Hacienda Luisita and the farce of Philippine land reform

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A landmark decision issued by the Philippine Supreme Court on Tuesday reversed the Stock Distribution Plan enacted at Hacienda Luisita, Incorporated, but upheld the validity of the Stock Distribution Option as a method of agrarian reform.

The court mandated that potential beneficiaries of agrarian reform once again vote if they wished to receive land or stock options. What hides behind the opaque language and convoluted logic of the decision is the final scrapping of even the most limited land reform in the Philippines.

The 6,000-hectare Hacienda Luisita sugar plantation is owned by the Cojuangco family, of which President Benigno Aquino is the leading scion. When his mother, Corazon Aquino, assumed the presidency in the aftermath of the Marcos dictatorship, she was immediately confronted with demands from working people for concessions, including for land for the country's impoverished peasantry.

On January 22, 1987, a group of peasant protestors marched across Mendiola Bridge to the presidential palace with the basic demand written on their banners, "Land to the tillers." The police opened fire on the unarmed and peaceful demonstrators. Thirteen peasants were killed, and more than fifty injured. The event became known as the Mendiola massacre.

Corazon Aquino engaged in a series of half-hearted gestures at land reform, which culminated in the misnamed Comprehensive Agrarian Reform Program (CARP). This toothless legislation has over the past two decades served as a concrete demonstration of the objective impossibility of genuine land reform under capitalism.

Under CARP, large landholders avoided the redistribution of their land to tenants by either reclassifying their land as commercial or industrial land, or by using the Stock Distribution Option (SDO), which changed the ownership of the land to joint stock ownership and distributing a small portion of the shares to the tenant farmers.

The Cojuangcos did both with their land. They reclassified a portion of it and placed the rest under joint stock ownership. Thus President Cory Aquino preserved the family hacienda.

The Cojuangco family hacienda spun off much of its holdings into industrial and commercial holdings that would not be subject to land reform. The estate today boasts a mall, complete with Starbucks, McDonalds and multiple cinemas. Phelps Dodge, Sanyo and International Wiring Systems operate factories there. There are hotels and a golf course. And through their gross manipulation of government, the Cojuangcos routed the new SCTEX expressway through their land and have been illegally charging tolls to motorists. These actions are representative of the behavior of the large landed elite as a whole in the Philippines.

The remaining land that was ostensibly to be subject to redistribution under CARP was dramatically undervalued. No improvements—roads, irrigation, etc—were included in the calculation of its value. The 6,400 tenants of Hacienda Luisita were made to vote to determine if they wanted a parcel of land or a stock option in Hacienda Luisita, Incorporated. The election was run and tabulated by the hacienda management. The results supported the stock distribution option and the tenants were promised a share in the incorporated estate. This was in 1989.

The tenants, now called Farmer Worker Beneficiaries (FWB), received shares that were so undervalued as to be practically worthless. As the nature of the estate changed, many of them shifted from tenant agriculture to working on the estate as factory hands. The demand for genuine agrarian reform surfaced again and again.

In November 2004, 6,000 workers and family members

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staged a blockade of the hacienda's sugar mill. President Gloria Arroyo ordered the police to break up the protestors. The police opened fire and 12 protestors and 2 children were killed. Hundreds were injured. Benigno Aquino, a congressman at the time, blamed the massacre on his family's estate on 'leftist provocateurs.' Among those firing upon and murdering the workers were Aquino's own bodyguards.

Tensions between political families with ties to rival sections of the bourgeoisie emerged rapidly. In July 2005, as an election fraud scandal rocked the Arroyo administration, Cory and Benigno Aquino first supported Arroyo and then, a week later, in response to public outrage, they called upon her to resign.

Within two weeks, President Arroyo reacted by seeking the breakup of the Cojuangco land. Agrarian reform cases, filed before the Presidential Agrarian Reform Council, have long been a tool used by those in power to prosecute their interests against rival sections of the elite. Arroyo's administration argued that the Stock Distribution Plan enacted at Luisita was illegal.

The case has been languishing in the Supreme Court for years. When Aquino was elected president in 2010, he confronted a court composed entirely of Arroyo appointees. The tensions between the branches of government were sharp. Aquino's proposed initiatives were declared unconstitutional, and his attempts to remove Arroyo's appointees were blocked. It was widely speculated that a ruling on Hacienda Luisita would go poorly for the president and his family.

However, Aquino struck back at the court. A plagiarism scandal emerged which revealed that several justices had lifted entire sections for some of their decisions from journals and other sources, without citation. Several justices were repeatedly threatened with impeachment. By February, the court had backed down and the conflict between the two branches of government quieted.

Tuesday's 6-4 ruling employed twisted logic and rhetorical legerdemain to arrive at a decision that both upholds the court's allegiance to Arroyo and serves the interest of Aquino. It ruled that the specific stock distribution plan enacted at Hacienda Luisita in 1989 was invalid. But crucially it also ruled that the Stock Distribution Option, the longstanding loophole that has revealed all the Philippine agrarian reform laws to be farcical, was constitutional.

The Supreme Court mandated that the 6,500 potential beneficiaries of the land redistribution of Hacienda Luisita vote if they wished to receive stocks or land. This is precisely the same position that the tenants were in at the enactment of Comprehensive Agrarian Reform in 1989. Some 22 years later, scores of peasants have been shot dead protesting, former tenants are aged and dying, and not a scrap of land has been redistributed.

Where, in 1989, the hacienda management monitored the voting, now the Presidential Agrarian Reform Commission, with Aquino at its head, will supervise. The court ruled that the election would be conducted by secret ballot, "each ballot marked with a thumbprint or a signature." The stench of abused power in these lines is overpowering. The voters will be submitting ballots which clearly identify them to the man whose family owns the land they have tilled and whose bodyguards shot their brothers and sisters only seven years ago.

Not surprisingly, the lawyer for Hacienda Luisita hailed the decision as "a graceful validation of the stock option."

Chief Justice Renato Corona issued a noteworthy dissenting opinion. He condemned the majority decision stating, "History will be the unforgiving judge of this court. We cannot correct a historical anomaly and prevent the eruption of a social volcano by fancy legal arguments and impressively crafted devices for corporate control." He argued, accurately, that "Hacienda Luisita has always been viewed as a litmus test of genuine agrarian reform."

Hacienda Luisita's two-decade history of violence, broken promises and legal machinations demonstrate cogently that the failure of agrarian reform is not an 'historical anomaly.' A genuine solution to the fundamental democratic problem of land rights is not possible under capitalism. The bourgeoisie is intimately tied to the landed elite and as such is intrinsically incapable of distributing land to the impoverished peasantry.

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