

The Land Question and Development

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ABSTRACT

There are growing concerns that the social justice provision of the Philippine Constitution where agrarian reform is embedded will be abandoned by future governments intent on market solutions to poverty and late development. This paper disagrees and argues for the need to extend the land reform program in the light of the current issues faced by the country. It contends that agrarian reform is a crucial ingredient to address the late development status of the Philippines. The paper makes its case by first tackling the role of agriculture in development. It next discusses the pathways to economic development with land reform as a vital component. Lastly it argues for the extension of the land reform program as a key component for the development of the Philippines.

Keywords: *land reform, agriculture, economic development, pathways to capitalist development, late development dilemma*

INTRODUCTION

The land question is a centuries old problem in the Philippines which started with the Spanish colonization of the country. Spanish colonizers expropriated native land by instituting the *encomienda* system (Constantino, 1975, pp.43-44) and it is one of the instruments of colonization. Later the Spanish colonial government further concentrated huge tracts of land into the hands of few big landowners which include religious corporations through the establishment of *haciendas* (Constantino, 1975, pp.128-130). It is not surprising that land grievance was one of the causes of the numerous revolts against Spanish colonial administration.

When the Americans replaced the Spaniards as colonial masters of Philippine archipelago, they recognized the land question as a major problem and sought to remedy the situation. One of the first laws passed by the American colonial government was the Friars Land Act of 1902 (Balesteros, et.al., 2017, p.5), the first land reform law in the

country. Issues related to land like tenancy problems and high usury rates were some of the causes of the 1935 Sakdal uprising (Terami-Wada, 2014, pp.5-6).

Land remains an intractable problem in the post-war Philippines. Agrarian issues continue to hound all administrations after the country gained independence from the United States and have tried to address them. The Roxas administration amended the Tenancy Act with a 70-30 sharing arrangements while the Magsaysay administration passed the Agricultural Tenancy Act of 1954, created the Court of Agrarian Relations and the Land Reform law of 1955. Shared tenancy was abolished by the Macapagal administration and established an agricultural leasehold system (Constantino & Constantino, 1978, pp.207, 264, 318-319).

Recognizing the land problem as vital social issue, Marcos issued “Presidential Decree No. 2 declaring the whole country a land reform area” (Tadem, 2015, p.401) upon placing the Philippines under Martial Law in 1972. Marcos declared land reform is the “cornerstone of his New Society” and issued PD 27 with the aim of emancipating the tenants from the bondage of land.

The overthrow of the Marcos dictatorship in 1986 made the land problem one of the central issues of the post-Marcos regimes. The 1987 Constitution which provides the legal framework for the new dispensation addressed agrarian issues in several provisions. Article II, Section 21 mandates the Philippine state to “promote comprehensive rural development and agrarian reform.” Furthermore Section 4 of Article XIII explicitly provides that “The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers who are landless to own directly or collectively the lands they till or, in the case of other farm workers, to receive a just share of the fruits thereof.”

Land reform is embedded in the social justice provision of the Philippine Constitution. It is possible that in the future a government intent on market solutions to poverty and late development abandons the Constitutional provision on land reform. This paper addresses the possible scenario by arguing for the extension of the land reform program in the light of the current issues faced by the country.

The paper presents its position by first tackling the role of agriculture in development. Next, it discusses pathways to economic development with land reform as a vital component. Lastly, it argues for the extension of the land reform program as a key pathway for the development of the Philippines.

Agriculture and development

W. A. Lewis, the 1979 Nobel Prize awardee for economics, who pioneered development economics argued that under the condition of unlimited supply of labor,

economic development takes place. His bifurcated approach to the economy divided the economy into two sectors – the capitalist sector and the subsistence sector.

The capitalist sector is defined by Lewis as “that part of the economy which uses reproducible capital, and pays capitalists for the use thereof” (1954, p.143). The subsistence sector, on the other hand “is by difference all that part of the economy which is not using reproducible capital” (1954, p.143) according to him.

