

Operation Land Transfer: A Policy Appraisal

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The policy of government on land redistribution is embodied in Operation Land Transfer (OLT). Substantive and procedural policies circumscribe the effectiveness of OLT. Substantive policies on coverage, landowner compensation and support systems tend to favor the landowning class. Moreover, these policies promote a power structure based on tenurial arrangements. Internal inequalities among the peasantry emerge. Procedural policies are ambiguous and inconsistent, making OLT implementation difficult. A reverse land reform is effected. The recommended policy directions focus on the need to promulgate a code of agrarian reform, incorporate commercial crop land in the OLT coverage, adopt a proportional compensation scheme, mobilize the participation of farmers and farmer-organizations in OLT, and adopt measures to promote the well-being of landless agricultural workers. Alternative forms of property ownership such as the concept of stewardship are suggested for in-dept study.

Introduction

Land redistribution constitutes a basic agrarian change to which all other reform measures bear a more or less dependent relationship. In this sense, it is a cornerstone reform, a necessary condition for rural development.

This paper views development as social justice, and the problems in rural society as distributional. Given this basic framework, it analyzes Operation Land Transfer (OLT) in terms of indicators of social justice. Policy alternatives and directions following the analysis are identified.

Conceptual Framework and Operationalization

Rural Development as Social Justice

Rural development may be defined as "a process which leads to a rise in the capacity of rural people to control their environment, accompanied

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The article is an elaboration and update of the author's assessment of OLT in *PJPA*, Vol. XXV, No. 2 (April 1981).

by a wider distribution of benefits resulting from such control."¹ In a farming society where the tillers do not own the land, tillers' control of the environment can be brought about by the transfer of land to their ownership and their sharing of wealth and income. Thus, control of the environment by disadvantaged groups cannot come without the redistribution of power bases in society. This may be a more specific view of rural development from the one quoted above. It specifies redistribution as the condition under which rural development can take place. In this sense, *rural development* can be viewed as *social justice*.

*The Meaning of Social Justice*²

Social justice must be distinguished from Platonic or meritarian justice, general welfare, and equity. Platonic justice uses merit as the central criterion—"to each according to his ability, worth or other qualities or properties which differentiate men and their contributions to the social good." This principle is operationalized by such policies as equality of opportunities or equality at the legal "starting line." However, individuals are not equally endowed to avail themselves of these opportunities or to run at the starting line. This brand of justice, instead of correcting inequalities, tends to emphasize them by treating equals and unequals alike.

General welfare is an aggregate rather than a distributive principle. It is concerned with the net gain in well-being for society. Efficient and profitable allocation is its overriding objective; the equitable distribution of welfare among individuals and groups in society is only of secondary importance.

Equity aims at equality among equals and inequality among unequals. It corrects certain disparities without challenging the framework of inequalities.

Social justice differs from the others. It uses *need* as its criterion. Following the allocative principle, "to each according to his need," it assumes that the poor, being human have a right to the fruits of social efforts, regardless of their contribution to net welfare. Thus, social justice "entails the presence of equal *prima facie* rights, prior to any consideration of general utility."

Social justice is thus a distributive principle requiring the just treatment of differences or reverse discrimination. Following this principle, sex, religion, political and socio-economic status are valid distinctions in determining general rights. In the same vein, social justice takes motherhood and childhood as valid bases for special care. So does it consider the poverty, malnutrition, ignorance, and political powerlessness of certain rural sectors as valid justifications for adopting policies that grant them preferential treatment.

Policy as Distributive Instrument

Public policies can be seen as authoritative statements regarding the desirability of achieving certain goals and using particular means of achieving them. Such statements are referred to as interventions. These strategic interventions, though not mutually exclusive, are classified as follows:³

- (1) Interventions in the rural economy through changes in pricing, fiscal, monetary and credit policies to promote particular types of technical changes in production;
- (2) interventions through changes in rural institutions which affect the security and safety of the rural people, regulate conflict, provide access to services in a particular way affecting the welfare of the various classes of rural people;
- (3) interventions directed toward the creation of favorable changes in the physical environment and building rural infrastructure such as roads, bridges, irrigation channels;
- (4) interventions in the social structure of bringing about changes in property relations, distribution of rights and privileges between different rural classes and changes in social customs and practices;
- (5) interventions in the power and authority structure at various levels; and
- (6) interventions in cultural matters through changes in ideas and beliefs about nature, man and society.

Through these interventions, policies can favor certain groups over others. They are allocative or distributive instruments. As such, they can enhance or deter social justice and rural development.

Sample Policy: Operation Land Transfer

Operation Land Transfer exemplifies intervention (4) above. It represents land redistribution policies which are directed against the most conspicuous land problem, inequality in land ownership. Land redistribution policies tackle particular issues such as ceilings which define the potential availability of land for redistribution, and financing which defines the amount of land actually transferred. In this paper, two sets of policies in OLT, coverage and landowner compensation, are analyzed for their social justice and rural development implications.

The success of land redistribution depends on the adoption of measures that seek to improve and strengthen agricultural services such as extension, credit, marketing, and cooperative development. Policies adopted during implementation by subnational offices are also analyzed.

Operationalization of Social Justice in OLT

Social justice in OLT is indicated by the following:

- (1) land redistribution: the extent to which OLT transfers income from the owners to the tillers;
- (2) income redistribution: the extent to which OLT transfers income from the owners to the tillers;
- (3) emergence of "internal" inequalities: the role of OLT in promoting new forms of inequalities in the peasantry;
- (4) "reverse land reform": the possibility by which tillers lose their rights to the land due to lack of support systems to OLT;
- (5) access criteria to agricultural inputs favoring the better-off agricultural sectors, e.g., irrigated, large farms over rainfed smaller farms; and
- (6) emergence of capitalist landlordism: the possibility by which the corporation, as a result of the operation of Corporate Farming Program (CFP), becomes a new landlord.

The last four indicators refer to policies related to OLT, namely, policies on the provision of support systems and the CFP.*

Data on these indicators are obtained from analysis of policy contents and policy consequences.

Findings

A. Land Redistribution: The extent to which OLT transfers land from owner to tiller—the coverage of OLT

The Potential Scope of OLT: Presidential Decree (P.D.) No. 27 Definition. Under P.D. No. 27, OLT covers tenanted rice and corn lands above 7 hectares. As such, it exempts commercial crop lands,⁴ untenanted rice and corn lands, and tenanted rice and corn lands 7 hectares and below. The latter land category is placed under leasehold; it is exempt by virtue of the 7-hectare retention rule.

Quantitatively, the OLT coverage was calculated at 759,015 hectares.⁵ Viewed in the context of total agricultural land utilization,⁶ this is only

*For details on CFP, please refer to *PJPA*, Vol. XXV, No. 2 (April 1981), pp. 172-191.

6.6% of total crop land, 9.4% of food crop land and 11.1% of rice and corn land. Commercial crop land⁷ covers a wider area, OLT represents only 22.0% of it.

The coverage of OLT under P.D. No. 27, limited as it is, refers only to lands that can be *potentially* transferred. Policies and procedures adopted subsequent to P.D. No. 27 tend to further reduce this scope of OLT.

The Effective Scope of OLT: Its Implementation. Implementational policies and procedures tend to water down the redistributive effects of P.D. No. 27. Letter of Instruction (L.O.I.) No. 46 issued in 1972, for instance, effected the stepwise implementation of OLT or its implementation by phases. Arguing the necessity of gaining experience in pilot areas first, it prioritized landholdings for transfer as follows:⁸

first priority:	larger than 24 hectares
second priority:	24 hectares and less but not below 12 hectares
third priority:	12 hectares and less

This arrangement, as mentioned in the L.O.I. No. 46 was meant "to provide small landowners who constitute part of the middle class with time to adjust their economic plans." However, the piecemeal application of OLT can provide opportunities for evasion. These could be checked by deadlines that have been set as in L.O.I. No. 41 for the filing of sworn statements by landowners. Whatever compelling force such directives have, however, may have been diminished by other directives extending the deadlines, e.g., L.O.I. Nos. 45 and 52.

In 1973, another policy that has a very critical implication for the coverage of OLT was adopted. It has reference to the criterion to be followed in determining what lands are subject to transfer. The criterion is a landowner's tenanted rice and corn lands, *not* his total landholdings. This rule provides an opportunity for landowners to qualify for the 7-hectare retention rule. It also blurs L.O.I. No. 474 issued later in 1976 which decrees zero retention for landowners with more than 7 hectares in aggregate area or lands for residential, commercial or urban purposes.

In 1974, another policy was adopted, introducing a new twist to P.D. No. 27. Memorandum Circular No. 8 issued by the Ministry of Agrarian Reform (MAR) declares that lands inherited as a result of death before P.D. No. 27 was issued, must be treated as already subdivided whether or not legal measures had been taken to effect the subdivision. It provides that "where the land is owned legally by co-heirs or co-owners they shall be considered as adequate landowners with respect to their individual portions." This measure provides an opportunity for applying the 7-hectare retention

rule and for avoiding OLT. A subsequent policy sought to cushion this effect. L.O.I. No. 474 issued on October 21, 1976 modifies the 7-hectare retention rule by *extending OLT to all tenanted rice and corn lands with areas of 7 hectares or less belonging to landowners who own other agricultural lands of more than 7 hectares in aggregate area or lands used for residential, commercial or industrial or other urban purposes.* (Italics supplied.) Thus, L.O.I. No. 474 sets aside the 7-hectare retention rule, decreeing zero retention in the stipulated cases, thereby, potentially expanding OLT coverage.

However, L.O.I. No. 474 includes a provision that the landowners who are to be subjected to the zero retention rule must derive adequate income with which to support themselves and their families. This yardstick is very subjective.

Another policy, L.O.I. No. 143, definitely waters down the zero retention rule, citing possible exemptions: landowners whose only source of income is land rentals and landowners who are retired government employees. It also exempts landowners who are absentee as a result of circumstances beyond their control. This exemption can be extended indefinitely to cover a lot of ground.

