

Philippine LAND TENURE REFORM

Analysis and Recommendations



SPECIAL TECHNICAL AND ECONOMIC MISSION
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AND RECOMMENDATIONS

— Manila, 1952 —

PREFATORY STATEMENT

The problem of Land Tenure Reform in the Philippines is an exceedingly complex one, involving practically every phase of social, economic, and political life. As a consequence, implementation of the land tenure aspects of the Agreement between the Governments of the United States and the Philippines requires a careful analysis of the problem, the establishment of well-defined objectives, and a determination of the most appropriate means for achieving those objectives.

This paper is intended to serve as the basis for policy discussion and program planning. It attempts to give a brief though conclusive picture of existing tenure patterns and practices; of the implications of these practices for agriculture, industry, and democracy; of the adequacy of existing laws and administrative structures as corrective agencies. Finally, it offers recommendations for remedial action.

With respect to the recommendations, we want particularly to emphasize the fact that while we feel quite definite about principles and aims, this does not imply an arbitrary position respecting such specific elements as land retention limits, land prices, and the cut-off date. These are matters appropriate for further discussion. Final decisions must, of course, be made by and through discussions with Philippine Government officials responsible for finding the best solution to this most vital and difficult problem.

It is recognized that existing problems respecting land taxation, cadastral survey and the issuance and registration of land titles are closely allied with that of land tenure reform. Each of these problems is considered so important as to warrant individual analysis of a type similar to that contained herein. It is planned to commence analysis of these problems at an early date and when complete, to present suggestions for remedial action based on findings.

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SUMMARY STATEMENT

General: This paper, an analysis of the land tenure situation in the Philippines, is divided into five parts: (I) A statement on the scope of the Report; (II) A compilation of certain selected facts which bear on the land tenure problem; (III) Conclusions, in which is discussed the implications of the problem and proposals, attitudes and official efforts respecting correction; (IV) Recommendations for remedial action; and (V) Appended supporting documents.

The Philippine Land Tenure Problem: In the Philippines, agriculture furnishes a livelihood to nearly three-fourths of the population and accounts for about three-fifths of the national income. The industry is plagued, however, by a pernicious land tenure system which thwarts all efforts for technological improvement in agriculture. Chronic poverty and unrest among tenants has culminated in open and violent rebellion which the Communists are exploiting to the full. That tenants seek to become owners of the land they cultivate is prima facie evidence against their adherence to, or their understanding of, the basic principles of communism. This knowledge affords little comfort, however, for the fact remains that misery and unrest among tenants is being used to advance the goal of communism in Asia. The problem is not a postwar phenomenon; it has been developing for years, deeply rooted in feudal customs.

Causes of Agrarian Unrest: The causes of rural poverty and consequent unrest are not far to seek. (a) The smallness of farms acts to limit potential gross income. As a national average, the tillable land area per farm is 3 hectares. Farms containing less than 2 hectares of tillable land, constituting more than 1/2 the total farms, occupy less than 1/5 the tillable land area. (b) Tenant frequency is high, averaging about 35% for the nation as a whole and soaring to more than 70% in those areas where unrest is greatest. (c) Farm rentals are oppressive. Most tenants pay 50% of the gross product (after planting and harvest costs) as rent. (d) Net family incomes derived from farm operations are woefully inadequate for a decent standard of living. Farm family income from outside sources is insignificant. (e) Interest paid by tenants on borrowed money is grossly onerous. Annual rates of 100% are common and rates of 200% and even higher are not unusual. The majority of small farmers borrow regularly from year to year. (f) A lack of adequate and economic storage, marketing and buying facilities forces farmers to sell in a low price market and buy in a high. (g) Guarantees against ruinous prices are non-existent. (h) The development of institutions conducive to the growth and strengthening of democratic tendencies

has long been neglected in the rural areas. (i) Other factors bearing on rural economic instability include minimum wages, taxation, and inheritance.

The thought that the solution to Philippine agrarian unrest is to be found in the settlement of underdeveloped areas is based on a false appraisal of the problem. Firstly, world experience proves that increases in population will alone serve to neutralize the planned effects of emigration. Secondly, the acquisition and settlement of such land by one in the status of a typical Luzon tenant requires cash reserves he does not have. Lastly, and most basic, is the fact that these newly developed areas are after all a part of the Philippines and subject to the laws and customs of the land. If not corrected, pernicious land tenure practices which have led to violent rebellion in Luzon will continue being transported to the newly developed area, thus spreading the misery and unrest. Land tenure reform is needed quite as much for Mindanao as for Luzon. Settlement of new areas is an imperative but it is no substitute for land tenure reform. Early accomplishment of both programs is vital to the nation's economic and political stability.

Implications of the Problem: The land tenure system affects every phase of the nation's social, economic, and political life. Its correction is a matter of vital importance to numerous interests other than those of tenant farmers alone. (a) Political Stability: Open and violent rebellion, rooted in and fed by tenant discontent threatens the very existence of the Republic. (b) Agricultural Production: Generally speaking, in the Philippines concentration of land ownership is inimical to maximum production: abilities and incentives for efficient management tend to decrease as the size of holdings increase; tenants grow indignant of the marginal effort when half the gains derived thereby accrue to the interests of others. (c) Industry: Development suffers so long as rentier wealth lies dormant in land and is thus denied to the needs of industrial investment. (d) Fiscal Management: Tax burdens mount with increasing costs for maintaining law and order while initiation of fiscal policies vital to the entire economy must be held in abeyance for want of funds. (e) Morale: And then there are the effects of misery and unrest and violence on the individual citizen -- his family -- his church -- which history will for many years continue to measure.

The Problem Restated: The existence of the agrarian problem thwarts agricultural improvement, inhibits the development of industry and the growth of stable and democratic institutions. The size of the ordinary farm enterprise in the Philippines so limits potential farm family income as to make the institution of tenancy inimical to the establishment of economic and political stability. Correction of the land tenure aspects of the agrarian problem is therefore basic. The need to eliminate landlordism, establish the maximum practicable number of owner-operators on family-sized farm units,

and guarantee just and fair tenancy practices for those who will continue to operate the land as tenants is urgent and must be given top priority among measures to quell unrest and establish peaceful, prosperous and democratic life in the rural areas. But remedying the tenure problem -- although basic -- will not alone solve the whole agrarian problem. Other maladies require correction. Leading the list is credit. Since the landlord group is at present an important source of tenant credit, institution of land tenure reform will necessitate simultaneous action respecting provision for credit. The development of adequate marketing facilities, agricultural cooperatives, rural community activities, and improved production techniques, and the elimination of practices prejudicial to agriculture and farmers also require attention.

Public Opinion Respecting Reform: Public opinion appears appreciative of the land tenure problem as the root cause of rural unrest and possessed of a genuine desire to create an environment within which a peaceful and prosperous economy can develop. Among elements expressing an opinion are the Churches, private realty interests, and the press. The problem has received considerable recognition from abroad.

Official Action to Date: The Philippine Government, sensitive to unrest in rural areas, began as early as 1933 to enact legislation and frame resolutions designed, ostensibly, to protect the interests of tenants and to aid tenants on landed estates to become owner-operators. Respect for this aim is specifically stated in the Constitution. The term "social justice" has seen much service in written and spoken form. But all such implementing laws are weak in structure and limited in scope. They have been rendered ineffective by legal tests for ambiguities, by judicial practices inspired by feudal culture, by lax enforcement, and through failure on the part of Congress to provide funds necessary for the accomplishment of stated aims.

Responsibility for the enforcement of existing legislation is scattered through several Departments with little or no coordination of related interests. Administrators, strained by efforts to enforce ambiguous and piecemeal legislation, often appear to have adopted apathetic and indolent attitudes respecting remedial action.

Remedial Action: Remedial action necessary to satisfy land tenure objectives envisaged by the Bell Mission Report and the related Agreement between the Governments of the United States and the Philippines conditioning extension of ECA assistance, as recommended herein, includes:

1. Establishment of a Land Tenure Authority with exclusive responsibility for drafting legislation, formulating operational procedures and administering a program designed to eliminate inequities

in the Philippine land tenure system and to initiate such socio-economic patterns and practices respecting land tenure as are necessary for the creation and maintenance of a peaceful, prosperous and democratic agricultural economy. Specifically, the Authority would be directed to take action necessary to:

a. Abolish, insofar as practicable, the institution of tenancy.

b. Establish, to the maximum practicable degree, a rural economy based on owner-operated family-sized farm units.

c. Establish and guarantee fair tenancy practices for that portion of farmers who will continue to work the land as tenants.

d. Eliminate hindrances to the fruition of objectives set forth in a, b, and c above.

2. Establishment of a Land Commission system at national, provincial and local levels through which the program would be administered; membership on individual commissions to be selected by and from among farmers at a ratio of three (3) landowners to two (2) owner-cultivators to five (5) tenants.

3. Repeal of existing law respecting acquisition by the government of privately owned agricultural lands, and the enactment of legislation providing for:

a. Purchase by the government of agricultural lands in certain specified categories, together with buildings, equipment, livestock, etc. relating thereto.

b. Acceptance by the government of responsibility for disposing of claims which may exist or be developed respecting prior ownership or rights to such properties.

c. Transfer, by sale, of clear and legal titles to properties so acquired by the government to bona fide cultivators in accordance with specified priorities.

d. Price determination, and methods and terms of payment for land so purchased and sold.

4. Amendment or repeal of existing law pertaining to the establishment, regulation, and litigation of a farm lease contract (inclusive of a contract of share tenancy), hereinafter called contract, and the establishment, within a single law of principles set forth below:

a. The law would apply to all contracts irrespective of crop or location of the undertaking.

b. A contract and parties thereto, should be accorded the same prestige and treatment as is accorded to any other contract or contractor under Philippine law. The landlord and tenant should each be considered as full and equal parties to the contract.

c. A contract should have singular and exclusive relation to rights and responsibilities respecting tenure.

d. The contract should be written and all principal provisions clearly specified.

e. Payment should be in cash only.

f. Assessments and/or fines, except when specifically provided for by contract, would be illegal.

g. Maximum rental on land should not exceed 30 per cent of the gross product except as specified by law.

h. The tenant should be compensated for improvements he has made to the property provided such improvements were authorized by the landlord.

i. All contracts, and any alterations or cancellations thereof, should be subject to approval by the Local Land Commission.

j. The Local Land Commission should act as arbiter in all landlord-tenant disputes.

5. Laws concerned with adjudication of landlord-tenant disputes should be repealed or modified as necessary to provide for:

a. A Court of Agrarian Relations, similar to but separate from the Court of Industrial Relations, with responsibility for adjudicating landlord-tenant disputes.

b. The Court should be authorized to act directly to effect enforcement of its decisions.

6. Establishment of procedures guaranteeing legal representation to litigants in landlord-tenant disputes who are unable to afford the service of private counsel.

7. Law respecting land title clearance, transfer and registration should be revised as necessary to expedite land transfers during the reform.

8. Inheritance law respecting succession to agricultural properties should be so modified as to prevent:

a. Fragmentation of farm units through succession.

b. Development and perpetuation of debt burden in agriculture resulting from succession.

9. Amendment of Minimum Wage Law so as to provide that:

a. Any person employed in the production and/or the first stage of processing agricultural products who is neither an owner nor tenant operator (nor a member of the immediate family) of the enterprise in which he (she) is so employed would be defined as a farm laborer.

b. The law would apply to all farm laborers except those employed on farms operated by tenants or cultivating owners as defined in the laws recommended for enactment in paragraph 3, page viii.

c. Farm laborers, other than those excepted in paragraph b above, would receive a minimum wage equal to that established for other laborers of equal skill.

PHILIPPINE LAND TENURE REFORM

ANALYSIS AND RECOMMENDATIONS^{a/}

PART I

THE PROBLEM

1. To survey conditions respecting land tenure in Philippine Agriculture and weigh the implications; examine opinions, policies, legislation, and activities relating thereto; and determine appropriate action.

PART II

FACTS BEARING ON THE PROBLEM

2. Statistical data on land tenure is attached as enclosure No. 1. Source is Volume II, Census of the Philippines, 1938¹, unless otherwise specified. It is assumed that the existing situation does not differ greatly from that which prevailed in 1938 -- particularly insofar as size of farms and the relative frequencies of the different tenure groups are concerned. Salient statistics relating to tenure are: (See Appendix "A".)

a. The 1,634,726 farms occupy a total farm area approximating 6,691,000 hectares. Of this total area, about 59 per cent is under cultivation. Some 17 per cent, although immediately tilable, lies idle. The balance is devoted to pasture, forest, and "other" uses. (See Appendix "A", specifically A4 and A8.)

^{a/} Prepared by Robert S. Hardie, Land Tenure Specialist, MSA-STEM.

¹ Compilation and publication of 1948 census data respecting agriculture, long delayed for lack of funds, is progressing with the aid of ECA assistance.

b. As a national average, about 49 per cent of all farms are operated by owners (those who own all land operated), 16 per cent by part owners, and 35 per cent by tenants (those who rent all land operated), less than 0.1 per cent by farm managers. Overall averages, however, fail to give a true picture of the tenancy situation. The frequency of tenancy varies as between provinces from 1.8 per cent to 70.4 per cent.² Tenancy frequency exceeds 40 per cent in 16 provinces, 50 per cent in 7, and 60 per cent in 4. Tenancy tends to be most frequent in Central Luzon. (See Appendix "A", page A3.)

c. Owners operate about 55 per cent of the total farm area, part owners 12 per cent, tenants 25 per cent, and farm managers 8 per cent. (See Appendix "A", page A2.)

d. Of the cultivated land in all farms, farms operated by owners account for about 49 per cent, by part owners for 15 per cent, by tenants for 32 per cent, and by farm managers for 4 per cent. (See Appendix "A", page A12.)

e. Of the idle land in all farms, farms operated by owners account for about 72 per cent, by part owners for 8 per cent, by tenants for 14 per cent, and by farm managers for 5.7 per cent. (See Appendix "A", page A12.)

f. The overall average area of farm land per farm is about 4.1 hectares; for farms operated by owners 4.6; by part owners 3.2; by tenants 3.6; and by farm managers 320.3. Overall averages, however, fail to give a true picture of the distribution of farm lands among farmers; e.g., in terms of cultivable land (cultivated plus idle land capable of cultivation) 22.5 per cent of all the farms contain less than 1 hectare and occupy 5.9 per cent of all cultivatable land; 41.5 per cent less than 1-1/2 hectares and occupy 12.9 per cent of the land; 52.4 per cent less than 2 hectares and occupy 18.4 per cent of the land. Or, conversely, operators of farms exceeding 5 hectares (constituting only about 1/8 of the total farms) account for more than one-half of the cultivatable land, whereas operators of farms of less than two hectares (constituting more than one-half of total operators) account for less than one-fifth of the cultivatable land. (See Appendix "A", pages A6 and A7.)

g. On a value basis, owners account for about 37 per cent of farm equipment on all farms, part owners for 17 per cent, tenants for 36 per cent and farm managers for 10 per cent. (See Appendix "A", page A15.)

² Figures exclude Manila.

h. Of carabaos on all farms, about 45 per cent are on farms operated by owners, 18 per cent by part owners, 35 per cent by tenants, and 1 per cent by farm managers. (See Appendix "A", page A15.)

i. Farms operated by owners have a disproportionately greater number of cattle and hogs than do farms operated by tenants. (See Appendix "A", page A15.)

j. In comparison to their frequency among farm operators in all tenure groups, owners operate a disproportionately large number of abaca, coconut, fruit, vegetable, livestock, and "other" farms; tenants operate a disproportionately large number of rice, corn, sugar cane, tobacco, and poultry farms. (See Appendix "A", page A14.)

k. Persons not citizens of the Philippines operate only 0.2 per cent of the total number of farms and cultivate 1.6 per cent of the total area of cultivatable land. (See Appendix "A", page A16.)

3. The land tenure pattern is an integral part of Philippine culture. The Americans inherited the situation from the Spaniards who, in the beginning of the 17th century, had carefully adjusted their colonial methods to harmonize with the social and economic structure of an earlier Asiatic form of feudalism. Although not satisfied with the situation, the Americans failed to take effective measures to correct it. (See Appendix "C", specifically pages C1 and C5.)

4. Some 72 per cent of the population of the Philippines derive their livelihood from agricultural production which accounts for 58 per cent of net national income at factor cost. Thus a breadwinner in agriculture receives an income equal to 53.3 per cent of that of his urban counterpart.³ (See also Appendix "B", pages B1, B2, and B18.)

5. Some 95 per cent of all tenant farmers are share tenants. As a minimum, they pay 30 per cent of the gross product (after harvest costs) as a rental, but the majority pay 50 per cent or more. (See Appendices "A", "C", and "G", specifically pages A11, C6, C13, G1, and G24.)

6. The size of farms severely limits income potentials. At the present price of ₱10 per cavan (the small producer rarely realizes the "official price"), an owner operator of the average rice

³ Calculations by Mr. Dimas A. Maulit, Department of Agriculture and Natural Resources.

farm (cultivated area = 2.16 hectares), requiring no credit, and producing 27.4 cavans per hectare (national average) would gross ₱590 per annum. Expenses of production and harvesting (exclusive of the operator's own and family labor cost) being estimated at ₱45, would cause net annual income to approximate ₱545. A share tenant operator, working on a 30 per cent rental basis and borrowing no money (uncommon condition), would net approximately ₱365.70, with no allowance being made for pay of labor of the operator or his family.⁴ (See also Appendix "C", pages C19 and C22.)

7. Farm family income from sources other than the farm is small -- being estimated as probably not exceeding from 30 to 90 pesos per annum.⁵

8. The average farm family numbers 4.99 persons.⁶

9. Farm family living costs are estimated at ₱1,087 per annum for owner-operating farmers and ₱626 for tenants.⁷

10. The situation described in paragraph 6 above is further aggravated by grossly usurious rates of interest on borrowed monies, lack of an economic marketing system, a regressive tax system, and vicious tenancy practices. (See Appendix "C", specifically pages C6, C14, and C15.)

11. Implication of the above situation notwithstanding, Filipino tenants seek first of all for security of tenure. (See Appendix "C", page C21.)

12. Philippine inheritance law is based on the principle of equal distribution among heirs. (See Appendix "G", page G7.)

13. Philippine land tenure patterns and practices act to render ineffective all efforts to improve agricultural production and distribution; to impede the development of industry; to foster the growth of communism; and to threaten the United States position in Asia. (See Appendices "D" and "E". Also, since the validity of this statement is best illustrated by argument, it has been developed as paragraph No. 23 under CONCLUSIONS.)

14. The Philippine Government, sensitive to increasing unrest in rural areas, began as early as 1933 to enact legislation and frame resolutions designed ostensibly to protect the interests of tenants

⁴ Estimated in collaboration with Mr. D. A. Maulit.

⁵ Based on limited field observation.

⁶ Mr. D. A. Maulit, Department of Agriculture and Natural Resources.

⁷ Ibid.

and to aid tenants on "landed estates" to become owner operators. Respect for this aim is stated specifically in the Constitution. The term "social justice" has seen much service in written and spoken form. But all such laws are weak in structure and limited in scope. They have been rendered ineffective by legal tests of ambiguities, by the Common Law based on feudal concept, by bureaucrats who are lax in enforcement, and through failure on the part of Congress to provide funds necessary for the accomplishment of stated aims. (See Appendices "G" and "K".)

15. Numerous studies and reports on the Philippine Land Tenure problem have been prepared by qualified and properly constituted bodies since the origin of American Government interest in the Philippines. All have noted its pernicious character, recognized its implications and recommended remedial action. None have found to the contrary. (See Appendix "D".)

16. Important organizations and individuals constituting important political elements have stated, either officially or implied, through official publications, the need for remedial action respecting land tenure patterns in the Philippines. (See Appendix "E".)

17. The announced policy of the Philippine Government, the United States Government, and the Economic and Social Council of the United Nations (chaired by Cornelio Balmaceda, the Philippine representative) favors ownership of family-sized by persons who actually till the soil, and the initiation of a Land Reform Program as a means of attaining this goal.

18. The Agreement between the Governments of the Philippines and the United States which served as the basis for the installation and continuation of ECA-STEM in the Philippines, specifically obligates the Philippine Government to initiate and carry out a thoroughgoing Land Reform Program. (See Appendix "F".)

19. Officials in the Philippine Government and others with long experience in working with tenants report them aware of their problems and capable of working through their accepted leaders toward solution; that in the absence of intimidating elements they are quite articulate; that some have been lax in paying for lands acquired from the government; that collection experience on government farm operating loans was satisfactory. They also report Filipino farmers to be inveterate adherents of cock-fighting and perfectly capable of going heavily in debt in order to meet the costs of "social obligations" connected with a wedding, funeral, or etc.

20. Estimated administrative costs involved in eliminating tenancy (to the maximum extent possible) and for the establishment of

fair tenancy practices approximate ₱23,000,000 per annum for a two-year period. This cost is low as compared to increasing costs for the "enforcement" of law and order. (See Appendix "I".)

21. Real and potential lethargy, ignorance, and graft require that any program of amelioration respecting land tenure be supported by a full-scale information program.⁸

PART III

CONCLUSIONS

22. Preface: The question of Land Tenure in the Philippines is broad and exceedingly complex. It involves every phase of the nation's social, economic, and political life. It also is possessed of international implications. A written analysis is therefore subject to possible criticism on grounds of redundancy and reiteration. In an attempt to avoid this pitfall and thus lend succinctness to the effort, conclusions to facts presented in the preceding section are presented in the form of answers to basic questions which we believe confront the policy-maker and the administrator who would deal with the problem.

Valid conclusions are by nature but logical deductions based on factual information and become therefore facts in their own right. Thus, it is impossible to draw an arbitrary line dividing this section of the paper from the one preceding and the one to follow -- as, perhaps, should be the case anyway. It is hoped that each section will be considered, in a sense at least, as a complement to the others.

23. IS IMMEDIATE LAND TENURE REFORM JUSTIFIED? a. General: Agriculture far exceeds all other industries in importance. It furnishes a livelihood to some 72 per cent of the population and produces some 58 per cent of the national income. The industry, however, is plagued by poverty, disease, and unrest which are but logical products of a pernicious land tenure system fraught with gross inequities. The problem is not a postwar phenomena but has been developing for centuries, deeply rooted in feudal custom, undauntedly withstanding demands imposed by a money economy, increasing population pressures, and a growing consciousness on the part of

⁸ This statement is based on an overall evaluation of the situation.

tenants of political significance and individual dignity. Tenant family income, limited by the size of the farm operation, rack rentals,¹ usurious rates of interest, and an uneconomic marketing system, is insufficient to meet minimum requirements for subsistence living. The land tenure system prevents industrial growth and the development of stable and democratic institutions, threatens the very existence of the Republic of the Philippines, and bodes evil for United States and other Western interests.

b. Political Implications: Chronic economic instability and political unrest among farm tenants has culminated in open and violent rebellion. The rebellion derives directly from the pernicious land tenure system; it is but the latest in a long and bitter series. Communists have acted quickly and directly to exploit the situation as a part of the general movement against capitalism in Asia -- as they did in China and Korea. In championing the cause of tenants, communism wins their sympathies -- just as governments (or supporters of governments), careless of causes -- whose actions are limited to the suppression of symptoms and maintenance of the status quo -- are bound to win their enmity. That the rank and file of tenants seek to become individual owners of the land they cultivate is proof against their adherence to, or their understanding of, the basic principles of communism. This knowledge, however, affords little comfort, for the fact remains that the strength and bulk of rebellious tenants are being used to support the communism which champions their cause. Taking into consideration the landless as well as tenant farmers, it is possible that the sympathies of at least 35 per cent of the population are open for bid -- and this in the rural areas alone.

Open rebellion and murderous violence rooted in and fed by tenant discontent is at present endemic to Central Luzon and a few scattered areas, but the causes of discontent characterize the whole of Philippine agriculture. There is no reason to believe, unless the cause be remedied, that rebellion will not spread. Neither is there any reason to believe that the rebellious spirit, nurtured by years of poverty and strife, will be broken by the force of arms or appeased by palliatives in the form of a questionable security in Mindanao. Relief from the oppressive burden of caciquism has been too long sought -- and too long denied. Years of privation, suppression, and empty promises have served, apparently, to endow tenant demands with a moral as well as an economic character. Tenants demand correction of the basic inequities which characterize the agrarian pattern. Growth and development of a peaceful and democratic rural economy will come into existence only when these basic inequities have been eliminated.

c. Agricultural Implications: Even though law and order prevailed (which it does not), existing land tenure patterns are inimical to maximized production. Concentration of the ownership

¹ Excessive or unreasonably high rent.

of farm lands into the hands of a few implies uneconomic management: firstly, because life of relative ease and comfort deadens the incentive of owners to introduce and enforce practices conducive to maximizing production; secondly, because the ability of management to render effective surveillance decreases as the number of units under supervision increases. Tenants have little incentive to increase production through a greater expenditure of effort or the introduction of technological improvements when landlords claim some half the gains resulting from the increased effort; and interest rates deny the feasibility of employing fertilizer, insecticides, etc. At present an unascertainable amount of tillable land lies idle as owners, through fear of violence, have given up farming operations and moved to the relative safety of urban centers. Efficiency in distribution currently suffers in that a disproportionate amount of indigenous production is consumed in the rural areas and is thus denied to the industrial non-producer.

d. Industrial Implications: The bulk of Philippine wealth is concentrated in the hands of a few and invested in land. This group enjoys an adequate and stable income (excepting only the possibility of political upheaval). So long as rentier wealth is invested in land, it is thus denied to needs attending the development of Philippine industry. In this regard, existing potentials for investible funds for industry diminish as rentier wealth, apprehensive of the political chaos which derives from the tenure system itself, is being moved out of the Philippines.

e. International Implications: From what has been said above, it is apparent that, until remedied, the land tenure system stands as an obstacle thwarting all efforts of the United States to foster the development of a stable and democratic economy. But over and above all this, continuation of the system fosters the growth of communism and harms the United States position. Unless corrected, it is easy to conceive of the situation worsening to a point where the United States would be forced to take direct, expensive, and arbitrary steps to insure against loss of the Philippines to the Communist block in Asia -- and would still be faced with finding a solution to the underlying problem. The military implications of a Communist Republic exceed the competence of this paper, but it seems that majority opinion among military strategists regards the Philippines as a major fortress denying the Communists access to the whole of Australasia.

f. Further Study: Suggestions for "further study of the problem" and fears of "hastily conceived remedies" ring hollow and as something less than original in light of the fact that officially constituted bodies have been recommending remedial action since the time of Taft; and that, even now, open rebellion threatens the very existence of democracy in the Philippines. This is hardly a time

when, to borrow from Tacitus, "indolence stands for wisdom." Any action on the part of the Philippine Government that would convince tenants of an honest intent to correct basic inequities in the land tenure system could not but serve to strengthen the political and economic well being of a democratic Philippine Republic. Any action (or inaction) capable of interpretation by tenants as more procrastination would be an aid to the Communists.

g. Settlement versus Reform: It has been argued that solution to the agrarian problems of the Philippines is to be found in Mindanao and other undeveloped areas -- that the opening up and development of these areas will serve to satisfy demands of tenants for land ownership and thus create a peaceful and productive rural economy. While there is, of course, much to be said for the settlement of undeveloped areas, inflation of the argument to a point where it becomes a sort of panacea for the treatment of rural ailments must be rejected flatly on the grounds that it fails utterly and miserably to evaluate the political, economic, social, and moral implications of existing agrarian problems -- and, in that it bespeaks a myopic attitude respecting the future of farmers now being settled in these new areas. It is emphasized that this is not to condemn the settlement of new areas. Mindanao, for example, represents vast and unexploited natural resources. Unemployment exists in the Philippines -- particularly in the rural areas. To delay the development of new areas would be utterly uneconomic and anti-social. But, this development will have little effect on quelling or eliminating the causes for unrest in Central Luzon and other established areas. As mentioned elsewhere in this paper, agrarian unrest, while deriving from economic and social inequities, has now taken on a political and moral aspect. The objective is to change the very structure of tenure -- a position affording little or no room for compromise and hardly subject to abortion by substitute offers. Furthermore, settlement policies, procedures, and regulations currently employed in Mindanao would render extremely questionable the "opportunities" being offered to one in the status of a typical Luzon tenant. He is financially unable to purchase the land being sold. The waiting involved for a homestead right is long, requiring of reserves he does not have, and even if granted is subject to the hazards imposed by a questionable title. Even if these obstacles be successfully negotiated, he is still subject to the economic parasites which plague him in Luzon. And this leads back to the true and basic argument. These newly developing areas are, after all, a part of the Philippines -- and must some day, in their turn, become old and densely populated districts. If not corrected, the inequities which exist in Luzon will (as even now has started) characterize the situation in Mindanao and other undeveloped areas -- and thus spread unrest. Appropriate portions of reform legislation discussed elsewhere in this paper will, of course, be applicable throughout the Philippines. Indeed, it is needed quite as badly for the undeveloped

areas as in any other area. In short, reform and resettlement programs are both imperatives -- neither is a substitute for the other. (NOTE: Policies and procedures respecting settlement in undeveloped areas are currently reported as being under the close scrutiny of ECA and appropriate officials in the Philippine Government pursuant to improvement.)⁹

h. Summary: The evidence favoring an immediate and thorough land reform in the Philippines is overwhelming.

24. WHAT SHOULD BE THE NATURE OF THE REFORM AND WHAT ELEMENTS REQUIRE PRIORITY IN CONSIDERATION? Inadequacy of Existing Concepts: In reviewing the record respecting the need for the abolition of tenancy and the establishment of owner farmers on privately owned tillable lands, one is struck by the fact that the thought behind such consideration has been confined almost exclusively to "landed estates." The term (and concept) permeates Philippine law and even writers of the Bell Report incorporated it into what might otherwise have been a specific recommendation. However satisfying the phrase may be to those who would "abolish feudalism," the term is absolutely ambiguous and has in the past served only to becloud apparently benevolent legislation with charges of discrimination. Existing law respecting the subject is, therefore, totally ineffective. Aside, however, from the ambiguity of the term "landed estates," the concept is subject to much more basic criticism. In the first place, it places the whole idea of reform in an extremely negative light -- it would destroy large (?) estates rather than create owner-cultivators --

⁹ Implications of statistics on population distribution, size of existing farms, area of public lands capable of development for agriculture, and population growth, presented on pages B20, A7, B21, and B17, respectively, would seem to counteract widespread optimism respecting the capacity of undeveloped public lands to absorb vast numbers of families seeking to establish themselves as owner-cultivators. Based on conservative assumptions, calculations made from 1948 census data indicate the existence of some 4,148,446 individuals composing an estimated equivalent of 755,636 families who, though employable, are for all practical purposes unemployed. In addition to this group, some 857,956 (1938 census data) farm families operate less than 2 hectares. Thus it would appear that there are already in existence, in the rural areas alone, some 1,613,592 families requiring land. The population of the Philippines (reckoned by the Bureau of Census to be increasing at the rate of 1.9 per cent per year) rose from 16,191,200 in 1939 to an estimated 21,120,500 in 1952. As compared to the magnitude of this unemployment problem

the idea becomes one of "soaking the rich" just because they are rich and to help the poor just because they are poor. Secondly, it would confine opportunities for becoming an owner-cultivator to those "fortunate" enough to have leased from an estate owner. Aside from other faults involved in this criticism, the proposition becomes even more disturbing when one remembers that it is no more glorious to be a tenant of a small owner than of a large -- that as a matter of fact, tenants of the larger and more economically secure owners the world over are usually subject to much more favorable treatment than are those who rent from small owners whose meager incomes make benevolence to their tenants a luxury they can ill afford. Thirdly, it limits what should be a vital and necessary reform to a haphazard, piecemeal, discriminatory program. The courts have quite justly questioned the validity of considering such law as serving to improve "public welfare," have condemned it as a measure to satisfy few and selfish interests, and have, therefore, named action under it unconstitutional. Fourthly, the concept would not eliminate tenancy -- but only "landed estates." A great deal of land capable for use as a source upon which to establish owner-operators of family-sized farms would be left untouched. Conversely, the problems of tenants on this land would go unsolved. Lastly, the concept fails to consider optimum (or even existing average) farm sizes based on productivity within the areas.

In light of the above, the whole idea of breaking up the "landed estates" should be discarded as ambiguous, impracticable, and inadequate. It should be replaced by a positive program aimed at creating the maximum practicable number of owner-operated family-sized

Footnote 9, continued:

the Bureau of Lands estimates that of all the lands released to it for disposal by the Bureau of Forestry, only some 400,000 hectares of approximately 785,458 hectares remaining unobligated are fit for agricultural development. The Bureau of Forestry estimates that of the 19,739,828 hectares of land remaining to be classified, only some 7,224,638 hectares will be classifiable as suited for agriculture. Thus, in all the Philippines there remains but an estimated 7,624,638 hectares of public lands capable of settlement for agricultural development. To divide the total of public lands ever to become available for agricultural development among the estimated number of rural families requiring land who are already in existence would mean an average allowance of but 4.72 hectares per family -- an amount slightly in excess of the existing average farm size. Or, in terms of a flow of population, settlement of undeveloped areas at a rate of at least some 52,400 families per year would be required to neutralize the annual increase in population in the rural areas alone.

farms. In short, with exceptions as specified in Part IV, RECOMMENDATIONS, page 25, all tenant-operated farm land and all owner-operated farm land exceeding specific and legally fixed retention allowances should be purchased by the government and sold to tenant-operators.

Basic causes for discontent among small farmers in the Philippines listed in accord with demands for prior consideration:

a. Tenancy: The size of farms so limits potential revenues as to make the institution of tenancy inimical to the development and maintenance of a stable, peaceful, and democratic rural economy.

b. Insecurity of tenure: High and mounting population pressures on limited tillable areas, high social and economic costs involved in developing virgin areas, excessively low standards of living, and pernicious land tenure practices combine to foster an ever-increasing competition for land currently under cultivation and serve to intensify insecurity of tenure.

c. Rack-renting:[‡] Farm rentals are excessively high. This is more than the counterpart of the problem cited in paragraph a. above. It has special significance in light of the fact that irrespective of the need to establish owner-cultivators, maximized production dictates the need for the possibility of some land remaining under tenant operation. This will be discussed in more detail below.

d. Unfair tenancy practices: This heading covers a multitude of sins ranging from truck payments^{‡‡} to abuses of contract imposed by customary practices steeped in feudal culture. To a very great extent, these problems could be corrected by employment of a written lease contract and application, by the courts, of principles characterizing established contract law in litigations involving farm lease contracts.

e. Inadequate farm credit: Credit is ordinarily available to farmers only at excessively high rates of interest ranging from approximately 30 to 400 per cent per annum. Under the Kasama system (involving the vast majority of tenants), interest rates of from 100 to 200 per cent per annum are common. It is common for small and tenant farmers requiring money for subsistence during the production period to sell their crops to a buyer prior to harvest at prices grossly inferior to prices which would otherwise have been paid had sale been accomplished at the time of harvest. Losses to farmers resulting from this practice are rarely regarded as interest charged on what are in reality short-term loans.

f. Inadequate distribution facilities: Small farmers, indebted and without protective marketing facilities, are customarily

‡ Excessive or unreasonably high rent.

‡‡ Payment of wages in kind.

forced to sell at harvest in a buyers' market. Conversely, subsistence and input requirements are necessarily purchased in a sellers' market. Ultimate relief in this respect will require increased physical facilities for processing and storing farm products, but development of an adequate credit system would go far toward alienating the problem. Consideration should be given to the development of agricultural cooperatives with initial emphasis being placed (provided an adequate credit system be established) on consumer activities. It would appear that this must necessarily be a long-term program.

g. Regressive taxation: The tax structure existing in 1950, dependent as it was for 85 per cent of the revenues on excise and sales taxes and other forms of revenue that paid little respect to the ability-to-pay principle, placed a disproportionately heavy burden on small farmers as consumers. Revision of the tax laws in 1951 was designed to make the system more progressive. The success of the new law remains to be proven.

h. Inheritance: Philippine inheritance law is based on the principle of equal sharing in an estate. The deceased, even though he leaves a will, can control no more than one-half of his estate. Intestate property is divided equally in accord with priority of status of heirs -- lineal heirs taking priority over collateral -- a widow's right being essentially usufructuary during her lifetime.

However ingrained in our mores may be the principle of equal rights of heirs, knowledge of the fact that the principle has been applied in a country where the average farm approximates 4 hectares and the average farm family 5 persons is somewhat less than comforting. The system offers alternative choices in the settlement of an estate -- either of which is rather terrifying. Assuming the relative flexibility of a first succession to an average farm, then the estate might be (1) divided physically into 5 parcels of 0.8 hectare each, leaving each heir in a position of being either (a) the operator of an area grossly inadequate for the support of his family or (b) forced to lease the plot to a going farmer and thus contribute to the perpetuation of tenancy -- an institution generally unacceptable for Philippine agriculture; or, (2) one heir, in order to settle claims of other heirs, might take physical possession of the farm by assuming a burden of debt equal to 80 per cent of the estate. Inasmuch as the life expectancy of an inheriting heir does not, in all probability, exceed by many years the time required to amortize a mortgage equal to 80 per cent of the value of an average-sized farm, it is plain that under such procedures each generation of farmers would pass through life bearing a heavy burden of debt. In the event of rapid succession, the burden would be, in all probability, so intolerable as to cause loss of the land to

the family altogether. The above deals only with the first succession. Consider the implication of succeeding successions -- the second, third, ad infinitum! This assumes, of course, that agricultural property will dominate the estate -- that there will be little else with which to satisfy the claims of "other" heirs and thus avoid the problems cited above. This appears to be a very fair assumption for the vast majority of Philippine farm families -- particularly if a reform to establish owner-cultivators is to be carried out.

