Agrarian Reform under the Aquino Regime: Macro View from Negros

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TWO YEARS AND A HALF HAVE ALREADY passed since the emergence of the Aquino government after the "February Revolution" or the military-civilian coup in 1986. During her campaign for presidency, Mrs. Aquino made a promise for a more speedy and expanded implementation of an agrarian reform program than what her predecessor President Marcos had so far accomplished.

Ironically enough, however, the appointment of Agrarian Reform Secretary Heherson Alvarez was the last made among all departments of her government. Furthermore, Mrs. Aquino did not seem to initiate anything for agrarian reform before the tragedy of the Mendiola Massacre in January 1987.

This short essay attempts to depict the nature and ideology of the agrarian reform program under the present government. Numerous debates and articles have already come out in the Philippines since Mrs. Aquino organized a Cabinet Action Committee on Land Reform after the ratification of the new constitution in February 1987. Yet, few analyses have been done on the agrarian reform scheme of Mrs. Aquino before the Mendiola Massacre. A brief overview of newspaper articles in 1986-1988 by the present writer suggests that the "60-30-10 Land Use Scheme" of Governor Daniel Lacson Jr. of Negros Occidental which was based on the proposal of the Sugar Industry Advisory Council (SIAC) headed by Fred J. Elizalde, fitted very much with the Balanced Agro-Industrial Development (BAID) economic policy taken by the Aquino government under the IMF-World Bank guideline.

Road to the "60-30-10 Land Use Scheme"

It is well-known in the Philippines that Daniel "Bitay" Lacson Jr. is a favorite governor of President Aquino. He has taken efforts to rebuild the provincial economy from scratch, believing that the miracle in Taiwan might also take place again in Negros Occidental. In October 1986, he proposed the "60-30-10 Land Use Scheme" to the President, a plan which contained an idea of partial land transfer, that is, the retention of 60% of the farms to sugar, 30% for diversification, and 10% for and sharing with workers. Why did Daniel Lacson Jr. propose the "60-30-10 Scheme" at that time? Did this plan originally come from his desk? To show a clear picture of the "60-30-10 Scheme," let us go back to the scenario of May 1986, when the debate on agrarian reform of sugar areas had just started.

At the end of April 1986, the newly-appointed Agrarian Reform Secretary (then Minister) Heherson Alvarez disclosed that he was considering the inclusion of sugar and coconut plantations in the expanded agrarian reform program. However, the initiatives on the expansion of agrarian reform to sugar areas came not from his office, but the Sugar Industry Advisory Council (SIAC) headed by Fred J. Elizalde. The SIAC was composed of 42 leading figures in the country's sugar industry and it was through the SIAC's recommendation to President Aquino that she ordered the creation of the Sugar Regulatory Administration (SRA) in early June 1986, and the dismantling of the monopoly of the Philippine Sugar Commission (Philsucor) and the National Sugar Trading Corporation (Nasutra).
The SIAC simultaneously worked for the land transfer scheme in sugar areas and in early May 1986, its committee on socio-economic projects finalized its proposals as follows:.

1. A mandatory free land use arrangement for sugarcane workers of up to 10% of any given total land area for socio-economic purposes;
2. If the mandatory free land use arrangement is not feasible, a planter or owner of the sugar farm is allowed to purchase adjoining areas equivalent to 10% of the total area and distribute them to workers;
3. Sugar lands not planted to any crop for three consecutive years starting from 1985 should be made subject to land reform. This will force large plantation owners to accelerate crop substitution and diversification;
4. Lands foreclosed by the government and private banks should be sold to workers or workers’ union who previously worked on those lands;
5. For mortgaged sugarland with arrears but not yet foreclosed, a free land use arrangement with workers should be made conditional for any debt rescheduling and crop loan financing;
6. Under present circumstances, the land sharing scheme is a workable solution that should be maintained.

