

AQUINO LAND REFORMS SEEN TO STOP SHORT OF RADICAL CHANGE.By **Chaitanya Kalbag**, Reuters

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MANILA, July 22, Reuter - Held out as a radical step that would end decades of war and poverty in the Philippine countryside, President Corazon Aquino's land reform program was instead greeted by a chorus of criticism.

Today's presidential order, the 229th since Aquino came to power in February last year, was signed barely five days before her powers of decree are taken away by a new Congress.

The land issue has been marked by months of nationwide controversy that has threatened to deepen existing social divisions at a time when the military is battling to contain communist guerrillas.

Faced by protests from congressmen anxious to protect their legislative powers, threats from landowners to organise militias to resist land-sharing, and warnings by her economic aides that a proposed seven-hectare (17-acre) land ceiling would be unproductive, Aquino took the diplomat's way out.

She created a skeletal structure, setting out broad objectives, but stopped short of precise definitions.

The decree lays down general principles for redistributing all the country's farmland to millions of peasants. It leaves to Congress the job of fleshing out the reforms, including the important question of the minimum rice, corn, coconut or sugar land a Filipino needs to own in order to ensure productivity for each crop.

The decree said that while the reforms went through Congress, the government would continue the distribution of rice and corn land, a process started 15 years ago by former president Ferdinand Marcos.

Aquino defended her action, saying she had not given in to any pressure. "It is because I respect what the constitution mandates and that is that the Congress will decide on the retention limits and on the priorities," she said.

The country's powerful Roman Catholic church called the nation's poverty "a scandal of the first order" last week and urged Aquino not to delay the reforms.

"At least it means Aquino has fulfilled her promise," said Bishop Antonio Fortich, Roman Catholic leader on the island of Negros where the world sugar crisis has driven a bitter wedge between peasant and landlord.

"Never mind the retention limit. You can't ask for everything," he added.

Both farmworkers and landowners, however, were not convinced, saying the decree fell far short of expectations.

"We don't trust congressmen," said Serge Cherniguin, secretary-general of the National Federation of Sugar Workers. "They don't look through the eyes of the poor."

Corazon Sagemueller, president of the Independent Sugar Farmers Association, which has over 100 members on Negros, was equally pessimistic.

"The decree will create more hunger because banks will stop all loans and adopt a wait-and-see attitude while Congress debates the reforms. I doubt if this is the answer," she said.

The central committee of the Philippine Communist Party put it more bluntly, saying the decree was a shadow of its original drafts and Aquino's government lacked political will.

In a statement, the party said 722 farms in the country averaged 216 hectares (533 acres) each, while multinational corporations controlled estates of over 100,000 hectares (247,000 acres) on the southern island of Mindanao.

"Nevertheless, we are in support of any step forward, however limited this may be, in the continuing quest for



social justice in the countryside," the statement said.

Deogracias Vistan, President of the Land Bank of the Philippines, the main financial agency for the reforms, said what Aquino had done was appropriate.

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MANILA, July 21 - The Philippines' foreign debt was 28.34 billion dollars at the end of March, up from 28.23 billion at the end of 1985 and 25.35 billion a year earlier, Central Bank Governor Jose Fernandez said.

In a report to President Corason Aquino on the economy's performance during the first quarter, Fernandez said the Central bank's gross international reserves were 2.35 billion dollars at end-March, up slightly from 2.43 billion at end-1985, but double the 1.24 billion a year earlier. The reserves would fund 4-1/2 months' worth of imports, he said.

Fernandez said the economy had entered its third straight quarter of recovery at the end of March, with gross domestic product (gdp) growing by 5.75 pct in 24 billion pesos and the gross national product (gnp) growing by 5.21 pct to 23.51 billion pesos from first quarter 1986 levels.

He said the country's balance of payments reflected a surplus of 81 million dollars, 56 pct lower than the year-ago level of 234 million dollars, and much lower than the fourth quarter 1985 level of 825 million dollars. The current account, affected by a contraction in services receipts and higher imports, shows a 100 million dollar deficit in the first quarter.

The current account showed surplus of 83 million dollars in the first quarter of 1986 and 215 million dollars in fourth quarter 1985.

Fernandez said earnings from services, including 808 million dollars in the first quarter, were 19.3 pct lower than last year's level despite a 21.8 pct rise in tourist arrivals.

He said the merchandise trade deficit rose to 115 million dollars, 18.7 pct higher than the 105 million dollar deficit in first quarter 1986 and compared to the 74 million dollar deficit in fourth quarter 1985. Imports rose to 1.35 billion dollars in the quarter, up 10.9 pct from a year earlier, reflecting an increase in domestic manufacturing activity.

Fernandez said capital goods imports grew 38.3 pct and raw material imports 18.3 pct during the quarter from a year earlier. The year's total value of merchandise exports grew to 1.51 billion dollars, up from the first quarter 1986 level of 1.1 billion dollars.

Lower earnings from exports of raw sugar exports were offset, he noted, by higher revenues from gathering, manufacturing and fish.

The non-merchandise trade account had a first quarter surplus of 136 million dollars, up from 10 million a year earlier but down from 278 million in the fourth quarter of 1985.

Fernandez said official foreign reserves, defined as currency held and cash in treasury plus the reserves of commercial banks with the Central Bank, dropped to 46.1 billion pesos at end-March from 50 billion at end-1985, but was up from 40.44 billion at end-March 1986.

As a result, foreign reserves stood at 1,003 billion pesos with the end-1985 level of 143 billion pesos.

Domestic demand borrowing and lending rates continued to decline during the first quarter. Interest rate on 90-day bills fell from 15.15 pct a year earlier, while treasury bill rates fell to 11.57 pct from 13.75 pct.

Fernandez said preliminary data indicated the government's budget deficit stood at 7.4 billion pesos for the first quarter, lower than the year-ago deficit of 10.1 billion and the 15.2 billion dollar a fourth quarter 1985.

Government expenditures amounted to 28.8 billion pesos, 18.7 pct higher than 24.3 billion in first quarter 1986, while revenues totaled 21.2 billion pesos, 23 pct higher than the 17.2 billion pesos a year earlier.

Fernandez said budget deficit during the quarter, the first quarter since 1985, was 7.4 billion pesos.

