

# The Rural Sector and the Ramos Administration

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To the faithful, the Ramos administration will be remembered for the president's work ethic, leadership style or perhaps his "summit approach" to improve the Philippine economy, or at least the international community's perception thereof. The rural sector will most likely remember President Ramos for his failure to represent the interest of the sector. In the years Ramos held office, the implementation of the agrarian reform program stopped just outside his office. Efforts to draft a much needed National Land Use Code ended with dormant versions in both Senate and House of Representatives. Real estate developers came away with the better deals. Farmers went home with insufficient funding for rural infrastructure and support services. The liberalization of agriculture ensured their dependence on so-called safety nets that could not significantly resuscitate the sector. Six years of "dipping productivity, declining incomes, dwindling farmlands and pervasive poverty" will be hard to forget.

When President Fidel V. Ramos assumed office in June 1992, it was clear from his development blueprint that agrarian and agricultural concerns were not on his priority agenda. His vision to transform the country into a newly-industrializing economy relied on a strategy of dispersing industries to the countryside. His thrust of global competitiveness was accompanied by a commitment to further open up the Philippine market to foreign trade. His philosophy of lessening government intervention meant a deepening of the deregulation and privatization track begun by his predecessors.

To farmers' organizations, all these Ramos policies implied six years of further difficulties for their sector. The industrial dispersal mandated by Philippines 2000's pursuit of NIChood, they feared, would lead to untrammelled farmland conversion into non-agricultural uses. Such conversions could directly threaten the implementation of agrarian reform in their areas. Moreover, trade liberalization would undercut the saleability of their crops and the viability of their farms. And with government increasingly withdrawing its intervention in the economy, impoverished sectors might no longer be able to rely on the public services and other safety nets they needed to improve their lives.

The six years of Philippines 2000 saw many of these fears realized. Land conversions allowed by the state increased tenfold from 1991 to

1997.<sup>1</sup> Farmers seeking to finally own the land they tilled, as in the case of the Mapalad farmers of Bukidnon saw their land titles reversed by Malacañang to favor real estate developers. Agricultural imports flooded the local market and skewed the country's agricultural trade balance into ever-increasing trade deficits. And farmers suffered the most from cuts in spending for rural infrastructure and support services, with their needs for irrigation, farm-to-market roads, or credit provision largely unmet despite promises of safety nets to cushion them from trade liberalization.

The patent neglect of agriculture in government's priorities — a policy track that had gone unchanged for decades — was also ultimately reflected in the unimpressive performance of the sector under the Ramos years. Agricultural growth rates during Ramos' watch were extremely erratic, posting a positive performance only during bouts of good weather. The sector's severe vulnerability was laid bare in 1995's rice crisis and in 1997's El Niño. Both years saw the country beset with problems not seen in a long time — interminable lines of consumers queuing for rice in 1995; and starvation forcing Mindanaoans to eat potentially poisonous wild yams in 1997. For a country preening itself to be Asia's newest tiger, such sights belied Ramos' rhetoric of growth and development that his policies supposedly made possible.

It was not as if President Ramos had made no effort to appease the worries of the rural sector from the outset. To allay fears that his agenda for fast growth would decimate impoverished sectors, he vowed to pursue a Social Reform Agenda that would complement his economic reforms. He began efforts to draft a National Land Use Code that would govern land use conversion decisions. He vowed to provide safety nets that would assist farmers become competitive amidst a globalized trade environment. And more importantly, he promised to complete the implementation of agrarian reform by the end of his term.

But however strongly-worded the policy statements, the Ramos government proved incredibly short on action. An analysis of how the President performed in terms of fulfilling the above promises reveals the truth behind the bluster.

### ***Social Reform Agenda***

The Social Reform Agenda supposedly represented the second wave of Ramos' reform programs. After initiating the vaunted economic reforms that would supposedly pull the Philippines out of the rut, the SRA vowed to address the minimum basic needs of marginalized sectors in the poorest provinces of the country.

As President Ramos ended his term, however, the SRA's implementors admitted to being unable to complete many of the targetted activities that were packaged as its flagship programs. Part of the reason may have been the insistence of various legislators and politicians on the inclusion of their respective districts into the listing of provinces that would be assisted by the SRA. Indeed, from the initial Club 20, the SRA areas cover almost all the provinces in the Philippines.

### ***CARP uncompleted***

One of the specific Ramos commitments incorporated as an SRA flagship program was the on-schedule completion of the Comprehensive Agrarian Reform Program (CARP). Yet as of June 1998, the end of CARP's original timetable for land distribution, government reported that it had accomplished only 57% of the total ten-year target.

Admittedly, the backlogs accumulated under the Aquino administration, when bulk of the landholdings should have been subjected to CARP coverage. But at the start of the Ramos administration, CARP had substantial percentage to go in terms of land distribution.

