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Filomeno V. Aguilar, Jr.

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FILOMENO V. AGUILAR, JR.

FACTORS IN THE RECENT FORMATION OF AN AGRARIAN PROLETARIAT

Beginning with the acquisition by the native elite of legal titles to communally held village land in the late 1600s, the events of subsequent centuries saw the formation of tenancy relations and the development of a highly unequal structure in the ownership of land. The pattern of recent changes has built on this structural base, creating an agrarian proletariat composed of landless laborers who have no land to cultivate even on the usual share tenancy basis and who, therefore, are forced to subsist by selling their labor, not to industrial firms, but to agricultural farms. However, not only the landless comprise this class, for small farmers likewise have come to depend on wages for the survival of their "peasant" livelihood. The socio-historical processes that account for the emergence of this class will not be discussed here; rather, I shall present the causal factors as they relate to the current phase of capitalist development in the Philippines.¹

THE GREEN REVOLUTION AND CORPORATE FARMS

Especially for those with access to capital, technological change has made rice production more profitable and, along with threats of losing land to the government's tenurial reform program, this has encouraged both large and small landowners to take over the cultivation of their land, and thus to discharge their tenant farmers.

1. I essayed the historical process in *Landless and Hired Labour in Philippine Rice Farms* (Swansea: Centre for Development Studies, University College of Swansea, Monograph Series No. 14, 1971).

Data from one village indicate that from 1963 to 1969, that is, before and after the introduction of high-yielding varieties, the number of tenants declined from 81 to 74 percent of the local labor force, while the proportion of hired farm workers rose from 13 to 17 percent.²

Moreover, data for farms with rice as a major crop show that farms of four hectares and above decreased in number from 1960 to 1972. Nonetheless, there was a marked increase in the average area, pointing to the consolidation of landholdings and the owners' takeover and direct management of rice production (Table 1).

Table 1
Changes in Number and Average Size of Farms
with Rice as a Major Crop, 1960-72

Farm size (hectare)	1960		1972		% Change, 1960-72	
	Number ^a	Average area ^b	Number ^a	Average area ^b	Number	Average area
0 — 1.9	425.9	0.93	1161.8	0.88	173%	—5%
2.0 — 3.9	382.0	2.10	422.0	2.42	10	15
4.0 — 6.9	122.6	3.39	92.1	4.74	— 25	40
7.0 — 9.9	72.6	3.85	10.1	7.80	— 86	103
10.0 — 23.9	35.3	6.13	4.2	12.81	— 88	109
24.0 and above	3.5	29.05	0.4	48.75	— 89	68
TOTAL	1041.9	2.12	1690.6	1.56	62	— 26

^aNumber in thousands;

^bAverage area in hectares

Source: International Bank for Reconstruction and Development (IBRD), *The Philippines* (Washington, 1976), p. 104, Table 5-6.

More light is thrown on the "Green Revolution" and its contributory effect to the number of rural proletarians by the govern-

2. G. Castillo, A. de Guzman, S. Pahud, and L. Paje, "The Green Revolution at the Village Level: A Philippine Case Study, 1963-70," in R. Shand, ed., *Technical Change in Asian Agriculture* (Canberra: Australian National University Press, 1973) as cited in K. Griffin, *The Political Economy of Agrarian Change: An Essay on the Green Revolution*, 2nd ed. (London: Macmillan Press, 1979), pp. 77-78.

ment's corporate farming scheme. With a view to augmenting agricultural output and directing private capital and managerial expertise to rural areas, a presidential order was issued in May 1974 requiring firms with at least 500 employees to provide the cereal requirements of their workforce. Corporations responded by engaging, directly or through a subsidiary, in actual rice production and by January 1977 corporate farms covered almost fifty-three thousand hectares.³

This process has caused severe socioeconomic dislocations. In some settlement areas, for instance, settlers leased out their land for a ten-year period with the proviso that two qualified members of the family are to be accommodated as farm laborers. Being highly mechanized, corporate farms are not able to absorb all displaced occupants, and those who do not qualify as laborers find themselves without a means of livelihood. Moreover, many settlers have realized that by not fulfilling certain parts of the contract, they may actually lose their rights to the land.⁴ In other areas, land leased to corporations was thought to be unoccupied, but actually had peasant-occupants with pending applications for homestead patents. They then had to be ejected. In still another area, the corporation entered into an agreement with local farmers; besides requiring compensation for management and improvements, the corporation has taken over almost all aspects of rice production. Decision-making has become the sole responsibility of the firm and the farmers for all practical purposes have been converted to agricultural laborers.⁵

POPULATION PRESSURE

Increased pressure on the land has been compounded by rapid rates of population growth, estimated to be around 3 percent per year. The fertility rate, i.e. the mean number of children born to a woman who survives throughout the reproductive years, is particularly high in the rural areas: 6.7 during the 1968-72 period as

3. See G. Bautista, *Philippine Rural Anti-Poverty Programs: A Documentary Study* (Quezon City: Institute of Philippine Culture, 1978), p. 77.

4. L. Makil and P. Fermin, *Landless Rural Workers in the Philippines: A Documentary Study* (Quezon City: Institute of Philippine Culture, 1978), p. 64.

5. For specific cases, see E. Tadem, *Peasant Land Rights and the Philippine Corporate Farming Program* (Quezon City: University of the Philippines, Third World Studies, 1979), Paper No. 15. For a fuller discussion of corporate farming, see G. Bautista, *Philippine Rural Anti-Poverty Programs*, pp. 75-86.

against 4.1 for the Metropolitan Manila area and 4.5 for other urban areas.⁶ Consequently, the natural rate of increase of the rural population was about 3.2 percent in 1970, with an annual rural to urban migration rate of 0.5 percent.⁷ Every year, the net addition to the labor force (population aged ten years and above) is around 500,000 workers.

UNEVEN INDUSTRIALIZATION

However, the pattern of industrial expansion has not been able to absorb the large annual increments to the labor force. From 1956 to 1973, the total number of manufacturing firms grew at 3.2 percent per year while employment grew by 1.4 percent only. For the same period, aggregate value added for the manufacturing sector rose by 7.8 percent but value added grew by 2.0 percent only, indicating that the rise in productivity was contributed mainly by advanced equipment and machinery. In more recent years, employment trends have deteriorated even further. In 1968-73, there was an absolute drop of 3 percent in the workforce of small firms (with less than five workers) and an insignificant increase in employment in intermediate-sized firms (five to nineteen workers) of 0.9 percent only, despite the fact that the number of these latter firms grew by 4.3 percent.⁸

Indeed, the capital-intensive nature of Philippine industrialization is seen emphatically in changes in the employment structure from 1956 to 1976 (Table 2). The proportion of employed persons accounted for by the manufacturing, mining and construction industries actually declined from 15.5 percent to 14.5 percent. This is a reversal of the structural change which is known to have accompanied economic development elsewhere, that is, as the proportion employed in agriculture declines, the proportion in industry ought to rise.⁹

Moreover, industrial investments have been concentrated heavily in certain regions of the country, particularly around Manila,

6. International Bank for Reconstruction and Development (IBRD), *The Philippines: Priorities and Prospects for Development* (Washington D.C., 1976), p. 243.