We appreciate that we are here arguing in a manner totally foreign to American ideas and ideals; but we believe the implications of existing inheritance law to be so disturbing (particularly in relation to land reform objectives) as to demand consideration of basic changes in the Civil Code.

i. Land consolidation: While data adequate for determining the extent of farm fragmentation in the Philippines are non-existent, it appears to be the consensus of opinion that the majority of farms exist as contiguous areas. The situation no doubt results from the fact that ownership of much of the land has long been concentrated in the hands of a few and operated by tenants. If the required study of this question justifies the need, action to remedy farm fragmentation should be initiated.

j. Rural community improvement: There is a marked need for what we shall here call "community improvement" in the rural areas, even though tenants have apparently made no coherent demands for it. Under this heading should be included an extension service, health facilities of a preventive as well as a curative nature, educational facilities (both formal and adult), cooperative enterprises, recreational facilities, etc. Such a program will take years for achievement, but its ultimate establishment is basic to the full realization of democratic living.

Land Reform Defined: From the foregoing, it is clear that the term "Land Reform," while inclusive of, is not limited to the transfer of land ownership to cultivators and stabilizing the position of tenants. It must ultimately pay respect to all elements which exercise important roles in determining rural life values. It is entirely possible, of course, that simultaneous prosecution of all elements would prove both impossible and impracticable, but it is emphasized that eventually attention must be given to all. Only then will the groundwork be laid for solving the institutional problem which plague rural areas.

Top Priority of Tenure Reform: Of all the reform measures enumerated above, those dealing directly with land tenure are basic and requiring of top priority in remedial action. Opinion in this

regard is based on two facts: firstly, security of tenure (ownership is practically a synonym) is the cause behind which revolts have been rallied — its attainment basic to the establishment of law and order; and, secondly, (and it proceeds logically from the first) the existence of a peaceful, industrious, and law-abiding community is absolutely basic to the establishment of institutions adequate for the achievement of other objectives (including technological innovations).

Importance of Credit Reform Considerations: The above argument requires, however, that something be said immediately on credit. Philippine small farmers customarily borrow in order to finance family subsistence and farm operating costs during the production season. They usually borrow from either landlords or merchants. Interest rates are usurious in the extreme. This situation demands correction irrespective of whether other activities be undertaken or not, but initiation of a program to correct land tenure problems makes immediate attention to the credit problem mandatory. The elimination of tenancy as an institution would in all probability eliminate the present landlord group as an important source of credit for the newly established owner-cultivators. Without arrangements for a substitute source of credit, prosecution of the basic element in land reform (land transfer) would be accomplished only with marked disruption in agricultural production.

Owner-Operated Family-Sized Farm Defined: Throughout this paper repeated mention has been made of "establishing owner-cultivators" and "family-sized farms." Perhaps a word of clarification of these objectives is necessary. Thought has been based on the assumption that a stable, democratic, and efficient agricultural economy is most easily achieved and maintained in a society composed of farmers who own the land they cultivate. In short, the need is for the establishment of owner-operated family-sized farms. This, of course, raises the question as to the size of a "family farm." Although the average existing farm is small (a factor materially limiting income) serious questions arise as to (1) what the optimum size may be, and (2) the feasibility of increasing the size, even though, from the point of view of family income, such a move is indicated. First, the existence of idle tillable land raises the question of the ability of the average farmer (given existing technology) to operate a larger area efficiently. Second, even though it may be established that individual farm areas are too small, displacement of surplus population which would result from a program to correct the situation might easily (in the absence of alternative occupations which do not exist) jeopardize the stability of the whole economy. Third, there is the question of the validity of the so-called "optimum-sized farm" for national planning purposes. While the concept may have at least an evanescent validity for the individual farm family, it is at best possessed of but theoretical significance and

vaporizes into an economic will-o-the-wisp immediately the attempt is made to apply it for national planning purposes. Recognizing the need for consideration of measurable variables in accord with production potentials as between areas, the dynamics of other factors -- markets, technological innovations and the human factor -- are so great as to cause calculated optimum farm sizes to be at all times questionable and only temporarily valid. Last, there is always the fact that existing farm sizes (maximum frequencies within areas) did not, in all probability, "just happen" -- but rather represent the product of years of adjusting farm size to all other factors in an effort, on the one hand, to maximize profits, and on the other, to avoid frictions. It would be difficult to conceive of generations of landlords, however careless of efficiency, deliberately subdividing their holdings in such a manner as to reduce profit potentials. Thus, it is entirely possible that the established farm-size pattern may be the best indicator of optimum farm size under existing conditions.

In summary, mention in this paper of the establishment of owner-operated family-sized farms implies, broadly speaking, the immediate objective of transferring ownership from the landlord to the tenant the land the latter now operates, with appropriate provisos respecting maximum ownership retention rates based on regional productivities and modified by individual family requirements and capabilities. Ultimate objectives for Philippine agriculture may well envisage an increase in the size of farms but always with the proviso that such action harmonizes with efficient production and the nature of the overall socio-economic structure.

Total Abolition of Tenancy Is Impracticable: While the aim should be to create the maximum number of owner-cultivators, consideration must be given to the fact that continuous operation of the maximum farm area requires provision for the possibility of a portion of the land being tenant operated. A too rigid law, totally abolishing tenancy, would cause land to stand idle during periods when personal circumstances of owners temporarily prevent operations if to rent out the land would cause its being classified as "tenant-operated" and precipitate its permanent loss to the owner. Conversely, the temporary circumstances of an owner operator may be such as to enable and justify his operation of additional land as its tenant -- even though normally his work capacities would limit operations to the smaller area of his own land.

Specific Elements of a Land Tenure Reform Program are set forth in Part IV, RECOMMENDATIONS. Basic economic, legal, and fiscal considerations involved in the formulation of a program are discussed in Appendix "K".

25. WHAT IS THE OPINION OF THE PUBLIC RESPECTING THE NEED FOR LAND TENURE REFORM AND WHAT IS OFFICIAL POSITION ON THE QUESTION? Public opinion in the Philippines, apparently appreciative of the root causes of rural unrest and motivated by a deep and sincere desire to create an environment within which a peaceful and healthy economy can develop, seems overwhelmingly favorable to land reform. Those who might oppose or inhibit its accomplishment appear as a small minority which owes its position to the wealth and prestige which derives from land ownership in a feudalistic culture. The political strength of this minority group has in the past proved dominant and its potential opposition would be a factor to be reckoned with. It is entirely possible, however, (as indicated by appended editorials and other documents) that possession of arms by the "dissidents" (a material shift in power as compared to the prewar situation) and worldwide publicity given the need for reform may be causing this group to modify its position -- as an act of expediency in harmony with political and economic prudence.

Important organizations and individuals of international stature, whose other interests may be in conflict, recognize the need for correcting inequities in the land tenure system. The official position of the Catholic Church favors establishment of owner-cultivators. The United States state department has adopted an unequivocal position respecting the need. Land reform has been adopted as an objective by the Economic and Social Council of the United Nations.

The Bell Report specifies and gives high priority to land reform.

The Agreement establishing ECA(MSA)-STEM assistance to the Philippines, under date of 27 April 1951, makes land reform an imperative conditioning continued MSA assistance to the Philippines. This is further strengthened by an agreement negotiated by President Quirino in person and Mr. Foster of ECA.

26. ARE AVAILABLE DATA RESPECTING LAND TENURE PATTERNS ADEQUATE FOR THE PLANNING AND ADMINISTRATION OF THE REFORM? Official records now available are adequate for preliminary planning purposes and for the drafting of legislation. Census data for 1948 (anticipated as being quite adequate for detailed administrative purposes) should be available for use by the date needed.

27. WHAT WOULD BE THE PROBABLE SCOPE OF A REFORM AIMED AT CREATING THE MAXIMUM PRACTICABLE NUMBER OF OWNER-OPERATING FARMERS? HOW MANY HECTARES, TENANTS, AND OWNERS WOULD BE INVOLVED? The scope of the reform will depend directly on allowable retention rates (for the several categories of owners) as fixed by law. These will in turn depend on top policy decisions to be made by the Philippine Government.

Philippine statistics, while good with respect to farm areas and the tenure of operators, are deficient (as is the case in many countries) with respect to (1) nature of ownership and residence of owners of tenant-operated lands, and (2) actual tenure status of "workers" on farms listed as operated by "farm managers." As a consequence, final estimates of the amount of land to be transferred must await (1) establishment of legal retention rates and (2) collaboration with Philippine statisticians. In order, however, to give some idea of the magnitude of the transfer program, attention is invited to the following rough and partial estimates based on retention assumptions as shown:

Category of Owner	: Retention Allowance (Hectares)	: Number of Owners Affected	: Purchasable Area (Hectares)
Absentee landlord	None	909	255,484
Resident non-cultivating owner	4	No estimate	No estimate
Owner-cultivator	8	83,293	1,282,733
Part owner	8	No estimate	No estimate
Other owners	No estimate	No estimate	No estimate
Total Purchasable Area -----			1,538,217

The number of tenants established as owners is estimated at 398,295. Owners so established would constitute about 69 per cent of present number of tenant farmers. Lands made available would equal about 91 per cent of the total farm area operated by tenants. (See Appendices "A", page A17, and "J", in relation to the above calculations.)

Notes on Above Estimates: a. Figures given in above table are subject to downward bias since they do not take into account: (1) Absentee landlord-owned farm lands owned by owners of less than 24 hectares and owners who, although residing within the municipality in which the land is located, are nevertheless absentee as defined below; (2) certain tenant-operated farm land owned by resident owners (inclusive of both cultivating and non-cultivating owners) in excess of allowable retention limits; (3) farm land owned by part owners in excess of the allowable retention limits; (4) farm lands listed under a farm manager that may actually be tenant-operated; and (5) farm lands owned by institutions ineligible to retain such lands. (See Part IV, RECOMMENDATIONS, page 25.)

b. Estimates relate to farm lands. Actually, retention rates should be fixed in terms of tillable lands only (cultivated

plus cultivable though idle land -- constituting 75.5 per cent of the total national "farm land" area). It is planned that the law will provide for such land in other categories -- pasture (10.9 per cent of total farm land area), forest (9.7 per cent), other (3.7 per cent) -- as is attached to and an integral and necessary part of the farm to which the tillable land relates, being purchased (within limits) along with the tillable land. Farm implements, livestock, buildings, and other "improvements" on the farm land thus purchased would also be purchased as appurtenances necessary to the operation thereof.

c. Existing national average tillable and farm land areas per farm by tenure operator are:

	: Tillable Land	: Farm Land
Overall average	3.1 hectares	4.09 hectares
Owner-operator average	3.4 "	4.58 "
Part owner average	2.7 "	3.21 "
Share tenant average	2.49 "	3.86 "

d. Definitions: (1) "Absentee landlord": An owner of farm land who resides neither in the barrio nor in the barrio adjacent to the barrio in which that land is located.

2) "Resident non-cultivating landlord": An owner of farm land residing either in the barrio or in the barrio adjacent to the barrio in which the land is located.

3) "Owner-cultivator": An owner of farm land who actually operates that land with his own or immediate family labor; provided that for purposes of fixing retention rates, an area not to exceed one-half the area of the allowed retainable area (fixed for the general area in which the farm is located) may be leased for tenant operation.

4) "Cut-off date": Requirements of administration will demand, for purposes of fixing the tenure status of individual land parcels under the law, that a cut-off date be established. (It is suggested that June 30, 1952 apply.)

28. CAN THE REFORM BE CARRIED OUT UNDER EXISTING LEGISLATION? WHAT CHANGES, IF ANY, ARE REQUIRED? The brief answer to this question is NO. However, inasmuch as neither existing nor necessary legislation to be proposed is possible of combination within one law,

specific comment on the different categories of land tenure law follow:

a. All existing legislation respecting the acquisition of privately owned farm land by the government for the purpose of establishing owner-operating farmers should be repealed, and replaced by legislation incorporating principles set forth in Part IV, RECOMMENDATIONS.

b. Existing law and procedures respecting title registration and transfer should be modified in accordance with principles set forth in Part IV, RECOMMENDATIONS. As relates to the land transfer phase of the reform, such modification will involve rather radical changes in concepts respecting the role of government in order to expedite the establishment of clear titles.

c. All existing legislation governing relationships between landlords and tenants should be combined into one single law, purged of ambiguities, extended to include all crops (and other kinds of agricultural produce) and geographical areas in the Philippines, and modified to incorporate principles governing landlord-tenant relationships as set forth in Part IV, RECOMMENDATIONS.

d. Legislation respecting landlord-tenant litigations should be so revised as to include principles set forth in Part IV, RECOMMENDATIONS.

e. Administrative procedures governing participation of Public Defenders in landlord-tenant disputes should be revised in accordance with principles set forth in Part IV, RECOMMENDATIONS.

f. Consideration should be given to so revising those sections of the Civil Code relating to inheritance of agricultural property as will prevent fragmentation of farms and the perpetuation of farm debt resulting from succession to agricultural estates.

g. Recently enacted Minimum Wage Law, particularly when considered in relation to existing tenancy law and practices, appears possessed of some extremely questionable elements -- elements which could lead to widespread evasion. The law should be thoroughly studied and modified as necessary to comply with principles set forth in Part IV, RECOMMENDATIONS.

29. ARE EXISTING ADMINISTRATIVE AGENCIES ADEQUATE FOR THE FRAMING AND CARRYING OUT OF A PROGRAM OF TENURE REFORM? The existing administrative structure is considered inadequate in that:

a. Responsibility for surveillance over the various aspects of tenure are scattered through three Departments with little

or no coordination of related interests;

b. Responsibility for enforcement of piecemeal and impotent legislation has contributed to a failure on the part of administrators to see the problem as a whole -- to the development of a capacity for apathy and indolence respecting remedial action;

c. Attitudes respecting tenure in the Bureau of Lands are dominated by considerations relating to the settlement of newly developed areas, whereas the Division of Landed Estates (not recognized in the budget) appears as but a newly born foster child created to do a housekeeping job on what is predominantly urban property acquired by the discredited Rural Progress Administration;

d. No arrangement exists whereby farmers assume responsibility and authority in the regulation of matters pertaining to land tenure.

Particularly insofar as the land transfer phase of tenure reform be concerned, the situation requires an Authority created specifically for the purpose, working directly under the President, constituted in accord with principles set forth in Part IV, RECOMMENDATIONS. Once land transfers and title clearances are complete, the "government" side of the structure, materially reduced in size, may well become what might be called the Land Tenure Division in the Bureau of Lands. Responsibility for settlement of actual litigation in landlord-tenant cases should, of course, remain with the Department of Justice and responsibility for Public Defenders with the Department of Labor. But, general responsibility for administering land tenure law should eventually (though not until land transfers are practically complete) be fixed in the Department of Agriculture and Natural Resources.

30. WHAT ESTIMATE CAN BE GIVEN AS TO THE TIME REQUIRED TO CARRY OUT THE TENURE REFORM ENVISAGED IN THIS PAPER? The answer to this question is dependent on many variables, but in our opinion, in deference to political as well as administrative considerations involved, such an answer should be strongly influenced by a policy of speed. Experience in other countries would indicate that the land transfer phase of the reform -- the purchase and sale of lands effected by the law -- could be accomplished within about two years from the date of the enactment of enabling legislation. Completion of title registration will probably require in the neighborhood of another three years. Amortization of tenant payments and retirement of bonds should require about 30 years, though the law should make provision for an extension of this period in instances of adversity beyond control of land purchasers.

Assuming that principles to characterize reform legislation are decided in the relatively near future and in accordance with the foregoing; it would appear that the following time schedule is possible of attainment:

a. Assuming early settlement of policies and principles, and establishment of an appropriate administrative authority, legislation could be drafted in time for consideration by the Congress convening in January, 1953;

b. Provided legislation is enacted during the session opening in January, 1953, a Land Commission System could be established and ready to start operations by July, 1953;

c. Provided the above schedule is met, land acquisition and sale could be accomplished by July, 1955;

d. Then, title registration could be completed by July, 1958;

e. And bonds should be retired and purchase contracts settled by about 1980 -- the latter not later than 1985.

A major portion of the administrative staff required for the land transfer phase of the program could be retired upon its completion (July, 1955).

31. HOW SHOULD THE REFORM BE FINANCED? Costs involved in establishing owner-cultivators and regulating conditions of tenancy fall into two categories: Administration and land acquisition.

Estimates for administrative cost must necessarily be considered as rough approximations pending decisions on the nature and scope of the program. On the assumption that (1) tenants are to become owner-operators, (2) the land transfer phase can be carried out in about two years, and (3) a continuing organization to regulate land tenure and land tenure relationships will be established, it would appear that administrative costs would approximate ₱23,000,000 per annum for the two (transfer stage) years, and ₱4,000,000 per annum as a continuing charge. As a program of interest and benefit to the welfare of the general public, administrative costs attending tenure reform and regulation are a logical public expenditure and should therefore be paid from appropriated funds. (See Appendix "I".)

Costs of land acquisition, however financed, would necessarily be met in a manner involving no additional burdens on the Government. This situation is made manifest by certain basic economic considerations: (1) potential purchasers are, by and large, without

cash reserves and would necessarily have to pay for lands purchased from future production; (2) since, if the Government was to finance land acquisition, (a) the magnitude of costs involved would grossly exceed possible tax revenues, and (b) intolerable inflation would result from immediate payment with newly created money, it becomes mandatory that actual delivery of cash payments for lands acquired be accomplished through the years at a rate approximately in harmony with collections from tenant purchasers.

If land acquisition was to be "financed" by the Government it would appear that the process could best be accomplished through the use of non-negotiable, interest-bearing bonds, payable to former owners in a number of equal annual installments equal to the number of years permitted tenant purchasers to amortize their payments to the government. Interest paid by tenants would equal interest on the bonds. Under such a plan, annual collections from tenants would serve to neutralize the effect of monies paid out to former owners as annual increments in the retirement of bonds. The plan would, of course, involve fixing a price for land.

An alternative method for covering costs of land acquisition would be that of paying former owners (in kind, or the cash equivalent thereof) a certain percentage of future production for a specified number of years -- the price paid for the land thus coming eventually to equal the cumulative sum of payments made during the amortization period. The chief advantages of this method are two:

- a. It automatically relates the value of land to the value of farm produce, and
- b. It might avoid the difficult and thankless job of fixing a land price.

On the other hand, the method has the disadvantages of:

- a. Being much more difficult and expensive to administer;
- b. Needless continuing landlord-tenant frictions; and
- c. Creating uncertainties among a potential investor class -- a situation inimical to the interests of industrial growth.

On balance, the first method described above (non-negotiable bonds) is favored over the second, but under either method, the expensive part of the reform could be accomplished without cost to the public -- and without disruption to the economy.

Attention is invited to Appendix "K" in which this whole question is discussed in more detail.

32. WHAT WOULD BE THE EDUCATIONAL AND INFORMATIONAL REQUIREMENTS FOR A TENURE REFORM? Several facts combine to focus attention on the fact that a thoroughgoing information-education program must of necessity be an integral part of any successful tenure reform program. One-half of the people in the Philippines are illiterate; the number of small farmers (particularly tenants) with experience in being able to decide their own questions -- let alone to act officially in the solution of those of others -- is negligible; many are without experience as members of organizations; few have access to current periodicals; many are awed by the law; many will be subject to the sabotaging arguments and acts to be expected from some landlords and all communists. And yet, it is this very group who must be made to understand what the program holds for them -- of the need for vigilant and intelligent cooperation if the program is to be successful.

Land reform cannot be carried out in Manila. Decisions respecting status of individual land parcels and farm operators must be made on the spot by persons thoroughly acquainted with the real situation. Decisions must be so made as to guarantee full protection of tenant and former owner interest. In short, it is on properly constituted groups of farmers, equally representative of tenant and owner interest, that we are forced by the very nature of the problem to place responsibility for actually doing the job. These groups will need to be informed -- and their constituents will need to be kept abreast of what is, and should be, going on.

Furthermore, the record shows public officials to have at times been subject to graft, and that the acts of Congress, although ostensibly favoring reform, have been weak and ambiguous. Inasmuch as a majority of the public appear to favor reform, continuing and widespread publicity on the nature and accomplishments of the program is mandatory if the program is to accomplish its objective.

There is another consideration respecting publicity. The Communists have championed land reform as a means to gaining adherents from among the ranks of discontented and landless farmers. They have worked hard to associate land reform with Communism -- to associate western democracies with reaction -- and in Asia, and particularly in the Philippines, they have met with some success. Full publicity should be given to the fact that genuine land reform is actually possible only within the concept of a political framework based on the principle of private ownership; that land reform is recognized by the western democracies as a primary objective; that they are making a genuine and effective effort to accomplish that objective.

PART IV

R E C O M M E N D A T I O N S

33. a. In accord with implications of the factual information presented in Part II of this paper and conclusions reached in Part III, action by the Philippine Government to correct these conditions is vital if the objectives cited and implied by the Bell Report as a condition of MSA assistance to the Philippine Government, to which the Philippine Government has agreed, are to be achieved. A recommended course of action is submitted herewith, making certain suggestions as to steps that should be considered by the Philippine Government in achieving these objectives.

b. An Authority should be created by the Government of the Republic of the Philippines. The Authority should be an action agency directly responsible to the President and should have representation at a national, regional, and provincial level. It should have full and exclusive responsibility for drafting legislation, formulating operational procedures, and administering a program designed to eliminate pernicious characteristics in the Philippine land tenure system and initiate such socio-economic patterns and practices respecting land tenure as are necessary for the creation and maintenance of a peaceful, prosperous, and democratic economy. The Authority should concern itself exclusively with the attainment of the aforementioned objectives. Specifically, it would act in a deft manner in order:-

- 1) To abolish, insofar as practicable, the institution of tenancy in Philippine agriculture.
- 2) To establish to the maximum practicable degree a rural economy based on owner-operated family-sized farms.
- 3) To establish fair tenancy practices for that portion of farmers who continue to work the land as tenants.
- 4) To eliminate hindrances to the fruition of objectives set forth in 1), 2) and 3) immediately above.

In pursuance of its objectives, the Authority should at all times be guided by the principle of:

- 1) The fundamental dignity of man, and
- 2) Private rather than state, individual rather than collective ownership of land.

This Authority should be a temporary agency and, when the land transfer program has been substantially completed, become a part of a regular Department of the Government. For example, it might be made a Division of the Bureau of Lands of the Department of Agriculture and Natural Resources.

c. The following action should be taken respecting the establishment of owner-cultivators:

- 1) So much of all existing legislation as relates to the acquisition by the government of privately owned agricultural lands for the purpose of establishing owner-cultivators (inclusive of, but not limited to, appropriate provisions of Commonwealth Acts Nos. 20, 260, 378, 420, 538, and 539) should be repealed, and all applicable procedures, instructions and other operational documents relating thereto should be rescinded. All other laws, rules, or regulations so constituted as to conflict with provisions of proposed law described in par. 2) following should be repealed or amended in a manner appropriate for compliance and harmony with such law. Agricultural properties now in possession of the government which were acquired pursuant to provisions of the above-named laws, should be disposed of in accord with applicable provisions of law to be drafted in accord with principles set forth below.
- 2) Legislation providing for the acquisition of certain privately owned agricultural properties by the Philippine Government for sale to farm tenants and other bona fide purchasers, as a means of eliminating the institution of farm tenancy to the maximum possible extent and supplanting it with a pattern of owner-cultivators of family-sized farm units, should be given top priority by Congress. Specifically, such legislation should respect objectives set forth in par. b., page 25, and incorporate the following principles:
 - a) Status of farm lands, owners, and tenants should, for purposes of this law, be fixed in accord with the tenure situation maintaining on a date not later than June 30, 1952.
 - b) Farm land areas which owners should be permitted to retain should be calculated in terms of cultivable land (tilled land plus idle land capable of cultivation) as defined by the Philippine census for 1938; however, provision should be made that in purchasing such tillable land, such other lands including pasture, forest and "other" (as defined

in the aforementioned source) as are attached to, and constitute a necessary and integral part of the "farm" to which the tillable land relates, should (within specified limits) be purchased together with the tillable land. Farm implements, livestock, buildings, and other improvements on the farm land thus purchased should also be purchased as appurtenances necessary to the operation thereof.

- 3) All lands and other properties subject to purchase under the law should be purchased by the government from the landowner as a singular and complete transaction, and the government, irrespective of any claims which may exist or be developed respecting prior ownership or rights on such lands, should proclaim itself as legal owner of said land in fee simple and thereby able to transfer clear and legal titles to such land; provided, that the government, as the sole person (juridical or natural) responsible for the settlement of such claims by former right holders may, if it deems them deserving of consideration, settle such claims by paying such compensation as it may consider fair and just. After having acquired land and other property subject to purchase under this law, the government would sell such properties to bona fide purchasers in the manner described below, and should immediately transfer title to said buyer in fee simple subject only to a first mortgage favoring the government, or a tax lien equal in value to the purchase price of the land plus interest, and safeguards specified in par. c. 11), page 34. Under no circumstances would prospective final buyers of property being transferred under this law negotiate with owners of properties subject to purchase for any purpose whatsoever as relates to the sale and purchase of said properties; nor would any claim to these properties based on the status of said properties prior to the date of their acquisition by the government, which may be brought against the final purchaser, be considered valid.
- 4) For purposes of this and other laws to be enacted with respect to land tenure, the following definitions with appropriate clarification should be considered:
 - a) Categories of farm land are to be defined as in the 1938 Philippine census; supplemented only by the fact that the word "tillable" shall be used interchangeably with the word "cultivable."
 - b) "National average": Use of this term implies

that in application of a law in which the term might be employed, the numerical value to which it relates would be broken down for each province, municipality and barrio in accord with the ratio between the numerical value of the "average" for the whole or the superior unit and that of each of its immediate subdivisions. Example: As a "national average," farms in the Philippines contain approximately 4.1 hectares of farm land, while the "provincial average" farm land area per farm (discounting "managed" farms) in the provinces of Cebu and Masbate approximates 2.8 and 13.6 hectares, respectively. Application of a "national average," the numerical value of which is 4.1 hectares, would mean a "provincial average" of approximately 2.8 hectares ($2.8/4.1 \times 4.1$ hectares) in Cebu and 13.6 hectares ($13.6/4.1 \times 4.1$ hectares) in Masbate. Subsequent determination respecting numerical values for municipalities and, in turn, for barrios would be accomplished in a similar manner. Application of this concept is further illustrated in a footnote to par. 5)b), page 30.

- c) "Bona fide cultivator": A person capable and desirous of devoting himself to agriculture and who will personally, or with the aid of labor from within his own immediate farm household, cultivate or operate the land.
- d) "Farm household": The immediate members of the family of a bona fide cultivator and other persons residing with him and who are dependent upon him for support.
- e) "Absentee landlord": An owner of farm land who resides neither in the barrio nor in the barrio adjacent to the barrio in which the land is located.
- f) "Resident non-cultivating landlord": An owner of farm land residing either in the barrio or in the barrio adjacent to the barrio in which the land is located, who does not cultivate (operate) at least 0.3 hectare (national average)¹⁰ of said land.

¹⁰ See definition of "national average" in par. 4)b), page 27. While clarity requires inclusion of a numerical value in this and the definitions which follow in pars. 4)g) and j), page 29, the 0.3 hectare and the 0.4 hectare figures, employed as examples in these three paragraphs, are not to be interpreted as representing an arbitrary stand on

- g) "Tenant": Any person who is actually cultivating land which he does not own, the cultivated portion of which exceeds 0.3 hectare¹⁰ or farm land portion 0.4 hectare¹⁰ (as a national average), with his own or family labor and who shares in the risk of the venture in which he invests his labor or capital.
- h) "Cultivating owner": An owner of farm land who actually cultivates (operates) a substantial portion (to be defined by law) of that land with his own or immediate family labor.
- i) "Juridical person": Any legal person, inclusive of, but not limited to, corporations, legal partnerships, and private schools, hospitals, churches, organizations, who may own or operate land.
- j) "Farm": Any parcel or group of parcels of farm land involving a minimum of 0.3 hectare¹¹ of farm land (national average), the operation of which contributes substantially toward the support of its operator.
- k) For purposes relating to the election and composition of Land Commissions:
 - 1 - "Owner": An owner of farm land the area of which is more than twice the area of the land he personally operates.
 - 2 - "Tenant": A cultivator of farm land, the area of which is more than twice the area of the land he owns.
 - 3 - "Owner cultivator": A cultivator of farm land whose tenure status would exclude him from inclusion in either category 1 - or 2 - above.
- 5) Land and properties subject to purchase by the government under this law should be as follows:

(Footnote 10, continued)

what such numerical values should be. These are questions to be settled by appropriate officials within the Philippine Government. The objective in fixing such numerical values is to eliminate from consideration under the reform, those agronomic and livestock interests, the smallness of which render them unworthy of inclusion. An explanation of the application of a numerical "national average" is presented as a footnote to part. 5)b), page 30.

¹¹ Ibid.

- a) All farm land owned by absentee landlords.
- b) All tillable lands owned by resident non-cultivating landlords in excess of three (3) hectares¹² (as a national average,¹³ provided that the excess over four (4) hectares (as a national average) of all farm lands owned by a landlord in this category should be purchased.
- c) All tillable lands owned by a cultivating owner in excess of six (6) hectares (as a national average); provided, that the excess over eight (8) hectares (as a national average) of all farm lands owned by owners in this category should be purchased; provided, further, however, that the established retention rate may, for specified individual farmers in this category, be increased upon recommendation of the Local Land Commission and with the approval of the Administrator of the Authority, when in the opinion of the recommending and approving body the individual farmer has demonstrated his ability and intention to cultivate a larger area efficiently and where subdivision of property into smaller farm

¹² To avoid ambiguities inimical to existing laws (see par. 24, page 10) it is vital that a law to implement adequate land tenure reform be quite definite on the question of retention allowances. Use of 3 and 4 hectares in this paragraph and 6 and 8 hectares in paragraph c) following, is not, however, to be construed as representing an arbitrary position on the question of what the numerical value of the retention allowance so fixed should be. These are questions to be settled by appropriate officials of the Philippine Government. Since, however, the size of the average farm in the Philippines approximates 4 hectares, about 3 hectares of which is cultivable, for reasons set forth in paragraph 24, subparagraph "Owner-Operated Family-Sized Farm Defined," page 15, it would seem that retention allowance rates herein used as examples, might well serve as a starting point for a discussion of the question.

¹³ See definition of "National Average," page 28. Use of 3 hectares does not mean, of course, that each and every resident non-cultivating owner throughout the Philippines would be permitted a retention allowance of exactly 3 hectares of tillable land. It rather means that the retention allowance for a given area would be determined by the ratio of the weighted average size of existing farms in that district to the weighted average size of existing farms in the region of which that district is an immediate subdivision. Example: Assume that the retention rate is set at 4 hectares of farm land as a national average; that the weighted average farm size for the

units. could not be accomplished without serious damage to agricultural production, but no such exception should be granted in instances where more than four (4) hectares (national average) of the farm land owned by such a cultivating owner is tenant operated.

d) All farm land owned by a juridical person:

- 1- In excess of requirements for the accomplishment of the primary purpose for which such juridical person was constituted; or
- 2- Which is operated by tenants; or
- 3- Which is not operated directly by that juridical person.

(Footnote 13, continued)

Philippines as a whole (national average) is 4.1 hectares; that the weighted average farm size for the province of Cebu is 2.8 hectares (provincial average) and 13.6 hectares in Masbate. Then the retention rate for Cebu would be about 2.73 hectares ($2.8/4.1 \times 4$) as a provincial average, and about 13.3 hectares ($13.6/4.1 \times 4$) for Masbate. Next, assume that within Masbate province the weighted average size of farms in one municipality is 8 hectares (municipal average) and in a second municipality, 15 hectares. Then the retention rate for the first municipality would be about 7.8 hectares ($8/13.6 \times 13.3$), for the second about 14.7 hectares ($15/13.6 \times 13.3$). A retention rate for application within a barrio (i.e., the rate which would actually apply to a given owner within that barrio) would, in turn, be fixed in a similar manner. In paragraph 24, subparagraph "Owner-Operated Family-Sized Farm Defined," page 15, it was pointed out that such factors as land productivity and cropping systems serve to determine the farm size pattern for any given area. Thus, when the weighted average size of farms in a given barrio is averaged with the weighted averages for other barrios in the municipality, the resulting "municipal weighted average" farm size would then reflect the accepted norm farm size for that municipality. And just as the weighted average size of farms for all municipalities within a province would be reflective of productive potentials and cropping patterns within that province, so would a weighted average size of farms for all provinces, when combined into a weighted average for the nation as a whole, make consideration for variations as between districts in relation to productivity and cropping patterns. Conversely, in breaking down national and regional weighted average farm sizes in accordance with the method described above, provision for variability as between districts in relation to crops and productivities is accomplished automatically.

- 4- Except that portion which could not, in the opinion of the Local Land Commission and the administrator of the Authority, be accomplished without serious damage to agricultural production.
- e) Any farm land which, in the opinion of the Local and Provincial Land Commissions, is not being cultivated in a productive manner.
 - f) Any farm land which the owner may offer for sale to the government.
 - g) Any other farm lands designated by the law.
- 6) The method for fixing prices to be paid for farm lands and other farm properties purchased should be decided by the Philippine Government and clearly stated in the law.

The formula should

- a) Be based upon the productivity of the land;
 - b) Minimize the opportunity for human error in fixing the price for individual tracts of land;
 - c) Result in a price not so high as to be inconsistent with the ability of the tenant purchaser to pay;
 - d) Result in a price high enough to give owners fair compensation for their land.¹⁴
- 7) Payment for lands purchased by the government should be made in taxable, non-negotiable government bonds bearing a reasonable rate of interest and payable over a period of time in equal annual installments (An interest rate of 4 per cent and a period of 25 years

¹⁴ It is suggested that the price established should not exceed an amount equal to a 6 per cent capitalization of 30 per cent of the cash value of the average annual gross product less harvest costs computed in terms of average annual prices expected to prevail during the amortization period. Local Land Commissions should be permitted a specified measure of flexibility in pricing individual properties. Attention is invited to Appendices "H" and "K" for suggestions respecting certain considerations in connection with price determination and payment-collection methods.

is suggested.), provided that the government may retire such bonds at its discretion by paying the balance of the unpaid value. It is suggested that at the discretion of the government, such bonds might be declared eligible as collateral for productive investment.

- 8) Only persons capable of demonstrating an intention to devote themselves to the cultivation (operation) of the land with their own and immediate family labor should be eligible to purchase land purchased by the government under this law, provided potential purchasers shall be given priority to purchase said lands in accordance with the following:
 - a) Tenant on the land as of 30 June 1952;
 - b) Any other tenant farmer;
 - c) Any owner-cultivator who owns and operates land in the immediate vicinity; or
 - d) Any bona fide cultivator otherwise eligible to purchase land under this act;

and provided further that no person shall be able to purchase land

- a) When the farm land purchased, together with any other farm land he may own, would cause his total farm land holdings to exceed the farm land area which an owner-cultivator in the immediate vicinity may legally retain.
 - b) When in the opinion of the Local Land Commission he is incapable (either by ability or desire) of farming land within reasonable limits of efficiency.
- 9) Purchasers of land from the government shall pay a price equal to that paid by the government for such land and in addition shall pay interest on the unpaid balance of their purchase contract. An interest rate of 4 per cent is suggested.¹⁵

¹⁵ It is suggested that the government might, fiscal conditions permitting, use appropriated funds to reduce payments from purchasers, though it is emphasized that accomplishment of the reform is not contingent upon such action.

- 10) Purchasers of land from the government under this law should pay for the land in equal annual installments amortized over a period of time (25 years is suggested); provided that the government would, in periods of adversity beyond the control of and rendering land purchasers unable to meet their obligation to the government, postpone payments respecting the period of adversity; and provided further, that under no circumstances would the annual payment (including interest) be so fixed as to cause it, when added to other costs attending landownership (taxes, etc.), to exceed an amount equal to 30 per cent of the gross annual product less harvest costs, provided, however, that a purchaser should be given an opportunity to pay for land purchased at a rate faster than that fixed by the payment schedule in the event he may elect to do so.¹⁶
- 11) No lands nor properties purchased from the government under this law should be used as collateral for a loan prior to the date when purchasers shall have liquidated their indebtedness to the government respecting such lands and/or properties. Any contract negotiated with a purchaser during the amortization period and involving said purchased properties as collateral, should be considered null and void.
- 12) This law should constitute a permanent instrument for the control and regulation of land tenure patterns and land values. No land purchased by a farm operator under this law, nor any other privately owned land should be sold without the approval of the Local Land Commission having jurisdiction over the area in which the land is located. The Commission, in giving its decision on these matters, would be guided by the objectives relating to the nature of tenure, size of farms and land values established by this law. If it should develop that no eligible buyer is available to purchase land from the one wishing to sell under conditions fixed by the Commission, the Commission, acting as an agent of the government, may purchase said lands for eventual disposal in accord with procedures outlined above. A Commission in possession of land relative

¹⁶ It is suggested that collections for lands and properties sold by the government under the law be accomplished through the agency of a Special Tax levied on purchasers, the annual levy equalling the annual installment on principal plus interest.

which there is no eligible purchaser, would rent such land to any farm operator on a year to year basis, provided that such lease would be cancelled at the end of a year in which an eligible purchaser has been located and the land should at that time be sold to such eligible and willing purchaser.

- 13) Provision should be made for appeals on decisions to higher echelons within the administrative system in relation to application of this law to particular land parcels, purchase price, eligibility of purchasers, etc., and access to established courts should be insured in cases where questions are raised respecting the validity of decision made by the Authority or agents thereof who would, by the nature of its constituting authority, serve as an administrative agency (as compared to an agency of the judiciary).

d. The following action should be taken in relation to the establishment and maintenance of fair tenancy practices for those who continue to till the land as tenants:

- 1) So much of existing law and supporting rules and regulations as pertain to the establishment, regulation, and litigation of farm tenancy agreements, inclusive of, but not limited to CA 271, CA 4113, CA 4054, CA 461, CA 178, CA 608, RA 34, and RA 44, should be repealed or so amended as will result in a single, concise, and administrable law incorporating principles set forth below:
 - a) Application to all landlord-tenant agreements in the Philippines, irrespective of product or location of undertaking.
 - b) A farm lease contract (hereinafter called contract) and parties thereto should be accorded the same prestige and treatment as is accorded to any other contract or contractor under Philippine law. The landlord and the tenant should each be considered as full and equal parties to the contract.
 - c) A contract should have singular relation to rights and responsibilities respecting tenure. Disputes arising in relation to compliance with conditions of the contract should not be inferred to warrant action exceeding provisions specified in the contract proper. Conversely, a dispute between a landlord and a tenant involving matters other than those

previously specified in the contract should have no effect on the contract itself, provided however that this should not be construed as violating the right of either party to take such action in the settlement of other differences as is provided by law.