While the DAR leadership under President Ramos often crows over the fact that they had distributed more lands than the Marcos and Aquino terms combined, this does not alter the non-contentious nature of the lands that have thus far been covered by agrarian reform. Bulk of the distributed lands were government-owned or sequestered, or those private lands voluntarily offered for sale (VOS). Large haciendas and private landholdings remained almost unscathed, with 98% of the land balances as of June 1998 comprising private agricultural lands (see annexes). This means that the very essence of agrarian reform — the redistribution of assets that had been concentrated for decades in the hands of the elite — has still not been substantively addressed.

### ***Malacañang reversals***

Not only did private landowners manage another six-year reprieve from CARP coverage. Some of them who were not so fortunate — who saw their bid to evade CARP coverage via land conversions rejected by the DAR — appealed such decisions with the Office of the President and managed to reverse DAR rulings favoring farmers. The case of the Mapalad farmers, who held a much-publicized hunger strike to protest Malacañang’s reversal of DAR’s decision to award lands to their cooperative, was but one of the many farming communities affected. There were at least five other land reform cases similarly ordered reversed by the Office of the President: the 213-hectare Litton property in Bataan; the 53-hectare Mosquera Estate in Rodriguez, Rizal; the 189-hectare Aguinaldo estate in Cavite; the 140-hectare Winner Real Estate Development property in Plaridel, Bulacan; and the 450-hectare Golden Farms property in Mindoro. In all, Malacañang, via Executive Secretary Ruben Torres, had overturned six DAR rulings involving 1,169 hectares of farmland prohibited from being converted to other uses.

Farmers fear that the Torres reversals may set a dangerous precedent for all land decisions favoring their interests. Moreover, the “win-win solution” offered by President Ramos to the Mapalad farmers — in which 100 hectares were awarded to the Higaonons while the remainder was retained under the Quisumbing — was overturned by the Supreme Court in a recent decision, thus dashing the Mapalad farmers hopes of finally being able to take control over the Sumilao lands awarded to them by the DAR.

### ***NLUC nuked***

Controversies over the issue of land conversion would not have heightened as they did during Ramos’ time had he made good on his promise to institute a national land use policy. But at the end of his term, two versions of such a land use law were still unacted upon in both the House and the Senate. Moreover, Ramos attempts to protect prime agricultural lands via Administrative Orders remained largely unenforced due to the lack of punitive measures that could effectively deter illegal conversions.

But many critics of conversion believe that the Ramos presidency was not really serious about stemming the unabated farmland bulldozings

that characterized his years in office. His rapid growth framework was in fact instrumental in spurring property developers and land speculators into a building frenzy — often without the necessary conversion permits or environmental clearances. Golf courses, high-end tourism complexes and residential estates became one of the main hallmarks of Ramos' version of a tiger economy. This not only precipitated several agrarian and environmental controversies; it has also been proven by the current economic crisis to be a tenuous foundation for economic development.

### ***GATT safety nets and rural development spending***

Beginning 1995, government set aside funds intended to assist the agricultural sector become more competitive in the wake of GATT-WTO liberalization. This “safety net” was promised by the Ramos administration to appease small farmers opposed to immediate ratification of the trade treaty.

But the amounts promised, and the infrastructure and services that were supposed to be delivered, failed to substantively resuscitate the agricultural sector. For one thing, many of the programs and projects that were packaged as part of the GATT Adjustment Measures were merely continuations of past initiatives rather than new efforts specifically intended to address liberalization-related issues. For another, many of the allocated amounts were either not fully disbursed by the Department of Budget and Management (DBM) or not fully used up by the Department of Agriculture (DA). Of the P8.79 billion GATT fund allocated for the DA in the 1995 GAA (General Appropriations Act), for instance, only P5.15 billion was released by the DBM. (This gap is traced to the reality that these amounts are supposed to be sourced from unprogrammed funds.) For its part, the DA has also been remiss in fully utilizing the GATT funds provided; in 1996, the DA's utilization rate dropped to 52.37% from the previous year's 84.36%.

One way by which the GATT funds' utilization could be improved is the involvement of community organizations, cooperatives and farmers' groups in the identification of needed rural services and infrastructure. Sadly, such a process was never instituted. The entire safety net package, in fact, was hastily drawn up by different line agencies simply to fulfill the Senate's demand for it prior to ratification.

Perhaps the need for safety nets would not have been as urgent had government established a strong priority for agriculture in its past budgets. But agriculture — often seen as a backward sector rather than appreciated for the substantive contributions it makes to the economy — has always been on the lower rungs of government spending. This trend was largely continued in the Ramos term, registering slight upticks only after the 1994 GATT ratification and the 1995 rice crisis compelled government to seriously assist the sector. From 1993 to 1996, the DAR and DA budgets combined garnered an average 3.7% share of the total national budget. This is vastly lower than the average 24.23% share that debt servicing lopped off from the GAA during the same period.

