

AGRARIAN REFORM REVISITED: SOME POLICY IMPLICATIONS

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Introduction

More than ten years have passed since the adoption of Martial Law and the issuance of Presidential Decree No. 27 liberating the farm workers from the bondage of the soil. And about twenty years have elapsed since the approval of the first Agricultural Land Reform Code in 1963. It is now time that our people look back and reassess the country's accomplishments in agrarian reforms in the light of policy goals set by reform legislation and the performance under martial law administration.

The policy goals set by agrarian reform legislation approved in 1963 are quite definite in regard to the redistribution of large landholdings and the provision of assistance to small farmers and landless workers. However, the slow and unsatisfactory implementation of land redistribution and the lack of financing for reform beneficiaries have forced the Congress to amend and approve R.A. No. 6389, now known as the Code of Agrarian Reform, on September 1, 1971. The new code reaffirmed the goals of agrarian land reforms and provided for the organization of the Department of Agrarian Reform, which is vested with the powers and functions of land reform implementation.

The implementation performance of the Ministry of Agrarian Reform is quite laudable and impressive in the setting of agrarian conflicts and social unrest in the last decade or so, and quite outstanding and far-reaching in terms of breaking up the large landholdings and redistributing them in small parcels to their occupants. The massive break-up of large landowner farms in rice and corn crops and their compulsory redistribution to their tiller-occupants is a distinct nationwide accomplishment which, set against the objectives of martial law administration, provides an exemplary manifestation of the political will in bringing about the much-delayed social justice through agrarian reforms. Such remarkable accomplishment must nevertheless be evaluated in relation to the primary goals of the Code of Agrarian Reform on 1971 and the socio-political dimensions of Martial Law administration, or the avowed purposes of the New Society. Has agrarian reform served as the cornerstone of the New Society? Are the benefits of land redistribution likely to contribute to an integrated rural development? Who are the real beneficiaries of the agrarian reform programs?

In attempting to answer these questions we would have helped in arriving at a serious appraisal of agrarian reform accomplishments, as seen in the light of public policy objectives and the goals of the New Society. Perhaps an impartial evaluation of the land reform programs could lead to an examination of the desirable policy alternatives and the programs or measures that should concretize or operationalize a feasible unified strategy, either by policy consensus or by gradual increments to a policy option that would merit popular support. In any case, a careful examination and assessment of the steps taken in the late 60's and during the 70's might lead the policy-makers and administrators to evolve action programs that would have relevance in the 80's and beyond.

The Achievements of Agrarian Reforms in the Decade of the 70's

The accomplishments of the agrarian reform program in the 70's are integral components of the performance of the martial law administration inaugurated in 1972, barely two years after the approval of the Code of Agrarian Reform. These accomplishments, in their totality, form the cornerstone of the New Society. In the words of President Ferdinand Marcos.

"It (land reform) shall be the central point, the beacon towards which all programs of government must converge. The other programs must provide support to land reform. Our goal is to effect the most equitable sharing of all the wealth derived from our lands . . .¹

With the above statement the President also made certain commitments, such as making the whole province of Nueva Ecija a land-reform area, directly to revise their rules and regulations governing financial assistance to small farmers, creating a separate single-line department of land reform, and generating adequate funds to support land reform.

An evaluation of the accomplishments of agrarian reforms in the New Society maybe made in the light of the socio-economic issues raised before the imposition of martial law and from the standpoint of the larger issues of an integrated approach towards agricultural and rural development without which no program for agrarian reforms could be successfully undertaken.

Performance under land reform implementation

The implementation of land redistribution in terms of landholdings transferred to the tillers, the number of leaseholds completed, and the number of farm lots titled, or granted CLT's and the amount of compensation made to farmer land-owners. In addition, the number of settlers and areas occupied in land settlement projects are part of the land redistribution program.

¹From the address of President Ferdinand E. Marcos at the closing ceremonies of the 7th Anniversary of Land Reform at the SS Building, Quezon City, August 8, 1970.

		% of total
1. Number of CLT's completed	556,114	
Total area covered in ha.	730,734	
Number of CLT's issued to tenants	523,163	94%
Area covered by CLT's issued	624,723	85%
2. Land valuation and compensation		
a) Claims received and verified by MAR	396,082	
Claims verified and completed	119,221	30%
Area of claims verified and completed	192,787 ha.	26%
Number of landowners involved	6,949*	14%
b) Claims transmitted to the Land Bank of the Philippines		
Number of tenants with completed claims (out of a total 396,082)	113,704	29%
Area of landholdings involved	184,189 ha.	25%
Number of landowners involved	6,598*	13%
c) Approved by Land Bank for payment		
Number of tenants approved for payment	88,321	22%
Area of holdings involved	171,236 ha.	23%
Number of landowners involved	6,057	12%
Cost of land transferred	₱1,243M	
Cash payments made	₱182M	
3. Emancipation patents issued to those who have paid in full		
Number of tenants issued patents	1,684	0.43%
Number of patents issued	2,478	0.43%
Area covered by patents issued	1,539 ha.	0.21%
4. Leasehold contracts for tenants (completed as well as incomplete)		
Number of tenants with contracts	544,285	89%
Area with lease contracts	590,455	81%
5. Settlement projects administered and undertaken by MAR		
a) Number of projects administered by MAR	43	
Estimated area of settlements	708,750 ha.	
Number of settler families	47,431	

*Out of a total of 49,221 landowners affected by land transfer.

- b) Settlements established in Regions IX and XII for rebel-returnees and their families
- | | |
|-----------------------------------|-------|
| Number of settlements established | 11 |
| Number of families resettled | 5,092 |
- c) World Bank-financed settlement projects
- | | |
|---------------------|--------------------------------------|
| Number of projects | 3 (Bukidnon, Agusan del Sur & Capiz) |
| Area covered in ha. | 77,000 |
- Program components: infrastructure, land and forest development, rural health services, and food rationing.
6. Other supplementary projects
- a) Compact farms established by ACCA
- | | |
|--------------------------|------------|
| Number of compact farms | 685 |
| Number of farms involved | 20,448 |
| Area of compact farms | 37,960 ha. |
- b) Cooperative farming
- Two fully established cooperative settlements one in Nueva Ecija and another in Magalang, Pampanga
- Thirty agriculturists are under training for the management of additional cooperative farms in different regions.
- c) Cooperative organization – to be organized in compact farms and in the settlements to be consolidated later into cooperative federations.

Interpretation of accomplishments

Although the transfer of ownership to the tillers (tenants) on large holdings is deemed completed in 1980, much has yet to be done in the issuance of CLT's as well as in the verification of tenants' claims and the payment of compensation to landowners covered by land transfer. The capacity of the land settlements indicate that more tenants or landless farmers could be resettled through an aggressive and systematic resettlement program under the MAR.

By the end of 1980, only 94% of the targeted tenant beneficiaries have been issued land transfer certificates. Of the total area targetted for transfer to tenant-tillers, only 85% is covered by transfer certificates.

It is safe to say the least that only 30% of the beneficiaries have claims to their lots verified and completed. This means that less than 1/3 of the target clientele have their lots' location and boundaries verified and completely surveyed. The area covered is only 26% of the target area. Only 14% of the landowners affected have completed land surveys and land valuation for compensation pay-

ment. This indicates a very slow process of land survey and valuation by the land-reform authorities.

