Marcos' Agrarian Reform*

Promises, Contradictions, and Lessons

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Abstract

The paper is a reexamination of Presidential Decree 27, the agrarian reform law signed by Pres. Ferdinand Marcos on October 21, 1972. Previous studies of the topic proved to be critical of its outcomes but failed to mention the innovations made by Marcos' agrarian reform program. A month earlier, Marcos signed Presidential Decree 2 which abolished sharecropping or tenancy in rice and corn lands in the country and Presidential Decree 27 further advanced tenurial relations by introducing the concept of land ownership to peasants. In addition, the program included technical and financial support to ensure productivity and the program's viability. Moreover, the program required peasants to bond themselves into cooperatives as a way of weaning them from dependence on landowners. Notwithstanding the beneficial intent and design of the program, it was hobbled by succeeding laws and directives that contradicted its aims and objectives. Finally, the non-inclusion of coconut and sugar farms in agrarian reform only highlighted the disparity between these groups of farmers with those in rice and corn areas, a stark difference that became a rallying issue against the Marcos regime as well as an advocacy in the post-Marcos era that aspired for a more inclusive agrarian reform coverage.

Keywords
Martial law agrarian reform, Presidential Decree 27, Marcos land reform, Samahang Nayon, Masagana 99

Introduction

Land reform[1] implementation in the Philippines prior to 1972 was done mostly under conditions of market-economy and democratic rule. The Marcos era was the exception. From 1972 to 1986, the Marcos regime implemented agrarian reform by way of Presidential Decree (PD) 27. Unlike previous land reform programs, this was different for a number of reasons. One, martial law suppressed opposition to the state and targeted oligarchs and landlords, making implementation much easier compared to all other similar programs under different administrations. Two, this land reform program was not only a social reform agenda aimed at curbing agrarian unrest or rebellion in a specific region but also a part of a broader strategy in improving production and addressing food shortages nationwide. Marcos' land reform program was the offspring of the so-called Green Revolution, a project that addressed the issue of hunger by way of new plant varieties and its attendant technologies. Three, this land reform program enjoyed enormous government support in credit and extension services as well as the creation of new institutions.

More importantly, PD 27 deviated from previous land distribution schemes—homesteading, resettlement, and leasehold—and advanced into land ownership. For the first time, it was now possible for tenants to own lands. This altered the age-old tenurial relations between landlords and peasants. Furthermore, land reform was by now a key element or ingredient in a developmental paradigm designed to sustain growth as envisioned by technocrats. This agricultural development strategy, initially formulated by scientists and researchers and funded by the Ford and Rockefeller foundations through the International Rice Research Institute (IRRI), comprised a technological package that included the intensive use of fertilizers and pesticides, the introduction of new and high-yielding rice varieties, water control, and social reengineering (Cullather 259). This was to be complemented by the export of select agricultural products, then the country's top dollar earner (Boyce 9). Finally, for the model to become effective, social reorganization at the local level became indispensable. Thus, the rationale behind agrarian reform lay not only in solving hunger but more so as a bold

attempt at modernizing Philippine society. By introducing so called "miracle-seeds," the motive behind PD 27 was to "draw farmers into the mainstream of modern economic life." (Cullather 266).

This development approach deviated radically from the debate in the late 50s and early 60s on whether to pursue agrarian reform or industrialization. Sen. Claro M. Recto, who championed the cause for nationalist industrialization, believed that agrarian reform was a step backwards from genuine development. Emphasis on land reform was seen or criticized as keeping the Philippines dependent on American industrial products; or neocolonial, as colonial economic practices were preserved in spite of political independence. His arguments became even more credible as agrarian reform and rural development were being advocated by American policy makers. By the late 60s, however, this dilemma was no longer seen as an "either/or" proposition but as complementary for they now formed part of a wider strategy in fighting poverty. This type of modernization would be criticized later for its emphasis on productivity and therefore evading the root cause of poverty—land ownership (Boyce 9). By this time, the contradictions in the design of PD 27 had started to appear. The ill effects of the technology behind the Green Revolution on rice lands had become apparent. The spiraling costs for petroleum and its by-products made fertilizers beyond the reach of farmers so that planting the miracle seeds that the government promoted was no longer a profitable enterprise. Fertilizers, too, made the land acidic, needing more time to recover. At the policy level, Marcos' decision to introduce corporate farming, i.e., giving business and private corporations the right to acquire agricultural lands and utilize them to supply grains to their employees, came in conflict with peasants' rights.

In hindsight, peasants under the scope of PD 27 proved to be fortunate than those whose crops were outside the coverage of land reform. Peasants and farm workers in the coconut and sugar industries suffered the brunt of predatory capitalism and landlord resistance to reforms. Coconut farmers were levied four types of taxes which came to be known as the coco levy fund. These tax farming schemes were so profitable that they were used to acquire corporate shares and then privatized for personal use. Seasonal sugar workers,

or *sacadas,* became the symbol of rural poverty when demand for sugar in the international market plummeted, a dire result of sugar planters' insistence on monocropping. Farm workers' demands for decent pay were met by resistance and intransigence by the state and landowners who insisted on a tripartite regional wage board instead of the mandated national wage increase.

Thus, if land reform was designed with the end in view to nip discontent in the bud and extinguish radicalism, Marcos achieved this goal in areas covered by the program. Yet at the same time, Marcos had unwittingly stoked the flames of discontent and radicalism in areas outside its coverage. The growth of radical peasant organizing now shifted to coconut and sugar producing areas in the Southern Luzon, Bicol, and Western Visayas regions.

This paper looks at the development of agrarian reform from the inception of PD 27 in 1972 until the end of the Marcos regime in 1986. It discusses PD 27's underlying rationale, mechanisms, achievements, and failures. Starting with the shift in tenurial status, i.e., from share cropping to leasehold system, it then looks at how agrarian reform fits into the modernization narrative to frame this unique agrarian reform. It then enumerates the accomplishments of PD 27 as well as its shortcomings and contradictions. Finally, the paper examines the state of peasants in agricultural areas not covered by PD 27 to highlight the need for a more radical version of agrarian reform in the post-Marcos period.

Stages of Agrarian Reform in the Postwar Era

To appreciate agrarian reform under the Marcos regime, it is worthwhile to trace its development over the years. The 1935 Constitution contained specific provisions on social justice and expropriation (Art. II, Sec. 5; Art. XIII, Sec. 4). In concept, the law stipulated that large haciendas were to be expropriated and sold to tenants. The Rice Share Tenancy Act (Act No. 4054), promulgated during the American colonial period was amended, meaning landowners and tenants were encouraged to enter into contracts not contrary to laws and public policy. To augment this policy, the Court of Industrial Relations (CIR) was established to mediate in conflicts arising between landowners and agricultural workers through compulsory arbi-

tration. This reform measure, however, was met with stubborn resistance by Quezon's political allies. Quezon resorted to a compromise by way of creating the National Land Settlements Administration (NLSA) by way of Act. 441.

Since Quezon's allies were themselves landlords, reforming the agrarian situation was out of the question. But the Sakdal rebellion of the 30s shook the foundations of the new Commonwealth; the Solomonic solution lay in giving rebellious peasants lands to own—but not in their locality. The property would be in Mindanao. Homesteading, or resettling landless peasants from Luzon and the Visayas to frontier areas in Mindanao, became the new policy of the Quezon government except that this so called "win-win solution" would set in motion a conflict with Muslim and *lumad* communities. The same predicament would occur in the 50s as the *Huk* rebellion threatened not only landlord interests but also to national security itself. These waves of migration would blossom into a full-scale rebellion in the late 60s and early 70s. Thus, what seemed like a judicious solution became an atrocious problem for the next generation of leaders to solve.

