

Agrarian Reform in the Philippines

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an inventory of the “Comprehensive
Agrarian Reform Program” and its
effect on agricultural production

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SUMMARY

Land reform and agrarian reform are not a modern phenomenon, it has been an occurrence in many countries for at least twenty-six centuries. The objectives for land reform vary widely among countries and over time. The two main motives for undertaking land reform during the nineteenth and the first half of the twentieth centuries have been greater political stability and social justice. Objectives in recent years have also been improved agricultural productivity, economic growth, more equal income distribution, a slow-down in population growth and preservation of the environment.

If there had been no land reforms or agrarian reforms implemented in the world between 1900 and 1980 there would have been twice as many landless families today. This reflects that land reforms and agrarian reforms actually carried out has been one of the most sweeping social and political processes of the twentieth century. Some of these reforms have been carried out as part of a process of violent or non-violent peasant-based revolution others have resulted from foreign pressure or occupation. There are several reforms that have been implemented by regimes without any immediate revolutionary threat or a recent major change in character. Governments anxious to accumulate peasant support have implemented some of these.

This thesis is about the latest agrarian reform in the Philippines and its effect on agricultural production. The Philippines is an archipelago located in South East Asia, with about 80 million inhabitants. Its closest neighbors are Indonesia, Malaysia, Vietnam, China and Taiwan. The Philippines has a long history of colonial oppression. Malays, Chinese and Arabs inhabited the archipelago over 2000 years ago. Since the 16th century the country has been a colony to Spain, United States and Japan. It was first in 1946 that the Philippines became independent.

The Philippines also has a very long and turbulent history of land reforms. The latest one, the Comprehensive Agrarian Reform Program (CARP), was instituted in July 1988. The implementation of a new agrarian reform was necessary to suppress the increased peasant unrest with violent demonstrations. The main reason to why Corazon Aquino was elected to be President in 1986 was that she promised a new agrarian reform. The implementation of the CARP was from the beginning thought to end in 1998, but in 1998 the reform was extended another ten years.

The CARP includes acquisition and distribution of 8.1 million hectares of both private and public agricultural land together with support services such as credit, irrigation facilities, education and training, infrastructure development, post-harvest facilities etc. In 1997 about 4.6 million hectares had been distributed to about 3.15 million people.

The acquisition and distribution is carried out in two steps, first the land is transferred to the Republic of the Philippines and the landowner gets compensation for the land. The landowner is allowed to keep five hectares for himself. In the next step the land is transferred to Agrarian Reform Beneficiaries (ARBs), which are those who own less than three or none hectares of agricultural land. The government finances the difference between the compensation paid to the landowner and the price paid by the ARBs.

As we mentioned earlier the CARP also includes support service. The support service is however only available for areas that are selected as Agrarian Reform Communities (ARCs).

The target is to launch 1,000 ARCs. These ARCs covers only a very small part of the total number of all ARBs. In 1997, 921 ARCs were launched nationwide. As part of our thesis we have visited six of the ARCs to find out how the CARP works in reality.

During the ten weeks we were in the Philippines there were almost an article about the agrarian reform every day in the daily newspaper. An incident that proves that agrarian reform is a hot topic was that the daughter of the secretary of the Department of Agrarian Reform was kidnapped at a shopping mal in Manila, by some landowners. She was however released a couple of hours later. During the years several people have been killed due to the CARP.

In this thesis we do a theoretical discussion on what impact the CARP has on the agricultural productivity. This we have conducted through general theory of agricultural productivity, specific information from the Philippines and field studies.

The discussion on agricultural productivity often focuses on better farming methods, increase supplies of fertilizer, how to provide better seeds and more extensive irrigation. But the improvement of the institutional framework of agriculture and landownership is also a very important factor in increasing the productivity. It is not too difficult to import fertilizer and buy a tractor to developing areas, provided that the necessary capital is available. It is far more difficult to change traditions and the dominating position of large landowners since it will affect the economic and social balance in the whole society.

The effect of an agrarian reform on agricultural productivity is a debated aspect. Opponents of agrarian reform argue that large agricultural units are in most cases more productive because of economics of scale, they can be more easily mechanized and can use rural infrastructure more efficiently. Opponents also insist that peasant cultivators lack know-how and education comparable to that of large landowners.

Proponents of agrarian reform argue that it is actually the smallholders who are the more efficient producer. Since land is an important source of prestige and political power in rural societies, landlords often own more than they can effectively cultivate. Peasant cultivators, on the other hand, tend to farm their plots very intensively because their families' living standards depend on raising productivity. This incentives do not hired laborers on large estates have, since they gain little from raising productivity. The difference in motivation may explain why a study, made before the latest agrarian reform in the Philippines, showed that the agricultural yield was twice as high in Japan, South Korea and Taiwan where smallholders cultivated their own land as in the Philippines where the land was cultivated by tenant farmers.

The basis of Philippine agriculture should according to the CARP be the establishment of ownercultivatorship and economic-size farms, which in the Philippines is thought to be 3 hectares. One fundamental idea in CARP is that land is being distributed with full ownership. Our conclusion of this thesis is that in the long run the agrarian reform will lead to an increase of agricultural productivity due to:

- Farmers who own his or her own land will work harder to increase the output, because the farmer can keep all of it.
- Small farmers tend to cultivate their land more intensively than farmers who own large landholdings.
- Access to support service helps former tenants and farm workers in their transformation into efficient farmers.
- A more stable society, i.e. no peasant unrest etc as there was before the agrarian reform (except for Mindanao, located in the south parts of the Philippines), is a good environment for the new farmers to grow into efficient farmers.

Since not all ARBs have access to support services it is important to create a cheap, simple and reliable system for dealing with credit. An important factor is a reliable land administrative system. The spine of the economical development in the Western World has been a safe and reliable land administrative system.