Transmittal of tenants' claims and compensation payments by the Land Bank are slower still, hampered mainly by land valuation problems and the difficulties of land surveys and titles of lands transferred. Out of total verified and completed by the MAR, only 113,704 or about 27% have been transmitted to the Land Bank. The area covered by compensation payments is about one-fourth (25%) of the total area verified and completed, affecting only 13% of the total number of landowners (49,221 landowners) involved in land transfer. One critical problem remains: how to speed up the transfer of tenants' claims for compensating payment by the Land Bank.

Up to the end of 1980, only 88,321 tenants or about 22% of total tenants targetted for land transfer, covering less than one-fourth (23%) of the area for transfer, have been covered by Land Bank compensation payments. A total of 6,057 landowners, or a little over one-tenth of the land-owners involved have received compensation payments amounting to ₱1,243M. Of this amount about ₱182.7M was paid in cash and the balance, in government bonds.

The completion of leasehold contracts on existing tenancies is more encouraging. The vast majority (89%) of the identified tenant farmers have lease contracts, covering about 81% of the total area under tenancies. This is about 105% of the tenant farmers in rice and corn lands (Census 1971).²

On the land settlements, much has yet to be done by resettling a larger number of tenants and landless workers from the subdivided estates and the densely populated communities and thus partly relieve the pressure on available cultivable lands. These settlers must also be provided technical and financial assistance in order to improve their productivity and income.

Issues raised before the imposition of martial law

In my paper read before the first seminar-symposium on land reform in September 1972, I raised economic and social issues which are directly related to land reform implementation.³ Among the economic issues are: (1) productivity of the small farms in terms of net income per hectare or per farm; (2) the problem of equity, or equality of earnings from occupation on the land and equality of opportunity for employment in the various sectors of agriculture; (3) consideration of the factors that influence farm production, size, new technology, and mechanization; and (4) the economics of institution-building in the rural communities.

²Apparently, more rice tenancies have leasehold contracts than the total number of tenants on rice and corn farms covered by the Census 1971, owing to a large number of farm workers on small holdings who have been considered tenants under the Land Reform Code.

³Dalisay, A.M. Economic issues in land reform: the Philippines case. UPLB, Agrarian Reform Institute, Occasional Paper No. 4, 15 February 1976.

There are other issues that should have received proper attention, such as the importance of development planning at the regional and local levels, the decentralization of extension and other public supporting services, improvement and reorientation of on-going socio-economic institutions to help achieve the objectives of reform, and the capability for political and administrative functions for the tasks of reform implementation.

I said then at the Agrarian Reform Institute in Diliman, Quezon City, that the issues of farm productivity, "face rough sailing in the years ahead," mainly because of the slow development of outside market and the paucity of cost-reducing innovations and management skills most suitable to small farm units. Reinforcing a plea for more attention to the family-type farm, I pointed out:

"The intensive utilization of family labor together with the improvement of traditional farming practices could be the salvation of the small farm unit, or family-type farm. The shift to diversified or mixed farming and eventually to a high degree of production specialization is not a matter of extension or program objectives; this will depend mainly on the growth of the national or regional economy and the further expansion of the urban or industrial markets.⁴

Of course, it was also recognized that during the early years of reform, provisions must be made for the effective dissemination of research information (on new breeds or varieties and improved technology) direct extension assistance on the use of improved technology and the adoption of cost-reducing farming technique. The main task, then and now, of the agrarian reform authorities, is to coordinate the various projects and program at the local level and reorient the supporting services toward more effective reform implementation.

The problems of implementation were also discussed, particularly those related to the organization of a separate Department (now Ministry) of Agrarian Reform. While these administration problems were directly related to the attainment of higher productivity and income of the small parcels or farm lots transferred to the land-reform beneficiaries, others had relevance to the attainment of human resources and institutional development towards a higher quality of life.⁵ The eventual organization and operation of the Ministry of Agrarian Reform have pointed at the extent of gravity and the complexity of these problems for the realization of land-reform goals. Some of these continue to persist up to the present time, underlining the inadequacies of the program now being implemented.

Inadequacies of the present land reform accomplishments

The inadequacies of land-reform implementation in the last eight to ten

⁴Dalisay, op. cit., p. 15

⁵For further details, see A.M. Dalisay, Land reform and problems of implementation, *Trade and Industry Journal*, vol. I No. 1, December 1963; also *CB News Digest*, vol. XVI, No. 5, January 28, 1964

years are apparent in the low productivity of small holdings of the land reform beneficiaries, increasing income inequality in the rural communities, the disarray among the public supporting system, and the low performance in institution-building in the rural areas.

The low productivity and consequent low incomes among the beneficiaries are shown in recent surveys in different parts of the country. For instance, in a study of 914 land reform beneficiaries distributed over 22 provinces, with farm lots, of less than two hectares, the average income per farm family amounted to ₱6,407; with average farm expenditures amounting to ₱3,376. Household expenditures varied by the size of the family, with the average household expenditures amounting to ₱4,648.00, thus resulting in a negative balance of (₱1,272.00).⁶

Even for IEDP farms covered by the study, with gross incomes relatively higher than the average for all farms surveyed, the net income could hardly cover the basic needs of the household for family members of farm and above. These would indicate that the land-reform beneficiaries covered by the survey have not attained a level of viability for their farms.

In a study completed by the Center for Policy and Development Studies, U.P. at Los Baños for the Land Bank of the Philippines,⁷ results show that in the subdivided landed estates, with farms averaging 1.61 ha., the average income farm production per farm amounted to ₱11,818.00 for two crops of rice. With farm expenditures averaging 3,858 per farm per year, there is apparently some gross returns from farm operation. However, with household expenditures ranging from ₱5,471 to ₱12,961 per household, the available gross returns from farm production would not be able to provide for the basic needs of the farm family, much less meet amortization payments and other loans.

Even granting that the highest average income farm production per individual farm was about ₱8,252 from two crops of rice, on an average-size farm of 2.12 ha. (Gabaldon Estate, Nueva Ecija); with farm expenditures amounting to about ₱4,000 per year, the gross returns from the farm was hardly adequate to pay for household expenditures amounting to ₱19,253 per farm family. Again the viability of the family farm of the land-reform beneficiary is in question, unless income from off-farm and other services would be available in the future.

Earlier field surveys have indicated that although a significant increase in yields per hectare has been attained in areas where land reform has been implemented (Nicolas, 1974), with the amortizing owners having relatively higher yields than the CLT holders and the leaseholders, the net income effects were not clear, owing

⁶Project Sunshine - A study of factors affecting land amortization payment by agrarian reform beneficiaries. Land Bank of the Philippines Task Force, March 1981 (Mimeo).

⁷CPDS. Integrated Credit Delivery System for the Countryside. A study supported by the Land Bank of the Philippines, U.P. at Los Baños, March 1981.

to increasing costs of inputs and the rising family or household expenditures. Studies by Mangahas *et al.* and by Sandoval and Gaon (1971) reveal that the effect of land tenure on productivity is neutral, that is, the average production of rice per hectare was roughly the same for all tenure groups. Moreover, the increased productivity was more a result of the adoption of improved rice technology than any tenurial change.

The low income among land-reform beneficiaries in the former landed estates is due mainly to small farm size, lack of credit facilities and other supporting services, and lack of technical and management guidance.

