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RECENT PROGRESS TOWARD AGRARIAN REFORM IN THE PHILIPPINES

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From the earliest days of her campaign in the Philippines, Corazon Aquino vowed to make agrarian reform the cornerstone of people's power: "the centre-piece of the administration's showcase" (1). With the ascension of Aquino to the presidency of the archipelago republic in 1986, agrarian reform has remained a topic of intense debate among Filipinos. It rated numerous mentions in the Constitution of 1987 (Articles XII, XIII, and XVIII), figured prominently in the campaigns for the Congress which was seated in July 1987, became the subject of several high-level commissions and presidential decrees,** and was finally embodied in legislation on 10 June 1988.***

Rhetoric on the Aquino agrarian reform has been prolonged and, often, acerbic. Curiosity about its possible outcome has extended to international official donors. And agrarian reform has become the primary interest of a large number of domestic and foreign nongovernmental agencies working in the Philippines as well as being a continuing preoccupation of the Roman Catholic

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** Republic of the Philippines, Executive Orders 228 and 229, which committed the president to carrying out the Comprehensive Agrarian Reform Program, or CARP.

*** Congress of the Republic, Act 6657, known as the Comprehensive Agrarian Reform Program Law, or CARL.

Church, caught as it is between its landed and/or businessperson parishioner-contributors and a mandate to protect the downtrodden.

In mid-1989, the overpayment by the land reform agency for one estate, Garchitorena, located in the Bicol, occupied the headlines for weeks and cost the program the resignation of its young and dynamic secretary, who was judged to be "negligent but not culpable" in the affair (2, p. 15). Some say this event tossed to the wind rather large amounts of potential good will toward the reform.* While proving to its enemies that land reform would come to little under the present government, other groups claimed that the fact that the "landscam" had come to public notice showed the newfound resistance of the bureaucracy to "cover ups" under President Aquino's leadership. Candid exposition of fault was a welcome element in the Filipino government, characterized as it was in the late 1970s and early and mid-1980s by the corruption of the Ferdinand Marcos regime.

But whether the Aquino agrarian reform has had any effect in reshaping the access of farm people to land, inputs, market, and knowledge--or has the potential of doing so in the near term--is matter for further debate.

* Examples of press coverage of the matter: "Bicol Estate Overpriced by P30,000/Ha., NBI Says," Daily Globe, 30 May 1989; "21 Land Reform Men Face Graft Raps," Manila Times, 31 May 1989; "BBC Warns Against Land Scam Whitewash," Daily Globe, 31 May 1989; "Solons to Probe DAR, LB on Land Scam," Nation, 29 May 1989; "Garchitorena Price Still Open-Sharp," Manila Chronicle, 2 June 1989; "Garchitorena Scam: Heat Turned on Vistan as Land Mess Worsens," Manila Standard, 2 June 1989; "Garchitorena Case Spotlight Now on Sharp," Manila Chronicle, 3 June 1989; "Garchitorena Purchase: Signed Prematurely?" Business Star, 6 June 1989; "Garchitorena Focus Falls on DAR Worker," Manila Chronicle, 8 June 1989.

Land Reform in Historic Perspective*

Agrarian reform is hardly a new subject in the Philippines, as Ledesma (4) and Hayami, Quisumbing, and Adriano (5, chapters 4 and 5) clearly document. Grace Goodell claims, "Land reform in the Philippines has roots extending for almost eighty years, but they have been shallow" (6, p. 11). King notes, "[D]espite almost a century of serious agrarian unrest the peasants' claims for security of tenure and for redistribution of estate land remain unrealized" (7, p. 318). Since independence from Spain, at least forty presidential decrees and ten congressional bills have been produced on the matter. One legacy of Iberian colonization was a highly inequitable pattern of landholding. As King remarks, "From the late eighteenth century, many monastic orders and some private hacendados leased portions of their estates to intermediaries who in turn rented out small parcels to peasants. This system led to the Kasamá or share-tenancy situations of the modern Philippines" (7, p. 318). So, in addition to a nationalistic fervor, the revolution late in the last century was sparked by peasant grievances. With American occupation, favored Filipinos accumulated land, but this nouveau riche seemed to lack the noblesse oblige of the old Spanish cacique class; as obligations to tenants were neglected, the sharecroppers' anger grew.

From 1903 to 1905, the United States purchased Friar lands for redistribution to tenant farmers, but, in the end, large corporations and wealthy private individuals benefited (8). From the mid-1920s to the time of the Second World War, there were sporadic revolts and uprisings over land in

* Some of the points in the following sections have been covered also in another article (3).

Southern and Central Luzon.* From 1936 to 1941, President Manuel Quezon's social justice program included provisions for anti-usury legislation, tenancy regulation, issuance of licenses to homesteaders who wished to farm on public lands, and a "landed estates" policy which provided funds to the government for negotiated purchase of large private properties for division, lease, and eventual resale to peasants. These programs moved slowly and benefited few. Hayami, Quisumbing, and Adriano (5, p. 3.5) note that since even those who acquired property rights often sold them because they could not keep up on their mortgage payments, resettlement probably caused more peasant dissatisfaction than contentment. Because of peasant frustration from a variety of proximate causes, but basically from relative deprivation and poverty, grass-roots rural demands increased.

