as one of the principal objectives of land reform has been drastically limited to only two of every five tenant beneficiaries. When P. D. 27 was first promulgated, all tenants (100%) were expected to benefit from land transfer proceedings. With the exclusion of small landlords, this scope has been reduced to 43% in 1973-77, and since 1978 to 39% of all reform beneficiaries under the revised scope. Moreover, the economic family-size farm of 3 ha irrigated or 5 ha nonirrigated envisioned in P. D. 27 has been a statistical impossibility from the outset if all tenants are included in the program.

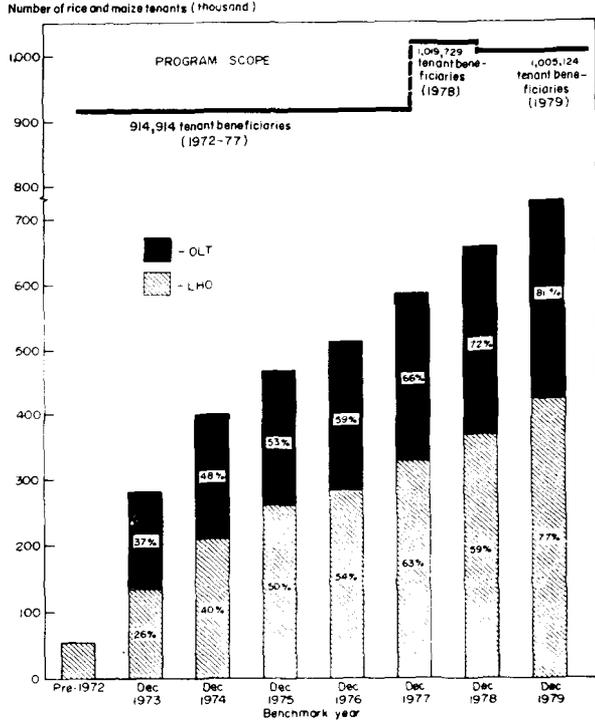
Table 9-2 and Figure 9-1 tabulate MAR progress reports on land tenure reform over the past 7 years. As of 1979, CLT recipients number 320,000 or 81% of the OLT scope. Under LHO, lessees with written contracts reached 468,000 or 77% of the latest scope. Overall, land tenure improvement reached 78% of the total scope of 1 million tenants — 7 years after the start of the program.

Table 9-2. Agrarian reform progress reports, 1972-79 (cumulative annual totals).<sup>a</sup>

	Pre- Oct 1972 <sup>b</sup>	1st Dec 1973	2nd Dec 1974	3rd Dec 1975	4th Dec 1976	5th Dec 1977	6th Dec 1978	7th Dec 1979	
								No.	% of scope <sup>c</sup>
Leasehold <sup>d</sup> (LHO)									
No. of tenants	56,105	134,358	21 1,171	260,247	282,300	326,507	366,971	468,430	76.9
Area (ha)	123,566	217,469	313,447	363,265	392,665	445,713	n.a.	526,192	71.9
Land transfer (OLT)									
With CLT									
No. of recipients <sup>e</sup>	—	144,538	189,183	208,696	230,578	258,078	288,553	320,411	80.9
Area (ha)	—	259,348	337,138	367,013	400,655	444,896	493,475	545,228	74.6
Landowner's compensation <sup>f</sup>									
No. of landowners <sup>g</sup>	—	—	94	655	1,544	2,511	3,469	5,156	10.5
No. of tenants	—	—	3,362	17,746	31,093	46,234	57,261	77,494	19.6
Area (ha)	—	—	6,287	33,783	59,434	88,391	110,981	149,230	20.4
Cost (₱M)	—	—	38.6	222.1	418.8	625.2	794.4	1,079.3	—
With emancipation patents									
No. of tenants	—	—	—	97	631	1,231	1,405	1,600	0.4
Area (ha)	—	—	—	52	656	1,142	1,251	1,459	0.2

<sup>a</sup>Sources: Department/Ministry of Agrarian Reform, *Annual reports for 1976 and 1977; 1978 Year-End Report; Summary, Operation Land Transfer*, as of December 31, 1973, 1975-77, as of December 23, 1974, and as of December 31, 1979. (mimeo). CLT= Certificate of Land Transfer, n.a. = not available. <sup>b</sup>Refers to fiscal year 1966-72. A fiscal year starts 1 July and ends 30 June of the following year. <sup>c</sup>See Table 9-1.

<sup>d</sup>With written contracts. Data for 1973 refer to those for June 1973. The 1979 aggregate data refer to 406,207 tenants with registered written contracts on 456,321 ha and 62,223 tenants with unregistered written contracts on 69,871 ha. <sup>e</sup>Refers to CLTs issued/printed by the computer, including those on 7 ha and below for pilot municipalities. <sup>f</sup>Paid by the Land Bank of the Philippines (starting Feb 1974). <sup>g</sup>Represents landowners affected by OLT only.



9-1. Progress of Operation Land Transfer (OLT) and Operation Leasehold (LHO), 1972-79. Note: Percentages refer to tenant beneficiaries within respective scopes of OLT and LHO.

### Five steps in Operation Land Transfer

There is an ongoing debate as to what constitutes the best yardstick for measuring the progress of land tenure improvement. As outlined by the MAR, there are five steps in the implementation of OLT:

1. identification of tenants, landowners, and farm area;
2. parcellary map sketching of each tenant's farm;
3. printing and distribution of the CLT;
4. land valuation; and
5. preparation and issuance of the Emancipation Patent upon compliance with government requirements.