A later survey conducted in Central Luzon for the World Bank has shown that there is little or no difference in productivity hectares tenanted and owner-cultivated farms. The real constraint to productivity is the inadequacy of productive services and lack of access to irrigation facilities.⁸

Even if the land transfer program has a positive impact on the level of income of the land-reform beneficiaries, the tenants are observed to have remained at the same subsistence level owing to the additional financial burden arising from the high amortization schedules and lack of capital. Some tenants still prefer, in spite of the land transfer certificates, to remain share tenants because they are not sure whether they could afford to pay the amortization schedules. And they still have to consider the household expenses, including health and education expenditures.⁹

Disarray of supporting services. The increase in the number of extension service workers, or farm management technicians (FMT's), in the rural communities have not favored the land-reform beneficiaries. And the benefits of vocational and informal education courses in agricultural schools and colleges have not yet filtered down to the communities covered by land reform. Credit extension or financial support for farming activities among land-reform beneficiaries is spotty, if not entirely inadequate. In spite of the proliferation of formal credit institutions in the rural areas, including the rural banks, only 10-15 per cent of the farmers and landless workers have had access to rural credit.

The social physical infrastructures in agriculture, including the irrigation systems, have reached only a small portion of the land-reform beneficiaries. And the post-harvest marketing and processing facilities in the countryside are accessible mainly to large and well-to-do farmers. The land-reform beneficiaries have yet to build their warehouse and drying facilities, particularly for cereals, and possibly with the assistance of the Ministry of Agrarian Reform, set up the marketing and processing plants in selected land-reform areas.

⁸World Bank: Profile of the Rural Sector. *Philippine Labor Review*, Vol. 1, No. 4. (1976), as cited by Librero and Manuel (1981).

⁹See Librero, Aida R. and P.C. Manuel. Social services and institutions for improved income and equity. Paper presented at the 27th PAEDA Annual Convention, Makati, Metro Manila. June 5, 1981.

The protracted reorganization of the Ministry of Agriculture (MA) which emphasizes the decentralization of its planning, regulatory, and productivity functions, has delayed a more dynamic production and marketing thrust in the high productivity areas, thus slowing down the growth of productivity and income in small agriculture. More important, the delayed reorganization and decentralization of powers and functions of the MA have held back the essential extension thrust for land-reform beneficiaries and the integration of production and marketing activities for all types of farming systems under various tenure changes or adjustments. Logically, the first to benefit from a decentralized MA administration would be the leaseholders and new owners (or CLT holders). This set up would also give focus on program coordination and implementation at the farm level. Without the proper local planning and implementation orientation among MA field personnel in collaboration with field staffs of higher ministries, little assistance could be extended to land-reform beneficiaries. Little or no accomplishment might be expected in rural development.

More than eight years ago I attempted a kaleidoscope of future MA activities, in the face of an expanded agrarian reform program, prognosticating that such functions or activities as agricultural marketing administration, collection and dissemination of agricultural statistics, agricultural research, and management of natural resources would remain with the MA. Other activities - promotional and educational activities in crops and livestock production, development of cooperatives, further expansion of the rural credit system, the development of handicrafts and small rural industries, and the strengthening of economic supports for community development - would be taken over by the MAR. This rested on the conviction that the job of coordinating and integrating the activities of the regular public agencies at the community level is the primary task of the Ministry of Agrarian Reform. Further, it is my firm belief that the economic and social underpinnings of agrarian reform must be realized through the integrative activities of the MAR if rural development in this country is to make any headway.

Weaknesses of institution-building in the rural areas. The weaknesses of institution-building, including those among the land-reform beneficiaries, are manifested in the slow, snail-pace growth of the agricultural cooperatives, and the poor performance of the national marketing system.

The pre-cooperative rural organizations or Samahang Nayan (SN), were established under the auspices of the MLGCD to assist their members carry out land reform operations and for other self-help purposes. While many of them are still in their organizational stage, others have become operational by engaging in activities pursuant to their objectives. However, some of them have become viable rural associations in the sense of fairly establishing their operations and making themselves indispensable in servicing the continuing needs of their members. In fact, a recent study by the Agricultural Credit and Cooperatives Institute (ACCI) at U.P. Los Baños, has revealed that the SNs continued to decline mainly because of loss of

interest among their members, lack of sustained training of their officers and members, and neglected supervision by the MLGCD representatives in the collection of the barrio guarantee and barrio savings funds.¹⁰ It was shown that only 35% of the 806 SN samples completed training in the major courses required for members. Only a little half of the 5,347 officers and members attended all the training sessions, and of the total samples only 19% put up at least one of the required projects while 80% did not have any.

Implementation of training programs for SNs was constrained by lack of resource persons and logistical support for public agencies concerned, as well as lack of time for attendance among farmer-members. After the organizational stage, few of the SNs continued training activities for old and new members alike (Dumagat, 1981).

It should be noted that as of December 1978, there were 21,089 SNs organized with over one million members, and 17,596 were registered with 921,358 members. The bigger percentages of SNs organized and registered were in the regions of Western Visayas, Southern Tagalog and Central Luzon; smaller percentages were in Western and Northwestern Mindanao and the Cagayan Valley.

The organization and registration of area marketing cooperatives (AMC) was the next phase of the cooperative development program. As of December 1978, there were 52 organized AMCs, most of which were found in Central Luzon, Western Visayas. Not unlike the SNs, the AMCs are generally in the operational stage. Both the AMCs and the SNs are still trying to stabilize norms and operating procedures, hence very little is done towards the achievement of organizational objectives (Dumagat, 1981).

Dumagat has pointed out that the general inability of the SNs to maintain collection of the barrio guarantee and savings funds has limited the resources of the AMCs, compelling most of the latter to depend on loans for the CDLF of the Bureau of Cooperatives Development.¹¹ Partly for this reason, AMCs are unable to save the marketing needs of SN members. Moreover, AMCs tend to dissipate their capital resources and limit their business operations by permitting the increase of overdue receivables, big inventories, high cost of goods sold and operating expense. Subsequently, this results in net losses. Both the AMCs and SNs still have to find reliable market outlets for farm products. Most AMCs usually make profit only in their trading of farm inputs.

As the financing arm of the SNs cooperative rural banks (CRBs) have been organized in different regions to provide operating loans and extend technical assistance to the reform beneficiaries. As of March 1980, there were 22 CRBs operating with a combined paid-up capital of ₱28.1 million. Affiliated with these CRB's

¹⁰See ACCI, *The Samahang Nayon After the Plan II Development Training Program: an evaluation*. Unpublished Report, U.P. at Los Baños, 1977.

¹¹Dumagat, F.L., *Some reflections on the factors of effectiveness and viability of rural organizations*. Published in the *Journal of Agricultural Economics and Development*, January 1981.

were 5,383 SNs with a total individual membership of 231,974.¹² Not unlike the other rural organizations and the SNs, those CRB's have become dependent on financing by the government and all suffer from the lack of competent management. Lately, these CRBs have declined in their lending operations because of high defaults on loan repayments from SN members and the consequent heavy operating losses.