The Hukbalahap insurgency, which evolved from guerrilla warfare against the Japanese, became a reaction in Luzon against the post-war, now independent state in the late 1940s and early 1950s. Rural conditions had not improved under the Americans. Tenancy increased from 3 percent of the farmed area in 1903 to 35 percent in 1948, reaching 88 percent in parts of central Luzon, an area also increasingly characterized by absentee landlordism (7, p. 319). The Huks widely perceived that the now independent government was still under the domination of the United States and the landlords. During the rebellion of the Huks, nourished by demands for land, the United States--still a major force in the affairs of her former colony--became interested in the potential of a redistributive agrarian reform to assure Philippine stability. This

* For example, there was the Colorum uprising in San José, Nueva Ecija, in 1925, a peasant revolt in Tayuz, Pangasinan, in 1931, and the Sakdal revolt of 1935 in Bulacan and Laguna.

interest was revived in 1965 when Huk activity swelled again and Luzon was labeled a "zone of violence and terror" (7, p. 320). A major problem was that the Americans depended for support on the landlords who, in turn, prevented active reform beyond token colonization (7, p. 320).

Foreshadowing its Vietnam policy, the United States gave the Philippines half a billion dollars in economic and military aid between 1951 and 1955 and "blessed the venture with modern weapons and other equipment, including aircraft to bomb and strafe rebel targets--and often villages" (9, p. 350). Edward Lansdale became the American mentor of Ramón Magsaysay, who was then Defense Secretary (9, p. 348). Of agrarian policies, Karnow (9, p. 351) states:

Lansdale . . . spurred Magsaysay to promote projects to win the peasants away from the insurgents. Magsaysay created credit banks, clinics, and agrarian courts in which army lawyers represented aggrieved tenants and laborers against landlords. His most publicized offer, however, was to give farms to rebels who surrendered. . . . But the pledges faded as pledges do in the Philippines. The agrarian courts never curbed the power of the landlords, and the land grants benefited fewer than a thousand families, only a fourth of them Huks.

Some (7, p. 320) feel that Magsaysay was successful in winning the presidency in 1953 because of the three parties contesting the elections, he demonstrated that the agrarian reform issue had the greatest urgency. Krinks believes that the U.S. Central Intelligence Agency "engineered and helped fund the bulk of the rural reconstruction programme before and during Magsaysay's presidency" (10, p. 109). In 1954, the land reform of President Magsaysay (1954-57) consisted of two pieces of legislation: a bill that would regulate

tenancy, and one that purported to expropriate large estates for distribution among peasants. Neither escaped being severely diluted by a recalcitrant, land-holding Congress which wrote massive loopholes into the law, like a huge landlord retention limit. A further program was enacted in this presidential period which enabled settlement on vacant land in Mindanao and other parts of the Philippine frontier. The Macsaysay reforms, however, suffered, as did their predecessors, from a lack of adequate funding. Meanwhile, land concentration was occurring. Between 1948 and 1950, population in the seven Central Luzon provinces grew by 40 percent. At the same time, the number of farms below 1 hectare increased by 9 percent while the area they covered diminished by 22 percent, and farms over 20 hectares decreased by 8 percent while the area they covered grew by 114 percent (7, p. 321).

For his part, President Diosdado Macapagal (1962-65) viewed the rural-based, growing social tension throughout Southeast Asia, and particularly the guerrilla war in Vietnam, with justifiable alarm. Consequently, in 1963, he again placed land reform in the Philippines on the public agenda. Macapagal had come to regard land reform as a sound countermeasure against communist infiltration of rural areas. His government authored an Agrarian Reform Code. In a step called "Operation Leasehold," sharecropping in rice was to be converted to cash tenancy, with terms fixed at a rate of 25 percent of the average harvest for three "normal" years preceding the program. "Operation Land Transfer," in contrast, made possible the expropriation in pilot areas of Central Luzon of all land in excess of a 75-hectare ceiling. "Just compensation," interpreted as full market value of land, was to be offered to the landlord as 10 percent cash with the remainder in twenty-five-year, 6 percent bonds, exchangeable at par for various purposes. Beneficiaries were to pay the full cost of the land plus 6 percent

interest in twenty-five years. There were few accomplishments under this legislation due to the same difficulties which had hobbled the Magsaysay reforms; besides, its administration was even more clumsy and restrictive than previously (5, p. 3.10). The code, of course, excepted plantation crops, which were deemed too important as export earners to risk their being upset by land reform.

The structure of the 1963 Law and the manner in which it was administered favored delay. According to King (7, pp. 322-23),

Only when all the necessary services are installed for efficient land utilisation can a region be declared an agrarian reform zone. Only 31 percent of the reform budget for 1966-70 was released. In the absence of yield records, the basing of leasehold rent on three years' average yield added another three years before this provision could operate, and produced conflict of interests between landlord and tenant. For the landlords, the longer the delay the better their chances of increasing the yield and therefore the eventual lease rent. The tenants refused to plant high yielding varieties and improve cultivation methods unless and until they held leasehold contracts. The 25 percent level looks fair to the tenant at first sight but this stipulation applies only to land. For seed, fertilizer, irrigation, etc. usually provided by landlords, additional rent could still be charged.

King (7, p. 323) reports few changes in land tenure patterns in Luzon as a result of the 1963 legislation.

In addition to promoting stability, the Macapagal government realized that the country needed industrial progress and came to believe that an agrarian reform would help channel the capital of landlords into the

manufacturing sector where it could be used for growth purposes. These reforms were apparently the first in the country that were based on a recognition that land reform might contribute to economic growth by having a salutary effect on agricultural productivity. By the 1960s, it had come to be realized that more production of food for domestic use was a sine qua non if balanced growth were to occur in the Philippines; namely, if the manufacturing sector was to thrive, it must not be choked off by an unproductive farm sector which failed to provide relatively inexpensive wage goods. These ideas reflected a spate of economics literature which recognized that agriculture had long been neglected in the Third World and that "balanced growth" was essential to development. As a part of the code and to support peasant-based agriculture, the Agricultural Credit Commission and the Agricultural Productivity Commission were created.