Tenant identification, the first step, determines the potential beneficiaries as well as affected landlords and landholdings. However, some local studies, as in the Bicol region, have noted considerable discrepan-

<sup>1</sup> See Estrella 1975, p. 12-13, and Philippines, MAR 1978, p. 16. Although amortization payments and landlord compensation are crucial stages after land valuation (step four), these are not listed by MAR because the responsibility is left to another government agency, the Land Bank of the Philippines. Likewise, membership in a Samahang Nayan, although a prerequisite for CLT distribution (step three), is not mentioned because this is left to the Bureau of Cooperatives. OLT thus requires not only multiple steps, but also multiple agencies of the government for its completion.

cies between official records and the tenants' perceived tenure status (San Andres and Illo 1978). Likewise, the adjusted scope of OLT/LHO beneficiaries in 1978, adding 105,000 new tenants, or 11% more, to the earlier number, indicates, on the one hand, the effectiveness of intensified OLT procedures but also how many tenants had previously escaped the enumeration by MAR personnel.

Parcellary map sketching, the second step, is done by personnel of the Bureau of Lands (BL) in conjunction with tenant identification. Along with the first step, map sketching has taken several approaches — from aerial mapping to “carpet mapping” by Barangay Identification Teams to “Operation Assault.” Under the latter, teams of MAR and BL personnel concentrate on selected municipalities before moving on to the next.

Generation and issuance of CLTs, the third step, may indicate an impressive record (81% of OLT scope as of 1979). However, the figures here refer to the number of CLTs issued, which means printed by the computer. CLTs actually distributed to tenants are not included in official monthly reports and are considerably less than the number of CLTs issued. A Rand (1977) seminar reported that only 52% of the CLTs issued as of 1977 were actually distributed to tenants. In 1979, MAR included the number of CLTs distributed to tenants in its summary report. Of 444,251 CLTs issued or printed for 320,411 tenants, only 240,304 CLTs were actually distributed (representing 54% of CLT issuance). This percentage is comparable to the Rand report.

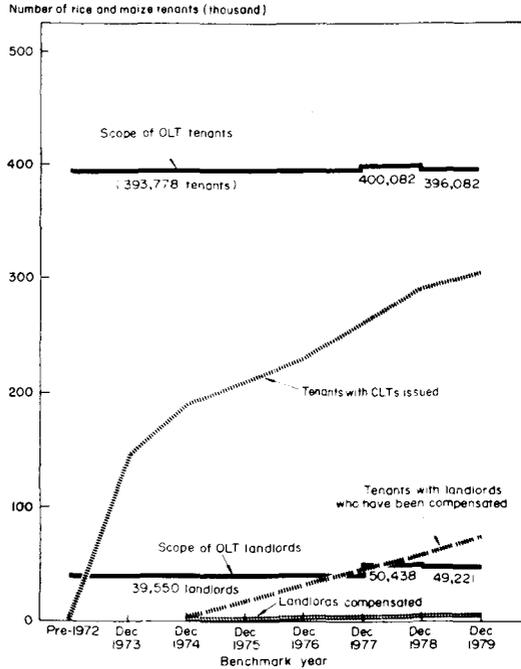
For land valuation, the fourth step, the number of tenants whose landowners have been compensated drastically goes down to 19.6% of the scope of OLT (Table 9-2). Presumably, these are the tenants who have already arrived at an agreement with their landlords regarding the price of the land and have started their schedule of amortization payments to the Land Bank. Compared to tenants, the percentage of landlords affected by compensation proceedings is even smaller — 10.5% or less than 5,000 landowners.

Figure 9-2 graphically shows trends for:

- tenants with CLTs “issued,” i.e. printed under step three;
- tenants ready to start amortization payments under step four; and
- landowners who have been compensated.

Since 1974, CLTs issued have increased by a yearly average of 6.6%. At this rate, it would be 1983 before all eligible OLT beneficiaries will have their CLTs issued. However, the average annual increase in the number of tenants ready to start amortization payments is even slower — 3.7% since 1974. At this rate, only 42% of the present scope will be affected by the year 2,000. The rest of CLT recipients will not be able to start making formal amortization payments within their lifetimes!

9-2. Trends in OLT implementation, 1972-79.



The supreme irony of the reform process outliving the intended beneficiary is more obvious in the final step of OLT: less than one-half percent (0.4%) of tenants have received, as of 1979, the Emancipation Patent, which grants full title of ownership to the land and completely severs the tenant's ties with the landlord or the Land Bank.

In one sense, it is too early to expect the issuance of Emancipation Patents because amortizing owners are given a 15-year period to complete their payments under OLT. But in view of the delays in steps three and four, it is highly improbable that the fifth and final step can be attained by more than a fraction of the present generation of tenant farmers. In concrete terms, this nonimplementation indicates that practically all rice and maize tenants are still saddled with financial burdens for the use of the land — either in the form of amortization payments or fixed rentals or the traditional sharecropping arrangement.

### Major obstacles in implementation

Two factors behind the slow progress in land tenure improvement are the vacillating procedures for land valuation and the lack of people's participation at the grass roots level.

In terms of the five steps outlined by the MAR, the major stumbling block in OLT implementation lies in the penultimate step, land valuation. At the beginning of OLT, landlords and tenants were expected to

determine the yields of the 3 normal crop years before 1972 as the basis for fixing the rental on their lands. The Landlord-Tenant Production Agreement (LTPA) in practice was often the result of a compromise with the landlord or his representative enjoying an advantage in a direct confrontation with the individual tenant.