7. *Ibid.*, p. 92.

8. *Ibid.*, p. 190.

9. There are some doubts, however, as to the universal validity of such "structural change." There are several cases among industrialized countries (including Japan and the Nordic countries) where, as agricultural employment declined, *tertiary* employment grew faster. I owe this point to Gavin Kitching.

Table 2
Changes in the Structure of Employment,
by Sector, in Percentages, 1956-76

Sector	1956	1961	1966	1971	1976
Agriculture	59.0	60.6	57.5	50.4	52.7
Mining		0.3	0.2	0.5	
Construction	15.5	2.5	2.6	3.3	14.5
Manufacturing		11.3	11.2	11.5	
Transport, utilities		3.3	3.8	4.6	
Commerce	25.5	9.6	10.3	12.4	32.9
Services and others		12.4	14.3	17.3	
Total	100.0	100.0	100.0	100.00	100.0

Source: *Philippines Statistical Yearbook* (1978), pp. 40-41, Table 1.6.

thus perpetuating the underdeveloped state of rural industries. In 1969, 47 percent of industrial workers were employed in Metro Manila, an additional 30 percent in adjacent provinces, and only 23 percent in the rest of the country, chiefly in the relatively developed islands of the Visayas (Negros and Cebu) and in three industrial centers in Mindanao.¹⁰

Added to this is the fact that indigenous craft industries are virtually non-existent. It has been contended that "unlike the Indians in Mexico City, the Filipinos did not produce a numerous class of craftsmen."¹¹ Nonetheless, it can be argued that it was colonial policy that destroyed the crafts, as Jose Rizal argued even in the nineteenth century. Before the Spaniards came, the indigenous population carried on an active trade with the neighboring lands, especially China. Drawing from various sources, Rizal mentioned the export of gold, crude wax, cotton, pearls, dry goods and spices. He also referred to the existence of mines, silk and cotton-weaving industries, distilleries, the manufacture of arms, the

10. IBRD, *The Philippines*, p. 237.

11. J. Phelan, *The Hispanization of the Philippines: Spanish Aims and Filipino Responses, 1565-1700* (Madison: University of Wisconsin Press, 1959), p. 97.

civet skin industry, horn and leather industry, and shipbuilding. Almost all of these were lost under Spanish colonialism.¹²

What survived the onslaught of Hispanic domination later disappeared as, under American rule, consumption patterns shifted to imported manufactures and as resources were reallocated away from artisanal activities to increased crop production. Household industry as a proportion of total manufacturing value added (in 1938 prices) was above 60 percent in 1902, but in 1938, it accounted for only 13 percent. Thus, with the decline of rural industry, the proportion of labor engaged in agriculture climbed from 51 percent in 1902 to 61 percent in 1918 and to 71 percent in 1938. Much of the increase was derived from females leaving household tasks (such as cloth production by handlooms and rice pounding) and entering agricultural production per se. Notwithstanding the labor flows to, mainly, the rice sector, artisanal activities were not re-established because of the simultaneous fragmentation of rural industry and the cultural preference for, and consumption of, imported manufactured goods. What resulted was increased agrarian specialization and a more distinct division of labor.¹³

MASS TERTIARIZATION

Hence, the paucity of employment opportunities in rural-based industries led to a sectoral and spatial transfer of labor, out of agriculture and the countryside and into the urban areas. But considering the low labor-absorptive capacity of the industrial structure, the bulk of labor gained entrance into the low productivity services sector. As evident in Table 2, the decline of about 6 percent in the share of agricultural employment was more than matched by the over 7 percent expansion of services employment. Thus, by 1976, one-third of the labor force was in the tertiary sector, over 60 percent of which was classified as "unorganized."¹⁴ In effect, one-fifth of the workforce was in informal occupations

12. J. Rizal, "The Indolence of the Filipinos," reprinted in English in P. Gagelonia, *Rizal's Life, Works and Writings* (Manila: Navotas Press, 1974).

13. S. Resnick, "The Decline of Rural Industry under Export Expansion: A Comparison among Burma, Philippines and Thailand, 1870-1938," *Journal of Economic History* 30, No. 1 (1970): 61-65.

14. International Labour Office (ILO), *Sharing in Development: A Programme of Employment, Equity and Growth for the Philippines* (Geneva, 1974), pp. 177-84.

while only one-seventh was in manufacturing, mining and construction industries taken as a whole. Clearly, the services sector has performed an indispensable function in providing employment to what otherwise would have been a large pool of idle labor. Indeed, it has been argued that monopoly capitalism involves essentially the concentration of economic production and accumulation; and the residual activities and resources form the segment around which the "marginalized pole" of the economy gravitates.¹⁵

The tertiarization of the economy is also occurring in provincial areas. Data on employment changes in the Gapan area from 1967 to 1971 is illustrative of this trend. Besides the large proportion in public services (19 percent in Gapan and 25 percent of total non-agricultural employment in the adjoining rural towns), the other major employment sources are commerce and services (20-21 percent) and light transport-related activities (18 percent). Together they account for as much as 58 percent and 63 percent of total nonagricultural employment in Gapan and the rural towns, respectively.¹⁶ This expansion of the informal sector in rural areas has offered an alternative or supplementary income source for rural households.

SURVIVAL ALTERNATIVES IN AGRICULTURE

But the point at issue is not why people have left the land, but rather why *not more* have done so. Indeed, while the proportion of the labor force accounted for by agriculture has become slightly lower, the absolute number dependent on it has risen steadily, from 4.5 million in 1956 to 8.1 million in 1976.¹⁷ And what is startling is that this has taken place at a time when the opening of new land for cultivation has been virtually at a standstill and the control of land has become apparently more unequal. With the intense competition for land and its relative scarcity, how do people then survive in agriculture? Among the alternatives for rural cultivators who do not enjoy tenancy or leasehold contracts are: (1) to settle in uncultivated land; (2) to pay a premium for

15. A. Quijano, "The Marginal Pole of the Economy and the Marginalized Labour Force," *Economy and Society* 3, No. 4 (1974): 393-428.

16. ILO, *Sharing in Development*, p. 87.

17. *Philippine Statistical Yearbook* (Manila: National Economic and Development Authority, 1978), pp. 40-41.

tenancy rights; (3) to subsist on tiny fragments of land; or (4) to enter work as landless laborers dependent on the agricultural cyclical demand for temporary labor.

LIMITS AT THE EXTENSIVE MARGIN

A number of families have obtained farm lots through government-sponsored resettlement programs, but such schemes in general have moved haltingly and with little success.¹⁸ However, on their own people have migrated, creating spontaneous settlements in previously uncharted territories and in areas where land development possibilities have been comparatively large, especially in Mindanao.