The foregoing discussion shows that there are implementing rules which restrict OLT scope. The ambiguity of rules hampering the implementation of P.D. No. 27 may also have similar effect. For example, it is not clear whether the government will exercise an option to include idle and abandoned lands.

The lack of clear rules creates opportunities for evasion. This has been defended on the ground that studies must first be made in pilot projects. But almost 10 years had gone since the promulgation of P.D. No. 27 and the Code which was supposed to compile and systematize scattered rules and regulations has not been promulgated.

Perhaps, as a result of the operation of the aforementioned policies, the 1972-1977 program scope covering 759,015 hectares was reduced to 750,469 hectares as of December 1978. The latter figure represents the new definition of OLT's program scope.

Table I compares the coverage for the two time periods. For the later period, OLT covered a smaller percentage of rice and corn tenants and rice and corn crop land. This means an increase in the coverage of leasehold operations as shown in Table 2. This may imply that more small landowners (with 7 hectares or less) may have been exempt from OLT. It may also mean that more cases of evasion from OLT have occurred.

Table 1. Changing Scope of OLT

Scope	As of December 1978	From October 21, 1972 to December 1977
No. of rice and corn tenants	400,082	398,778
Area of tenanted rice and corn lands (in hectares)	750,469	759,015
No. of landowners	50,438	39,550

Source: Ministry of Agrarian Reform

Table 2. Changing Scope of Leasehold Operations

Scope	As of December 1978	From October 21, 1972 to December 1977
No. of rice and corn tenants	619,647	512,136
Area of tenanted rice and corn lands (in hectares)	760,575	663,973
No. of landowners	438,553	371,129

Source: Ministry of Agrarian Reform

The effective or actual coverage of OLT, moreover, is even less than the mandated coverage. Each of the steps in OLT implementation may be used as a reference point for defining the effective scope of OLT as of December 1981.

OLT implementation has four phases. The first phase deals with the identification of man and land, consisting of interviews with the actual tenant-tiller, parcellary map sketching, and indexing of the land cultivated. Even at this initial step, the number of tenant-beneficiaries identified may be less than the program scope. Some of them may be excluded from the enumeration such as in cases where official records do not jibe with tenant's perceived tenure status.

The second phase is the issuance and distribution of Certificates of Land Transfer (CLTs) to the tenant-tillers. As of 1981, there were more tenants receiving their CLTs than the targetted number for reasons to be explained subsequently.

The third phase is land valuation and landowner compensation. The number of tenants whose landowners have been compensated is only 32% of the program scope or only 126,390 tenants. This means that the bulk of tenants covered by OLT have not yet arrived at an agreement with their landlords regarding land price nor have they started their schedule of amortization payments to the Land Bank.

The final step is the issuance of the Emancipation Patent which grants full title of ownership and the tenant completely severs his tie with the landlord or the Land Bank. Using this as a yardstick for the effective scope of OLT, the figure represents only 0.4% or 1,799 tenants, less than one percent of the program scope. Per P.D. No. 27, the total cost of the land, including the interest rate of 6% per annum, shall be paid by the tenant in 15 equal yearly amortizations. The accomplishment in this final step may therefore not be a fair gauge of the performance of OLT.

Nevertheless, accomplishment in the third step may indicate OLT performance. Using the accomplishment in the third phase in 1981, the annual rate of accomplishment is 3.6% ($.32 \div 9$ years) or a coverage of 14,259 tenants a year. These figures indicate that it would take 28 years or 19 more years before all tenants in the program can arrive at an agreement with their landlords regarding land price ($396,082 \times .036 = 14,259$; $396 \div 14,259 = 27.78$). Table 3 summarizes the "implemented" scope of OLT.

Table 3. "Implemented" or Effective Scope of OLT

Scope	No. of Tenants	% of Program Scope
Program Scope	396,082*	
Implemented Scope		
1) with CLT issued or printed by computer	417,333**	More than 100%
2) with landowners compensated	126,390	32%
3) with Emancipation patents	1,799	0.4%

Source: Annual Report 1981, Ministry of Agrarian Reform.

*This figure is lower than the figure for the program scope as of 1978 which is 400,082.

**The excess in accomplishment against the total beneficiaries target of 396,082 in 1981 was caused by the voluntary sale of some landowners in leasehold operation to OLT and the recent coverage of critical areas not earlier covered by the "barangay carpet approach" specifically in Regions VIII, IX and XII.

The Effective Scope of OLT: Implications on OLT Coverage of Policies Promoting Large-Scale Commercial Agriculture. Aside from implementing policies which tend to reduce OLT coverage, another set of policies have the same kind of effect—those promoting large-scale commercial agriculture. The first of such policies is P.D. No. 27 itself which exempts areas planted to commercial crops from OLT.

P.D. No. 410 allows conversion or change to other crops and uses. Thus, it is possible that rice and corn lands subject to OLT are converted to other crops and uses, and consequently, are excluded from the scope of OLT. Recourse to this provision is to be regulated by a permit procedure.

Crop conversion from commercial to rice and corn is also allowed. P.D. No. 106 allows conversion from untenanted sugar lands to rice and corn lands without subjecting them to OLT. It only covers untenanted sugar lands. Memorandum Circular No. 2 reinforces this—it includes landholdings tenanted after October 21, 1972 (when P.D. No. 27 was promulgated) within the coverage of OLT.

Nevertheless, P.D. No. 106 does not change the status of the *sacadas* (sugar workers); they may simply be converted from hired sugar workers to hired rice and corn workers. Moreover, it only transforms sugar hacendados (plantation owners) into rice and corn hacendados, maintaining the integrity of their landholdings and the political power they derive from these economic assets.

The entry of foreign investments may also boost large-scale commercial agriculture. Under P.D. No. 194 issued in May 1973, foreigners can engage in the culture, production, milling, processing, and trading except retailing of rice and corn. This measure is reinforced by a directive of the Minister of Natural Resources which reserved areas of the public domain for large-scale farming under joint ventures with foreign interests. P.D. No. 619 further strengthens this directive by authorizing the conversion of public land domain into a grazing land reserve for large-scale grazing projects. Such policies run counter to the resettlement program⁹ which would allocate such lands to family-operated units.

P.D. No. 410 secures land for national cultural minorities but makes exemptions for agro-industrial projects. The need for the expansion of urban communities, for housing, and for industrial establishments may also take some areas away from OLT. In fact, according to L.O.I. No. 46 issued on December 7, 1972, "in the implementation of the land reform program, the requirements of this (agro-industrial program) equally important program of government should be taken into consideration." This is a point well taken but tenants affected by this program must be adequately protected.

The operation of policies promoting large-scale, commercial agriculture may partly explain the increasing area planted to commercial crops which has been expanding more rapidly than food crop land. From 1967-1972, the area planted to food crops increased by an average of 2%; from 1972-1976, an average of 4%. The growth rates in commercial crop land, however, were much higher—an average of 4% in 1967-1972 and 10% in 1972-1976.

It may be argued that large-scale commercial agriculture as a necessary component of an export promotion strategy, must be exempt from OLT so as not to lose economies of scale. But transfer of the ownership of commercial crop land to their tillers does not necessarily result in fragmentation. Ownership of small parcels by individual tillers of sugar plantations, for instance, does not prevent them from pooling their resources to manage the farm as a single operation. The expertise that may be required can be provided by hired technicians and the plantation can be run like a farmers' cooperative.

B. *Income redistribution: The extent to which OLT transfers income from landowner to tiller—land valuation formula, modes of landowner compensation, and implementational processes and procedures of land valuation.*

Land to be transferred to the tenants is to be paid by them. P.D. No. 27 sets as a basis for payment the following formula: the normal gross harvest for the past 3 years preceding the proclamation of P.D. No. 27 (October 21, 1972) multiplied by the factor $2\frac{1}{2}$. The total cost of the land, including the interest rate of 6% per annum, shall be paid by the tenant in 15 equal yearly amortization.

Under the land valuation formula set by P.D. No. 27, Harkin estimated that the landowner is compensated at about 68% of the agricultural value of the land.¹⁰ Thus, he is paid less than his land's value. However, the promulgation of additional compensation options by the Land Bank by virtue of P.D. No. 251 issued on July 21, 1973, raised the effective compensation of landowners. Under the 10% cash and 90% Land Bank bonds scheme¹¹ which was opted for by virtually all landowners, Harkin estimated the effects of compensation to be 92% of the agricultural value of land, based on the sale of bonds at 68% of face value.¹²

P.D. Nos. 27 and 251 prescribe uniform pricing for all land sizes: the larger the size of one's holdings, the greater is one's compensation. The larger the estate, the greater the ability to absorb its transfer; hence, the compensation schemes favor large landowners to the small ones.

The formula for land valuation set by P.D. No. 27 defines the amount of income that can potentially be transferred to tenants. Subsequent processes and procedures adopted by the MAR operationalize these formula.

At the inception of OLT, landlords and tenants were expected to determine the yields of the normal crop year prior to 1972 as the basis for fixing the cost of land. The stipulated Landlord-Tenant Production Agreement (LTPA) sought to reflect this valuation. However, in a direct transaction

between the tenant and the landowner, the latter can enjoy an advantage, given the resources at his command. An alternative procedure was thus devised—the establishment of a Barangay Committee on Land Production (BCLP) for the purpose of setting uniform productivity of the land in the barangay. Its operations, however, were hampered by the absence of a definite measure for land quality based on such factors as location, type of soil, access to irrigation and past productivity. Moreover, written production records which could serve as basis for fixing amortization payments provided in P.D. No. 27 were lacking. These resulted in wide variations regarding land values.

To remedy the situation, MAR reversed the procedure set by P.D. No. 27 for land valuation. The description and rationale for this procedure can be gathered from a statement made by MAR Assistant Secretary for Field Services, Jose Medina, in 1976: "The DAR, taking a compassionate position and realizing the futility of making landowners and tenants agree on what the past harvests were, allowed landowners and tenants to negotiate and agree on the price of land in money terms and, having agreed, convert the value into palay using the government support price as a factor . . . in the event that the landowner and the tenant can agree on the land value, BCLP will no longer be involved."¹³

The reverse procedure may facilitate pricing agreements between tenants and landowners. Nevertheless, it departs from the principle enunciated in P.D. No. 27 that the price should reflect the value of land at the time of its promulgation. The price arrived at can thus be inflated because infrastructural improvements such as those made by the government, e.g., irrigation facilities built by the National Irrigation Administration, are costed. The pricing scheme also tends to move the cost of land towards the market price. For these reasons, the potential income transfer envisioned in P.D. No. 27 may not be realized.