At the middle of May, President Aquino met with Philippine National Bank (PNB) President Vicente Jayme and Governor Lacson, and approved in principle the distribution of some 9,000 hectares of sugarland in Negros Occidental foreclosed by the PNB to sugar workers and rebel returnees. During the meeting at Malacañang, Mrs. Aquino mentioned that she preferred the use of the mortgaged land for resettling rebel returnees and its redistribution in small parcels among sugar workers in the economically depressed province. It seemed that what Mrs. Aquino had in mind regarding the agrarian reform issue initially was for the program to distribute foreclosed sugarland to farm workers, as a token for them for making her President.

Responding to this move of the central government, Governor Lacson sought the support of two giant private companies and a government corporation to implement the land sharing scheme program in the foreclosed sugarland at the end of May. Three firms — San Miguel Corporation, Nestle Philippines and Philippine Virginia Tobacco Administration — would form the first group to provide technical assistance and inputs to agricultural activities for beneficiaries of the land sharing program.

Then in late August, Governor Lacson for the first time started battling for the creation of a “nucleus estate.” This was the revised version of the SIAC proposal mentioned above and was later called as the “60-30-10 Land Use Scheme.” The provincial government of Negros Occidental officially submitted this scheme to the President in October to seek a solution to economic problems in the province. The following were the guidelines of the original “60-30-10 Scheme”:

1. Under the proposal, 60% of the sugar lands in Negros would be devoted to sugar due to the reduced market of the crop. The 60% devoted to sugar cultivation is just enough to supply the domestic market and fill up the U.S. sugar quota;
2. Of the remaining area, 30% would be for the “nucleus estate,” that is, for diversified crops and products, and 10% would be distributed to the sugarcane workers for their homelots. Each homelot, which is about 1,000 square meters, could be used for vegetable gardening, livestock and poultry to augment the income of workers;
3. This total of 40% of sugarlands would be taken from the lands of sugar planters who have unpaid obligations with the PNB or the Republic Planters Bank (RPB);
4. No cash is involved between planters and banks, since the value of the land taken could be deducted from the overdue accounts of the delinquent sugar planters, hence a sort of offsetting scheme is evolved;
5. 10% of sugarland will be distributed to workers with just and fair compensation to the planters;
6. Planters who have no outstanding loans to banks are also encouraged to implement the 10% land transfer scheme;
7. Planters with farms of 5 hectares and less are exempted from the 10% land transfer scheme.

In December 1986, President Aquino issued Memorandum Order No. 56 creating a Special Task Force to study the “60-30-10 Scheme” and in February 1987 she issued Executive Order No. 114 for implementing the scheme.” However, objections from the National Federation of Sugarcane Planters (NFSP), a major sugarcane planters’ association, blocked the implementation of the plan. Thus, after several consultative fora, the original plan was amended, resulting in 90% for retention of sugar and 10% for voluntary land sharing. This revised scheme was presented to the President in early April 1987. At that time, however, the Cabinet Action Committee on Land Reform was already created, and in this connection, Mrs. Aquino issued Memorandum Order No. 84 dissolving the Special Task Force and turned the issue to the said Cabinet Action Committee.

**Ideology of the Comprehensive Agrarian Reform Program (CARP)**

As we have seen above, the aim of Lacson’s “60-30-10 Scheme” is primarily the rationalization of the defunct sugar industry and the preparation for new agribusiness investment. In Negros, some planters were for Lacson’s plan, but many, particularly those who were heavily inde-
bled to the banks, were strongly against his moderate land transfer plan.

Then, a harder season for these planters came amidst the debate on the "60-30-10 Scheme." The Mendiolan Massacre resulted in the death of at least 18 people, the wounding of 91, and the arrest of 36 on January 22, 1987 when a group of farmers led by the Kilusang Magbubukid ng Pilipinas (KMP) marched to Malacañang demanding "genuine" agrarian reform.11

It was right after this tragedy that the 1987 Constitution was ratified in the plebiscite, which contained five sections on agrarian and natural resources reform in Article XIII of Social Justice and Human Rights. Section 4 of Article XIII states as follows:12

"The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who were landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof (1) To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe,... and subject to the payment of just compensation(2). The State shall further provide incentives for voluntary land-sharing(3)" (emphasis added).