In other words, earlier measures to alleviate agrarian unrest focused on public land distribution. But as the challenge to landlord authority increased, policies regulating share tenancy relations emerged with either purchase or expropriation of large estates. This may be considered as Phase I of agrarian reform which occurred between 1954 and 1963. Phase II was marked by emphasis away from share tenancy toward leasehold. This was the type of agrarian reform from 1963 until the implementation of PD 27 on October 21, 1972. Phase III came after which required full conversion to ownership of tenanted land to rice and corn farmers in privately-owned farms.

The following legal measures are hereunder enumerated to trace the evolution of agrarian relations: Republic Act (RA) 34 of 1946 provided the 70-30 sharing arrangements and regulating share-tenancy contracts. RA 1160 of 1954 established the National Resettlement and Rehabilitation Program (NARRA) to resettle dissidents/rebels and landless farmers. In that same year, RA 1199 was passed to govern the relationship between landowners and tenant-farmers by recognizing two systems, namely: share-ten-

ancy and leasehold. Finally, RA 1400 (The Land Reform Act) of 9 September 1955 created the Land Tenure Administration (LTA), responsible for the acquisition and distribution of large private agricultural lands.

Phase II started with President Macapagal's campaign promise to introduce reforms and ended just before the start of Martial Law. RA 3844 (Agricultural Land Reform Code) was passed into law on August 8, 1963 after a long and tumultuous battle in Congress. Share tenancy was outlawed and the leasehold system became the official state policy towards land reform. However, Macapagal's landmark law became ineffectual due to lack of funds and stiff opposition from landowners. Nevertheless, outlawing share tenancy and making landlords to comply with the leasehold system was a step forward, a small but nonetheless overdue victory.

The last phase introduced a radical concept at that time—ownership who tilled the land. PD 2, proclaimed on 27 September 1972, or six days after the declaration of martial law, placed the entire country under land reform and was implemented on October 21, 1972. Known as the Tenants' Emancipation Act, PD 27 instituted Operation Land Transfer (OLT) which aimed to make tenants full owners of the land they till and provide the necessary support systems to make ownership viable.

Marcos' Agrarian Reform

Marcos' land reform program may trace its roots in the Green Revolution. In the early 60s, the International Rice Research Institute (IRRI) was established at the University of the Philippines at Los Baños campus in Laguna to undertake extensive research to produce new rice varieties. While the Philippines hosted and supported the Institute, its funding came from the Rockfeller Foundation, Ford Foundation, and companies that were interested in the use of oil and chemical by-products, essential supply in the production of fertilizers and pesticides. Not long after, IRRI came up with the so-called "miracle seeds" such as IR-8, IR-15, and IR-20.

It is not accidental that the introduction of new rice varieties rapidly increased fertilizer production. From 101.2 million metric tons in 1956, total fertilizer consumption reached 563 million metric tons in 1972. This

would reach to almost 780,000 metric tons in 1978 when the Masagana 99 Program ended, up by 15% from the 1977 total of 636,590 metric tons. Soon, foreign companies that included Esso Atlas Fertilizers, Union-Hikari and BASF entered the booming market. Esso partnered with local businessmen led by Alfredo Montelibano and established Planters Products, the largest in the industry with a network of over 400 stores nationwide. In 1973, Planters Products cornered 63.8% of the total market and at its peak in 1979 sold 983.3 million pesos worth of fertilizers (LUSSA 32-33).

PD 27 may be considered a novelty, even revolutionary. For the first time, large numbers of peasants can now own the lands they tilled. Land transfer was possible only if peasants had the rare chance of having an altruistic landlord willing to sell them the land voluntarily. PD 27 provided the state the upper hand in forcing landowners to relinquish their holdings. Thus, PD 27 sought to transform tillers into owner–cultivators and establish economic family-size farm as the basis of Philippine agriculture.

At the same time, PD 27 was cautious and restrained as it covered only two types of crops—rice and corn. And only those lands that were tenanted and privately-owned. Originally, the retention limit was set at 7 hectares (has.) maximum. But this was revised later. The maximum area that a tenant can own is 3 has. if irrigated and 5 has. if unirrigated. Alienable and disposable lands were likewise covered as part of the resettlement component of the law.

The rationale for the retention limit may have to do more with the notion that many of the farms with small landholdings were owned by ordinary citizens (government employees like teachers and policemen among them) that make up the core of a community. Making the retention limit lower than seven hectares would mean that in many cases, the tenant would acquire more land than the dispossessed owner. Thus, the more plausible explanation was to stave off potential opposition from small landowners who comprise a sizable majority of the population. Despite the strong rhetoric behind PD 27, Marcos demonstrated his persona as more a pragmatic politician.

However, PD 27 excluded farmlands and plantations devoted to traditional export crops such as sugar, copra, bananas, tobacco, pineapples, and so forth. As would be pointed out by scholars later, the Marcos regime's rhetoric on agrarian reform did not match its actions since the retention limit of 7 hectares deprived 55% of tenants in rice and corn lands the right to own lands they tilled. (Tadem 406).

The truth is that the scope of PD 27 covered less than 14% of all cultivated lands. Out of a total of 9.7 M hectares of cultivable lands nationwide, rice and corn lands totaled 4.2 M hectares while non-rice and corn areas amounted to 4.5 M hectares. Of the 4.2 M hectares devoted to rice and corn, only 1.42 were tenanted and fell under the scope of the land reform program. These were further divided into Operation Land Transfer (OLT), 822,000 has.; Lease Hold Operations (LHO), 562,000 has.; and, Land Emancipation Patents (LEP), 88,000 hectares. (DAR, 1987). The value of the land transferred to the tenants was assessed at 2 ½ times the annual harvest of three normal crop years. The total cost of the land was to be paid by the tenant over a period of 15 years in equal amortizations. Established in 1963 thru PD 251, the Land Bank of the Philippines (LBP) was tasked to provide adequate financial support in all phases of the agrarian reform program.

Aside from land tenure, PD 27 had four other components as support services: institutional development, physical development, agricultural development, and human resources development. Land tenure improvement included compact farming, cooperative farming, land consolidation, and the formation of agro-industrial estates. Institutional development includes the formation or creation of support organizations such as the Samahang Nayon, farmers' cooperatives or associations, and farmer-oriented financing institutions. Physical development refers to infrastructure; and agricultural development includes management services and technology such as the Masagana 99 and the Green Revolution Project.

The argument that PD 27 was a conservative agrarian reform program may be bolstered by the fact that its backbone, providing credit and financing its operations, was given to Finance Secretary Cesar Virata. A former banker and consultant on agriculture who saw agrarian reform more as an issue

of productivity, Virata's policies were shaped by his close association with the World Bank and like-minded consulting groups in the 1960s when the concept of Green Revolution was fast gaining ground among policy makers. Virata held the view that since many of the small landowners were ordinary employees like teachers and soldiers, there was no need to put them under the compulsory coverage of agrarian reform. Virata's recollection of this orientation is recorded thus: "Rather than for the landowners to lose their lands to the NPA [New People's Army], we better have agrarian reform for the farmers so that they will be with us." (Sicat 404).

In a way, Virata echoed Marcos' cynical but benign view of agrarian reform—"the answer of communism is the abolition of private property. By this we mean nothing but that wealth and property shall not be utilized in such a manner that it constitutes the new barbarism…We have promised by the proclamation of martial law, we have committed our very lives, our future and our dreams to two objectives. The first, the eradication of the armed force of the rebellion of the communists. Number two, we must now remove the social roots of grievance and rebellion. The first root of grievance and rebellion is the feudal land system in the Philippines. It must therefore go" (Marcos 31, 34).