On the further development of cooperatives among the supplementary program in land reform, one may ask why most of the compact farms have not been organized into cooperatives. One also wonders how the marketing cooperatives can be expected to grow on the basis of weak or cooperative primary cooperatives organization and on inefficient or non-operating SNs. It would be extremely sensible and indeed economically desirable to determine how past mistakes in organizational and operational stages can be conceived and new approaches adopted towards the reconstruction and further development of the marketing cooperatives as well as the cooperative rural banks.

There is a growing recognition in our society that the development of local organizations and institutions for the effective implementation of agrarian reforms cannot be left to government agencies alone. The public supporting services are expecting to provide initiative in this regard. But if they are to attain measure of success in organizing and strengthening development-oriented institutions, they must extend assistance to local organs of self-help, usually traditional organizations, and assist them in selecting and training local leadership potential.

Certain technical and financial incentives must be provided by the government for the more rapid development of local leadership. In this regard, the public supporting services, particularly agricultural extension and rural credit, have a distinct role to play in training local leaders for the growth and effectiveness of all types of cooperatives and for the improvement of marketing, storage and processing facilities in the rural communities. While the regular ministries, in cooperation with the existing financial institutions, could help establish and finance local organizations as these are related to the problems and issues of land reform, the traditional ones must be assisted in directing their activities towards increased productivity and better living conditions among the reform beneficiaries. What I emphasized some eight years ago¹³, may be worth repeating at this time:

"... definite outlays of public funds must be made available for the sustenance of a systematic approach to institution-building. It is not a question of whether public funds can be made available or not. The crucial decision is whether agrarian reform ... can afford to neglect the development of essential institutions."

¹²Terso, Clemente E., Jr. Participation of the Bureau of Cooperatives Development in Agrarian Reform. Paper presented at the Agrarian Reform Seminar sponsored by the Agrarian Reform Institute, U.P. at Los Baños, January 24, 1981.

¹³Dalisay, op. cit., p. 9

The larger issues of agrarian reform

The larger issues consist in the determination of a socio-economic framework for, and feasibility of, an integrated approach to agrarian reform. Such a framework should lead to the adoption of an operation model or strategy, which would incorporate an action program towards increased productivity and a better quality of life for the reform beneficiaries. The approach would ensure in the long run the realization and effectiveness of countryside development. In the short run, the transfer of small holdings to the tillers, together with the diffusion of improved technology and essential support services would have become a reality.

A unified, comprehensive framework for agrarian reforms in this country derives its rationale from the extensive experience in community development during the last three decades. Public production programs in the last eight to ten years, notably the Masagana 99 and other production programs involving livestock, fisheries, and tree farming, have also yielded results that buttress community action programs in food self-sufficiency. Moreover, efforts in institution-building, particularly in the organization of agricultural marketing cooperatives, credit units, and community-based rural banks, although fraught with weaknesses in several aspects, have yielded insights that should fortify the resolve to continue the development of primary cooperatives and other farmers' associations at the community level and establish useful linkages among them. Lessons from martial law administration would support, to say the least, group action for local and regional development by systematic, pragmatic planning in the use of local resources and the alignment of local programs with those of the region and the entire country. All these contribute to a rational approach to the development of a definite framework for agrarian reforms.

The Framework of Agrarian Reforms

The framework for the implementation of genuine agrarian reforms may be derived from the elements or forces at work in an underdeveloped society, as perceived by authorities on agrarian reform in different countries or regions. It may also be conceived in terms of the structural and institutional support for effective land reform implementation, as prerequisites to comprehensive agrarian reforms. More important perhaps is the political will as expressed in public policy affecting land transfer and the infrastructure and institutional support that would bring it about. In the Philippine case, the political will is manifested not only in the political considerations which led to the approval of land-reform legislation (e.g. the Agrarian Land Reform Code), but also in the political decisions which brought about effective land reform implementation in the last decade.

Elements and forces in a feasible agrarian reform framework

Defining land reform as the redistribution of property or rights in land for the benefit of small farmers or agricultural laborers, Doreen Warriner, an authority on

agrarian reform in the Middle East and in Central Europe, emphasized that land reform should mean more than land redistribution, but it should at least mean that. What is the motivation of land reform? Warriner declares that it must be political; without political will no effective land reform is possible, even if legislation is passed as in the case of India and the Philippines.¹⁴

What can land reform expect to achieve? Warriner is positive that it can hope "to raise peasant living standards by raising peasant incomes." Casting aside aspersions on the inability of peasant recipients to improve their lot, Warriner points out that small farmers can farm with knowledge and skill, often better than larger farmers.

A more optimistic note is expressed by W. R. Cline, an American economist, who stated that land reform is "the most hopeful of all available policies for improving income distribution and production," based on the following conditions: (a) land is underutilized; (b) land is carried through with speed and certainty; (b) land is carried through with speed and certainty; and (c) credit and modern inputs are made available.¹⁵

However, in a more cautious approach, Warriner maintains that there are other constraints which persist even after the structure has been reformed, and these may even cause a reversion to the old structure. She enumerates such constraints as shortages of land and water, lack of infrastructure and others.

On structure and technology, Dale Adams, an American agricultural economist, questions the Hayami-Ruttan thesis that technological change produces structural and institutional adjustment, and expresses categorically that structural change is in many cases a prerequisite for development. He agrees with Warriner that the relative emphasis on reform and technological development depends on the circumstances of particular countries.¹⁶

It is now recognized that land reform will take place in many countries for political reasons. Some of them will have socio-economic goals, and practically all will emphasize the importance of improving the living standards of poor peasants and landless workers. The particular emphasis in an underdeveloped country will depend largely on the type of approach to rural development.

The technocratic vs. reformist strategy in rural development

The type of approach to rural development determines in many ways the emphasis or objectives of land reform. As emphasized by Griffin, the technocratic strategy and the radical strategy are the extreme points on a spectrum, while the reformist strategy rests at the middle. These strategies differ in their objectives, the ideology used to mobilize support and action, the dominant form of land-tenure

¹⁴See Hunter, Guy (ed.), *Strategies for agricultural development in the 1970's: a summary and critique*. Food Research Institute Studies, Vol. XII, No. 1, 1973.

¹⁵As cited by Hunter, *op. cit.*, p. 45.

¹⁶Hunter, *op. cit.*, p. 46.

institution, and the way the benefits of the economic system are distributed. These strategies of rural development constitute differences in style.¹⁷

The *technocratic strategy*, as exemplified by the Philippines, Brazil, and Ivory Coast, has the prime economic objective of increasing agricultural output by incorporating more conventional inputs such as land (Brazil) and encouraging farmers to adopt an improved technology (Philippines). According to Griffin, its ideology is a liberal capitalist one, with emphasis on competition, free markets, and widely dispersed private property. In practice, however, property ownership is highly concentrated, as reflected in the dominant forms of land tenure institutions: plantations, large corporate farms, various forms of tenancy arrangements. The benefits of technical change and increased output, as cited by Griffin, accrue to the landholding elite and other men of property. And the concentration of income and wealth is to be regarded as one of the ways by which increased output is to be achieved and by which the generated savings of the rich would contribute to faster accumulation and growth.

On the other extreme of the spectrum is the *radical strategy* which, as emphasized by Griffin, has the first and foremost objective of achieving a rapid social change and a redistribution of political power, and the next priority the redistribution of wealth and income and, lastly, higher production. In case of conflict among these main objectives, the growth objective would give way to search for social, political, and economic equality. This strategy is exemplified by China, Cuba, and Algeria.