In Section 4, it is particularly important to look into whose interests shall be protected or enhanced by the government under the Constitution. As indicated above, the three proportions of the text underlined by this writer present the vital guidelines of the agrarian reform program under the Aquino government. They show that the government shall undertake the agrarian reform for the interest of peasants and farm workers(1), without forcing landowners to sacrifice(2). Thus, the "voluntary land-sharing" might be a good policy for both(3).

The unique feature of the agrarian reform program in the Constitution is that farm workers are included as the beneficiaries for land distribution. The previous agrarian reform laws enacted in the Philippines excluded farm workers from the benefits of an agrarian reform, a phenomenon also common to land reform programs in other countries. In the previous laws, it was considered that share tenants were the most economically depressed social class which composed the majority of rural poor. While agricultural workers were the minority whose minimum wage was prescribed by the Ministry of Labor.

However, this kind of "division of labor" between the Ministries of Agrarian Reform and Labor did not work well, since the marginalization of the rural poor and the miserable plight of landless workers prevailed. In Negros, with unemployment problems and labor surplus, it has been a common phenomenon for most planters not to observe the minimum wage law. This is the reason why the National Federation of Sugar Workers (NFSW), the militant labor union based in Negros, took initiatives to demand farm lots from sugar plantations in the current sugar crisis.13

Reflecting the socio-economic situation in the Philippines, the new constitution expands the coverage of agrarian reform and gives an opportunity to farm workers to get land. But is this implemented without jeopardizing plantation owners? "Just compensation" is one aspect of their protection, since it means that land shall be purchased by the government based on "fair market value." And careful examination of the Proclamation No. 131 and the Executive Order No. 229 issued July 1987 will show another area where the government guards the interest of landowners.

The Proclamation No. 131, "Instituting a Comprehensive Agrarian Reform Program," serves as the mini-constitution for CARP, declaring the implementation of the agrarian reform by the present government to "encourage the shift of capital from land to industry." For this purpose, CARP shall cover all public and private agricultural lands, regardless of tenurial arrangement and commodity produced, including other lands of the public domain suitable to agriculture. And the Agrarian Reform fund of 50 billion pesos will be created whose main sources shall be "from the receipts of the sale of the assets of the Asset Privatization Trust and receipts of the sale of ill-gotten wealth received through the Presidential Commission on Good Government."14

The Executive Order No. 229, on the other hand, was issued to "Provide the Mechanisms for the Implementation of the Comprehensive Agrarian Reform Program." It contains 7 chapters and 31 sections.15 At the end of a Cabinet discussion, President Aquino issued both the Proclamation No. 131 and the Executive Order No. 229, just before the newly-elected Congress was convened. Since then, numerous criticisms and discussions have been conducted by peasants and workers as well as by landowners. Alternative agrarian reform programs were also presented by KMP and the Congress for a People's Agrarian Reform (CPAR), the latter of
"[The penalty] clause jeopardizes the interest of sugarcane workers who... planted vegetables, root crops or rice for subsistence..."

which was composed of over 200 delegates from farmers, and fishermen's groups and other associations. It is very important, indeed, to show how these alternative plans compare with CARP. However, in accordance with the purpose of this paper, it might be more significant to find the loopholes of CARP and to predict what kind of impact will be imposed on the structure of haciendas in Negros after the implementation of this agrarian reform. Before a precise discussion on the retention limits and the payment of compensation will be attempted in the latter section, the loopholes of CARP for landowners are pointed out here so as to grasp its nature and ideology.

For this purpose, the method of analysis taken here is to present how the landowners will read the text of the Executive Order No. 229. If their main interest is to protect their own property, they might try to find a way to escape from the implementation of agrarian reform. In Negros, there are varieties of landownership, that is, land owned by individuals, or by corporations, and various size of farms, that is, small and medium size of less than 20 ha., upper medium size of 20-50 ha., large size of 50-100 ha., and larger size of more than 100 ha. The most common size of haciendas in Negros is 50-100 has. which is usually privately owned, while some of larger size of more than 100 has are owned by, or leased to, corporations. In this connection, it is very interesting to observe Chapter III "Land Transfer, Utilization and Sharing" of Sections 8-16, which protects landowners from breaking up their plantations.