Marcos' rapport and close association with the biggest peasant federations at the time—Montemayor's Federation of Free Farmers (FFF), Luis Taruc's Agrarian Reform Movement and the Federation of Land Reform Farmers—reflected his efforts to strengthen martial law's support base. Not long after, Montemayor's and Taruc's views of agrarian reform as a social justice issue were shattered in 1977 when both called for the expansion of coverage of agrarian reform to include sugar, coconut, and bananas following the near completion of Operation Land Transfer. With their call for the expansion of coverage came the instruction of Marcos to DAR Sec. Estrella "to tell those two not to rock the boat" (Kiunisala 18).

Operation Leasehold

Leasehold tenancy is the practice wherein a farmer (lessee) pays the landowner (lessor) rental in the form of money or produce or both in

exchange for cultivating the land. The DAR encouraged the execution of a written contract between both parties. This formed part of the Land Tenure Improvement Program which aimed to transform farmers into farm managers, thus getting more for his labor. Operation Leasehold is a program designed to convert share tenants into lessees on lands not covered by PD 27. Thus, two types of land relations regimes existed in rice and corn areas—land ownership and leasehold. The lessee however can be ejected from the land for infractions that may be deemed strict such as planting of crops not specified in the contract; failure to adopt proven farm practices; damage to property due to negligence; failure to pay lease rental; land conversion; and employment of a sub-lessee. A lessee has the option to own the land if there is a Voluntary Offer to Sell (VOS) on the part of the owner.

Operation Land Transfer

OLT, as it is also known, is the orderly and systematic transfer of ownership of tenanted rice and corn lands. This is the flagship program of PD 27 and was first launched in November 1972 on select farms in Luzon and the Visayas. Thereafter, OLT was introduced to the whole country starting in 1973. Below are the steps required for farmers to own lands. An Emancipation Patent (EP), the title to the land, is then issued to the Farmer Benificiary (FB) once all the requirements have been complied. By compliance, it is meant that the FB has satisfied 15 requirements, among which are the following:

1. Full payment for the land, the FB is given 15 years to complete payment or if full payment is made before the prescribed length of payment;
2. Membership in the *Samahang Nayon* or a duly-recognized or authorized cooperative; and,
3. Actual use (cultivation) of the land.

Resettlement

The DAR's Bureau of Resettlement oversees the relocation of landless tenants to identified resettlement areas. Origins of resettlement work may

be traced to the National Land Settlement Administration (NLSA) during the time of Pres. Manuel L. Quezon whose Social Justice Program oversaw the resettlement of landless peasants, mostly from Central and Northern Luzon as well as from the Visayas to Cotabato and Isabela provinces. After the Second World War, the NLSA was reconstituted into the Land Settlement Development Corporation (LASEDECO) during the incumbency of Pres. Elpidio Quirino. The next president, Ramon Magsaysay, replaced LASEDECO with the National Resettlement and Rehabilitation Administration (NARRA). One of the key elements of resettlement was to provide support services which was manifested through the Economic Development Corps (EDCOR). Pres. Diosdado Macapagal signed into law the creation of the National Land Authority (NLA) which incorporated the government's land resettlement program. Finally, on 10 Sept. 1971 all agencies and programs related to land reform were centralized into the Department of Agrarian Reform with the signing of RA 6839.

Samahang Nayon

In his 1972 treatise titled "Land Reform is the Fundamental Foundation of all our Efforts", Marcos declared that "land reform, under the philosophy and the approaches we have adopted since the beginning means, first, the conversion of share cropping from leasehold to ownership. But ownership has many concepts. It is my hope that before we shall transfer ownership to the tenants, they shall first organize cooperatives…The program envisions the need for field technicians, servicing of farmers in the supervised credit system" (Marcos 34).

The rationale for this statement is that the history of cooperative development prior to 1972 has been marked by failures. Cooperative development in the Philippines may be traced to the establishment of the Farmer Marketing Cooperatives (FACOMA) that was introduced in the 1950s and financed heavily by the USAID to defray huge capital outlay on rice milling and storage facilities. This was also meant to mitigate the practice of usury that indebted peasants heavily (Jensen 11). While many cooperatives were plagued by technical and financial problems, the most important factor

however was lack of enthusiasm on the part of peasants. It was striking that cooperatives failed not because of lack of support but rather the lack of commitment and sense of ownership on the part of the peasants.

In 1974, Orlando J. Sacay,[2] the Department of Interior and Local Government (DILG) undersecretary for Cooperatives Development, proposed the creation of the New Cooperative Development Program or the *Samahang Nayon* (SN), a nationwide cooperative system designed to hasten rural development. Learning from the lackluster performance and defects of cooperative formation from the past, Sacay placed more emphasis on members' education, capital build-up and discipline. Among the objectives of the SN were: to prepare farmers to become better producers; to ensure timely payments of land amortization; to enforce savings among farmers; to encourage farmers to preform activities collectively; and to develop marketing outlets for farm products. In summing up, Dr. Sacay said that the members would have nothing to do but "learn, save and practice discipline." (Sacay 112). It must be said that there was a more compelling reason for the creation of a nationwide network of cooperatives other than to ensure payment of amortizations. Dr. Sacay believed that the rationale behind the SN waa more for the long-term—for cooperatives needed to be a vehicle to facilitate the distribution of wealth.

The educational process that Dr. Sacay envisioned for the efficient and scientific management of cooperatives was divided into two parts. Phase I was designed to be a pre-membership course which included lessons on agrarian reform, history and principles of cooperatives and the SN's rationale, organizational set up, policies and requirements. Phase II, or Manpower Development, was devoted to management training for both officers and members, training of agricultural workers, and technical lessons for SN members. For both phases, Dr. Sacay designed a sixty-five-week training schedule.

Capital buildup or capital mobilization on the other hand are forced or compulsory savings mechanisms which were meant to extend credit from their own savings. Dr. Sacay believed this was the only way to solve the perennial problem of repayment. Another underlying principle behind these

forced schemes was premised on the concept of "strength in numbers." In addition, these funds were designed to provide farmers the capital to engage in business and finance with the view of forming community-based rural banks (or farmers' banks). The rationale for this was to create a new funding window as traditional rural banks run established by well-to-do families became inflexible in servicing the farmers.

The following are the Funds outlined in the program:

1. General Fund — The money for this fund consisted of an initial payment of 10 pesos as membership fee and annual dues amounting to 5 pesos, and other incomes that may be derived from matters such as collection of loans from different borrowers. This fund is intended to cover the expenses that may accrue in the performance of the SN's functions.
2. Barrio Savings Fund (BSF) — The money for this Fund came from farmers themselves. A deduction of 5% from members was taken upon the release of their loans from either the Philippine National Bank, the Agricultural Credit Administration, or rural banks. Those who did not borrow loans were required to pay 5 pesos for monthly contributions. The BSF was intended to purchase government equity in rural banks and had the option to purchase shares of stocks and control the rural bank's policies. Should this scheme not materialize, the BSF may be used to capitalize a cooperative rural bank with the same subsidies and assistance provided by the Central Bank.
3. Barrio Guarantee Fund (BGF) — The money for this Fund was derived from the member's (i.e., beneficiaries for land transferred under PD 27's OLT) contribution of 1 cavan/hectare/season. This Fund acts as a guarantee for land amortization payments being paid by members, to pay for insurance premiums of all members as well as to finance the establishment of full-fledged marketing cooperatives in SN units.

The rise of SN organizations and membership (see Table 1) was due to many factors. It may be due to its compulsory membership, a precondition for being a beneficiary of the land reform program. However in Castillo's book titled "How participatory is participatory development? : a review of the Philippine experience", it was discovered that many farmers were enticed to join SN because it offered good information and advice on farming, offered lower priced farming inputs and gave higher market prices for their produce based on a survey conducted among SN members.

From a savings standpoint, the SN was able to generate a total of 95M pesos over a five-year period for an average of 100 pesos per member and 5,200 pesos per SN. The SN was successful as far as scale is concerned. Even with only 20 pesos per member per year, it was possible to generate a substantial amount over a short-term period for a national savings project. But at the same time, loan repayment was the most problematic. In some instances, farmers evaded membership to the SN due to its financial obligations.