As an alternative procedure, the Barrio Committee on Land Production (BCLP) was set up to determine the uniform productivity of the land within a village. Although based on proportionate representation among interest groups in the village, the BCLPs were not as effective as hoped for. As of the end of 1978, for instance, 17,845 BCLPs were reported to have been organized, but only 7,446 OLT Form I's, indicating the stipulated land values, had been approved (Philippines MAR 1978).

Instead of determining the value of the land based on past production records, the reverse was allowed. The intent was to lessen friction between the landlord and the tenant, but often to the bargaining advantage of the landlord. A MAR official (Medina 1976) explains the procedure:

“The DAR, taking a compassionate position and realizing the futility of making landowners and tenants agree on what the past harvests were, allowed landowners and tenants to negotiate and agree on the price of the land and money terms, and after having agreed, convert the value into palay using the government support price as a factor. . . In the event that the landowner and the tenants can agree on the land value, the BCLP will no longer be involved.”

A recent study has shown that amortization payments for the land have become financial burdens to CLT recipients, resulting in 80% of the respondents having overdue payments. Some reasons cited for defaults in payments are: crop failure, low net farm income, and other outstanding debts (Montemayor and Escueta 1977).

If one were to follow the law strictly, production records for the 3 years before 1972 stand as the basis for fixing rentals and amortization payments. However, because of the lack of production records, a wide variation in the agreements reached among landlords and tenants regarding land values exists. The lack of sanctions for failure to implement either the LTPA or the BCLP decisions provides another deterrent to the speedy valuation of the land. Meanwhile, landlords devised various ways to escape the scope of OLT or LHO - such as the conversion of rice and maize lands into subdivisions, or the planting of crops not covered by agrarian reform, or the shifting from tenancy to an administration-type farm management.

The second major obstacle in land tenure reform is the lack of grass roots participation by potential beneficiaries in any of the five MAR steps. Theoretically, the BCLPs were premised on proportionate representation among various sectors in the community to provide wider people's participation. In practice, there was only minimal participation at the lower levels. This has been cited as the major reason for the weakness of other government-sponsored institutions in the rural areas, such as the Samahang Nasyon (SN). Credit programs like Masagana 99 have also suffered a high default rate, due in no small part to lack of group solidarity among borrowers.

Because people have not been actively consulted, much less allowed to participate in decisions affecting their lives, the implementation of various programs has been lackadaisical and haphazard. The integrated approach has been stressed by government officials since the beginning of the decade, yet coordination among offices remains an administrative problem. Neither does integration incorporate the potential beneficiaries themselves within the planning, implementation, and evaluation stages of the ongoing process of land tenure reform.<sup>2</sup>

### SOCIAL IMPACT OF AGRARIAN REFORM

Even if land tenure reform were fully implemented, its intended impact is limited to the program's target group — the million or so tenant farmers on rice and maize lands. Conversely, land tenure improvement does not extend to other kinds of croplands or to farmlands under administration.

To be sure, since 1976, presidential proclamations have extended agrarian reform to cover share-tenants on all croplands, including sugar and coconut lands; and since 1979, a policy of urban land reform has been announced. However, implementation of these later policy directives has not started.

#### **National estimates**

If land tenure reform is already limited in its scope of tenant beneficiaries, it becomes even more restricted when seen in the context of national aggregate figures. Table 9-3 indicates the potential impact of the agrarian reform program as seen within the context of total crop area and total agricultural employment in the country.

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<sup>2</sup> Lynch et al (1976) emphasize this crucial factor of people's participation in their measurement of "social soundness" for a regional development project in the Bicol River Basin. For an insider's view of administrative problems, see Madronio (1974) and Panganiban (1972).

**Table 9-3. Potential impact of the land tenure reform program, 1972 and 1979.**

	1972		1979	
	No.	%	No.	%
<i>Agricultural labor force (000 persons)</i>				
1. Total agricultural employment <sup>a</sup>	6,314	100	7,336	100
2. No. of farmers <sup>b</sup>	2,354.5	37.3 of (1)	2,501.7	34.1 of (1)
3. Rice and maize tenant farmers <sup>c</sup>	914.9	14.5 of (1) 38.8 of (2)	1,005.1	13.7 of (1) 40.2 of (2)
<i>Crop area (000 ha)</i>				
4. Total physical crop area <sup>b</sup>	6,424.1	100	7,117.1	100
5. Rice and maize lands <sup>c</sup>	3,301.7	51.4 of (4)	3,764.1	52.9 of (4)
6. Rice and maize lands <sup>d</sup> covered by OLT and LHO	1,423	22.2 of (4) 43.1 of (5)	1,462.6	20.6 of (4) 38.8 of (5)

<sup>a</sup>Bureau of Census and Statistics (BCS), *Survey of Households Bulletin* Series No. 36, Labor Force November 1972 and National Census and Statistics Office (NCSO), *Special Release* No. 284, December 17, 1979. Data refer to 92% of total employment in agriculture, forestry, fishing and hunting. <sup>b</sup>NCSO, 1971 *Census of Agriculture*, Vol 2: National Summary, Manila: NEDA/NCSO (1974). Employment and crop area for 1979 are based on projections from the 1960-71 census figures using an average compounded annual rate of growth. <sup>c</sup>Computed from percentage given by Land Bank of the Philippines, *Agrarian Reform Estates Development Financing Program*, n.d. Table 1, p. 4. <sup>d</sup>Ministry of Agrarian Reform (MAR), *Operation Land Transfer: Summary of Accomplishments* as of December 31, 1979. (mimeo.) Also in Table 9-1.