"Section 10. Corporate Landowners. Corporate landowners may give their workers and other qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the land assets bear in relation to the corporation's total assets, and grant additional compensation which may be used for this purpose.

"Section 11. Leases, Management Contracts, Mortgages, and Claims. Leases and management contracts on land covered by land distribution and registered with the Register of Deeds prior to the approval of this Order may continue under their original terms and conditions, but not beyond five (5) years from the effectiveness of this Order, provided that upon expiration, leases and management contracts may only be renewed subject to the agreement of the qualified beneficiaries.

"Section 14. Collective or Individual Ownership. For lands with multiple beneficiaries, ownership of whole parcels or estates may be transferred to the farmer-beneficiaries collectively or individually, at the option of the beneficiaries, provided that in collective ownership, each beneficiary shall have an undivided share of the land held in common equivalent to not more than the applicable retention limit.

"Section 16. Production Sharing. Individuals or entities owning and/or operating under lease agricultural lands with gross sales in excess of Five Million Pesos (P5 million) per annum are hereby mandated to execute a production sharing plan whereby at least two and one-half (2.5) percent of the gross sales from the production/ cultivation of such lands are distributed as compensation to the farmworkers."

Thus, as stated above, corporate landowners are completely exempted from the obligation to distribute land to workers (Section 10); individual landowners still have a chance to lease land from the cooperative among beneficiaries or farm workers, even after large proportion of their plantations are subdivided by the implementation of agrarian reform (Section 11.14). In the larger plantations whose annual sales gross beyond 5 million pesos the only requirement is to introduce the production sharing system. These clauses are nothing but the encouragement of corporate ownership of plantations and an agribusiness-type of management in the modernization thrust of the agricultural sector under the present government.

Moreover, while landowners are assured of getting compensation for their land based on their "declaration of current fair market value" by Section 6, the right of many farm workers is completely neglected by the insertion of Section 22 in Chapter VI "Sanctions." It states as follows:

"Section 22. Permanent Disqualification. Persons, associations, or entities who prematurely enter the land to avail themselves of the rights and benefits hereunder, shall be permanently disqualified from receiving and shall forfeit their rights hereunder.

This clause completely jeopardizes the interests of sugarcane workers who got farm lots from their plantations and planted vegetables, root crops or rice for subsistence under the leadership of NFSW. These workers who should be the first beneficiaries of CARP are deprived of their right to obtain land permanently if CARP is comprehensive agrarian reform, who will benefit from it?
Debates in Congress

While the Cabinet Action Committee drafted the Comprehensive Agrarian Reform Program, landowners, especially those in Negros, formed strong pressure groups to water down the program. In this process, even those planters who have stood for the “60-30-10 Scheme” were against CARP, because in the implementation of CARP, their retention limit shall be strictly regulated under the law, while in the “60-30-10 Scheme” only 10% of their land will be passed to their workers with “just compensation.” As a whole, majority of planters preferred the “60-30-10 Scheme” to CARP if agrarian reform is to be implemented in the current depressed situation in Negros.

With the newly-convened Congress, there remained room for them to battle for their interest and benefits against CARP. In Proclamation No. 131, President Aquino left to Congress the power to decide retention limits, the precise schedule of payment for compensation and the priorities of areas, sizes of farms etc. for its implementation. These matters should have been finalized within 90 days from the opening of Congress, as prescribed in the above law. However, the strong blockade by the solons from Negros was successful in prolonging the debate both in the House and Senate and in raising retention limits until the new CARP became ineffective to change the structure of landownership. And instead of 90 days, it took almost a year for Congress to legalize the implementation of agrarian reform.