Its ideology is that of socialism. And in Asia, agrarian socialism is based on the assumption that it is possible to mobilize an untapped resource potential, the human labor. Under this ideology, institutional development aims at the establishment of collectives, communes or state farms which tend to favor small peasants and landless laborers. As applied to China, this strategy concentrates attention to the locality, with emphasis on local initiative rather than an outside assistance. This approach places relatively little emphasis on national agricultural planning and the manipulation of macro-economic aggregates or price signals.

With considerable experimentation on alternative means of organizing production and consumption in each locality and with institutional changes and even morality considered as capable of change, or as independent variables in a process of change, the motivations and institutional reforms involved in a radical strategy seems to be beyond the reach or capacity of many LDC's including the Philippines. One has therefore to place relatively more emphasis on a reformist strategy.

In the *reformist strategy*, as typified by Mexico and Egypt, the main objective of rural development places priority on redistribution income to some sections of the community and lower priority to increasing agricultural output. According to Griffin, attempts are made to reconcile greater equity with faster growth by changing agrarian institutions.

¹⁷See Griffin, Keith. The political economy of agrarian changes (1974), pp. 198-203.

Basically, a compromise between two extreme positions in the spectrum of rural development, the reformist strategy manifests the tendency of governments adopting such a strategy to vascillate in the choice of policies. Thus inconsistencies frequently appeared between what a government proclaims and what it actually does. The reforms adopted are therefore partial, fragmented and incomplete, and these are concentrated in certain regions of the country. In the case of Mexico, this style has created a dualistic or bimodal agricultural sector. And in Egypt, while the original thrust of reform was to encourage labor-intensive farming on cooperatives and small holdings, there has been recently a shift to more capital-intensive techniques on larger farms particularly in reclaimed land.

Under this strategy, the ideology is nationalist and occasionally populist. And the dominant land tenure institutions tend to be family farms. However, where dualism is pronounced as in Mexico, there are small cooperatives and minifundia confronting large capitalist farms. The beneficiaries of this strategy are middle peasants on family farms and larger farmers on substantial holdings.

Apparently, some LDC's can move from the technocratic to the reformist strategy by the exercise of political will. And while the redistribution of income is largely from the upper income groups to the middle, those in the lowest income groups may be assisted in achieving higher income through greater employment opportunities and the improvement and reorientation of rural institutions. This is perhaps the main challenge to the Philippines.

Structural and institutional support for land reforms

As emphasized recently by the United Nations Development Programme (1979), land reform programs cannot lead to permanent agrarian reforms unless a range of agricultural support services, training opportunity and infrastructural needs are provided in sufficient quantity¹⁸. Experience in several Latin American countries, more than those in Africa and other regions, has demonstrated that rapid expropriation of land resulted in production losses caused mainly by loss of traditional credit sources, managerial problems in operating larger farm units, and a tendency to resent management advice of government-supported farm directors.

Moreover, if gains from land reform are to be permanent as the UNDP has pointed out, they must be seen in terms of their potential effects on agricultural employment and production and as a first step of a basic government strategy for agrarian reform and social justice.¹⁹ In other words, land reform in terms of land redistribution and tenure adjustments is only a first step in a series of reforms towards economic equality and social transformation, which are the primary goals of comprehensive agrarian reforms.

¹⁸Rural Development: Issues and Approaches for Technical Cooperation. New York: U.N. Development Programme Evaluation Study No. 2. June 1979.

¹⁹Ibid, p. 167.

It has also been observed that many reforms have stopped short of helping the smallest peasant and landless workers. As manifested in restrictive programs (including those in Pakistan, Thailand and the Philippines), the land reforms tend to favor the better-off sections and could actually contribute to rural poverty.²⁰

Elements/components of integrated rural development

In the last decade or so, the emphasis of rural development in any LDC is on increased productivity on small farms through the adoption of improved technology. Recently emphasis was made on the additional provision of essential infrastructure and social services, (in order to assist the small producers to raise their productive capacity and improve their standard of living), together with measures to expand their participation in the development process. Such a shift in rural development strategy in Southeast Asia and other regions is due primarily to the dissatisfaction with the low yields and income arising from (new technology on) small holdings and from the tenure adjustments under land reform. Hence, the new emphasis in any rural development approach is to include institutional development and the significant role of human resources in such development.

Here in the Philippines, the strengthening of agrarian reform has come into the rural development strategy through the recognition of the importance of participatory mechanisms and the active involvement of the rural poor in rural development programs for community improvement. To raise the productivity and standard of living of the land-reform beneficiaries, who comprise the majority of the rural poor, there must be measures to improve their organizational and management capability. These are the same measures essential to the successful implementation of a dynamic and realistic rural development program.

I have always maintained that agrarian reform, besides its main goal of land redistribution, must cover such other essential elements as the diffusion of improved technologies, the provision of extension, credit, and market services, as well as a minimum of physical infrastructure (e.g. roads, irrigation, and water supply). While some of these measures have been implemented in some areas to transform small holdings into productive farms, certain shortcomings continue to persist. These are, among others, the inadequacy of extension and credit services to provide for the immediate needs of the small cultivators; the total aspect of institution-building, including the organization of farmers' associations and cooperatives which is slow and protracted; and inefficient marketing and distribution services in the land reform areas, which are not effectively linked to the production activities of small cultivators. Together with weak or absence of participatory mechanisms

²⁰Ibid, p.167.

and the weaknesses of local government, these deficiencies are identical to the primary obstacles to a more effective rural development program.²¹

From the standpoint of agrarian reform implementation, effective institution-building and the extension of all types of assistance to the land-reform beneficiaries will depend largely on the infusion of such values as well-being, social cooperation, and social justice or equality (as manifested in *kaginhawalan*, *pagtutulongan*, and *pagkakapantay-pantay*).

Political will or commitment to an agrarian reform package.

The motivation for land reform in many countries is political: to change the wealth and power structure and enable the mass of small farmers and agricultural laborers to participate in the economic and socio-political activities of the community. The political will or commitment is expressed in terms of: (a) the political considerations in the passage of land reform legislation; (b) political considerations in the passage of land reform legislation; (h) political decisions toward effective land-reform implementation; and (c) the adoption of an administrative policy on the integration of government activities in land-reform areas and the centralization of control through a department of ministry for agrarian reforms.

Political considerations in land reform legislation. Political support or lack of it affects the effectiveness of land-reform legislation. Political support is almost necessary for the approval of land-reform legislation, including expropriation of large estates, subdivision and distribution of small parcels to their occupants, and tenure adjustments in exploitative tenancy systems. In some countries weak implementation of land-reform has been due to rather high retention ceilings and cumbersome procedures provided in reform legislation. Particularly in Southeast Asia, agrarian reform programs have been impeded by land-owners' political influence, the harassment of tenants, and protracted court litigations. On the whole, agrarian reforms in the region have been of limited scope and their implementation weak and frustrating, owing mainly to the governments' lack of political will to carry out reforms and their low administrative capability for implementation.²²

In the Philippines the passage of the first agricultural Land Reform Code in 1963 required the full support of the Liberal Party under President Macapagal, with the assistance of the Manahan-Manglapus faction in the Senate. However, the resulting legislation lacked the provisions on the means of financing land-reform operations as well as those pertaining to mediation of local land disputes, which

²¹For more details, see Dalisay, A.M. Values in policy formulation for rural development. Occasional paper No. 9. MARD Program, U.P. at Los Baños, 1980. pp. 21-23.