In terms of physical crop area, tenanted rice and maize lands covered by OLT and LHO constitute only 20.6% of the total area. Surprisingly, it does not even comprise the majority of rice and maize lands, but only 38.8% of the subtotal estimated by the Land Bank of the Philippines. In terms of employment in the agricultural sector, the target scope of land tenure reform is even more restricted — only 13.7% of the total agricultural labor force and 40.2% of all the farmers. There are discrepancies in the aggregate estimates provided by different government offices. For instance, the 1971 agricultural census gives a higher figure of 4,155,000 ha of rice and maize lands — 757,000 ha more than the Land Bank's estimates. If the census figures are taken as a basis, the percentage coverage of lands under OLT and LHO would go down further from 44.5% to 36.4%.

Although landless rural workers are not identified as such by earlier census records, the last set of figures in Table 9-3 provides one estimate — subtracting the number of farmers from total agricultural employment indicates that there are 4.8 million landless agricultural workers throughout the country. Basing its calculations on 1975 census figures, the Rural Workers' Office estimates that 3.3 million or 42% of the agricultural labor force are landless rural poor (Ofreneo 1976). Using unpublished tables from the same 1975 national sample survey of households, Bautista (1977) gives a nearly identical estimate of 3.4 million laborers.

To obtain a nationwide approximation of the distribution of tenant farmers and landless workers by crop areas, figures from the 1971 agricultural census and a 1975 sample survey are placed side by side in Table 9-4. By percentage distribution of crop area and number of tenants and farm laborers, the rice and maize subsector in agriculture ranks first in social importance: 76% of all tenant farmers and 69% of landless workers are found on these rice and maize lands, which comprise more than half (51%) of the physical crop area in the country. In terms of land-man ratios, the rice and maize areas register the lowest average crop area for both tenant farmers (2.2 ha) and landless workers (1.4 ha), with the exception of landless workers in sugarcane areas.

Thus, regardless of which aggregate estimates are adopted, the pervasive presence of landless rural workers asserts itself as an unavoidable fact to consider in rice-growing areas today, particularly on irrigated fields eminently suited for increased food production and greater employment opportunities. In sheer numbers, the estimated 2.4 million landless workers in rice and maize areas even surpass the OLT and LHO goal of 1.0 million tenant beneficiaries!

### **Involution or stratification**

Given a situation of continuing population pressure and minifundism in farmholdings, what are some likely effects of agrarian reform on landless workers and small farmers alike in rice-growing villages?

The labor absorptive value of the small family farm has long been pointed out as part of the rationale for distributive land reform (Dorner 1972). Moreover, the higher yield potentials and more intensive cropping afforded by the new rice technology serve to offset the deleterious effects of a shrinking physical land-man ratio.

As indicated by village-level studies, however, labor absorption means a sharing of work and income opportunities not only among members of the small-farmers' household but also with landless workers. In this sense, labor absorption can also be an indication of agricultural involution. Geertz (1963), the principal proponent of this concept, describes the involutory process in Java thus:

“Wet-rice cultivation, with its extraordinary ability to maintain levels of marginal labor productivity by always managing to work one more man in without a serious fall in per-capita income, soaked up almost the whole of the additional population that Western intrusion created, at least indirectly. It is this ultimately self-defeating process that I have proposed to call *agricultural involution*.”

Even before agrarian reform and the new rice technology, the sharing of village resources among needy households has long been a custom-

**Table 9-4. Distribution of tenant farmers and landless workers, by crop area, Philippines, 1971-75. <sup>a</sup>**

Crop	(1) Crop area <sup>b</sup> (000 ha)		(2) Tenanted		(3) Tenant farmers <sup>c</sup> (000 persons)		(4) Landless workers <sup>d</sup> (000 persons)		(5) (6) Land-man ratio	
	Total		Tenanted						Tenants	Landless
	No.	%	No.	%	No.	%	No.	%	(2) ÷ (3)	(1) ÷ (4)
Palay/maize	3,301.7	51.4	1,201.1	64.2	544.4	75.8	2,364.5	68.6	2.2	1.4
Sugarcane	312.7	4.8	63.4	3.4	15.1	2.1	381.3	11.1	4.2	0.8
Coconut	1,770.6	27.6	367.6	19.6	82.2	11.4	294.2	8.5	4.5	6.0
Others	1,039.1	16.2	239.1	12.8	76.6	10.7	405.4	11.8	3.1	2.6
Total	6,424.1	100	1,871.2	100	718.3	100	3,445.5	100	2.6	1.9

<sup>a</sup>Source: For (1), (2), and (3): NCSO, *1971 Census of Agriculture*, Volume II, National Summary April 1971; Manila: NEDA/NCSO (1974), pp. xxii, xxix 4. For (4): National Census and Survey, February 1975, National Sample of Household Survey (unpublished tables); in Bautista 1977, p. 109. <sup>b</sup>Refers to physical crop area. <sup>c</sup>Refers to farm operators who rent or lease from others the land they operate by means of some tenancy agreement, e.g. cash rent, share of produce, fixed amount of produce, rent-free, or others. Because they do not have ownership rights to the land they cultivate, they are considered "landless" by the census. Squatters are included in this category. <sup>d</sup>Also called "farm laborers," these include foremen, copra workers, tuba gatherers, farm equipment operators, etc.

ary practice — for example, the entry of an unlimited number of reapers into a field at harvesttime; the sharing of cost-free exchange labor (*tawilihan*); credit practices involving interest-free loans (*hulam*); gleaners' rights to what is left in the fields or on the threshing floor; the progressive fragmentation of tenanted rice lands among heirs, and even the further fragmentation of sagod plots and subplots among landless workers and other marginal small farmers.