Table 1. Samahang Nayon Organizations and Members

Region	1974		1975		1976		1977		1978		1979	
	SN	Members	SN	Members	SN	Members	SN	Members	SN	Members	SN	Members
I	1,704	78,534	1,787	85,141	2,002	90,552	2,038	94,953	2,041	97,560	2,089	97,820
II	598	34,155	755	42,676	813	47,877	877	51,037	912	53,014	914	53,014
III	1,485	83,520	1,608	97,432	1,763	114,636	1,892	125,190	1,898	126,836	1,909	127,263
IV	1,365	60,043	1,590	74,026	1,749	83,763	1,833	86,162	1,871	86,442	1,879	86,535
V	864	40,177	1,000	47,046	1,095	51,238	1,169	57,759	1,196	59,409	1,201	59,516
VI	1,379	54,644	1,542	63,410	2,178	94,917	2,205	100,072	2,254	100,755	2,256	100,780
VII	1,084	45,967	1,152	51,949	1,269	59,718	1,327	68,138	1,339	68,772	1,390	69,557
VIII	629	20,035	1,230	45,244	1,501	55,114	1,753	65,124	1,784	66,898	1,825	69,684
IX	381	17,082	462	21,563	507	25,491	576	28,864	587	29,415	612	31,511
X	1,212	67,057	1,362	72,332	1,499	97,909	1,584	99,589	1,716	107,192	1,720	107,869
XI	874	44,368	837	48,436	1,187	61,879	1,247	69,298	1,278	74,476	1,290	75,321
XII	-	-	786	37,546	928	47,854	1,054	50,522	1,080	53,589	1,095	54,666
Total	11,575	545,582	14,111	686,801	16,491	828,948	17,555	896,708	17,956	924,358	18,180	933,536

Source: LUSSA 1982

Masagana 99

The Masagana 99 Program was launched in 1973 as a Program of Survival to address the acute food shortages and later to increase rice production. The target was to achieve a yield of 99 cavans (or 4.4 tons) of unmilled rice per hectare. *Masagana 99* was anchored on two service provisions—a credit program and the transfer of technology. It was an innovative supervised credit program and the first of its kind in its time. To emancipate farmers from usury and onerous conditions set by banks in extending loans to farmers, the government guaranteed 85% of all loses on Masagana 99 loans. This warranty induced rural banks to forego of its traditional practice of requiring collaterals. Even the rediscounting policy was revamped to make them easy, at the least cost to the farmer-creditor. Thereafter, some 420 rural banks and 102 branches of the Philippine National Bank agreed to provide loans on such conditions.

Loan applications were processed quickly and on the spot. Bank employees, together with farm technicians, processed the farm plan and budget for farmers' *seldas*[3] or cooperatives. An individual farmer with a collateral to offer may also obtain credit. The maximum allowable loan reached the equivalent of US$100 per hectare with one percent (1%) monthly interest. Once approved, many of the loans were sent to the farm sites by foot, motorcycle, jeeps and even pump boats. The Philippine National Bank called this program "Bank on Wheels" (see Figure 2). Part of the loan was given in cash to cover labor costs while the balance was given in Purchase Orders which could be exchanged for fertilizers and pesticides at participating stores.

If the credit program was innovative, so too was the transfer of technology. Farmers were now introduced to new rice varieties called high yield varieties (HYVs), radically different from the ones they previously planted. These varieties required extensive preparation and use of fertilizers and pesticides so that the farmer, with the aid of farm technicians, would have to follow the method specified by the program.

To ensure coordination and cooperation of all farm-related initiatives, local chief executives were drawn into the program. Governors were designated chairs of the Provincial Action Committees while mayors were made

heads of Municipal Action Teams. Both officials were responsible for coordinating various agencies—banks, millers, traders, farm input dealers, local radio networks, the Department of Agriculture, DAR, and Department of Local Governments and Community Development—at their respective levels.

On its first year, Masagana 99 was a huge success. Because of the prevailing political conditions, implementing actors performed their mandated tasks, perhaps grudgingly. Moreover, the country generally enjoyed good weather in 1974 so that losses to agriculture were minimal, unlike in the last three years. Furthermore, as fertilizer prices in 1974 increased sharply due to the turmoil in the Middle East and as price dictates imposed by the Organization of Petroleum Exporting Countries (OPEC), the government cushioned its impact through subsidies, amounting to about 21% of retail price. Lastly, the government provided a guaranteed farm gate price of US$6 per sack, relieving farmers of severe losses when market prices fell during harvest time.

As far as attaining self-sufficiency in rice is concerned, Masagana 99 was a huge success. In fact, after only two years of its implementation, the Philippines exported rice in 1976. It is estimated that the savings from the non-importation of rice and the income realized from the sales of surplus rice amounted to US$647M (approximately 4.7B pesos).

Table 2. Status of Masagana 99 Credit Program after Expiration (30 April 1978)

Phase	Term	# of Borrowers	Area (hectares)	Loans Granted (in M pesos)	Repayment Rate (in %)
I	May–October 1973	401,461	620,922	369.5	-
II	November '73–April '74	236,115	355,387	230.7	94
III	May–October 1974	529,161	866,351	716.2	94
IV	November '74–April '75	354,901	593,609	572.1	84

V	May–October 1975	301,879	558,330	572.9	82
VI	November '75–April '76	151,862	255,882	255.9	76
VII	May–October 1976	144,265	244,477	274.3	81
VIII	November '76–April '77	89,623	148,763	164.3	80
IX	May–October 1977	131,842	222,622	250.5	81
X	November '77–April '78	92,476	155,095	176.1	74
XI	May–October 1978	116,624	202,606	236.9	80
XII	November '78–April '79	85,401	157,521	158.0	68

Source: Alix 1978

Accomplishments

Table 3. Land Distribution Accomplishment

Year	Target (in hectares)	Total	Accomplishment (100%)
1972–1986	70,178	70.178	100
1987	44,081	44,081	100

Table 4. Operation Leasehold

Target (Farmer – Beneficiaries or FBs)	No. of Leasehold Contracts	Coverage** (in hectares)
538, 758 FBs	727,849	567,078

*Target date of completion was 1978 but was finished only in June 1986

**Covering rice and corn lands

Table 5. Operation Land Transfer

No. of Certificates of Land Transfer (CLTs)	No. of Farmer – Tenants (FTs)	Coverage (in hectares)	Accomplishment rate (%)
657,623	440,239	755,172	104.3

Table 6. Emancipation Patents

Distribution	Emancipation Patents	No. of Farmer Beneficiaries	Coverage (in hectares)
Targeted	54,912	373,100	11,087
Actual	22,187	13,590	719,700
Accomplishment Rate (in%)	39%	4%	1.5%

Table 7. Compensation Claims to Landlords

Distribution	No. of landlords to be compensated	Coverage (in hectares)
Targeted	37,173	642,775
Actual	12,391*	262,357
Accomplishment Rate (in %)	33%	39%

*Only 4,339 landowners have been paid in full by June 1986

Table 8. Settlements*

Distribution	Resettlement Sites	No. of beneficiaries (in families)	Coverage (in hectares)
Targeted	46	106,020	746,000
Actual	46	58,662	746,000
Accomplishment Rate	100	56%	100

*A total of 2,667 kilometers of roads, 327 bridges, 468 school buildings, 73 health centers, 116 irrigation dams, 989 irrigation pumps and 127 motor pools were built in settlement sites

Source for tables under "Accomplishments:" Reyes 2003: 11–12.