C. *Impact of OLT: Tenants and Landowners and Family Income Distribution Patterns*

Changes in Tenants' Incomes. According to estimates made by the International Labor Organization (ILO) mission to the Philippines,¹⁴ overall tenant's incomes will increase by a maximum of 50% under the current compensation plan; it would have been 80% had there been no compensation.

The ILO itself cautions, however, that these estimates must be viewed in the light of certain qualifications. The estimates do not include the following: fees to be borne out by amortizing owners—real property tax, irrigation fees, contributions to the Samahang Nasyon in which OLT recipients are obliged to be members of, supplementary material and non-material

benefits from their landowners which the tenants lose after becoming amortizing owners, and expenditures on the education of children and non-farm investment which increased farm incomes are expected to generate.

Changes in Landowners' Incomes. Changes in tenant incomes are accompanied by changes in landowners' incomes. The estimates of ILO regarding changes in landowners' incomes¹⁵ are as follows: a landowner who used to have reform leaseholders suffers a reduction of 12% in the present value of his income stream; if his tenants were ordinary leaseholders, 26%; if share tenants, 54%. These losses may not be substantial as they appear to be because the calculations tend to understate the landowners' capacity to absorb the forced sale of their land, especially in cases where they have other sources of income.¹⁶

There are also policies which enhance the landowners' ability to absorb the forced sale of their land. P.D. No. 57 issued on November 19, 1972, amending P.D. No. 27, exempts landowners from: (a) capital gains tax on proceeds of amortization paid them by their tenants, and (b) income tax on interests paid in addition to total land cost.

Potential Reduction in Family Income Inequality. Changes in tenants' and landowners' incomes have effects on the distribution of income. Based on ILO estimates,¹⁷ income inequality among urban families would be reduced (from a 1971 base) by an estimated 7% and by 7% among rural families. Income gaps between urban and rural families would also be narrowed down so that national income inequality would fall by about 8%.

The maximum possible decrease within a mixed enterprise system could be judged at 40%. Using this as a yardstick, ILO's estimate is that even if all the lands were expropriated without compensation, this would only accomplish 1/5 of the maximum possible once-and-for-all improvement in income distribution in the Philippines under a mixed enterprise system. Moreover, this estimate must still be adjusted downward to allow for crops not covered by OLT, for the rice and corn tenant population that are excluded because of the 7-hectare retention rule, and for the compensation to be paid to the landowners. Given these qualifications, OLT would accomplish less than 1/5 of the maximum possible once-and-for-all improvement in income distribution in the Philippines.

D. *Emergence of "Internal" Inequalities*

The income gains of tenants, the income losses of landowners and the resulting reduction in family income inequality, as well as the extent of land redistribution indicate the extent to which the "original" inequality between landlord and tenant may have been reduced. However, as a result of OLT, a

number of internal inequalities among landowners and among tenure groups such as the following may have emerged.

Among Landowners. Mangahas contends that the "the hierarchy among landowners is determined primarily by the size of the estate. The larger the estate, the greater the ability to absorb the transfer/loss of account of land reform and vice-versa for small estates."¹⁸

This hierarchy is reinforced by the proportional compensation scheme. Under such an arrangement, an owner of 1,000 hectares receives 100 times as much as a landowner of 10 hectares. OLT can thus break up large estates but not the economic and political power derived from them. In this connection, MAR reports that as of December 21, 1978, 89% of landowners of all rice and corn tenanted lands have only 7 hectares or less. Thus, proportional compensation scheme works in favor of a few big landowners.

There is also inequality among landowners who plant different kinds of crops on their holdings. Landowners of commercial crop land and untenanted rice and corn lands are exempt from OLT.

Among Tenure Groups: Stratification Within the Peasantry. There are substantial income differentials among tenure groups in rice and corn lands as a result of OLT. Mangahas estimates that "owner cultivators have an income which is almost 33% greater than that of reform leaseholders, or 40-60% greater than that of ordinary leaseholders, or 130-140% greater than that of share tenants."¹⁹

With its coverage policies, OLT creates 3 major peasant subclasses among rice and corn farmers—amortizing owners, permanent lessees, and landless workers. All these groups are composed of small farming households who directly till or operate the land in some ways as their major source of livelihood. All of them are engaged in subsistence farming. However, differences in tenure status, whether legal or actual, have formed subdivisions among them. Their differences in terms of rights to the land set by OLT policies have brought about a stratification of the peasantry which is concretized as differences in life situations—differences in the type of housing, source of drinking water, ownership of farm items, etc.²⁰

Amortizing owners and lessees enjoy a more favorable situation than landless workers. Generally, their houses are constructed of light materials but these belong to a proportionately greater number of landless workers. Amortizing owners and lessees have their own source of water; the landless, on the other hand, depend on public pumps, open wells and other families' pumps.

Ownership of durable items, e.g., carabao, animal plow, water pump, hand tractor, is another area where disparities obtain. Amortizing owners, lessees, and landless workers tend to rank consistently one after the other on this aspect. Landless farmers generally only have sickles, bolos, and mats for drying palay.

Landless workers have more frequent but lower income peaks depending upon the availability of a harvest or occasional farm job. Income levels are closely related with the household's harvesting operations. Household expenditures tend to approach the rice requirement or subsistence level. Landless workers use more than 50% of their income for rice.

In contrast to this pattern, amortizing owners and lessees experience one very high income peak at harvest time, enabling them to provide for their family's rice requirements in the subsequent months. They also earn income from other sources, e.g., livestock raising, work on other farms, or capital investment in hand tractors or portable threshers. Based on their gross income, the amortizing owners and lessees earn 3-4 times more income than landless workers.

Stratification within the peasantry is also manifested in variations in credit practices. As with income peaks and troughs, landless workers tend to borrow smaller amounts more frequently for consumption purposes. Rice farmers borrow less frequently but in bigger amounts for production purposes.

There is another crucial difference between the two groups and this is the rice farmers' access to institutional credit in contrast to landless workers' reliance on relatives and close friends. Landless workers are virtually excluded from access to institutional credit sources because they have no collateral.^{2 1}

The life situations of parents are carried over to their children's life opportunities. Landless workers' children are more hard pressed to work in the field than those of the amortizing owners and lessees. On the average, household heads among the landless work 1.5 times more than the amortizing owners and lessees. Household members among the landless work 4 times more than their counterparts.

Thus, on all indicators, the landless have the lowest welfare levels. With no tenancy rights, much less right to eventual land ownership, they find themselves working as sub-tenants, with fellow peasants as landlords. Cases of this situation have been found, with lessees as landlords. This phenomenon has been described as "intermediate landlordism," introducing a new tier in the tenure pyramid.

E. *OLT and the Lack of Support Systems: "Reverse Land Reform"*

"Reverse land reform" takes place when OLT beneficiaries lose their rights to eventual land ownership by selling their tenancy rights or Certificates of Land Transfer (CLTs) to the landowner. The process of losing land has been documented in a case study prepared in 1982.

The case study²² identifies the factors that promote reverse land reform. Land that has been distributed to the tillers through OLT finds its way back to the landowner. It takes place when tillers sell their tenancy rights or CLTs to their landowner. The process of losing the land starts with the tiller getting indebted. Their indebtedness, in turn, is traceable to many factors—high production costs, rentals, and interest rates, lack of marketing facilities, lack of control of pricing, lack of support systems of OLT. Within OLT itself, there is a lack of legal services afforded to litigants in land adjudication. The dynamics of reverse land reform is detailed in the following sections.

The Loss of Access to Land: The Sale of Tenancy Rights and CLTs. Under OLT, tenants can become owners of the land they are cultivating. In view of this, tenancy rights acquire special value; they can be bought and sold.

In the community studied, tenancy rights have been sold but not in the form of selling as such. With the voluntary surrender of CLTs (a CLT is a document certifying that the individual named is the actual tiller of the land and can qualify for ownership of the land) through affidavits, tenancy rights have in effect been sold to the landowner.

The affidavits were dated 1971, a year prior to the enactment of P.D. No. 27. However, these affidavits were actually executed in 1975. These are not legal; the law provides that tenancy rights can only be passed on to an heir of the tenant or to be given to the Samahang Nasyon which will decide on whom to grant such rights. Tenancy rights, therefore, cannot be surrendered to the landowner.

The so-called voluntary surrender of tenancy rights did not result in farmer's actual loss. Presently, the farmers who executed the affidavits are still on the farm working as lessees paying fixed rentals in kind to the landowners. Nevertheless, the affidavits which sought to disclaim tenancy arrangements on the land have been used by the landowner to justify exemption from OLT. To this day, the farmers are on lease arrangements even if the land they are cultivating is subject to OLT.

There are actual cases of loss of land resulting from the sale of tenancy rights and CLTs by lessees and amortizing owners, turning them into landless

workers. The sale of tenancy rights as well as rights for eventual ownership has expanded the area under administration which are worked on by hired laborers, thereby, increasing the area exempt from OLT. The area has progressively increased over the years. It should be noted that farms under plantation management or labor administration are exempt. A farmer who has been in the farm since 1943 estimates that in 1965, the area under administration was only 7 hectares; this increased to 45 hectares in 1977; to 84 hectares in 1980 and to 90 hectares as of May 1981. Thus, over a 16-year period, 83 hectares which constitute almost 2/3 of the total land-holdings have been added to the area under administration. This process may be viewed as reverse land reform.

Reasons for Selling Tenancy Rights and CLTs. (1) Loaning arrangements. The most common reason for selling tenancy rights is indebtedness. Estimates for farmers' incomes and expenditures show that their earnings are inadequate to meet their needs. Aside from borrowing for their usual daily consumption needs, the farmers also borrow for their children's schooling.