Krinks reports that the exclusion in the agrarian reform of land that was cropped to exports had increasing significance during the Macapagal presidency "because in 1962 the peso was devalued, changing the relative advantages of export against domestic markets. This, together with an increase in the US sugar quota following the Cuban embargo, led to a rapid expansion of export cropping, with the area of sugarcane and coconuts rising by around 50 per cent during 1960-65 while the rubber area more than trebled. Increases continued thereafter . . ." (10, p. 110).

When he became president in 1966, Marcos announced that he would convert 350,750 share tenants into lessees by 1970. He met only 8 percent of that target (7, p. 322). In his first years, he concentrated mainly on spreading the green revolution technology which began to bear fruit as he took office (10, p. 112). The lion's share of the expansion of agricultural inputs went to large growers--initially at least (10, p. 112).

The new Communist Party of the Philippines (CPP), founded in 1968, formally established its military arm, the New People's Army (NPA), in 1969 and thereby returned the government of the Philippines to a more politically focused interest in agrarian reform. Similar to the Huks, the newly constituted NPA demanded a more equitable sharing of the country's agricultural land; this demand continues to the present day.

In 1971, peasant organizations and student groups became activist and vocal, pressuring the government and Congress for a separate administrative agency for agrarian reform (5, p. 3.11; 6, p. 4). In response, the Department of Agrarian Reform (DAR) was created. The Agrarian Reform Institute (now the Institute for Agrarian Studies [IAST]), located at the University of the Philippines at Los Baños, was established for personnel training and to do research on the reform and provide for its evaluation. Also, the Macapagal Code came to be amended by the Ferdinand Marcos government as a direct result of grass-roots action. This revised code, passed by Congress, declared share tenancy to be illegal, named the entire country an agrarian reform zone, and aimed to regulate interest rates, but confined itself to rice and corn lands.

Anxious to cultivate the rather large electoral group which the peasantry and the progressive, educated, middle class represented and, at the same time, restrict participation in order to facilitate his relatively unilateral action, Marcos proclaimed martial law and underscored land reform as the flagship program of the "New Society." Concomitantly, Presidential Decree 27 came to be the heart of the Marcos reform.* It provided for tenanted lands in corn and rice to pass in ownership to the tenants who worked the properties.

* On the law's first anniversary, Marcos confidently asserted that "land reform is the only gauge for the success or failure of the New Society. If land reform fails, there is no New Society" (6, p. 12).

Unlike legislation of the 1960s and in accord with the 1971 Law, PD 27 provided that no areas of the country would be exempt. It also lowered the ceiling for landholdings with rice and corn tenants to 7 hectares. The law stipulated that share tenants who rented from a holding of over 7 hectares could purchase land they tilled (subject to upper limits of 3 hectares for irrigated land and 5 hectares for nonirrigated land and to the landlord's retention rights) while share tenants on a holding of less than 7 hectares would become leaseholders. The lease rent was fixed at 25 percent of the average normal harvest for three years before 1972, net of seed, threshing, and other customary costs. Under PD 27, landowners with tenants on a holding of over 7 hectares were to be compensated at two and one-half times the average physical yield of three normal crop years immediately preceding the act of expropriation, times the 1972 subsidized crop price, payable over fifteen years. According to Cornista (11, p. 3), application of this formula resulted in an average value of ₱10,000 per hectare; landlords complained, claiming the formula undervalued their land.

Difficulties in establishing coefficients acceptable to all parties to insert into this formula resulted in delay in program implementation and sometimes in direct landlord-tenant negotiations over land price. Consequently, even though the Land Bank of the Philippines (IBP) was to be the intermediary, tenants paid the landlords directly in about 30 percent of the cases.

At the time of land transfer, the new owners were issued a Certificate of Land Title (CLT). When payments were complete, they were granted an Emancipation Patent (EP). EPs represented a half-step less than title in fee simple, for they prohibited the bank from foreclosing on the property (thus providing a measure of security but restricting credit flow to some degree)

and provided for transfer within families. Joining an agrarian reform cooperative or Samahang Nayan (SN) made up of local beneficiaries was a precondition for CLT receipt. SNs were supposed to make mortgage payments if beneficiaries could not, but this was not enforced. Indeed, they were usually paper organizations and not many survive today.

In contrast to plantation exports, rice is a smaller farm, domestically consumed crop. In irrigated Central Luzon to Laguna (the rice bowl of the country), yields nearly doubled from the beginnings of the 1970s to the mid-1980s due to the green revolution technologies (better varieties, fertilizer, chemical use, and irrigation works), causing increased demands among share tenants for land reform implementation so they could capture some benefits. Landless agricultural labor, the poorest element in the farm work force and a growing class in the country, was not included in the provisions of PD 27. In some cases beneficiaries contracted these landless workers for a season, payment being expressed in pesos or a share of the crop but without a formal share tenancy agreement; any written document would have been illegal. The huge rise in unemployed workers which might have resulted was somewhat counterbalanced by increases in rice yields which absorbed some labor (12). But this potential production increase was modified because credit was not readily available to reform beneficiaries. Lack of credit meant the rationing of inputs to beneficiaries as well as their forgoing some potential rice yield increases. Some even argued that the green revolution was a conscious technique more definitively to favor the rich agriculturist at the expense of those in poverty (13, 14).