To the extent that village resources become more limited in relation to the growing population, this continuing interaction among rural households regardless of tenure manifests a form of shared poverty.

Viewed from the peasant's moral perspective, this ethic of sharing and reciprocity expresses the primacy of the "right to subsistence" — all members of a community have a presumptive right to a living so far as local resources will allow. Inferring from historical parallels in various countries in Southeast Asia, including the Philippines, Scott (1976) stresses the paramount importance of this right to subsistence in the moral economy of peasant households. From this moral economy perspective, Scott's investigation complements Geertz's (1963) ecological framework.

On the one hand, it is this subsistence ethic that insures that each household's rice requirement level is met week after week. On the other hand, the same social right to subsistence underpins the patron-client relations in traditional share-tenancy arrangements, with the tenant's claims for landlord reciprocity in at least insuring the peasant's survival.

As a behavior pattern, agricultural involution is thus premised on the primacy of the subsistence ethic and the implicit assumption that villages are homogeneous communities willing to share limited resources and work opportunities among all households.

What may be interpreted as an involutory pattern, however, may also be seen as the beginning of a countermovement of stratification and the breaking up of a homogeneous village community. The sagod labor arrangement in Abangay, for instance, adds more work hours for hired laborers in weeding while retaining the traditional share of the crop at harvesttime. Under this arrangement, a widened sharing of work opportunities has not been paralleled by a proportionate sharing in income. Involution continues from the employment side but shared poverty has been circumscribed on the consumption side (Collier 1977).

Moreover, with established claims on particular plots by sagod weeders, the harvest is no longer left open to an unlimited number of harvesters. The further effect of preventing outside villagers from coming in as harvesters is also a form of isolating and differentiating one village from another.

Under these circumstances, stratification begins to take place with identifiable subclasses among the peasantry being formed based on several factors:

- land or labor tenure;
- more distinct roles in the rice production process; and
- different income expectations.

Ultimately, stratification connotes the formation of divergent interests among peasant subclasses — landless workers vying for higher wages or a bigger share in the harvest; tenants trying to reduce production costs like hired labor; and permanent lessees comparing their fixed rentals with the amortization payments of CLT recipients. Stratification thus implies a hierarchy of roles and interests among households within a heterogeneous village setting.<sup>3</sup>

Paradoxically, instead of blotting out once and for all the traditional lines of polarization between landlords and share-tenants, agrarian reform has brought about more levels of stratification that now include small landlords, owner-cultivators, amortizing owners, permanent lessees, share-tenants, and landless workers. This proliferation of tenure groupings can be gauged by a cursory comparison of the tenure profiles of six rice-growing villages in Table 9-5. These were the only available village studies at the time with a complete enumeration of household tenure.

One feature worth noting in all the villages is the inverse association between share-tenants and landless workers. Where land tenure reform has considerably reduced share tenancy, as has happened in 5 of the 6 villages, there is also a sizable percentage of landless workers—ranging from 13% to 51% of the village population. And where share tenancy is still pronounced, as in Nagbayan, the presence of landless workers is negligible (3%). On the other hand, in Barrio S with the highest percentage of landless workers, several subtenancy arrangements have been recorded. Finally, in Abangay, the sagod system itself can be viewed as an inchoate form of share tenancy involving limited farm operations.

In view of these tenure configurations, several questions can be raised:

- In eliminating share tenancy, has agrarian reform actually benefited the lowest stratum in village society?
- Or has there rather been a return to share tenancy, albeit in disguised form, with the continuing presence of landless workers?

<sup>3</sup>This concept of rural stratification in the Philippine countryside is also touched upon in Umehara (1974), Takahashi (1972, 1977), and Fegan (1972 b).

**Table 9-5. Tenure classification of households in six study villager, Philippines, 1976-77.**

	Barrio P, Laguna <sup>a</sup> 1976 (n = 109)	Barrio S, Laguna <sup>b</sup> 1977 (n = 124)	Abangay, Iloilo <sup>c</sup> 1977 (n = 253)	Rajal Sur, Nueva Ecija <sup>c</sup> 1977 (n = 169)	Nagbayan, Zambales <sup>d</sup> 1977 (n = 60)	Gabaldon, Nueva Ecija <sup>d</sup> 1977 (n = 118)
	----- % -----					
Commercial operator		2				
Owner cultivator			2	2	2	12
Part owner	3				10	7
Amortizing owner			33	34		
Lessee	27	31	11	19	22	46
Lessee/share	7	1			13	0
Share-tenant	13	0	5	10	37	2
Subtenant		9				
Landless worker	49	51	38	26	3	13
Nonfarmer		3	11	9	13	12
Others	1	3				8
	100	100	100	100	100	100

<sup>a</sup>Kikuchi et al 1977a. Tables 4 and 10. <sup>b</sup>Kikuchi et al 1977b. Tables 3 and 6. <sup>c</sup>Table 6-2. <sup>d</sup>Dozina 1978, Tables 1 and 17.

A more recent study of eight major rice-growing provinces reveals that one-third of all households in the sample area are landless (Custodio 1978). The percentages of landless worker households by province are: Pangasinan (19%), Isabela (35%), Nueva Ecija (35%), Tarlac (23%), Laguna (44%), Camarines Sur (22%), Iloilo (48%), and Leyte (34%).