The lease tenants can borrow money from the landowner without interests. Nevertheless, some of them have resorted to selling their tenancy rights to settle the debts they have accumulated with him. He does not lend unlimited amounts of money at any one time. To supplement these loans, the lease tenants borrow money elsewhere at high interest.

The amortizing owners also borrow money from the usurers. So do the landless, although for them, it is more difficult to secure loans because they do not have collaterals. For those working in the administration farms, they can only get payment in advance for their work but they generally do not obtain loan from the landowner. Thus, the landless also have to resort to borrowing from usurers.

Thus, regardless of tenurial status, the farmers borrow money at high interest rates. For every P100.00 borrowed, they pay an interest of one cavan of palay, valued at P60.00 at harvest time. The interest rate, therefore, is 60% over a 4-5 month period. Under another loaning arrangement called *palayan*, the farmers do not pay interest as such but pay their loan in kind. The interest rate in this case is even higher, 100% over 4-5 months.

The money lenders are usually what the villagers call *commerciantes* (traders) from the city nearby and from the neighboring province. Other money lenders include better-off relatives living in the town who may not impose interest rates and better-off farmers from the same barangay.

There are cases where farmers are not able to pay their loans at harvest time. When this happens, there are some lenders who charge on the interest. The farmers realize that the interest rates are very high but they nevertheless

agree to such arrangements. In fact, they themselves go to the lenders' homes or establishments in search for loans. The farmers claim that they have no choice; they are *gipit* (they are in a tight situation). Their produce does not enable them to buy the inputs required for the next planting season; after deducting rent and production costs, they have barely enough for consumption.

(2) *Marketing Arrangements.* The amortizing owners and the lessees sell their palay to *commerciantes* who purportedly go to the community to buy the farmers' produce. According to them, the cavans of palay they sell are not really surpluses because they buy palay for their own consumption during the planting season. They have to sell some of their palay to raise cash with which to buy fish, meat, clothing, and other needs. They also need cash for their children's school expenses.

The traders do not offer uniform prices for the farmers' produce even if the government has set floor and ceiling limits on the price of palay. The farmers set their prices; the traders also set their own. The price used is the result of haggling.

The farmers agree informally among themselves about their asking price. When possible, they sell to the highest bidder. Since the farmers do not have driers and warehouses, they cannot time their sales. To wait for high prices may result in wastage. For another, the farmers may have immediate needs for cash. In cases of illnesses and other emergencies in their family, they just have to sell.

The landowner owns a warehouse. He also has facilities (cemented grounds) for drying palay. The lessees can enjoy his drying facilities. Having opted for eventual ownership of the land they are cultivating, the amortizing owners do not, of their own accord, use such facilities.

(3) *People-landowner relationship: Psychological Dimension of Dependency.* The landowner is considered the *ama* (father) by many of the farmers. He lends money without interest; he gives medicine to the people for free; in cases of deaths, he donates the coffins; when the people go to his residence, they are treated and fed well. Some of the farmers have asked him to stand as *ninong* (godfather) in their wedding and he has obliged.

According to the farmers, the landowner is "allergic" (the term they actually used) to the Samahang Nayon so they have not joined this farmer organization and consequently, have not opted for eventual ownership of the land they are cultivating. To do so, according to them, is tantamount to ingratitude. This explains why some of the farmers have remained lessees even if the land they are cultivating is subject to OLT.

Among the farmers, there is a minority who see the landowners' good deeds, particularly that of lending money at no interest, as a way of enslaving them. But they see this as no fault of the landowner because they themselves solicit his help. One of them labelled the landowner's behavior as "panluluko na hindi naman" (quasi-benevolence) or "legal na panluluko" (legal manipulation). Both terms see the landowner's actuations as benevolent but manipulative, suggesting the difficulty and even unwillingness, among the farmers to impute evil on the landowner. There are also farmers, a small minority, who see their landowner as exploitative.

(4) *Farmer Organizations: Constraints to Organizing.* The development of strong and viable farmer associations in the community is constrained by a number of factors. Landowner tactics as those described in the preceding section is a deterrent to the formation of viable farmer associations. Its formation is also constrained by the kind of strategies and methodologies employed by government fieldmen in organizing farmers. Organizing follows sectoral lines which tend to limit fieldmen's activities to the pursuit of their own program objectives. For instance, the bulk of the work of community organizers is in prompting farmers to pay their fees and in collecting them.

With their sectoral orientation, fieldmen tend to picture rural society in terms of their programs, failing to recognize the socio-economic and political context within which their program is implemented. This orientation is reinforced by the criterion used in evaluating their performance—actual implementation of programs in terms of quantifiable outputs, e.g., number of Samahang Nayons or rural cooperatives organized, number of demonstration classes conducted, percentage of collection of irrigation fees. To meet the targets, organizing is done very quickly with no systematic follow-up.

In organizing farmer associations, the fieldmen also follow a blueprint approach. At the policy-making level, the problems of barangays are defined and solutions, e.g., setting up of rural cooperatives, are specified. The implementing details, e.g., membership, manner of election, duties of officers and members, contributions, are all worked out. These tend to ram organizations down the throat of farmers and fail to recognize them as thinking beings who need to understand what they are doing and why.

Another factor that constrains the development of viable organization is suggested by the experience in another barangay. This pertains to the commitment of fieldmen. A Samahang Nayon (SN) President claimed that the SN's credibility is adversely affected by the non-committal answer of government fieldmen to questions regarding the land reform program. The SN President told the farmer members not to believe the landowner's statement that if they disclaimed tenancy relations, they can get a larger amount of money. The landowner claimed that he could sell the land for a higher

price. In exchange, the farmer would get 50%, ranging from ₱30,000-₱35,000 per hectare. The SN President's remark was not confirmed by the fieldmen who neither said yes nor no when asked if the SN President was right.

The case study documenting reverse land reform calls attention to a number of issues that require further study. These are:

- (1) Why did the farmers borrow from usurers, agreeing to interest rates as high as 100% when they could have borrowed from credit agencies of the government?
- (2) Why did the farmers sell their produce to middlemen and private traders at unfavorable prices when they could have sold these to the National Food Authority at prices set to protect their interests?
- (3) Why are the farmers not organized—why don't they pool their resources so they can buy inputs in bulk at lower prices and bargain more effectively for their produce?
- (4) Why do lessees remain as such in spite of the prospect of becoming land owners? Why does reverse land reform take place even if this is not legal?

These issues pertain to the availability and adequacy of support systems to OLT. Issue #1 centers on government's credit policies as embodied in the Masagana 99 Rice Production Program. Issue #4 calls attention to the lack of effective legal services for OLT. These, as well as related issues, are addressed to in this paper through a discussion of the administrative capability of the MAR, the main implementing agency for OLT.

Administrative Capability of the Ministry of Agrarian Reform

Administrative capability or the ability of the implementing agency to achieve its goals is affected by a number of factors, namely: organizational arrangements, manpower resources and fiscal management. Its critical importance is underscored by the following statement issued by the United Nations, "the extent to which governments fulfill (their) role in (development) depends largely on the degree and speed of expansion of administrative capacity at all levels of government."²³ Tai puts this even more forcefully when he advanced the proposition "that political commitment to reform, i.e., the willingness and readiness of the political elite to mobilize all available resources to carry out a reform program, is of critical importance, outweighing all other factors. Without strong political commitment, a country cannot effectively implement its program even if some of the factors are favorable."²⁴ Political commitment to rural development is operationalized by the structures, finances, manpower and other resources made available to implementing agencies, in other words, by the administrative capacity of implementing agencies.

Hence, the administrative capability of the Ministry of Agrarian Reform (MAR), the principal agency charged with the implementation of OLT is assessed. Such assessment is another indicator of the extent to which OLT can contribute to social justice and rural development.

The administrative capability of MAR is hampered by cumbersome procedures, lack of coordination among participating agencies, centralized decision-making, lack of fiscal resources, and insufficient manpower resources. These factors are discussed subsequently.^{2 5}

A. *Organization and Management*

(1) *"Facilitating" Organization.* An effective organizational structure for OLT is one that facilitates implementation. This facilitating activity is derived from the belief that the longer the reform drags out, the more difficult it is to implement it, the more resistance there would be, and the more negotiation and arbitration would be required.

There are five major steps in the implementation of OLT. Some of these activities may be done simultaneously; other activities are dependent on activities performed by other government agencies involved in the implementation of OLT. Landowners and tenants are also involved in the process.

(a) *Identification of tenants, landowners and land area.* This is undertaken by the MAR main office for the purpose of ascertaining who are the actual tillers of the affected landowner and the size of the landholdings for distribution.

(b) *Parcellary mapping.* This is undertaken by the Bureau of Land Survey Team to identify the land parcels cultivated by tenants and to determine boundaries and actual use.

(c) *Generation and issuance of Certificate of Land Transfer (CLT).* This is assigned to the National Computer Center (NCC) which enters the data generated in steps (a) and (b) on CLT forms by means of computer. Meanwhile, the MAR field team advises landowners to submit documents required by the Land Bank for payments. The Center for Operation Land Transfer (COLT) of the MAR files these documents on individual claim folders until such time when NCC has generated the CLTs, the Land Valuation (LVs) and the Farmer's Undertaking (FUs).^a These computer outputs are then received and reviewed and the CLTs registered with the Land Registration Commission. Afterwards, they are transmitted to the MAR field team, through the regional or district office, which then distributes the CLTs to the tenants. The tenants have to be full-fledged members of a rural cooperative, the SN^b before they are issued a CLT because it is the SN which guarantees payment for their amortization in case of default. The Bureau of Cooperatives Development^c is in charge of organizing the SN.

(d) *Land valuation and payment.* This can be done simultaneously with the first step, with the tenants and landowners participating in determining land

productivity on the basis of which land valuation is calculated. They constitute the Barangay Committee on Land Production (BCLP).^d The MAR technologist who is also a member of the BCLP gives production data based on his own findings which may or may not be accepted by the committee.

Once the production data have been agreed upon, this is sent to the various layers of field offices (regional, district, and team offices). The Regional Director of the MAR recommends this to the Minister for final approval.