²²See Asian Agricultural Survey 1976. pp. 97-101.

were omitted through the intervention of powerful landholding legislators. According to President Marcos, the political factors operating through the Conference Committee of the Senate and the House led to the removal of one whole chapter (in the original Land Reform Code) which provides for a tax on all idle land as the source of financing land reform and the Land Bank.²³

At the 7th Anniversary of Agrarian Reform held in Quezon City on August 8, 1970, before a large audience composed mostly of agrarian reform beneficiaries, President Marcos made certain pledges which, among others, he would carry out through this leadership and with the support of the Nacionalista Party which he heads — such as introducing amendments to the Land Reform Code to strengthen its implementation, declaring the entire country as a land-reform area, making land reform the epicenter of all government activities, establishment of a single-line department of land reform, providing additional sources of funding for the Land Bank, and organization of cooperatives among the reform beneficiaries.²⁴

These pledges were carried out in succession, if not altogether, as shown by events in the next few years. First, the approval of the necessary amendments to the original Code was made by Congress on September 10, 1971, with the full backing of President Marcos and the support of his party, barely a year after his Quezon City pledges. Secondly, the other pledges were fulfilled in a series of Presidential decrees²⁵ issued after the declaration of Martial Law on September 21, 1972. The most significant of these decrees was PD No. 27, which emancipated the small tillers from their bondage and transferred to them the land they till. The series of Presidential decrees during the martial-law administration not only strengthened the foundations of agrarian reforms, but also indicated the direction of social and political development in the years to come.

²³See "Address of the President at the closing ceremonies of the 7th Anniversary of Land Reform, August 8, 1970, p. 12.

²⁴Address of the President, *op. cit.*

²⁵P.D. No. 57 November 19, 1972 - exempting landowners affected by land transfer from the capital gains tax.

P. D. No. 84, December 22, 1972 - authorizing the secretary of Agrarian Reform to sign land transfer certification (on behalf of the President of the Philippines).

P. D. No. 152, March 13, 1973 - prohibiting the use of share tenants in public lands transferred or titled to the present owners.

P. D. No. 239, July 9, 1973 - withdrawing the authority of the Land Registration Commission to approve original survey plans (which had been solely exercised by the Bureau of Lands).

P. D. No. 251, July 21, 1973 - amending the provisions of R. A. No. 3844 as amended to strengthen the powers of the Land Bank of the Philippines as the financial arm of Land reforms.

Political commitments for strong administrative policy in agrarian reform. It took the passage of the Code of Agrarian Reform, as amended, on September 10, 1971, to consolidate the six-agency implementation machinery of land reform into a single-line, comprehensive agency, the Department (now the Ministry) of Agrarian Reform. This is about eight years after the approval of the original Agricultural Land Reform Code, during which a cumbersome administrative machinery carried on the task of land redistribution, the conversion of tenancies into leaseholds, and settlements in selected land-reform areas.

The issuance of several decrees by the President after the proclamation of martial law in 1972 strengthened the government machinery for the implementation of agrarian reforms. The entire country was first declared a land-reform area (PD No. 2) and the tenants-farmers were then emancipated from their bondage and made owners of their holdings (PD No. 27). Other decrees followed in the next three or four years that saw the restructuring of the Land Bank of the Philippines, as the financial arm of land reform; the creation of additional fund sources for the financing of reform implementation; and laying down the bases for the organization and development of farmers' cooperatives (PD No. 175).

The above Presidential acts fulfilled the pledges made by President Marcos to land-reform beneficiaries in his Quezon City Address. In practice, these measures created the underpinnings for the integrated action of the Department of Agrarian Reform in the break-up of the landed estates and the transfer of ownership to the tenant-tillers, the conversion of other tenancies into leaseholds, and the related activities on the tilling of the lands transferred and the administration of land settlements. However, the principal supportive services remain outside the jurisdiction of the MAR.

Other decrees that followed served to provide additional assistance to the land-reform beneficiaries by prohibiting the ejectment of tenant-tillers from their holdings, by prescribing penalties for ejectment or removal of tenant-farmers from their lands, by establishing the procedure for the acquisition by small farmers of shares of stock in rural banks, and by improving the structure of the Court of Agrarian Relations for the settlement of land disputes and other matters.²⁶

Countries in other regions have also experienced the influence of top-level political commitment in reinforcing the administrative policy on agrarian reforms. In Peru, for instance, the political commitment of its leaders dynamized its

²⁶ For particulars, see the following decrees:

P. D. No. 316, on October 22, 1973, prohibits the ejectment of tenant-tillers from their holdings.

P. D. No. 583, on November 16, 1974 - prescribes penalties for unlawful ejectment or removal of tenant-farmers from their holdings.

P.D. No. 584, on November 16 1974 - establishes the procedure for the acquisition of shares of stock in rural banks.

P. D. No. 946, on June 17, 1976 - reorganizes the CAR by establishing 16 regional districts throughout the country.

comprehensive land reform legislation approved in the early 60's. Although the compensation provisions of the law were generous, the political opposition to implementation was widespread, and with poor administrative staff and inadequate financing very little land redistribution could take place. By 1973, owing to political commitment for accelerated reform implementation, over half of the estates to be appropriated had been subdivided, thus resulting in six times more land appropriated and redistributed and eleven times more land adjudicated for redistribution to landless farmers than all previous land reform legislation.²⁷ These have demonstrated the need for quick action to take advantage of the government's power and commitment as well as the efficacy of administrative organization created for the purpose.

Here and in other countries of Southeast Asia, the political commitment of the highest level of leadership is necessary not only to improve upon the existing reform legislation, but also in effectively implementing land reform and other measures of rural transformation. As explained by Rondinelli and Ruddle, such a political commitment must involve a strong, pervasive, and sustained determination to achieve the goals of rural transformation, economic reorganization, and social equity.²⁸ A concomitant must be a broad base of political support from government agencies, political groups, and cooperative associations.

Insights from other development and agrarian reform experience

In spite of the above structures, the developing countries especially the Philippines, must continue to derive insights from development and agrarian reform experience in other countries under similar conditions. The rationale for this must be based on a socio-economic approach to the improvement of the development process itself towards efficiency and effectiveness and the creation and strengthening of organizations/institutions that will accelerate the process of growth and transformation. The over-riding goal is to forge a unified or comprehensive model (strategy) that can be implemented through a consensus among the social, economic and political interests involved and with massive participation and support of reform beneficiaries. For economists and administrators, Guy Hunter (1978) expresses an encouraging and hopeful note: "Economists can at least join hands with administrators in working out . . . an economic and administrative tool kit which will help them to avoid the worst dangers of a political decision (to implement reform) and achieve the best economic compromise . . ."²⁹ He thinks, quite correctly, that a total retreat of economists from the frustration of reform is not necessary.

²⁷See Rural Development - Evaluation Study No. 2, op. cit., p. 166.

²⁸Rondinelli, Dennis A. and Kenneth Ruddle. Urbanization and rural development. New York: Praeger Publishers, 1978. pp. 139-154.