Landlords strenuously objected to the Marcos reforms and, after several years, administration of the decree petered out as the cumbersomeness of the law became more of a constraint to its execution and Marcos's interests

shifted to more personally lucrative pursuits. Major defects of the effort were lack of services to new landholders and rising prices for and unavailability of green revolution inputs (which caused some smallholders to sell out as rice prices fell and either drop into the landless labor category or move to town); the tendency for the poorest land to be distributed; slowness of distribution of CLTs and EPs; a high beneficiary land-payment default rate (of nearly 90 per cent); exemption of all non-tenanted land (which gave landlords the incentive to discharge tenants, establish mechanized farming, and hire seasonal labor as needed); coverage of only corn and rice lands; and exemptions of plantation crops, largely exportables, which were grown on exceptionally good land. Since 1971, encouraged by Marcos's policies, plantations continued to enjoy robust expansion in the Philippines. Banana plantations expanded in Mindanao as corporate groups leased land from small settlers. In the process, the control and sometimes ownership of many thousands of hectares passed from small owners to corporations (10, p. 112). During this time, also, since population was growing rapidly and the frontier was filling, the number of landless--seasonal workers not covered by the extant reform--was rapidly increasing.

The World Bank (15) estimated that from 1972 to 1986, 190,000 beneficiaries were issued EPs for 265,000 hectares of land, giving each beneficiary family about 1.4 hectares. The quality of this distributed land is not known, but since landowners were free to choose where on the farm their retention unit was to be located, some were more than willing to dump their marginal land at the right price. A final analysis of the Marcos reforms shows that in the usual tension that exists in agricultural development in the Third World between allocating public resources for increasing production on larger, more commercial units and creating and increasing income on smaller

units, the former took the day. Ofreneo (16) concludes that the rural poor were being squeezed through manipulating the internal terms of trade against agriculture to provide the surplus for investment in industries (and for luxury consumption). And Krinks comments, "The government's strategy is clearly to maximize surplus rather than levels of rural consumption. In addition, its limited redistribution is simultaneously and deliberately countered by renewed concentration of control over resources. Although land reform may have deflected tenant resentment from landlords, it has substituted a more diffused structure of the privileged" (10, p. 122).

Accomplishment under PD 27 represented about one-third of the potential beneficiary tenants, leaving 398,000 beneficiaries and 557,000 hectares to be completed. It is not surprising that the Aquino government set about finishing this process as its first agrarian reform priority: the machinery for it was already in place, and the government could begin its reform as it assumed power. In most cases, the peasants were already on their land and only the paperwork was deficient and much of the service structure was lacking. Of course, some landlords had not been reimbursed as peasants had not begun their mortgage payments. Therefore, title issuance resumed when Mrs. Aquino was elected, with the total peasant debt recorded by DAR officials on the verso of the EP. Confronted, as they were, with a debt for land they were already farming meant that the first experience which some beneficiary peasants had with land reform Aquino-style was not altogether a pleasant one.

Poverty Still an Enormous Problem in the Rural Philippines

Some suggest that the agrarian reforms up to the mid-1970s did have some ameliorative effect on the incidence of poverty, but the evidence is not totally convincing. Krinks (10, p. 106) reports that the lowest poverty

indicators in 1975 were in the densely populated area of Central Luzon "that has the highest incidence of farm tenancy." Krinks continues, "This had been the core of the communist-led rebellion of the 1950s and had received the bulk of attention under land reform programmes and investment in infrastructures during 1963-75. . . . [T]he 1975 survey indicated that northern Mindanao had emerged as one of the poorer regions." He notes that in the mid-1970s, most parts of the country had high amounts of poverty and suffered from serious insurgency.

Other information reveals that the limited scope of agrarian reform under Marcos is reflected in the persistence of inequitable land and income distribution in the rural Philippines and the growing incidence of poverty and landlessness in agriculture. Using 1987 data from the Institute of Agrarian Studies at the University of the Philippines, Ledesma concludes that 68 percent of farms in the country contains less than 3 hectares and has an average farm size of 1.3 hectares. On the other hand, 14,000 large farms, or 0.5 percent of all farms in the country, contain almost a million hectares or 10 percent of total area (4, p. 2). The mean farm size in this latter category is 71.4 hectares, small by standards such as those in Latin America but enormous in terms of crowded Southeast Asia. More than half of all farms in the Philippines are owned by farmers who till them; 42 percent is held in some sort of rental arrangement.* These data on distribution seem to agree roughly with that used by the World Bank from the 1960 census, concluding that about 69 percent of the farms is under 3 hectares in size and contains 30 percent of the land, while 0.4 percent of the farms is over 25 hectares in

* This figure is cited by Ledesma (4, p. 2). The government reports a 25 percent tenancy rate. CPAR (14, p. 1) sets the tenancy rate at between 50 and 70 percent.

size and represents 11.5 percent of the land. The World Resources Institute (17, p. 277) reports remarkable stability in land distribution for the Philippines from 1960 to 1980.

While the rate of population growth has slowed somewhat (from 2.9 percent in the 1965-80 period to 2.5 percent from 1980 to 1986 and probably about 2.3 percent now), it is still very rapid on average and is even more so among the two-thirds of the population who live in rural areas (18, p. 274).

Poverty is pervasive despite the fact that rather substantial amounts of economic growth preceded the economic slowdown of 1983. During the 1970-82 period, the real GDP growth rate was 6 percent annually. Adding the slow growth years before Marcos left office, per capita growth of GDP was 1.9 percent on average from 1965 to 1986 (18, p. 222). Some preliminary evidence shows that growth rates picked up after the Aquino term began. The Economist reports a 5.7 percent real GNP growth in 1987 and estimates a 7 percent rate of growth for 1988 (19).* Even so, the poverty that results from inegalitarianism creates an enormous problem in the Philippines.