In recent years, however, the wide-scale opening of formerly uncultivated land by migrant families has no longer been possible, though in the 1950s it still was. In fact, the total area of cultivated land expanded by 50 percent between 1950 and 1960, and this made possible strides in agricultural output. But from 1960 to 1970, the total increase in cultivated land area was only 13.6 percent.¹⁹ In the case of ricelands, there was an even more marked reduction, from an annual growth of 4.2 percent to -0.3 percent during 1959-69. While land devoted to this staple crop has declined, land planted with export crops has on the contrary increased. In the case of coconut land, the annual rate of increase has risen from 0.5 percent to 6.0 percent during 1959-69.²⁰

There is considerable doubt as to how much arable land remains, although it has been estimated that there are still 8.6 million hectares, and this represents 71 percent of existing agricultural land. An estimated 40 percent of these are already privately owned,²¹ while the rest are in upland areas where settlement is officially prohibited by government.

18. For an analysis of government settlement schemes, see K. Pelzer, *Pioneer Settlement in the Asiatic Tropics: Studies in Land Utilization and Agricultural Colonization in Southeastern Asia* (New York: American Geographical Society, 1954), pp. 110-13, 127-59; F. Murray, "Land Reform in the Philippines: An Overview" in F. Lynch, ed., *View from the Paddy* (Quezon City: Institute of Philippine Culture, 1972); C. Fernandez, "Blueprints, Realities and Success in a Frontier Resettlement Community," in *ibid.*

19. ILO, *Sharing in Development*, pp. 454-55.

20. *Ibid.*, p. 19.

21. *Ibid.*, pp. 456, 458.

TENANCY AS AN ASSET

Under these circumstances, those who have access to land by paying ground rent are in possession of an economically and socially valuable asset. The relative shortage of land available for tenancy is reflected in the rise of *puesto*, a premium for farming rights paid by an incoming to an outgoing tenant. No such compensation existed in the 1930s, but by the mid-1960s, the *puesto* for a one-hectare field suitable for double cropping was around ₱400 to ₱500. In 1972, it was estimated to be in the range of ₱2,500 to ₱3,000.²² Only the relatively well-off rural households can afford to pay this price.

FRAGMENTATION OF FARMS

Given the constrained supply of land and the acute need of more rural households for a piece of land to fulfill their basic subsistence needs, the sub-division of farms into much smaller parcels has been on the increase. From 1960 to 1972, there was a proliferation of rice farms below two hectares (Table 1). These farms constituted 69 percent of the total. Moreover, as their number rose by about 2.7 times, the average area shrank from 0.93 to 0.88 hectare. Thus, a significant proportion of rural cultivators have had to subsist on tiny fragments of land. As early as 1970, croplands under 0.2 hectare in size had to support eighteen persons per hectare, twice as much as what farms 0.2 to 0.5 hectare in area had to support, and thus holding more people than any other farm size.²³ It is also those with very little land who have had to exploit their labor at higher levels, as borne out by the highest yield (47.48 cavans per hectare) on the most marginal of subsistence holdings, that is, on rice farms under 0.2 hectare.

There is an economic limit, however, to the extent to which such tiny parcels can withstand further parcelization. Buying land is also out of the question for most rural cultivators, and more so now that land prices have soared by 70 to 200 percent after the

22. A. Takahashi, "Rural Labor and Agrarian Changes in the Philippines," in S. Hirashima, ed., *Hired Labor in Rural Asia* (Tokyo: Institute of Developing Economies, 1977), p. 104.

23. ILO, *Sharing in Development*, p. 95.

introduction of the new seed varieties.²⁴ Hence, the only alternative for a growing proportion of the rural populace is to remain without land, and to seek livelihood as agricultural laborers in estates and smallholdings.

SUBSISTING ON WAGE LABOR

There is mounting evidence (albeit not strictly comparable) that, indeed, in the post-war period, the number of agricultural laborers has increased markedly, both in absolute and relative terms. During 1961-71, a larger proportion of those classified as rural farming families have come to depend primarily on wage labor, that is, from 18 percent of farming families in 1961 to 24 percent in 1971. What is more, the number of such families grew very rapidly: by as much as 4.70 percent annually, while those in the "self-employed" category increased by only 0.96 percent over the same period. In the second half of the 1960s, the yearly increase in the number of rural families dependent on wage labor has even accelerated to 6.42 percent (Table 3).

Table 3
Composition of Rural Families Categories
as Farming Families, 1961-71

Rural Farming Families	1961		1965		1971		Annual rate of change		
	Number ⁺	%	Number	%	Number	%	1961-65	1965-71	1961-71
'Self-employed'	2056	82	2118	80	2261	76	0.60	1.32	0.96
Wage labor	444	18	515	19	703	24	3.01	6.42	4.70
Total	2500	100	2633	100	2964	100	1.27	2.17	1.72

⁺Number in thousands.

Source: IBRD (1976), p. 98, Table 5.4.

This trend is confirmed by (officially unpublished) census data for 1975. The proportion of farm laborers is highest in areas planted with export crops, particularly sugarcane and abaca where they

24. I. Palmer, *The New Rice in the Philippines*, Studies on the "Green Revolution," No. 10 (Geneva: United Nations Research Institute for Social Development [UNRISD], 1975), p. 122.

represent 86 percent and 63 percent of the total labor force in their respective croplands (Table 4). Nonetheless, the greatest absolute number of farm laborers is found not in export-oriented estates but rather in the smallholding rice and corn sector geared primarily to the domestic market. Of the 4.7 million persons working in rice and corn lands in 1975, half or close to 2.4 million are hired laborers, and they represent 69 percent of the total number of farm laborers in the country. Of the 2.4 million, the great majority are probably in the more important rice sector.

Unfortunately, the extent to which wage laborers also operate farms is not known. Hence, the figures may not be truly indicative of the actual number of individuals and rural families without land.²⁵ Nonetheless, data from other sources confirm the prevailing landlessness. A study of eight major rice-growing provinces revealed that one-third of all households in the sample areas are landless, although regional variations do exist. By province, the percentages of landless households are: Pangasinan (19 percent), Isabela (35 percent), Nueva Ecija (35 percent), Tarlac (23 percent), Laguna (44 percent), Camarines Sur (22 percent), Iloilo (48 percent) and Leyte (34 percent).²⁶

In a study of 225 rural households in Laguna, 18 percent had one hectare of land or less, 32 percent had land bigger than one hectare, and 50 percent possessed no land at all.²⁷ In barrio Tubuan, also in Laguna, a study undertaken in 1976 revealed that about 43 percent of the households were without land, and another 32 percent had access to a farm with an average size of only 1.1 hectares.²⁸ In Ledesma's 1977 study, 38 percent of the households in Abangay, Iloilo and 26 percent of those in Rajal Sur, Nueva Ecija were landless.²⁹

Having been totally severed from the basic means of production, these landless households have nothing to fall back on but

25. A. Ledesma, however, equates farm laborers with landless workers. See his *Landless Workers and Rice Farmers: Peasant Subclasses under Agrarian Reform in Two Philippine Villages* (Los Baños, Laguna: International Rice Research Institute, 1982), p. 198.

26. G. Custodio, "Socioeconomic Profile of Landless Agricultural Laborers," paper presented at the Workshop on Landless Workers, 8-9 December, PCARR, Los Baños, Laguna, 1978, and cited in *Ibid.*, p. 202.