Economic development occurs as Lewis contends when surplus labor from the subsistence sector goes to the capitalist sector which utilizes it for capital accumulation. New industries are created and the present ones are expanded with the transfer of labor from the subsistence sector. This is how economy thus develops Lewis proposed. “We have seen that if unlimited labour is available at a constant real wage, the capitalist surplus will rise continuously, and annual investment will be a rising proportion of the national income” (Lewis, 1954, p.153).

Industrial development is therefore tied by Lewis to the progress in agriculture sector arguing that “industrialisation is dependent upon agricultural improvement” (1954, p.154). The reciprocal relationship of the subsistence and capitalist sectors for Lewis is the engine of development, specifically economic development. “This is...why industrial and agrarian revolutions always go together, and why economies in which agriculture is stagnant do not show industrial development,” Lewis (1954, p.155) maintained.

However, it should be noted that Lewis’ two-sector model is applicable only in societies in transitional phase. “When the labour surplus disappears our model of the closed economy no longer holds... When capital accumulation catches up with the labour supply, wages begin to rise above the subsistence level, and the capitalist surplus is adversely affected” (Lewis,1954:156).

Johnston and Mellor (1961) further clarified the role of agriculture in economic development as proposed by Lewis in his two-sector model. They identified several roles of agriculture in development. These are: furnish the labour force; generate foreign exchange from agricultural exports to finance the import of machinery; provide cheap food for wage labourers and urban dwellers; generate savings that can be invested in infrastructure; generate trade that can be taxed for revenues; create backward linkages to agricultural inputs (fertilizers/ pesticides; tools and farm machinery; etc.); and create forward linkages to domestic food processing and manufacturing, to handicrafts.

“Agricultural output and productivity,” according to Johnston and Mellor (1961:571) “contribute to over-all economic growth.” For one, they posited that agriculture increase food supply “which is of major economic significance to an underdeveloped country...” due to “high rates of population growth” and “the income elasticity of demand for food”

(1961, p.572). Agriculture for them also “enlarged agricultural exports” and this is “one of the most promising means of increasing incomes and augmenting foreign exchange earnings in a country stepping up its development effort” (1961, p.575). Furthermore, Johnston and Mellor said that agriculture facilitates the transfer of manpower from agriculture to non -agricultural sectors and based on Lewis model provides “manpower for manufacturing and other rapidly expanding sectors” (1961, p.575). They also recognized agriculture’s contribution to capital formation. “The sheer size of the agricultural sector, the only major existing industry,” they noted “points to its importance as a source of capital for over-all economic growth” (1961, p.577). Finally, they (1961, p.580) saw that increased rural net cash income is a stimulus to industrialization.

Agriculture is crucial to a country’s development as argued by Lewis. He asserted that industrial development and agricultural development go hand in hand. For a country to industrialize and achieve economic development, it must not neglect the agriculture sector. Rural development is a decisive factor in a country’s over-all development. Johnston and Mellor further expanded Lewis thesis by illuminating on the contributions of agriculture to the economic development of a country.

How to bring about economic development in an agrarian society has been a subject of intense discussion and debate among Marxists, particularly Lenin, Luxemburg and Kautsky who are concerned with how to bring about socialism. Lenin in particular provided an interesting take on the road to socialism via capitalist development for agrarian or feudal society like Russia.

Pathways to economic development

Citing Krausz, Kellogg (2019, p.3) contends that “Lenin saw only two paths of capitalist development possible in the Russian countryside – the “Prussian” and the “American.” These two models of capitalist development for Lenin are possible roads for Russia’s economic development. “The ‘Prussian’ path” Kellogg explains is “large landowners hiring a wage-labouring rural proletariat” while the “‘American’ path, the archetype of petit-bourgeois family farming” is “where rural wage-labour plays a marginal role” (2019, p.9). This is how Lenin explains the feature of the two pathways to capitalist development as quoted by Kellogg.

“In the first case feudal landlord economy slowly evolves into bourgeois, Junker landlord economy, which condemns the peasants to decades of most harrowing expropriation and bondage, while at the same time a small minority of Grossbauern (“big peasants”) arises. In the second case there is no landlord economy, or else it is broken up by revolution, which confiscates and splits up the feudal estates. In that case the peasant predominates, becomes the sole agent of agriculture, and evolves into a capitalist farmer” (Kellogg, 2019, p. 14).