From a more optimistic viewpoint, the possibilities of the new rice technology may yet put an end to either agricultural involution or peasant stratification. By increasing productivity levels and cropping intensity, the new rice technology may reverse the involutory process into a more positive direction toward overall village prosperity. Double-cropping, farm mechanization, and production loans from credit institutions have increased the living standards of tenant farmers in the study villages. Evidences of this are noticeable in their children's higher levels of schooling, their better housing conditions, and possession of more household items compared to landless workers. Likewise, the quickened tempo on the farms has increased work opportunities for landless workers and, conceivably, their income earnings from farm work.

To a certain extent, these developments have indeed taken place in the study villages — but among a restricted group of the more enterprising tenant farmers. The rest of the small farmers continue to experience low net incomes after the harvest and many remain indebted to credit sources. Judging from the situation in Abangay and Rajal Sur, what seems more likely to happen is the evolution of a few tenant beneficiaries at the top while the lower strata among the peasantry remain in an involutory process of growing poverty, particularly among landless workers.

Small farmers in Abangay continue to subdivide their lands among their children — an instance of involution in *land* tenure arrangements. On the other hand, several landless workers from outside the village are still being accommodated on relatives' sagod plots during harvesttime — an instance of involution in *labor* tenure relationships.

Does involution end where stratification begins? Involution implies a turning in of the entire village population upon limited resources; stratification implies a turning off of segments of the village population from a proportionate share of local resources. The pertinent question, however, does not seem to hinge entirely on a choice between involution and stratification. What may currently be happening in villages like Abangay and Rajal Sur is more likely an involutory process *within* emerging subclasses.

## ALTERNATIVE COURSES OF ACTION

Does agrarian reform make a difference?

Positively, the beneficial effects of agrarian reform have been the granting of security of tenure and some reduction of rentals to tenant beneficiaries. Some studies have also indicated modest productivity increases among reform beneficiaries, although the relationship between tenure change and production increases may not be as direct as expected (see Mangahas et al 1974, Angsico 1978, San Andres and Illo 1978).

Negatively, agrarian reform has left out a sizable number of tillers of the soil, particularly the landless workers who may have experienced greater insecurity of tenure, or greater impoverization under subtenancy or sagod arrangements.

In not a few cases, the abrupt change from landlord to government-supported services has dislocated tenants, leaving them worse off, or saddled with debts to institutional credit programs. Amortization payments may also have been overpriced and the tenant is exposed to more risk-taking without his traditional dependence on the landlord (Sodusta 1977, Castillo 1975).

Land tenure improvement at the moment is at midstream, caught in some contradictions of its own making. If the program strictly follows the schedule of amortization payments, many beneficiaries will forfeit their rights to the land altogether. If it makes amortizing owners and lessees better off, it may be depriving another group of landless workers access to land and equitable employment opportunities. If it reduces legal land rents, it may give rise to hidden institutions such as subtenancy arrangements and intermediary landlordism.

These tensions between policy and actual practice suggest several alternative courses of action.

1. *Landless rural workers should be included within the scope of agrarian reform.* Identification of landless worker households and the pinpointing of their home lots can be done at the same time as tenant identification and parcellary map sketching during the first two steps of OLT implementation. Unlike tenant identification, there would be less obstruction from landlords against identification of landless workers because they do not pose a direct threat concerning transfer of landholdings.

With this information, implementing agencies would be able to gauge the degree of landlessness in a particular area or region,

availability of nonfarm employment opportunities, possible emergence of subtenancy arrangements, and a more realistic perspective for resettlement schemes.

Once identified, landless workers could then become target beneficiaries of public programs designed for their specific needs — credit programs for livestock raising, granting of home lot tenure, vegetable gardening, cottage industries, skills training programs, public works employment opportunities, resettlement schemes, etc. They would also be in a better position to organize their own associations.

As the poorest among the rural poor, landless workers have nothing to lose and everything to gain by being counted. With properly designed programs, they could attain more gainful roles in the heightened economic activities of rice-growing areas.

Left unidentified and unorganized, landless workers will likely remain nothing more than a rural proletariat for a stratified peasantry.

2. *Land tenure reform should be completed speedily and according to its original objectives.* From the history of successful land reform programs in Asia — whether those of Taiwan and Japan or of China — tenurshift has to be accomplished within 2-3 years if it is expected to create any impact — socially, economically, and politically (Ledesma 1980).

Because of the multistage approach in OLT implementation, the political impact in the rapid issuance of CLTs may have been attained, but socioeconomic changes have been less discernible. Most CLT recipients have become nominal amortizing owners without any actual basis for amortization payments due to the stalemate of land valuation proceedings. Likewise, tenants who have automatically shifted to leasehold with oral contracts may be lessees in name but remain sharecroppers in practice.

If agrarian reform is to be consistent in its theoretical underpinnings, the exemption of small landlords from the scope of OLT should be seriously reconsidered — even if additional compensation has to be given to them for land transfer. Without zero retention, the last traces of landlordism will continue to linger in agrarian reform areas, representing a perpetual drain of land rentals from the rural areas. It will also mean that landlord capital will not entirely be transferred to industries — envisioned as one of the original objectives of agrarian reform.

In terms of equity considerations, LHO at best is a compromise that neither quite pleases tenants nor landlords, and provides another loophole for bigger landlords to escape the scope of OLT.

At its worst, LHO causes a further stratification of the peasantry that sets up arbitrary barriers for small farmer unity and cooperation. Quite naturally, stratification engenders feelings of relative deprivation among landless workers vis-a-vis agrarian reform beneficiaries, and among permanent lessees vis-a-vis amortizing owners. Its overall consequences would be diametrically opposed to the ideal of integrated rural development.

