



# Foundation for Economic Freedom

## FEF STATEMENT ON FREE DISTRIBUTION OF LAND: NOT A SOLUTION TO RURAL POVERTY

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We, the Foundation for Economic Freedom, warn that free distribution of land is not the solution to rural poverty in the light of reports that the Government of the Republic of the Philippines has agreed to the demand of the National Democratic Front of the Philippines of free land for farmers as part of the ongoing peace talks.

We believe that restrictions on rural land imposed by the Comprehensive Agrarian Reform Law are what keep farmers poor and from raising their agricultural productivity. These restrictions include the prohibition to sell or mortgage the property within ten years from grant, prohibition to lease, and the prohibition to own more than five hectares of land. These restrictions prevent agrarian reform beneficiaries from accessing cheap loans from the formal financial markets and also prevent efficient farmers from working on larger tracts of land and buying out inefficient ones.

Giving out free land will not affect the situation in the ground because only 17% of agrarian reform beneficiaries are paying their loan amortizations. Therefore, farmers are effectively given their lands for free. Yet, agricultural productivity has remained stagnant and our farmers have remained poor.

Giving out free land will just be a populist measure similar to free irrigation and free cavan of rice without really solving the fundamental problem of Philippine agriculture: restrictions in the rural land market.

What Philippine agriculture needs is to provide the conditions for efficient farmers to introduce management, technology, and capital to farmlands by removing the restrictions on the rural land market.

Instead, we propose that agrarian reform beneficiaries be given unrestricted titles to their lands, instead of the collective Certificate of Land Ownership Awards (CLOAs), that rob farmers of economic freedom and private initiative.

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