The distinguishing feature of the Prussian or the Junker landlord path to economic development according to Gaido (2013, p.232) is “precapitalist latifundia were preserved, gradually substituting bourgeois for feudal or slave methods of exploitation.” The American path on the other hand is “characterized by the development of capitalist farming based on wage labor out of petty-bourgeois agrarian commodity production, as in the American North and West” (Gaido, 2013, p.232).

As explained above, for feudal society to reach capitalist development, it can either take the Prussian or the American model. The Prussian road to capitalist development implies the retention of big landowners or the landlords and their transformation into capitalist class. The feudal means of exploitation is simply replaced by the capitalist mode of exploitation. The American pathway on the other hand requires the domination of small peasants evolving into capitalist farmers. Capitalist development in feudal or agrarian societies therefore can be ushered in by either large landlord farms or small family farms.

Lenin, Kellogg noted was initially predisposed toward the “American pathway” to economic development. “He advocated the ‘American’ path of small-peasant farming – a petitbourgeois as opposed to a landlord-bourgeois path” (Kellogg, 2019, p.14). However, Lenin abandoned his position Kellogg argued due to a misreading or misunderstanding of the Russian countryside. “Lenin effectively collapses the two categories – petitbourgeois farmer and wealthy landlord “Junker” farmer – into one category, the so-called “rich” kulak, identifying this kulak as the chief obstacle to the consolidation of the workers’ state in Russia. It was a completely incorrect political economy, which led to a generation of tragically wrong policies imposed on the countryside” (Kellogg, 2019, p.15).

The “mistaken theory” – lumping petit-bourgeois class of small family-farmers with wealthy landlord Junker farmers, led to the mass elimination of the “kulak” and forced collectivization of farms. Thus was the end of “American path” in Russia initiated by the Stolypin reforms. “The family farm peasants were re-absorbed into the mir. Farming in this context was petty – the land available for each family was indeed tiny – but it was not in any way bourgeois: ‘the small peasant with his family lived at subsistence level, and grew for himself and not for the market’” (Kellogg, 2019, p.21). Mir is a patriarchal commune in feudal Russia or collective farms in the Bolshevik era.

The American path to economic development, on the other hand, is driven by small, family farms. Kaustsky as cited by Gaido has this interesting description of American farmers.

“The American farmer is totally different from the English agricultural labourer as well as from the Russian or even the German small peasant. Until now, he usually had at his disposal at least as much land as he could cultivate, and from the value that he produced he usually had to pay no ground-rent (either

in the form of farm rent or of mortgage payments) just two decades ago. To a large extent, that is still true even today. He also had to give less money than the European peasant did to the state and was free from the tribute in labor-power represented by compulsory military service. Thus most of the value that he produced remained with him and served either for his personal consumption or to renew and improve his technical apparatus: in both cases, he supplied a market for industry” (Gaido, 2013, pp.235-236).”

Gaido sums up how the American path facilitated capitalist development in the United States.

“What the historical record shows is that the two American bourgeois revolutions... actually facilitated access to the land at nominal prices for white settlers. This widespread landownership amounted to a form of land nationalization that created favorable conditions for capitalist development through the abolition of ground rent, which constitutes a precapitalist barrier to the development of the productive under capitalism. This, and the absence of an absolutist state bureaucracy, in turn fostered the generalization of commodity production in the countryside, creating a wide home market for the development of industry in the North, which eventually dominated the Union in the aftermath of the Civil War. That is what Lenin showed in his analysis of the “american path of bourgeois development,” which remains the foundation of any materialist approach to American history” (Gaido, 2013, pp.250-251).

Countries where agriculture is the dominant feature of the economy can achieve economic development by either adopting the “Prussian or the Junker path” or the “American path.” Whether “big farms” or “small farms” are the driving forces of economic development, it is clear that developing agriculture is crucial for these countries to attain a high level of development.