The landlord chooses the mode of payment offered by the Land Bank which in turn, collects amortization payment from the tenants.

(e) *Issuance of emancipation patent.* This makes the tenant a full owner-cultivator of the land; it is issued by the MAR once the tenant has fully complied with the amortization payments due in 15 years but which can be shortened.

The identification phase and parcellary mapping are done simultaneously by the MAR field office team and the Bureau of Lands Survey Team. The accomplished forms are forwarded to the Bureau of Lands regional office for approval and reproduction before these are transmitted to the MAR regional office which in turn, forwards these documents to the COLT Central Office. The different levels of the MAR field organization have to fill at least 12 different OLT forms before these are forwarded to the central office for processing, reviewing, checking and verification. The identification phase and parcellary mapping take at least one month.

The landowners also submit to the COLT the many documents of compensation required by the Land Bank. The processing and evaluation of OLT documents [generated in phases (a) and (b) and claim of payments at the MAR Central Office] takes at least one week but this can lag for a considerable period of time if the data are incorrect, e.g., inconsistencies in the identification of tenants. The processing at the MAR Central Office, NCC [phases (c) and (d)] takes on an average of two to three months.

^aThese documents contain the amortization schedule of the tenant. They are based on data generated in the step involving land valuation and payment.

^bThe requirements for membership to a rural cooperatives can be also met by membership in farmer associations other than the Samahang Nasyon (SN) and the Federation of Free Farmers (FFF).

^cFormerly under the Ministry of Local Government and Community Development, now under the Ministry of Agriculture.

^dThe composition of the BCLP is as follows: The President of the SN, Barangay Captain, 4 representatives of tenants, 2 representatives of landowners who cultivate their own land, 2 who have tenants, and the MAR technologist.

Going through all these steps, the earliest time that a tenant can receive his CLT after he has been identified is from four to six months; it may even take more than a year.

The slow implementation of OLT may be traced to the following procedures:

(a) Heavy reliance for information on landlords; lack of complete records of land titles or land rights and insufficient cadastral data.

OLT require landlords to submit documents of ownership, e.g., land titles and technical survey plan, to enable the Bureau of Lands to do parcelary mapping. To delay the proceedings, especially OLT distribution, there are landowners who refuse to submit the needed documents. In these circumstances, the MAR technologist gets records from the local Registrar of Deeds, banks, or the municipal, city and provincial treasurers and assessors. The problem, however, is that government records on land titles as well as cadastral surveys are obsolete or inadequate, giving rise to inaccurate data and inconsistencies. When such inaccurate or inconsistent data reach the central office, the OLT folders are sent back to the field officers for correction, slowing down the process.

(b) Lack of adequate sanctions to sworn statements by landowners and tenants.

In view of this inadequacy, veracity of information submitted is low. Thus, there are competing claims of tenancy or ownership, even non-recognition of tenancy relationships.

In other cases, landowners can also withhold documents if they are not satisfied with the parcelary mapping or land valuation. Or they may simply not want to recognize their tenants.

(c) Difficult and cumbersome procedures in surveying and listing of tenants.

The procedure is called the Barangay Carpet Mapping Approach which was implemented in 1977 to rectify erroneous, misleading and unreliable data. The procedures are detailed in a thick volume of instructions containing prescription for form preparations, charts of work flows, and methods of solving problems that fieldmen may encounter. Fieldmen have to undergo training on the highly technical instructions contained in the manual.

As a result of the procedure, the number of documentation folders went down. Since the barangay is literally mapped inch by inch, the procedure has also resulted to a more accurate survey and listing of tenants. However, it has not confronted the problem of delays in OLT implementation. The main objective of diffusing the concentration of wealth tends to be glossed over because of the penchant for details.

(d) The highly legalistic procedure adopted by the MAR in its land redistribution policy. OLT follows a compensatory process where landlords and tenants are given a chance to be heard and have recourse to the judicial system in cases of disagreements or disputes. It is not confiscatory or expropriatory in nature.

Landlords can slowdown the program by resorting to tactics such as not recognizing their tenants, not submitting the required documents.

(2) *Coordinative Capability.* An effective organization for OLT must have the capability to coordinate the activities of various agencies involved in

the program. The coordination of activities among the agencies is done through the Land Transfer Coordinating Committee (LTCC) established at the national, regional and provincial levels. The committees at the lower levels (regional and provincial) devise strategies for handling bottlenecks in the implementation of OLT. The National Land Transfer Coordinating Committee chaired by the Executive Vice-President of the Land Bank, assisted by the Assistant Minister of MAR as Vice-Chairman formulates policies, procedures and guidelines which most often pertain to landowner compensation. The Committee performs its coordinating function through exchange of memo-circulars, letters, orders, or memoranda of agreements. It meets at least once a month. However, its coordinative function is adversely affected by the fact that the agencies have their own priorities. Moreover, they do not have separate appropriation in their respective budgets that are earmarked for OLT. The National Computer Center (NCC) for instance, has to jibe the schedule of the computerization of OLT documents with AFP programs. The Land Bank has investment priorities aside from compensating landlords. The Ministry of Agriculture, on the other hand, has other programs to implement aside from the *Samahang Nasyon* (SN) or Barrio Cooperatives. The Bureau of Lands, while it has a separate budget earmarked for OLT, lacks surveyors and equipment necessary for parcellary mapping.

(3) *Adequate Delegation of Authority.* Authority is largely centralized in the Office of the MAR Minister. Matters such as approval of production data rest with the central office. Regional directors do not exercise substantial authority.

B. Management of Fiscal Resources

Administrative capability is also affected by the adequacy of fiscal or budgetary resources needed to deliver services. The effective policies of government could be reflected in its approved budget. The budget, being the instrument which gives authority to spend money for various purposes, reflects the actual policies of a government and therefore, indicates the political will of the leaders. If certain objectives are announced by a government in policy statements, but no funds are provided in its budget to effect them, then the objectives cannot be achieved.

For calendar year 1981, the total budget for MAR, the principal implementing arm of OLT, is ₱268.3 million out of the total ₱50 billion budget of the national government. This represents only about 0.53% or 1/2% of the national budget.

It is true that other appropriations may have a bearing directly or indirectly on OLT but it is the appropriation given to MAR that will be used for land transfer from the owner to the tiller and for securing tenancy rela-

tionships. Land transfer and security of tenure may be considered a necessary initial reform.

C. Human Resources

MAR's fiscal resources have implications on the deployment and commitment of its personnel, particularly the agrarian reform technologists (ARTs) who serve as OLT's frontliners and workhorses. Over 95% of ARTs are graduates of agricultural colleges with a majority having a BS degree in Agriculture. Appointment requires passing an agrarian reform examination given by the MAR in coordination with the Civil Service Commission. The ART is MAR's field person closest to the tenants. He is expected to be a generalist since he is consulted by the farmers whenever they transact business with the government or whenever they have production problems. The ART, therefore, plays a critical role in OLT implementation.

At present, there are 4,100 ART positions in MAR; however, only 3,571 are filled up. With 384 ARTs detailed in regional and district offices, the effective number of ARTs in the field is 3,187.

Given the total program scope to be realized by the ARTs, the MAR is clearly undermanned. The ratio is one ART for every 113 OLT and 195 leasehold beneficiaries or one ART for every 308 tenants. Considering the size of landholdings covered by OLT and leasehold, one ART has to take care of 236 hectares of OLT farmlots and 242 hectares of leasehold farm or one ART for every 478 hectares.

The MAR has not established an ideal ratio but its manpower ratios could be compared with those in Japan and Taiwan where the manpower element played a key role in the success of the land reform program. In Japan, 400,000 workers were required to purchase and transfer about 2 million hectares of land and prepare about 4 million lease contracts. This yields a ratio of 1 worker for every 5 hectares or every 10 lease contracts. In Taiwan, the same favorable ratio is obtained. There were 33,000 persons to purchase and transfer 200,000 hectares or 1 worker for every 6 hectares. The number of workers in these cases was 50 times the number deployed in the Philippines.

On the average, the assignment of the ART covers about 25 barrios to carry out OLT and the leasehold program. This requires him 115 kilometers of travel every week. He has to use public transportation since the MAR does not have adequate transportation facilities.

For his work, the ART received a monthly salary of P603.00 and a travelling allowance of P50-P100, these rates are lower than those of his counterparts in other government agencies like the Bureau of Agricultural

Extension, National Irrigation Administration, Land Bank and National Electrification Administration. The travelling expense has been pegged to the P50-100 ceiling and has not increased inspite of the yearly increases in transportation fares.

In addition to being underpaid and overworked, the ARTs have to get along with landowners. There are technicians who face administrative or criminal charges in court filed by landowners as a result of the performance of their duties. In the face of these cases, MAR legal officers are not authorized to represent MAR personnel in court.

Complementing the ART in the team office are other technical field personnel, i.e., legal officer, statistician, team leaders, and clerk, who are also low-salaried. A team leader receives a salary of P1,152 a month; a lawyer, P1,200. There are field lawyers who have transferred to other government offices like the Citizens Legal Assistance Office, leaving behind a backlog of adjudication and mediation cases.

The poor material incentives not only affect outputs. They may also promote graft and corruption. In adjudicating conflicts, for instance, MAR lawyers may be tempted to accept bribes.

With a planned change as revolutionary as land transfer, commitment of those implementing it may be a very crucial factor. They are workers who have identified themselves with the tenants; others with the landowners; others say they are neutral.

There is an accepted policy in the MAR that in cases of doubts, decisions should be made in favor of the tenants, since the Ministry exists for the tenant. However, these policies are not observed. When policies are interpreted or resolved against tenants, this is justified on the ground that such decisions can nevertheless be reversed by higher authorities. The same justification, however, can also be used when one took the side of the tenants.

Summary and Conclusions

(1) OLT has a limited coverage. It only covers tenanted rice and corn lands and therefore excludes land planted to commercial crops and rice and corn lands under labor administration or plantation management. Moreover, OLT covers only tenanted rice and corn lands of certain size categories because of the 7-hectare retention rule.