Peasant support for PD 27

Two of the largest peasant federations supported Marcos' agrarian reform—those formerly aligned with the Partido Komunista ng Pilipinas (PKP) and those from the non-communist, Catholic-inspired Federation of Free Workers (FFF). How two seemingly diametrically opposed ideological groups ended up on the same side may be explained by unforeseen events. The factional split inside the PKP in 1954 between the Lava brothers and Luis Taruc led to its eventual demise. By 1974, the PKP had capitulated to the Marcos regime by way of a negotiated settlement. On the one hand, for peasant groups within the former PKP, collaborating with the government to pursue agrarian reform was a pragmatic strategy. On the other hand, the Federation of Free Farmers (FFF) under the leadership of Jeremias Montemayor came into existence after the demise of the PKP. In a way, the FFF filled the void left by the PKP as agrarian relations were no better even after Magsaysay had crushed the Huk rebellion.

Montemayor was the most likely person to lead a peasant organization founded on Christian principles and Catholic social teachings. Raised in a conservative family in Pangasinan, Montemayor was educated at the Ateneo de Manila University and even had the Jesuit Fr. Walter Hogan as his mentor. In effect, FFF became one of the two mediums in the Jesuits' work for the basic sectors, the other was the Federation of Free Workers (FFW) led by another Atenean and Montemayor's contemporary, Juan (Johnny) C. Tan.

Picking up the pieces after the decline of the PKP in 1954, the FFF's work was boosted with the election of Ramon Magsaysay to the presidency. Using his connections with fellow Ateneans who became aides to the president, Montemayor convinced Magsaysay on the need to improve agrarian relations, including the strategies required as well as the identified target areas. Among the interventions that may be credited to the FFF during the Magsaysay administration were the expansion of the resettlement program (homesteading), and the support for rural communities such as provision for water supply and livelihood. More could have been done had Magsaysay not met his untimely demise in 1957. What this incident instilled in Montemayor is that for agrarian reform to succeed, it would need a champion, a bold and

decisive leader persistent enough to push through with the travails and challenges of implementing land reform. Montemayor would see this champion again with the election of Marcos eight years later.

The FFF led many mass actions during Marcos' first term until the declaration of martial law in 1972. One of these was a stay-in rally and protest at the Agriculture and Finance or the AGRIFINA Circle that lasted a hundred days. In 1971, the FFF led an 84-day picket at the old Congress Building (presently the National Museum) to demand for the passage of RA 6389, or the Code of Agrarian Reforms of the Philippines. This law amended RA 3844 (Agricultural Land Reform Code of the Philippines), which made tenancy illegal in rice and corn areas, thus ushering leasehold as the preferred mode of agrarian relations.

At that time, FFW enjoyed the support of militant youth organizations such as Khi Rho, National Union of Students of the Philippines (NUSP), and Lakasdiwa. Likewise, as a Church-oriented organization, the FFF enjoyed extensive support from the Catholic Church. But what made the FFF successful was also Montemayor's rapport with Marcos. The reasons why both became close to one another may be explained by their many similarities. Regional affiliation (both Marcos and Montemayor hailed from the Ilocos region) and being brilliant lawyers added to the attraction. In fact, Monetmayor even became Dean of the Ateneo Law School for a time. And while Montemayor needed a champion for land reform, Marcos on the other hand needed popular support for martial law to rationalize his attack on oligarchs. Likewise, Montemayor's relations with the government was made easier with the appointment of Conrado Estrella, a Pangasinense, as secretary of the Department of Agrarian Reform. Provincial relations made both Sec. Estrella and Montemayor work as a team which had Marcos' ears.

Montemayor's account of the era gave insights into how he persuaded the military to support agrarian reform. As retold by his son, Montemayor asked Marcos for the military to support PD 27. Accordingly, Marcos asked him to meet with Defense Sec. Enrile. When asked why the military should even dip its hands into agrarian reform, Montemayor explained that if the peasants saw the military as agrarian reform supporters, this would mitigate

insurgency. Convinced of the idea, Sec. Enrile ordered Gen. Fidel V. Ramos, Philippine Constabulary chief, to issue subpoenas to landlords for meetings with provincial commanders and then ordered to submit a listing of lands covered by PD 27 within their respective jurisdictions This aided the DAR greatly in determining the number of hectares available for coverage.

Acquiring crucial government support did come with a price. For years, many of FFF's frontline workers were activists, radicalized by Marxist ideology and attracted to the revitalized communist party. All this was not lost on Montemayor who had to walk a tight rope between keeping workers within the bounds of legal organizing and at the same time not to lose face in establishing good relations with government. Little did the radicals know that a "Faustian bargain" had been made in 1974 during the FFF's annual convention in Tacloban, Leyte. Radical FFF organizers were arrested upon arrival at the airport and were immediately placed in the Constabulary stockade for several months on charges of planning to assassinate President Marcos. In his book "How Rich is my Journey", Montemayor would vehemently deny this. Those arrested believe that he may have known of the plan but did not act to stop it (Bulatao).

What did the FFF get in return for supporting Marcos? Ironically, the FFF was able to lobby for legal protection: PD 316 which granted added protection and sanctions against the harassment of tenant-farmers; PD 583 which made judges, fiscals, and members of the armed forces criminally liable for the unlawful ejectment of agricultural tenants; and, PD 946 established new rules of procedure in agrarian courts. In addition, Letter of Instruction (LOI) 474 reduced the retention limit or area to zero if the landowners owned other agricultural lands; and, LOI 1260 established the social forestry program (Montemayor 353). Furthermore, the government enacted a Montemayor proposal—crop protection for farmers in times of natural disasters, resulting in the creation of the Philippine Crop Insurance Corporation (PCIC). Lastly, FFF members benefitted from its close working relations with DAR when it came to processing their application papers for land ownership (Montemayor 354).

However, the FFF's objective of covering areas aside from rice and corn for land distribution were not met. Marcos eventually placed greater emphasis on other concerns, and as the years wore on, Marcos lost interest in land reform.

Contradictions in the Marcos agrarian reform program

Not even two years into the implementation of PD 27, General Order (GO) 47 and Presidential Decree 472 were signed which gravely undermined land acquisition and tenure. GO 47 required all corporations with over 500 employees to provide for the rice and corn needs of their employees either through importation or direct production. On the other hand, PD 472 required all logging concessionaires and lessors of pasture lands to develop areas for rice and corn production for their workers. Concerned parties were given incentives like financial packages, access to credit from Land Bank and other commercial banks, and suspension of the ownership requirements. With this, Marcos launched what was to be called corporate farming.

While the rationale for corporate farming may have to do more with food self-sufficiency, this scheme inadvertently deprived potential agrarian reform beneficiaries of available cultivatable land. By 1978, approximately 250 corporations that went into rice production were operating on 58,450 hectares of land. Other foreign firms like Caltex, Shell, Del Monte, Dole, and many others expanded production into soybeans, sorghum, mung beans; and by 1981, lands occupied by multinational corporations (MNCs) had reached 86,000 hectares. This made the average size of a corporate farm reach up to 402 hectares. For example, banana plantations expansion rapidly rose from only 3,400 has. in 1969 to 19,600 has. in 1983. MNCs did not buy or own lands, they just leased them or had joint ventures with government corporations (Putzel 411).

To aggravate the problem, rather than acquire idle, abandoned, or unexploited lands, many corporations encroached on farms already cultivated by tenants, small farmer-settlers and owner-cultivators. In effect, the productivity-oriented goals of corporate farming came in conflict with the equity-oriented goals of the agrarian reform program. Thus, rural poverty

incidence rose from 55.6% in 1971 to 63.7% in 1985 while the number of landless rural workers rose from 47% of the total population in 1975 to 50% in 1985. At the same time, rice production diminished by 39% between 1970 and 1981 due to the high cost of production (Putzel 412).