In countries where land is monopolized by few landowning families, to pursue the “American path” to economic development necessitates the breakup of big estates into small farms to be distributed to landless farmers. This can be done through the implementation of land reform. Addressing the land question through land reform is therefore indispensable not only in resolving the age-old land question but in ushering economic development. This is the case for the agrarian and agricultural countries like the Philippines where “forty per cent of land is attributed to the agricultural sector, employing about one-third of all Filipinos” (Carranza, 2015).

Land reform: key to Philippine economic development

Land reform has a pivotal role in agricultural production. “Land reforms play important roles in enhancing agricultural productivity and household income from the

developing countries perspective,” a study by Benarjee et al. (2016, p.11) revealed. They contended that “land reform plays an important role in reducing income inequality, eliminating poverty, and affecting economic development by augmenting the process of achieving a well-developed agricultural sector (Benarjee et al, 2016, p.1).

The Philippines has long recognized the importance of land reform in economic development and enshrined it in the 1987 Constitution. To concretize the constitutional provisions on land reform, RA 6657 or the Comprehensive Agrarian Reform Law (CARL) which aims to promote social justice and industrialization and address the centuries-old problem of landlessness in the country was passed by Philippine Congress in 1988. The Comprehensive Agrarian Reform Program (CARP) was crafted to implement the CARL. In 1998, President Ramos signed RA 8532 extending CARP for another 10 years, known as CARPER or Comprehensive Agrarian Reform Extension with Reforms and it was further extended for another 16 years in 2014.

The extension of the agrarian program indicates that it is premature for future Philippine governments to abandon land reform and in fact it is an impelling basis they must even strengthen the program. There are compelling reasons why the land reform remains the cornerstone of the economic development of the Philippines.

For one, the Philippines remains an agricultural country despite attempts to industrialization. More than half (54.7 percent) of the total population according to Philippine Statistics Authority (PSA, 2022) reside in rural areas and 70 per cent of poor Filipinos also live in rural areas (Quimba & Estudillo, 2018, p.37). Given these facts, rural development should be a top priority of the Philippine government. To address poverty and related problems in rural areas land reform (Benarjee et al., 2016) is necessary. Uplifting the quality of life of poor Filipinos requires development in rural areas which can be ignited by land reform.

Another powerful reason for the extension of agrarian reform program is the target set by CARP has not been reached. A year before RA 6657 expires, CARP has only met 54 percent of its over-all target while 2 percent of private land for compulsory acquisition had been expropriated according to Wright and Labiste (2018, p.40) using Department of Agrarian Reform (DAR) DAR data. Most of the lands distributed were government-owned lands, public alienable and disposable lands and lands sequestered from Marcos cronies. The heart of land reform is giving land to the landless and this criterion measures the success or failure of CARP. Wright and Labiste citing figures from (DAR) reveal that since 1972 only 4.8 million hectares of land have been awarded to 2.7 farmer-beneficiaries. This figure is far below the 10.3 million hectares of land to be distributed to farmer-beneficiaries, the original target of CARP in 1988.

The land question is a major source of social conflict and addressing the question is the only way to resolve it. Rural areas serve as hubs of insurgencies. This is another forceful argument for extending the agrarian reform program.

Philippines has the longest running insurgency in Asia and the issue of land is one of the social grievances that fuels the insurgency of the New People's Army (NPA). Resilience of insurgency had been attributed to the following: its collective action frame gives meaning to action and rebellion...and that people in the countryside crave simple answers to their problems; it provided young people a revolutionary way out of the oppressive and exploitative system; its creative combination of vanguard party, guerrilla army and social movements; its appeal to potential recruits in rural areas who has no other alternative to survive economic deprivation; massive and abject poverty and economic inequity; and revulsion to traditional politics" (PH Human Development Report, 2005 pp.94-96).

In similar vein, the Muslim separatist/secessionist insurgency in Mindanao also has agrarian roots. Vellema et al. (2011) pointed to the agrarian basis of the current conflict in the South. They asserted "that the conflict is symptomatic of social justice issues not addressed by a succession of Philippine governments, the Mindanao elite and the mainstream Moro revolutionary organizations." This is mainly due to the "highly skewed distribution of ownership and control over land resources in the southern Philippines and the politically contested and competing formal and informal regulatory institutions around social relations of land property, a situation with deep roots in the colonial and post-colonial political economy" (Vellema et al., 2011, p.300).