- d) All landlord-tenant agreements should be bound by written contract and all principle provisions thereof should be clearly stated. (The model farm lease currently used by the Philippine Government when revised to provide for principles recommended herein should be given wide publicity and its use encouraged vigorously.)
- e) Payment considerations within the contract should provide exclusively for payment in cash. Provisions for payment in kind would be declared illegal.
- f) The practice of truck payments¹⁷ and/or the payment of fines, except when specifically and previously provided for in the contract, should be considered illegal.
- g) No contract should be considered legal which provides for an annual rental exceeding an amount equal to 30 per cent of the gross value of the annual crop; provided that lower ceilings may be fixed by law for less productive and remotely situated land; and provided further that in applying these ceilings additional and separate consideration may be made for perennial crops on the land, the existence and employment of which relates directly and necessarily to the type of farm operation intended by the lease.
- h) Provision should be made for compensating the tenant for any improvements on the property made by him, provided that such improvements were specifically authorized by the landlord.
- i) All contracts and any alteration or cancellation relating thereto should be subject to approval of, and a copy filed with, the Local Land Commission.
- j) The Local Land Commission should investigate and

¹⁷ Payment of wages in kind.

act as arbiter in landlord-tenant disputes involving questions relating to the lease contract; however, if either or both parties signify an unwillingness to accept the findings of the Commission, the question should be referred by either party or the Commission to the Court of Agrarian Relations for disposal; provided, however, that the Court would hear the findings and recommendations of the Commission before making its decision.

- 2) Law respecting the adjudication of landlord-tenant disputes (inclusive of but not limited to CA 271, CA 4113, CA 4054, CA 461, CA 178, CA 608, RA 34 and RA 44, and appropriate portions of the Civil Code) should be repealed or modified so as to:
 - a) Create a Court of Agrarian Relations which should be similar and parallel to, though completely separate from, the Court of Industrial Relations. The Court of Agrarian Relations should deal exclusively with settling landlord-tenant disputes and such other problems as affect socio-economic relations in agriculture deemed appropriate to its jurisdiction.
 - b) The Court of Agrarian Relations should be given authority to act directly to effect enforcement of its decisions.
- 3) Law, regulations, or procedures respecting participation of Public Defenders in the settlement of landlord-tenant disputes coming before the Court of Agrarian Relations for adjudication should be revised as necessary to make it mandatory that a litigant, unable to afford the expense of counsel, would receive adequate legal representation before such courts.

e. Law respecting the transfer and registration of farm land titles should be revised in accord with principles set forth in paragraph c.3), page 27. Furthermore, appropriate laws, regulations, and practices should be modified to provide for streamlined administrative procedures necessary for the expeditious handling of the great number of land title transfers and registrations which will be involved in a thoroughgoing tenure reform program.

f. To eliminate threats to farm family economic stability cited in paragraph 24h., page 13, law respecting inheritance as pertains to agricultural properties should be revised in such manner as will prevent:

- 1) Fragmentation of farm units through succession.
- 2) The development and perpetuation of debt burdens in agriculture resulting from succession.

g. Minimum Wage Law should be studied thoroughly in light of, and amended as necessary to comply with, principles set forth in paragraph 33d, page 35, and following:

- 1) Persons employed in the production and/or the first stage of processing agricultural products who are neither owner nor tenant-operators (nor members of their immediate families) of the enterprise in which they are so employed should be defined as farm laborers.
- 2) The law should apply to all farm laborers, except that it should not apply to those farm laborers employed on farms operated by tenants or cultivating owners as defined in paragraph 33c.4) g) and h), page 29.
- 3) Farm laborers should be paid a minimum wage equal to that established for other laborers of equal skill.

h. The administration of Land Tenure Reform involves two general functions, distinctly different in character. The first has to do with program formulation, the enforcement of implementing law and the performance of such administrative duties as relate thereto, the collection and disbursement of funds, and the acceptance and issuance of titles. The second has to do with application of implementing law to individual persons and specific lands and other properties, and the formulation of such policies and the making of such decisions relating thereto as are authorized and otherwise provided for by law. While these two general functions are mutually interdependent, they so differ in relation both to vested responsibility and the abilities and interests of personnel, as to preclude their being combined within a single chain of authority. The first function implies the exercise of duties, responsibilities and authorities of a type which might ordinarily be expected to characterize a public action agency. The second function, however, requires not only a unique knowledge of agricultural operations and of individual characteristics of persons resident within particular farm communities, but also an assurance that conflicting interests will receive equitable attention in reaching decisions respecting such questions as the application of the law to a given piece of land, the value of that land, and the selection of the most eligible purchaser. As a consequence of the dissimilarity between these two general functions involved in the prosecution of a Land Tenure Reform Program, provision should be made for the establishment of an administrative structure composed of two coordinated, though separate,

administrative systems, each responsible to the Administrator of the Authority suggested in paragraph 33b, page 25: one system, hereinafter referred to as the Authority proper, being responsible for activities described under the "first" general function discussed above; the other system, hereinafter referred to as the Land Commission System, responsible for duties described under the "second" general function.

- 1) It is suggested that the Authority recommended in paragraph 33b, page 25, and described above, be constituted as an action agency with existence at three echelons: National, Regional, and Provincial. As an example of a functional organization plan for such an Authority, attention is invited to the following:
 - a) National level: Headed by the Administrator, responsible for overall planning and administration, inclusive of the preparation of legislation and supporting regulations; issuance of operational policies and procedures; nationwide tenure reform information and education; intergovernmental negotiations; and immediate supervision over its regional offices.
 - b) Regional level: To the maximum extent consistent with control and coordination, responsibility for actual administration of the reform should be decentralized into about five regional offices, each headed by a Deputy Administrator. Primarily, a Region would supervise the work of each province in the area under its jurisdiction to insure compliance with the law and the thorough and expeditious prosecution of the reform. It would deal directly with the "Bank" and should be the office of record for all financial matters respecting land purchases, sales, and collections. It should have a legal staff, equipped to investigate and prosecute cases of evasion and malfeasance arising in the provinces.
 - c) Provincial level: Headed by a Provincial Director, this office would maintain surveillance over the work carried out by the Local Land Commissions in the barrios pursuant to effecting a thorough and vigorous prosecution of the law. This office, acting for the Philippine Government, should be responsible for final approval of all purchase and sale plans submitted to it by the Provincial Land Commission. Responsibility for accomplishing transfer and registration of titles should center in this office. The Director should have authority to order

a recall election respecting the whole (but not just a part) of a Local Land Commission.

2) It is further suggested that the Land Commission System, described above should be composed entirely of bona fide farmers and such non-voting experts as are specified by law, and should have existence at three echelons: National, Provincial, and Local. As an example of a functional organization plan for the Land Commission System, attention is invited to the following:

- a) The National Land Commission should be composed of three (3) owner, two (2) owner-cultivator, and five (5) tenant, voting members;¹⁸ such other non-voting members within the limits of five (5)¹⁸ who by their training and experience would enhance the effectiveness of the Commission; and the Administrator, who would act as chairman. It would decide questions fixed for its jurisdiction by law and matters relating to overall policy. It should be the body of highest appeal of decisions made by Provincial Land Commissions. Members of the Commission should be appointed by the President of the Philippines with the advice of the Secretary of Agriculture and Natural Resources and such other persons as he may deem appropriate. The Commission should serve without pay but should be reimbursed for actual expenses incurred in connection with service. The Commission should meet in Manila at least as often as once each year.
- b) A Provincial Land Commission should be similar in composition to that of the National Commission except that non-voting expert membership should be limited to three (3),¹⁸ and that the Provincial Director should serve as chairman. Voting members of the Commission should be elected by and from among members within their own category on the Local Land Commissions within the province, provided that when a member of a local commission is elected to the provincial commission, he should resign his membership on the local commission and the vacancy thus created on the local commission should be filled by an immediate election. The Commission would decide questions fixed within its jurisdiction by law,

¹⁸ While the question as to the size of Land Commissions should be decided by those responsible for drafting the implementing law, it is suggested that the basic principle guiding this decision should be that of assuring that tenant representation (purchase interest) will equal owner representation (seller interest).

questions and appeals forwarded to it by the Local (or National) Land Commissions for decision, and should be responsible for first approval of all purchase and sale plans originated by the Local Land Commissions. It might act directly in the purchase of eligible lands which exceed the jurisdictional limits of a single Local Land Commission. The Commission members would serve without pay but should be reimbursed for actual expenses incurred in service. The Commission should meet at least as often as once each month.

- c) A Local Land Commission should be composed of three (3) owners, two (2) owner-sultivators, and five (5) tenants.¹⁸ All members should be voting members. The chairman should be elected by and from among the members; except that if the question of the chairman cannot be decided, a member should be designated as chairman by the Deputy Administrator.¹⁹ Members should be elected by and from among voters in their registered category as described in paragraph i.1), following. The Commission should be responsible for drawing up purchase and sale plans respecting lands and other properties within the area under its jurisdiction as provided by law (involving decisions respecting land subject to purchase, price, and eligibility of purchasers). The Commission should also regulate landlord-tenant agreements and serve as the arbiter of their disputes as provided for in paragraphs d.1)i) and j), page 36. The Commission should serve without pay but should be reimbursed for actual expenses incurred in service. The Commission should meet at least as often as once each two weeks. The Commission should be furnished with clerical assistance.

i. To insure that members of Land Commissions, recommended in paragraph 33h, page 38, and described in subparagraph 33h.2), page 40, discharge their responsibilities in an equitable and effective manner, provision for the establishment and maintenance of a Land Commission System should include:

- 1) Provision for the registration of voters and the election of members. (Note: As an example, such provisions might adhere to the following pattern: All persons of

¹⁸ Ibid (above).

¹⁹ See par. 33h.1)b), page 39.

twenty-one (21) years of age or over, who are immediate members of families owning or operating tillable land exceeding three-tenths (0.3) hectare or farm land exceeding four-tenths (0.4) hectare²⁰ would be registered in accord with tenure categories as defined in paragraph c.4)k), page 29. All persons so registered would be eligible to vote in the election of representatives of their particular tenure group on Local Land Commission. Any eligible voter might hold office on the Commission. Eligibility to represent, or vote for, or recall representatives of a given tenure group should be confined exclusively to registrants within that tenure group. In the event any category of electors should fail to elect its representatives to a commission, the existing vacancies should be filled by persons appointed by the Deputy Administrator. Such appointments might be made from among voters registered within the area in any of the three categories, irrespective of the category in which such vacancy exists.

- 2) Establishment of election procedures and schedules appropriate for the reform, with special attention to the abilities and experience of the electorate involved.
- 3) Ample provision for the dissemination of information respecting the Land Tenure Reform Program in general and the establishment, maintenance, and responsibilities of the Land Commissions, with special attention to procedures respecting recall elections.

²⁰ See definition, par. c.4), page 27.

A P P E N D I X "A"
LAND TENURE STATISTICS

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PERCENTAGE FREQUENCY OF TOTAL FARM AREA OPERATED BY TENURE CATEGORIES BY PROVINCE

NO.	PROVINCE	ISLAND	: Owners	: Owners	P E N A N T S				: Total	: Managers
					: Part	: Share	: Share-	: Cash		
1.	Abra	Luzon	: 55.1	: 34.5	: 9.4	: .2	: .3	: 9.9	: .5	
2.	Agusan	Mindanao	: 82.0	: 4.3	: 12.1	: --	: --	: 12.1	: 1.6	
3.	Albay	Luzon	: 59.8	: 12.4	: 25.1	: .1	: .1	: 25.3	: 2.5	
4.	Antique	Visayas	: 67.3	: 20.9	: 10.5	: .3	: .6	: 11.4	: .5	
5.	Bataan	Luzon	: 37.6	: 18.0	: 31.0	: 6.0	: 2.7	: 39.7	: 4.7	
6.	Batanes	Luzon	: 94.3	: 4.9	: .7	: --	: --	: .7	: --	
7.	Batangas	Luzon	: 27.9	: 26.6	: 44.0	: .7	: .2	: 44.9	: .6	
8.	Bohol	Visayas	: 59.6	: 22.3	: 13.5	: --	: --	: 13.5	: 4.4	
9.	Bukidnon	Mindanao	: 43.2	: 3.3	: 6.3	: --	: 5.3	: 11.6	: 42.0	
10.	Bulacan	Luzon	: 20.9	: 16.3	: 56.6	: 2.7	: 1.2	: 60.5	: 2.3	
11.	Cagayan	Luzon	: 56.8	: 20.5	: 11.2	: .1	: .2	: 11.5	: 11.2	
12.	Camarines Norte	Luzon	: 54.4	: 5.7	: 39.0	: .5	: .1	: 39.6	: .2	
13.	Camarines Sur	Luzon	: 59.2	: 12.2	: 21.6	: .3	: .5	: 22.4	: 6.3	
14.	Capiz	Visayas	: 54.6	: 12.9	: 23.8	: .8	: 3.0	: 27.6	: 4.9	
15.	Cavite	Luzon	: 26.0	: 17.8	: 50.0	: 2.0	: 2.7	: 54.7	: 1.5	
16.	Cebu	Visayas	: 50.7	: 18.7	: 29.0	: .1	: .2	: 29.3	: 1.3	
17.	Cotabato	Mindanao	: 79.1	: 1.4	: 7.0	: .2	: .5	: 7.7	: 11.8	
18.	Davao	Mindanao	: 69.9	: 1.7	: 13.1	: .9	: .4	: 14.4	: 14.0	
19.	Ilocos Norte	Luzon	: 43.3	: 39.6	: 16.9	: .1	: .1	: 17.1	: --	
20.	Ilocos Sur	Luzon	: 36.2	: 40.5	: 21.8	: .3	: .1	: 22.2	: 1.2	
21.	Iloilo	Visayas	: 45.3	: 13.5	: 33.7	: .6	: 2.4	: 36.7	: 4.5	
22.	Isabela	Luzon	: 65.7	: 15.2	: 12.3	: .3	: .4	: 13.0	: 6.0	
23.	La Union	Luzon	: 58.7	: 26.3	: 13.6	: .2	: .4	: 14.2	: .9	
24.	Laguna	Luzon	: 32.2	: 24.7	: 40.2	: .8	: .3	: 41.3	: 1.8	
25.	Lanao	Mindanao	: 79.8	: 4.4	: 13.0	: .4	: .2	: 13.6	: 2.1	
26.	Leyte	Visayas	: 57.2	: 13.1	: 29.1	: .2	: .1	: 29.4	: .4	
27.	Manila	Luzon	: 24.7	: --	: 14.1	: 12.1	: 46.6	: 72.8	: 2.4	
28.	Marinduque	Luzon	: 53.6	: 33.6	: 11.0	: .1	: --	: 11.1	: 1.7	
29.	Masbato	Luzon	: 48.0	: 3.7	: 25.4	: .2	: 1.8	: 27.4	: 21.0	
30.	Mindoro	Luzon	: 71.0	: 6.0	: 13.8	: .1	: .3	: 14.2	: 8.8	
31.	Misamis Occidental	Mindanao	: 57.1	: 12.8	: 29.6	: .2	: --	: 29.8	: .2	
32.	Misamis Oriental	Mindanao	: 71.6	: 7.6	: 16.1	: .2	: .1	: 16.4	: 4.4	
33.	Mountain Province	Luzon	: 91.0	: 4.4	: 2.1	: --	: .2	: 2.3	: 2.3	

NO.	PROVINCE	ISLAND	: Owners	: Part Owners	: Share	T E N A N T S			: FARM MANAGERS
						: Share - Cash	: Cash	: Total	
34.	Negros Occidental	Visayas	: 37.5	: 3.1	: 24.3	: 1.1	: 4.4	: 29.8	: 29.5
35.	Negros Oriental	Visayas	: 54.2	: 11.0	: 25.2	: 1.7	: .2	: 27.1	: 7.6
36.	Nueva Ecija	Luzon	: 28.7	: 10.0	: 55.9	: .4	: .1	: 56.4	: 4.0
37.	Nueva Vizcaya	Luzon	: 63.3	: 15.7	: 20.8	: .1	: .1	: 21.0	: —
38.	Palawan	Visayas	: 48.0	: .8	: 2.1	: —	: .1	: 2.2	: 49.0
39.	Pampanga	Luzon	: 14.9	: 14.1	: 50.9	: .4	: 1.6	: 52.9	: 18.1
40.	Pangasinan	Luzon	: 38.2	: 30.4	: 27.8	: .9	: 1.5	: 30.2	: 1.1
41.	Rizal	Luzon	: 36.5	: 21.2	: 20.3	: 1.8	: 4.3	: 26.4	: 15.9
42.	Romblon	Luzon	: 51.4	: 11.5	: 33.5	: .9	: 1.0	: 35.4	: 1.7
43.	Samar	Visayas	: 80.2	: 6.6	: 12.3	: .3	: .6	: 13.2	: —
44.	Sorsogon	Rizal	: 54.3	: 11.3	: 29.9	: .4	: —	: 30.3	: 4.1
45.	Sulu	Mindanao	: 79.8	: .7	: 10.8	: 1.5	: 7.0	: 19.3	: .1
46.	Surigao	Mindanao	: 74.5	: 14.3	: 11.0	: .2	: —	: 11.2	: —
47.	Tarlac	Luzon	: 25.2	: 19.5	: 43.5	: .3	: 1.5	: 45.3	: 10.1
48.	Tayabas	Luzon	: 55.1	: 13.9	: 27.9	: .1	: —	: 28.0	: 3.1
49.	Zambales	Luzon	: 35.7	: 37.2	: 17.0	: 2.9	: 5.4	: 25.3	: 1.8
50.	Zamboanga	Mindanao	: 78.7	: 3.1	: 13.0	: .4	: .4	: 13.8	: 4.5
TOTAL PHILIPPINES			: 55.0	: 12.2	: 23.6	: .5	: 1.0	: 25.1	: 7.6

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FREQUENCY OF FARM TENURE CATEGORIES BY PROVINCE

NO.	PROVINCE	ISLAND	Total No. :		Part : Owners : %	T E N A N T S			Total : :	Farm Managers
			: of : Farmers	: Owners : %		: Share : %	: Share - : Cash %	: Cash : %		
1.	Abra	Luzon	13,329	53.3	35.2	11.1	.2	.2	11.5	—
2.	Agusan	Mindanao	12,072	78.2	3.2	18.4	—	.1	18.5	.1
3.	Albay	Luzon	44,261	63.2	13.3	23.2	.1	.2	23.5	—
4.	Antique	Visayas	23,662	63.7	21.0	14.8	.3	.3	25.4	—
5.	Bataan	Luzon	6,305	28.7	18.8	35.8	10.2	6.4	52.4	.1
6.	Batanes	Luzon	1,724	90.1	8.2	1.8	—	—	1.8	—
7.	Batangas	Luzon	50,316	28.9	26.4	44.1	.6	.2	44.9	—
8.	Bohol	Visayas	63,388	57.2	26.2	16.5	—	—	16.5	—
9.	Bukidnon	Mindanao	6,561	64.6	1.1	20.2	.1	13.0	33.3	1.0
10.	Bulacan	Luzon	36,014	21.3	14.5	60.5	2.4	1.3	64.2	—
11.	Bulacan	Luzon	36,561	51.2	28.8	19.5	.3	.3	20.1	—
12.	Camarines Norte	Luzon	10,011	51.3	5.2	43.2	.3	.1	43.6	—
13.	Camarines Sur	Luzon	35,822	51.6	16.0	30.9	.5	.9	32.3	—
14.	Capiz	Visayas	43,527	44.0	14.1	37.0	1.0	4.0	42.0	.1
15.	Cavite	Luzon	22,463	27.6	16.8	50.9	1.8	2.8	55.5	—
16.	Cebu	Visayas	121,548	41.5	17.0	41.4	—	—	41.4	—
17.	Cotabato	Mindanao	25,018	75.4	1.2	21.2	.4	1.7	23.3	.2
18.	Davao	Mindanao	26,251	72.6	1.0	24.2	1.5	.5	26.2	.3
19.	Ilocos Norte	Luzon	31,234	40.1	40.3	19.3	.1	.1	19.5	—
20.	Ilocos Sur	Luzon	27,163	38.9	36.9	23.7	.4	.1	24.2	—
21.	Iloilo	Visayas	66,915	38.3	14.2	44.8	.6	2.0	47.4	.1
22.	Isabela	Luzon	32,719	51.8	19.1	27.3	.8	.9	29.0	.1
23.	La Union	Luzon	25,739	52.6	29.6	17.3	.1	.3	17.7	—
24.	Laguna	Luzon	25,720	37.3	22.4	39.0	.8	.5	40.3	—
25.	Lanao	Mindanao	24,529	68.2	2.9	28.0	.7	.2	28.9	—
26.	Leyte	Visayas	100,794	46.7	12.8	40.3	.1	—	40.4	—
27.	Manila	Luzon	56	8.9	—	15.1	10.7	62.5	89.3	1.8
28.	Marinduque	Luzon	9,931	57.7	28.7	13.5	.1	—	13.6	—
29.	Masbate	Luzon	17,723	65.6	3.3	29.2	.7	.4	30.3	.7
30.	Mindoro	Luzon	16,261	62.9	9.2	27.3	.3	.2	27.8	.1
31.	Misamis Occidental	Mindanao	25,650	46.3	11.5	42.1	.2	—	42.3	—
32.	Misamis Oriental	Mindanao	22,521	71.6	6.9	21.2	.1	.1	21.4	.1
33.	Mountain Province	Luzon	36,127	95.4	2.7	1.5	—	.4	1.9	—

FREQUENCY OF FARM TENURE CATEGORIES BY PROVINCE

NO.	PROVINCE	ISLAND	Total No.	of	Part	T E N A N T S			Farm	
			of Farmers	Owners %	Owners %	Share	Share - Cash %	Cash %	Total %	Managers
34.	Negros Occidental	Visayas	35,896	27.1	3.1	65.1	.9	1.9	67.9	2.0
35.	Negros Oriental	Visayas	47,440	44.0	12.2	43.6	.1	.1	43.8	.1
36.	Nueva Ecija	Luzon	78,319	23.1	10.3	64.9	.4	1.1	66.4	.1
37.	Nueva Vizcaya	Luzon	10,114	55.7	16.3	27.8	—	.1	27.9	—
38.	Palawan	Visayas	11,304	95.9	.5	3.3	—	.2	3.5	.1
39.	Pampanga	Luzon	23,628	12.0	17.5	67.9	—	2.0	70.4	.1
40.	Pangasinan	Luzon	86,615	38.6	28.2	30.6	.8	1.7	33.1	—
41.	Rizal	Luzon	14,149	36.6	26.7	26.7	2.6	7.3	36.6	.1
42.	Romblon	Luzon	14,521	54.7	9.2	33.8	.6	1.7	36.1	—
43.	Samar	Visayas	63,194	77.8	5.5	15.3	.2	1.2	16.7	—
44.	Sorsogon	Luzon	31,688	59.0	96.6	30.9	.3	.1	31.3	.1
45.	Sulu	Mindanao	20,384	73.0	.5	13.1	1.8	11.5	26.4	—
46.	Surigao	Mindanao	28,982	72.7	13.3	13.7	.2	.1	14.0	—
47.	Tarlac	Luzon	28,651	24.8	22.1	51.2	.3	1.5	53.0	.1
48.	Tayabas	Luzon	52,874	52.5	11.1	35.2	.1	—	36.3	.1
49.	Zambales	Luzon	12,165	28.8	39.4	20.8	4.4	6.6	31.8	—
50.	Zamboanga	Mindanao	32,877	71.8	2.4	25.3	.1	.3	25.7	.1
TOTAL PHILIPPINES			1,634,726	49.2	15.6	33.5	.5	1.6	35.6	.1

AVERAGE AREA OF FARM LAND FOR THE DIFFERENT TENURE CATEGORIES BY PROVINCE

No.	Province	Island	Owners	Part Owners	T E N A N T S				Farm Managers
					Share	Share-Cash	Cash	Total	
1.	Abra	Luzon	2.00	1.89	1.63	2.19	3.25	2.36	63.64
2.	Agusan	Mindanao	6.03	7.72	3.78	—	1.88	2.83	65.33
3.	Albay	Luzon	3.85	3.79	4.41	4.59	2.08	3.69	265.45
4.	Antique	Visayas	3.24	3.06	2.18	3.31	5.60	3.70	342.00
5.	Bataan	Luzon	5.53	4.03	3.66	2.49	1.76	2.64	310.95
6.	Batanes	Luzon	3.27	1.91	1.28	—	—	1.28	—
7.	Batangas	Luzon	2.59	2.72	2.68	3.06	2.30	2.68	84.95
8.	Bohól	Visayas	2.89	2.36	2.26	2.50	2.32	2.36	1,117.04
9.	Bukidnon	Mindanao	12.93	57.93	6.01	1.75	7.83	5.20	795.23
10.	Bulacan	Luzon	2.48	2.85	2.36	2.82	2.26	2.48	1,047.75
11.	Cagayan	Luzon	4.79	3.08	2.48	1.47	2.48	2.14	4,400.58
12.	Camarines Norte	Luzon	6.58	6.81	5.61	11.84	10.23	9.23	67.25
13.	Camarines Sur	Luzon	7.25	4.80	4.42	3.09	3.28	3.60	831.72
14.	Capiz	Visayas	4.32	3.21	2.24	3.10	2.66	2.67	320.97
15.	Cavite	Luzon	2.83	3.17	2.95	3.25	2.90	3.03	144.60
16.	Cebu	Visayas	2.00	1.80	1.15	4.57	8.06	4.59	110.18
17.	Cotabato	Mindanao	9.98	10.73	3.17	5.40	2.96	3.84	509.95
18.	Davao	Mindanao	12.06	22.91	6.79	7.54	9.72	8.02	689.39
19.	Ilocos Norte	Luzon	1.80	1.64	1.46	1.72	1.33	1.50	—
20.	Ilocos Sur	Luzon	1.53	1.81	1.51	1.28	1.17	1.32	527.72
21.	Iloilo	Visayas	4.42	3.54	2.81	4.14	4.46	3.80	185.93
22.	Isabela	Luzon	7.20	4.54	2.56	1.98	2.52	2.35	623.57
23.	La Union	Luzon	2.39	1.90	1.68	3.27	2.76	2.57	494.49
24.	Laguna	Luzon	3.35	4.29	4.01	4.10	2.72	3.61	203.89
25.	Lanao	Mindanao	6.90	8.06	2.47	3.06	5.93	3.82	243.41
26.	Leyte	Visayas	3.38	2.82	1.99	3.77	6.97	4.24	180.71
27.	Manila	Luzon	6.24	—	1.98	2.55	1.68	2.07	3.00
28.	Marinduque	Luzon	4.93	6.20	4.34	3.20	18.86	8.80	900.00
29.	Masbate	Luzon	8.29	12.42	9.85	2.60	47.66	20.04	335.44
30.	Mindoro	Luzon	11.42	6.59	5.10	5.10	11.20	7.13	689.55
31.	Misamis Occidental	Mindanao	3.46	3.12	1.97	2.86	2.19	2.34	86.14
32.	Misamis Oriental	Mindanao	5.00	5.54	3.80	9.42	4.64	5.95	384.39

No.	Province	Island	Owners	Part Owners	T E N A N T S				Farm Managers
					Share	Share-Cash	Cash	Total	
33.	Mountain Province	Luzon	2.01	3.46	2.94	4.00	1.29	2.74	218.84
34.	Negros Occidental	Visayas	11.49	8.36	3.10	10.25	19.53	10.96	125.80
35.	Negros Oriental	Visayas	3.17	2.33	1.49	29.78	5.38	12.22	320.32
36.	Nueva Ecija	Luzon	4.58	3.58	3.18	3.23	3.38	3.26	167.02
37.	Nueva Vizcaya	Luzon	3.29	2.80	2.17	3.85	1.78	2.60	—
38.	Palawan	Visayas	4.01	11.86	5.16	—	4.07	4.62	3,416.39
39.	Pampanga	Luzon	6.37	4.11	3.83	4.30	3.92	4.02	1,214.82
40.	Pangasinan	Luzon	2.31	2.52	2.12	2.60	2.05	2.26	211.05
41.	Rizal	Luzon	3.40	2.71	2.59	2.34	2.00	2.31	449.55
42.	Romblon	Luzon	3.77	5.03	3.97	5.91	2.48	4.12	490.00
43.	Samar	Visayas	3.77	4.40	2.94	3.87	1.75	2.85	84.90
44.	Sorsogon	Luzon	4.36	8.58	4.59	6.12	3.87	4.86	188.09
45.	Sulu	Mindanao	4.15	5.26	3.13	3.09	2.32	2.85	27.19
46.	Surigao	Mindanao	3.89	4.07	3.03	2.69	1.79	2.50	—
47.	Tarlac	Luzon	3.95	3.44	3.31	2.84	3.74	3.30	374.64
48.	Tayabas	Luzon	6.48	7.71	4.76	4.95	3.60	4.44	303.05
49.	Zambales	Luzon	3.77	2.87	2.46	2.00	2.46	2.31	335.74
50.	Zamboanga	Mindanao	9.13	10.74	4.30	29.24	9.85	14.46	554.53
TOTAL PHILIPPINES			4.58	3.21	2.88	3.86	3.98	3.57	320.34

DISTRIBUTION OF FARMS BY SIZE, FOR THE PHILIPPINES: 1939

Size of farm		Number of farms	Per cent of distribution
Under	.20 hectare -----	36,795	2.3
.20 to	.39 hectare -----	65,860	4.0
.40 to	.59 hectare -----	100,470	6.1
.60 to	.99 hectare -----	165,778	10.1
1.00 to	1.49 hectares -----	310,318	19.0
1.50 to	1.99 hectares -----	178,735	10.9
2.00 to	2.99 hectares -----	306,496	18.7
3.00 to	3.99 hectares -----	164,458	10.1
4.00 to	4.99 hectares -----	94,106	5.8
5.00 to	9.99 hectares -----	142,587	8.7
10.00 to	19.99 hectares -----	48,367	3.0
20.00	hectares and over -----	20,756	1.3
T O T A L -----		1,634,726	100.0

DISTRIBUTION OF FARM AREA CLASSIFIED BY USE, BY SIZE OF FARM, FOR THE PHILIPPINES:

1939

Size of Farm		Farm Area		Cultivated Land		Idle Land	
		Hectares	Percent distribution	Hectares	Percent distribution	Hectares	Percent distribution
Under	.20 hectare	125,979.93	1.9	4,275.10	0.1	493.51	*—
	.20 to .39 hectare	29,775.30	0.4	18,395.44	0.5	956.22	0.1
	.40 to .59 hectare	72,039.49	1.1	46,869.83	1.2	2,295.03	0.2
	.60 to .99 hectare	165,378.29	2.5	123,113.06	3.1	9,366.56	0.8
	1.00 to 1.49 hectares	467,119.22	7.0	338,739.60	8.6	20,700.86	1.9
	1.50 to 1.99 hectares	369,303.57	5.5	275,310.61	7.0	26,066.65	2.4
	2.00 to 2.99 hectares	876,643.84	13.1	646,827.29	16.4	61,189.78	5.5
	3.00 to 3.99 hectares	663,196.46	9.9	480,650.35	12.2	62,584.23	5.6
	4.00 to 4.99 hectares	499,188.87	7.4	344,582.48	8.7	59,842.40	5.4
	5.00 to 9.99 hectares	1,191,529.87	17.8	723,835.61	18.3	211,428.88	19.1
	10.00 to 19.99 hectares	804,632.96	12.0	382,052.24	9.7	255,152.30	23.0
	20.00 hectares and over	1,425,806.07	21.3	569,159.03	14.4	398,082.93	35.9
Total		6,690,593.87	100.0	3,953,810.64	100.0	1,108,159.35	100.0

Size of Farm		Pasture Land		Forest Land		Other Land		Irrigated Land	
		Hectares	Percent distribution	Hectares	Percent distribution	Hectares	Percent distribution	Hectares	Percent distribution
Under	.20 hectare	110,142.03	15.0	6,129.50	0.9	4,939.79	2.0	1,060.94	0.2
	.20 to .39 hectare	3,997.65	0.5	3,257.56	0.5	3,168.43	1.3	3,558.98	0.7
	.40 to .59 hectare	8,755.06	1.2	7,747.76	1.2	6,371.81	2.6	7,219.91	1.4
	.60 to .99 hectare	10,924.98	1.5	10,870.83	1.7	11,102.86	4.5	18,287.79	3.5
	1.00 to 1.49 hectares	39,204.24	5.4	38,961.25	6.0	29,513.27	11.9	51,181.17	9.9
	1.50 to 1.99 hectares	21,253.48	2.9	27,428.98	4.2	19,243.85	7.7	39,391.92	7.6
	2.00 to 2.99 hectares	61,862.07	8.4	66,840.27	10.3	39,924.43	16.0	103,826.91	20.1
	3.00 to 3.99 hectares	42,491.67	5.8	51,974.74	8.0	25,495.47	10.2	80,754.02	15.6
	4.00 to 4.99 hectares	31,737.02	4.3	45,972.65	7.1	17,054.32	6.8	53,153.84	10.3
	5.00 to 9.99 hectares	102,080.27	13.9	118,981.80	18.4	35,203.31	14.1	92,550.46	17.9
	10.00 to 19.99 hectares	69,880.02	9.5	75,458.42	11.7	22,089.98	8.9	29,465.15	5.7
	20.00 hectares and over	229,893.71	31.4	193,795.66	29.9	34,874.74	14.0	35,700.99	5.9
Total		732,222.20	100.0	647,419.42	100.0	248,982.26	100.0	516,152.08	100.0

*Less than 0.1 per cent

DISTRIBUTION OF FARMS IN EACH TENURE GROUP BY SIZE OF FARM, FOR THE PHILIPPINES: 1939

Tenure group and size of farm		Number of farms	Per cent distribution	Tenure group and size of farm		Number or farms	Per cent distribution
OWNERS -----		804,786	100.0	SHARE-CASH TENANTS -----		8,652	100.0
Under	.20 hectare -----	27,565	3.4	Under	.20 hectare -----	104	1.2
.20 to	.39 hectare -----	38,806	4.8	.20 to	.39 hectare -----	131	1.5
.40 to	.59 hectare -----	51,563	6.4	.40 to	.59 hectare -----	312	3.6
.60 to	.99 hectare -----	80,823	10.0	.60 to	.99 hectare -----	589	6.8
1.00 to	1.49 hectares -----	141,468	17.6	1.00 to	1.49 hectares -----	1,769	20.4
1.50 to	1.99 hectares -----	79,662	9.9	1.50 to	1.99 hectares -----	1,088	12.6
2.00 to	2.99 hectares -----	131,207	16.3	2.00 to	2.99 hectares -----	2,035	23.5
3.00 to	3.99 hectares -----	73,923	9.2	3.00 to	3.99 hectares -----	1,001	11.6
4.00 to	4.99 hectares -----	46,718	5.8	4.00 to	4.99 hectares -----	544	6.3
5.00 to	9.99 hectares -----	82,930	10.3	5.00 to	9.99 hectares -----	804	9.3
10.00 to	19.99 hectares -----	35,254	4.4	10.00 to	19.99 hectares -----	177	2.0
20.00	hectares and over -----	14,867	1.8	20.00	hectares and over -----	98	1.1
PART OWNERS -----		254,637	100.0	CASH TENANTS -----		17,111	100.0
Under	.20 hectare -----	1,871	0.7	Under	.20 hectare -----	503	2.9
.20 to	.39 hectare -----	6,542	2.6	.20 to	.39 hectare -----	538	3.1
.40 to	.59 hectare -----	12,225	4.8	.40 to	.59 hectare -----	936	5.5
.60 to	.99 hectare -----	26,917	10.6	.60 to	.99 hectare -----	1,516	8.9
1.00 to	1.49 hectares -----	47,501	18.7	1.00 to	1.49 hectares -----	3,833	22.4
1.50 to	1.99 hectares -----	33,903	13.3	1.50 to	1.99 hectares -----	2,170	12.7
2.00 to	2.99 hectares -----	54,048	21.2	2.00 to	2.99 hectares -----	3,523	20.6
3.00 to	3.99 hectares -----	29,255	11.5	3.00 to	3.99 hectares -----	1,621	9.5
4.00 to	4.99 hectares -----	15,773	6.2	4.00 to	4.99 hectares -----	890	5.2
5.00 to	9.99 hectares -----	20,783	8.2	5.00 to	9.99 hectares -----	1,075	6.3
10.00 to	19.99 hectares -----	4,553	1.8	10.00 to	19.99 hectares -----	284	1.7
20.00	hectares and over -----	1,266	0.5	20.00	hectares and over -----	213	1.2

Tenure group and size of farm	Number of farms	Per cent distribution	Tenure group and size of farm	Number of farms	Per cent distribution
SHARE TENANTS -----	547,953	100.0	FARM MANAGERS -----	1,587	100.0
Under .20 hectare -----	6,618	1.2	Under .20 hectare -----	134	8.4
.20 to .39 hectare -----	19,838	3.6	.20 to .39 hectare -----	5	0.3
.40 to .59 hectare -----	35,432	6.5	.40 to .59 hectare -----	11	0.7
.60 to .99 hectare -----	55,924	10.2	.60 to .99 hectare -----	9	0.6
1.00 to 1.49 hectares -----	115,728	21.1	1.00 to 1.49 hectares -----	19	1.2
1.50 to 1.99 hectares -----	61,906	11.3	1.50 to 1.99 hectares -----	6	0.4
2.00 to 2.99 hectares -----	115,653	21.1	2.00 to 2.99 hectares -----	21	1.3
3.00 to 3.99 hectares -----	58,638	10.7	3.00 to 3.99 hectares -----	20	1.3
4.00 to 4.99 hectares -----	30,164	5.5	4.00 to 4.99 hectares -----	17	1.1
5.00 to 9.99 hectares -----	36,924	6.7	5.00 to 9.99 hectares -----	71	4.5
10.00 to 19.99 hectares -----	7,962	1.5	10.00 to 19.99 hectares -----	137	8.6
20.00 hectares and over -----	3,175	0.6	20.00 hectares and over -----	1,137	71.6