27. R. Evenson, "Time Allocation in Rural Philippine Households," *American Journal of Agricultural Economics* 60, No. 2 (1978): 328.

28. Y. Hayami and M. Kikuchi, "Social Accounts of a Philippine Village," *The Developing Economies* 16, No. 2 (1978): 149.

29. See Ledesma, *Landless Workers*, p. 99.

Table 4
Farm Laborers, by Crop Area and Gender, February 1975

Crop Area	Agricultural work force			Farm laborers			Percent of laborers to total agricultural work force		
	Male (1)	Female (2)	Total (3)	Male (4)	Female (5)	Total (6)	Male (4) ÷ (1)	Female (5) ÷ (2)	Total (6) ÷ (3)
Rice-corn	3,667,720 (78) ⁺	1,041,386 (22)	4,719,106	1,436,150 (61)	928,396 (39)	2,364,546	39.0%	89.2%	50.1%
Sugarcane	364,317 (82)	79,675 (18)	443,992	304,059 (80)	77,285 (20)	381,344	83.4	97.0	85.9
Fruits, vegetables, rootcrops	435,967 (70)	187,187 (30)	623,154	155,684 (52)	141,663 (48)	297,347	35.7	75.7	47.7
Coconut	535,220 (86)	86,543 (14)	621,763	229,449 (78)	64,734 (22)	294,183	42.9	74.8	47.3
Tobacco	146,703 (79)	40,156 (21)	186,159	51,566 (58)	37,261 (42)	88,827	35.2	92.8	47.7
Abaca	17,528 (90)	3,064 (10)	30,592	16,478 (66)	2,791 (14)	19,269	59.9	91.1	63.0
Total	5,177,445 (78)	1,438,011 (22)	6,615,466	2,193,386 (64)	1,252,130 (36)	3,445,516	42.4	87.1	52.1

⁺Figures in parentheses indicate percentage to totals also given in the Table.

their labor, which they thus offer for sale in the labor market. This is captured in statements made by the laborers themselves: "As a landless worker, it is solely your body that earns a living." "The rice farmer only has to go around his farm, whereas there is no rest to your body as a landless worker. If you rest, you will have nothing to eat."³⁰ Thus, the landless stand out as a specific class, a class of free, propertyless labor unattached to land the way rent-paying peasants are. And in so far as the commoditization of their labor occurs in agriculture, they constitute an agrarian proletariat.³¹

PEASANTS AS PROLETARIANS

Agricultural wage laborers, however, comprise not only those agriculturists without land but also those whose land, whether owned or rented, is so small and marginal as not to be able to provide adequately the minimum requirements of the household. But once again, the incidence of such cases has not been well documented, although data from some village studies bear out the pattern. Takahashi's 1964 study of a barrio in Bulacan revealed that, of the thirty-six farming households, the heads of about 53 percent were engaged in agricultural wage work.³² A similar observation was made in a Cavite communal irrigation system in 1974: "the major source of supply of hired labor in this village was small farmers."³³ Similarly, a study conducted in 1973 in the rice-growing areas of Laguna showed that 48 percent of the hired laborers interviewed from Bay and 26 percent of those from Santa Rosa came from households with some land to till. The rest of the

30. Ibid., pp. 13, 172.

31. Referring to landless workers in agriculture as an agrarian proletariat is more precise and accurate, in contrast to the term "rural proletariat," for indeed the "free labor" could, in certain cases, be fully absorbed in non-agricultural work, particularly for communities near urbanizing centers. Bautista presents some information on this for a barrio in Pampanga. See G. Bautista, "Socioeconomic Conditions of the Landless Rice Workers in the Philippines: The Landless of Barrio Sta. Lucia as a Case in Point," in S. Hirashima, ed., *Hired Labor in Rural Asia* (Tokyo: Institute of Developing Economies, 1977). See also the earlier discussion on the rise of the "informal sector" in provincial areas.

32. A. Takahashi, *Land and Peasants in Central Luzon: Socio-Economic Structure of a Bulacan Village* (Tokyo: Institute of Developing Economies, 1969), p. 28.

33. M. Kikuchi, G. Dozina, and Y. Hayami, "Economics of Community Work Programs: A Communal Irrigation Project in the Philippines," *Economic Development and Cultural Change* 26, No. 2 (1977); 224.

respondents came from landless families.³⁴

Takahashi suggested that the share tenancy production system has caused farmers to depend excessively on hired labor, partly in order that they themselves could work as wage laborers on other farms. Since the landlord collects debts out of the tenant's share of the crop, but usually does not touch the latter's earnings from other sources, the more important source of income, therefore, is not the operation of the farm but wage work in other fields and other types of off-farm employment. Paying more wages to hired labor involves a considerable reduction in the tenant's share of the harvest, but because the household can recoup the loss through wages earned in other farms, the net effect is to retain more of the harvest within the village. This economic rationale, Takahashi argues, justifies the widespread reliance on hired labor and the optimization of the wage bill which usually is shouldered equally by landlord and tenant. The force of this argument, however, has been dissipated with the decreed conversion of many share tenants to the leasehold system.

Thus alternatively, it can be argued that the small farmer's dependence on wage earnings has become indispensable and indeed necessary for the survival of his peasant production system because of the recent technological advances in rice culture which have made cultivation increasingly capital-intensive and cash-dependent. The purchase of inputs such as certified seeds, inorganic fertilizers, insecticides and weedicides, irrigation services and tractor rentals, all require cash, which of necessity must be earned outside one's own farm.³⁵ Moreover, since many farmers operate very small parcels of land, they are forced to supplement their farm income from other sources, of which wage work in other farms is one. Wages earned elsewhere are, therefore, invested in small-scale agricultural production and in the consumption necessary for the sustenance of the household production unit. Since small farming households have had to intensify the utilization of their labor, we consequently find them in the countryside selling their labor along with the genuinely landless. Thus, the emergence

34. G. Wickham, E. Torres, and G. Castillo, *The Farmer's Laborer An Exploratory Study in Laguna, Philippines* (Quezon City: Council for Asian Manpower Studies, 1974) Discussion Paper Series, No. 74-05, p. 25.

35. B. Fegan, "Jobs and Farms: The Lessee's Alternatives and Peasantization," in Lynch, *View from the Paddy*, p. 136.

of two groups of hired laborers.

Many small farmers attempt to minimize production costs by skimping on the recommended package of inputs that ought to accompany the use of hybrid varieties of rice. Others who were forced to take the farm inputs that went with the government's *Masagana 99* credit program sold them to government technicians who in turn diverted the fertilizers to the black market.³⁶ In addition, because of the high rates of default, a policy was adopted that gave credit priority to irrigated farms and nondelinquent borrowers.³⁷ In this manner subsidized farm inputs are used only by the already relatively well-off farmers, and the real cost of innovation has become more pronounced for poor farmers on poor land.³⁸ Moreover, despite the price-support policy of the government, it was discovered that a substantial proportion of farmer-respondents in 18 provinces could only sell their product at prices lower than the minimum set by the government.³⁹ Consequently, faced with restricted access to cheap government credit and very restricted capital for farm investment, amidst rising input costs, small farming households realize low yields, which in turn provide low incomes, and the downward spiral continues until, pauperized, they are forced to give up their land. For many farming households, therefore, if the system of wages earned as rural proletarians to buoy up the quasi-peasant production system collapsed, they could find themselves amongst the many landless.