3. *Agrarian reform, seen as an integrated approach toward rural development, should accompany but not replace land tenure improvement with the package of services that the tenant farmer needs.* Among the principal services are credit and marketing facilities; extension services; and infrastructure development in terms of irrigation, farm-to-market roads, rural electrification, and the like.

Actually, government-supported services are many and varied and have at one time or another, in one or several localities, been put into practice. The essential point to stress is that agrarian reform in this broadened sense should not replace, much less come before, land tenure reform.

All too often in the past, the stress on increasing productivity, without first carrying out tenure change, has simply raised land values and the bases for fixed rentals. With increases in potential if not actual yields, landlords have become that much more opposed to the idea of losing their lands. Tenants on their part have often acceded to land valuation schemes based on post- not pre-1972 productivity levels, and now shoulder all the risks of a poor harvest.

Had land tenure reform priorities been set before the widespread adoption of the new rice technology, increased productivity would have considerably benefited the small farmer. But, landlords are now hedging with small tenant farmers on land valuation questions because the crucial issue of who ultimately controls the land remains unresolved. As already suggested by earlier studies, tenure change in itself is no guarantee for increased production; but increased production before tenure change can be a formidable deterrent to the completion of land tenure reform.

4. *People's participation is a sine qua non for agrarian reform.* All other recommendations are premised on the active participation of tenant farmers and landless workers alike in the planning, implementation, and evaluation of reform policies. Much of the problems in agrarian reform implementation can be traced ultimately to lack of people's participation — from tenant identification to land valuation to the running of the Samahang Nasyon or the

Compact Farm (see FAO 1979b).

Again, from the example of successful land reform programs in other Asian countries, local bodies with a proportionate representation of various tenure groups, including landlords, and endowed with sufficient executive and adjudicative powers have proven to be the most suitable instruments for attaining reform objectives. Because of their familiarity with the local situation, their own vested interest in the completion of agrarian reform, and access to vital information on the local level, these local bodies cannot be replaced by a poorly paid and less-motivated bureaucracy more responsive to the nerve center in the capital than to local needs.

The Barrio Committees on Land Production (BCLP) have been the closest Philippine version of these local bodies. They need revitalization and more powers beyond that of merely determining production levels. The SN and the Compact Farm can also become effective people's organizations, provided decisions and initiatives come from all the members, not just from the few or from the top.

5. *Other agrarian reform models should be promoted, given the parameters of population increase and available land resources.* Although a classic goal of land reform in many countries, the ideal owner-operated family-size farm is no longer realizable in the Philippines for the majority of tenants because of the current exemption of small landlords. It may not even be a desirable goal for amortizing owners who may then simply repeat the pattern of landlordism with landless workers or subtenants on a smaller scale. Other models should take into consideration the growing percentage of landless workers in rural areas and how they can be fully integrated in the development process. Group-farming schemes based on the principles of cooperativism and the entire community's control of local resources are alternative schemes already being pushed in pilot areas. These could be expanded and include landless workers as participant-beneficiaries.

An example would be the *Sociedades Agrícolas de Interés Social (SAIS)* in Peru's agrarian reform program. Another would be the Republic of Benin's plantation scheme wherein landowners and laborers are allotted shares in the enterprise, with the laborers' shares increasing in value over time in proportion to their continued participation in production (Dorner 1977).

On the local scene, the practice of continuous rice cropping on pilot farms has been shown to increase productivity as well as farm employment among rural households. MAR's Bureau of Land Tenure Improvement has actually been promoting demonstration

farms of this more intensive type of rice culture in selected regions of the country. Along with this, the Chinese system of work-points is worth exploring for a more equitable sharing of farm returns among all agricultural workers without necessarily fragmenting ownership of the crop area (Morooka et al 1979, FAO 1977, IRR 1978b).

Ultimately, the effects of agrarian reform should bring about a fairly homogeneous society of small farmers based on cooperative cultivatorship — an ideal already enunciated as early as 1971 in the revised *Code of Agrarian Reforms of the Philippines*. Its opposite would be the stratification of the peasantry into subclasses with unequal access to resources and public services. The end results of stratification are likely to be uneven development, not growth with equity; new landlords and new tenants, not a final solution to the age-old problems of sharecropping, labor exploitation, and debt peonage.

At the moment, agrarian reform, wherever it is implemented with some degree of success as in the two study villages, seems to be creating more peasant subclasses instead of one homogeneous class of reform beneficiaries. Under present agrarian reform policies, heterogeneous rural communities are more likely to unfold with landless workers continuing to till but not to own the land, amortizing owners harboring the prospect of someday becoming owner-operators if not owner-cultivators, permanent lessees acquiring security of tenure but not ownership rights, and small absentee landlords retaining their land titles as well as a fixed factor share from the harvest.

What is likely to emerge, therefore, is the stratification of the peasantry — with a few tenant beneficiaries well off, due to access to credit and marketing and adoption of farm mechanization, many farmers in-between saddled with farm management problems and burdens in paying perpetual land rentals and various fees, and a growing number of landless workers at the bottom accepting sagod and subtenancy arrangements and being pushed further onto the margins of rural society. Stratification in effect leads to marginalization of segments of the peasantry.

Under present OLT and LHO activities, land tenure reform has thus become more of a holding action. With its incremental approach to the land problem and with significant exemptions granted to small landlords, no radical changes in rural social structures can be foreseen, no large-scale transfer of capital to industries, no realization for most tenants of the ideal of the owner-operated family-size farm.