OF V

TENURE OF FARM OPERATOR IN RELATION TO TOTAL NUMBER OF FARMS OPERATED

	All Farmers	Owners	Part Owners	T E N A N T S				Farm Managers
				Share	Share- Cash	Cash	Total	
Number of farms operated by:	1,634,726	804,786	254,637	547,953	8,652	17,111	573,716	1,587
Percentage of all farms operated by:	100	49.2	15.6	33.5	.5	1	35	.1

TENURE OF FARM OPERATOR IN RELATION TO TOTAL AGRICULTURAL AREA

	All Farmers	Owners	Part Owners	T E N A N T S				Farm Managers
				Share	Share-Cash	Cash	Total	
Total farm area in farms operated by: (in thousands hectares)	6,691	3,683	818	1,580	33	68	1,681	509
Percentage of total farm area operated by:	100	55	12.2	23.6	.5	1	25.1	7.6
Total cultivated area operated by: (in thousands hectares)	3,954	1,937	594	1,248	24	44	1,282	140
Percentage of cultivated land operated by:	100	49	15	30.7	.6	1.1	32.4	3.5
Total idle land in farms operated by: (in thousands hectares)	1,108	798	90	146	3	7	156	64
Percentage of idle land in farms operated by:	100	72	8.1	13.2	.2	.7	14.1	5.7
Total pasture land in farms operated by: (in thousands hectares)	732	376	59	108	4	9	121	176
Percentage of all pasture land in farms operated by:	100	49.2	15.6	33.5	.5	1	35.1	.1

TENURE OF FARM OPERATOR IN RELATION TO AGRICULTURAL AREA PER FARM

	All	Part	T E N A N T S				Farm	
	Farmers	Owners	Owners	Share	Share-Cash	Cash	Total	Managers
Average area per farm land for farms operated by: (hectares)		4.58	3.21	2.88	3.86	3.98	3.57	320.34
Average area of cultivated land for farms operated by:	2.42	2.41	2.33	2.22	2.79	2.58	2.53	88.32
Percentage of cultivated lands in farm operated by:	100	49.00	15.00	30.70	.60	1.10	32.40	3.5
Average area of idle land per farm for farms operated by: (hectares)	.68	.99	.35	.27	.32	.43	.34	40.02
Percentage of all idle land in farms operated by:	100	72.00	8.1	13.20	.20	.70	14.10	5.7
Average area of irrigated land per farm: for farms operated by: (hectares)		.2	.47	.39	.59	.34	.44	6.4
Percentage of irrigated land in farms operated by:	100	31.4	23.3	41.30	1.00	1.20	43.50	1.9

TENURE OF FARM OPERATOR IN RELATION TO TYPE OF FARM

	Total	Owners	Part Owners	T E N A N T S				Farm Managers
				Share	Share-Cash	Cash	Total	
Number of farms by type operated by--								
1 - All farms -----	1,634,726	804,786	254,637	847,953	8,652	17,111	873,716	1,587
2 - Palay -----	799,666	319,696 (40%)	160,810 (20%)	300,249	6,332	12,420	319,001 (40%)	159 (.02%)
3 - Corn -----	239,618	88,266 (37%)	30,852 (13%)	119,220	511	719	120,450 (50%)	49 (.02%)
4 - Abaca -----	62,139	44,563 (72%)	3,703 (6%)	12,872	465	453	13,790 (22%)	83 (.10%)
5 - Sugarcane -----	21,459	4,619 (22%)	3,009 (14%)	12,717	197	240	13,154 (61%)	677 (3%)
6 - Coconut -----	302,294	207,806 (69%)	28,513 (9%)	64,741	417	619	65,777 (22%)	198 (.06%)
7 - Fruit -----	11,876	8,822 (74%)	891 (8%)	1,956	25	155	2,136 (18%)	27 (.20%)
8 - Tobacco -----	13,166	4,949 (38%)	2,864 (22%)	4,852	142	358	5,352 (40%)	1 (.008%)
9 - Palay-tobacco -----	8,662	3,841 (44%)	2,473 (29%)	2,106	88	152	2,346 (27%)	2 (.02%)
10 - Vegetable -----	30,987	24,649 (80%)	1,365 (4%)	4,536	66	355	4,957 (16%)	16 (.05%)
11 - Livestock -----	1,661	933 (56%)	105 (6%)	350	3	40	393 (24%)	230 (14%)
12 - Poultry -----	80	36 (45%)	1 (1%)	24	3	11	38 (48%)	5 (6%)
13 - Others -----	143,118	96,606 (68%)	20,050 (14%)	24,330	403	1,589	26,322 (18%)	140 (.10%)

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TENURE OF FARM OPERATION IN RELATION TO DISTRIBUTION OF CHATTELS

	All Farmers	Owners	Part Owners	T E N A N T S				Farm Managers
				Share	Share Cash	Cash	Total	
Value of farm equipment on farms operated by: (in thousands pesos)	22,976	8,517 (37%)	3,909 (17%)	7,596	231	418	8,245 (36%)	2,305 (10%)
Number of plows on farm operated by: (in thousands)	1,356	533 (39%)	290 (21%)	492	10	18	520 (38%)	13 (10%)
Percentage distribution of carabaos, work animals, hogs, chickens on farm:								
1 - Carabaos (Total)----- 2,526,026		45.4	18.3	33.1	.7	1.3	35.1	1.2
2 - Work animals ----- 1,868,397		43.6	18.8	34.5	.7	1.3	36.5	1.0
3 - Hogs ----- 3,057,441		50.1	18.1	30.5	.4	.7	31.6	.2
4 - Chickens ----- 18,554,480		47.8	16.4	33.5	.6	1.2	35.3	.5
5 - Cattle ----- 1,168,190		51.0	15.2	21.6	.4	1.3	23.3	10.5

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PER CENT DISTRIBUTION OF ALL FARMS, CARABAOS, FARM AREA, CULTIVATED LAND, IRRIGATED LAND, AND VALUE OF FARM EQUIPMENT, BY CITIZENSHIP OF FARM OPERATOR, FOR THE PHILIPPINES: 1939

Citizenship of farm operator	All farms	Total Carabaos	Farm area	Cultivated Land	Irrigated Land	Value of farm equipment
Filipinos -----	99.8	99.8	97.7	98.4	99.6	95.4
Japanese -----	0.2	0.1	0.7	0.9	0.2	3.1
Chinese -----	*	*	0.3	0.2	*	0.3
United States -----	*	*	0.3	0.2	*	0.6
Spaniards -----	*	0.1	0.9	0.2	0.1	0.5
Others -----	*	*	*	*		*
TOTAL PHILIPPINES	100.0	100.0	100.0	100.0	100.0	100.0

* Less than 0.1 per cent

Republic of the Philippines
Department of Commerce and Industry
BUREAU OF THE CENSUS AND STATISTICS
Manila

NUMBER OF LANDOWNERS OF FARM LANDS OF 24 HECTARES AND OVER AND TOTAL AREA OWNED
BY SUCH OWNERS RESIDING IN AND OUTSIDE THE PLACE WHERE THE LAND IS LOCATED

Province	: Different barrio:		Outside of the :		Resident	
	: No. of:	Area	: No. of:	Area	: No. of:	Area
	: Owners:	(Hectares)	: Owners:	(Hectares)	: Owners:	(Hectares)
1. Abra	10	801	-	-	16	1,044
2. Agusan	10	4,022	5	545	171	6,333
3. Albay	175	11,246	28	2,899	144	13,910
4. Antique	76	5,361	6	1,112	86	5,645
5. Bataan	26	857	-	-	14	437
6. Batanes	6	1,853	4	133	-	-
7. Batangas	6	399	2	18,955	40	1,585
8. Bohol	56	2,373	5	354	166	9,639
9. Bukidnon	245	22,252	10	16,733	216	8,148
10. Bulacan	12	367	6	159	9	286
11. Cagayan	73	5,858	2	903	167	3,498
12. Camarines Norte	151	5,012	5	440	57	1,702
13. Camarines Sur	339	15,246	8	2,180	570	24,696
14. Capiz	96	7,494	3	388	280	13,501
15. Catanduanes	30	1,369	-	-	42	1,469
16. Cavite	21	882	6	266	12	588
17. Cebu	45	5,150	1	110	70	4,597
18. Cotabato	355	22,821	16	1,666	1,719	156,487
19. Davao	499	31,982	2	1,218	769	25,109
20. Ilocos Norte	4	143	1	163	9	448
21. Ilocos Sur	4	116	2	279	12	680
22. Iloilo	126	8,908	7	616	213	17,087
23. Isabela	111	4,318	1	700	405	17,407
24. La Union	12	397	-	-	27	924
25. Laguna	55	2,936	10	516	68	2,494
26. Lanao	216	9,909	5	915	502	23,401
27. Leyte	133	8,152	10	1,212	208	11,828
28. Marinduque	37	3,111	-	-	32	1,972
29. Masbate	153	10,301	8	1,382	6,062	24,148
30. Mindoro	127	8,110	15	2,554	420	26,341
31. Misamis Occidental	30	1,177	2	78	96	4,941
32. Misamis Oriental	52	3,315	1	25	193	15,014
33. Mountain Province	19	525	-	-	53	2,039
34. Negros Occidental	678	75,028	185	31,626	396	41,086
35. Negros Oriental	83	13,081	16	4,915	220	20,695
36. Nueva Ecija	143	17,406	172	80,861	60	19,262
37. Nueva Vizcaya	4	507	2	48	28	1,762
38. Palawan	88	10,374	10	2,238	185	12,339
39. Pampanga	81	10,883	38	7,379	26	2,321
40. Pangasinan	81	8,853	83	21,164	148	4,178

Number of Landowners....

Province	: Different barrio: Outside of the :		: of the same : municipality or :		: Resident	
	: municipality : province :		: No. of: Area :No. of: Area :		:No. of: Area	
	:Owners:(Hectares):Owners:(Hectares)		:Owners:(Hectares)		:Owners:(Hectares)	
41. Quezon	302	13,154	32	3,754	370	21,940
42. Rizal	37	2,786	4	1,065	12	548
43. Romblon	42	3,716	8	1,047	21	1,052
44. Samar	185	7,189	3	211	253	8,971
45. Sorsogon	138	10,423	14	2,205	123	7,008
46. Sulu	8	754	-	-	102	5,913
47. Surigao	44	1,584	-	-	103	3,975
48. Tarlac	33	4,560	68	32,743	43	6,879
49. Zambales	23	930	3	220	23	1,323
50. Zamboanga	420	17,017	100	9,507	430	12,949
TOTAL	<u>5,700</u>	<u>405,008</u>	<u>909</u>	<u>255,484</u>	<u>15,390</u>	<u>599,599</u>

(Extract from YEARBOOK OF PHILIPPINE STATISTICS: 1946)

TABLE 221 - TOTAL ASSESSED VALUE OF LANDS, IMPROVEMENTS, BUILDINGS AND OTHER STRUCTURES AND IMPROVEMENTS IN THE PHILIPPINES AS OF DECEMBER 31, 1938

Type of Real Property	Area (Hectares)	Buildings and Structure (Number)	Assessed Value (Pesos)
TOTAL	8,645,076	1,511,298	2,568,202,340
All agricultural lands and improvements	<u>4,943,751</u>	<u>---</u>	<u>1,082,054,890</u>
Palay land	1,936,271	--	443,481,470
Coconut land	962,903	--	285,748,210
Sugarcane land	341,034	--	120,401,040
Abaca land	549,799	--	82,235,620
Tobacco land	88,120	--	19,248,520
All other lands (corn, maguey, sisal, betel, etc.)	1,065,624	--	130,930,030
All non-agricultural lands and improvements	<u>3,701,325</u>	<u>---</u>	<u>666,660,190</u>
Urban land	130,953	--	520,813,400
Fish pond	52,338	--	25,791,920
Mineral land	18,782	--	19,603,520
All other lands (forest, rubber, pas- ture, cogonal, swampy, undeveloped)	3,499,252	--	100,451,350
All buildings and improvements	<u>---</u>	<u>1,511,298</u>	<u>819,487,260</u>
Buildings--			
Strong materials	--	156,287	514,004,990
Mixed materials	--	536,280	102,128,750
Light materials	--	743,491	36,411,310
Other structures	--	75,240	166,942,210

Source: Philippine Census of 1939.

Republic of the Philippines
 Department of Commerce and Industry
 BUREAU OF THE CENSUS AND STATISTICS
 Manila

AREA AND ASSESSED VALUE OF PRIVATE AGRICULTURAL LANDS
 DECLARED FOR TAXATION AND CLASSIFIED BY KIND FOR THE
 PHILIPPINES, DECEMBER 31, 1938

<u>Kind of land</u>	<u>Private Ownership</u>
All agricultural lands and improvements	
AreaHectares	4,919,966
Per cent distribution	99.5
Total Assessed ValuePesos	1,077,941,900
Per cent distribution	99.6
Average per hectarePesos	219
 Land	 811,825,120
Per cent distribution.....	99.6
Average per hectare Pesos	165
 Improvements	 266,116,780
Per cent distribution	99.8
Average per hectare Pesos	54
 Land used for bamboo groves and fruit trees.	
Area Hectares	50,158
Per cent distribution	97.5
Total trees Number	12,495,774
Trees on land used exclusively for bamboo groves and fruit trees..	5,490,034
Trees on land used also for other crops and purposes Number	7,005,740
Assessed value, total Pesos	17,258,340
Per cent distribution	98.4
Land	4,088,260
Per cent distribution	96.0
Average per hectare Pesos	82
Groves and trees	13,170,080
Per cent distribution	99.1
Average per hectare Pesos	263
 Betel land	
Area	144
Per cent distribution	99.3
Plants	1,395,103
Per cent distribution	99.9
Assessed value, total Pesos	478,220
Per cent distribution	99.9
Land	82,560
Per cent distribution	99.9
Average per hectare Pesos	574
Plants	395,660
Per cent distribution	99.0
Average per hectare Pesos	2,748

Coconut land

Area	Hectare	959,942
Per cent distribution		99.7
Total trees	Number	110,713,274
Per cent distribution		99.8
Bearing trees	Number	69,987,509
Per cent distribution		99.8
Non-bearing trees	Number	40,725,765
Per cent distribution		99.7
Assessed value, total	Pesos	284,731,380
Per cent distribution		99.6
Average per hectare	Pesos	297
Land	Pesos	81,529,520
Per cent distribution		99.3
Average per hectare	Pesos	85
Trees	Pesos	203,201,860
Per cent distribution		99.8
Average per hectare	Pesos	212
Average per tree	Pesos	2

Corn land

Area	Hectare	679,199
Per cent distribution		99.5
Assessed value	Pesos	85,682,160
Per cent distribution		99.5
Average per hectare	Pesos	126

Abaca land

Area	Hectare	548,198
Per cent distribution		99.7
Plants	Number	646,200,059
Per cent distribution		99.7
Assessed value, total	Pesos	82,067,720
Per cent distribution		99.8
Land	Pesos	33,320,400
Per cent distribution		99.7
Average per hectare	Pesos	61
Plants	Pesos	48,747,320
Per cent distribution		99.8
Average per hectare	Pesos	89

Maguay land

Area	Hectare	20,178
Per cent distribution		99.6
Plants	Number	12,008,456
Per cent distribution		100.0
Assessed value, total	Pesos	2,806,580
Per cent distribution		99.7
Land	Pesos	2,204,720
Per cent distribution		99.6
Average per hectare	Pesos	109

All agricultural lands and improvements (Cont'd.)

Maguay land		
Plants	Pesos	601,860
Per cent distribution		100.0
Average per hectare	Pesos	30
Sisal land		
Area	Hectares	17
Per cent distribution		37.8
Assessed value (land)	Pesos	7,340
Per cent distribution		55.1
Average per hectare	Pesos	432
Palay Land		
Area, total	Hectares	1,927,369
Per cent distribution		99.5
Irrigated	Hectares	665,697
Per cent distribution		99.3
Not irrigated	Hectares	1,261,672
Per cent distribution		99.7
Assessed value, total	Pesos	442,063,910
Per cent distribution		99.7
Average per hectare	Pesos	229
Sugarcane land		
Area	Hectares	339,974
Per cent distribution		99.7
Assessed value	Pesos	119,944,470
Per cent distribution		99.6
Average per hectare	Pesos	353
Tobacco land		
Area	Hectares	87,970
Per cent distribution		99.8
Assessed value	Pesos	19,237,430
Per cent distribution		99.9
Average per hectare	Pesos	219
Other agricultural lands		
Area	Hectares	306,817
Per cent distribution		98.5
Assessed value	Pesos	23,664,350
Per cent distribution		98.6
Average per hectare	Pesos	77

(Extract from YEARBOOK OF PHILIPPINE STATISTICS, 1946)

TABLE 50 - AREA PLANTED, PRODUCTION, AND VALUE OF ALL CROPS PRODUCED IN THE PHILIPPINES, 1938*

C r o p	Area planted (Hectares)	P r o d u c t i o n		Average per hec-	
		Unit	Amount	Total	tare (Pesos)
				V a l u e	
TOTAL				261,826,539	
Palay, total--					
Lowland, first crop	1,290,541.23	Cavanes	33,774,711	90,127,802	70
Lowland, 2nd crop	116,301.76	Cavanes	2,185,624	5,608,265	48
Upland	423,144.15	Cavanes	5,531,658	13,933,976	33
Sugarcane	229,698.35	(Stalks-chewing (Number-Panocha (Liters-Basi	124,068,154) ¹ 56,486,453 18,237,617	45,429,578	198
Coconuts	1,051,214.83	(Nuts (Tuba-Liters	2,303,077,909 113,410,659	23,002,930 5,010,082)	27
Corn, total--					
First crop	436,073.39	Cavanes	4,734,528	10,616,397	24
Second crop	276,188.78	Cavanes	2,566,884	5,956,059	22
Third crop	86,853.58	Cavanes	639,414	1,667,249	19
Green corn	17,607.95	Ears	113,729,691	473,506	27
Abaca	291,530.80	Kilos	144,130,511	11,376,015	39
Camote	120,080.53	Kilos	406,852,259	9,074,863	76
Cassava	39,769.25	Kilos	169,269,036	3,735,344	94
Tobacco	57,921.36	Kilos	32,114,862	3,555,114	61
Watermelons	2,654.92	Fruit	7,926,819	920,689	347
Mungo	27,929.79	Kilos	7,009,489	896,076	32
Tomatoes	5,393.68	Kilos	13,585,590	831,556	154
Pineapples	10,575.13	Fruit	20,782,441	767,091	73
Gabe	11,784.08	Kilos	23,102,605	730,556	62
Peanuts	12,172.50	Kilos	6,528,524	537,777	44
Dry beans	7,014.05	Kilos	3,111,497	428,219	61
Ubi	4,674.95	Kilos	10,547,836	421,017	90
Eggplants	6,454.80	Fruit	123,529,738	388,498	60
Cabbages	552.18	Kilos	2,669,190	380,636	689
Onions	1,421.54	Kilos	2,777,190	364,633	257
Maguey	8,305.17	Kilos	6,460,917	340,009	41
Sinkamas	611.66	Kilos	5,875,280	182,995	299
Tugue	1,703.54	Kilos	4,623,164	175,019	103
Squash	700.16	Fruit	2,497,517	165,725	237
Buyo	54.04	Bundles	3,540,450	115,254	2,133

* Philippine Census of 1939

¹ Includes the value of sugarcane used for making centrifugal sugar worth ₱41,187,804 and the value of sugarcane used for making muscovado sugar worth ₱360,824.

Table 50...

C r o p	: Area planted : (Hectares)	: P r o d u c t i o n		: Average	
		: Unit	: Amount	: Total	: per hec- tare (Pesos)
				: V a l u e	
Sabutan	335.93	Kilos	297,906	105,076	313
Forage grasses	1,637.03	Bundles	4,837,972	104,066	64
Derris	1,464.93	Kilos	376,051	102,221	70
Radishes	518.38	Kilos	1,680,506	76,725	148
Galiang	1,276.03	Kilos	4,073,368	61,777	48
Ramie	180.20	Kilos	185,828	54,461	302
Cotton	1,562.45	Kilos	554,617	51,511	33
Soybeans	569.50	Kilos	295,995	46,063	81
Ampalaya	533.95	Fruit	7,049,852	43,034	81
Upó	130.06	Fruit	571,418	39,753	306
Pechay	114.86	Kilos	380,911	31,725	276
Potatoes	106.40	Kilos	188,156	23,224	218
Fatola	246.78	Fruit	2,503,734	22,532	91
Garlic	70.25	Kilos	102,690	21,917	310
Tautia	381.24	Kilos	1,068,118	21,532	56
Chile (red pepper)	74.01	Kilos	125,224	20,993	284
Ginger	164.14	Kilos	440,370	18,897	115
Mustard	63.99	Kilos	225,652	16,593	259
Arrowroot	185.40	Kilos	443,131	10,795	58
Kondol	50.98	Fruit	137,440	10,424	204
Pepper (Pimiento)	38.30	Kilos	18,676	7,833	205
Cucumber	33.75	Fruit	154,135	3,345	99
Pumpkins	12.63	Fruit	30,105	2,342	185
Minor crops				47,180	
All Fruits and Nuts				23,669,600	

(Extract from ABSTRACT OF PHILIPPINE STATISTICS, January - March, 1951,
VOL. I, No. 2, p. 18)

TABLE 19. - RESUME OF THE AREA, PRODUCTION AND VALUE OF CROPS: CROP YEAR
ENDING JUNE 30, 1950 *

C R O P	Area planted (hectares)	Production (metric ton)	Value (pesos)
P H I L I P P I N E S	<u>5,107,260</u>	<u>6,110,240</u>	<u>1,326,656,620</u>
Rice, rough (palay)	2,214,000	2,606,060	581,230,750
Corn, shelled	909,000	573,730	89,356,400
Coconut: Copra	985,000	780,110	211,159,000
Desiccated	—	65,980	41,567,750
Home-made oil	—	3,090	2,680,200
Food nuts	—	70,180	5,526,400
Sugarcane: Sugar, total	129,530	653,980	146,826,900
Centrifugal	—	(620,890)	(139,459,000)
Muscovado and panocha	—	(33,090)	(7,367,900)
Molasses	—	122,080	10,173,540
Abaca	291,470	82,180	52,610,810
Tobacco	45,970	26,400	20,721,730
Beans and vegetables	54,160	66,340	19,028,380
Cacao, dry beans	4,040	720	1,507,290
Coffee, dry beans	10,040	3,910	6,649,120
Fruits and nuts	213,840	335,540	76,970,040
Iapok, seeded	3,470	1,200	423,820
Maguey	7,020	1,820	601,460
Peanuts, unshelled	21,020	12,290	4,847,580
Ramie	350	20	13,290
Root crops	186,670	646,540	49,737,680
Rubber, raw	3,380	1,320	1,051,980
All other crops	28,300	56,750	3,972,500

* Preliminary

TABLE 7. - DISTRIBUTION OF FARMERS AND FARM LABORERS, BY KIND OF FARM
AND SEX: 1950*

Kind of farm	: Number		: Percentage :	
	: both	: distribution:	Male	: Female
	: sexes	:both sexes:	:	:
TOTAL	<u>5,272,900</u>	<u>100.00</u>	<u>3,704,900</u>	<u>1,568,000</u>
Abaca farms	231,100	4.4	185,000	45,500
Coconut farms	458,400	8.7	344,000	114,400
Corn farms	1,023,100	19.4	690,600	332,500
Fruit farms	21,000	0.4	14,900	6,100
Livestock and poultry farms	27,900	0.5	23,300	4,600
Palay farms	2,702,500	51.2	1,874,800	827,700
Sugarcane farms	288,300	5.5	242,700	45,600
Tobacco farms	89,200	1.7	52,600	36,600
Others	431,400	8.2	276,400	155,000

* This projection was based on the employment pattern in 1939 Census as adjusted to include farmers' wives who take active part in farm operation during the busy season.

TABLE 128 -- TENANCY CONFLICTS REGISTERED IN THE PHILIPPINES: 1937-1945¹

Year	Number of		Affiliation: Adjustments:			Amount		
	Cases	Tenants	Union	Non-Union	Tenants	Land Lords	Involved (Pesos)	Collected (Pesos)
1937	633	745	(2)	(2)	421	212	(2)	(2)
1938	764	2,723	28	736	592	172	72,218.63	46,332.15
1939	1,207	3,597	369	858	986	221	138,027.31	116,311.31
1940	1,270	4,371	740	530	981	289	167,111.20	138,364.44
1941 ³	320	1,113	125	195	264	56	107,850.86	101,924.99
1942 ⁴	-	-	-	-	-	-	-	-
1943 ⁴	-	-	-	-	-	-	-	-
1944 ⁴	-	-	-	-	-	-	-	-
1945 ⁵	207	882	(2)	(2)	(2)	(2)	(2)	(2)

- ¹ Date for 1937-1941 were compiled from the records of the Department of Labor.
- ² These classifications are not yet available.
- ³ January 1 to September 30.
- ⁴ Japanese occupation.
- ⁵ Cases handled by the Tenancy Division, Department of Justice, from October 5 to December 31, 1945.

(Extract from YEARBOOK OF PHILIPPINE STATISTICS: 1946)

TABLE 129 - TENANCY CONFLICTS SETTLED AMICABLY IN THE PHILIPPINES, BY PROVINCES: 1938-1945 ^{1/}

PROVINCES	1938		1939		1940		1941 ^{2/}		1945 ^{3/}	
	: Tenants :		: Tenants :		: Tenants :		: Tenants :		: Tenants :	
	Cases	In-	Cases	In-	Cases	In-	Cases	In-	Cases	In-
	involved	involved	involved	involved	involved	involved	involved	involved	involved	involved
TOTAL	764	2,723	1,207	3,597	1,270	4,371	320	1,113	207	882
Abra	-	-	-	-	-	-	-	-	-	-
Agusan	-	-	-	-	-	-	-	-	-	-
Albay	1	1	18	37	9	23	9	19	1	216
Antique	-	-	-	-	-	-	-	-	-	-
Bataan	8	34	31	729	58	187	12	14	(4)	(4)
Batanes	-	-	-	-	-	-	-	-	-	-
Batangas	-	-	6	88	15	24	20	130	2	113
Bukidnon	-	-	-	-	-	-	-	-	-	-
Bulacan	9	17	24	33	129	272	21	26	14	23
Cagayan	33	50	1	1	-	-	5	6	-	-
Camarines Norte	34	41	8	9	4	4	3	3	-	-
Camarines Sur	2	2	34	62	30	91	10	34	-	-
Capiz	-	-	6	7	5	5	6	6	-	-
Cavite	7	8	14	27	17	27	2	2	1	2
Cebu	5	12	9	9	4	5	1	1	-	-
Cotabato	7	8	-	-	5	5	1	4	-	-
Davao	2	2	-	-	-	-	-	-	-	-
Ilocos Norte	-	-	1	1	6	8	4	11	-	-
Ilocos Sur	-	-	-	-	-	-	-	-	-	-
Iloilo	8	9	32	112	90	109	1	1	-	-
Isabela	7	67	4	5	4	23	-	-	-	-

^{1/} Data for 1937-1941 were compiled from the records of the Department of Labor.

^{2/} January 1 to September 30.

^{3/} Cases handled by the Tenancy Div., Dept. of Justice from Oct. 5 to Dec. 31, 1945.

^{4/} Included in Pangasinan.

Table 129 ...

PROVINCES	1938		1939		1940		1941		1945	
	: Tenants :		: Tenants :		: Tenants :		: Tenants :		: Tenants :	
	Cases	In- volved								
La Union	-	-	1	4	-	-	-	-	-	-
Laguna	-	-	39	39	19	20	-	-	2	2
Lanao	1	1	37	41	62	88	25	39	-	-
Leyte	2	36	15	16	18	20	5	5	-	-
Manila (Central Office)	-	-	-	-	-	-	-	-	7	22
Marinduque	-	-	-	-	-	-	-	-	-	-
Masbate	-	-	3	3	-	-	-	-	-	-
Mindoro	1	1	8	11	5	5	1	1	-	-
Misamis Occidental	-	-	-	-	-	-	-	-	-	-
Misamis Oriental	4	5	11	22	1	1	-	-	-	-
Mountain Province	-	-	-	-	-	-	-	-	-	-
Negros Occidental	50	113	60	241	55	79	28	34	-	-
Negros Oriental	1	1	14	47	40	168	12	13	-	-
Nueva Ecija	178	894	428	576	273	1,134	21	23	137	368
Nueva Vizcaya	-	-	-	-	-	-	-	-	-	-
Palawan	-	-	-	-	-	-	-	-	-	-
Pampanga	82	593	94	918	125	1,465	73	660	21	38
Pangasinan	23	76	92	194	47	109	10	11	(5)	(5)
Quezon (Tayabas)	-	-	8	17	1	1	-	-	-	-
Rizal	-	-	-	-	-	-	-	-	2	5
Romblon	-	-	-	-	-	-	-	-	-	-
Samar	-	-	3	4	1	1	-	-	-	-
Sorsogon	-	-	-	-	-	-	6	6	3	17
Sulu	-	-	-	-	-	-	-	-	-	-
Surigao	9	12	1	4	3	3	-	-	-	-
Tarlac	276	710	187	298	226	475	39	59	17	76
Zambales	6	19	11	24	10	10	-	-	-	-
Zamboanga	8	11	7	18	8	9	5	5	-	-

⁵ Included in Tarlac.

STATUS OF LANDED ESTATES

Purchased by the Philippine Government for the establishment of owners of homesites and small farms and now being administered by the Landed Estates Division, Bureau of Lands, Department of Agriculture and Natural Resources. (RL designates Residential Lots; FU designates Farm Units.)

E s t a t e s	Town - Province or City	Type of Land	Area Hectares	Status of Lots or Units		
				Available for sale	Sold to date	U n s o l d
1. Sta. Clara (Old)	Sampaloc - Manila	RL	5.01	265	265	0
2. Sta. Clara (New)	" "	RL	.24	10	10	0
3. Ana Sarmiento	Malate - Manila	RL	20.60	1,194	480	714
4. Nuestra Senora de Guia	Tondo - Manila	RL	34.85	1,774	524	1,250
5. Tuason (Sta. Mesa No. 1)	Sta. Mesa - Manila	RL	7.73	346	225	121
6. " (" " No. 2)	" " "	RL	4.69	149	101	48
7. Baclaran Homesite	Paranaque - Rizal	RL	26.69	1,760	1,695	65
8. La Faja del Mar	" "	RL	2.20	47	43	4
9. Tambobong	Malabon - Rizal	RL	68.90	2,125	980	1,145
10. Longos	Malabon - Rizal	RL	21.08		Unsubdivided	
11. Marikina Homesite	Marikina - Rizal	FU & RL	108.72	2,475	2,425	50
12. Pateros Homesite	Pateros - Rizal	RL	1.30	95	95	0
13. Ayala y cia (Protacio)	Pasay City	RL	2.62	106	106	0
14. Guido Estate	Caloocan - Rizal	RL	2.58		Unsubdivided	
15. Buenavista Estate	San Ildefonso - Bulacan	FU	27,408.27		Unsubdivided	
16. Panginay	Bigaa - Bulacan	FU & RL	95.36	346	250	96
17. Polo Parish	Polo - Bulacan	FU & RL	48.71	244	197	47
18. Taal Homesite	Bocaue - Bulacan	FU & RS	11.43	110	1	109
19. San Isidro	Hagonoy - Bulacan	RL	2.50	70	-	-
20. Dinalupihan Homesite	Dinalupihan - Batangas	FU & RL	99.63	1,510	1,430	80
21. Dinalupihan Agricul.	" "	RL	40.36	1,810	298	1,512
22. Lian Homesite	Lian - Batangas	FU & RL	32.22	847	742	105
23. Lian Agricultural	" "	FU	379.11	817	-	-
24. Tunasan Homesite	San Pedro - Tagana	FU & RL	216.80	1,880	606	1,274 unsubdivided
25. Calauan	Calauan - Laguna	FU & RL	868.80	171	171	0
26. Bahay Pare	Baliuag - Bulacan	FU	2,100.61	661	400	261 unsubdivided
27. Mabalacat Homesite	Mabalacat - Pampanga	RL	56.16	1,180	9	1,171
28. Sta. Maria	Sta. Ana - Pampanga	FU & RL	358.66		Unsubdivided	
29. Luisita Estate	San Miguel - Tarlac	FU	3,309.82	3,297	402	2,895
30. Barretto Estate	San Felipe - Zambales	FU	103.79	608	600	8
31. Bongo Island	Subpangan - Cotabato	FU	245.00		Unsubdivided	

SUMMARY OF PENDING APPLICATIONS FOR ACQUISITION OF LANDS NOW ON FILE IN THE LANDED ESTATES DIVISION,
 BUREAU OF LANDS, DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES
 (RL designates Residential Lots; FU-Farm Units; and ND -
 No Data.)

P r o v i n c e	No. of Estates Involved	Type of Land	No. of Hectares Involved	No. of Tenants Involved	No. of Owiars Involved
1. Albay -----	5	FU	1,041.7927	602	More than 5
2. Antique -----	1	RL	.5000	100	One
3. Bataan -----	8	FU	1,288.1396	378	More than 8
4. Batangas -----	11	FU	20,399.0991	2,486	More than 12
5. Bohol -----	2	FU	830.0000	125	More than 2
6. Bulacan -----	18	FU	2,584.0748	973	More than 20
7. Bukidnon -----	1	ND	-	75	One
8. Cagayan -----	5	FU	2,042.1756	264	More than 5
9. Camarines Norte -----	2	FU	392.9334	203	Two
10. Camarines Sur -----	10	FU	5,233.7356	905	More than 10
11. Capiz -----	3	RL	11.3887	462	More than 3
12. Cavite -----	2	FU	81.0000	14	Two
13. Cebu -----	1	ND	.9781	-	One
14. Cotabato -----	3	FU	577.0000	183	More than 3
15. Davao -----	2	FU	1,041.0000	504	More than 2
16. Ilocos Sur -----	1	FU	107.0000	90	One
17. Iloilo City -----	6	FU	1,783.2401	12	Five
18. Isabela -----	10	FU	1,257.0000	1,113	More than 10
19. Laguna -----	6	FU	2,589.2796	438	More than 5
20. Lanao -----	1	ND	120.0000	-	One
21. La Union -----	2	FU	74.0000	35	Two
22. Leyte -----	5	FU	791.4469	203	Seven
23. Manila -----	72	RL	258.2006	55,896	More than 75
24. Masbate -----	1	FU	1,158.6927	161	More than 1
25. Mindoro -----	2	FU	11,536.5609	406	Two
26. Negros Occidental -----	7	FU	7,372.4277	563	More than 5
27. Nueva Ecija -----	32	FU	13,516.4670	2,525	More than 35
28. Nueva Vizcaya -----	1	RL	.6025	16	One
29. Palawan -----	2	ND	-	40	Two
30. Pampanga -----	14	FU	2,203.2860	930	More than 15
31. Pangasinan -----	14	FU	3,548.7505	2,300	More than 15
32. Pasay City -----	6	RL	9.5194	363	Six

P r o v i n c e	No. of Estates Involved	Type of Land	No. of Hectares Involved	No. of Tenants Involved	No. of Owners Involved
33. Quezon -----	5	FU	1,443.0217	1,107	More than 5
34. Quezon City -----	7	RL	61.3641	4,241	Seven
35. Rizal -----	36	FU	5,748.9782	4,402	More than 35
36. Romblon -----	1	FU	1,480.0000	1,223	One
37. Samar -----	1	RL	7.2345	78	One
38. Sorsogon -----	4	FU	601.0708	423	Four
39. Sulu -----	1	FU	1,024.0000	253	One
40. Surigao -----	1	ND	-	-	More than 1
41. Tarlac -----	18	FU	19,873.7558	2,981	More than 15
42. Zamboanga -----	1	RL	16.0000	52	-

A P P E N D I X "B"

GENERAL SOCIAL AND ECONOMIC INFORMATION
RELATING TO LAND TENURE

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(Extract from CENTRAL BANK OF THE PHILIPPINES, Second Annual Report, 1950, p. 9.)

NATIONAL INCOME

Gross national product in 1950 amounted to ₱5,130 million or about 4½ times that of 1938. Sixty-three and one-tenth per cent was contributed by primary industries and their subsidiary secondary and tertiary industries; 6.6 per cent came from other secondary and 30.3 per cent from other tertiary industries.* Of the 63.1 per cent from primary industries, 41 per cent is attributable to primary industries proper and 22.1 per cent from subsidiary secondary and tertiary industries.