The vital issues for the debate in Congress were the retention limits and the compensation for landowners. Here below is the summary of several bills presented to both of House and Senate.

A. House of Representatives

In the House, Rep. Bonifacio Gillego from Sorsogon became the chairman of the agrarian reform committee. Heading the “nationalist bloc” in the House, he sponsored House Bill No. 400, which adopted the recommendations of the CPAR. Originally, this bill set the retention limit at 3 has, and no compensation for lands above 50 has. However, other members of the committee attacked it harshly and watered down its original aims. When the bill reached the floor of the House, the retention limit was first raised to 7 has. and later another 7 has. for one member of a family to inherit, though the clause of no compensation for lands above 50 has. was retained.

The strong opposition group against the Gillego bill was led by Negros sugar planter Rep. Hortensia Starke, Bukidnon landowner Rep. Jose Zubiri, and President Aquino’s brother, Rep. Jose Cojuangco. With Rep. Romeo Guanzon of Bacolod as a sponsor, they proposed House Bill No. 941 at the end of August, and was later backed by more than 100 signatures of the House members. The Guanzon Bill, as it was commonly called, sought to provide a 24-ha. retention limit. But in this bill, no mandatory land transfer was required for landowners over 24 has., therefore providing landowners the option to sell land to the government under fair market value or the option to share either stocks, proceeds or land with the beneficiaries.

“If CARP is comprehensive agrarian reform, who will benefit from it?”

B. Senate

In the Senate, two bills were proposed: Senate Bill No. 133 filed by agrarian reform committee chairman Sen. Heherson Alvarez, and Sen. Agapito “Butch” Aquino’s Senate Bill No. 123. Unlike in the House large discrepancies did not exist in these two bills.

The Aquino bill sets retention limits at 3 has. as the final target and prepared four phases of land transfer to gradually minimize the size of landholding. The retention limit for 1988 was 50 has., and 24 has. for 1991, 7 has. for 1994 and 3 has. for 1997. As for compensation, landowners who
voluntarily offered their lands shall be paid 50% in cash, 25% in cash for landholdings 24 has. and below, 20% and 10% in cash for 24-50 has. and 50 has. and above respectively, and the balance shall be paid in government bonds or stocks.23

The Alvarez bill, on the other hand, provided different retention limits regarding crops: 7 has. for rice and corn areas, 15 has. for sugarlands, and 12 has. for other crop areas, with the exception of 24 has. in homestead areas covered by the government project. Then the award ceilings were provided as 3 has. for irrigated rice and corn lands, 5 has. unirrigated rice and corn lands, 3 has. for coconut land, 5 has. for sugarlands, 3 has. for upland public land, and 2 has. for lowland public land. Landowners shall be compensated with the current fair market value, with 10% cash payment and the balance payable in bonds, share of stocks, etc. The unique feature of this bill, however, was the exemption of capital intensive plantations and aquaculture such as pineapple and banana plantations or prawn and bangus farms.24

In early 1988, the Aquino bill merged with the Alvarez bill in the Senate agrarian reform committee which resulted in a new Senate Bill No. 249 sponsored by Alvarez himself. The content of this new bill is almost the same as Senate Bill No. 133.25

C. House vs. Senate.

At this stage, criticism against the Congress became very vocal as sentiments and initiatives to speed up the procedures and discussions emanated from the Senate. In early March, the Senate president over by Sen. Jovito R. Salonga, agreed to set a 5 has. retention limit and to give a higher downpayment for small lots. With this consensus, the Senate Bill No. 249 was amended and introduced jointly by Alvarez and the agrarian reform committee.26

Inspired by this move in the Senate, the House of Representatives headed by Speaker Ramon Mit-

ra, hurried consensus on the floor. His was a harder task since the strong opposition group still stood on raising retention limits and retaining the privileges for landowners. It was only at the end of March that the House at last finalized the amendment of the bill which bluntly proposed the retention limit of 7 has. for the head of the family and 3 has. for each of the heirs including illegitimate children. Aside from this meaningless retention limit the House bill provided that: (1) public land must first be covered by agrarian reform before private lands are touched; and (2) compensation shall be determined through negotiation between landowners and the government.27