²⁹Hunter, Guy (ed). *op. cit.*, p. 46

An Operational Model for the 80's and Beyond: Policy Implications

An operational model or strategy for the 80's and beyond should now be adopted and implemented without further delay. It must be based on the following considerations: (a) the need for an integrated approach which requires cooperation among several ministries in a multipronged, multi-faceted thrust towards national growth and structural transformation; (b) priority emphasis on institution-building and the socio-political aspects of peasant organizations and other participatory mechanisms in the rural areas; and (c) a strong administrative policy governing the decentralization of the public supporting systems to the different regions and integrating those services with local and regional programs for overall development.

1. *An integrated approach to agrarian reforms involves both the program for increased productivity and income among the agrarian-reform beneficiaries and the social and infrastructural overhead essential to human-resource development and mass participation in development planning and administration.* Such an approach must go beyond the present confines of land transfer and tenure adjustments, together with land settlement programs. It must deal directly with the problems of urban-rural linkages, strengthening and further extension of support services, and the creation of off-farm employment opportunities through cottage and small industries in the rural communities. For effective implementation, this approach must be based unequivocally on:

(a) active participation and involvement of the reform beneficiaries in the different programs and projects through participatory mechanisms organized for the purpose, and/or (b) government support for the creation of peasant organizations designed to strengthen the role of reform beneficiaries in the social, economic and political activities of their communities.

2. *Institutional aspects must be given more importance towards social and human-resource development.* Higher priority should now be given to the development of essential organizations/institutions in all the land-reform areas, which will assist the reform beneficiaries in their efforts to increase their own communities. Farmers' associations and all types of cooperatives must be developed, based on need and the management capacity of the small farmers and lessees.

Sometime ago I pointed out that the development of local institutions cannot be left to the government agencies alone.³⁰ The private sector has a mutual responsibility, particularly in the establishment of farmers' associations and various types of cooperatives. For the productivity and efficiency of the family farm do not result only from technological improvements and market forces, but also from the human values, attitudes, and the social institutions that give it recognition and support.

It should also be noted that the motivation and aspirations of the reform recipients are quite as important, if not more so, as the improved technologies and

³⁰Dalisay, Economic issues . . . , op. cit., p. 9

management practices recommended for farm productivity and efficiency. And the institutions that develop reflect not only the aspirations and motivations of the agrarian reform beneficiaries, but also the social values that will ensure their response to technological and social changes.

Fortunately for this country, the people may now count on the realization of the President's pledge to implement a land-reform program with massive support from the cooperatives. In this regard, the disappointing performance of the MLGCD in the organization of viable marketing cooperatives and cooperative rural banks should not discourage the voluntary movement from trying again to build on the present meager gains. And the administrators of the Ministry of Agriculture (MA) designated recently to undertake the rehabilitation and reformation of the cooperatives should take heed from the recommendations of the leaders of the voluntary movement in the new and, let us hope, more realistic approach to cooperative reorganization and development in the different regions.

Moreover, the integrated estate development program (IEDP) of the Land Bank, as a comprehensive strategy for the amortizing owners in the expropriated landed estates based on agribusiness concepts, need to be expanded to include the reform beneficiaries outside the landed estates. Built around management-trained manpower with a core of IEDP coordinators and supported by community banks, now known as *Land Bank sa Bukid* (LBSB), the approach promises to be an effective implementation of integrated rural development buttressed by adequate financing of farm business operations (through the LBSB) and the availability of support services and the necessary infrastructures. The scope of this Land Bank strategy is mainly constrained by the number and competence of IEDP coordinators and the speed with which LBSB's could be organized and made operational.

3. *Significance of a strong administrative policy for agrarian reform implementation.* The weaknesses of the MAR organization and administrative capability are now apparent. These weaknesses, particularly in the coordination of essential activities for reform outside its immediate jurisdiction and strengthening of farmers' cooperatives, must now be remedied if the country is to achieve an integrated reform approach in the 80's and beyond.

The principal aspects of organization and coordination as they are brought to bear on the productivity and efficiency of the individual family farms among the agrarian reform beneficiaries must be given greater attention under a reoriented and unified administrative policy of the present administration, which should embrace the MAR and other pertinent ministries. Among the program and activities that should be coordinated and strengthened at all levels are the following:

(a) The public supporting services, particularly agricultural extension and rural credit are still strongly biased towards well-to-do farmers and the larger towns, whereas the small farmers, amortizing owners, and lessees require special attention and assistance. The agricultural technicians, including the farm management specialists, should henceforth concentrate their activities on the reform beneficiaries in the barangays.

(b) More attention must be given to the problems of unemployment and of job-generating enterprises in the rural communities; hence, the importance of small industries and cottage enterprises based on local materials and skills that can provide remunerative jobs to unemployed youth and adults.

(c) The task as well as the credit for rural development is now splintered among several public agencies engaged in such community improvement programs as food production and nutrition, population control, public welfare services, public health and sanitation, and others. To minimize the confusion of goals for community development in the land-reform areas and get these public agencies to work as a team, a Presidential Order is necessary to place the agency representatives under a local development coordinator.

Furthermore, special attention to the problems and needs of the agrarian reform beneficiaries demands that the following activities must be coordinated by the Ministry of Agrarian Reform: (a) diversification of agricultural production through intensive cropping systems, livestock and agriculture enterprise with emphasis on the family-type farm, (b) tying up local production activities with marketing and processing facilities in the urban centers; (c) developing social and infrastructure service facilities in the subdivided landed estates and other land-reform areas; and (d) local development planning to ensure both technology adoption and the necessary infrastructures for storage and marketing as well as farmers' participation in planning and implementation.

All these would require expanded administrative and management capacity in the MAR and close working relationships with other ministries. Thus, a strong but flexible administrative policy for agrarian reform and related activities must cope with the problems and issues of higher farm efficiency and productivity, manpower trainings, and the reorientation of public administration to the improvement of rural life - the gamut of programs and projects for agricultural transformation and modernization. While the specific tasks of the MAR have to do with land redistribution and tenure adjustments, its primary responsibility must be towards the development of social conditions and the infusion of social values among the reform beneficiaries that would ensure higher efficiency on the individual farms and social stability in the communities where they live. These would mean the MAR taking on more of the functions and activities that now belong to the Ministry of Agriculture and linking them up effectively with other relevant ministries.

The continuing challenge to the MAR and the related ministries is to make good on the pledges made by President Marcos and the present Administration. To do less is to negate the goals and objectives of agrarian reform and obstruct the efforts towards agricultural growth and change.

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Pedro Sandoval, Discussant

Agrarian reform is one program of development that indeed merits periodic and continuous review, a "revisiting" as Dr. Amando Dalisay said. The objective of such "revisiting" or review has also been clearly set by Dr. Dalisay for all of us that: "policy-makers and administrators might be led to evolve action program that would have relevance in the 80's and beyond."