Gross National Product at Market Prices

	(Million Pesos)					
	: 1948	: Percent	: 1949	: Percent	: 1950	: Percent
	: Distribution	: Distribution	: Distribution	: Distribution	: Distribution	: Distribution
G.N.P. AT MARKET PRICES	<u>4,992</u>	<u>100.0</u>	<u>5,050</u>	<u>100.0</u>	<u>5,130</u>	<u>100.0</u>
1. Primary Industries and Subsidiary Secondary and Tertiary Industries	<u>2,877</u>	<u>57.6</u>	<u>3,137</u>	<u>62.1</u>	<u>3,239</u>	<u>63.1</u>
Agricultural crops and products	2,200	44.0	2,080	41.2	2,280	44.4
Livestock and products	309	6.2	380	7.5	381	7.4
Forest products	205	4.1	203	4.0	194	3.8
Fisheries	163	3.3	474	9.4	384	7.5
a. Primary industries proper	<u>1,630</u>	<u>32.6</u>	<u>1,765</u>	<u>34.9</u>	<u>2,100</u>	<u>41.0</u>
Agricultural crops	1,195	23.9	1,090	21.6	1,238	24.0
Livestock and poultry	117	2.3	144	2.8	370	7.2
Fisheries	113	2.3	328	6.5	298	6.0
Forestry	205	4.1	203	4.0	194	3.8
b. Subsidiary secondary and tertiary industries	<u>1,247</u>	<u>25.0</u>	<u>1,372</u>	<u>27.2</u>	<u>1,139</u>	<u>22.1</u>
2. Other Secondary Industries	<u>306</u>	<u>6.1</u>	<u>312</u>	<u>6.2</u>	<u>340</u>	<u>6.6</u>
3. Other Tertiary Industries	<u>1,809</u>	<u>36.3</u>	<u>1,601</u>	<u>31.7</u>	<u>1,551</u>	<u>30.3</u>

*Primary Industries	Secondary Industries	Tertiary Industries
1. Agriculture	1. Mining and quarrying	1. Electricity, Light, Gas
2. Fishing	2. Manufacturing & Mechanical	2. Personal Service
3. Forestry and Hunting	3. (a) Handicraft	3. Professional "
	(b) Industry proper	4. Public Service
	3. Bldg. and construction	5. Transportation & Communication
		6. Clerical
		7. Trade

TABLE 2. - GROSS NATIONAL PRODUCT ESTIMATES AT 1949 MARKET PRICES
1949 - 1950
A in million pesos
% distribution with GNP = 100
(Preliminary)

	1949		1950	
	A	%	A	%
1. Agricultural crops and their products...	<u>2,017</u>	<u>43.6</u>	<u>2,158</u>	<u>45.3</u>
a) Palay and rice	991	21.4	1,042	21.9
b) Sugar	206 ^{1/}	4.5	215 ^{1/}	4.5
c) Copra and coconut products	315	6.8	317	6.7
d) Corn	149	3.2	162	3.4
e) Abaca and cordage	70	1.5	84	1.8
f) Tobacco and products	42	0.9	44	0.9
g) Root crops	95	2.1	100	2.1
h) Maguey	1	^{2/}	1	^{2/}
i) Ramie	0	^{2/}	1	^{2/}
j) Others	148	3.2	192	4.0
2. Livestock and products	378	8.2	492	10.4
3. Forest products	116	2.5	125	2.6
4. Fish and fish products	474 ^{1/}	10.2	514	10.8
5. Mining	68	1.5	86	1.8
6. Manufacturing not elsewhere included....	142	3.1	156	3.3
7. Industrial program	0		0	
8. Value added to imported goods	505	10.9	292	6.1
9. Service not elsewhere included	<u>926</u>	<u>20.0</u>	<u>937</u>	<u>19.7</u>
a) Restaurants, hotels, laundries, movies, and other domestic and personal service	221	4.8	218	4.6
b) Public utilities:				
1) Transp. & Communication	125	2.7	127	2.7
2) Elec. power & water system ..	86	1.9	87	1.8
c) Professions	83 ^{1/}	1.8	85	1.8
d) Financial service	70 ^{1/}	1.5	75	1.6
e) Government and education	134	2.9	134	2.8
f) Philippine Army	77	1.7	77	1.6
g) Civilian services rendered to U.S. Army	66	1.4	66	1.4
h) Government enterprises	64	1.4	68	1.4
Gross National Product	<u>4,626</u>	<u>100.0</u>	<u>4,760</u>	<u>100.0</u>
Capital consumption allowances	463	10.0	476	10.0
National Income at 1949 Market Prices from Domestic Production	<u>4,163</u>	<u>90.0</u>	<u>4,284</u>	<u>90.0</u>

^{1/} Revised.

^{2/} Less than 0.5 per cent.

TABLE 4 - ESTIMATED NUMBER OF INCOME RECIPIENTS, AMOUNT RECEIVED AND
 PER CENT DISTRIBUTION IN THE PHILIPPINES, BY MONEY INCOME
 CLASSES, 1948

(Preliminary)

Money Income Classes	Income Recipients		Income Received	
	Number	Percent.	(Million pesos)	Percent
TOTAL	<u>5,471,749</u>	<u>100.0</u>	<u>3,663.2</u>	<u>100.0</u>
Under ₱1,000	4,786,974	87.48	2,393.5	65.34
1,000 - 1,500	394,401	7.21	493.0	13.46
1,500 - 2,000	175,593	3.21	307.3	8.39
2,000 - 2,500	44,309	.81	99.7	2.72
2,500 - 3,000	27,351	.50	75.2	2.05
3,000 - 4,000	16,411	.30	57.4	1.57
4,000 - 6,000	15,864	.29	79.3	2.17
6,000 - 10,000	6,564	.12	52.5	1.43
10,000 - 15,000	1,868	.03	24.2	.66
15,000 - 20,000	934	.02	16.1	.44
20,000 and over	1,480	.03	65.0	1.77

(Extract from INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,
The Economic and Financial Situation in the Philippines, February 16,
1950, pp. 3-4, 10.)

The international reserves of the Central Bank declined from ₱800 million as of December 31, 1948 to ₱461 million on December 31, 1949, or by ₱339 million (\$169.5 million). Foreign assets of other banks increased during 1949 by ₱26 million (\$13 million). The net decline in reserves of the Central and other banks in 1949 was therefore ₱313 million (\$156.5 million). During the first days of December, before the exchange control was introduced, the Central Bank was losing about \$2 million in foreign exchange per day. This very substantial decline in monetary reserves occurred in spite of the fact that the country in 1949 received various payments from the U. S. of about \$310 million. The sum of U. S. payments plus the decline in reserves, amounting to \$466.5 million, may be compared with the trade deficit or about \$305 million. The difference of about \$162 million can be partly accounted for by remittances of dividends and profits and other net current invisible payments for which no estimate is available. The figures mentioned for profits and dividends alone vary from \$50 to \$100 million.

It is doubtful, however, if net current invisible payments alone can explain the entire difference and the rest may represent an undervaluation of imports and, possibly, some flight of capital especially in the latter months of the year.

x x x x

The steadily deteriorating financial and economic situation has reached a critical point during the last months, marked by rapidly declining foreign exchange reserves due to continuously large importation and possibly more recently also to some flight of capital.

...

x x x x

...Available savings for investment financing remained far short of requirements and there was no noticeable improvement in the means for mobilizing and controlling the flow of savings into investment. Government officials see little prospect for public borrowing in the market in significant amounts in the near future.

EXTRACT FROM A SPEECH DELIVERED BY THE HONORABLE SALVADOR ARANETA, ADMINISTRATOR, ECONOMIC COORDINATION, BEFORE THE GRADUATING CLASS OF THE JOSE RIZAL COLLEGE IN MANDALUYONG, RIZAL ON SUNDAY EVENING JUNE 24, 1951, (SHOWING DECIDED CONCERN FOR FLIGHT OF CAPITAL).

"Remittances abroad in the nature of flight of capital over and above the limited amounts permitted at present by the exchange control regulations of the Central Bank could be covered by dollars sold by the Central Bank at rates in competition of black market.

"We would finally establish a really free market for our peso to determine its true and honest value without disclocating our economy, as the same would only apply to non-essential imports and the excessive flight of capital.

"During this transition period especially if we foster our industrialization program and our exports, our economy might develop and progress to such an extent that our peso might cease to be overvalued at the present official rate of 2:1 and by that time we might have accumulated such a huge amount of gold which added to the strength of our economy would vanish any fear of flight of capital from the Philippines."

(Extract from REPORT TO THE PRESIDENT OF THE UNITED STATES BY THE ECONOMIC SURVEY MISSION TO THE PHILIPPINES, Washington, D. C., October 9, 1950, p. 19)

Table 13. Expenditures of the National Government, 1946-50*

(Million Pesos)

<u>Expenditures</u> ^{1/}	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u> **
National defense	34.8	25.1	55.4	60.1	58.4
Maintenance of law and order	2.0	44.1	33.4	49.0	51.4
Public education	53.4	76.8	76.2	129.9	134.6
Economic development ^{2/}	21.5	40.8	54.4	61.6	79.6
Investments	7.2	93.8	26.6	13.2	69.8
All other ^{3/}	<u>94.5</u>	<u>100.4</u>	<u>111.8</u>	<u>111.3</u>	<u>108.4</u>
Total	213.4	381.0	357.8	425.1	502.2

Source: General Auditing Office.

* Fiscal years ending June 30 of the year given.

** Estimated.

1/ Does not include as expenditures the obligation amounting to approximately 300 million pesos assumed by the Government on account of "back-pay" to employees. This obligation is reflected in the outstanding public debt.

2/ Primarily expenditures on roads and construction.

3/ Excludes contributions to sinking funds and transfers to Depository Fund.

NOTE: Attention is invited to increases in cost of law and order—much of which is undoubtedly traceable to increased social strife and unrest.

Wholesale Prices

The prices of locally produced commodities for domestic consumption remained stationary during the first two months and then declined until May. Thereafter it rose continuously from June to November. The index in December, 1950 was 4.6 percent above the corresponding month of 1949. Whereas this index declined in 1949 by 18.1 percent it increased by 3.3 percent during the year under review.

Average wholesale prices of export products advanced 7.5 percent during 1950, while in 1949, they declined by 10.6 percent. The monthly levels during the last three quarters of 1950 were higher than those for the corresponding periods in 1949. The december 1950 index was 18.1 per cent above the level in June 1950 and 12.3 per cent higher than the comparable month of 1949.

Retail Prices

The pattern traced by retail prices during 1950 shows rapid increases for the first two months followed by fractional declines during the succeeding months, a slight upturn in June through July and sharp sustained increases from August to the end of the year. This course deviates from the 1949 pattern during the first two months, appears to follow it from March to May and to deviate from it again from then on, with the gap widening as the year progressed.

Whereas in 1949 it declined by 9.3 percent the retail price index increased 12.4 percent during 1950, from 262.1 (1941 = 100) in January to 294.5 in December. During the last three quarters of 1950, retail price levels had been above the corresponding monthly levels of 1949. From September to December the monthly indices in 1950 were more than 15 percent above those for the preceding year.

In 1949, there had been declines of 10 percent in the prices of locally produced items and 8 percent in imported items. During the year under review 1950, however, prices increased as much as 16.1 percent for imported items and 8.3 percent for locally produced commodities.

Cost of Living

The cost of living index of a wage earner's family in Manila (1937 = 100) registered an increase of 6 percent from the level at the beginning of the year. In 1949, the index declined by 9 percent. The movement of the cost of living index conformed to that

of retail prices. The index started to advance from 372.5 in January 1950 to 380.0 in March at an average monthly rate of 1 percent followed by rapid declines of more than 2 percent reaching a postwar low of 259.0 in May. From June to November, the index moved upward steadily at an average monthly rate of more than 1 percent. In December the index was 6.8 percent higher than the previous year's level. Foodstuffs increased by 4 percent, clothing by 60 percent and miscellaneous items by 31 percent. House rent remained unchanged.*

* No new survey of house rental has been made by the Bureau of the Census and Statistics since December, 1946.

(Extract from INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,
The Economic and Financial Situation in the Philippines, February 16,
1950, pp. 9.)

Prices

The wholesale price index of major export products of the Philippines, which was 319.3 in January 1949 (1937 = 100), declined to 236 in September. The cost-of-living and food index in Manila declined from 407.8 in January (1937 = 100) to 374 in September. The price decline in spite of credit expansion was due to the large import surplus with imports composed for the most part of imported consumer goods.

LOANS AND DISCOUNTS* OUTSTANDING OF OTHER BANKS EXCLUDING THE PHILIPPINE NATIONAL BANK
Classified according to Interest Rate

As of Ends of Dates Indicated

(Thousand pesos)

Interest: Rate (%)	April 1950	June 1950	September 1950	December 1950	January 1951	February 1951	March 1951	April 1951	May 1951	June 1951
0	1,376	1,746	1,627	1,654	1,546	1,496	1,538	1,469	1,468	1,622
1	34	351	334	323	320	316	313	309	306	303
2	108	---	---	---	---	---	---	---	1,000	---
2½	---	---	---	---	---	---	---	---	---	---
3	82	61	58	58	58	58	58	30	30	---
3½	---	54	54	54	54	54	54	54	54	---
4	7,307	6,667	6,279	5,867	5,768	5,768	6,191	6,491	5,913	5,899
4½	27,253	21,253	20,585	15,027	12,859	10,525	11,025	9,609	9,609	9,609
5	17,444	15,047	16,020	17,005	18,527	17,479	15,664	17,438	18,858	17,332
5½	356	241	70	150	54	53	53	50	63	71
6	21,466	13,214	14,443	12,239	12,607	14,036	13,882	15,083	14,685	16,109
6½	580	111	111	111	111	111	111	239	151	141
7	19,846	28,824	29,261	31,090	31,026	32,029	33,305	33,479	34,385	33,971
7½	---	---	---	---	270	270	270	270	270	269
8	4,923	7,123	8,824	9,382	9,488	10,899	10,722	10,813	11,144	11,833
9	7,551	7,786	9,416	12,732	13,770	12,999	13,353	13,364	11,369	10,644
10	726	815	972	1,406	1,301	1,348	1,404	1,498	1,290	1,194
12	1,436	1,573	1,659	1,836	2,096	2,357	2,421	2,643	2,513	2,631
TOTAL	<u>110,488</u>	<u>104,866</u>	<u>109,792</u>	<u>109,346</u>	<u>109,954</u>	<u>109,798</u>	<u>110,364</u>	<u>112,839</u>	<u>113,108</u>	<u>111,628</u>

* Excluding pre-war accounts.

SOURCE OF BASIC DATA: Miscellaneous Statistical Information supplied by all banks. This new form was issued beginning April, 1950.

**OVERDRAFTS* OUTSTANDING OF OTHER BANKS,
EXCLUDING THE PHILIPPINE NATIONAL BANK
CLASSIFIED ACCORDING TO INTEREST RATE**

As of Ends of Dates Indicated

(Thousands pesos)

Interest: Rate (%):	April 1950	June 1950	September 1950	December 1950	January 1951	February 1951	March 1951	April 1951	May 1951	June 1951
0	35	371	462	369	546	551	533	481	502	344
1	---	---	---	---	---	---	---	---	---	---
2	85	85	86	---	---	---	---	---	---	---
2½	---	---	---	---	---	---	---	---	---	---
3	70	1,372	1,043	---	---	---	179	179	156	890
3½	---	---	---	---	---	---	---	---	---	---
4	1,946	3,145	5,923	3,014	2,589	1,885	4,142	3,485	1,560	984
4½	11,014	11,775	12,124	14,242	15,018	19,577	28,823	31,104	34,953	40,921
5	32,125	23,631	28,834	31,032	36,026	17,537	25,002	24,105	25,037	17,543
5½	2,902	3,636	2,823	1,670	1,329	4,266	3,743	3,745	4,724	11,206
6	41,379	41,272	40,533	32,486	30,465	37,428	33,692	32,847	36,117	34,163
6½	531	789	680	526	353	198	272	204	118	329
7	24,292	26,494	34,257	35,483	36,449	39,773	38,941	37,986	38,005	39,259
7½	1,338	1,255	836	151	1,128	1,358	1,431	1,662	1,418	1,262
8	3,800	3,772	4,160	4,108	4,161	5,076	4,614	5,019	6,388	5,640
9	4,062	3,580	4,304	4,956	4,647	4,639	4,160	4,208	4,759	5,291
10	47	43	52	55	96	55	110	35	18	19
12	7	2	29	30	77	35	51	70	7	45
TOTAL	<u>123,633</u>	<u>121,222</u>	<u>136,146</u>	<u>128,122</u>	<u>132,884</u>	<u>132,378</u>	<u>145,693</u>	<u>145,090</u>	<u>153,762</u>	<u>157,896</u>

*Excluding temporary overdrafts. SOURCE OF BASIC DATA: Miscellaneous Statistical Information supplied by all banks. This new form was issued beginning April, 1950.

Short-term obligations---(Mature in one year)

The total short-term public debt (excluding accrued interest) amounted to ₱60.1 million as of December 31, 1950 consisting of the overdraft with the Central Bank amounting to ₱38.5 million, 2 per cent interest-bearing Treasury bills aggregating ₱15 million, and the amortization of the U. S. loan of ₱66.2 million one-tenth of which is due in 1951.

Middle-term obligations---(Mature in from over one year
To three years)

As of December 31, 1950 total middle-term obligations amounted to ₱155.2 million consisting of the budgetary loan from the U. S. Reconstruction Finance Corporation of ₱120 million, 2-3/4 per cent interest-bearing Treasury notes amounting to ₱14.9 million, ₱7 million of certificates of indebtedness which mature in one and a-half years at a yearly interest of 2 per cent, and ₱13.2 million representing two years of amortization of the U. S. Government loan.

Long-term obligations---(Mature after three years)

Long-term obligations outstanding amounted to ₱669.1 million as of December 31, 1950. The increase was due to the flotation of additional Rehabilitation and Development bonds totalling ₱59.7 million, ₱1.4 million additional issue of Rehabilitation Finance Corporation bonds, ₱22 million loan from the International Monetary Fund, and ₱46.4 million representing the balance of the U. S. loan of ₱66.2 million not included among the short-and-middle-term obligations. There was a small decrease of ₱5.5 million in the bonded indebtedness of Manila and other chartered cities.

Interest Rate Movement¹

Roughly 80 per cent of the total loans outstanding, excluding PNB loans, were made at interest rates ranging from $4\frac{1}{2}$ per cent to 7 per cent. Interest rates rose and fell within a narrow range. During the eight month period ending December 31, 1950, the average interest rate on business loans outstanding increased from 5.92 per cent in the second quarter to 5.93 in the third quarter and to 6.15 in the fourth quarter.

A comparison of the excess reserves and the cash in bank vaults at the end of each quarter in 1950 showed an increase of loanable funds. It appears therefore that increases in loanable funds have very little effect on the rates charged by banks and that collateral, more than the size of the loan or the nature of the transaction being financed determines the rate charged.

¹ Based on a survey made covering the second, third, and fourth quarters of 1950. Data for the Philippine National Bank are not available. Since PNB operations constitute about one half of total banking operations in the Philippines, data about them would have made the findings more conclusive.

(Extract from ABSTRACT OF PHILIPPINE STATISTICS, January - March, 1951,
VOL. I, NO. 2, p. 8)

TABLE 8. - AVERAGE DAILY WAGE RATE OF AGRICULTURAL LABORERS, BY REGION:
1941, 1947-1950

R E G I O N S	Average daily wage ^a (pesos)				
	1941	1947	1948	1949 ^b	1950 ^c
Average	0.56	2.05	1.66	1.73	1.70
Luzon: Ilocos-Mountain Region	0.53	2.06	1.40	1.67	1.63
Luzon: Cagayan Valley-Batanes	0.60	1.44	1.42	1.76	1.62
Central Luzon-Zambales	0.67	3.00	2.35	2.04	2.10
Southern Luzon-Marinduque-Mindoro	0.66	3.06	1.92	2.02	2.18
Southern Luzon-Bicol	0.52	2.05	1.42	1.51	1.43
East Visayan	0.37	1.49	1.25	1.27	1.41
West Visayan	0.47	1.38	1.13	1.37	1.27
Mindanao-Sulu	0.60	1.80	1.76	1.86	1.77

^a Aside from the money wage, agricultural laborers are furnished with two free meals.

^b As of June, 1949.

^c As of June, 1950.

(Extract from ABSTRACT OF PHILIPPINE STATISTICS, January - March, 1951,
VOL. I, NO. 2, p. 10)

TABLE 9. - AVERAGE DAILY WAGE RATES OF INDUSTRIAL WORKERS BY REGION:
1940, 1946-1950

R E G I O N	Average daily wage rates (pesos)					
	1940	1946	1947	1948	1949	1950
Skilled	1.41	3.21	3.29	3.34	3.52	3.46
Unskilled	0.96	1.78	1.87	1.89	2.03	1.87
Luzon: Ilocos including Mountain Regions	1.41	2.93	3.00	3.06	3.08	3.16
Luzon: Cagayan Valley including Batanes	1.38	2.40	2.62	2.83	2.87	3.13
Central Luzon including Zambales	1.47	4.12	4.19	4.08	4.18	4.21
Southern Luzon including Mindoro and Marinduque	1.37	4.12	4.35	4.27	4.39	4.27
Southern Luzon: Bicol including Masbate	1.41	3.65	3.74	3.52	3.96	3.50
East Visayan	1.26	2.70	2.91	3.08	3.27	3.07
West Visayan	1.53	2.62	2.66	2.77	3.19	3.07
Mindanao-Sulu	1.39	2.70	2.72	3.00	3.20	3.22

TABLE 53. - TEN PRINCIPAL EXPORTS: 1950 and 1949

Articles	Unit	1950		1949	
		Quantity	Value (Pesos)	Quantity	Value (Pesos)
1. Copra	Kilo	698,490,405	272,832,414	528,747,360	179,285,818
2. Sugar, centrifugal	Kilo	438,850,060	97,679,891	414,982,524	90,464,340
3. Abaca, unmanufactured (Manila hemp)	Bale	753,016	80,265,498	501,099	57,802,294
4. Desiccated coconut	Kilo	72,869,462	47,935,667	57,636,664	38,732,640
5. Coconut oil	Kilo	71,436,627	43,476,033	61,304,376	35,018,835
6. Logs, lumber and timber	Bd.Ft.	136,551,662	19,638,110	43,382,030	6,520,563
7. Pineapple, canned	Kilo	66,506,033	19,362,762	40,429,181	13,675,427
8. Base metals, ores and concen- trates	Kilo	857,399,541	18,002,819	629,782,181	16,896,988
9. Embroideries, cot- ton and silk	—	—	11,276,352	—	11,969,873
10. Copra meal or cake	Kilo	59,944,881	6,219,572	65,549,338	5,958,769

TABLE 1 - POPULATION ESTIMATES* OF THE PHILIPPINES 1937-1941 and 1946-1952

1937	15,444,500
1938	15,813,600
1939 (Census of Jan. 1)	16,000,303
1939	16,191,200
1940	16,577,000
1941	16,971,100
1946	18,337,500
1947	18,781,700
1948 (Census of Oct. 1)	19,234,182
1949	19,695,000
1950	20,164,300
1951	20,642,300
1952	21,120,500

*Population estimates for postwar years are adjusted to Census figures and for war mortality.

Source (a) 1937-40 estimates from the Bulletin of Philippine Statistics, published by the Bureau of the Census and Statistics, Vol. I, No. 2, Dec., 1945, p. 197.

(b) 1946-52 estimates are developed in the Department of Economic Research, Central Bank of the Philippines.

TABLE 2 - ESTIMATED* URBAN AND RURAL POPULATION IN THE PHILIPPINES
 1939-1941 and 1946-1950

(Population in thousands)

Year	Total	Urban	Rural
1939	16,191	3,773	12,418
1940	16,577	3,862	12,715
1941	16,971	3,954	13,017
1946	18,338	4,273	14,065
1947	18,782	4,376	14,406
1948	19,234	4,481	14,753
1949	19,695	4,589	15,106
1950	20,164	4,698	15,466

* There are no bases yet available from the 1948 census. 1939 Census Reports give 23.3 per cent of the total population in urban areas and 76.7 per cent in rural areas. Urban population consists of persons living in cities are in "poblaciones" or towns of all municipalities in the Philippines.

(Extract from PHILIPPINE CENSUS: 1939, Vol. II, p. 286.)

TABLE 1. - LITERACY OF PERSONS 10 YEARS OLD AND OVER, BY SEX AND AGE, FOR THE PHILIPPINES: 1939

Sex & Age	Total Number : of persons : 10 yrs old & : over	Persons able to read : and write : Number	Persons not able to : read and write : Percent	Number	Percent
Both Sexes	<u>10,903,879</u>	<u>5,316,146</u>	<u>48.8</u>	<u>5,574,254</u>	<u>51.1</u>
10 to 14 years	1,784,618	969,862	54.3	812,115	45.7
15 to 19 "	1,657,112	999,288	60.3	656,284	39.7
20 to 24 "	1,523,997	904,265	59.4	618,016	40.6
25 to 34 "	2,260,886	1,223,091	54.1	1,035,232	45.8
35 to 44 "	1,475,147	629,368	42.7	844,077	57.3
45 to 54 "	983,629	322,993	32.8	659,632	67.2
55 to 64 "	662,760	168,485	25.4	493,468	74.6
65 to and over	553,782	98,058	17.7	454,758	82.3
Age unknown	1,948	736	37.8	772	62.2
Males	<u>5,457,365</u>	<u>2,964,453</u>	<u>54.3</u>	<u>2,486,021</u>	<u>45.7</u>
10 to 14 years	914,310	495,424	54.2	417,505	45.8
15 to 19 "	800,402	499,413	62.4	300,280	37.6
20 to 24 "	759,711	488,765	64.3	270,079	35.7
25 to 34 "	1,115,031	681,043	61.1	432,687	38.9
35 to 44 "	746,695	391,576	52.4	354,175	47.6
45 to 54 "	501,109	218,166	43.5	282,359	56.5
55 to 64 "	344,903	119,757	34.7	224,767	65.3
65 and over	273,930	69,768	25.5	203,773	74.5
Age unknown	1,274	541	42.5	396	57.5
Females	<u>5,446,514</u>	<u>2,351,693</u>	<u>43.2</u>	<u>3,088,233</u>	<u>56.7</u>
10 to 14 years	870,308	474,438	54.5	394,610	45.5
15 to 19 "	856,710	499,875	58.3	356,004	41.7
20 to 24 "	764,286	415,500	54.4	347,937	45.6
25 to 34 "	1,145,855	542,048	47.3	602,545	52.6
35 to 44 "	728,452	237,792	32.6	489,902	67.4
45 to 54 "	482,520	104,827	21.7	377,173	78.3
55 to 64 "	317,857	48,728	15.3	268,701	84.7
65 years and over	279,852	28,290	10.1	250,985	89.9
Age unknown	674	195	28.9	376	71.1

NATIONAL URBAN-RURAL POPULATION BREAKDOWN WITH THE RURAL POPULATION CLASSIFIED ACCORDING TO ESTIMATED NUMBER OF PERSONS ON FARMS, IN INDUSTRIES OTHER THAN AGRICULTURE, RETIRED AND UNEMPLOYABLE, AND UNEMPLOYED^{1/}

Province (A)	Total Popula- tion (B)	Average Size of Family (C)	Urban Popula- tion ^{2/} (D)	Rural Population ^{3/}				
				Rural Popula- tion (E)	Popula- tion on Farms (F)	Population in Indus- tries Oth- er Than Ag- riculture (10% of Ru- ral Pop) ^{4/} (G)	Retired Plus Depen- dents, and Unemploy- ables ^{5/} (H)	Under- employed and Depen- dents ^{6/} (I)
PHILIPPINES ^{A/}	19,234,182	5.49	4,091,430	15,142,752	8,943,869	1,514,275	536,162	4,148,446
Abra ^{a/}	86,600	4.72	5,663	80,937	56,796	8,094	2,877	13,170
Agusan ^{a/}	126,448	5.54	9,162	117,286	79,028	11,729	4,687	21,842
Albay	394,694	5.66	95,564	299,130	199,560	29,913	11,776	57,881
Antique	233,506	5.63	27,424	206,082	138,847	20,608	6,939	39,688
Bataan	92,901	5.17	54,385	38,516	22,164	3,852	2,361	10,139
Batanes ^{b/}	10,705	5.17	--	10,705	9,001	1,070	97	537
Batangas	510,224	5.10	77,299	432,925	266,047	43,292	21,004	102,582
Bohol	553,407	5.47	58,215	495,192	355,621	49,519	26,743	63,309
Bukidnon ^{a/}	63,470	5.41	2,267	61,203	44,843	6,120	1,879	8,361
Bulacan	411,382	5.55	56,928	354,454	151,709	35,445	19,588	147,712
Cagayan	311,088	5.07	12,378	298,710	198,597	29,871	9,536	60,706
Camarines Norte	103,702	5.41	29,354	74,348	54,300	7,435	2,703	9,910
Camarines Sur	553,691	5.61	86,659	467,032	233,124	46,703	17,835	169,370
Capiz	441,871	5.44	51,965	389,906	244,561	38,991	15,191	91,163
Catanduanes ^{a/}	112,121	6.04	--	112,121	81,860	11,212	2,760	16,289

(continued)

NATIONAL URBAN-RURAL POPULATION BREAKDOWN . . . (continued)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Cavite	262,550	5.15	55,659	206,891	123,940	20,669	13,114	49,148	
Cebu	1,123,107	5.27	134,310	988,797	604,701	98,880	29,185	256,031	
Cotabato	439,669	5.57	68,924	370,745	286,766	37,074	6,225	40,680	
Davaoa/	364,854	6.55	47,486	317,368	232,145	31,737	9,287	44,199	
Ilocos Nortea/	251,455	4.85	22,218	229,237	154,841	22,924	11,035	40,437	
Ilocos Sur	276,278	4.92	52,356	223,922	127,339	22,392	12,324	61,867	
Iloilo	816,382	5.66	179,609	636,773	405,771	63,677	25,684	141,641	
Isabelaa/	264,495	5.25	7,436	257,059	196,550	25,706	6,685	28,118	
La Union	237,340	5.10	33,170	204,170	138,853	20,417	9,204	35,696	
Laguna	321,247	4.95	95,439	225,808	98,292	22,581	12,090	92,845	
Lanao	343,918	5.98	70,092	273,826	153,417	27,383	4,238	88,788	
Leyte	1,006,891	5.42	203,412	803,479	529,133	80,348	28,663	165,335	
Manilaa/	983,906	5.73	983,906	---	---	---	---	---	
Marinduque	85,828	5.33	11,845	73,983	50,870	7,398	2,768	12,947	
Masbate	211,113	5.75	26,335	184,778	132,060	18,478	2,934	31,306	
Mindoro	167,705	5.42	34,091	133,614	101,495	13,361	3,965	14,793	
Misamis Occ.	207,575	5.83	41,895	165,680	123,398	16,568	5,090	20,624	
Misamis Or.	369,671	6.02	103,119	266,552	116,734	26,655	8,348	114,815	
Mountain Prov.	278,120	4.33	73,920	204,200	142,414	20,420	6,265	35,101	
Negros Occ.	1,038,758	6.03	223,209	815,549	235,544	81,555	14,420	484,030	
Negros Or.a/	443,461	5.64	9,366	434,095	304,797	43,410	9,526	76,362	
Nueva Ecija ^a /	467,769	5.57	15,691	452,078	276,188	45,208	13,046	117,636	
Nueva Vizcayaa/	82,718	5.69	6,929	75,789	53,458	7,579	2,615	12,137	
Palawan	106,269	4.70	18,839	87,430	56,447	8,743	3,040	19,200	
Pampanga	416,583	5.88	57,242	359,341	115,371	35,934	18,748	189,288	

-----(continued)

NATIONAL URBAN-RURAL POPULATION BREAKDOWN (continued)

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Pangasinan	920,491	5.29	135,448	785,043	493,673	78,504	32,671	180,195
Quezon	416,719	4.96	113,693	303,026	205,756	30,303	14,412	52,555
Rizal	673,060	5.57	145,931	527,129	51,673	52,713	27,694	395,049
Rombon	108,817	5.63	18,119	90,698	66,879	9,070	2,516	12,233
Samar	757,212	5.88	175,431	581,781	405,444	58,178	14,110	104,049
Sorsogon	291,138	5.63	74,894	216,244	131,759	21,624	6,262	56,599
Sulu	240,826	5.29	34,993	205,833	74,906	20,583	3,588	106,756
Surigao ^{a/}	264,952	5.55	12,870	252,082	173,643	25,208	6,567	46,664
Tarlac	327,018	5.40	78,743	248,275	172,530	24,828	10,303	40,614
Zambales	138,536	5.66	45,507	93,029	59,441	9,303	4,258	20,027
Zamboanga	521,941	5.78	112,040	409,901	211,583	40,990	9,306	148,022

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1/ Census of the Philippines, 1948.

2/ Generally speaking, the entire area of the Philippines is organized through three echelons of political subdivision: (1) provinces, which are divided into (2) municipalities (or chartered cities), which are in turn subdivided into (3) barrios. The term "urban" is defined as including poblaciones and cities only. (A poblacion is a centrally located barrio among closely adjacent barrios, where the municipal building is located.)

3/ The term "rural" is defined as including all barrios other than those classified as "urban".

4/ Notwithstanding the fact that employment patterns in rural areas thus defined are dominated overwhelmingly by agricultural pursuits, it is herein assumed that 10% of the total rural population is composed of families engaged in occupations other than agriculture.

5/ "Unemployables" are assumed to be non-family heads. "Retired" are assumed to be family heads, hence, the total number of retired X average size of family = retired plus dependents. In estimating the number of "unemployables" and "retired" persons residing in rural areas, national total was broken down by the Bureau of Census on an estimated 25%-75% rural-urban distribution.

6/ Column (E) minus the sum of columns (F), (G), and (H).

A/ Footnotes 1/ and 2/ notwithstanding: a/ Totally rural except for population of provincial capital and cities.

b/ Totally rural.

c/ Totally urban.

STATUS OF LAND CLASSIFICATION IN THE PHILIPPINES, AS OF 31 DECEMBER 1952.
BUREAU OF FORESTRY, DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES.

Province (A)	Area of Province (Hectares) (B)	Alienable Land Transferred to Bu. of Lands for Disposition (Hectares) (C)	Land in Custody of Bu- reau of For- estry (Hectares) (D)	Necessary Bal- ance of Forest Cover (Accord- ing to Pattern) (Hectares) (E)	Balance to Be Classified for Agricultural Purposes ^{a/} (Hectares) (F)
Abra	380,989	79,519	301,470	153,300	148,170
Agusan	1,067,102	144,100	923,002	668,945	254,057
Albay	257,905	209,204	48,701	55,780	-7,079
Antique	267,927	140,162	27,765	135,800	-8,035
Bataan	133,900	50,122	83,778	89,170	-5,392
Batanes	19,780	5,478	14,302	9,660	4,642
Batangas	308,582	197,511	111,071	60,190	50,881
Bohol	407,837	307,939	99,898	143,790	-43,892
Bukidnon	803,840	200,667	603,173	390,695	212,478
Bulacan	264,439	141,423	123,016	126,485	-3,469
Cagayan	898,813	258,626	640,187	439,170	201,017
Camarines Norte	214,663	78,398	136,265	85,720	50,545
Camarines Sur	533,605	346,739	186,866	133,520	53,346
Capiz	441,011	116,437	324,574	165,665	158,909
Catanduanes	143,084	72,481	70,603	41,035	29,568
Cavite	128,858	735	128,123	23,280	104,843
Cebu	486,850	112,734	374,116	144,915	229,201
Cotabato	2,296,791	616,983	1,679,808	959,485	720,323
Davao	1,949,895	398,766	1,551,129	801,025	750,104
Ilocos Norte	338,679	139,260	199,419	153,475	45,944

^{a/} — Figures representing excess classified alien and disposable areas over the estimated agricultural lands.

(A)	(B)	(C)	(D)	(E)	(F)
Ilocos Sur	268,535	131,349	137,186	120,425	16,761
Iloilo	530,449	249,414	281,035	124,070	156,965
Isabela	1,053,986	358,490	695,496	506,965	188,531
La Union	137,290	82,584	54,786	33,765	21,021
Laguna	120,375	62,218	58,157	38,140	20,017
Lanao	666,809	203,857	462,952	347,185	115,767
Leyte	798,690	486,336	312,354	235,495	76,859
Marinduque	92,027	73,093	18,934	20,530	-1,596
Masbate	407,001	259,467	147,534	170,335	-22,801
Mindoro	1,007,793	328,196	679,597	506,390	173,207
Misamis Occidental	207,651	107,492	100,159	78,930	21,229
Misamis Oriental	391,681	150,122	241,559	189,880	51,679
Mountain Province	1,413,622	99,624	1,313,998	718,970	595,028
Negros Occidental	774,064	427,378	346,686	314,575	-32,111
Negros Oriental	531,640	219,136	312,504	223,990	88,514
Nueva Ecija	549,168	317,614	231,554	176,760	54,794
Nueva Vizcaya	680,393	74,389	606,004	369,715	236,289
Palawan	1,474,576	138,484	1,336,092	622,265	713,827
Pampanga	214,193	118,809	95,384	83,315	12,069
Pangasinan	523,383	386,761	136,622	103,910	32,712

(continued)

STATUS OF LAND CLASSIFICATION . . . (continued) - 3 -

(A)	(B)	(C)	(D)	(E)	(F)
Quezon (Tayabas)	1,195,658	452,212	743,446	562,940	180,506
Rizal & Manila	208,575	70,767	137,808	65,990	71,818
Romblon	132,704	93,355	39,349	52,895	-13,546
Samar	1,375,098	231,947	1,143,151	414,200	728,951
Sorsogon	205,450	161,284	44,166	37,890	6,276
Sulu	281,321	93,470	187,851	119,195	68,656
Surigao	797,583	175,271	622,312	356,460	265,852
Tarlac	304,232	179,922	124,310	125,025	-715
Zambales	364,558	104,216	260,342	232,495	27,847
Zamboanga	1,687,917	546,683	1,141,234	781,385	359,849
TOTAL	<u>29,740,972</u>	<u>10,001,144</u>	<u>19,739,828</u>	<u>12,515,190</u>	<u>7,224,638</u>

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A P P E N D I X "C"

CHARACTERISTICS OF LAND TENURE PRACTICES

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HISTORICAL DEVELOPMENT OF LAND TENURE

(Extract from PIONEER SETTLEMENT IN THE ASIATIC TROPICS, by Karl J. Pelzer, pp. 88-91.)

CHARACTERISTICS OF LAND TENURE PRACTICES

Caciquism

In order to understand the land-tenure conditions of today in the Philippines one has to go back to early Spanish and pre-Spanish time. In those days, as now, the inhabitants of the lowlands and coastal regions of Luzon and the Visayas lived in villages. Each village, or barangay, as the Tagalo called it, had its own chief, or dato. Under the aristocracy, which was represented by the dato and his family, there were three classes of people: free men, serfs, and slaves. The free-born members of a barangay usually paid no taxes or tribute to the dato but were obliged to follow him in war and to help with the cultivation of his land, the harvesting of his rice, and the construction of his house. In a tropical climate this last task is repeated every few years. The serfs were obviously what today we should call tenants or aparceros. They had their own houses and turned over to their masters the yield of half the land they cultivated. The slaves lived in quarters provided by the master, could not marry without his permission, and could be sold at any time.