Table 9. GO 47 Corporate Farms by Region

Region	No. of Corporate Farms	Area (in has.)	No. of Firms Served
I	2	1,800	5
II	4	1,751.91	7
III	22	6,900.54	33
IV	24	25,354.5	64
V	1	790	9
VI	10	6,664.52	29
VII	None	None	None
VIII	3	10,509.7	10
IX	None	None	None
X	8	8,704.5	37
XI	21	23,542.0	73
XII	None	None	None
TOTAL	95	86,017.67	267

Source: LUSSA 1982, Annex A, Summary I, p. 303

Table 10. Corporate Farms by Region and Clientele (Selected)

Region	Participating Corporate Farms / Agro-Service Corporations	Clientele / Firms Served
I	MERALCO	MERALCO, PCI Bank, Phil. Electric Co.
II	Tabacalera , Central Azucarera de Bais, La Suerte Cigar, Monterey Farms	Keng Hua Paper Products, London Biscuits, Artex Dev. Corp., Pacific Banking, Carnation Phils.
III	Delgado Bros., Itogon-Suyoc Mines, BANCOM, Phil-Am Insurance, RCPI, Republic Bank, Universal Mills, Universal Robina, SGV, Vitarich	Hooven Comalco, Smith-Bell Co., Red V Coconut, Cummins Diesel, Bancom, United Coconut Planters Bank (UCPB), La Suerte Cigar, Goya Products, Mercury Drug, Colgate- Palmolive, Bataan Cigar and Cigarettes.

IV	Benguet Agri. Corp., Foremost Farms, PLDT, PHIVIDEC, Republic Glass, San Miguel Corp.,	Benguet Consolidated, RFM, Consolidated Foods (CFC), United Laboratories, Fortune Tobacco, Litton Mills, Delta Motors (Toyota Phils.), Land Bank, Consolidated Bank, Family Savings Bank, Philippine Veterans Bank, San Miguel Corp. ANSCOR, Atlas Consolidated, Atlas Fertilizers, Phelps-Dodge, J&P Coats.
V	Royal Rice	Caltex Phils., Filipinas Shell, Marcopper, PAL, Kimberly-Clark, Consolidated Mining, Purefoods.
VI	Highgrain Farms, Agricultural Needs Inc., Mobil-Oil Phils., Victory Liner, Visayan Electric Co.	Liberty Flour Mills, Lopez Sugar Corp., Passi Sugar Central, Phil. Daily Express, Insular Lumber, Lepanto Mining, Equitable Banking.
X	CDCP Farms Corp., Mandala Agri Dev. Corp. etc.	CDCP, General Rubber, Franklin Baker, Phil. Veterans Bank, Reynolds Phils., BF Goodrich, Ford Phils., AG&P, Elizalde and Co., Tanduay Distilleries, Jardine-Davies, Negros Navigation,
XI	Alcantara and Sons, Davao Grains, Ace Farms, General Milling Corp., Golden Farms, Mindanao Rice Corp., TADECO	Holland Milk Products, Goodyear Tires, Standard Fruits, Dole Phils., Mariwasa, Philex Mining, Marsman Corp., Victorias Milling, Rustan's, Davao Fruits, Banco Filipino, Traders Royal Bank, Metrobank, California Manufacturing Corp.

Source: LUSSA 1982, Annex A, pp. 285–302

One contributing factor to the failure of the agrarian reform program was a crucial sub-component—banking. Because banks' financial orientation and practices did not converge with the spirit of land reform, the mechanics of the program focused greatly on compensation to the landowner. As a result, the process of land acquisition became tedious and burdensome for the targeted beneficiaries. Because of Virata's conservative views and corporate training, the option the Land Bank employed in compensating dispossessed landlords was to pay them in cash. Sixto K. Roxas, creator of the concept of an agricultural bank, argued that "monetizing land and that this capital transfer transaction does not create new wealth." (quoted in Tadem 407). For Roxas, the Philippines should have followed instead the Taiwan model

wherein dispossessed landowners were given government shares in publicly-listed corporations, making them capitalists and generating wealth beyond the agricultural sector, perhaps in a regime wherein financial instruments could be used by landowners to finance industrial ventures so long as they are related to agriculture, such as post-harvest facilities, processing plants etc. This proposed scheme could thus strengthen the country's agro-industrial sector. In this manner, land ownership conversion was complemented by wealth conversion (LUSSA 407-8).

Indeed, observers and analysts point the finger on the LBP for the dismal accomplishment record of PD 27. Of the six stages in Operation Land Transfer, the fourth or land valuation, was where the process bogged down continually and where the largest backlogs were recorded (Putzel 140). In the end, landowner compensation became the "overwhelming preoccupation of the implementing agencies" (Valencia 78). As Valencia further notes, the high repayment default rate by Emancipation Patent (EP) holders reached 90% due to the burdensome amortization payments and high costs of production. Land valuations were overpriced by as much as 72% so that land transfer became just another market transaction, and there was a subsequent and inevitable loss of control over awarded lots by CLT and EP holders (Valencia 67).

The same observation was also made by the United Nations-Food and Agriculture Organization (UN-FAO) sponsored World Congress for Agrarian Reform and Rural Development (WCARRD). After a field visit to the country shortly after the downfall of the Marcos regime, WCARRD noted that agrarian reform was hampered by strong landlord resistance and the lack of political will on the part of the government. Specifically, the Report noted that OLT was hampered by problems with land valuation, a complicated payment system and a lack of a nationwide cadastral survey. The Report also noted that while PD 27 exempted other crops due to the Philippine government's obligations to the international market, this exemption failed to provide intervention to 340,000 tenants cultivating 705,800 has. of sugarcane, coconut, tobacco, and other and other lands that could have benefitted from agrarian reform (WCARRD 79).

Another contradiction had to do with the coverage of PD 27. Why cover only rice and corn? Why not other crops such as coconuts, sugar, bananas? This debate reflects the tension between proponents of agrarian reform and those who oppose it. Covering only rice and corn made Marcos' agrarian reform vulnerable to criticisms that the real intent was to target oligarchs but at the same time protecting cronies such as Benedicto, Cojuangco, Enrile, Lobregat etc. For one, Marcos' main opponent, Ninoy Aquino, and the Cojuangco clan, had interests not in rice but sugar. Also, rice and corn were essentially for domestic consumption and any shortfall may be augmented by imports. On the other hand, bananas, sugar, and coconuts were mainly for export and were top dollar earners. Because production of these crops required economies of scale, land reform would place production quotas at risk while rice and corn may be planted on small, individually titled lands without effect on the country's traditional export earnings. State intervention could then be focused only on support services—technology, irrigation, farm extension, and infrastructure to make the program viable. In short, land reform in rice and corn areas became feasible as these crops did not threaten foreign exchange receipts from the so-called cash crops (Kiunisala 19).

The Samahang Nayon received full support from government financial institutions, especially the Central Bank. However, the financial scheme designed by Dr. Sacay and the Cooperative Development Program was too complicated for peasants. When introduced, the scheme sounded good on paper and was a concept well ahead of its time. But the program's design and rationale were beyond the peasants' grasp. SN's design required a great deal of organizational cohesion, financial talent and unwavering commitment on the part of the farmers. In retrospect, SN implementation could have been done in stages. While changes or reforms do come in waves, there was a tendency to maximize what could be done at the shortest possible time.

The Masagana 99 Program was also a novelty as the program introduced an entirely new system of credit. Lender–creditor relations via the banking system were changed not only via massive government intervention but also with the entry of a new player—the farm technician—who helped design and implement the farmer's work plan. His signature was necessary to

process the loan. Previously, farmers only had to think of repaying his loan to one particular lender; this time the farmer had to come up with a detailed work plan, join the *Samahang Nayon* and complete the requirements. Also, the farmer had to learn new techniques and methods that were unknown to him. If farmers were used to planting traditional varieties that required less effort to plant, the introduction of new hybrid or high-yielding varieties (HYVs) proved difficult for the farmers as it took time to master this new technology. Eventually, the farmer had to undertake this double burden in so short a time to qualify as a beneficiary.