Alternative solutions in themselves remain ineffective without the requisite political will for implementation. If agrarian reform is indeed

seen as the new cornerstone of the new society, what is obviously needed is more of it, not less; more in scope, less exemptions; more speed, less technicalities; more participation, less centralization. Its overriding goal would also then be reaffirmed—integration, not stratification, of the peasantry.

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# Glossary of Hiligaynon terms

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AGSADOR: Share-tenant.

ALILI: An informal credit arrangement with a usurious interest rate. The borrower usually obtains cash and pays back in palay.

ANUM-ANUM: Six-six. A sharing of the harvest in six parts -  $5/6$  for the tenant farmer and  $1/6$  for the harvester.

BUMBONG: Heaped over or overflowing. Describes how the measuring container is filled. Contrast with *karis*.

CAVAN: (1) Traditionally, a volume measure of 25 gantas in 1 sack; equivalent to 42.44 kg. (2) Officially, a weight measure of 50 kg in 1 sack.

CENTRAL: Sugar mill.

COMPACT FARM: An organization of small farmers for obtaining production loans based on group liability. At a more advanced stage, a Compact Farm may also involve elements of group farming and land consolidation.

COMUN: Common pile of harvested palay, before sharing with the landlord. Traditionally, equivalent to the *limpio* harvest - i.e. gross harvest less the harvesters'/threshers' share.

DAPOG: Seedbed method of preparing rice seedlings on banana leaves or a plastic covering.

DINAG-ON: Wet season crop.

ENCARGADO: Overseer or foreman in charge of a hacienda. He also represents the landlord. (Spanish term for entrusted).

GANTA: A volume measure. Twenty-five gantas equals one cavan or sack.

GARAB: (1) Sickle. (2) To harvest with a sickle.

HACIENDA: Large landed estate.

HILAMON: Weed; grass. Pull out weeds.

HULAM: Short-term loans without interest.

IBAYO: Across the river.

KAHON: Bund, levee. (Tagalog = *pilapil*). A banded parcel of rice field; a plot. To fix bunds.

KARIS: Levelled. Contrast with *bumbong*.

KASUGPON: (Ilocano) A farm worker hired on a regular basis. At the end of the crop season, he may receive a fixed wage in kind or cash, or a share of the harvest. *See timbang*.

KAYUG: A traditional harvesting instrument manipulated by the hand and finger. Each panicle of the rice plant is cut individually by this instrument.

KUMPADRE/KUMPARE: Co-father or ritual brother. A ritual kinship formed at a religious ceremony, e.g. baptism or wedding. (Cf. Sp. *compadrazgo*)

LIMPIO: Gross harvest less harvesters' and threshers' shares.

MAMUMUGON: Hired laborer; landless worker.

MANGUNGUMA: Small farmer; peasant. (*Uma* = farm)

MASAGANA 99: A government-sponsored credit program for small farmers. Provides collateral-free production loans for inputs and other costs required by the new rice technology (Tagalog = *masagana* meaning bountiful).

PAMUGON: Field work done by a hired laborer.

PAPAG: Elevated platform used for foot threshing and cleaning of palay.

PASAPAR. Open-field method allowing an indefinite number of harvesters to take part in the harvesting operations.

PATULOS: Dry season crop.

PITO PITO Seven-seven. A sharing of harvest in 7 parts -  $6/7$  for the tenant farmer and  $1/7$  for the harvester.

POBLACION: Town; capital of a municipality.

PUESTO: Tenancy right. Lit., place or position.

SAGAHAY: An informal credit arrangement involving borrowing and paying in palay at a usurious rate of interest.

SAGOD: A labor arrangement entailing weeding without immediate remuneration but with an exclusive right to harvest and earn the harvesters' share on the weeded plot. Take care of.

SAMAHANG NAYON: Village association. A government-sponsored pre-cooperative comprising small farmer members from one or several neighboring villages.

SANGLA: Mortgage arrangement.

SARI-SARI: A general store with assorted items. Lit., miscellaneous.

TAWILIHAN: Voluntary group action by members of a community. (Tagalog = *bayanihan*). Also *dagyaw*.

TIMBANG: A hired hand who helps a small farmer in farming operations for the duration of at least one crop season

TRECIA: One-third.

UTANG: Usually long-term loans with interest.

# Abbreviations

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<b>ACA</b>	— Agricultural Credit Administration
<b>AO</b>	— Amortizing owner
<b>BCLP</b>	— Barrio Committee on Land Production
<b>BL</b>	— Bureau of Lands
<b>CF</b>	— Compact Farm
<b>CLT</b>	— Certificate of Land Transfer
<b>DAR</b>	— Department of Agrarian Reform
<b>DLGCD</b>	— Department of Local Government and Community Development
<b>FACOMA</b>	— Farmers' Cooperative Marketing Association
<b>JRIS</b>	— Jalaur River Irrigation System
<b>LBP</b>	— Land Bank of the Philippines
<b>LHO</b>	— Operation Leasehold
<b>LOI</b>	— Letter of Instruction
<b>LW</b>	— Landless worker
<b>MAR</b>	— Ministry of Agrarian Reform
<b>NGA</b>	— National Grains Authority
<b>NIA</b>	— National Irrigation Administration
<b>OC</b>	— Owner-cultivator
<b>OLT</b>	— Operation Land Transfer
<b>P.D.</b>	— Presidential Decree
<b>PL</b>	— Permanent lessee
<b>R.A.</b>	— Republic Act
<b>SN</b>	— Samahang Nayon
<b>ST</b>	— Share-tenant