The cleared land of a barangay was divided among the free-born, each one recognizing the rights of the others. There were no titles. The forested land was not divided but was held by the barangay. No one could cultivate the land of any barangay other than his own unless he had purchased or inherited the right to do so. The position of dato was usually held by one family through hereditary right. This gave the family definite economic and social advantages over the other families of the barangay.

When the Spaniards established themselves in the Philippines they claimed ownership of all land for the Crown, but they recognized the rights of the native peasants to the land they were actually working. This was only a small fraction of what it is today. In order to attract Spanish settlers to the colonies, the Crown divided the conquered land into grants, or encomiendas, and forced the native population to pay tribute to the encomenderos. The encomenderos abused their power, exploited the people, and interfered with the religious work of the early missionaries, thereby arousing the enmity of the Church.

The encomienda system went out of existence at the beginning of the seventeenth century, and the country was then governed by colonial government officials who, in the political sphere, took the place of the datos of pre-Spanish days. The Spaniards were careful, however, not to disturb the social structure of the villages or the social and economic position of the datos. The datos became known as cabezas de barangay. Several barangays made up a pueblo or municipality, headed by the gobernadorcillo, who originally was elected by all the household heads of a municipality, but later, in the nineteenth century, by the cabezas de barangay. The families from whom the

governadorcillos and cabezas de barangay were drawn constituted the aristocracy and enjoyed special political and social privileges. The Spaniards introduced the term cacique, or chief, into the Philippines from Haiti and applied it to the datos, or cabezas de barangay, and the other leading families of a community. By recognizing them, the Spaniards helped the caciques to preserve their power over the people and gave them the opportunity of getting more and more land into their hands, of making more and more people financially dependent upon them (inasmuch as they were the tax-collectors), and of reducing freeholders to the status of tenants. Thus many of the leading families of pre-Spanish days kept their favorable social and economic position, and often strengthened it by intermarriage with the Spaniards.

This same group retained leadership after the coming of the Americans because it was the educated element in the country. It was able to monopolize most of the advantages derived from the American regime and to obtain control over national as well as local political life. Hence these caciques, the landed aristocracy of the Philippines, having all the privileges that the possession of money and land may give in an agrarian community, are today in a position to exploit a large part of the rural population. In some provinces this part amounts to more than half of all the farming families.

Although both Spanish and American authorities in the Philippines were aware of the pernicious hold that the cacique class had on the less fortunate part of the population, neither took effective measures to break it. Caciquian became deeply ingrained in the life and thinking of the Filipinos, and as long as the mass of the people remained illiterate and ignorant, it was relatively easy for the caciques to regulate affairs in the rural communities according to their own wishes. The Spanish Government made several half-hearted attempts to systematize land tenure by issuing land titles. As late as the second half of the nineteenth century two royal decrees were issued, one in 1880 and a second in 1894, urging landholders to secure titles. The decree of 1894 granted a term of one year during which claims for free titles could be filed. After the expiration of that term all land not covered by title was to revert to the Crown, and no longer would it be possible to obtain a title free of charge. Only a few made use of this offer. To the great majority of peasants accustomed to unwritten rules of land tenure, the land law was too involved, the idea of a land title too strange. In the opinion of the Spaniards and the American, most Filipinos were without individual legal rights to the land, but in their own opinion they were the actual owners of this land and their forefathers had cleared and that had been in constant use by their families. The comparatively few people who acquired legal titles were mostly persons belonging to the cacique group, and these often laid claim to more land than actually they had a right to. Thus in many cases peasants who had felt secure in the possession of their land and had not known or cared about titles were suddenly confronted with the fact that a wealthy person, with the law behind them, was claiming their land. These peasants were then driven from their land.

Historical Development ...

The American administration inherited the results of the defective Spanish land system, which had been so unintelligible to the majority of the peasants and had encouraged land grabbing by a relatively small group of unscrupulous individuals. At the time of the American occupation the number of Filipino peasants without titles was estimated at 400,000. There existed no complete records of the issued titles, nor were these based on clear and accurate surveys. It is therefore no wonder that land disputes and agrarian troubles have persisted.

Friar and Church Lands

One of the most difficult problems facing the Americans concerned the large estates in the hands of religious orders, the so-called friar lands, which for more than 200 years had been a source of conflict and repeated revolts. During the centuries that the Roman Catholic Church and such orders as the Dominicans, Augustinians, and Recollects had spent in the Philippines, they had come into possession of large areas of the best agricultural lands, mainly in the provinces of Cavite, Laguna, Rizal, and Bulacan, that is, in provinces close to Manila. Most of this land was covered by titles issued in 1880 and 1894, although a part was covered by titles dating from the seventeenth and eighteenth centuries. In many instances the claims of the friars conflicted with the claims of those who were living on the land and who insisted that they were the true owners.¹ In such cases the tenants paid rent, or canon, to the administrators of the estates, but only under pressure.

During the Philippine Revolution the Malolos Government confiscated all the friar estates. But the United States Government was bound by the Treaty of Paris to protect the property interests of the friars. Knowing that a return to the old relation between the friars, or their representatives, and the tenants would cause continual agrarian conflicts, the Philippine Government decided to buy the estates belonging to the Augustinians, Dominicans, and Recollects. After long-drawn-out negotiations, the government, on December 22, 1903, agreed to pay \$7,239,784.66 for 23 estates aggregating about 165,000 hectares. The contract stipulated that the sum was to be reduced if surveys should reveal that the estates were actually smaller than they had been assumed to be. When the negotiations between the government and the friars were finally concluded on October 20, 1905, the purchase price was set at \$6,934,433.36 a sum that was raised through the sale of Philippine government bonds authorized by the United States Congress.² This transfer brought the greater part of the friar lands with their tenants, estimated at more than sixty thousand persons, under direct control of the government. The friars, however, were not willing, in 1903, to sell all of their land; moreover, the Church itself also possessed a number of estates; so that, in spite of great

¹Fourth Annual Report (of the Philippine Commission), 1904, Part 1, pp. 189 and 191

²U.S. Public Act, July 1, 1902, Secs. 63, 64 and 65

efforts on the part of the American administrators, the question was not completely solved.

According to the census report, Roman Catholic religious organizations owned 41,782 hectares of land in the Philippines on December 31, 1938. It is doubtful, however, whether this figure is complete, since the four Church- or friar-owned estates of Buenavista, San Pedro, Tunasan, Lian, and Dinalupihan alone account for a total of 41,618 hectares³ and the Church owns other estates as well. There is a possibility that the census excludes the 27,408 hectares of the Buenavista Estate since it was leased in 1939 by the government for a period of 25 years with an option of purchase. The American administrators, inheriting this difficult friar- and Church-land problem from the Spaniards, has done much, especially through the labors of the Taft administration, to alleviate it.

³ Allen: "Agrarian Tendencies in the Philippines," 1938, pp. 54-55

LAND TENURE CONDITIONS AT THE OUTBREAK OF WAR IN THE PACIFIC

(Extract from PIONEER SETTLEMENT IN THE ASIATIC TROPICS, by Karl J. Pelzer, pp. 91-98.)

At the beginning of the twentieth century, the church and the friars, together with the caciques, were the great landowners; today this group is enlarged by private corporations, which own more land than the church and the friars ever did. In the sugar-producing areas especially, land has been concentrated in the hands of corporations. On December 31, 1938, business corporations owned 846,017 hectares of land in the Philippines, 12,096 hectares belong to Filipinos, 106,473 to Americans, and 70,981 to Spanish corporations. A good deal of this land is worked by cash tenants, the remainder by laborers under farm managers.

The census does not reveal to what extent land is owned by caciques but it is known that a great deal of the rice land of the central provinces, the sugar land in the various sugar-producing regions, and the coconut and abaca land is owned by caciques, who divide their estates, or haciendas, into small units and have them worked either by inquilinos (cash tenants) or kasamas (share tenants). The great majority of the cacique holdings comprise less than 100 hectares each, only a relatively few exceed 1,000 hectares. Since the Spanish days, these holdings have grown steadily and the percentage of tenant families has correspondingly increased. This is evident in the province of Nueva Ecija, which in large part was opened up and developed after 1918. In 1935 Nueva Ecija had 15 holdings of more than 1,000 hectares in extent, another 50 were between 500 and 1,000 hectares and about 2,000 were from 25 to 100 hectares.

Under the inquilinato system, which exists in all the provinces of Luzon and also in some of the other islands, an agreement is made between landlord and inquilino whereby the former turns his land over to the latter for a stipulated amount of annual rent in cash or kind, called canon. The inquilino has his own animals and agricultural implements and must himself finance his agricultural operations. In densely populated provinces there is such a demand for land by people with the necessary funds to work as inquilinos that the landowners auction off the right to cultivate their lands to the highest bidder, who must often pay the canon in advance. Local conditions, the pressure of population, the quality of the land, the type of crops to be raised, and other factors determine the amounts bid by the inquilinos. The cash rent therefore varies greatly from province to province and even within provinces.

Often an inquilino leases land without intending to work it himself. Instead he enters into an agreement with a share tenant who does the actual cultivation. Landlords, especially big absentee landlords, prefer to lease their land to a few inquilinos instead of to thousands of kasamas, for in the inquilinato system no labor or supervision is required.

Commonwealth of the Philippines Labor Department: Fact-Finding Survey Report (March 1939), p. 11.

1 Also known as aparceros.
2 Memorandum by Modesto Villalobos, executive officer of the Anti-Unemployment Board, to the Secretary of Justice, Manila, April 26, 1937.

Land Tenure Conditions...

of the landlord. It is of no practical concern to the landlord how good or how poor a crop the inquilino raises, since the former receives his fixed amount of canon, preferably before the beginning of the agricultural year. The Church and the friars used, and still use, the inquilinato system in preference to the kasama system. Modern corporations have followed their example.

In recent years there have been frequent conflicts between landlords and inquilinos because, as the pressure of population increases—creating a scarcity of good riceland—the landlords repeatedly raise the canon and refuse to renew the leases if the inquilinos will not pay the higher amount. For a time inquilinos may submit to successive increases in the canon, but finally they decline to agree to a new raise. They may have put a great deal of improvement into the land. Often they, or their forefathers, actually cleared the land and then leveled and dyked it so that it could be used for the cultivation of wet rice. It is natural that an inquilino should hate to give up the farm that he or his family has worked for a long time, and that he should refuse to leave the land if the landlord is unwilling to recompense him for the improvements he has put into it.

In a region where the competition for land is sharp the landlord has every opportunity to raise the canon and force the inquilinos to do extra work for him. According to a survey made by the Department of Labor, the hacenderos "oblige the inquilino to construct camarines (store houses), houses, dikes...without compensation. When a hacendero believes that it is necessary to construct a road within the hacienda, build a bridge and other improvements, he asks contributions from his inquilinos. ... Those who do not give the contribution are expelled from the hacienda."² In 1939 there was a dispute between the owners and inquilinos of Hacienda Esperanza in Pangasinan Province. One of the complaints of the dismissed inquilinos was that

Some years ago they contributed towards the construction of a concrete dam which has cost ₱12,000.00. The contributions ranged from ₱7.00 to ₱10.00 a hectare. ... The condition was that the contribution in question would be returned to them at the rate of ₱1.00 a year after the dam had begun operating. It was to be deducted from the canon they were to pay. Likewise, they were made to understand that if they contributed they would be allowed to remain on the land as long as they wished, if they paid the corresponding canon then prevailing. The dam began operating in 1935, but no refund to the inquilinos has ever been made. Not only this, but now [in 1939] they are being driven away.³

² Commonwealth of the Philippines Labor Department: Fact-Finding Survey Report, (Ms. dated 1936), p. 37).

³ Memorandum by Modesto Villalobos, executive officer of the Anti-Usury Board, to the Secretary of Justice, Manila, April 26, 1939.

Such complaints have been frequent.

In 1939 the actual number of farms run by cash tenants (inquilinos) was small (17,111) as compared with the number worked by share tenants (547,933) and constituted only one per cent of all the farms in the Philippines. The percentage of farms run by inquilinos in the Luzon rice provinces of Cavite, Rizal, Pampanga, Pangasinan, and Tarlac exceeded this average, however.

Thus the prevailing form of tenancy, especially on riceland, is the kasama, or share-tenancy, system, which resembles the share-cropping system of the cotton-producing regions of the United States. The kasama system has a number of variations. Under a common form the landowner is obliged to furnish land, seed, and the cash needed for transplanting and harvesting the rice, while the kasama does the labor with his own work animals. The crop is divided equally, after the kasama has paid in kind half the expenses for transplanting and harvesting. The kasama will receive two-thirds, and the landlord one-third, of the crop if the former owns the work animals and pays for seed, transplanting, and harvesting. Under still another arrangement, the owner furnishes the tenant with land, work animals, and seed. The harvest is divided equally, after the costs of the seed and the planting and harvesting have been deducted.

A characteristic feature of the kasama system is that the tenant has no funds and usually no rice for his family at the beginning of the contract. He therefore receives bugnos, of advance, from his landlord. This sum, varying from 25 to 125 pesos, usually bears no interest but is returnable in money or in kind at the termination of the contract. In addition, the tenant is given a weekly or monthly palay (unhusked rice) ration to keep him and his family going. The palay received up to the time of planting is usually paid back without interest; whereas the rations delivered after the crop is once planted are subject to high interest, and here the door is opened to usurious practices, which will be discussed later. The kasama is completely in the hands of the landowner, who has to support him until the time of the harvest and the division of the crop. Often the tenants run so deeply into debt that they remain in debt after the crop has been divided and they have turned over their share to the landlord in payment of their loans. Thus, instead of being able to draw upon their own rice during the off-season between February and July, they must ask the landlord for new loans in money or palay and fall even more deeply into debt.

It is to the advantage of the landlord to have the tenant indebted to him, not only because of the high interest rates but also because then the tenant may be forced to do all kinds of extra work and may not leave his holding. The debt binds the tenant to the land and makes him almost a slave of the landlord, who thereupon determines every step to

be undertaken—the crop to be grown and the time of planting and harvesting. This control at times goes so far that literate tenants, who have the right to vote, are not at liberty to choose their own candidate but must cast their vote for the landlord's candidate. An investigator for the Department of Labor reported a contract which compelled the tenant to attend the Roman Catholic Church and to work with his family for the landlord at fixed times without pay. Visitors were not allowed to enter the hacienda. Violations of rules listed in this particular contract gave the landlord the right to impose fines of from two to four cavans of palay. (One cavan equals 75 liters.)

Usury, which presents the darkest spot of the relation between landlord and tenant, is an old institution in the Philippines. Various interest rates are known by specific terms, such as takipan, talindua, and terciahán. Under the takipan rate the tenant pays back two cavans of palay for every cavan that he has borrowed. Should he be unable to settle this debt at the time of the first harvest, it increases to four cavans at the second harvest. The talindua rate demands three cavans for every two borrowed, and the terciahán, four cavans for every three borrowed. In all instances the rates are exacted on loans over periods of six months and less. If a loan has been made in cash, it is settled in kind, but the landlord subtracts from the market price of palay on the day of delivery as much as 50 to 75 centavos. This arrangement is called takalanán.

Those who defend these interest rates argue that a tenant who borrows, for example, 10 cavans of palay at a time when a cavan costs 4 pesos owes not 40 cavans of palay but 40 pesos. If at the time of the payment of the debt the price for one cavan is only 2 pesos, then the tenant must deliver 20 cavans in order to meet his obligation of 40 pesos. The defenders of this suspicious system intentionally overlook the fact that the landlord will not sell his palay when it is cheap but will wait until the price has improved, and thus realize excessive profits. It is evident that in many cases the same rice that was turned over by the tenant will be refused to sink him more deeply into debt and to exploit him further. This practice of changing from kind into money and back into kind is a device to make full use of price differences and to force the debtor to pay in kind at whatever for him the most advantageous moment. It has been made illegal in the Philippines through legislation which will be discussed later.

The late Governor General Theodore Roosevelt investigated a case of usury in which a small farmer had borrowed 300 pesos (\$150). He never obtained any more cash. Each year, when the time came to pay his interest, the usurer offered him remission if he would sign a new document substituted for the original bond and written in a language not understood by the tenant and his family.

The cultivation of one hectare of riceland requires about 300 hours of man labor in addition to 150 hours of animal labor. The labor requirements are especially high during the planting and harvesting seasons; whereas in the intervals between planting and harvesting and between harvesting and planting the new crop the farmer and his family have little work to do unless they are engaged in a secondary industry. A farmer who tills less than two hectares of riceland does not make full use of his working capacity even during the busy season. With some additional help from other members of the family an efficient farmer can handle three hectares of riceland, especially if his land does not depend upon rain exclusively but is supplied by an irrigation system. Here, then, lies one reason for the poverty of the kasama: his labor is only partly employed--the equivalent of 75 eight-hour days a year.

Another cause of poverty is to be found in the yields. Most of the Philippine riceland produces only one rice crop and is usually not used for the raising of secondary crops during the dry season. The average yield of rice (both wet and dry) for the Philippines as a whole was 23 cavans per hectare in 1935. Yields vary greatly from province to province and depend upon the fertility of the soil, the weather, the variety of rice, and the methods of cultivation. The highest yields for certain lowland rice varieties come to 60 cavans per hectare in the best years. The average per hectare yield in 1935 of lowland and upland rice for Nueva Ecija was 38 cavans, for Nueva Vizcaya 35 cavans, and for Pangasinan and Bulacan 30 cavans.

Most of the kasamas cultivate lowland rice and may expect an average yield of about 40 cavans per hectare, of which at least half goes to the landlord. Out of his share the kasama has to pay half the cost of transplanting and harvesting the rice, which on a farm of 2 hectares amounts to the equivalent of 5 cavans; thus, in this case, if the price of rice at the time of harvest is 2 pesos per cavan, the kasama's total income will be only 70 pesos. Velmonte reports that tenancy surveys made by the College of Agriculture show that the income of a rice tenant is not more than 130 pesos on a farm three hectares in area. Tenant families try to supplement their meager incomes with work outside the farm during the dry season, but sometimes there is not enough work for all the tenants. Yet if a kasama is fortunate enough to obtain work as a laborer when there is nothing for him to do on the farm, he may, according to Velmonte, raise his annual income to 200 pesos.⁷ But even such an income is hardly sufficient to support the average tenant family of five or six members.

One way of helping tenants to increase their annual income would

⁷ Velmonte: "Farm Tenancy Problems," 1938, p. 130.

be to do away with the old custom of dividing the land into such small farms and instead to give each family at least three or four hectares. The tenant farms of the less congested areas, such as Nueva Ecija, are somewhat larger than the average in the overpopulated provinces of Bulacan, La Union, Ilocos Sur, and Ilocos Norte. The latter provinces the only way to increase the size of tenant farms would be to encourage large-scale emigration, thus reducing competition for the land of the caciques; this might result in an enlargement of the remaining individual tenant farms. At present, tenants in the crowded provinces practically beg for land to farm, and whenever a cacique dismisses a tenant there are others eager to take his place.

Another way of adding to the income of the kasamas would be to raise the average crop yields through seed selection and to encourage the growing of secondary crops, such as beans, maize, peanuts, and sweet potatoes, during the months between the rice harvest and the next rice planting. The Philippines have extensive areas that can be brought under technical irrigation. In many instances this might enable more farmers to raise a second rice crop and to make fuller use of their working time.

Many farms that are operated by their owners are also uneconomical small, although these farmers are better off than the kasamas since they own their whole crop. Slightly more than half of all the farms in the Philippines worked by their owners have less than two hectares of land and slightly less than one-fourth have under one hectare. Farms operated by peasant owners are especially small in Cebu and in the Ilocano provinces. In Cebu, Ilocos Sur, and Ilocos Norte about half of all the peasant owners have farms of less than one hectare, whereas more than three-fourths cultivate less than two hectares.

The several factors responsible for the low economic level of the major part of the rural population of the Philippines clearly demand special attention if help is to be given to the poor and depressed peasant. Two main types of remedy suggest themselves. The first would be to check such abuses as usury. This would not, however, go to the root of the Philippine problem. The second, and more thoroughgoing, type of remedy would be to effect a redistribution of the population by encouraging migration to hitherto unoccupied lands.

(NOTES ON ARRANGEMENTS BETWEEN LANDLORD AND TENANT-FINDING SHARE AND basal PROVIDING FOR PAYMENT OF INTEREST ON MONIES BORROWED. Extracted from MS copy - FACT FINDING SURVEY OF AGRARIAN PROBLEMS IN THE PHILIPPINES, 1936, Department of Labor, pp. 45-46.)

From the time the landowner and the aparcerero enter into a contract of tenancy, whether verbally or in writing, the relation begins. The landowner and the aparcerero agree to have the land owned by the former cultivated by the latter. The aparcerero agrees, implicitly or not, expressly to use the land and work for it like a good father of a family. The survey of eighteen provinces by the special investigators and municipal survey agents of the fact-finding survey reveals that, generally, the production of palay is carried under the "aparceria" system. This system is a sort of partnership; thereby the landowner furnishes the land, the seeds, and the cash needed for transplanting and cutting; while the aparcerero furnishes his labor and the work animals. The aparcerero furnishes his labor and the work animals, and the general rule is the crop harvested and the expenses for transplanting and cutting are divided equally between the landowner and the aparcerero. Various forms of contract under the "aparceria" system are used in different sections of the country, among which may be mentioned the following:

A. The crop is equally divided between the landowner and aparcerero. The aparcerero furnishes his labor and the work animals, and pays one-half of the expenses for seeds, transplanting and cutting. The landowner, on the other hand, provides the land and pays the land tax and the other half of the expenses for seeds, transplanting and cutting.

B. The same as the first, except that the landowner furnishes the work animals.

C. The aparcerero gets two-thirds and the landowner one-third of the crop. Under this form, the aparcerero owns the work animals and pay for all the expenses for seeds, transplanting and cutting.

D. The crop is equally divided between the landowner and the aparcerero. Same as the first, except that the aparcerero pays the landowner a sum of not less than ₱50 to ₱200 for the right to occupy his land. This fee is known in Bulacan as "pamata" and in Pangasinan as "postura". This relation of landowner and aparcerero is most common where the land is specially fertile and productive.

The loan of money by the landowner to the aparcerero is no less important in their relation. The aparcerero finds it necessary to borrow in cash or in kind to provide for his needs and those of his family, especially before the harvest. It is in this part of their relation that the aparcereros have suffered from certain abuses. Among the well-known methods of loan may be mentioned the following:

a. "TAKIPAN." This is a form of credit under which the landowner loans the aparcerero two (2) cavans and collects four (4) cavans. Under this form of borrowing, the aparcerero thus pays 100% interest on what he borrows, but usually the price of palay is higher when the advance is made than when it is returned. This practice now obtains in Central Luzon (Nueva Ecija and Bulacan).

b. "TALINDUA." Under this form of credit, the aparcerero pays three (3) cavans for only two (2) cavans borrowed. In this case, the aparcerero pays interest on what he borrows at an apparent rate of 50% although it is possible for the landowner to lose from this kind of transaction as when he advances two cavans when palay is at \$1.50 per cavan and receives payment when palay is only at \$1.50 per cavan in the market.

c. "TERCIAHAN." This is a form of credit in which a loan of three (3) cavans of palay is paid back with four (4) cavans. Thus the aparcerero pays 33 1/3% interest. In some cases, the aparcerero is not charged interest but the amount of palay delivered in payment is determined on the basis of current market price less a deduction of 25 to 50 cents per cavan. The amount of this deduction is fixed by the landowner.

As there are generally no written agreements between landlords and tenants, it is difficult to curb the unfair practices of unscrupulous money lenders and remedy the onerous conditions suffered by tenants under the "aparceria" system. The tenant frequently suffers also from the lack of any records of accounts in connection with the cultivation of the land and what he borrows. When the time comes to liquidate the accounts, the tenants generally find themselves in a disadvantageous position. In some cases, the tenant is not allowed to see the receipt or statement of account issued by the landowner or to check the amount of sugar or other crops delivered. In such cases, the tenant is usually misled by the landowner or his representative. The number of cavan of sugar or other crops delivered is often less than the real tonnage of sugar or other crops delivered. The crop the less will be the tenant's share.

WRITTEN CONTRACTS (page 2)

...no written contract is drawn between the landowner and the tenant. Consequently, when there is a difference of opinion as to the conditions agreed upon and the contents of the record, the items or figures contained in the record of the landowner will always prevail over that of the tenant, if he has any. The share of the tenant, therefore, entirely depends upon the honesty of his principal, or whether or not the landowner or the lessee gives him his full participation in the crop.

(Extracts from MS copy - FACT FINDING SURVEY OF AGRARIAN PROBLEMS IN THE PHILIPPINES, 1936, Department of Labor. Including 18 provinces in Central Luzon, Visayan Islands, and Mindanao and Sulu.)

MISCELLANEOUS TENANCY PRACTICES

SUFFRAGE (page 7)

Politically speaking, tenants (aparceros) who know how to read and write and are, therefore, entitled to vote, do not enjoy the right of suffrage. They do not have the liberty to choose their own candidates, for during each election the landowners or lesses obliged them to vote for their candidates at the expense of summary expulsion from the land they cultivate if they fail to do so. ...

USURY (page 8)

Usury, the common enemy of aparceros and small independent farmers because of the lack of local credit facilities, is still commonly practised by landowners or lessees on their tenants. There are instances when 150 or 300 per cent are charged for any loan given to them, within a short period of barely six months. This is specially true in Iloilo under the alili system. One cavan of rice advanced to a tenant during planting season is paid back with two or three cavans of rice in less than six months.

ACCOUNTING (page 8)

In the sugar-producing regions, the true reports from the central particularly the tonnage of sugar canes and piculs of sugar, are (not) given to farm-laborers and aparceros. By this practice, they are exploited by the hacenderos or planters. In the liquidation of accounts the number of tons of sugar canes and the piculs of sugar appearing on the receipt or statement issued by the centrals are always made much more less than the real tonnage of sugar cane loaded and piculs of sugar milled. Naturally, the more the landowners or planters decrease the number of tonnage of sugar cane and piculs of sugar representing the crop the less will be the tenants share.

WRITTEN CONTRACTS (page 8)

...no written contract is drawn between the landowner and the tenant. Consequently, when there is a difference of opinion as to the conditions agreed upon and the contents of the record, the items or figures contained in the record of the landowner will always prevail over that of the tenant, if he has any. The share of the tenant, therefore, entirely depends upon the honesty of his principal, or whether or not the landowner or the lessee gives him his real participation in the crop.

And as the conditions exacted in the contract, either verbal or written, are not uniform, and as a matter of fact each landowner has his own conditions, the tenant has entirely to depend on his landlord's accounting. It is useless, however, for him to demand an equal division of the crop for if he does so he would only be craving for his expulsion or dismissal from the land he tills. ...

SETTLEMENT OF ACCOUNTS (pages 8-9)

...the majority of the poor tenants (aparceros) suffer from unfair settlement of accounts. Their accounts are settled mostly without their presence. But generally there is no settlement of accounts. It is very dangerous for the tenant to object to the unfair settlement of accounts for such an attitude constitutes sufficient cause for his dismissal or ejection from the land he cultivates. ...

DEMAND FOR TENURE (page 9)

... Naturally, because of this abject helplessness [to correct the practice in accounting] he [the tenant] chooses to submit to unfair treatment rather than be ejected from the land he has learned to love and depend upon for a living.

CANTINA SYSTEM (page 9)

One of the means of exploiting the tenants or farm-laborers is the adoption of the "cantina system" ... common in Negros Occidental and Negros Oriental [where] the wife of the owner of the land or the lessee runs a store wherein are sold goods and merchandise which constitutes the daily needs of the tenants. Every tenant or farm-laborer in the estate or hacienda is obliged to buy from the said store at very excessive price. And, inasmuch as most of the transactions are carried on the credit system, in addition to the said excessive prices, the tenants are charged with excessive rates of interest on their accounts. On the day of the final accounting, more often than not, the tenant or farm-laborer has nothing left to collect..... the longer he stays on the hacienda, the more debts he incurs.

EXTRA SERVICES (page 9)

Tenants or farm-laborers are also obliged to render extra service to their landlords without just compensation. They serve either as servants in the latter's home or by building roads, bridges, dams, ditches, planting fruit trees and fixing fences. This is especially true in large private estates owned by religious corporations. ... It can be safely stated that all the improvements on the said estates had been made by inquilinos and aparceros, without cash payments.

x x x x

(page 37) The hacenderos force the "inquilino" to do extra work for

their benefit. They oblige the "inquilino" to construct canarines, houses, dikes, presses, cleaning the land, etc., without compensation.

ILLEGAL WEIGHTS AND MEASURES (page 10)

Illegal weights and measures in the weighing of palay are used by the landowners or lessess. In weighing palay loaned to him legal weights and measures are used. But when he pays the same, another set of devices is used, which more often than not, calls for more kilos of rice or palay. ...

STORAGE CHARGES (page 10)

... And if the tenant has a share of the crop left, he is obliged by the landowner or lessee to deposit it in his warehouse or bodega even before or after the division of the crop. He is charged with storage fees ranging from two to five centavos per cavan of rice. When a sack of rice is weighed for storage, it weighs $4\frac{1}{2}$ kilos, but when it is taken out of the warehouse, it weighs only $4\frac{1}{4}$ kilos. The landlord dishonestly contends that allowance should be given to the "reseco" or drying out of the rice. ...

TRANSPORTATION COST (page 10)

There is no limit to the resourcefulness of the landowner in overburdening his tenant. From the fields to his warehouse and from the warehouse to the market, his transportation facilities must be used by tenant. The latter is generally charged with excessive transportation charges, sometimes, as in Tarlac province, ₱0.13 or more per cavan of rice, or ₱1.10 for every row of 20 bundles of palay. We all know that the tenant can transport his share at practically no expense by using the common wooden wagon, but he has to use his boss' means of transportation, otherwise he will arbitrarily ejected from the land he tills. ... Any slight non-compliance with his [the landlord's] orders or mandates whether reasonable or not, means arbitrary dismissal or ejection from the land. And this can happen at any time of the year, even in the months of May or June when no tenant can no longer secure another land to work upon.

ENTRANCE FEE (page 10)

Naturally, the tenant has to follow blindly the orders of his boss in order not to lose his possession of the land he cultivates, which possession he has secured by paying exorbitant entrance fees (postura) and excessive rents, which year by year are increased at the whims and pleasure of the landlord. This entrance fee (postura) in Tarlac province is charged at ₱20.00, and in Pangasinan at ₱15.00 upwards for every hectare of land from a lessee or tenant and is not returned to the latter at the termination of the contract or lease or tenancy, or upon his arbitrary or unreasonable dismissal or ejection.

WITHHOLDING SUBSISTENCE (page 14)

... Tenants are not given sufficient rations by their landlords to feed themselves and their families. This is due either to special investigators and municipal survey agents of the Fact-Finding Survey and furnished information on conditions obtaining in the community. Many of them have been ejected and others are being threatened to be dismissed. ...

ADDITIONAL PAYMENTS (page 37)

While the "inquilinos" improve the land, the hacenderos are always increasing the canon. When the hacenderos find out that the "inquilino" can keep several cavans of palay after the harvest and liquidation, they devise ways and means by which they can appropriate these several cavans of palay for themselves during the next following harvest.

(page 37) The hacenderos also force the "inquilinos" to pay a certain amount for fishing in the small streams within the hacienda, even though the "inquilinos" do not like to fish.

HOUSING PAYMENTS(page 37)

Some hacenderos compel their "inquilinos" to live within the hacienda. The latter must necessarily pay a certain amount for the "solares" in which they build their houses. However, those inquilinos who do not live within the hacienda because they have houses outside, are also forced to pay the same amount.

E X T R A C T

FROM

PHILIPPINE SOCIAL TRENDS

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BASIC DOCUMENTS PERTINENT TO LONG-RANGE SOCIAL WELFARE PLANNING
IN THE PHILIPPINES

Published by the "President's Action Committee on Social Amelioration"
Assisted by "United Nations Consultants," (April, 1950), p. 21

... Putting the average yield per hectare at 20 cavanas of rice on two hectares, which is approximately the average size of individual farms, a farmer earns the modest amount of ₱440 a year.*

* Computed on the basis of ₱11 per cavan of rice which is the government price. Actual market price at the time of writing (March, 1950) is ₱8.

(Extract from MS copy - FACT FINDING SURVEY OF AGRARIAN PROBLEMS IN THE PHILIPPINES, 1936, Department of Labor: Including 18 provinces in Central Luzon, Visayan Islands, and Mindanao and Sulu.)

FARM INCOME (page 5)

The average holding of an aparcerero is only two hectares. With the present rate of production and the system of agriculture now in vogue in the rice-producing regions, wherein the landowner receives one-half of the total production, the aparcerero's income is not sufficient to support himself and that of his family for a year. Taking as a basis the yearly production of 40 cavares per hectare, and the price of one cavan of palay at the rate of ₱2.00, his total income yearly then from the two hectares he cultivates as aforesaid is only 40 cavares or ₱80.00. But as it is a universal practice that the average aparcerero pays one-half of the expenses of production and as it has been found in the survey that the cash production expenses for one hectare is ₱25.00, consequently he has to pay ₱12.50 for one hectare, or ₱25.00 for two hectares. ... Deducting this amount of ₱25.00 from his annual income of ₱80.00, the balance of ₱55.00 remains in his favor. If he has only to maintain and support two adults, four dependents, himself and his wife, or eight members in all, with the said amount of ₱55.00 representing his annual income each member has to content himself then with ₱6.87 for a year's expense; for a month, ₱0.57 each ... or less than two centavos each ... for food and clothing (which) is indeed a starvation income. Under this condition the tenant (aparcerero) is reduced to complete penury, as time rolls on.

(NOTES ILLUSTRATING THAT OTHER CONDITIONS NOTWITHSTANDING, THE TENANT IS PRIMARILY CONCERNED WITH THE SECURITY OF TENURE. Extracted from MS copy - FACT FINDING SURVEY OF AGRARIAN PROBLEMS IN THE PHILIPPINES, 1936, Department of Labor, P. 46)

. . . the tenant becomes so attached to the land and to the system under which he works that almost always, despite the conditions imposed upon him by the landowner, he continues tilling the soil under the tenancy contract year in and year out. He prefers to submit to the disadvantageous conditions imposed upon him rather than lose the land, for the improvement of which he has invested so much of his time and labor.

EXTRACT FROM RESULTS OF A SURVEY OF FARM, HOME AND COMMUNITY CONDITIONS IN THE BARRIO OF TRANCA, BAY, LAGUNA, FROM THE PHILIPPINE AGRICULTURIST, VOL. XXXI, No. 1, JULY-AUGUST-SEPT, 1947, PUBLISHED BY THE COLLEGE OF AGRICULTURE, UNIVERSITY OF THE PHILIPPINES.

A STUDY OF ECONOMIC AND SOCIAL CONDITIONS IN A FARM VILLAGE OF LAGUNA

by

Francisco M. Sacay and Martin V. Jarmin
Of the Department of Agricultural Education

MATERIALS AND METHODS

"The study included the 115 homes in the barrio. The survey method was employed in the investigation. A survey form prepared in the Department of Agricultural Education was used in collecting and recording the data. The information was obtained largely from the husbands and wives and older children.

DESCRIPTION OF THE AREA SURVEYED

"The barrio of Tranca ... is about six kilometers from the poblacion, or town proper. The railroad maintains a station in the northern end of the barrio. A rough trail about three meters wide serves as the barrio road.

"The people sell a portion of their products in the vicinity of the Masaya railroad station. The rest are sold in the town of Bay and in the neighboring towns of Alaminos, San Pablo, and Los Baños.

Within the barrio itself, there is only one store, which sells important household necessities, such as salt, laundry soap, and cigarettes. There is a barrio school offering complete primary instruction.

POPULATION

"The resident population of the barrio numbered 554 persons, of whom 51.3 per cent were males. Of the 115 heads of households, 106 were males and 9 were females.

"Occupation. Farming was the principal occupation of the people. Of the household heads, 87.8 per cent were engaged in farming and only 12.2 per cent were in other occupations.

"Mobility. Many of the residents were not born in the barrio. About 19.6 per cent were born outside the province.

"The average age of household heads was 41.2 years. They had resided in the barrio for an average of 19.4 years. The length of residence in the barrio according to tenure was: owner, 23.3 years; part-owner, 21.7; and tenant, 15.6 years.

FARM CONDITIONS

"Farm ownership. Of the 101 heads of households engaged in farming, only 17.8 per cent were operating their own farms. About 50.5 per cent owned land and, in addition, rented areas. The number of farmers who were entirely landless or owned only their house lots was 32, or 31.7 per cent.

"Type of farm. The dominant types of farms are sugar cane-rice, 27.7 per cent, and rice, 24.7 per cent. The barrio is a good example of places in the Philippines where climatic and soil conditions permit a diversified type of agriculture.

"Investment and ownership of capital. The average capital invested per farm was ₱1,454.94. The greater portion was in land, 82.5 per cent; buildings, 8.2 per cent; and work animals, 5.2 per cent.

"The amount invested by the operators according to tenure was: owner, ₱1,576.40; part-owner, ₱916.38; and tenant ₱174.52.

"Size of farm. The farms ranged from less than one half to 20 hectares, or an average of 3.96 hectares for the entire group. About 40 per cent of the farms were less than 3 hectares in size. The size of farms according to tenure was: owner, 4.48; part-owner, 4.52; and tenant, 2.89 hectares.

"Crops grown and livestock raised. Of the 101 farmers, 83.2 per cent grew rice and cultivated an average area of 1.34 hectares. Sugar cane was grown by 47.5 per cent, and the average area devoted to it was 0.94 hectares. The next important crop was coconut, which was grown by 68.3 per cent on an average area of 0.85 hectare. A large proportion of the farmers also raised corn, vegetables, and fruits, such as lanzones and bananas. The average farmer had a crop area of 3.92 hectares.