As of 1978, OLT coverage represents:

- 49.7% of the total area of tenanted rice and corn;
- 11% of total rice and corn land;

- 9.4% of total food crop land; and
- 6.5% of total crop land.

These figures representing the size of land that can be transferred from the owner to the tiller indicate a limited land redistribution by OLT. This may even be reduced by the stepwise application of OLT and the definition of the criterion for placing lands under OLT as the tenanted rice and corn area owned rather than the total area of landholdings owned. Ambiguous rules and regulations in OLT implementation also tend to reduce its scope. Moreover, OLT policies promoting large-scale commercial agriculture tend to expand commercial crop land thereby increasing the area exempt from OLT.

(2) OLT requires tenants to pay for the land to be transferred to them. Under P.D. No. 27, the landowner is compensated at 68% of the agricultural value of his land. This represents an income transfer from the owner to the tenant. However, the "10% cash and 90% Land Bank bonds" compensation scheme which was subsequently offered to landowners raised their effective compensation to 92%.

Whatever losses landowners incur as a result of losing their land, moreover, may be adequately compensated by P.D. No. 57 which exempts landowners from capital gains tax and income tax on interests paid in addition to the total cost of land.

The extent of income transfer allowed by such policies may not be fully realized also because of administrative difficulties attending the land valuation processes, which tend to move price of land towards the market price.

(3) OLT policies on coverage and landowner compensation contribute towards the promotion of a power structure operationalized by particular tenurial arrangements. These arrangements create internal inequalities such as the following:

- (a) inequalities among landowners by the size of landholdings and by the kind of crops planted on their holdings;
- (b) inequalities among peasants by the kind of crop lands they work on;
- (c) inequalities among peasants in rice and corn land by the size of landholdings their landowners own;
- (d) inequalities among peasants with tenancy rights and those without (i.e., landless agricultural workers); and
- (e) inequalities among peasants due to enforcement/non-enforcement of agrarian reform laws, e.g., among lessees and share tenants.

(4) The ranks of the plantation owners and the erstwhile landlords turned industrialist may also include the modern corporation. With its capa-

city to mobilize agricultural resources and inputs, the corporation has been charged to participate in the modernization of the traditional agricultural sector under the Corporate Farming Program (CFP). In the process, however, it may become a "capitalist landlord" replacing the feudal landlord of pre-OLT period.

Under the CFP, hierarchical relationships assume a new form of participating farmer as either an amortizing owner or lessee; he depends on the agricultural inputs provided by the corporation and operates on the basis of guidelines provided by the corporations.

(5) Limited as it is, the scope of OLT may be further narrowed down by reverse land reform, a process where farmers sell their CLTs or tenancy rights to the landowners, an act specifically prohibited by land reform laws. The lots covered by the CLTs or tenancy rights are converted into plantation farms or placed under labor administration, exempting them from OLT. The selling of tenancy rights or CLTs may be traced to the lack of support systems to OLT, such as easy access to credit, marketing, and transportation facilities, control of pricing mechanism for their produce, as well as strong farmer associations to pool farmer resources and enhance farmer's bargaining advantage.

(6) Policies in OLT may be seen as having a certain degree of internal coherence. As such, they may pursue a particular "style of rural development."

Griffin's classification of rural development strategies²⁶ can serve as a guide in describing the "style of rural development" pursued by OLT policies. According to Griffin, approaches to rural development can be categorized into three distinct strategies: the technocratic, the reformist, and the radical strategies. The classification rests on social and political considerations, namely, the intended beneficiaries of policies.

OLT and the related policies pursue both growth and redistribution objectives. In more specific terms, their objective can be stated as "redistribution in the context of increasing productivity" or "redistribution from growth" which in effect places priority on growth.

In pursuit of such eclectic objectives, the policies create and maintain a system of land tenure institutions that is basically hierarchical. At the top are large plantation farms planted to food and commercial crops, together with their owners. At the bottom are agricultural landless workers. Situated between the two levels are small farms cultivated by small owner-cultivators, amortizing owners, and lease tenants.

Distribution of benefits follows this tenure pyramid. Tenure differentiation can be translated into social and economic differentiation. Thus, those at the top of the tenure pyramid have the highest incomes and highest welfare levels. Those below have the lowest incomes and lowest welfare levels. Those at the middle of the tenure pyramid enjoy the same position in the socio-economic pyramid.

By putting a high premium on productivity/growth, the policies maintain high concentration of property ownership in the form of commercial and food crop plantation as well as corporate farms and contribute to the emergence of new tenancy arrangements to meet labor requirements. OLT also establishes family-owned and leasehold farms side by side with the plantations, in view of its secondary redistributive concern.

OLT policies have both technocratic and reformist components. But they are too growth-oriented and too liberal-capitalist to be labelled reformist. They have redistributive concerns, albeit secondarily, to be properly labelled technocratic. Griffin's classification may thus, be too gross. A refinement is the inclusion of another type which can be labelled "techno-reformist," a strategy which displays a mixed orientation.

A techno-reformist strategy, however, does not address itself adequately to rural problems. If these problems can be described as basically distributional, this strategy fails on this account. It enhances rather than corrects inequalities in rural society. It creates and maintains a tenure pyramid that distributes unequally tenurial as well as social, economic and political benefits. It is true that certain peasants improve their lot but their relative position remains essentially the same. What is pathetic is that some of them become lords to their fellow peasants. Thus, the strategy does not only fail to correct inequalities; in some cases, it also creates new form of inequalities.

Moreover, the government agency charged with implementing OLT, which may be considered a necessary though not sufficient condition for rural development, lacks the required administrative capability to implement the reform.

However, it may be argued that the inequalities sought to be corrected have their roots in history and as such, contemporary policies cannot possibly redress them in so short a time. Such policies reasonably may have, in the short run, the effect of either reinforcing inequalities or creating new ones. The policies at least produce certain improvements, e.g., raising the welfare levels of the not-so-poor in rural society such as amortizing owners and lease tenants. This must be welcomed even if their increased welfare affords them the opportunity to dominate others of their kind.

Nevertheless, this argument should not be taken as an excuse for the failure of policies to address themselves to the problems of inequalities in rural society. If they reinforce existing disparities or create new ones, this should be considered as a major limitation. The underlying assumptions of the rural development strategy pursued should then be questioned. At this point, it may be asked: can a technocratic or a reformist strategy or even a combination such as techno-reformist strategy address themselves adequately to the problems of rural society? Can a strategy that maintains an unequal distribution of political power and wealth succeed? In other words, can rural inequalities be solved without altering the framework of global or national inequalities of which they are a part?

In this connection, it may be argued that agrarian reform policies (e.g., OLT and related policies) operate as confidence mechanisms or con-mechs.²⁷ They allow varying degrees of social mobility to individuals with certain favored qualities, e.g., farming groups with political leverage (tenants but not the landless agricultural workers); better-off farmers (farmers with irrigated farms which are more productive than rainfed, and farmers who display ability to repay). The competitive access lane to values (e.g., land, credit, infrastructure) is open enough to maintain the confidence of people that their lot can be improved but is actually highly selective. Nevertheless, the mobility allowed to certain individuals lull people into forgetting the structural constraints affecting their mobility such as landlordism, usury, low wages, etc. Thus, as confidence mechanisms, agrarian reform policies gloss over social justice considerations. They provide access to select farming groups that are already better-off and promote the stability and legitimacy of the regime.

Policy Directions

A. *Promulgation of a Code of Agrarian Reform*

There is a need for *political will* manifested in policies that accord prior and preferential treatment of disadvantaged sectors and in budgetary allocations to support the implementation of such policies. An initial step is to promulgate a Code reflecting this political will.

At the present time, OLT is governed by a number of rules/regulations promulgated over a period of time and at various levels of the politico-administrative system. These have not been compiled and systematized into a Code.

As mentioned earlier, the implementation of OLT is hampered by ambiguous as well as inconsistent rules. A code can help clarify rules and regulations. With such code, inconsistencies among rules and regulations adopted at the national level over a period of time and among those adopted

at various levels can be more easily detected and consequently, corrected. Moreover, a code facilitates content analysis of policies, enabling students, social scientists, policy-makers as well as other interested citizens to discuss policy themes which in turn, reflect government commitments.

B. Coverage of OLT: Should OLT Cover Commercial Crop Land?

One of the arguments for the exclusion of commercial crop land from OLT is to maintain economies of scale. This argument does not hold when it is considered that the transfer of landownership to the tenants does not necessarily lead to fragmentation because the land transferred to a number of tenants can be maintained as a single operation under multiple ownership. Exempting from OLT the commercial crop lands as well as rice and corn lands under labor administration or plantation management which are owned by the richest Filipinos, may constitute a strong deterrent to efforts at democratizing wealth and political power in the country.

C. Treatment of Small Landowners

OLT compensation schemes generally treat big and small landowners alike. They are compensated uniformly, favoring big landowners. They should be compensated proportionally.

The preferential treatment accorded big landowners is also reinforced by the criterion used for determining what lands are subject to OLT—the size of the *tenanted holdings* rather than *total area of landholdings*.

D. Changing Organizing Strategies and Methodologies

Farmer organizations take place in a socio-economic, psychological, as well as politico-administrative contexts. Factors such as the following have a bearing on the performance of organizations: the resources at the command of the landowners, cleavages in the farming population, farmers' perceptions of their landowner and their disabilities such as their lack of education and their shortsightedness. Organizers should consider these factors in their work.

Organizing as presently undertaken follows a blueprint. The organizer goes to the barangay with a ready-made packaged program designed to solve a problem defined *as priori* by the central offices. As such, organizing does not take into account the peculiar conditions obtaining in a community. For instance, as shown in the case of reverse land reform, the power of the landowners on farmers' well-being and farmers' economic, political, and psychological dependence on the landowners are factors not addressed to in the organizing effort.

With the blueprint approach, the farmer associations function primarily as adjuncts of the government's service delivery system rather than as vehicles

through which farmers could identify their problems and work out their solutions. Organizing as presently undertaken also puts a premium on numbers. As such, organizing is done very quickly, lacking explanation and reflection regarding the philosophy and rationale of the organization. This may explain problems cited by farmers regarding their associations such as the following: lack of cooperation among the members, ignorance regarding the use of their monetary contributions, "wrong management," "graft and corruption," "unaccounted collection."