Apparently, however, consumption has ceased being the sole locomotive of growth in the Philippines. Consumption rose only moderately in 1988. On the other hand, investment, compared to only \$486 million for all of 1987, rose to \$1 billion for the first nine months of 1988. Like their counterparts in the Marcos government, Aquino's policymakers' sights are set upon attaining the status of the four East Asian tigers (Taiwan, South Korea, Singapore, and Hong Kong) in the near future, and the way to do this is by pushing domestic savings, making every attempt at rapid growth, and, in the process, attracting foreign investment. Foreign investment in the first eight months of 1988

* The 7 percent rate is also noted in (20).

totaled \$457 million compared with \$205 million for all of 1987. Sources of this investment are also becoming more diverse. Although the Americans are still the prime foreign investors in the Philippines, Taiwan recently outstripped the United States in terms of new investment commitments. Japan's influence, while growing, is not up to American investment; it is also much lower than in five other ASEAN countries: Indonesia, Thailand, Malaysia, and Singapore (21, p. 6). The vision of the Philippines that it may soon become a "tiger" overlooks the fact that at least South Korea and Taiwan had significant and egalitarian agrarian reforms prior to their robust industrialization and the initiation of rapid growth.

Of the rural population in the Philippines, 43 percent was classified as being below the poverty threshold, when measured in terms of not having basic food needs. Agricultural laborers (landless workers) had one of the highest occupational rates of poverty at 55 percent. Of the one-third of the population which is urban, only 19.4 percent was classified as being in poverty (4, p. 12), while the National Economic Development Authority (NEDA) reported the incidence of poverty at 63 percent in rural areas of the country. Overall, two-thirds of the poor in the Philippines are in rural areas. The World Bank's analyses report that in addition to a lack of land reform, the high level of rural poverty is probably due to discrimination against agriculture (an "urban bias"), low productivity in agriculture when compared manufacturing, little siphoning off of rural people to cities due to inadequate manufacturing growth, high rates of agricultural unemployment or underemployment, falling rural wages, price discrimination against farm products, and falling external prices (15, p. 10). Habito (22) argues that one consequence of industrialization policies was an implicit tax on agriculture which, together with explicit taxes, was steeply regressive,

lowering incomes of poor rural producers more than rich ones. In the mid-1980s, a group studying agricultural policy concluded, "The most important source of bias against agriculture is from the industrial protection system which, by defending a lower value of foreign exchange, reduces the peso prices of exportable and import-competing agricultural crops. The exchange rate policy itself has in the past failed to make the necessary short-term adjustments to avoid prolonged over-valuation of the peso, further keeping agricultural prices relatively low over long periods of time" (23, p. 27). To illustrate one of these matters which discriminated against the poor in the farm sector, while the real wage in sugarcane began to fall in 1981, wages in rice and coconut declined from 1978 to 1982 (and it is doubtful they rose again until, perhaps, when Mrs. Aquino became president, the economy took an upward turn) (24, pp. 28-29). The foremost poverty antidote for this list of agrarian maladies, according to the Aquino government, was to be land reform.

The Aquino Agrarian Reform

Various groups charged with molding the new Aquino agrarian reform legislation came up with more than two dozen early drafts of possible presidential decrees and legislation on the controversial subject (25). And, several weeks before Congress opened in July 1987, President Aquino's agrarian reform decree, Executive Order 229, was signed. The timing was significant. By waiting so long, President Aquino had elected not to use the window of executive power opportunity which she had, between the February passage of the constitution calling for agrarian reform and the seating of the legislature, to act in bold manner on her flagship poverty program. Similarly, she had decided not to make an example of her family's large and productive agricultural property in Luzon, Hacienda Luisita. Whether this represented

her commitment to parliamentary government, her lack of political will in the matter of agrarian reform, the horrendous difficulties (and bleak possible outcomes) she foresaw in juggling diverse pressure groups, or political naiveté is an open question. By waiting, she knew that her landlord-dominated Congress would elect a course of extreme moderation as it ground out the crucial details. Indeed, it appeared as though the difficulties with Congress that Presidents Magsaysay and Macapagal had encountered would be repeated under President Aquino.

Executive Order 229 could not stand alone as the basis for a Filipino agrarian reform because it was silent on three of the most vital and potentially explosive agrarian reform issues: landlord retention limits, landlord compensation, and implementation priorities.

Earlier, and on request of the Philippine government, a team from the World Bank had come to the Philippines to analyze the government's agrarian reform plans as they stood in mid-March 1987. This was after demonstrations of peasants for land reform near the Presidential Palace were interrupted by government repression (an event which came to be called the 'Mendiola Massacre') and, to assuage public opinion, the discussions on the matter of land reform in government circles were accelerated. President Aquino appointed the Cabinet Action Committee to draft her executive orders on agrarian reform. The proposal, as it stood in March, recommended a stepwise introduction of the reform, suggesting phasing in retention limits on non-tenanted rice and corn land (on tenanted rice and corn land, the retention limit was already 7 hectares) from 100 hectares in 1989 to 25 hectares in 1992. The World Bank team was afraid that this gradualism would 'encourage evasion, leave out a high proportion of tenants and landless, and add to the administrative burden. [But the principal concern is that] landlords would

begin immediately to sell off parts of their farms/estates in lots below the retention limit to those who can afford the price, or to transfer de jure if not de facto to others, usually relatives. As a result, the land which would have been available for redistribution . . . will shrink . . .' (15, pp. vi-vii). Concomitantly, the team recommended that the most controversial and politically problematic part of the reform, that which aimed to incorporate private estates, including those growing export crops of sugar and coconuts, be accomplished immediately (rather than beginning, as the plan suggested, with much easier matters such as public lands, foreclosed-upon land, Marcos-crony land, and so forth) (26). It further recommended that landlords be reimbursed on the basis of their self-declarations for land-tax purposes. The bank team suggested quick action so that stability and a conducive investment climate might be restored faster after a short disruption. For its part, the government was inalterable in its desire for a gradual and politically easy-to-difficult land reform, one that proceeded over the better part of a decade.