"The principal livestock raised were carabaos, chickens, and swine. There were very few cattle, horses, geese, and goats. The average number of animals raised per farm was: carabaos, 1.1; hens, 3.6; and swine 1.5.

"Farm receipts and expenses. The farm receipts per farm amounted to ₱185.53, excluding the value of products used at home.

"The farm receipts according to tenure were: owner, ₱202.05; part-owner, ₱222.69; and tenant, ₱116.99.

"The average farm expenses amounted to ₱116.16. The highest item was land rent, amounting to ₱46.44 or 39.9 per cent of the total. The proportion was high because a large number of farm operators did not own the land that they cultivated. Cash expenses comprised 34.6 per cent, and unpaid family labor, 16.2 per cent.

"The farm expenses according to tenure were: owner, ₱66.64; part-owner, ₱146.68; and tenant, ₱95.39. The owners had relatively smaller expenses because they had no land rent to pay.

"Labor income. The labor income averaged ₱13.44.

"Farm privileges. The value of products used at home amounted to ₱68 per farm, or 29.0 per cent of all products produced.

"The farm privileges of different classes of operators were: owner, ₱54.57; part-owner, ₱96; and tenant, ₱75.49.

"Operator's labor earnings. The operator's labor earnings include the value of farm privileges. The operator's labor earnings averaged ₱95.55. The owner made ₱79.63; the part-owner, ₱107.87; and the tenant, ₱84.87.

"Family income. The average family income per farm was ₱171.60. Of this amount, only 55.7 per cent consisted of the operator's labor earnings from the farm. The operator, by working on other jobs, earned ₱24.31, or 14.2 per cent of the family income. His total contribution amounted to 69.9 per cent; that of the other members, 28.2 per cent.

"The family income of the owner was ₱137.46; part-owner, ₱189.84 and the tenant, ₱161.89. These amounts did not include the interest on capital, which was charged as expenses. The interest earned by the capital averaged ₱110.35 for owners, ₱64.15 for part-owners, and ₱12.22 for tenants, or an average of ₱55.19 per farm. When this amount was added to the family income, the amount available for family living averaged ₱226.79. The owner had ₱247.81; the part-owner, ₱254.04, the tenant ₱174.11. The amount available per adult male equivalent was ₱69.80 for owners, ₱60.48 for part-owners, and ₱45.70 for tenants, or an average of ₱57.27. It was found that as the size of the household increased, the operator's labor earnings per adult, family income per adult, and amount for family living per adult equivalent generally decreased.

"Farming practices. The farm operators did not employ improved farm practices.

A Study of Economic and Social Conditions . . .

"Practices in connection with livestock raising were also backward.

HOME CONDITIONS

"The number of persons in the household ranged from 1 to 10. About 87 per cent had from 3 to 7 individuals.

"The average value of dwellings was ₱111.83. About 62 per cent of the dwellings were valued at ₱99 or less, whereas only 5 per cent were valued at ₱300 or more. No dwelling exceeded ₱600 in value. The owners had much better houses than the tenants.

"The floor area of the dwellings averaged 31.37 square meters.

"Household facilities and conveniences. The homes had limited facilities, and conveniences. No home had any of the following: ice box, water pump, running water, electric light, gas stove, indoor toilet, outdoor sanitary toilet, phonograph, piano, or radio. The items commonly found were bamboo beds, 4.3 per cent; wooden beds, 3.4 per cent; iron beds, 1.7; sewing machines, 13.0; wooden benches, 48.7; wooden chairs, 8.5; iron chairs, 4.3; and water container with faucet, 73.9 per cent.

"Educational facilities. There was a schoolhouse made of strong materials in the barrio. The enrollment in the four grades was 103. There were two teachers.

"School attendance. There were 90 children 7 to 14 years old in the barrio. Of this number, 51.1 per cent were not in school. These children completed an average of 2.6 grades.

"Of the 75 children 15 to 24 years of age, only 2.7 per cent were in school, and 97.3 per cent had left school. The average grade completed by this group was 3.5.

"Reading matter in the home. The majority of the homes, 72.2 per cent, had only one book each, exclusive of school textbooks. In 18.3 per cent of the homes, there were no books; there were two in 6.9 per cent; and 3 in 2.6 per cent. The average number of books per home was 1.1.

"Current literature was found in few homes.

"Only six homes in the barrio were regular subscribers to current literature, as follows: Sakdal, 2.6 per cent; Sunday Tribune, 0.9; Taliba, 0.9; and Lidayway, 0.9 per cent.

"Organizational membership. Only 23.5 per cent of the families were represented in organizations, which were either political or religious. There were no organizations to promote farming or other economic activities."

(Extracts from MS copy - FACT FINDING SURVEY OF AGRARIAN PROBLEMS IN THE PHILIPPINES, 1936, Department of Labor, pp. 78-100.)

HISTORY OF LABOR AND FARM ORGANIZATIONS IN THE PHILIPPINES

Introduction

Way back in 1899, when practically there existed no labor organizations in the Philippines, and both the capitalists and the landowners treated their laborers and "aparceros" just a little better than slaves, Pascual H. Poblete, impelled by an ardent desire to help improve the lot of the laboring classes, published and edited his "Kapatid ng Bayan," a Tagalog weekly solely dedicated to the welfare and social uplift of the masses. At the same time, Lope K. Santos and others published "Ang Kaliwanagan" or "La Luz" which served the purpose of free Masonry in the Philippines in counteracting religious influence over the government authorities. ...Thus, in 1901, Pascual H. Poblete and Lope K. Santos joined together and made more active campaigns to propagate the principles of social justice.

The campaign...continued thereafter by other labor leaders, led to the organization of different industrial societies in the City of Manila. Labor associations were formed, and a handful of labor leaders appeared in the public meetings vying with each other as the infallible advocates and champions of the principles of individual liberty and social justice.

During the last decade...the masses were continuously troubled, as if in a turmoil, by different forms of agitation because even shady politicians have taken advantage of the ignorance of the laboring classes. ...The practices...of organizing labor societies just to become the leader of a group of discontented people turned to be the business of some demagogues for their personal aggrandizement and convenience; and the laborers on the other hand unknowingly were being dragged sometimes to act and do things against their will because of the different promises that their living conditions would be improved should they help in elevating to higher positions in the government these politicians who were supposed to be championing their individual rights and civil liberties.

Thus began the organization of labor societies in the Philippines a fact which will forever remind us of the social problems in our country still unsolved. From the time of the American occupation to the formation and establishment of the Commonwealth Government in the Philippine Islands, nothing much had been done by our former legislators to ameliorate the conditions prevailing in the different rural districts and remedy the unfair treatment of the "aparceros" by their respective landholders. The truth is, that our people have never sent to our legislature labor leaders who have lived and suffered with the masses,—those who have really experienced the iniquities and injustices of the wealthy and the professional politicians—a fact which has taught our common people to fight for their individual rights and personal securities.

"UNION DE LITOGRAFOS DE IMPRESORES DE FILIPINAS"

In 1902, Isábelo de los Réyes, encouraged by a member of printers had secretly but loosely organized themselves for the purpose of improving their social conditions, and with the idea of educating his countrymen in the practice of social justice which he had learned abroad, formed...the union...the first meeting was held...on February 2, 1902...other printers also joined the organization...

This union did not last long because of the radical ideas of Don Belong....

"UNION OBRERA DEMOCRÁTICA DE FILIPINAS"

During the early part of 1903, Dr. Dominador Gomez organized (the union)...and all of the different newspaper publications in the City to wit (joined):...Times...Cable News...Manila American...Bulletin...Free Press...El Mercantil...El Comercio...La Democracia. ...

This society did not last long also because of the radical propaganda of Dr. Gomez. The fact that he had led thousands of laborers in a big parade to Malacanán on May 1, 1903, and there delivered a radical and explosive speech inciting the people to make a definite stand against the capitalists, induced the Malacanán authorities to use an iron hand at once in order to suppress radicalism.... Lope K. Santos then took the helm. ...

During the same year, Isabelo de los Reyes, Pascual H. Poblete and Rev. Gregorio Aglipay organized and founded the "Filipino Independent Church"... Thus ensued the continuous and incessant persecution by the religious corporations against these liberal leaders.

"BAMAAG AT SIKAT"

In 1905, Lope K. Santos began publishing in the columns of "Muling Pagsilang" his novel "Bamaag at Sikat".... The author was the first to mention in his fiction the injustices committed by the majority of the landowners against the so-called "Kasamas" and "Magbubukids" (tenants and farm-laborers)....

"UNION DE IMPRESORES"

...formally organized in 1906. The purpose of this organization was to revive the ideas and aims of the first union, and the members continued their campaigns thereafter. ...

"LUNAS-DALITA" and "KATUBUSAN"

In 1907...The principal motive of the organization was to accumulate more funds for the support and maintenance of labor strikes. ...

"DIMAS-ALANG" and "MAKABUHAY"

...1907...principal aim was to foster a more solid union among the laboring classes and to educate them as much as possible in the practice of giving aid to their fellow-members. ...

"GREMIO DE MARINOS FILIPINOS"

...1909...aims and purposes of this organization were to improve the conditions of the laborers and the standard of their wages....

"CONGRESO OBRERO"

...1913...This labor representative groups of different labor unions and mutual benefit societies attended the Congress.

The purpose of organizing this labor congress was to unify all labor unions which were then organized separately and independently of each other.

"LEGIONARIOS DEL TRABAJO" and "LABI NG KATIPUNAN"

...1917...The principles of the "Legion" are embodied in the following:...regeneration of working class...education of masses...liberty, equality, fraternity...national protectionism...development of Philippine dialects...

"ANAK PAWIS" and "HIDELPO"

...1919...The purpose of the organization was to unify the aparceros and farm-laborers in the whole province of Pampanga in order to improve their lot. ...

The organizer...was afterwards identified and prosecuted when he tried to lead an uprising against the constituted government of the Islands not under the banner of "Hidelpo" but under another anonymous secret society which was revealed to the authorities afterwards. This society had 60,000 members....

"KATIPUNAN NIPANAMPUN" and "KATIPUNAN NG MGA MANGGAGAWA AT MAGSASAKA SA FILIPINAS"

...1922...The primary object of the organization was to educate the laboring class in the principles of economic protectionism and to promote as much as possible the development of different home industries. As a matter of fact, the members of this society used during their campaigns or while attending civic or national parades, the popular buri or bamboo hats especially made and formed as an ordinary cap. As to clothing, the members had always used "barong tagalog"... and..."abatox" for trousers. ...succeeded in securing more members than they expected within a short time. Almost in every province they were sought by sympathizers...

"KUSOG SANG IMUL" and "MAINAWAON"

...laboring classes of Negros Occidental founded the "Kusung Sang Imul"...20,000 members....

The principal aim of the society...was to unite all the poor and the friends of the poor into a single compact body to fight for their rights and privileges. ...

This society took active part in the election of 1922 and 1925.... Governor Montilla's victory in 1922 was attributed to a great extent to the help of the "Kusug Sang Imul". ...

Another organization of the poor founded after the election of 1922 was called "Minawaon", meaning "Merciful". The two factions were drawn into a feud, and the members engaged in a series of bloody encounters which resulted in their mutual annihilation, with so many members of both societies sent to jails. ...

"The Mainawaon"...although a society also of the poor, was morally and financially supported by the rich. In the final reckoning, the rich won the game....

The persecution of the members of the "Kusug Sang Imul" persisted after the election of 1925, and did not relax until its complete death a short time thereafter. But over the ashes of both organization there sprang other societies....

"UNION NG MAGSASAKA SA FILIPINAS"

...1923... The primary object of the reorganizers of the "Union ng Magsasaka sa Filipinas" was to attain some improvements of the conditions prevailing in the agrarian districts, specially the contractual relation between the landowners and their aparceros....As a consequence, the landowners had agreed:

- (a) To give "pasunod" [loan] to their "aparceros" without interest;
- (b) To make annual settlement or liquidation of the accounts of the aparceros;
- (c) To compensate them for their extra services to the landowners;
- (d) Not to oblige them as their partners and to transport the share of the landowners to the warehouses without pay;
- (e) To treat them as their partners and not as their slaves;
- (f) That the land under cultivation by the aparceros could not be taken by the owners without just cause;
- (g) That the "aparceros" could not be forced to share in the payment of the corresponding canons of the "inquilinos", as required by the hacienda; and
- (h) That the aparceros could freely exercise their rights of suffrage.

On the other hand, the "Kapakiran" succeeded in inculcating in the

minds and sentiment of the members of the principles of morality, honesty and thrift. The members even learned the principles of cooperation, the practice of giving aid to fellow members, and the civic spirit of participating always in any public movement for the common good. Thus they become law-abiding citizens, giving due respect to the constituted authorities.

But, for the "Kapatiran" or its cause, many had gone to jail due to the continuous persecution by some influential politicians....

...this organization still exists under the leadership of Amado R. Castro....

"KATIPUNAN NG MGA ANAK PAWIS"

This society, which was formed and organized by radical leaders in Manila, was originally not a communist organization....

...the common "taos'" belief was...shattered when the communist leaders were persecuted for a sedition and indicted to suffer one to three years imprisonment....

"PALIMAN NG BAYAN"

...1926... The main purpose...was to unite all the poor and the friends of the poor into a solid body to fight for their civil rights.... invaded almost all the Tagalog provinces...the society still functions....

"TANGGULAN"

The primary object of the organizers of this secret society was to propagate the same radical ideas of Andres Bonifacio when he organized his "K.K.K." among the laboring classes, especially among the small farmers and farm-hands who have for many, many years been the prey of selfish land-grabbers and loan sharks....40,000 members.... The campaigns of the "Taggulan" became more effective through the radical propaganda of "Sakdal" against the many injustices committed by some government officials...who had taken the liberty of utilizing the Constabulary in terrorizing the poor and the laboring classes through the instigation of the landowners and many corrupt politicians for their personal interests.

Before December 10, 1931, the local papers in Manila had instructed in successive issues that the "Taggulan" would uprising to put down the government of the United States in the Philippine Islands in order to implant a new one, or a republican form of government. ...

...on....December 10, 1931, some Tanggulan members...were arrested by a number of agents of the police force of the City. Two red flags ...were confiscated....

History of Labor ...

"SAKDAL PAPER"

On June 16, 1936, the "Sakdal" paper was published by Benigno R. Ramos

... The Tanggulans and the Sakdalistas succeeded in getting the common people to condemn the local authorities and brand them as traitors to the national cause of the Filipinos

After the prosecution and conviction of the Tanggulan leaders and the hundred odd members ... Benigno R. Ramos and his satellites organized their "Sakdal Party" ... which ... succeeded in sending to the Philippine Legislature in 1934 three representatives who, after taking their oaths of office and during their incumbency, committed acts not proper to the positions they were then holding in the government. One of them withdrew from the party....

... the government did not prosecute the leaders until May 2, 1935, when the Sakdalistas rose against the government and took possession of the municipal governments of Cabuyao, Laguna, and San Ildefonso, Bulacan, for less than twenty-four hours.

... on May 2, 1936....their leaders ... are barred from holding public meetings or demonstrations.

"FEDERACION OBRERA DE FILIPINAS"

In 1931, a general strike was declared in Negros Occidental.... The strike came to a halt after a serious clash between the strikers and the constabulary.

The "Federacion Obrera de Filipinas" has its headquarters in Iloilo and branch offices in Negros Occidental. It is reputed to have 60,000 members in all.

There is another strong labor organization in Iloilo, with branch offices in Negros Occidental, called "Katilinglan Inarak San Pangabulday". It is as big and important as the "Federacion Obrera de Filipinas."

"LIGA DE CAMPEVINOS"

Before the month of October, 1931,.. a resolution was approved by the board officers to the effect that Domingo Ponce should organize farmers' league in the agrarian provinces. Thus, the "Liga de Campesinos" was formed in Pampanga, Bataan, and Tarlac The organization succeeded in securing thousands of members

The primary object of the organizers was to unite the farm laborers and educate them in the principles of cooperation and in giving aid to their fellow laborers in distress. They were also taught to fight for their rights and demand better terms from the respective landowners.

"ORAS NA" in Tunasan

...1931... in San Pedro Tunasan [was] organized...a labor society which was formed in order to fight for the rights of the inquilinos or tenants of the Tunasan Estates. ...

"UNION OBRERA"

This...society...has for its purpose the improvement of the conditions then existing in the "Hacienda Luisita" and in the Tarlac Sugar Central

At present, the society does not seem to make active campaigns against the alleged injustices One reason for this is that the leaders are branded as "red" leaders whenever they try to explain to the tenants that they are being defrauded by the landowners of their just shares

"KAPAMPANGAN"

On August 16, 1935, the society "Kapampangan" was organized The primary object of the society is to inculcate in the minds of the members the principles of national protectionism.....

ED. NOTE: No further mention is being made of present activities on the part of the Huks as it is our belief that it is well understood. Attention, however, is invited to the statement by the present Secretary of Defense, Ramon Magsaysay, that in his opinion there is general unrest among tenants.

A P P E N D I X "D"

FINDINGS OF OTHER AGENCIES RESPECTING
LAND TENURE PATTERNS AND PRACTICES

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(Extract from REPORT TO THE PRESIDENT OF THE UNITED STATES BY THE ECONOMIC SURVEY MISSION TO THE PHILIPPINES, Washington, D.C., October 9, 1950, pp. 55-56.)

LAND TENURE

Land is the most important source of wealth in the Philippines and its concentration or distribution is the primary factor that affects the social and economic well-being of the people. Land has been the safest investment, even under very unstable political conditions. Large profits enjoyed at various times by the landowner class have gone into the acquisition of more land. The result has been that land ownership by farmers who work the land has steadily declined. Land values have risen so much that tenants have little or no chance whatever of acquiring equities in the land they farm.

The strained relationship between the landlords and their tenants and the low economic condition generally of the tillers of the soil compose one of the main factors retarding the recovery of agricultural production. While some laws have been passed to relieve the tenant's plight they have not worked out as expected. The land problem remains the same or worse than four years ago and the dissident trouble has spread to wider areas. Furthermore, there is a great inertia on the part of the government to give really serious consideration to agriculture's many besetting handicaps and long-standing maladjustments.

The Philippine farmer is between two grindstones. On top is the landlord, who often exacts an unjust share of the crop in spite of ineffective legal restrictions to the contrary. Beneath is the deplorably low productivity of the land he works. The farmer cannot see any avenue of escape. He has no credit except at usurer's rates. There is no counsel to whom he can turn with confidence. He is resistant to change for fear of losing the meager livelihood he and his family possess. The incentive to greater production dies aborning when what he regards as an unjust share of the harvest of his work goes to the landlord.

There are some exceptions where rather good relations exist between landlord and tenant, particularly when the landlord takes an interest in improving his land and in the welfare of his tenants. It should be recorded, also, that there seems to be a definite improvement in public sentiment in the direction of doing something about tenantry problems. But the exceptions are too few and far between, and public opinion is very likely a transient response to the more widespread dissident activities, which would probably quickly fade away if law and order could be restored.

The law, now on the books, providing for a 70-30 percent division of the crop between the tenant and the landlord should be enforced after it is amended to make it more workable. While the landlord's return should maintain his interest in improving the land, the tenant is entitled to a living from his work and a fair share in the increase in output resulting from the application of better methods of agricultural production.

As restrictions on land ownership already exist so far as acquiring holdings out of public domain, the principle could be carried further to ownership of private lands so as to reverse the long trend of larger holdings in fewer hands. Good land should be purchased by the government for resale in small holdings and on generous terms to those who till the soil.

While land reform appears necessary to provide incentive for increased agricultural production, this should not be taken to mean that there is no economic justification for some large holdings. For some crops large scale production is essential for efficiency. In such cases, enlightened ownership and far sighted management should provide adequate incomes and satisfactory living conditions for laborers and tenants.

(Extract from REPORT TO THE PRESIDENT OF THE UNITED STATES BY THE ECONOMIC SURVEY MISSION TO THE PHILIPPINES, Washington, D.C. October 9, 1950, p56.)

LAND TITLE REGISTRATION

The most retarding and disorganizing factor in Philippine agriculture has to do with the registration of land titles and the effect this has on the settlement of farmers on new lands. With the sole exception of tenure problems, more rancor and discontent arise out of title registration difficulties, particularly on the Island of Mindanao, than from any other source. These difficulties are hindering not only the orderly settlement of new lands, but they invite squatting and cause many great injustices. More than that, they are at least partially then responsible for the continuation of the old practice known as "caingin" which consists of burning out a patch of forest, raising one crop of corn, and then moving on to some new site to do the same thing. This is a threat to the conservation of large tracts of valuable forest.

Although the destruction of records during the war is an important mitigating circumstance in some provinces, nevertheless one gets the impression that title difficulties are countenanced by design, for they favor the rich and influential, and defeat the efforts of small farmers. They give rise to injustice and breed discontent. The whole morass of land title registration cannot be overcome except through a major effort devoted to the completion of cadastral surveys and adjudication of claims in special courts set up for this sole purpose.

(Extract from REPORT TO THE PRESIDENT OF THE UNITED STATES BY THE ECONOMIC SURVEY MISSION TO THE PHILIPPINES, Washington, D.C. October 9, 1950, p.24.)

NEED FOR TAX REFORM

Changes are also needed in the tax system to divide the tax burden more equitably between high and low income groups. Under the present system only about 15 percent of the National Government's revenues are derived from income and profits taxes. The remaining 85 percent comes mainly from excise and sales taxes and other forms of revenue that give little weight to ability to pay as a criterion for collecting taxes. A program of tax reform is suggested in Part II of the Report.

(Extract from REPORT TO THE PRESIDENT OF THE UNITED STATES BY THE
ECONOMIC SURVEY MISSION TO THE PHILIPPINES, Washington, D.C.
October 9, 1950, pp. 3-4

Recommendations

The Mission recommends that the following measures be taken:

...clearance of land titles promptly assured; that a program of land redistribution be undertaken through the purchase of large estates for resale to small farmers; and that measures be undertaken to provide tenants with reasonable security on their land and an equitable share of the crops they produce.

BASIC PROBLEMS OF AGRICULTURAL PRODUCTION

(Extract from PHILIPPINE AGRICULTURAL AND INDUSTRIAL DEVELOPMENT PROGRAM, Revised 1950, by the Philippine Economic Survey Commission, pp.279-280)

Unsatisfactory land tenure and land distribution -- There exists a very unequal distribution of land holdings in the Philippines. Farms of less than one hectare to less than 5 hectares in area constitute 87 per cent of total farms; those from 5 to less than 20 hectares, 11.7 per cent; and those from 20 hectares up, 1.3 per cent of total number of farms. In aggregate area farms below 5 hectares in area account for 3.3 million hectares or 49 per cent of total area; those from 5 hectares to less than 20 hectares in area, 2 million hectares or 30 per cent of total area; and those from 20 hectares up to 1.4 million hectares or 21 per cent of total area. In other words, the bulk of agricultural production in the country comes from small-sized farms and these are generally operated by the owners themselves who employ ancient, outmoded means and methods of production. With the possible exception of sugar production which is concentrated among fairly large-sized farms operated with the benefit of modern farm machinery and equipment, the production of other farm crops, led by ricé, even in the extensive land holdings, is accomplished through many hands operating in the same manner as small landowners do, only with the additional burden that falls on tenants or sharecroppers. Very rarely does the big landowner or hacendero work his farm by administration. He leaves the dirty work to his tenants for a specific rental in kind or in cash. This relic of an anachronistic system of land tenure with all its concomitant evils and opportunities for abuse of the little fellows has been the root cause of intermittent agrarian troubles in the country.

On both large and small farms, the use of labor per unit of area is excessively heavy owing to the crude methods employed. The farm operator, be he a tenant or the owner of his small farmstead, depends largely upon his own muscles for power and upon antiquated tools for equipment. This system of farming places the burden of agricultural production upon a very large percentage of population. More, it pegs the farm operator to a mere subsistence basis, producing little to sell and in turn having little with which to purchase goods, services or even additional needed foods and other essentials of a decent living.

MEASURES FOR THE SOLUTION OF THE BASIC AGRICULTURAL PROBLEMS

(Extract from PHILIPPINE AGRICULTURAL AND INDUSTRIAL DEVELOPMENT PROGRAM, Revised 1950, by the Philippine Economic Survey Commission, pp.283-284.)

Adoption of land reform -- The prevailing system of small land holdings among the majority of the rural population is not conducive to economic progress. No matter what a family of say five members does on less than five hectares of land, it cannot live above mere subsistence farming. The situation of the tenant family in the big landed estates is worse. Not only is the family pinned down to subsistence farming but, more important than all else, it is denied the satisfaction of owning the piece of land the members of the family work on and does not have the incentive to improve the land occupied only temporarily.

Furthermore, adoption of mechanized farming on small parcels of land is economically impracticable.

Proper steps, therefore, initiated in the past to solve the tenancy problem and to bring about more equitable distribution of landed property among the people will be pursued more energetically. These measures include the following:

a. Acquisition by the government of extensive landed estates and their subdivision and sale to the actual occupants or tenants in convenient-sized parcels.

b. Acceleration of the survey of public agricultural lands and their subdivision into parcels at least 8 hectares in area for the disposition to settlers, preferably the landless elements of the country.

c. Increasing financial aid and technical assistance extended to settlers in new areas in order to encourage the movement of the population from congested to the sparsely populated regions of the country, thereby accelerating agricultural production.

d. Adoption of mechanized agriculture in those extensive land holdings retained by private landowners and vacated by tenants.

RECOMMENDATIONS

PUBLIC LANDS:

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The so-called "kasama" system of tenancy in whatever form, should be prohibited in the public lands hereafter to be disposed of under the Public Land Act to prevent the spread, if not entirely eradicate, the said form of land tenure which has been the cause of agrarian, social and political troubles in the provinces where such system has been prevalent.

X X X X X X X

PRIVATE LANDS:

For the expeditious issuance of titles to private lands, for greater efficiency in general in the proceedings that must be undergone in connection therewith, and for the streamlining of the procedure involved in the recording of deeds and documents affecting registered lands, the following are recommended:

23. Cadastral surveys should be immediately resumed on an extensive scale throughout the Philippines and re-surveys should be undertaken, whenever economical and practicable, in connection with properties pending registration at the outbreak of the war, the records of which were either lost or destroyed. ...

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28. A special court to hear and decide land registration and allied cases only should be created. A permanent Land Court or Land Registration Court, with enlarged jurisdiction, which will relieve the regular courts of justice not only of land registration cases but also of cases involving questions which involved the title to the land or an interest therein, as far as may be desirable, would greatly expedite disposition of cases pending before both courts. The creation of a separate and independent land court would surely contribute immeasurably towards an efficient and expeditious handling and disposition of land registration and related cases;

29. An overhaul of our land registration system should be immediately undertaken with a view to introducing progressive reforms and simplifying whenever possible the procedure. ...

30. Lastly, but not least, it is most strongly recommended that a ceiling be placed on the ownership of private agricultural land in accordance with the authority granted to Congress under Section 3, Art. XIII of the Constitution. Private ownership of agricultural lands should henceforth be limited, in the opinion of the Committee, to 100 hectares per individual; 500 hectares for corporations and associations; and 100 hectares per partner, but not to exceed a maximum of 500 hectares for partnerships.

(Extract from REPORT OF THE SPECIAL COMMITTEE ON LAND SETTLEMENT AND TITLE ISSUANCE AND CLEARANCE, Office of Economic Coordination, Manila 1951, pp.16-17.)

LIMITATION OF OWNERSHIP OF PRIVATE AGRICULTURAL LANDS

The root cause of political convulsions in the country today can be traced directly to the maldistribution of land among the people. Ownership thereof is concentrated in the hands of the few wealthy "hacenderos". The farm worker is doomed to life-long serfdom. The low income of the tenant and the poverty of his life, when viewed against the extravagance and luxury of the easy-living few, are enough to cause him to lose faith in democracy and in the Government which he believes could not do anything for him. This makes him an easy prey to the Communist propagandists who are the only ones who appear interested in his miserable lot.

The armed struggle, which the Government is carrying on now to destroy the Huk army, would not have been necessary had communist incursions been arrested by timely reforms of consequence. Whether or not the spread of communism was due to causes beyond our control, we are faced with a clear and present danger of the Huk guerillas. We are thus compelled to fight our misled countrymen for the survival of the democratic free way of life, the full enjoyment of the "four freedoms," in which the vast majority of us still believe.

All-out measures are being taken by the Government. The military is engaged in a bloody combat with the rebel Huks. Government agencies are promoting the settlement of the landless in the public lands. Expropriations of big estates are being undertaken for distribution to the tenants. All these combative and curative measures are not enough. For, while there is already a limitation on the area of public agricultural lands a person can acquire from the Government, there is at present no similar limitation on the ownership of private agricultural lands. ...

As a preventive measure, it is therefore imperative that the country be immunized from the visitation of the disease of which it is now gravely ill. The blood and tears, the sweat and sufferings, the money and property, that we are paying for society's shortcomings would all be in vain if we fail to build up resistance and create a healthy environment where such a social disease can not thrive.

The committee can not, therefore, over-emphasize the importance of placing a maximum on the ownership of private agricultural lands. No individual should be allowed to acquire agricultural land beyond what is necessary to give him and his family a decent and comfortable living. With this criterion, it is believed that the acquisition of private agricultural lands should be regulated by providing a maximum of 100 hectares for individuals, 500 hectares for corporations and associations, and 100 hectares for each member of a partnership but in no case to exceed 500 hectares.

To prevent the evasion of the law, the maximum areas provided should include all direct as well as indirect ownership of agricultural lands. To prevent the holding of agricultural lands thru the instrumentalities of corporations and partnerships, legislation must be specific enough to provide that no partner's or stockholder's interests in partnerships or corporations holding agricultural lands shall exceed such an interest therein as would give him an equitable share in said lands which if added to his private holdings, if any, would amount to an aggregate area of one hundred (100) hectares. This would close all doors for the circumvention of the law.

The excess interest shall be called a "prohibited interest" which must be disposed of within two years or else be escheated to the Government. Such prohibited interest should be heavily taxed in the meantime that it remains undisposed of. ...

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All sorts of objections would be raised by certain quarters, the influential rich and their spokesmen. It cannot be denied, however, that a family with 100 hectares of agricultural land can live happily thereon, send the children to college, and enjoy some luxuries. Moreover, savings can be invested in other undertakings, if greater income is desired. ...100 hectares for an individual and his family is more than sufficient to give them a decent and comfortable life. After all, when one considers that millions of our countrymen are landless and the overwhelming majority of them would be immensely satisfied and contented with half the area herein proposed, it is evident that only the wealthy few would be averse to the proposal. And, surely, it must be conceded to the rich and influential that they are patriotic and/or intelligent enough to realize that this limitation of ownership is desperately necessary to stabilize and fortify the political foundations of the Republic against the undermining influence of communism, and ultimately to preserve the continued enjoyment of their fortunes. One would be either purblind or naive to oppose such a measure of self-preservation.

The underlying reason which prompted the Committee to make this suggestion, is the pressing need in this country to promote and encourage small independent owner-operated farms and to reserve for the genuine farmers and agriculturally-minded people the ownership of agricultural lands. ... The proposed recommendation would not, by any means, prevent the rich from becoming richer in the wide range of other profitable fields of investment, but it should increasingly assist in the practical implementation of the genuine interest of the Government to lift the masses of our people from the depths and darkness of poverty, misery, and want, and to assure them a decent standard of living.

...the wealth of the easy-living few would be diverted from agriculture and funnelled into other productive industries, providing jobs for the industrial worker and hastening the needed industrialization of the country.

(Extract from REPORT OF THE SPECIAL COMMITTEE ON LAND SETTLEMENT AND TITLE ISSUANCE AND CLEARANCE, Office of Economic Coordination, Manila, 1951,p.)

...the Committee, fully awake to the existing social, economic, and political insecurity which is due in a large measure to the lamentable maldistribution of lands and of wealth in the country, holds forth the following as the absolute imperatives of the times--the urgent needs, paradoxically, long felt, yet long unheeded and neglected--and declares and adopts the same as its paramount objectives and guiding principles:

1. The active promotion of independent small farmers with a view to the creation of a happy, strong, and liberty-loving citizenry of contented small property owners--the most reliable group of people that can be counted on by the country in times of stress and the best security of the democratic way of life, against external aggression and the onslaught of communistic ideologies. The most fertile regions should be reserved for and disposed of to them. Their basic needs--subsistence, shelter, health, education, transportation, etc.,--should be attended to in earnest by the Government.

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4. In line with the foregoing, the pernicious "kasama" or crop-sharing system of tenancy--has been mainly responsible for the social and economic ills of the country and the cause of political instability which directly flows from the successful communist exploitation of agrarian unrest--must not be allowed, by any means, to spread beyond its present confines. Hereafter, no public agricultural land should be granted, sold, or leased to individuals, corporations, or associations except upon the condition that the grantee, purchaser, or lessee thereof shall bind himself, his heirs, assigns, and successors in interests, perpetually, that the land shall personally be grantee/owner/or lessee--operated and/or cultivated. Absentee landlordism should be banned. The joint-ownership of crops, which prevails under the "Kasama" system, invariably breeds suspicion and discontent between landlord and tenant, thus furnishing a fertile ground for communist ideologies to take root, develop and ultimately weaken the political structure of the country.

5. Consistently with all the preceding, big tenant-operated farms should be discouraged as much as possible. Great disparity in landholdings and, consequently, in income and wealth, among the inhabitants of a locality is far from desirable. The small fellow must be made to realize and feel that the agricultural resources of the country are reserved for them and not for the rich and influential. No better and more convincing argument, no clearer and more positive proof, of the Government's genuine interest in the welfare of the common "tao" can be pointed to the people than an absence of big landholdings in newly opened lands of the Government. This would be a big step towards an equitable distribution of land. The wealth of the rich should be channeled to and utilized in other productive industries.

6. Similarly, there should be a parallel effort to stop excessive accumulations of private agricultural lands. The acute maldistribution of land and its fissive effects on the nation has been brought to the fore by the spread of dissidence and the armed struggle to destroy the communist Huks who have been cashing in on the discontent of the landless majority who easily succumb to the virus of communism. We are now paying dearly, in blood and tears, in sweat and money, for the past indifference to and neglect of, the plight of the downtrodden. Grave maladies indeed demand drastic remedies. The combative action of the military arm, and the curative measures of land settlement, minimum wage, expropriation of big estates for distribution to the tenants, etc. must therefore be supplemented by the preventive immunization of the country, especially today's still uninfected areas. The limitation of ownership of private agricultural lands, as intimated and wisely provided for in the Constitution, would create the necessary environment for the build-up of resistance against the further inroads of the malignant communist disease.

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(Extract from REPORT OF THE SPECIAL COMMITTEE ON LAND SETTLEMENT AND TITLE CLEARANCE, Office of Economic Coordination, Manila, pp.15-16)

It will be noticed that there is, at present, a plurality of systems of land registration in our country, viz: (1) Registration under the Spanish Mortgage Law; (2) Recording of transactions affecting unregistered land under Act No. 3344; and (3) The Torrens System under Act No. 496. There is no need to discuss in detail the operation of these systems. Suffice it to say, for our purposes, that such a state of affairs no doubt results in complexity and its concomitant, confusion. Not a small segment of our population including the intellectuals are even aware of such co-existence of systems of land registration. The adoption of a single system of registration and the codification of all laws relative thereto would certainly be a right step towards the ever present goal of simplification.

Registration proceedings under the Land Registration Act and Cadastral Act are under the jurisdiction of the Courts of First Instance. Since the dockets of these courts are already overflowing with civil and criminal cases, which moreover continue to pile beyond the present court's capacity to dispose of the same, great delays in the hearings and final disposition of land registration cases (which are not given preferential attention) naturally must be experienced. Such delays are furthermore aggravated by the assignment of cadastral judges to help the regular judges dispose of non-registration cases. The creation and establishment of special courts to handle only land registration, cadastral, and related cases would contribute greatly to a more speedy and efficient disposition of such cases and the desire titling of more lands in the country. Such land court or land registration court may even be given an enlarged jurisdiction to extend to matters allied to the registration of titles and deeds, and to controversies involving ownership or possession of real properties, thus relieving the regular Courts of First Instance of a sizeable portion of its accumulating pending cases.

There also exists today an anomalous situation of the independent Registers of Deeds of the different provinces throughout the archipelago. They function with no direct superior and without any supervision. They are under the Chief of the General Land Registration Office for administrative purposes only. Beyond that, they are completely independent in the exercise of their judgment and discretion as regards documents presented to them for registration, and their rulings on these matters appealable only to the Fourth Branch of the Court of First Instance of Manila. Due to this absence of immediate supervision and control, there is a variance in the formalities and requirements imposed by these autonomous officials resulting in the diversity of practices relative to matters and proceedings before them. This situation breeds confusion and misunderstanding and invariably causes great inconvenience and prejudice to the public and undue embarrassment even to members of the bar. A document which is registerable in one province might not be so in another. It is desirable therefore to centralize functions and offices by placing all Registers of Deeds directly under the control and supervision of the Chief of the General Land Registration Office, who shall

have the power to promulgate rules and regulations for the guidance of all Registers of Deeds and of the public and with the power to review, revise, modify and reverse decisions or rulings of the same. Only the appealable to the Fourth Branch of the Court of First Instance of Manila.

In the suggested codification of the laws on the registration of title to lands and deeds and other documents relative thereto, progressive reforms should be introduced with a view to simplification, in addition to the correction of the defects, of the law. Along this line, the following may be done:

a. Provisions should be included in the law for the compulsory registration of buildings built on the land of another in order to prevent confusion and certain injustices which result from the apparent neglect of the law to timely give protection to owners thereof.

b. Cumbersome and often expensive Court processes or proceedings in certain simple matters like the splitting of a title to a sub-divided lot, the consolidation of titles to several contiguous lots, change of civil status, issuance of duplicate certificates of titles in lieu of lost, burned or destroyed ones, among others, may be dispensed with. Such matters may be entrusted to the different Registers of Deeds, with proper safeguards as regards more complex cases.

c. In consonance with the New Civil Code which prohibits the alienation of the conjugal property by the husband without the consent of the wife, the nature of the ownership of the registered property, i.e., whether conjugal or paraphernal, should be explicitly shown on the face of the title. This will remove all doubts that usually arise in the sale of property in the name of either spouse, thus facilitating business transactions.

d. Statutory liens for taxes and other claims of the government should be annotated on the title of the property affected so as to protect innocent purchasers from hidden encumbrances. This would be more in keeping with the purpose and spirit behind the adoption of the Torrens system of registration.