RETENTION OF LABOR IN AGRICULTURE

It is at this point that we go back to the earlier question of why more people have not moved away from the agricultural sector. It was argued earlier that the bulk of surplus labor has gained entrance to tertiary occupations, particularly in the informal sector. However, obtaining services employment is not without its difficulties, and the economic rationale for flocking to the tertiary sector seems to have been diminishing recently. Real earnings in the

36. G. Bautista, *Philippine Rural Anti-Poverty Programs*, p. 53.

37. *Ibid.*, pp. 56-57, 61.

38. R. Barker and V. Cordova, "The Impact of New Technology on Rice Production: A Study of Change in Three Philippine Municipalities, 1966-69," in R. Shand, ed., *Technical Change in Asian Agriculture* (Canberra: Australian National University Press, 1973), p. 113.

39. Bautista, *Philippine Rural Anti-Poverty Programs*, p. 56.

unorganized services sector, which the ILO estimates to be roughly constant between 1961 and 1967, has possibly declined since then. In what is probably a good indicator of average earnings in the informal sector, there was a sharp drop in real earnings of small sari-sari stores, from ₱644 in 1961 to only ₱557 in 1971. For the more important non-commerce occupations, average real earnings of transport workers declined from ₱2,000 in 1961 to around ₱1,800 in 1971, and that of female servants from ₱680 in 1961 to ₱630 in 1971.⁴⁰ Thus, if we assume economic rationality (and indeed the perception of income differentials is central to the migration function), there would be relatively less incentive for labor to transfer to a new place and sector where real earnings are declining.

Having said that, migration could still be expected to continue as long as sectoral and rural-urban income differences are high: due to the decline in the real earnings of the urban poor, the average gap between urban and rural household income fell from around 2.5 during 1956-65 to 2.1 in 1971. Nevertheless, the worsening of the rural income distribution has led to a widening of the differential at the lower income levels. In 1961, incomes among the lowest 80 percent of rural families were roughly equal in magnitude to the average income among the poorest 40 percent of families in urban areas. In 1971, incomes of the poorest 80 percent of rural families had risen by 10 percent only, while incomes of the poorest 40 percent in urban areas had increased by at least 25 percent.⁴¹

On the other hand, surplus labor has been absorbed in the rice sector because of recent technological innovations. In terms of man-days, the difference in the total labor input to farms planted with traditional varieties in 1966, and those planted with high-yielding varieties in 1970, amounted to only 5.4 man-days per hectare. This does not seem substantial, except that in reality, the number of laborers sharing in the increased man-days could be much greater. Due to tractorization, there was a considerable reduction in labor input for land preparation, from about seventeen man-days in 1966 to just ten man-days in 1970. This development has been more labor-saving than labor-displacing, for land prepara-

40. ILO, *Sharing in Development*, p. 183.

41. *Ibid.*, p. 11.

tion usually involves the farmer himself and not hired labor.⁴² Absorption was greatest in weeding, labor inputs for this task rising by more than 2.5 times in farms planted with the new varieties in 1970. Moreover, from 7.5 percent in 1966, labor requirement for weeding rose to 16 percent of total man-days per hectare in 1970.⁴³ Thus, recent technological changes have not been labor-displacing primarily because of an imperfection in the new production process. The fertilizer complex not only aided the growth of rice, but it has also stimulated the upsurge of weeds. As farmers in the central Luzon-Laguna areas have experienced, in addition to chemical and mechanized weeding, they had to resort to hand weeding.⁴⁴ And the experience has been that household labor is not adequate to combat the weeds, and so hired laborers have had to be called in to help.⁴⁵

Because of the advances in yield, the share of hired labor has increased. In a sample of forty-two farms shifting from local varieties in 1966 to hybrid varieties in 1969, hired labor's share in output rose by 23 percent.⁴⁶ In another study, hired labor increased its share from 19 to 23 percent of output in 1966 to within 23 to 26 percent in 1970. Likewise, in terms of cavans per hectare, the improved yield allowed hired labor to garner an increase of at least 30 percent more per hectare.⁴⁷

If the number of hired laborers had remained nearly constant, these changes would have registered significant improvements in individual wage levels. On the contrary, such advances in share of

42. Farmers have been willing to put up with the increased cost of tractor rentals (as much as ₱46.40 per hectare in 1973 — see Makil and Fermin, *Landless Rural Workers*, p. 44) just so they could prepare the land in time for the next crop (Palmer, *The New Rice*, p. 155). The labor-time released could well be spent on off-farm employment (Fegan, "Jobs and Farms,"). Tractors also minimize the drudgery of the most difficult phase in rice production. This issue brings to the fore the necessity of differentiating laborers from labor "man-days."

43. M. Mangahas, W. Meyers, and R. Barker, *Labour Absorption In Philippine Agriculture*, Employment Series, No. 8 (Paris: Organization for Economic Cooperation and Development (OECD), Development Centre, 1972), p. 45.

44. R. Barker, W. Meyers, C. Crisostomo, and B. Duff, "Employment and Technological Change in Philippine Agriculture," in *Mechanisation and Employment in Agriculture: Case Studies from Four Continents* (Geneva: International Labour Office, 1973).

45. Palmer, *The New Rice*, p. 153.

46. Barker and Cordova, "The Impact of New Technology," p. 121.

47. R. Herdt and C. Ranade, *The Impact of New Rice Technology on the Shares of Farm Earnings, Laguna and Central Luzon, Philippines* (Laguna: International Rice Research Institute (IRRI), Department of Agricultural Economics, 1976), Paper No. 76-1, Table 12.

output have contributed to the retention and sustenance of more people in agriculture, but as Table 5 shows, at the cost of declining real wage rates.

Table 5
Wage Rates in Philippine Agriculture, 1966-74

YEAR	Daily money wages			Daily real wages (in 1965 Pesos)		
	Average of all operations	Average of plowmen, harvesters and planters	Plowmen only	Average of all operations	Average of plowmen, harvesters and planters	Plowmen only
1966	3.12	3.35	3.90	2.98	3.20	3.73
1967	3.41	3.67	4.50	3.09	3.33	4.08
1968	3.42	3.75	4.50	3.04	3.34	4.00
1969	3.13	3.40	4.34	2.75	2.99	3.81
1970	3.20	3.60	4.49	2.44	2.75	3.43
1971	3.64	3.98	5.13	2.25	2.46	3.17
1972	3.78	4.25	5.30	2.17	2.44	3.04
1973	3.65	—	—	1.86	—	—
1974	4.10	—	—	1.48	—	—

Source: A.R. Khan, "Growth and Inequality in the Rural Philippines," *Poverty and Landlessness in Rural Asia* (Geneva: International Labour Office, 1977), p. 244, Table 98.

