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Land Reform Paradim, by Hayami, et al.

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Book Reviews

TOWARD AN ALTERNATIVE LAND REFORM PARADIGM: A PHILIPPINE PERSPECTIVE. By Yujiro Hayami, Ma. Agnes R. Quisumbing, and Lourdes S. Adriano. Manila: Ateneo de Manila University Press, 1990.

Postwar land reform efforts in the Philippines have been largely modelled after the successful experiences of Japan and Taiwan. Unfortunately, according to this new book, these experiences are largely irrelevant to the Philippines. The book, *Toward an Alternative Land Reform Paradigm: A Philippine Perspective*, argues that such land reform efforts were either unimplementable due to Philippine political constraints or, if implemented, have unintended negative consequences due to the more complex nature of agrarian conflict in the Philippines. The authors—Professor Yujiro Hayami of Aoyama Gakuin University in Tokyo and an internationally recognized expert in agricultural economics, Professor Ma. Agnes R. Quisumbing of the University of the Philippines School of Economics, and Professor Lourdes S. Adriano of the College of Economics and Management at the University of the Philippines at Los Baños—offer an alternative land reform paradigm. It is extremely simple, and in the view of this reviewer its merits far exceed its limitations. The program's success, however, hinges critically on greatly improving the tax collecting ability of the Philippine government.

The authors argue that the Philippines must have a program able to meet the complex nature of Philippine agrarian conflict. Traditionally in Japan, Taiwan, and in previous attempts in the Philippines, agrarian unrest has been conceived as simply the conflict between tenant and landlord. But as the authors point out, such a simple view is no longer adequate in the case of the Philippines. In the rice-growing areas of the central Luzon and southern Tagalog regions, agrarian conflict, due to the success of the Marcos era land reform program, is no longer centered on the tenant/landlord relationship. Increasingly, the problem of the landless worker has become the "major source of rural unrest" in these areas (p. 104). In the Negros, Bicol, Tarlac, and southern Tagalog areas where sugar and coconuts are grown on traditional plantations,

agrarian unrest is fueled by the poverty of hired wage workers and again not primarily by the difficulties faced by tenant farmers. Similarly in Mindanao, where modern multinational corporations grow pineapples and bananas for export, a view that sees agrarian conflict as being between landlords and tenants is irrelevant. Rather, the authors argue, it is the "relations between those 'inside' and 'outside' the modern enclaves [that] are . . . inherently destabilizing [in these areas]" (p. 151).

Clearly an agrarian reform program must be able to cope with the complex nature of Philippine agrarian conflict. But the authors just as forcefully argue that such a program must be implementable. An implementable program must "be simple, transparent and uniform so as to maximize the chance of effective program implementation and reduce the . . . activities of the political elite and the [government] bureaucracy [to subvert its purpose]" (p. 163). Instead of a complex set of rules which must be adjudicated and implemented by a large bureaucracy at great cost to the nation, the authors suggest that most rules should be abolished and replaced primarily with a simple system of progressive land taxes. But how could such a simple program of progressive land taxes cope with the increasingly complex nature of Philippine agrarian conflict?

To understand the answer to this question, let us first describe precisely the authors' alternative proposal. Their proposal consists of only five elements, but these five elements can be grouped around two objectives. The first is to make the ownership and operation of large tracts of land impractical. The elements of the program designed to achieve this objective are: (1) a ceiling on the size of land owned; (2) a progressive land tax; and (3) a progressive land rent on the lease of public land. The second objective is to allow "free market forces" to prevent any unintended negative outcomes. The elements of the program designed to achieve this objective are: (1) setting the ceiling on land size irrespective of tenurial status and commodity; and (2) abolishing all regulations on land rental contracts.

To understand the rationale for the first objective of preventing the holding of large tracts of land, we must recall that the primary goal of land reform is the resolution of agrarian conflict, and that the principle causes of agrarian conflict are extreme inequality and crushing poverty. Land reform must therefore provide a more equitable distribution of land without any concurrent economic loss. The authors see the small family-run farm as the only viable means to achieve the dual goals of equity and efficiency inherent in resolving agrarian conflict.

The evidence that the break-up of large farming units into small family-run plots yields a more equitable pattern of income is quite strong. The argument that the break-up of large farming units into small family-run plots can be done without economic loss is, however, contested. And it is to the point of economic efficiency that much of this book is addressed.

The authors successfully show that small family-run plots are as efficient if not more efficient than large plantations in the growing of rice and in the growing of coconuts. They also make a very convincing argument in the case

of sugar. A good but not quite as convincing argument is made for the case of banana and pineapples grown by agribusinesses in Mindanao.