### ***Limited gains amid rural pains***

Despite the many disappointments, however, farmers' organizations saw the previous administration's willingness to let basic sectors air their side as a positive aspect of the Ramos presidency. His sensitivity to public opinion and media commentary is today often wistfully compared with his successor's seeming imperviousness to it. Indeed, Ramos' penchant for convening summits to tackle national problems is well-known.

Sadly, however, these summits are also well-known among basic sectors as being mere venues for grievance-airing and promise peddling. Little action was done to give substance to the rhetoric that usually capped each of the summits Ramos held. Thus, the Anti-Poverty Summit did little to change the poverty situation in the rural areas. The latest poverty figures in fact show a 10% increase in the magnitude of rural poor families. Similarly, the Food Security Summit of 1995 failed to stem the ever-increasing volumes of rice importation that the country has had to undertake to fill in supply gaps. Rice imports for 1997 and 1998 in fact reached record levels, exacerbated by freak weather phenomena like the El Niño and La Niña.

This is not to dispel the importance of consultations — particularly those that truly encourage sectoral participation in defining issues and solutions. But perhaps the lesson that people's organizations have drawn from the Ramos summits is that rhetoric is not enough. Clear follow-up mechanisms must be in place to ensure that policy commitments redound to real benefits.

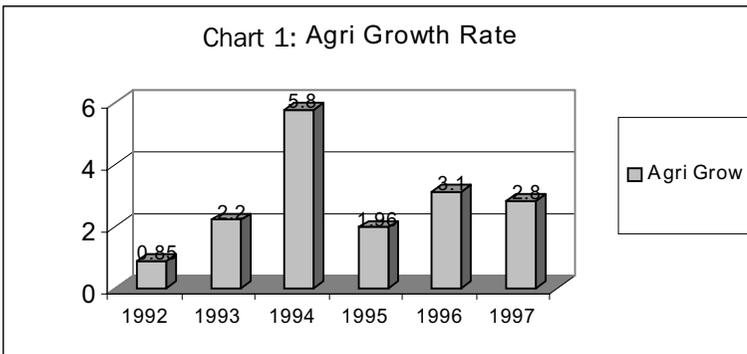
In assessing his term, President Ramos' admirers will no doubt give top marks to his work ethic, his leadership style, and his efforts to buoy

the economy. But farmers will look back on the past six years and see season after season of dipping productivity, declining incomes, dwindling farmlands, and pervasive poverty. The new administration’s vow to focus on agriculture and food security gives them reason to hope. But it is still a cautious optimism. It is a stance learned, perhaps, from their engagements with past presidencies — the last one included. ❁

**Endnote**

- 1 From the 1991 figure of 4,754 hectares allowed by the government for conversion, this rose to 56,966 hectares as of June 1997. Independent estimates, however, peg the total farmlands converted to be at around 200,000 hectares, due to the larger proportion of conversions that are arbitrary and illegal.

**Annexes**



**Table 1: Land Conversion Cases**

	1991	1994	1996	mid-1997	% Growth (1991-1997)
Processed applications	468	1,688	2,419	2,823	503.21
DAR-approved (has.)	3,089	12,933	16,920	21,903	609.05
DOJ-covered (has.)	1,665	17,349	30,009	35,063	2005.90
Total (has.)	4,754	30,283	46,929	56,966	1098.27

Source: DAR-CLUPPI reports

**Table 2: Poverty Statistics**

	1994	1997	% change 1994-1997
Annual per capita poverty threshold, Phils. (in peso)	8,885	11,388	28.17
Annual per capita poverty threshold, urban	9,831	12,642	28.59
Annual per capita poverty threshold, rural	7,946	10,248	28.97
Poverty incidence, Phils. (% of population)	35.53	2.1	-9.58
Poverty incidence, urban	24.0	18.5	0.49
Poverty incidence, rural	47.0	44.4	-5.53
Magnitude of poor families, urban	1.539	1.263	-17.91
Magnitude of poor families, rural	3.020	3.318	9.87
Magnitude of poor families, Philippines	4,531,170	4,553,387	0.49
Annual per capita subsistence threshold, Philippines (in peso)	6,022	7,724	28.26
Annual per capita subsistence threshold, urban (in peso)	6,478	8,304	28.19
Annual per capita subsistence threshold, rural (in peso)	5,569	7,197	29.23
Subsistence incidence, Philippines (% of population)	18.1	16.5	-8.84
Subsistence incidence, urban (% of population)	10.4	7.2	-30.77
Subsistence incidence, rural (% of population)	25.6	24.8	-3.13