Therefore, EO 229 and the Comprehensive Agrarian Reform Law (CARL), or R.A. 6657, the bill that emerged from Congress in June 1988, took little note of the major preoccupations outlined in the report by the World Bank team; the final law proposed to lower the ceilings on landlords gradually, beginning with the least controversial properties.

CARL emerged after nearly a year of wrangling, pressure, demonstrations, and acrimony, a compromise between the more liberal Senate version and a more conservative House draft. A top-ranking Church leader proclaimed the passage of the law a 'miracle', while a moderate-to-left-wing coalition group of thirteen major peasant organizations, the Congress for a People's Agrarian Reform (CPAR), was so disillusioned that it announced a petition drive to

obtain 2.5 million signatures which would put its own draft bill, PARCODE, up to referendum (4).* Dy occupies a centrist position, feeling that CARL is "the best compromise possible, considering the financial base and logistics needed for its fruition. The ideal setup--low retention ceilings, the farmers getting the land they till, low repayments by beneficiaries, and high cash payments to landowners--is not feasible with our country's meager resources. The CARP's present range already requires massive funding and manpower" (27, p. 61).

The program phasing of the bill has caused some Filipinos to worry that the property-owning group holding the best land and using it in the most profligate manner might escape unscathed with their landed property more or less intact; others believe that the law's conciliatory nature assures the very survival of the Philippine society, which might have been torn apart had the law been more radical.

Not surprisingly, the two houses of the newly constituted Congress are broadly representative of the Philippine elite and not of the weakly organized peasants or landless laborers or their middle-class spokespersons. The land reform bills which emerged from these legislative chambers reflect the distinct make-up of the two houses. At least two-thirds of the members of the lower house are landlords; the more urban-based senate is characterized as favoring the new capitalist class, plantations, and multinationals (5,

* "In a move unprecedented in Philippine political history, 12 farmers-fisherfolks organizations . . . met . . . June 25-26 [1988] together with 600 other delegates from a broad spectrum of sectoral and cause-created groups . . . to harmonize their diverse positions on the different vital issues of agrarian reform and unite in the People's Agrarian Reform Code (PARCODE). . . . PARCODE was projected as the alternative to the government's CARP which CPAR has totally rejected for containing several loopholes and for failing to answer their legitimate demands for social justice and the right to a decent livelihood" (14, p. 4).

p. 3.38). For the senate's interest, stability is needed so capitalism will thrive; land reform could make that possible. Unsurprisingly, the documents were quite different as they were sent to conference committee; the compromise bill calls for a wide reform and, in a superficial way, seems ambitious; in fact, the legislation contains significant loopholes and opportunities for delay.

Hayami, Quisumbing, and Adriano (5, p. 3.47) believe that the highly compromised CARL is a product of what they call "conciliatory elites" who are "more committed to passing some kind of law than fighting for its implementation." Furthermore, these authors feel that the incompleteness of the reform might have a perverse impact on stability, unduly raising the expectations of the landless, exacerbating local conflicts, and resulting in more unrest as landlords attempt to reduce the numbers of those with priority claims on land by discharging tenants and permanent workers in favor of mechanization and day labor. Besides the social structure, other factors mitigate against the smooth execution of land reform: the poor land records, an inefficient bureaucracy, and a lack of organizations through which prospective beneficiaries can shape their needs into demands.

The reform was also to be expensive. The estimated cost of the reform was about ₱170 billion or an average of ₱17 billion (about U.S.\$1 billion) a year. This would represent about 2.4 per cent of the Philippine GNP in 1987 or 8.9 per cent of her public budget (5, pp. 3.39-3.40). But this figure may be low. Dy estimates that the land alone will cost about ₱110 billion without mentioning administration, support services for beneficiaries, infrastructure, and the like (27, pp. 61-81).

The multinationals, which lease land for plantations from the Philippine government and private owners, predominantly in Mindanao, accounting for 45.5

per cent of national agricultural production and growing 23 per cent of the country's rice and two-thirds of its corn, have shelved expansion and investment plans and are taking a "wait-and-see" attitude on the reform. But the National Development Corporation (NDC), a government land-holding agency, has already turned over some of its property to cooperatives of peasants, who, in turn, leased it again to Dole and Del Monte (as reported below). While to date the multinationals are grudgingly living with CARP, there is more discussion among them these days about moving to Thailand or Indonesia. For the time being, however, there is diversification within the country. The parent of Dole, for example, invested via the government's debt-to-equity program and initiated a joint prawn venture. Multinationals also attempted to move into an area of North Mindanao, a zone of squatter settlers growing corn, but were decisively repulsed by the occupying group (28).

The law anticipates a land reform taking place over the next decade in two major stages. In the first stage, mid-1988 to mid-1992, the rice and corn lands of PD 27 (the Marcos reform) would be completed and, first, voluntary offers of sale (VOS) to DAR would take place. Also, idle, foreclosed, and abandoned land and "sequestered land," property of former President Marcos and his cronies, would be pressed into the reform. In this manner, the part of the reform with the smallest amount of political resistance is the first administered. The total land to be distributed in this phase is to be some 1.45 million hectares. Public lands and the expropriation of private properties over 50 hectares in size would make up an additional 7.3 million hectares or so, the vast bulk of which was to be covered in the 1988-92 period.