The cost of insurgency to human lives as well as its economic and social impact is staggering. Project Ploughshares estimates that there are 40,000 combat-related deaths since 1969 in the fight between Government of the Philippine (GPH) and the National Democratic Front of the Philippines (NDFP). From 1986 to 1992 alone, the conflict displaced 1.2 million people, as Human Development Report (2005) reveals. The Moro secessionist rebellion, on the other hand, according to Vellema et al, . (2011) has claimed 120,000 lives and displaced 2 million people.

Rural development and consequently developing the agricultural sector is not possible without resolving the insurgency and rebellion in rural Philippines. Land is a major crux of the conflict and only through land reform can the issue be significantly resolved. Development of the Philippines is not possible as long as its rural areas are racked by violent conflicts.

The last but equally important argument for the extension of the agrarian reform program is, way into the 21st century, agriculture continues to be a vital factor in development. Agriculture was placed by the World Bank at the forefront of development by recognizing that "agriculture is a vital development tool for achieving the Millennium Development Goal" (World Bank, 2008, p.xiii). The World Bank (2008, p.1) recognized that "in the 21st century, agriculture continues to be a fundamental instrument for sustainable development and poverty reduction."

Agriculture contributes to development in several ways, according to the World Bank. For one, as an economic activity, “agriculture can be a source of growth for the national economy, a provider of investment opportunities for the private sector, and a prime driver of agriculture-related industries and the rural nonfarm economy” and it “is a source of livelihoods for an estimated 86 percent of rural people. It provides jobs for 1.3 billion smallholders and landless workers, “farm-financed social welfare” when there are urban shocks, and a foundation for viable rural communities” (World Bank, 2008, p.3).

The World Bank (2008, p.6) further maintained that “agriculture has special powers in reducing poverty” and it “can be the lead sector for overall growth in the agriculture-based countries.”

Philippines as an agrarian society is among these agriculture-based countries. Developing its rural areas is the country’s road to development. Bringing development to rural areas and the agriculture sector involves land reform. Instead of discarding the agrarian reform program, future governments of the country must not only extend but even bolster the program.

CONCLUSION

Should future governments abandon the social justice provisions of the Philippine Constitution where agrarian reform is embedded in favor of market solutions to poverty and late development?

This paper interrogated the question by first showing the pivotal role of agriculture in development. Drawing from Lewis’ two-sector model of economic development and the work of Johnston and Mellor, the paper contends that economic development is facilitated by agriculture. Lewis persuasively argued that industrial development goes side by side with agricultural development. Johnston and Mellor, on the other hand, showed the contributions of agriculture to economic development. Given its prominence in economic development, agricultural development must be given primacy especially by agriculture-based countries like the Philippines.

Land reform the paper proposed is a way to develop the agriculture sector. Lenin saw two pathways to capitalist development for Russia - the “Prussian” and the “American.” The Prussian path is the “big farm model” where landlords are transformed into capitalists. The American path is the “small farm model” which involves the breakup of large estates, distribution of land to small farmers who eventually evolved into capitalist farmers.

Land reform is a requisite for the American model and the land reform programs in the Philippines from American colonial rule up to the post-EDSA regimes follow this path. The provisions of the 1987 Philippine on land reform which is “founded on the right

of farmers and regular farmworkers who are landless to own directly or collectively the lands they till or, in the case of other farm workers, to receive a just share of the fruits thereof" (Section 4, Article XIII) hewed closely to the American pathway.

Finally the paper made the case for retaining the agrarian reform program as solution to the late development of the Philippines. The arguments of the paper are anchored on the following grounds: the Philippines is still an agricultural country; the aims of land reform program have yet to be realized; rural areas are bastions of violent conflict rooted on the land question; and finally agriculture is the backbone of development for agrarian societies like the Philippines.

Based on the above positions, the answer of the paper to the central question is NO. Land reform is in fact the answer to the late development dilemma of the Philippines.

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