Thus, it would appear that more people have stayed on the land because of the reduced income prospects and other attendant difficulties in the urban informal sector (such as the need for a measure of capital and access to a network of social relationships). Presumably, such disincentives are the more important since in order for increased labor absorption in agriculture to be a more powerful incentive to stay on the land (and hence to register a more pronounced negative impact on out-migration) rising real wage rates in agriculture would be required (given the fact that the gap in rural-urban wage levels persists particularly for lower-income groups).

EMPLOYMENT TRENDS IN RICE FARMS

The rise in the number of households that depend on wage employment in the agricultural, and specifically the rice, sector has led to a dramatically different situation for labor in the rural areas. First there has been growing competition for jobs. As Ledesma notes, invariably, it is the landless worker who approaches the small farmer for work, indicating the keen competition for limited placements.⁴⁸ Second, because the agricultural process is not able to absorb all locally available labor, there is genuine unemployment even when agricultural work is most intense. A study of rice farm laborers in Laguna showed that in the leanest month, February, as much as 33 percent were out of work. But even in the peak month of June, about 10 percent were still unemployed, when usually there would be labor shortages as happens in most agrarian societies.⁴⁹ Consequently, a third point is that labor has become increasingly mobile. In the same Laguna study, of the 154 hired laborers interviewed 34 percent found work outside their own towns, and in certain areas, as in Bay, 21 percent migrated to other provinces in search of agricultural wage work. Thus, circular migration in the rural areas is becoming a definite trend. Over and above these, it must be noted that most laborers seek jobs on an individual basis, as over 60 percent did in a Laguna study.⁵⁰ The rest are employed as members of work groups organized by a *kabisilya* or foreman-contractor.

THE KABISILYA SYSTEM

Takahashi, Murray and others have documented the operations of the *kabisilya* system.⁵¹ The *kabisilya*, whose principal occupation may range from being a farm operator, farm laborer, peddler or housewife, recruits workers and arranges for contractual work for the group. Some *kabisilya* also instruct new recruits on the required techniques such as straight-row planting. At the outset of the farming season, the *kabisilyas* agree among themselves on the contract fees that they will charge. From the group's earnings, the

48. Ledesma, *Landless Workers*, p. 33.

49. Wickham, et al., *The Farmer's Laborer*.

50. Makil and Fermin, *Landless Rural Workers*, pp. 35-36.

51. Takahashi, *Land and Peasants in Central Luzon*, and F. Murray, "Local Groups and Kin Groups in a Tagalog Tenant Rice-Farmers' Barrio" (Ph.D. dissertation, University of Pittsburgh, 1970).

kabisilya deducts from 3.5 to 5 percent as his or her share, and the remainder is divided by the number of laborers, each getting an equal share.

The kabisilya status may be handed down from parent to child in the same way that hired laborers in the group pass on their status to their children. In this manner, the friends, relatives and neighbors that comprise the work group can remain basically unchanged.⁵² Similarly, the group members strive to maintain good relations with the kabisilya who is in the position to ensure employment, especially for the new entrants to the labor force. The semi-permanence in the composition of work groups probably reflects the competition for jobs among hired laborers.

It is not clear from the literature precisely how this relatively old method of labor organization has changed with the increasing supply of labor and other agrarian changes. What is clear, however, is that new methods of mobilizing labor have emerged.

THE HIRING OF KATULONG

Share tenants and lessees who have a steady and well-paid off-farm employment have tended to hire a helper, or *katulong*, to carry out all phases of farm work up to planting.⁵³ The *katulong* is paid twenty to twenty-five cavans for a two-cavan farm if he supplies the carabao, and ten cavans if the tenant does. The *katulong* is also required to share in the burden of crop failure. Some farmers who were able to harvest only from five to thirty cavans during the *tungro* infestation in the 1971-72 planting season, paid their *katulong* only one to five cavans.⁵⁴ Thus, the *katulong*'s position appears to be akin to both a semi-permanent laborer and a sharecropper. For want of a better term, his role has been referred to as a "sub-tenant."⁵⁵

With the stiff competition for jobs, being a *katulong* or sub-tenant provides some financial security. Notwithstanding this, it is the more laborious tasks that fall into the *katulong*'s area of responsibility, i.e., seedbed preparation, plowing and harrowing of the field, and pulling, bundling, hauling and scattering of seed-

52. Makil and Fermin, *Landless Rural Workers*, p. 37.

53. Fegan, "Jobs and Farms," p. 136.

54. *Ibid.*, p. 141, n. 4.

55. *Ibid.*; see also A. Takahashi, "Comment on the B. de los Reyes Paper, 'Can Land Reform Succeed?,' " Lynch, *View from the Paddy*, p. 98.

lings. The farmer is spared this drudgery and he also benefits economically through the low wages that are paid, not in terms of scarce cash resources, but in kind. Moreover, the tenant farmer benefits in that the basis for paying wages can be manipulated to reduce the wage bill. As Fegan notes, a one-cavan farm equals 1.25 hectares, but in calculating work payments, farmers regularly take one cavan to mean two hectares.⁵⁶ Since the katulong is paid per cavan-area, work on 0.75 hectare is not compensated. Further, in as much as overall wages float downwards when harvest is low, but remain constant when harvest is normal, then the farmer is able to economize on the fixed costs of, say, hiring work groups to do the above-mentioned tasks. Finally, the cost of hiring a katulong is directly offset by the earnings from off-farm employment which would be foregone if the farmer had to work on the field. And it is precisely those farmers, of whatever tenure, who have well-paying off-farm jobs who can afford to hire a katulong. In this situation, the farm operator has a decisive edge over hired labor.

THE SAGOD OR GAMA SYSTEM

With the vast army of job seekers, individual laborers may be assured of employment through the *gama* system as it is called in Laguna or the *sagod* as known in Iloilo. In this arrangement, laborers weed a given portion of the farm without getting the customary immediate payment. However, they obtain the exclusive right to harvest for which they get a certain proportion (usually one sixth) of the harvested palay. This weeding-harvesting contract provides a stable income stream when done by a landless household for a number of farms, many of which may be cultivated by their own relatives and neighbors. As Ledesma illustrates, to earn thirty-five sacks of palay in the 1977 wet season, one family contracted ten plots belonging to ten different tenants, the plot sizes ranging from 0.125 to 0.25 hectare.⁵⁷ In the opposite case, a tenant farmer with two hectares subdivided it into twelve plots and twenty-four subdivisions, and this accommodated eighteen sagod workers. Of the twelve plots, only about 1.6 plots were reserved for the tenant farmer's family to harvest on their own.⁵⁸

56. Fegan, "Jobs and Farms," p. 141, n. 3.

57. Ledesma, *Landless Workers*, pp. 7-8.

58. *Ibid.*, pp. 23-24.

The sagod arrangement enables the household members to divide the work accordingly: the womenfolk and children do the weeding, while the adult males perform the more arduous tasks of harvesting, threshing, cleaning and hauling. Threshing is usually done with the use of mechanical threshers, and the workers are asked to shoulder the expense for machine rental, amounting to a third of the worker's share. If there is no rush, especially during the dry season, the workers would rather thresh manually to save on rental, but laborers use the machine in deference to the tenant farmer's preferences, mainly because this can affect future hiring decisions.⁵⁹ Evidently, there is direct supervision of all farm operations, but more so for harvesting and threshing.