Coconut, sugar, and opposition to Marcos' agrarian reform

Albert Hirschman's theory of "highway effect" states that token land reform may result in heightened resentment and exasperation from non-beneficiaries of land reform. The theory likened non-beneficiaries to being on a two-lane highway and who found themselves on one lane where traffic is not moving while on the other lane, for beneficiaries, traffic has a smooth flow. Initially, both lanes were not working so everyone felt they were on the same predicament. But when the traffic on the other lane moved, motorists on the opposite lane expected the same. And when it did not, they suspected something foul (Kiunisala 22-23). Token land reform in countries in countries where land reform failed only aggravated social tensions and radicalized land reform non-beneficiaries. The same may be said of the Philippines.

Insurgency had shifted away from rice and corn lands prior to 1972 to sugar, coconut, and banana plantations. Peasants and farm workers in these areas became easy targets of radical peasant organizing. Indeed, peasants outside the coverage of agrarian reform suffered more than those in coconut farms and sugar plantations. Raging issues such as the coco levy fund imposed on small coconut farmers, the ill-effects of mono cropping, and the dismal conditions of sugar farms workers are hereunder highlighted as a way of comparing these areas with those under PD 27.

The biggest issue of tenants and small farmers in coconut producing areas was the so-called coco levy funds. Coco levy, or more correctly levies, was a series of tax measures imposed on farmers to develop or modernize

the coconut industry. There were four levies that were enacted into law between 1971 and 1981—the Coconut Investment Fund (CIF), the Coconut Consumers Stabilization Fund (CCSF), the Coconut Project Development Fund (CPDF) and the Coconut Industry Stabilization Fund (CISF).

Its history may be traced to a federation established by landlords from Quezon Province in 1947 called the Coconut Planters Association. In March 1956, the name was changed to Philippine Coconut Producers Federation and since then had been popularly known as COCOFED. Membership in the Federation consisted mostly of prominent landlords, many of whom happened to be big politicians. Its finances, though, were constrained as financing was based entirely on contributions. In 1968, the Cocofund Project was launched to raise 100 million pesos aimed to modernize the Philippine coconut industry by way of congressional lobbying. In 1971, Congress passed RA 6260[4] which was to take effect the following year. The law authorized the collection of the Cocofund from coconut farmers at a constant rate of 55 centavos per 100 kgs. of copra produced starting from 1972 until 100 million pesos was realized. Of the 55 centavos collected, fifty centavos went into the Coconut Investment Fund (CIF), to be held in trust by the Philippine Coconut Authority (PCA) and deposited with the Development Bank of the Philippines (DBP). The remaining 5 centavos were to be used for administrative and operational costs of the PCA and COCOFED.

At the onset, COCOFED controlled the PCA by nominating three of the seven seats in the Board. By law, the CIF was to be owned by the farmers though they were represented by COCOFED. Once the Fund reached its goal of 100 million pesos, shares of stocks were to be distributed to the farmers in proportion to their contributions (or levy) to the CIF and determined by the receipts issued to them during delivery to oil mills or their sales agents. By the end of 1979, the coconut farmers' total contribution had breached the target with 110,395, 905.76 pesos including interests.

On August 20, 1973, another levy, the Coconut Consumers Stabilization Fund (CCSF), was imposed on coconut farmers with the signing of PD 276. The rationale behind the CCSF was for producers and exporters to draw subsidy to cover their losses from fluctuating copra prices in the world

market. Coconut farmers were levied 15 pesos per 100 kgs., and increased to 100 pesos the following year. Unlike the CIF however, receipts were not issued to farmers. From its inception in 1973 until 1978, the CCSF collected around 5.5 billion pesos, of which 1.65 billion pesos or approximately 30% were disbursed for subsidy. However, the rest of the funds could not be accounted for and became the subject of complaints and criticisms that led to its suspension in 1980.

Because the coco levy was an efficient and very profitable tax farming scheme, two more derivatives were implemented—the Coconut Development and Production Fund (CDPF) from June 1980 to September 1981 and the Coconut Investment Support Fund (CISF) from October 1981 to August 1982. In the meantime, President Marcos in 1975 authorized the PCA to buy First United Bank. The bank was later renamed United Coconut Planters Bank and PCA Board member Eduardo "Danding" Cojuangco was named bank president and chief operating officer. Money collected from the levy was deposited to the UCPB free of interest payments. With this money, Cojuangco bought 14 holding companies which held numerous assets including twenty-seven percent ownership of San Miguel Corporation, majority or controlling shares in shipping and insurance firms, a cocoa plantation, a management company, ten general trading companies and seven copra trading companies.

Table 11. Uses of CCSF Levy

Use	Amount (pesos / MT)	Share (in %)
Coconut Industry Development Fund (CIIF)	200	33 1/3
Subsidy	120	20
Coconut Farmers' Refund (CFR)	150	25
Coconut Industry Investment Fund (CIIF)	80	13 1/3
Philippine Coconut Authority (PHILCOA) Coconut Research	20	3 1/3
COCOFED (scholarships, operations, projects etc.)	30	5
Total Levy Rate	600	100

Source: LUSSA 1982, 71

Table 12. Distribution of the Philippines' Sugar Exports, 1971–1977 (in 000 MT)

Destination	1971 / % share	1975 / % share	1976 / % share	1977 / % share	1978 / % share
Algeria	-	-	-	-	-
China (PROC)	-	-	-	199.3 / 16	283.8 / 11.8
Indonesia	-	-	-	10 / 1.1	-
Iran	-	53.9 / 5.5	-	-	-
Iraq	-	-	-	104.1 / 8.1	-
Japan	-	476.2 / 49	32.5 / 3.7	62 / 5.3	236.6 / 9.9
Korea (South)	-	-	-	71.7 / 6.6	5.3 / 0.3
Malaysia	-	-	-	42.2 / 3.6	40.2 / 1.7
Singapore	-	-	-	8 / 0.6	-
United Kingdom	-	51 / 5.2	32.5 / 3.7	-	-
United States	1,344.7 / 100	328.7 / 33.8	480.3 / 55.6	625.9 / 58.7	1,223.9 / 50.6
Soviet Union (USSR)	-	-	195.7 / 22.6	-	608.2 / 25.2
Others	-	62.4 / 6.4	123.2 / 14.3	-	-
Total	1,344.7	972.2	864.0	1,124.2	2,419.0

Source: LUSSA 1982, 95

Table 13. Production and Domestic Allocation of Sugar, 1973–1974 (in MT)

Region	Production	% of Production	Allocation	% of Allocation
Luzon	513,560.04	21	623,114.64	70
Visayas	1,662,956.31	68	160,229.49	18
Mindanao	273,992.32	11	106,819.64	12
Total	**2,450,508.67**	**100**	**890,153.77**	**100**

Source: LUSSA 1982, 96

Table 14. Distribution of Sugar Output, 1974–1975, 1979–1980, 1980–1981 (in % share)

Allocation	1974 – 1975	1979–1980	1980–1981
Domestic Consumption	30	46	44
Export	65	50	52
Reserve	5	4	4
Total	100	100	100

Source: LUSSA 1982, 114

Table 15. Daily Average Wage Rates of Farm Workers by Farm Operations, 1975–1979 (in pesos)

FARM OPERATION	1975	1976	1977	1978	1979
Plowing	6.92	9.61	10.34	11.53	11.64
Planting / Transplanting	5.46	8.19	10.65	11.40	11.50
Weeding	6.11	6.80	7.34	7.36	7.42
Fertilizer Application	5.45	6.66	9.84	10.09	10.18
Spraying / Dusting	8.24	8.30	8.88	9.65	9.20
Harvesting	6.00	9.32	11.59	11.65	11.76
Average	6.36	8.13	9.77	10.28	10.28