The conscientization method may be tried to replace the present approaches in organizing. It allows people to become aware of the conditions around them, to identify the causes of their poverty, and to work out solutions to their problems.

This approach emphasizes self-reliance. Prof. A. Manalili²⁸ of the Institute of Social Work and Community Development has operationalized the conscientization approach in terms of a number of steps that include the community worker's integration with the community, consciousness-raising through reflection sessions, social investigation where the community residents participate actively in the analysis and interpretation of findings (rather than participating merely as respondents), identification of indigenous leaders, core group formation, organizing community assemblies and mobilizing community resources, as well as linking with similarly situated communities.

In Mary R. Hollnsteiner's²⁹ terms, there is considerable difference between the community development (CD) and the community organizing (CO) approaches. The CD approach is the one that has generally been resorted to by government agencies. The CO approach where conscientization is a critical element, is an alternative that should be examined.

Based on Hollnsteiner's discussion, the CD and the CO may be differentiated on several dimensions as shown in Table 4.

According to Hollnsteiner, the CD approach has strong limitations. It does not address itself to major structural and institutional impediments to change. This may be explained by an implicit assumption regarding underdevelopment as simply a problem of diffusion of modern ideas and technologies. As a top-down approach, relying heavily on government resources, there is no assurance of continuity. With a professional government worker who has to make connections with government entities in view of the change envisioned, the people's dependency may also be enhanced rather than minimized. Through certain methodologies as those in Manalili's community organizing process, CO can avoid the above pitfalls.

Table 4. Differentiation between Community Development (CD) and Community Organizing (CO)

Dimensions	CD	CO
1) Change desired	Change along "modern" lines, e.g., people must become risk-takers; new technologies must be adopted.	The passivity of the poor must be overcome; they must realize that they are poor, that their poverty is not a "matter of fate," that they can do something about their lot.
2) Assumptions regarding their community/society	The different groups in the community/society have harmonious relationships; though they belong to different groups, their interests could be harmonized. The strategy therefore in pursuing development is cooperation and the avoidance of conflict.	The different groups in the community/society have conflicting interests. The enrichment of some groups may be based on the impoverishment of other groups. Cooperation will not work because this will favor the rich. The poor must resort to <i>confrontation</i> strategies.
3) Flow of authority/resources	Flow of authority is from top to bottom.	Resources are mobilized at the community level. Authority is also based on community decisions.
4) Training orientation	Training is leadership-centered.	Training of membership is emphasized.
5) Requirements for change-agent	Change-agent must be a professional who can make contacts with government agencies. He is at the forefront.	Change-agent need not be a professional. He is a catalyst operating in the background.

E. *Reorganizing Farmer's Associations*

At the present time, there are numerous farmer associations in each barangay, each organized separately by the different ministries of the government. The following are just some examples: SN organized by the BCD, Irrigators Service Association by the NIA, Agrarian Reform Beneficiaries Association by the MAR, Farmers Association by the BAExt.

Aside from agriculturally-based and -oriented organizations, there are others which are non-agriculturally based such as family planning/planned parenthood, religious and civic organizations. Moreover, associations are not only organized by the government but also by the private sector.

Each of the numerous associations has its specific purposes and rules and regulations. It is not uncommon for an individual farmer to be a member

of practically all of the associations. Nevertheless, it has been observed that membership dwindles over time and that members' interest cannot be sustained.

For these reasons, it is relevant to ask: Has community organizing as presently undertaken, in fact, promoted rural disorganization instead?

An alternative arrangement is for only one *barangay*/community organization that is multi-purpose. This organization can accommodate specific purposes, and can assume specific functions as the need arises. To help draw the interest of the farmers, all government assistance must be channelled through this organization. This would also prevent government agencies from pre-empting so to speak farmer organizations. It should be for the organization not the government agencies to identify the problems of the people, to decide on measures for solving such problems, and to seek the government/private sector assistance they need.

Such organization should evolve by itself. The government agent can be the initial organizer along lines described in the preceding section. His role requires him to be low key.

The process of organizing briefly described earlier departs drastically from the usual blueprint approach adopted by government agencies. Nevertheless, to protect and guarantee farmers' interests, certain minimum guidelines regarding some aspects of operation should be followed. An example is in the area of membership.

It may be necessary to stipulate that certain individuals in the community cannot be members of the organization. These include the well-off and better-off sectors such as the *commerciantes* and professionals whose farm work is only a secondary source of income. The reason for disqualifying these sectors is the possibility that they will pre-empt the organization. This may be taken as a case of discrimination, especially because what is being proposed is for all government assistance to be extended through the organization. The well-off sectors can provide for themselves. "Closing the door" to some groups and "opening the door" to others may provide the latter with opportunities to trade the assistance they receive from government to the former. But with discipline inculcated among the members in the process of organizing and follow-up, this danger may be minimized.

The membership should be drawn from amortizing owners, lessees, share tenants, and agricultural landless workers. Each of these groups would be represented in whatever governing bodies would be established by the farmers. With all of them in one organization, a certain class consciousness may be fostered among them. A levelling of the stratification within the

peasantry described earlier may come about also as a result of membership in common organization.

The government agent as a community organizer can discuss the advantages/ disadvantages of such guidelines and with some amount of "facipulation"³⁰ the farmers may accept these as their own. They can also introduce modifications to these guidelines.

The organization can check possibilities of "reverse land reform." Instead of farmers acting individually in buying production inputs and selling their produce, they can, through the organization, pool their resources, bargain more effectively with *commerciantes*, and buy supplies at lower cost because they can buy in bulk. For the landless, they can bargain more effectively for better working conditions. The power that the farmers derive from their number will be enhanced by government assistance extended exclusively through the organization.

F. *Discontinue Corporate Farming Program*

In line with the proposal above where all government assistance would be channelled through the community organization, the CFP should be discontinued. Attainment of cereal self-sufficiency, one of the avowed objectives of the CFP, may be promoted through cooperatives development instead. If government is willing to extend a variety of incentives and guarantees to corporations, why not to cooperatives? If government continues to subsidize the affluent sectors as in the CFP, it would be subsidizing inequalities.

G. *Promoting the Well-being of Landless Agricultural Workers*

Landless agricultural workers have the lowest welfare levels among farming groups. Their well-being could be enhanced through organization. They do not have any power base except their number; it is through organization that they can activate this power base.

As mentioned in an earlier proposal, the landless, together with amortizing owners, land tenants, should form a cooperative. Under such arrangement, can the interest of the landless be given due consideration in view of the fact that the amortizing owners and tenants may have different interests? Is it not better to have a separate organization for the landless?

To have a separate organization for the landless may further stratify the farming community. Though representing different interests, the amortizing owners, tenants, and landless workers have more in common among them than with the different and better-off groups, e.g., big landowners, commercial landowners. Moreover, in the process of organizing, the conscientization

of amortizing owners and tenants on the problems of the landless, the representation of the landless in the governing board, and the fact that they are numerically in the majority, can enhance protection of landless interests.

Organizing takes time but in the meantime, government can do something towards alleviating the plight of the landless such as the enforcement of labor laws on wages, fringe benefits and other working conditions.

The effectiveness of legislation regarding wages, however, is only limited, particularly in a situation of labor-surplus and job scarcity as in the case of Philippine communities. There should be stronger and more systematic efforts at creating off-farm employment opportunities such as the promotion of cottage industries with the required support systems, e.g., marketing facilities, credit assistance, and price control, etc.

H. *Promoting Multiple Cropping and Related Approaches*

Land area is definitely not growing as fast as population. Not every farmer can have a lot to till as his own. Land fragmentation would also mean low production.

There are, however, ways of increasing land production other than expanding land area. These include multiple cropping, diversified farming, crop rotation. These should be encouraged by the government through information dissemination, research and material supports.

At the present time, cases of intermediate and multi-staged landlordism as well as sub- and multi-tenancy are found in some parts of the country. With population pressure, land becomes even more valuable, especially in cases where land represents the only substantial source of income as in most Philippine communities. This suggests the need for creating non-farm opportunities. Over a longer term, an alternative may be an application of the stewardship concept to be discussed in detail in a subsequent section.

I. *Reorganization of Implementing Agencies Along the Area Management Approach*

The implementation of the proposals regarding organizing strategies and promoting farmers' cooperative requires reorganization of implementing agencies. At the present time, each agency is implementing its own program as required by its central office. This has resulted in overlapping, discontinuous and fragmented services and also in the implementation of programs that may not be relevant to the needs of the area. By concentrating on a specialized program, the agencies may also fail to consider the *whole* situation, i.e. the failure to recognize the fact that one problem is related to others and

that a specialized program by itself cannot solve the problems. This has also resulted in the organization of multiple farmer associations, each designated to facilitate the implementation of an agency's program. These are problems attendant to a sectoral approach which could be remedied by an area management approach.

The areal approach could be operationalized by the following scheme. Each barangay should have a community organizer whose task is to organize the farmers along lines described earlier. He is a generalist. Specialized services, e.g., extension, credit assistance, pest control, soil analysis, can be provided by fieldmen of the functional ministries. A pool of specialists can be made available on call by the community organizer who is the farmers' link with government. The specialists will be assigned to districts composed of a number of municipalities.

This set-up may be a costly alternative because it requires one community organizer (CO) per barangay. However, barangay captains may be trained in community organizing work and can then serve as COs.

The fieldmen should not enter a barangay and introduce a program without the barangay captain's prior knowledge and approval. Under this arrangement, the barangay captain may become a power broker and serve vested interests. But certain measures can be adopted to ensure that the barangay captain represents the interests of his constituents. These are regular elections, recall, a vigilant barangay, and a fiscalizing barangay council.

This proposal maintains the existing central-field relationship. National ministries continue to supervise their fieldmen and issue guidelines regarding implementation of their programs in the local areas. An important change is that the national ministries through their fieldmen will no longer enter a community directly and implement their own programs. They will work at the instance of the barangay residents through their CO.