The core programs of agrarian reform are the leasehold and the land transfer programs. The Ministry of Agrarian Reform's position is that the operative act of transferring landownership to the tenant-farmers is PD 27 itself; which means that the tenant farmers became owners of the land they are tilling as of October 21, 1972. It is the documentation of this transfer which is the task of the Ministry of Agrarian Reform. It is the slowness of this documentation process that Dr. Dalisay and other evaluators of the program point out. This commentary on the implementation phase of PD 27, it may be noted, has not been lost on the Ministry of Agrarian Reform and some steps had been taken to remedy the situation. On the leasehold operation, Certificates of Agricultural Leasehold (CAL) has been issued since 1981 to farmers working in landholdings of 7 hectares and below – in effect strengthening their land tenure position as lessees. Parenthetically though, only 8.54% of the targeted lessees has so far been issued the Certificate of Agricultural Leasehold by the end of 1982.¹ On the Operation Land Transfer, the generation/issuance of Emancipation Patents was accelerated during the year by virtue of MAR'S New policy of allowing its generation upon payment of two annual land amortizations. Thus, the Ministry of Agrarian Reform reported an increase in the number of Emancipation Patent recipients totalling 1,799 or .42% of its target beneficiaries in 1981 to 34,913 or 8.16% at the end of 1982.² Despite this reported accomplishment, the effort needed a push if the momentum gained by the program is not to be lost on the farmer-beneficiaries. However, the structural change brought about by tenure reform is only a beginning of concerted efforts in uplifting the plight of the farmer-beneficiaries. Desired increases in farm productivity become possible with sustained institutional support granted by the cooperating agencies in the program.

While the problems of agrarian reform are not new, as many have noted and as summarized in Dr. Dalisay's paper, they have gained in perceived importance with the availability of new high-yielding grain varieties. The new plant varieties hold the promise of increased yields per hectare, while on the other hand, requiring improved farm production conditions such as complementary chemical fertilizers, increased irrigation and water control, and appropriate weeding, to offset the dwarf features of the new varieties.

Attempts to deal with the institutional requirements of the new technology have generally fallen into three categories. First, Dalisay argues that production

¹Ministry of Agrarian Reform 1982 Annual Report, p. 8.

²*Ibid.* p. 9.

constraints must be lessened so that farm productivity levels can be increased. He suggests the need to provide basic production support services and increased access to irrigation water.

The second approach suggested by Dr. Dalisay is the promotion of integrative activities in the planning and implementation of agrarian reform, along the lines of integrated rural development programs. Participatory schemes for mobilizing rural beneficiaries of land reform are cited as the means by which equality of opportunity through employment-generating projects is made.

The third approach focuses on the development of institutions that rely more on local systems of cooperation and control with respect to access to credit, marketing, storage, and processing facilities. The increased use of traditional community cooperative groups is proposed as an alternative to formal, often bureaucratic-type, of government sponsored organizations.

The conceptual framework presented by Dr. Dalisay follows what he labels as a "reformist" approach, in the economic tradition set by Griffin (1972). In carrying out the reformist approach, Dr. Dalisay recommends a re-examination of the "political will" as the basis for the land reform program. These are sub-divided into the political aspects of development affecting (1) legislation and the legal foundations of nationwide re-distribution, (2) implementation of policies that encompass efficiency as well as equity objectives, and (3) the administration of programs that facilitate the conduct of (1) and (2).

In the last section, Dalisay suggests three major program revisions. First, he advocates a strong, integrated approach to agrarian reform that has, as its final goal, increased income and output levels. Secondly, he calls for an expanded institutional development program that is geared toward the improvement of social and human resources. Lastly, he considers the crucial role of "administrative reform" especially in the implementation of land reform legislation. In particular, he cites the need for the MAR to absorb some of the extension and credit functions of the Ministry of Agriculture, and the strengthening of institutional linkages with other line ministries, in the conduct of post-reform activities.

As suggested above, a large variety of organizational and administrative arrangements for implementing land reform are possible. Dalisay's use of local-level solutions, rather than bureaucratic and macroeconomic approaches, offers some important insights regarding the direction that agrarian reform should follow in the future. Within this range of choices are many issues that require a re-examination in the light of Dalisay's suggested framework for integrated rural development.

Two issues will be discussed that may help clarify some of the points raised by Dalisay. These are (1) the need to evaluate the dynamic interrelationships of tenure reform and productivity, and (2) the necessity of broadening the rural agricultural base that benefits from the agrarian reform program.

Reform and Productivity

The studies of Schultz (1940), Ready (1947), and Drake (1952) have ques-

tioned the logical deduction among neo-classical economists that owner-operated systems achieve a better system of pricing factor inputs, and reduces the constraints of decision-making on the use of technological inputs. The Philippine case studies of Estarislao (1965), Sandoval and Gaon (1972), and Mangahas, Miralao, and de los Reyes (1976) support the hypothesis that in an economy, such as the Philippines, share tenancy does not act as a "restraint" on growth of output (Ruttan: 1965).

However, it has also been pointed out that share tenure limits the landlord's incentive to invest in productivity-increasing projects. This has had its historical roots. McLennan (1973) notes that 18th century tenancy relations affecting the development of irrigation in Nueva Ecija have clearly been in terms only of maintaining the landlord's network of dependents. McLennan describes it more succinctly:

Capital investment focused upon one element only -- land . . . the easiest path by which landowners will increase their income was by the acquisition of more tenancies, not by investment in the improvement of land with the goal of increasing yields, for that would involve them in the managerial problems inherent in introducing and supervising more intensive land use practices . . . Irrigation canals were a means to guarantee annual production and expand the tillage within a hacendero's holding, not essentially a means to increase yields (p. 415).

Furthermore, Clark (1905) observes that Central Luzon landowners increase their income not only from rent collection and interest rate payments, but also by manipulating rice production activities. One method has been to capitalize on annual fluctuations in the price of rice. The other method is by compelling tenants to use the *tilyadors* or threshers and to transport rice in the landlord's truck, where exorbitant transport rates are charged.

The 18th and 19th century documentations of landlord-tenant relationships (Pelzer, 1945; Takahashi, 1969) are not without present-day counterparts. In arguing for the productivity hypothesis of tenure reform, these historical conditions have often been set aside and essentially technical and economic approaches have been applied. The result is a list of production support services which have little value when viewed merely in the context of yield-increasing goals.

Expanding the Agricultural Base of Agrarian Reform

By extending Dalisay's argument for institution-building, the alternative approach to increase productivity using tenure reform is to analyze, first, the social and economic factors underlying share tenancy and agricultural lease systems, then provide support services that address the social problems of unequal access to production resources directly.

In expanding the agricultural base of agrarian reform, attention has been

focused on including crops other than rice and corn in the reform program. While decisions towards this end are yet to be made, serious studies in the meantime are being undertaken which hopefully would help in evolving desirable reform programs.

Another sector of the agrarian society that deserves immediate attention is the group of agricultural landless laborers.

The initial efforts of the agrarian reform program had focused on the tenant farmers in order to uplift their deplorable conditions. After a decade of implementation, the time has come when the program of rural development has to extend to the landless agricultural laborers who constitute a greater portion of the farming population.

Landless agricultural workers form a social class which is, almost always, found at the base of the social pyramid. They emerge as a group more disadvantaged than farmers in terms of employment and income. Farmers can supplement their income by hiring out their services while those mainly dependent on income from hired labor have to compete with an ever-increasing number of entrants in the labor market. If development means reaching the poorest segments of the population, and if the reform efforts are aimed at narrowing the visible disparities in our society, then agricultural laborers are a logical target of such efforts.

Constituting one-fourth of the country's labor force, the landless agricultural workers should be the focus of more serious concerns particularly their status, life conditions, problem and constraints. Hopefully, a beginning to a determined endeavor towards more systematic efforts at trying to meet the plight of this rural group could be made, if it has not begun yet, by concerned government agencies.