If family-run plots can achieve a more equitable situation at little or no economic cost, then a land reform program must prevent the holding of large tracts of land. The authors' alternative program achieves this goal by setting a retention limit, placing a progressive tax on land owned, and charging a progressive rent on rented public land. The tax and rent provisions provide a set of financial incentives to induce the voluntary distribution of land without the need of a large and costly government bureaucracy to implement a complex set of rules. The use of a retention limit in the presence of an effective progressive land tax is, however, redundant; and therefore, it is not an essential part of the authors' alternative program in the mind of this reviewer.

The second objective of their program is to prevent unintended negative outcomes. This objective is achieved by strictly circumscribing the government's role and eliminating its discretionary powers. All regulations on land rentals are abolished, and no exceptions on retention limits, public land rental, or land taxation are allowed. The authors argue that such a circumscribed role for the government will hamper the ability of political elites to manipulate the government bureaucracy to subvert the land reform program.

The authors also implicitly argue that the "free market" can do a better job of meeting any unforeseen circumstances than could a host of government-imposed regulations. For example, the authors argue that various restrictions on land rentals contained in the Marcos era reform program have now become the cause of agrarian unrest in the rice sector. The reform of rice areas under Marcos greatly benefited ex-tenants. Improvements in irrigation and modern rice varieties brought about by the green revolution nearly doubled yields in many areas of the Philippine rice bowl. Since land reform had fixed their leasehold rents and amortization fees, the former tenants were able to realize for themselves "major income gains" (p. 89).

Realizing major income gains, the land reform beneficiaries were in a position to hire others to do their farm work. And due to population pressures, there were numerous landless agricultural workers desperately seeking employment. In normal times, according to the authors, the land reform beneficiaries would have rented out their land to the landless workers. In this way the landless workers would have been able to move up the agricultural ladder and become share tenants.

The regulations of the land reform program, however, prevented the renting out of land to new share tenants. So today in these rice growing areas we observe a high dependence on hired labor. The hired labor contracts used are "usually short term, mostly for a day, or for a task which can be accomplished within a day" (p. 89). Such arrangements, unlike share tenancy, provide no security of employment. In a risky venture like agriculture, which can be plagued by droughts and other calamities, the lack of employment tenure means an increase in poverty and agrarian unrest. The authors argue that the "emerging agrarian structure in the Philippines rice sector resembles that of India where farmers of upper castes do not themselves work but only super-

vise the work of laborers of lower castes, with no agricultural ladder bridging them" (p. 104). The abolition of all regulations on land rental contracts would, however, resolve this problem.

The success of this alternative program of land reform is critically dependent on the financial disincentives to owning or operating large tracts of land. Implicitly in this program there is no need for a cumbersome Department of Agrarian Reform. Rather the key element of the program—a progressive land tax—can be administered by the Bureau of Internal Revenue. And instead of costing the government major sums of money, this proposal could actually generate government revenue.

While the authors have been careful to consider the political conditions in the Philippines that have allowed landed elites to subvert past and present land reform programs, they have not fully considered the political viability of their own proposal. Although the program's simplicity and transparency may make, as the authors argue, this program more implementable than the current land reform program, this reviewer remains skeptical about the political viability of the key element of this program, namely the government's ability to implement a progressive land tax that will discourage the holding of large tracts of land.

The Philippine record on tax collection is unsatisfactory. Without the proper supervision of field personnel, including severe penalties, tax collection will be mired by graft. With the existence of graft, tax collection, for all practical purposes, will be determined by a bargaining process between landowner and local tax collector. Such a system of taxation, unfortunately, will favor the larger landowner with his greater bargaining power. Therefore, in spite of the intent of the law, a progressive land tax would become in actuality a regressive tax. A *de facto* regressive land tax would favor the holding of larger tracts of land thus subverting the purpose of the program.

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LAND, POVERTY AND POLITICS IN THE PHILIPPINES.
By Mamerto Canlas, Mariano Miranda, Jr., and James Putzel. London: Catholic Institute for International Relations, 1988. 92 pages.

Land, Poverty and Politics in the Philippines is a collection of three essays. The first essay by Mariano Miranda is on "The Economics of Poverty and the Poverty of Economics: The Philippine Experience." The second essay by James Putzel is entitled "Prospects for Agrarian Reform Under the Aquino Government." And the last paper written by Mamerto Canlas is on "The Political Context." All three papers are quite sympathetic to the Philippine Left and critical of the Aquino administration as well as the "hierarchical" Catholic