The Concept of Stewardship

The above policy options/directions/alternatives may be carried out within the existing framework of private property. They can also be implemented over the short term.

At the present time, however, there are already indications that the effectiveness of measures undertaken within the existing framework of private property is limited, suggesting the need for exploring an alternative to private property. One such alternative is stewardship.

The Minutes of the Committee on Social Justice of the 1971 Constitutional Convention, particularly its Subcommittee on the Concept of Property

and Just Compensation, is a rich source of insights regarding the concept of stewardship and its operationalization in Philippine society.³¹

The context of the stewardship concept is the Subcommittee's proposal which reads as follows:

The State recognizes the right of man to own property. Such right, however, is not absolute. It is but a stewardship that requires the property owner to use his property not only to benefit himself in particular but the body politic in general.

Stewardship may be better understood by distinguishing it from forms of ownership culled from resolutions submitted to the Subcommittee. There are three general types of ownership: 1) private, of which stewardship is a modified form; 2) cooperatives; and 3) public or social. The distinguishing features of these types of ownership are as follows.³²

1. *Private ownership*. Three modified forms:

- A. *Stewardship*. Under this concept, the right to property is not to be regarded as an absolute right; the property owner is merely a steward or trustee who must see to it that the property is used to benefit not only himself but the whole society as well.
- B. *Social function of property*. This is a secular expression of the concept of stewardship where property is invested with a social function which includes whatever is required by the common goal or the public interest.
- C. *Popular or Diffused ownership*. Ownership must be diffused as widely as possible through liberal credit assistance and massive capital formation that will enable employees and workers to become part owners of enterprises or corporations.

II. *Cooperative ownership*. Here, employees, workers, or farmers form a cooperative which shall own the means of production or the enterprise.

III. *Public or Social ownership*. Under this concept, distinction is made between property in goods for *personal consumption and use* and property in the *means of production*. The right to private property in consumer goods and even in means of small-scale and medium-sized production is recognized; social or public ownership is mandatory for major means of production.

The Subcommittee argues the necessity for adopting the stewardship concept on the following grounds: that property and power are inseparable,

and therefore, the right to own property should not be absolute. In more specific terms, property is a form of power not only to use or abuse instruments, goods or services but more importantly to exclude others from them. As such, property in things may be power over the lives of human beings even if they need access to these things to continue life. If this is the case, property gives very real power over the lives of individuals.

The Subcommittee also envisions benefits accruing from the adoption of stewardship (the concept as viewed by the Subcommittee covers all kinds of property susceptible of appropriation by man: real or personal, corporeal or incorporeal). With stewardship in land, speculative or idle landholdings will be subject to confiscatory fines; substantial taxes will be imposed on inherited property.

But how can the stewardship concept be implemented?

Relative to this question, the Subcommittee adopted the following proposal:

"The government may, therefore, by law, limit, restrict, or impose conditions on the ownership, use, operation, management and disposal of private property to the end that all citizens shall have access thereto."

The stewardship concept, however, must still be operationalized. The formulation and implementation of policies must address themselves to many issues. Some of the issues are culled from the minutes of the meetings of the Committee on Social Justice.

As mentioned earlier, stewardship is a *modified* form of private property. In what manner is private property sought to be modified?

One policy area is the basis of holding private property. One idea forwarded in the Committee was that rights to property must be based on *need, work, and savings*. This notion may be viewed as denying rights to property based on inheritance. The Subcommittee's contention in this regard is only to *limit* or *control* the transmission of property so that:

- (1) it will *not* lead to further inequality; it will not result in the concentration of wealth or monopoly;
- (2) it will *not* create a class that will be idle and just be dependent on unearned income;
- (3) it will make work—honest creative work—the basis of property holdings.

Needless to say, the implementation details of such a proposal must be worked out. This is no mean task for a legislature.

Another issue is confiscation of private land. One idea advanced regarding this issue is that if the landowner violated a constitutional mandate, his

land must be confiscated. The term "confiscated" was later on replaced in the discussion by "taken by the State without compensation." In cases where social or public interest so demands, the landowner must be compensated.

A third issue is what constitutes just compensation following expropriation. In Philippine jurisprudence, just compensation is the full and perfect equivalent; a monetary equivalent, for the property taken or a sum equal to the market value of the property at the time of the taking. The market value is supposed to be what a willing buyer would pay in cash to a willing seller.

If just compensation is set in this manner, this would result to the following, according to a UN study cited by the Subcommittee:

- (1) the payment of compensation in terms of full market value and prior payment would leave the State with very limited funds for agrarian reforms following expropriation;
- (2) the inability of beneficiaries of land transfer to bear the cost of land allotted to them acquired at the full value;
- (3) the market value of land tends to be inflated.

Among the suggested alternatives for compensation schemes are: assessed value at the time of the expropriation without compensation in case of "excessive private property"; based on taxes paid over five years preceding expropriation; compensation depending upon the beneficiary: a) market value if the beneficiary is a private corporation, or b) assessed value if the beneficiary is the government; and market value plus assessed value divided by two.

The final draft of the proposal on General Provisions on Social Justice, specifically, those on the concept of property and just compensation, may be cited in an effort to sum up the operationalization of the concept of stewardship.

The proposal starts with the statement:

"The promotion of social justice to ensure the well-being and economic security of the people is the prime duty of the State and society. It shall be implemented by measures that shall diffuse property ownership and uplift the conditions of those who have less in life."

According to the Committee's claim, the underlying principle in every section of the different provisions is to narrow the gap between the rich and the poor. The provisions on Concept of Property and Just Compensation are as follows:

"Section 1. Private property is recognized and protected by law. The State, however, shall regulate its acquisition, use, and disposition, in order to maximize its economic and social function and render it accessible to all to enable them to live in decency, security and dignity.

Section 2. Property has a social function; ownership thereof implies stewardship which obliges the owner to use his property not only to benefit himself but society as well.

Section 3. Private property may be expropriated if the public or social interest so requires upon payment in a manner prescribed by law of compensation equivalent to the tax assessed value. Property may, however, be taken away by the State in cases where its owner holds the property in violation of this Constitution.

It may be very worthwhile at this point to cite other provisions of the Proposal which belong to other sections because these have a bearing on agrarian reform and stewardship.

Section 4 of the section on the Development of Natural Resources: "The State shall promote and dispense social justice with respect to the diffusion of the benefits and enjoyment accruing from the utilization and development thereof. The State shall prohibit the concentration of franchises, concessions, and licenses in a few individuals or groups, make franchise holders and concessionaires, and licenses, recognize the right of their employees to social income and impose heavy taxes on exorbitant profits."

On Public Participation in Private Corporations: "Equity participation in private corporations by the general public or at least eighty percent (80%) of capital will be one of the conditions in the grant of licenses, concessions and franchises. . . . No single person, corporation or cooperative shall own more than twenty percent (20%) of the voting capital stock of a given enterprise engaged in industry." This provision is cited here in view of the CFP.

In the same section, there is also a very specific provision that has a bearing on government credit programs such as the Masagana 99:

"A credit policy which shall grant credit in inverse proportion to the wealth of the borrower shall be promoted."

A transitory provision in the same section reads:

"The State shall, within a period of five years after the organization of the Central Economic Planning Authority, acquire control of existing basic industries. The National Assembly shall by law provide special development fund to be expanded for this purpose."

The proposal has also a section on cooperatives as these are a necessary support to land transfer programs. The particular section reads as:

"The State shall encourage, support, promote, and protect the orderly and sustained organization and development of cooperatives by and among the people. It may initiate the promotion of cooperatives as part of the national development policy."

This section recognizes the need to promote the participation of the people in the organization of cooperatives. Cooperatives should *not be imposed* on the people.

A number of lessons can be derived from the Constitutional Convention's Committee on Social Justice. The first lesson is what social justice is not. It is not equal opportunities. On the other hand, social justice discriminates against the better-off and this is to bridge the gap between the rich and the poor. One may see a certain injustice committed in social justice but as R.B. Ocampo puts it, this constitutes a "just treatment of differences."

The second lesson is that social justice must be operationalized and translated into action. The game cannot be one where everyone wins and nobody loses. It is a game where some people lose and these are the affluent sectors in society who will have to lose. This introduces the third lesson and this is that, these sectors, following the logic of self-interest, will protect their interest. This is where government must come in the form of public policies. The government cannot be value-neutral; where development problems are distributional, the government must play an active role in redistribution. Government must also set the rules.

In the case of the 1971 Constitutional Convention which can be viewed as the government's and society's attempt at restructuring society, social justice was viewed in terms of stewardship of property. This is one mechanism for social justice, for bridging the gap between the rich and the poor, as the Committee on Social Justice puts it.

Stewardship may represent a middle-of-the-road alternative; while recognizing individual rights to private property, it also argues the need to *limit* or *control* private property. It views property as having two aspects: individual and social. Stewardship may thus be viewed as an attempt at harmonizing individual desires and societal imperatives. State ownership/acquisition was not adopted by the Committee on Social Justice, except in the case of strategic/basic industries.

Still on the third lesson, social justice or its variant, stewardship, must be translated into policies. Stewardship in land but not in non-land based industries will have limited usefulness as far as bridging the gap between the rich and the poor is concerned. As such, the Committee on Social Justice considered land and other natural resources, basic industries, the formation of cooperatives, medical care and social security, housing, the

courts, taxation, labor. Thus, the requirements of social justice and stewardship must be viewed in systems terms because the component parts of society—the land, the people, the technologies—are interdependent parts.

This discussion of the proposals of the 1971 Constitutional Convention's Committee on Social Justice* is an effort at shedding light on an alternative to private property—a modified form of private property. As mentioned in the Committee discussions, stewardship as a change in the present concept of ownership may very well lay the groundwork for the change of the socio-economic and political situation of the country. As such, it is a change difficult to implement precisely because it is directed against the status quo. In any case, stewardship is indeed one alternative to the existing order because "what is, is not always right."

*For reasons that require another study, its proposals, however, were not included in the 1973 Constitution.