Under certain conditions, sagod workers also hire other landless laborers. In one instance, when harvest operations overlapped for different sagod plots, other workers were hired at the going rate of ₱6 per day without meals. Another instance was when weeding had to be completed in time for the tenant farmer's fertilizer application. In this case, the sagod worker paid his fellow laborer a daily cash wage of ₱6, but the sagod worker himself had to wait till harvest time to get his own pay in kind.⁶⁰ The sagod worker had to contract other workers, for indeed the timeliness and quality of weeding determines the renewal of his sagod contract.

The sagod system effectively cordons off a certain locality from migratory laborers, but in return for this measure of protection and security, laborers have to do more work for less pay. Another way of looking at it is to consider harvesting as compensated in the usual way, that is, at the going rate share of the output. The pay for weeding and crop care that is withheld would therefore cover whatever "costs" it may take to give a guaranteed employment. However, on balance this cost is tilted in favor of the farmer who gains by way of the opportunity cost of not spending cash for weeding, and sometimes even for transplanting. Indeed, the sagod system has provided rice production with substantial economies. It has reduced the need for cash outlays in capital-starved areas, which otherwise would have required more cash due to the severe weeding problem, as already noted. That being the case, farmers have been encouraged to shift from straight-row

59. *Ibid.*, pp. 33-35.

60. *Ibid.*, p. 28.

planting to the broadcast method of planting, with the effect of obviating the need for transplanting and its related costs (but making weeding more difficult) and hastening the turnover period for the next crop. In this situation, the bargaining power and its attendant advantages belong to the farm operator, and the landless laborer either takes the deal (and the minimum extra security it provides) or leaves it (which he can hardly do).

Hence, with the growing number of people seeking work as farm laborers, various means of labor organization and mobilization have emerged, with many placements increasingly becoming semipermanent and safeguarded from competition. These new arrangements provide some financial security to the laborers, but the net advantage is decidedly in favor of the farm operator, be he a share tenant, leaseholder or owner-operator. And given the social and economic factors operating in the recruitment of workers, unemployment is less likely to be mitigated in these more openly instrumental situations and conflict between those with access to land, even as tenants, and those without land could intensify. As some workers have expressed, they see the need to organize themselves so they could demand a higher standardized daily cash wage or share of the output.⁶¹

WAGES AND INCOME

As mentioned earlier, the increased yield made possible by recent technological innovations has made it possible for hired labor to get a larger proportion of the output, both absolutely and percentage-wise. However, because of the increased number of hired laborers, the income effect has been diluted. Mention has also been made of the decline in real terms of the money wage of farm laborers. Thus, even in Laguna where rates are higher than in many other parts of the country, the annual median income of rice farm laborers was only ₱783 in 1974, about 11 percent lower than the annual income earned by coconut farm laborers.⁶²

The depressed income levels of rice farm workers have made it essential for them to find other sources of income, such as fishing, carpentry, and vegetable, poultry and livestock raising. Just the

61. *Ibid.*, p. 18.

62. Makil and Fermin, *Landless Rural Workers*, p. 41.

same, their additional income has been meager: ₱132 as compared to ₱733 for laborers in coconut farms in 1974. Moreover, 47 percent of the wives of rice farm laborers were also fully employed, and between 51 and 75 percent of the total household income was contributed by as much as 40 percent of the household members, excluding the head.⁶³ Thus, there has been intensified use of available household labor, yet they still remain at marginal levels of existence.

Cash and non-cash income data for households with differential access to land in a Bulacan village show that, from June 1975 to May 1976, households with more than two hectares earned ₱6,153, while those with no land obtained only ₱4,526. On a per household member basis, the landless also got the lowest income per head, in spite of their smaller household size of 4.8 compared to the 7.5 household size of those with more than two hectares.⁶⁴

Ledesma provides interesting income data for farm operators and landless workers.⁶⁵ The latter derive 76 percent of their net income from rice farming, 13 percent from other agricultural activities and 11 percent from nonagricultural pursuits. Rice farmers, on the other hand, obtain 43 percent of their net income from rice farming, 35 percent from other agricultural activities, 20 percent from renting out threshers and other machines, and 2 percent from nonagricultural activities. It appears, therefore, that those without land are more dependent on income derived from direct cultivation of the land. On the other hand, the farm operators, with their access to land and capital items, are able to diversify their income sources, although these could still be primarily agricultural in nature, such as livestock production. The variations in control over productive resources consequently result in income from all non-rice farming sources which is three times that of landless workers' income from these sources. However, overall net income did not widely diverge for the 1977-78 dry season: farmers earned ₱2,885 while laborers earned ₱2,020.

Going back to income from rice farming, it must be noted that the landless derive more income from this source both relatively and in absolute terms. The net income of farm operators after

63. Ibid., pp. 35, 41-42.

64. Y. Hayami and M. Kikuchi, "Anatomy of Peasant Economy: The Economic Accounts of the Rural Household in the Philippines," *Economic Review* (Tokyo) 26, No. 4 (1977): 303.

65. Ledesma, *Landless Workers*, pp. 56-57.

deducting all production expenses was ₱1,239, while the landless workers obtained an average net income of ₱1,543, about 24.5 percent higher! When total hours worked are considered, however, hired labor obtained only ₱0.95 per hour while the farm operators' own labor was compensated at ₱1.91 per hour. This is obviously due to the fact that the latter 'have' the land. Nonetheless, it must be noted that there can be genuine "trickle down" from the farm employer to the employee, essentially because of the high cost of rice production.

Having said that, it is nonetheless an exploitative relationship. If the farm operator had to pay hired labor for weeding, it would have cost ₱114 per hectare.⁶⁶ This amount was lost to sagod workers, whose scope of work was enlarged and whose hours of work on the average was about doubled, without a concomitant rise in compensation. For all sagod operations, the effective wage rate per hour amounted to ₱0.73, while if weeding was remunerated separately from the harvesting tasks, the total wage rate per hour for all these operations would have been ₱2.31. Thus, the real wage per hour of the sagod worker has been cut by over two-thirds by simply doubling the work hours.

DIFFERENTIAL HOURS OF WORK

In contrast to those with access to arable land, the heads of landless households have to work longer to subsist. In Laguna in 1977, they spent a total time of 28.4 hours per week, which was 39 percent more than the time spent by those with one hectare or less of land, and 48 percent more than the time spent by those with more than one hectare.⁶⁷ In this sense, landless laborers who have the most restricted access to productive resources are comparatively the least underemployed.

In the dual economy model of Arthur Lewis,⁶⁸ the marginal productivity of labor in agriculture is assumed at the outset to be zero, hence surplus labor contributes nothing to productivity. They can, therefore, be transferred to industry at subsistence level

66. *Ibid.*, pp. 36-40.