In late April, the House by majority finally passed their bill and in early May, the Senate passed theirs. However, it took one more month for the joint committee to combine the two bills from the Senate and House and to present it to the floor. It was in early June when joint committee got consensus on the bill which contained the following features; (1) the retention limit of 8 has. for the landowners with 3 has. to each heir 15-years-old and above who are engaged in agriculture; (2) the schedule: 50 has. and above shall be purchased by the government within 3 years after the enactment of law, the purchase of 24-50 has. and 5-24 has. shall be started from the fourth and sixth year respectively; (3) compensation shall be paid to landowners, 25% in cash for 50 has. and above, 30% and 35% for 24-50 has. and 5-24 has. respectively with the balance payable in bonds or stocks. It is observed that the actual retention limit could be 11-14 has., if each landowner had 2-3 children of 15-years-old and above.28

Conclusion: The Impact of Agrarian Reform on the Haciendas in Negros

Thus, what is going to happen in the implementation of CARP in Negros? With the financial constraint, one might easily predict a thorny road to the timely implementation of agrarian reform under the present regime. In July 1987, President Aquino enacted the Execu-...while sabotage or cheating will be the major tactics of landowners.”
tive Order No. 229 which created the Agrarian Reform Fund to cover the cost of CARP from 1987 to 1992, amounting to 50 billion pesos. Sales of the assets of the Asset Privatization Trust and those of ill-gotten wealth through the PGG are expected to be the main sources of this agrarian reform fund. However, up to now the government has not been successful in recovering enough amount from these above sources and the World Bank and the Asian Development Bank (ADB) will not likely extend overall financial assistance.

Financial problems and inefficiency of the government machineries might be the major obstacles from the government, while sabotage or cheating will be the major tactics of landowners. The most difficult issue for the implementation of the agrarian reform is for the government to get precise data on landownership and to negotiate the purchasing price lands. Like in Negros where big planters stand on their position which pressures the local government, it might be extremely difficult for government employees or lawyers to convince them to sell lands to the government. It will be particularly so under the present regime, since most of big planters recognize the weaker financial position of the government, and thus they will not get timely compensation, even if they sell lands to the government.

However, this is the story of the landowners who shall be covered by CARP. As has been discussed, numerous loopholes are prepared for planters in Negros.

According to the recent survey of La Salle College-Bacolod, Negros Occidental has 45,574 owners of land covering 618,991 has. in 1986. If the actual retention limit is expected to be 15 has., 84% of the owners of land and 28% of lands in this province are automatically excluded from the coverage of agrarian reform. This means that 7,400 landowners who have 447,964 has. altogether, 60 has. for each, shall be the target of agrarian reform.

For those covered by CARP, who are mainly big landowners, several measures to avoid the break up of their haciendas are prepared; (1) corporate landowners are exempted from giving lands to workers; (2) the landowner might lease land from workers who are given lands, set up their cooperative nominally, but need financial support from its former landowner; (3) in the haciendas where sugarcane workers got farm lots for their subsistence, they are excluded permanently from the beneficiaries of agrarian reform, if they are identified as persons "who prematurely enter the land" for their own benefits. All of three cases above shall legally prevent haciendas from losing their traditional structure.

"It might be safe to say under the CARP, the ownership of haciendas will be changed somehow nominally in name..."
In conclusion, it might be safe to say that under the implementation of CARP, the ownership of haciendas will be changed somehow nominally in name, but the actual control of these lands will still remain in the hands of the present landowner. Then what will happen to hacienda workers and their families? Unless the government takes the initiative to give legal sanctions to planters who have ignored the minimum wage law, from where will the state find room to save hacienda workers and their families from grave poverty? To find an answer might be very difficult in a short time span.

Notes

18. ibid., p.37.
28. "Lopez-Gonzaga et. al., The Resource Base for Agrarian Reform, ..., p.37."