In the second phase, from mid-1993 to mid-1997, land from 24 to 50 hectares in size would be taken, followed by land from the retention limit up to 24 hectares (the retention limit was set at 5 hectares per farm plus 3

hectares in addition for each eligible heir, defined as one who is 15 years of age or older and actually tilling the land or directly managing the farm); this would add approximately 1.2 million hectares. The grand total land area involved in the land reform would be 10.3 million hectares with 3.9 million beneficiary households.* Beneficiaries will pay the Land Bank of the Philippines in 30 annual installments at 6 per cent per year.

Considering that the Japanese agrarian reform accommodated 4.2 million households on 2 million hectares and the South Korean settled 2.6 million families on 0.6 million hectares, the planned Philippine program is to be a significant effort.

DAR lists four major first-year accomplishments under CARL: (1) two landowner-registration periods which generated sworn statements of landholdings covering about 70 per cent of the agricultural land in the country; (2) distribution of 106,254 Emancipation Patents (titles with land debt noted) to 75,559 agrarian reform beneficiaries;** (3) possession of over

* Needless to say, different sources yield somewhat different data. These estimates are from DAR (29). Other data, such as those cited by Galang (28), total only 5.45 million hectares. The estimate of those who devised the March 1988 Accelerated Land Reform Program was 7.47 million hectares, and the World Bank team estimated 8.19 million hectares (15).

There is less discrepancy on families to be benefited. This figure varies from a recent estimate by DAR of 3.9 million families to earlier estimates of 3.4 million under the ALRP and 3.7 million in the report of the World Bank. The CPAR reports: "Taken as a whole, marginal farmers, tenants and farm workers total 10.2 million, at least 70% of whom are landless" (14, p. 2). These figures are not strictly comparable, however, as one refers to families and the other to individuals, and there may be more than one farm worker per family.

** The settlement had been accomplished previously and beneficiaries were already in place, so the EPs merely legalized what had happened under the previous administration. This number was 21 per cent higher than the number distributed in 1987. Thus, the following DAR statement seems a bit of a hyperbole: "the land distributed during the present administration accounts for 94% of the total area distributed since the launching of the Program in October 1972 and the start of the distribution of EPs in 1976" (14, p. 13).

39,576 hectares of National Development Corporation lands, including those leased to some multinational companies;* (4) receipt of voluntary offers of sale for 205,000 hectares and completion of processing for 2,413 hectares involving 43 landowners.**

To the date of this writing, in mid-1989, the Aquino government is largely still organizing for reform: legislation is in place, local offices are being installed, and DAR-Manila is reorganizing (but has been slowed because of a highly public sale of a property to DAR at an inflated price). The reach of the agrarian reform has barely touched the Filipino peasant. Through its registration program, however, DAR has become more aware of which land is subject to reform, though some report that the process has not been case-specific enough to be of much real help. One other promising sign is that the office within DAR which will handle technical assistance is gearing up for a major effort and will attempt to diffuse farm technology to the beneficiary level, something that was not possible under the Marcos presidency. This office, it is planned, will also operate in close coordination with the many and impressive NGOs which function in the country, a number of which are dedicated solely to bringing about meaningful agrarian reform.

* Of these, 21,664 hectares were distributed to 17,411 farmworkers, who simply leased them back to the multinationals which became tenants of the groups of beneficiary farmworkers. Transnationals such as Dole and Philippine Packing, which together operate 32,000 hectares of pineapple and banana land, must negotiate new terms when their present contracts expire in 1992. Although CARL notes, "In no case shall a foreign corporation or entity enjoy any rights and privileges better than those enjoyed by a domestic corporation" (1), these transnationals will continue to control plantations long after issuing stock to their workers.

** It was hoped by DAR that this VOS provision might lessen the need for private property expropriation since a steady march of VOSs would appear as farms approached their targeted expropriation dates.

In general, the Presidential Agrarian Reform Council (PARC) mediates among government bureaucratic organizations to coordinate their work, but it is still not completely clear how DAR and the Department of Agriculture will divide their service-giving obligations to beneficiaries of the reform.

However, the entire matter of land reform takes on a somewhat different cast these days when compared to past attempts. Land is no longer the only key to wealth and power in the country. What is probably even more important is access to the agro-industrial elite, to government and the contracts it lets, and to modernizing growth points of the economy.

Problems

Meanwhile, one of Aquino's staunchest allies, Jaime Cardinal Sin, the archbishop of Manila, has recently become skeptical and is quoted as saying, "The old politics has come back to the dismay of us all--the positioning for power, the corruption, the grandstanding, the influence-peddling, the petty bickering" (30). He says that the eradication of poverty and destitution in a country where 50 percent of the population was below the poverty line were being neglected. And Ninotchka Rosca reports that the Philippines is now characterized by conspicuous consumption and that not much attention is given to matters of poverty in a country where an estimated 10 million persons are homeless and four-fifths of rural families are below the poverty line while an estimated 40 percent of the population is unemployed. Rosca claims that people power revolution (and therefore programs such as agrarian reform) is now "off the stage" and "economic recovery" is the byword. "The how and for whom of such a recovery was never discussed, leaving government free to pursue whatever means it deemed necessary, even if they were inimical to the general

population. The current prosperity is artificial, fuelled largely by loans"

(31). The Asian Wall Street Journal (32) continues:

As the chairman of a Manila-based agro-industrial company puts it, land reform "is a disaster" just a year after the legislature approved the program--which was estimated to cost 66.3 billion pesos (\$3.1 billion) just in the first four years. . . .