67. Evenson, "Time Allocation in Rural Philippine Households," p. 328.

68. W.A. Lewis, "Economic Development with Unlimited Supplies of Labour," *Manchester School* 22 (1954) as cited in D. Colman, and F. Nixon, *Economics of Change in Less Developed Countries* (Oxford: Philip Allan, 1978), pp. 28-34.

wages without disrupting total output, for the labor removed is actually in a state of "disguised unemployment." Viner, Myrdal, Streeten and others have doubted the applicability of this and other employment concepts in the less developed world.⁶⁹ There has also been a lively debate in the literature, some providing empirical evidence for the existence of surplus labor, and others producing evidence to the contrary.⁷⁰ This and the former debate shall not concern us here.

Granted that some labor can be removed from rice production without affecting output, would it then be the landless laborers who are no longer attached to land? But as the data show, the landless work longer and harder and to treat them as being in disguised unemployment or as underemployed can be misleading. On the other hand, to treat tenant farmers as the underemployed because they work the least hours is also problematic. They are far from being the surplus population that can be readily transferred to industry. With their degree of control over property and the relatively high income they get from less work, they may be the least willing for such sectoral transfer. My point is that concepts such as surplus labor and disguised unemployment fall short of making a convincing analysis because they lead to an abstraction that ignores differential control over property.

THE RELATIONS OF PRODUCTION

The discussion has made it evident that there is a strong case for arguing that the relations of production between the farm operator and the hired laborer is capitalist, albeit the operator may not himself own the means of production. This relationship, however, has not been reduced solely to the cash nexus since it is precisely part of the profit-maximizing stance of the farmer that labor is paid in kind. In addition, it is a relationship that is dependent on

69. J. Viner, "Some Reflections on the Concept of 'Disguised Unemployment,'" in *Contribuicoes a Analized de Desenvolvimento Economico* (Rio de Janeiro), reprinted in G. Meier, ed., *Leading Issues in Economic Development: Studies in International Poverty* (New York: Oxford University Press, 1970); G. Myrdal, *The Asian Drama: An Inquiry into the Poverty of Nations* (New York: Pantheon, 1968); P. Streeten, "An Institutional Critique of Development Concepts," *European Journal of Sociology* 2, No. 1 (1970): 69-80.

70. A. Sen, *Employment, Technology and Development*, a study prepared for the ILO within the framework of the World Employment Programme (Oxford: Clarendon Press, 1975).

the fact that peasant labor has been commoditized, with no ownership or rent-paying ties to the land. Thus, labor power is offered not for extra-economic reasons but as purely instrumental to finding employment. Such is the case even when farm employer and laborer are related by kinship.

Moreover, as illustrated in the katulong and sagod arrangements, the relations of production are openly exploitative. It was A.G. Frank who suggested this possibility when he wrote that

it is this exploitative relation which in chain-like fashion extends the capitalist link between the capitalist world and national metropolises to the regional centers . . . and from these to local centers, and so on to large landowners or merchants who expropriate surplus from small peasants or tenants, and sometimes even from these latter to landless laborers exploited by them in turn.⁷¹

The exploitation, however, is not found in the extraction of economic surplus, as Frank's schema suggests. As shown earlier, the multiple-employer system has made it possible for hired labor to actually obtain more economic returns from small-scale rice cultivation than the farm operator himself. But even if this were not the case, "the only concept of exploitation which is theoretically defensible involves a relationship between those who own or control means of production and those who have only their labor power to sell."⁷² Thus, the exploitative nature of the farmer-laborer relationship does not lie in the sphere of exchange, but rather in one man's control over property, which then makes it possible for hired labor to be overworked and underpaid.

While Frank's assertion of capitalist relations in agriculture is affirmed by available data, his "drain theory" as the cause of underdevelopment is not supported at this level, and so the national and international chains argument looks shaky. Contrary to Frank likewise, the emergence of capitalist relations did not start at the outset of colonial history and the country's incorporation into the global market. Rather, it is a relatively recent development in the Philippines which is attributable not to the simple insertion into world capitalism, but to the dynamic interaction of social and economic structures, both global and national, and local

71. A. G. Frank, *Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil*, rev. ed. (New York: Monthly Review Press, 1969), p. 7.

72. G. Kitching, *Development and Underdevelopment in Historical Perspective* (London: Methuen, 1982), p. 180.

demographic trends. Capitalist penetration, it is here argued, is transforming the countryside not through large-scale, export-oriented estate farming, but through the smallholding sector where the greater proportion of farm laborers subsist. And contrary to Lewis, smallholding agriculture did not become commercialized, adopting capitalist relations only after having passed through the labor shortage point, as he had theorized.⁷³ Thus it is that, with Frank, the dualist thesis can be rejected, and Laclau's critique repudiated as well.⁷⁴

While these arguments have been advanced in this article, it must be emphasized that the relationships between small farmer and laborer, and between small farmer and landowner, need further study. The class of rent-paying tenant farmers and their exploitation of hired labor has been spelled out in this article, although it is acknowledged that more research is needed in this area, and even more work is needed in articulating the transformation of farmer-landowner production relations. But even before that task is completed, it may be noted that Frank's innovation, as Roxborough makes mention,⁷⁵ is in adopting a notion of classes that are exploiting and exploited at the same time.

EPILOGUE

In doing most things, people usually have an agenda, most of the time hidden, as psychologists say. My agenda in writing this article is, quite evidently, to establish the causes and results of increasing landlessness, and some of its theoretical implications. But more than that, I would like to make clear that while it is easy to point an accusing finger at the "big and rich," one can similarly do

73. Lewis, "Economic Development with Unlimited Supplies of Labour," *Manchester School* 22 (1954).

74. Laclau, in his critique of Frank ("Feudalism and Capitalism in Latin America," *New Left Review* No. 67 [May-June 1971]: 21-49), asserted that the latter has confused participation in the world market with the capitalist mode of production. This point is well taken, but he goes on to argue that feudalism continues to exist in Latin American countries. He admits, however, that "it is difficult to say how far peasant proletarianization has reached in different areas today, since we lack sufficient studies of it, but there is no doubt that the process is very far from being concluded, and semi-feudal conditions are still widely characteristic of the Latin American countryside" (p. 33). His position is that in affirming feudal relations, one need not necessarily maintain a dualist thesis, for the expansion of capitalism has depended on and has reinforced the non-capitalist mode(s).

75. I. Roxborough, *Theories of Underdevelopment* (London: Macmillan Press, 1979), p. 90.

that to the "small and poor." We are here, therefore, confronted with the pervasive intractability of human nature which, Biblical explanation tells us, is "fallen." In saying this, I do not intend to resuscitate the largely discredited modernization theories, for their limitations have been well discussed.⁷⁶ But the development debate will have to contend with more fundamental issues, such as the human proclivity to exploit others whenever given the opportunity, and whether "structural" or "systemic" change is sufficient to eliminate this human frailty.

76. See, for example A. G. Frank, "Sociology of Under-development and Under-development of Sociology," *Catalyst* 3 (1967): 20-73 and H. Bernstein, "Modernization Theory and the Sociological Study of Development," *Journal of Development Studies* 7, No. 2 (1971): 141-60.