Source: LUSSA 1982, 107

Post PD 27 Agrarian Reform

Operation Land Transfer (OLT) even if totally implemented, would benefit only 45% of tenants, 12% of landowners and 56% of all rice and corn areas. PD 27 disqualified tenants and agricultural (farm) workers in other croplands and non-owning workers in all croplands. OLT coverage is 5% of the total rural labor force, 31% of all tenanted farmland areas, and 8% of all farmlands. Thus, the exclusion of plantations and farms planted to export crops which in 1971 comprised nearly 40% of all agricultural croplands missed the larger source of land inequality. (Tadem 401)

In an interview with farmer–beneficiaries in Magalang, Pampanga (Alfaro) insights on the gains made by PD 27 provided interesting insights in

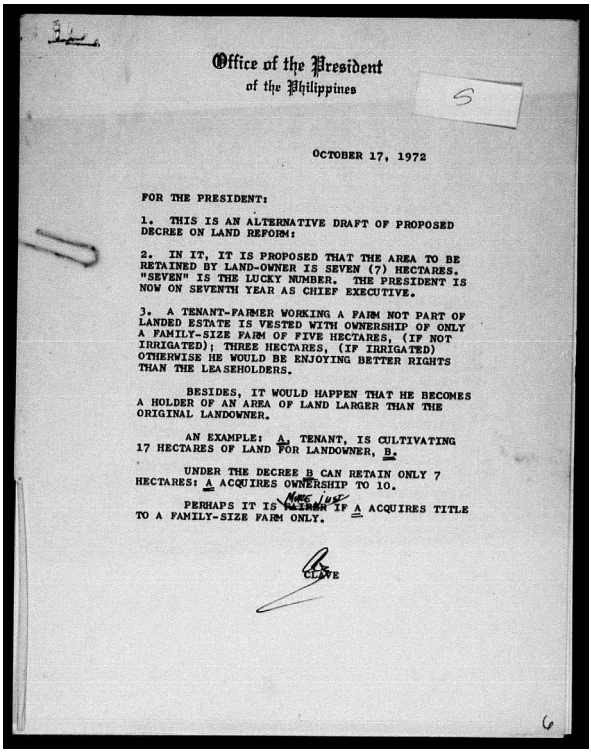
land reform. Ninety percent (90%) of all farmer-beneficiaries have completed their amortization requirements with Land Bank and their respective farm lots (with an average size of 3–4 has.) are now titled to their names. In some farms, planting rice three times a year became possible, while some farms can manage only two times a year. The rice planting seasons were interspersed with corn and vegetables (okra, string beans and bird's eye chilies). Rice is now commercially profitable but risky as during the rainy season. Corn may be considered the profit-maker as it is planted during the dry season and is more resilient to flooding. In addition, sweet or golden corn fetched attractive prices at the market, averaging 2–3 pesos per piece. Chilies too have provided good income because of the huge demand in restaurants and home use.

If previous notions of the Overseas Filipino Worker (OFW) phenomenon was that Filipinos were driven to migration due to poverty, the interview with these farmer beneficiaries from Magalang, Pampanga indicate otherwise. Because the farmers now earn bigger from the land they own, this enabled them to send their children to school. In turn, the education their children attained enabled them to seek employment in the provincial center (Angeles), Manila, and abroad. The farmer beneficiaries pointed out that becoming an OFW required skills and an initial sum of money for application. These expenses can now be covered from the earnings made through planting. This departure from previous practices required them to pawn or sell lands. The improved living conditions that were accrued, as evidenced by dwellings and other material possessions, became possible because of land ownership, later complemented by employment by other family members in urban centers or abroad. Land thus became the foundation in improving the lives of peasants.

Is agrarian reform more on productivity or social justice? The answer is not either/or. It may be both but also it cannot be used as the sole criterion for either objectives. Agrarian reform is not a panacea for poverty reduction. Rather it is but one of the many instruments to eliminate or alleviate poverty. As shown above, agrarian reform improved the living conditions of peasants, though limited in number. From this asset, farmers were able to earn more and send their children to school or short-term training courses, which enabled

their children to work outside the farm and be employed in non-agricultural work which translated into more earnings or income for the family.

Studies have consistently shown that agrarian reform beneficiaries are better off than non-beneficiaries (Philippine Journal of Development & WCARRD 82). Even if PD 27 was limited to rice and corn farmers, this program created a positive impact on the lives of several thousand farmers, raised their social status and provided a strong basis for their social and economic independence. PD 27 may thus be said to be an accomplishment for rice and corn farmers in Central Luzon and those near Manila. But this only underscores the stark reality that elsewhere, peasants bore the brunt of predatory capitalism so malevolent during the martial law years.



Office of the President
of the Philippines

OCTOBER 17, 1972

FOR THE PRESIDENT:

1. THIS IS AN ALTERNATIVE DRAFT OF PROPOSED DECREE ON LAND REFORM:

2. IN IT, IT IS PROPOSED THAT THE AREA TO BE RETAINED BY LAND-OWNER IS SEVEN (7) HECTARES. "SEVEN" IS THE LUCKY NUMBER. THE PRESIDENT IS NOW ON SEVENTH YEAR AS CHIEF EXECUTIVE.

3. A TENANT-FARMER WORKING A FARM NOT PART OF LANDED ESTATE IS VESTED WITH OWNERSHIP OF ONLY A FAMILY-SIZE FARM OF FIVE HECTARES, (IF NOT IRRIGATED); THREE HECTARES, (IF IRRIGATED) OTHERWISE HE WOULD BE ENJOYING BETTER RIGHTS THAN THE LEASEHOLDERS.

BESIDES, IT WOULD HAPPEN THAT HE BECOMES A HOLDER OF AN AREA OF LAND LARGER THAN THE ORIGINAL LANDOWNER.

AN EXAMPLE: A, TENANT, IS CULTIVATING 17 HECTARES OF LAND FOR LANDOWNER, B.

UNDER THE DECREE B CAN RETAIN ONLY 7 HECTARES: A ACQUIRES OWNERSHIP TO 10.

PERHAPS IT IS ~~FAIRER~~ MORE JUST IF A ACQUIRES TITLE TO A FAMILY-SIZE FARM ONLY.

CLAVE

Fig. 1. On Retention Limit.

Fig. 2. Philippine National Bank's (PNB) Bank on Wheels Program designed to supplement the Masagana 99 Program by way of providing loans and even delivering them to the farmers in the fields.

Fig. 3. President Lyndon B. Johnson's visit to IRRI on 26 October 1966, the year the Green Revolution was launched with the introduction of the IR8 variety or the "miracle rice". Source: http://irri.org/blogs/irri-history/this-month-in-irri-history-october. Accessed 1 September 2016 4:57 PM (EST).

Notes

* Portions of this article are found at this website of the Martial Law Museum in commemoration of Martial Law under the Marcos Regime in the Philippines: https://martiallawmuseum.ph/magaral/the-marcos-agrarian-reform-program-promises-and-contradictions/

1. For this paper, land reform shall mean land distribution while agrarian reform shall include the host of many support services in support of land distribution.
2. Dr. Orlando Sacay worked as a consultant for rural development in many agencies prior to his appointment as undersecretary. His unit, the Cooperative Development Program, was later transferred to the Department of Agriculture as part of government streamlining and restructuring.
3. *Selda* or cells or groupings. Farmers were encouraged to partner with other 5 to 15 farmers based on contiguity to access the loan jointly. Like the *Samahang Nayon*, group liability for the loan became the guarantee of lenders.
4. Entitled "An Act Constituting a Coconut Investment Fund and Creating a Coconut Investment Company for the Administration Thereof."

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