Says John Osmena, a Philippine senator: "The big boys, as usual in this society, can get away with murder, while the ones going to bear the brunt are the little guys."

The government hasn't even begun to tackle its own land; land that the government will own once state banks conclude foreclosures because of bad debts; or the huge estates whose owners have vowed to fight the program. Instead, the Agrarian Reform Department chose to first concentrate on voluntary sales, a method that almost guaranteed delays, corruption and mismanagement. "It was a tragedy waiting to happen" says a diplomat.

Wong feels that "[p]rospects for any type of meaningful agrarian reform under the Aquino administration . . . do not look promising. Genuine agrarian reform is intrinsically a wrenching experience which requires drastic measures: half hearted attempts are doomed to fail" (25, p. 10). She takes this pessimistic viewpoint because of the law's loopholes; the fact that only the multinational's current workforce will likely benefit from the reform and that the larger and much poorer group of seasonal labor--landless laborers--will not; the scarcity of manpower and financial resources and that they have little promise of being so in the near future; the difficulty the DAR is already having with the VOS, this being among the least controversial parts of the reform in terms of resistance it is likely to encounter; the lack

of local-level institutions to support the reform (the network of rural banks and cooperatives which is so inadequate that 85 percent of credit comes from the informal system); the lack of national level agency coordination and that between the central and the local bureaucracies; the subjective land valuation techniques established; and the fact that the Presidential Land Reform Council, while it has discretion in many matters, is not apt to use that flexibility, hemmed in, as it is, by various political constraints (25, pp. 10-11).

In a very real sense, the government's agrarian reform will have to do something positive for the Filipino peasant rather soon, for expectations, which rose during Mrs. Aquino's enunciation of people's power, have reached the edge of frustration. Furthermore, the NPA appears to be a very potent force, despite a general lack of information on its current demands in the Philippine media.*

Some barriers to agrarian reform and R.A. 6657 remain to be clarified and underlined:

1. The economics of growing rice and corn and paying land-debts is unclear. At least in some parts of the country, it appears that unless diversification occurs, beneficiaries will have great difficulties in earning enough money to make their annual mortgage installments because of the low price for rice and corn and the high price of inputs. In the past, this has led to land buyups by larger holders and reversion of beneficiaries to tenant

* During the abortive two-month ceasefire in late 1986 and early 1987 between the Aquino government and the National Democratic Front (of which the CPP and the NPA are the leading members), there was ample discussion in the print and broadcast media of the demands of the NPA through the National Democratic Front (NDF). (The NDF is the coalition of underground revolutionary left-wing organizations.) See (33).

status; there is nothing in current provisions to prevent this process from repeating itself.

2. The law permits profit-sharing and share-holding schemes (sometimes known euphemistically as "voluntary land sharing") in lieu of actual land division. Since administration and landlords do their own accounting, often without independent audit, profit depends on what owners and their representatives say it is. These plans will exempt certain landlords and corporate entities (domestic and foreign) from subdivision and the peasantry are likely not to benefit much, if at all.

3. It is not clear whether the important and growing class of landless or migratory labor will benefit even if the reform is vigorously implemented. If farmers lose out in the countryside, they will doubtless move to towns where the as yet slack labor market may be unable to hire them. It is worthwhile to note that small parcels of land, such as those given out in the Philippine agrarian reform, can accommodate one generation. After that, most family members must find employment in a growing commercial, service, or manufacturing sector in cities. If the industrial sector does not develop in the dynamic manner of post-reform Korea, labor will "pile up" in the countryside as farms become increasingly subdivided.

4. The formula for valuing land for government purchase for purposes of land reform seems arbitrary. It consists of a simple average of three figures: the land's market value, the assessor's estimate of the market value, and the value declared by the owner in his recent evaluation for the land-registration drive or in his land-tax declaration (34). (The landlord's value may not exceed twice its market value and/or twice its assessed value) (34). The beneficiary has no negotiating power in the matter. It was pointed

out at a recent hearing that using the landlord-declared tax values, adjusted to current prices, would be fairer than using the formula. Or if the Barangay Agrarian Reform Councils (BARCs) would operate as the law anticipated, they might also be able to come up with a more just evaluation of the land. Unfortunately, some BARCs have been selected which overrepresent local elites (35).

5. The current budget for agrarian reform, given the debt situation of the country, may be inadequate for a job as massive as this. Consequently, agrarian reform is very dependent upon foreign funds and the often capricious nature by which they are made available. To date, there is no clear source of an adequate land reform budget, save rather vague government indications that it will come from foreign sources and from the recovery for the state of assets of Marcos and his cronies.

6. The tension between left-wing groups, which in frustration with the government's gradual pace in these matters are attempting to confiscate land, and DAR (and the courts), anxious as it is to do a well-ordered and modulated program, may become destructive to the process.

7. It is not clear that the IBP is geared up to monitor and collect from beneficiaries and what happens if they miss a payment. It is possible that a failure to meet an amortization payment will mean that beneficiaries will not be able to obtain production credit which may send them into a downward spiral of poverty. Yet, it is also clear that default on the various types of credit, if it is widespread, will scuttle the entire program.

Real problems and even barriers remain to agrarian reform in the Philippines and in the country's recent legislation, making CARP action problematic. Paramount among these is the difficulty of doing anything

significant on these matters in a country which is dominated so completely by landlord and agribusiness interests and attempting to accomplish a program as major as this with a law so riddled with contradictions and loopholes. On the other hand, with enlightened and committed administration, progress is possible.

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