(Extract from REPORT OF THE SPECIAL COMMITTEE ON LAND SETTLEMENT AND TITLE ISSUANCE AND CLEARANCE, Office of Economic Coordination, Manila 1951, p.6)

II - COMMENTS

a. More Small Independent Farms than Extensive Landed Estates.-- The tenancy system of land tenure in certain congested areas in the Philippines is largely responsible for the many social, economic and political headaches of the country today.

X X X X X

b. Prohibition of "Kasama" System of Tenancy on Public Lands Hereafter to be Disposed of.-- Under the "Kasama" system of tenancy, little hope can be expected to raise the farm income of tenants and the wages of farm hands, although the farm yield may have risen, thus benefiting landlords only. The enactment of a minimum wage law for agricultural workers and the prohibition of the "kasama" tenancy system on public lands hereafter to be disposed of by the government would greatly improve the living conditions of the tenants and help create a strong citizenry of independent farmers.

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The Bell Economic Mission has rightly recommended that our national planned economy must open new opportunities for work, for acquiring land in order to increase production, improve productive efficiency and raise the level of wages and farm income.

(Extract from REPORT AND RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON LARGE ESTATES PROBLEMS, Republic of the Philippines, Office of the Economic Coordination, Manila, April-1951, pp. 7-9.)

BASIC CAUSES OF AGRARIAN PROBLEMS

Historically Philippine agricultural tenure has been largely of a feudal character. The landowner, called "cacique", and the tenant, known as "aparcerero" or "kasama", operated under a well-established crop-sharing system sanctioned by ancient tradition. The landlord had his obligations as well as his privileges. He carried his tenants through crop failures, he was their banker, their baptismal and wedding sponsor, and he helped them when disaster struck. This system worked without general complaint only so long as farming met the needs of the subsistence economy then prevailing. There also existed the inquilino, or cash tenancy, system under which a fixed canon was paid, but this gradually established an intermediate landlord, as the cash tenant sublet to several kasama. Thus the sharecropper was burdened with a profit to be earned for both landowner and inquilino.

At the turn of the century, after American occupation, the social usefulness of this feudal system began to fall apart. The campaign for higher living standards and the spread of general education created new needs that only money could satisfy. The farm system gradually approached that of a money economy. This shift was accelerated with the sudden expansion after 1909 of the sugar industry, which in Luzon saw much rice land converted into sugar fields.

During the present century opportunities for gainful employment in the cities expanded. Many sons of tenant farmers accumulated enough capital to become landowners themselves. Many of these "newly-rich" landowners inherited none of the tradition of noblesse oblige which the old cacique families observed. To them, the relation between landlord and tenant often became one-way traffic to the advantage of the landlord. This attitude added to the growing discontent among tenant farmers. Under the new economic and social condition which came into being, not only was the tenant farmer's cash income inadequate. His farm became sub-standard even as a subsistence unit.

In the highly developed and thickly populated grain regions agrarian unrest was further aggravated by population pressures. With a high birth rate, a drop in infant mortality, and a longer life expectancy, tillable land in these areas could not support the growing population.*

* Subsequent to the preparation of this report, the Committee has received a copy of the book, "Pioneer Settlement In The Asiatic Tropics," by Dr. Karl J. Pelzer (New York 1945) which gives a more complete picture of land tenure history in the Philippines than we have attempted. With the permission of Dr. Pelzer, who is presently on duty in Manila with ECA, we are attaching such abstracts of Chapter IV of that book as definitely bear on the subject of our report.

PUBLIC POLICY ON LAND TENURE

Long before agrarian unrest had become a major social problem in the Philippines, public policy had been expressed as favoring the development of a broader base of land ownership, with the object of developing a large population element of independent working farmers, instead of tenant farmers. This principle was early expressed by the U. S. Congress in the Organic Act of 1900, regulating the disposal of the public domain. It provided for homesteading, and it limited the size of agricultural public lands which could be acquired.

Immediately thereafter came the Friar Lands Purchase, to relieve discontent among the tenants on land owned by various religious orders. Over 153,000 hectares were included in this purchase, and practically the entire area has been sold and the Friar Lands Purchase Bonds paid off.

Public land distribution became more strictly limited under the Jones Law and the new Public Land Law adopted thereunder.

In 1936, when the Philippine Constitution came into effect, public policy was even more clearly expressed as to land tenure. This policy was not a policy suggested by the United States. It was a clear indication of public opinion on the part of the people and their leaders, and was based on historical urges. Not content with the regulation of public lands, the Constitution took cognizance of the growing socio-economic problems which flowed from the antiquated tenancy relationship which failed to meet the changing needs of the times. Provision was made for the expropriation of landed estates for resale, and for the limitation in size of agricultural lands of private ownership.

Shortly after the Commonwealth came into being, the Rural Progress Administration was organized in 1939, under Commonwealth Act No. 378. To implement expropriation at reasonable prices, Congress enacted Commonwealth Act No. 530, establishing assessed values as the prima facie value for expropriation purposes.

According to a report of Mr. Zoilo Castrillo, published in the American Chamber of Commerce Journal of February, 1951, RPA had acquired 27 estates with an area of 43,318 hectares before it was recently dissolved by reorganization and replaced by the division of landed estates in the Bureau of Lands.

To speed up the disposition of agricultural public lands and make their development more useful to the nation, National Land Settlement Administration (now LASEDECO) was created by Commonwealth Act No. 441.

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The Constitution, being the basic policy on land tenure, is the governing policy. We therefore quote the pertinent provisions which directly touch on our problem:

"Sec. 5. The promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State. (Art. II, Const. of the Phils.)

"Sec. 3. The Congress may determine by law the size of private agricultural land which individuals, corporations, or associations may acquire and hold, subject to rights existing prior to the enactment of such law. (Art. XIII, Const. of the Phils.)

"Sec. 4. The Congress may authorize, upon payment of just compensation, the expropriation of lands to be subdivided into small lots and conveyed at cost to individuals. (Art. XIII, Const. of the Phils.)"

Implicit in the constitutional precepts quoted above there seems to be a definite intention to abolish agricultural tenancy as a general relationship forced by the economic necessity of the tenants. The provision authorizing the expropriation of landed estates does not say "large" estates, so it was evidently intended to leave the determination of size to legislative discretion. This view is supported by the other quoted provision, which gives the Congress the power to determine by law the size of private agricultural land holdings. In the absence of such legislative determination as to the size of landed estates which may be expropriated, the Supreme Court has ruled in several cases against the forcible taking of small estates by the government for resale to others, in the absence of a showing that there is a compelling social necessity for the taking.

x x x x

p. 14

We propose that the objectives of the program of landed estates distribution be clearly expressed. This program is but a part solution of the overall agrarian problem of the Philippines. A more equitable tenancy system seems essential. ...

(Extract from REPORT AND RECOMMENDATIONS OF THE ADVISORY COMMITTEE ON LARGE ESTATES PROBLEMS, Republic of the Philippines, Office of the Economic Coordination, April-1951, pp. 20-22, 23-24.)

PRICE POLICY

...a proposed amendment has been drafted to Act No. 530, which provides that a sum not to exceed double the declared assessed value shall constitute a presumption juris et de jure of the maximum real value of the property.

We believe this amendment will equally fail to accomplish its purpose and will bring about inequitable taxation if approved and enforced.

It seems to us that expropriation for public use and expropriation for private use (i.e., for distributing large estates to individuals) should be approached differently.

Public improvements generally enhance surrounding values, and the time lag between approval of the project and the institution of expropriation proceedings allows a higher scale of values to become established in the vicinity. Moreover, when a beneficial public improvement is projected, affected owners are usually more amenable to selling at a low price because of the consequential benefits they will derive. Finally, the government has recourse to special assessment laws in most cases, whereby benefitted private owners may be charged a major part of the cost in proportion to their respective benefits.

When we approach the question of expropriating landed estates, a different set of conditions prevails. There is no speculative element involved. Land values in the rural areas are more stable. There are no consequential benefits to be considered. The valuation of a rural estate is capable of expert determination more accurately than the value of rights-of-way for highways, and urban sites for streets and public buildings.

It is therefore proposed that a special procedure be formulated for determining the value of landed estates, since this problem was not contemplated when the present procedures for the exercise of eminent domain were adopted. Details of this procedure are presented later in this report.

We most strongly recommend against attempting to tie up assessed values with expropriation values. It is believed that such system will prove impractical and inequitable and will distort the entire real estate assessment system. It would involve gearing the assessment of the hundreds of thousands of individual landholdings in the Philippines to needs affecting at most a hundred or so landed estates.

In practice, an estate owner anticipating expropriation would forthwith declare his assessed value at higher rates than those contained in the Schedule of Assessments approved by the Department of Finance. It would be difficult to prevail upon the local officials to disapprove an increase which would bring them more tax revenue. They cannot be

ordered to exercise their discretion a certain way. They would not even know definitely that a certain estate was to be expropriated. The net result would be a lack of uniformity in assessments in the subject area, brought about through the coercion of Act No. 530. Other large estate owners would continue under their old assessments, untroubled by the fear of expropriation.

Just compensation, that is to say the real value of land, is not determined by the opinion of the land owner. It has been judicially defined as the price which a person not forced to buy would pay to a person not forced to sell. It is precisely because of the lack of uniformity in individual judgments of value as to a man's own property that we have boards of tax appeal and boards of equalization, to conform with the Constitutional precept that the rule of taxation shall be uniform.

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In fixing the real value of landed estates the approach should be more analytical than that applied to urban expropriations, where market values can be more easily determined by reference to recent sales of analogous properties. There is not usually an active market for large landed estates. Hence, it would be acceptable appraisal procedure to have technical studies made of the subject property.

Mr. Dominador Z. Rosell presents a method of rural land valuation which merits consideration. It is described in an article appearing in "Journal of the Soil Science Society of the Philippines", Vol. II, No. 3, 3rd Or. 1950, pp. 173--180. It is known as the Score Card Method of Land Valuation, and has been widely used in other countries. Applying this method, varying weights are given to (a) soil conditions, such as topography, moisture, drainage, irrigation, soil quality, and soil fertility; (b) vegetative complexes and climatic hazards, such as actual productivity, suitability to other crops, and frequency of flood, drought and storm hazards; and (c) accessibility, which relates to the economics of transport.

It is our belief that the application of this method of valuation should be a part of the preliminary study, first, because it may disclose conditions which would dissuade the government from acquiring the estate, and second, it would furnish very weighty evidence in expropriation proceedings.

The government should approach estate expropriations from the viewpoint, not of how cheap the land can be acquired by means of forcing the owner to sacrifice values, but what is a fair and just price to be paid, as determined by expert valuation.

Agricultural and Residential Loans. The Commission recommends that the Rehabilitation Finance Corporation get out of the business of making residential loans and agricultural loans under 10,000 pesos on a retail basis and devote its energies to furthering the larger program of industrial and agricultural development. The Commission also urges that the Corporation build up its economic research activities as rapidly as possible so that it will have available to it adequate information to plan its future lending program. The Corporation should be able intelligently to allocate its available funds among the various purposes for which it was organized and to establish priorities in case those funds are limited. The Corporation's planning activities should be closely coordinated with any central economic planning agency established by the Government, such as the proposed National Economic Enterprises Board.

While the Commission recommends for reasons of sound administration, that the Rehabilitation Finance Corporation cease making residential loans and agricultural loans under 10,000 pesos it recognizes the widespread and valid demand for such credit. The Commission believes, however, that such loans, under the proper conditions, can be safely and more efficiently made by banking institutions other than the Rehabilitation Finance Corporation. Small amortizing mortgage loans have proved, in the United States, to be among the least risky of investments even when made for a substantial portion of the value of the underlying property and for longer terms than is customary in the Philippines.

Two conditions must be met before banks and other private financial institutions can handle such loans in any appreciable volume. The first is the amendment of the law to enable banks and other financial institutions to make more liberal mortgage loans under such terms and conditions as will safeguard both the mortgagor and the mortgagee, providing in particular for quick foreclosure. ...

The second condition is the establishment of rediscounting facilities for mortgage loans in order that considerations of liquidity and the availability of funds will no longer operate as factors limiting the granting of such credit. Such rediscounting facilities should be provided by the Rehabilitation Finance Corporation... .

Credit for Small Farmers. The measures recommended above will not meet the credit needs of that large segment of Philippine agriculture which has no direct access to banks and other financial institutions because its credit needs are not bankable risks. The low incomes and lack of tangible assets of the tenant farmers disqualify them as borrowers from established credit agencies. They must, however, have credit if they are to produce. The supply of this credit is now left

to large landowners, usurers and buyers and processors of agricultural products. They charge exorbitant interest rates and tend to force the small farmer deeper and deeper into debt. He is unable to improve his farming methods and increase his yield without additional capital and he cannot accumulate or borrow capital while the advances he has received for the current season can barely be retired by his entire production.

In addition to the disturbing social implications of this situation, its economic consequences alone are serious enough to warrant the immediate and continuing concern of the Government. Increased agricultural production is a fundamental prerequisite of the nation's economic health. The rehabilitation of the Philippine farmer is as acute a problem as the reconstruction of the Philippine cities. A great deal of effort has already been put into finding an adequate solution to the problem. Much of what was being done, both practically and experimentally, to improve farm conditions was interrupted or lost in the war. The Commission believes that this program should be energetically resumed with funds supplied by the Government.

Any solution of the problem will require a close coordination of credit extension with agricultural extension work directed to an improvement in farm management practices. The lack of coordination of the two types of programs has limited the effectiveness of both in the past. The Commission recommends, therefore, a program of small loans to farmers based upon individual farm production plans worked out jointly by the borrower and competent agricultural advisers, and followed up by supervision and advice of suitable farming methods and proper utilization of credit extended. A program based on these principles, administered by the Farm Security Administration in the United States, achieved remarkable success in promoting increased production and proper farming methods among low income farmers who previously had had no access to credit except at extremely high rates of interest. ...

RECOMMENDATIONS

(Extract from CENTRAL BANK OF THE PHILIPPINES, Second Annual Report, 1950, pp. 3-4.)

There should be continued strict observance of fiscal policies calculated to minimize inflationary pressures. The campaign to collect taxes should not be allowed to lag. Unnecessary and postponable Government expenditures should be avoided. Development financing should be cautious, carefully budgeted and efficiently administered. As much as possible, the financing of Government deficits, whether arising from ordinary expenditures or from the Government's investment program, with bank credit should be avoided and a real effort should be made to cover out of savings outstanding Government obligations to financial institutions;

An intensive and sustained campaign of public information should be undertaken to counsel the public against the dangers to the community they live in and to the security of their individual fortunes of such activities as scare-buying, hoarding, blackmarketing, etc., and to show them how much they will contribute to the national effort to achieve economic stability and keep prices at a low level by cultivating the habit of saving, especially via the Postal Savings Bank, the purchase of Rehabilitation and Development Bonds and the numerous small cooperative credit unions existing in the country.

A P P E N D I X "E"

PUBLIC OPINION RESPECTING LAND TENURE
AND LAND TENURE PRACTICES

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MESSAGE OF PRESIDENT HARRY S. TRUMAN OF THE UNITED STATES
APPEARING IN FOREIGN AGRICULTURE, PUBLISHED BY OFFICE OF
FOREIGN AGRICULTURAL RELATIONS, U.S.D.A., WASHINGTON, D.C.
SEPTEMBER, 1951

Every farmer has a desire to own and operate his own farm. The desire to cultivate his own land is one of the oldest and strongest desires in man. Land ownership is an essential element of our form of representative government. It is a policy of this government, therefore, to encourage the ownership of land both at home and abroad.

HARRY S. TRUMAN

EXTRACT FROM "FOOLISHLY, WASTEFULLY, WE ARE LOSING ASIA" BY
WILLIAM O. DOUGLAS
Associate Justice, U.S. Supreme Court
An article published in LOOK Magazine, August 14, 1951

"...There is a mounting anti-American sentiment in Asia that has grown so strong in the past few years that it now can easily develop into a crusade against America.

"Asia is in revolution. Powerful forces are boiling up from the bottom. People are resolved to escape from the misery of their poverty and disease. No power on earth can stop them. No number of atomic bombs--no amount of firepower--no number of troops can turn the tide of that revolution. This part of the world has not only lived in squalor and misery for thousands of years; they have been exploited for long centuries by some foreign powers who took all the profits from their countries, leaving little if anything behind for schools, hospitals, irrigation projects and the like. This rebellion against all foreign powers has produced a vivid violent nationalism that is the driving force behind the new spirit of independence sweeping Asia today.

"The peoples of Asia, like their ancestors, are serfs in a feudal system. Most of the land is owned by a few men. A nation of millions work for a few hundred overlords. The great mass of peasants are tenants, receiving meager shares of the crops they raise and they are eternally in debt to their landlords on loans at exorbitant interest.

"In America, thanks to the democratic standards of our Congress, we have had a healthy land policy. Those who headed West in the early days reclaimed the wilderness and built a nation of small farms. We have never been plagued with landlordism. Asia, however, has had just the opposite influence. For centuries the governments of Asia have been of the landlords, by the landlords, and for the landlords. Asia, today, has one great unity of purpose--to end the regime of landlordism, to make those who till the soil the recipients of the riches of the earth. Rebellion against landlordism is the second important revolutionary force that sweeps Asia today.

". . . The Communists . . . win over the masses by preaching programs of reform that have their historical origins, not in Russia, but in the United States.

". . . Our tradition and our ideals should put us on the side of the peasants of Indo-China. We should be searching for political means to help these people attain their freedom under democratic auspices. That would win us friends and allies.

"We must then launch a political offensive in Asia--an offensive that takes the initiative away from the Russians. It is a political offensive that will turn the tide of communism in Asia. All the dollars and guns we can furnish will not stop the revolutions that sweep that continent. They will go on-- under Communist auspices or under democratic auspices. There need be Communist dominated revolutions only if we default."

WILLIAM O. DOUGLAS, ASSOCIATE JUSTICE, U.S.
SUPREME COURT, "A WORLD IN REVOLUTION", NEW
REPUBLIC, MARCH 12, 1951, P. 9.

"We tell about our high standard of living, how well our workers eat, the fine houses they live in, and it sounds like boasting and bragging. We send technical experts abroad to help in seed selection, soil conservation, malaria control, and the like. But we never raise our voice for reforms of the vicious tenancy systems of Asia under which increased production inures to the benefit of a few. We seem to forget that health programs unrelated to land distribution projects, minimum wages, maximum hours of work, and the like merely increase the number of people among whom the existing poverty must be rationed."

Quoted from "POLICY FOR THE WEST" by Barbara Ward (British)
pp. 13 - 14.

"The disappointing results of much of the aid that has been given must also be put down to the confusions in social and economic policy prevailing in the new states in Asia. The primary occupation of nearly all these communities is still the land. Where the peasant owns his own land and there is some possibility for the building of cooperative organization for processing and marketing his product, a reasonably stable social order can be maintained in the countryside. Where, however, as in the Philippines, in parts of India, Indo-China, and Malaya, the landlord-tenant relationship persists, diversified in some places by the holding of large plantations by foreign interests, communism can take root among the peasants and grow, as it has done with the Philippine bands of the Hukbalahaps, into a perpetual source of local terrorism and agrarian unrest. In parts of the Philippines, the disturbances are so regular that landlords have removed themselves and their families to the safety of the towns, leaving their estates to be exploited by managers. In this way, absentee landlordism plays all the more steadily into the hands of the Communists."

EXCERPT

OUR ECONOMIC POLICY IN ASIA

By Raymond W. Miller

Reprinted from HARVARD BUSINESS REVIEW, July, 1951

What can we do about the dangerous economic situation in Asia?... Unrest and revolution are everywhere.... Indeed, it is impossible to understand what the shouting is all about unless we go right down to the basic, everyday problems of the land.... Most of Asia's problems, like most of the world's, are rural.

A basic cause of the economic unrest in Asia, where over four fifths of the population is rural, is the fact that too little land is available for too many people. In most cases much of the trouble is caused by inflexible hereditary vestments of title, the effects of which are intensified by infeasible or outmoded systems of land tenure. The first step, therefore, in an effective policy toward Asia is to encourage land reform, a common denominator in every program for adjustment to modern conditions in underdeveloped areas.

As one travels through Asia--and, for that matter, the Middle East--it is almost impossible not to see the evidence of revolutionary ferment in virtually every village. To be sure, this force may be intensified by professional agitators, but it comes, basically, from the common people--the 200 million or so farm families. The peasants are sick of their landlords, sick of being tenants, sick of poverty. They want to be able to fence off a piece of land and call it their own and take most of the produce for themselves....

The passion for land ownership is closely related to intense dissatisfaction with abysmal living conditions. These conditions, caused in large part by the land tenancy system, combine to make a vicious circle, defeating the peasant's efforts to do better on what land he does have, and often undermining even a subsistence standard of living....

In these circumstances, the land tenancy system becomes almost if not completely intolerable. Witness, for instance, the Huk dissatisfaction in the Philippines. In simple terms, Huks are tenants who are tired of being poor. Their landlords take too much of what they produce. A landlord who takes only 45% is considered "enlightened"; his Huk is "getting off very easy"....

I think we must face the fact squarely that the present attitudes of the upper classes and local politics in many of these nations are

a serious obstacle in the way of progress. The Philippines afford a good example. Some 80% of that Republic is agricultural; yet according to the Bell Report only 5% of the budget went for agricultural purposes!... The landed aristocracy in the Philippines is replete with examples of wasteful private spending and irresponsible extravagances, and the obtuseness of much of this group to conditions and problems around them is not easy for an American democrat to condone.

Mr. Quirino Abad Santos, Counsel
for the respondents in Tenancy Case
2745R [A] or No. 2945R [A] in his
"MEMORANDUM FOR THE RESPONDENTS", quotes
Secretary of Defense Ramon Magsaysay as
saying:

"The Huks are fighting the government
mainly because they want a house and land
of their own."

Mr. Quirino Abad Santos in a letter to President Quirino, dated 18 November 1950, quotes Senator Justiniano Montano, Chairman of the Senate Financial Committee as saying on his recent return in the Philippines from abroad:

"It is unfortunate that President Quirino has chosen to advise him on the implementation of the Bell recommendations the same clique of men who are largely responsible for the present economic and financial mess of the country."

And again, in the same letter, Mr. Abad Santos quotes Mr. del Rosario as saying:

"At the Astoria people say agricultural labor should be represented in the committees created by President Quirino for the implementation of the Bell Report. After all, it is the promotion of the interests of the farm workers which the Report emphasized particularly."

(Extract from THE POPES AND SOCIAL PRINCIPLES OF RURAL LIFE, Published by the National Catholic Rural Life Conference, Iowa)

THE FATHERS OF THE CHURCH SPEAK IN MATTERS ESSENTIAL

Clement of Alexandria (150-215)

"I know that God has given us the use of goods, but only as far as is necessary; and He has determined that the use be common. It is absurd and disgraceful for one to live magnificently and luxuriously when so many are hungry."

St. John Chrysostom (347-407)

"...When He created the world, did He allot much treasure to one man, and forbid another to seek any. He gave the same earth to be cultivated by all. Since, therefore, His bounty is common, how comes it that you have so many fields, and your neighbor not even a clod of earth?"

St. Ambrose (340-397)

"How far, O rich, do you extend your senseless avarice? Do you intend to be the sole inhabitants of the earth? Why do you drive out the fellow-sharers of nature, and claim it all for yourselves? The earth was made for all, rich and poor, in common. Why do you rich, claim it as your exclusive right?"

DUTY OF SOCIETY

"...The essential office of every public authority is to safeguard the inviolable sphere of the rights of the human person and to facilitate the fulfillment of his duties ... hence Society is not an end in itself-- and ... it should not call for continual exaction in goods and blood."

Pius XII, June 1, 1941

"The law, therefore, should favor ownership, and its policy should be to induce as many as possible of the people to become owners."

Leo XIII, Rerum Novarum, May 15, 1891

VALUES OF LAND OWNERSHIP

"...If working people can be encouraged to look forward to obtaining a share in the land, the consequence will be that the gulf between vast wealth and sheer poverty will be bridged over, and the respective classes will be brought nearer to one another. A further consequence will result in the greater abundance of the fruits of the earth. Men always work harder and more readily when they work on that which belongs to them, nay, they learn to love the very soil that yields in response to the labor of their hands, not only food to eat, but an abundance of good things for themselves and those that are dear to them. That such a spirit of willing labor would add to the produce of the earth and to

the wealth of the community is self-evident. And a third advantage would spring from this: men would cling to the country in which they were born; and for one would not exchange his country for a foreign land if his own afforded him the means of living a decent and happy life..."

Leo XIII, Rerum Novarum, May 15, 1891

LAND IS ESSENTIAL

"Of all the goods that can be the object of private property none is more conformable to nature, according to the teaching of the Rerum Novarum, than the land, the holding in which the family lives, and from the products of which it draws all or part of its subsistence. And it is in the spirit of the Rerum Novarum to state that, as a rule, only that stability which is rooted in one's own holding makes of the family the vital and most perfect and fecund cell of the society, joining up, in a brilliant manner, in its progressive cohesion the present and future generations. If today the concept and the creation of space of the family and free it of the fetters of conditions which do not permit even to formulate the idea of a homestead of one's own?"

Pius XII, June 1, 1941

DIOCESAN RURAL LIFE DIRECTORS

"Tell your Venerable Archbishop of the great satisfaction with which we learn that he has appointed two priests to devote themselves particularly to the farmers and their laborers. I wish that all the rural clergy knew, as well as their theology, those matters which interest the peasantry."

Pius X to the Abbe Francois of the
Diocese of Cambrai in Private Audience

PRIESTS AND PEASANTS

"No less grave and no less urgent is another duty; that of the religious and economic assistance of the campesinos (peasants) ... there are millions of individual men often in such sad and miserable living conditions that they have not even that minimum of well-being indispensable to protect their very dignity as men. We conjure you, Venerable Brethren, in the bosom of the charity of Christ to have particular care for these children, to encourage your clergy to devote themselves with ever increasing zeal to their assistance, and to interest the whole Mexican CA in this work of moral and material redemption."

Pius XI, Firmissiman. Constantiam, March 28, 1937

FRIESTS AND THE AGRARIAN QUESTION

"It is for you then (as you have already shown your wish to do) to draw from these fruitful principles the certain forms to solve the grave social questions with which your country is struggling today, which, are, for example, the agrarian problem, the reduction of the latifundia (large landed estates), the improvement of the conditions of the working men and their families."

Pius XI, Firmi iman Constantiam, March 28, 1937

(Extract from ADDRESS OF HIS HOLINESS, PIUS XII, TO THE MEMBERS OF
THE INTERNATIONAL CATHOLIC CONGRESS ON PROBLEMS OF RURAL LIFE--
ROME, July 2, 1951.)

X X X X X

Today, men have the opportunity of deciding whether they will continue to follow a policy of one-sided and shortsighted "quest of profit", or rather will begin to look forward to the totality of the social economy, which is its objective end. Here are some examples: contemplated assistance to "underdeveloped" regions; agrarian reform, happily begun here and there...

...We are thinking here first of the individual farm, of the family-type farm. Of such is made up that rural class, which by reason of its over-all character, and also by reason of its economic function, forms as it were the nucleus of a healthy rural population. ...

X X X X X

Far be it from Us to indulge in unreal romanticism. With much patience and tact, it is necessary to place the farm world once more on the path of its salvation, master its defects, overcome the fascination for a world to which it is alien.

X X X X X

...We are happy to assure all the agencies and offices of the United Nations, destined to bring international assistance to the working man, that the Church is ever prepared to support their efforts with most sympathetic collaboration.

(Extract from speech delivered by His Holiness, Pope Pius XII, to the delegates at the Convention of the National Confederation of Farm Owner-Operators. Rome, November 15, 1946.)

...we are all well aware how much the moral recovery of our whole people depends on a class of farmers socially sound and religiously firm.

x x x x

Farming has essentially a family character and is, therefore, very important to the social and economic prosperity of the whole people. In consequence, the tiller of the soil has a special right to a proper reward for his labor. During the last century and even at the present time there have been discouraging examples of attempts to sacrifice farming to other ends. If one is looking for the highest and most rapidly increasing national economy or for the cheapest possible provisioning of the nation with farm products, there will be, in either case, a temptation to sacrifice the farming enterprise.

x x x x

LAND MONOPOLY

...Capital hastens to make it [the land] its own; the land then becomes no longer the object of love but of cold exploitation. Generous nurse of the city as well as of the country, it is made to produce only for speculation-while the people suffer hunger; while the farmer, burdening himself with debts, slowly approaches ruin; while the national economy becomes exhausted from paying high prices for the provisions it is forced to import from abroad. This perversion of private rural property is seriously harmful. The new ownership has no love or concern for the plot that so many generations had lovingly tilled, and is heartless towards the families who till it and dwell upon it now. Private ownership, even though it sometimes leads to exploitation, is not, however, the cause of this perversion. Even in those instances where the State completely arrogates capital and the means of production to itself, industrial interests and foreign trade, characteristic of the city, have the upper hand. The real tiller of the soil then suffers even more. In any case, the fundamental truth consistently maintained by the social teaching of the Church is violated. The Church teaches that the whole economy of a people is organic and that all the productive capacities of a national territory should be developed in healthy proportion. The conflict between country and city would never have become so great if this fundamental truth had been observed.

TO EACH HIS SHARE

You farmers certainly do not desire any such conflict; you want every part of the national economy to have its share; however, you also want to keep your share. Therefore, you must have the help of sensible political planning and sound legislation.

E X T R A C T

From

MANIFESTO ON RURAL LIFE

National Catholic Rural Life Conference
(The Bruce Publishing Company, Milwaukee)
pp. 8-12

It is obvious that man has a natural right to the fruits of his labor. To use the words of Leo XIII, "that which is required for the preservation of life and for life's well-being, is produced in great abundance by the earth, but not until man has brought it into cultivation and lavished upon it his care and skill. Now, when man thus spends the industry of his mind and the strength of his body in procuring the fruits of nature, by that act he makes his own that portion of nature's field which he cultivates—that portion on which he leaves, as it were, the impress of his own personality; and it cannot but be just that he should possess that portion as his own, and should have a right to keep it without molestation."¹

Man's natural right to own property is also based upon man's need for ownership. St. Thomas Aquinas states that private property is "necessary for human life."² Man under present conditions of human society needs property to provide the necessities of life for himself and for his family, to live as a free man and to achieve for himself and for his family the destiny, temporal and eternal, the Creator has intended for him. Without the right and opportunity to own property, generally speaking, man is not free; he cannot provide the necessities of life for himself and his family; he cannot properly develop his personality nor procure for his offspring the opportunity to develop the potentialities with which they are endowed. To provide adequately for the children he has begotten, he must have the right to transmit his property by inheritance.

...

This concept of ownership, set forth in the social encyclicals of Leo XIII and Pius XI, by stressing the social purpose, the social limits, and the social obligations of property, avoids the extreme of individualism with its doctrine of absolute ownership and unlimited use. On the other hand, by emphasizing the inviolability of individual ownership, it avoids the extreme of collectivism which denies entirely the right of private ownership. The encyclicals reflect the traditional teachings of the Church.

1

Leo XIII, The Condition of Labor, p. 5

2

Summa Theol., 2a, 2ae, q. LVII, art. 2.

Since man needs property to attain to the status of a free man, to develop his personality, and to provide for his family, it follows that an economic system to be equitable must provide opportunity for the masses to become owners. Unless this opportunity is offered to the masses, the argument on which the right of private property rests is destroyed. The stability of society requires widespread ownership. "The law, therefore," writes Leo XIII, "should favor ownership and its policy should be to induce as many people as possible to become owners."³

...

The material value of ownership is stressed by Pope Leo XIII as follows: "Men always work harder and more readily when they work on that which is their own; nay, they learn to love the very soil which yields in response to the labor of their hands, not only food to eat, but an abundance of good things for themselves and those that are dear to them. It is evident how such a spirit of willing labor would add to the produce of the earth and to the wealth of the community."⁴ The individual who has a stake in the land has excellent anchorage, a sense of security and stability that cannot but redound to the welfare of his family and of the community. ...

Government intervention is not only warranted but even necessary to check the trend toward tenancy and make it possible for farmers to become owners again. Government measures are needed to correct evils inherent in our present tenancy system.

Worthy of commendation is a new farm tenure policy providing for federal acquisition and improvement of land, and resale of it under long-term, low-interest contracts to tenants and to others who desire to operate their own farms. In this resale the fee-simple absolute title should be modified so that the government would be left in a position to assert its right to discourage the subdivision and breaking up of economic units, wastage of natural resources, reckless speculation, absentee landlordism, and tenancy.

Government intervention is needed in emergencies to prevent owners from losing their farms, to rehabilitate certain disadvantaged groups, to prevent land speculation and limit ownership by non-farmers, and to work out a program for farms now submarginal for cultivation.

Tenant contracts and the relationship between landlords and tenants should be changed to increase the security of tenants and to overcome the present abuses incident to farm tenancy. Each State, through proper legislative measures, should stimulate an increase in the number of family-size, owner-operated farms through homestead exemptions or by means of differential taxation favorable to such types of farms.

³Leo XIII, The Conditions of Labor, p. 26

⁴Ibid

(Extract from FOR THIS WE STAND by The Right Reverend Monsignor L. G. Ligutti, National Catholic Rural Life Conference, Iowa, An Address delivered on Farmers' Day of the National Convention of the National Catholic Rural Life Conference in Green Bay, Wisconsin. October 14, 1946.)

Proper aims and methods in farming make possible the acquisition of at least a modicum of security through ownership of productive property, and this in turn favorably affects the human personality. ...

It is important to realize that instability and insecurity do seriously affect the development of human personality; and the family is closely allied to human personality. In the words of Pius XII, "Space, light, air, and property are necessary for the family." The family is a social and economic unit. The ideal living space is the farm home....

X X X X

The stability of ownership is also the basis upon which the life of a parish is built. ...

X X X X

SELF HELP by the farmer on a COOPERATIVE basis in credit, production and consumption goods will do more to give him a parity price than all government subsidies. Furthermore, if united, the farmers can furnish real competition to any cartel or corporation. ...

The farmer should join a recognized FARM ORGANIZATION. In these days of pressure groups and "squeaky wheels getting the grease" it would be fatal for farmers to remain unorganized and voiceless. It is the farmer's duty to examine the tenets and legislative records of the various farm organizations, to consider their leadership, and then to join the one of his choice. Farmers should be active participants in the formation of the policies of the organizations; they should be workers for the cause; membership should be a give-and-take proposition.

X X X X

...The daily fight of the farmer is against the world, the flesh, and the devil. But there is also a fight against "principalities and powers." They are dressed-up devils who frequent the best social circles. Let us bring them up on the stage and hear their pleas:

First, there are the soft-spoken "holier than thou" preservers of the status quo. In certain regions where a few have everything, and the many have nothing, we hear it said, "Let us preserve the existing order." That which they call order may be complete Christian disorder, with rampant injustices to the children of God on earth. Why preserve a so-called order when it is really a disorder?

Others will plead the cause of being conservative, of patching up here and there. They will point out the awful dangers of attempting something new. Fundamentally the real reason back of this rationalization is selfishness and vested interest. They stand to lose if there is a change.

Another group would have us believe that there must be a struggle between the various classes of people, that a revolution is the only way out. According to them the farmer must try to circumvent the city man, and the city slicker must, of necessity, take in the dumb farmer. Theologically that is a heresy—it is Marxism pure and simple. Original sin did leave in man tendencies to evil, but the graces of Redemption enable man to overcome these evil tendencies. The struggle of the classes is not a necessity because there are no classes in a Christian economy.

(Extract from MAN'S RELATION TO THE LAND, A Statement of Principles Which Shall Underlie Our National, State and Individual Action, Distributed by the National Catholic Rural Life Conference, Iowa.)

We Hold:

...all human beings possess a direct natural right to have access to created natural resources.

God's intention in creation is to enable man to live with dignity in accord with his noble nature and destiny, to develop his personality, to establish and maintain a family and to be a useful member of society. ..

The Good Earth

The land is God's greatest gift to mankind. It is a fundamental source of food, fiber and fuel. The right to use such elemental source of life and development is essential for human welfare. No law or contract is superior to natural law. A fundamental human right is not to be denied or rendered ineffective by any legal ordinances, apparent previous rights or obligations.

Stewardship

Land is a very special kind of property. Ownership of land does not give an absolute right to use or abuse, nor is it devoid of social responsibilities. It is in fact a stewardship. It implies such land tenure a use as to enable the possessor to develop his personality, maintain a decent standard of living for his family and fulfill social obligations. At the same time, the land steward has a duty to enrich the soil he till and to hand it down to future generations as a thank offering to God, the Giver, and as a loving inheritance to his children's children.

The Family and Land

Since the family is the primary institution, access to land and stewardship of land must be planned with the family unit in view. ...The family's welfare must therefore have the first consideration in economic and social planning. ...

Land Use and Human Welfare

Efficiency in land use is not to be judged merely by material production but by a balanced consideration of the spiritual, social and material values that redound therefrom to person, family and society. The land is not to be a source of benefit to a favored few and a means of servile labor to the many.

Second only to making land available to the family is the responsibility of society to encourage and to educate the land stewards in the proper and most efficient use of the land and in such techniques as will make them masters of their own economic destiny.

The Tiller's Rights and Duties

The worker on the land and his family possess the first right to the fruits of their toil for a decent standard of living. Second to such right come the rights of any non-operating owner and of the state. Rural people have the right to receive directly their just share of the economic, social and religious benefits in organized society.

x x x

Suggested methods for the practical application of the declared principles on land policy:

1. Make use of the land an integral part of socio-economic planning and thinking.
2. Insist that education for land stewardship and the productive home be outstanding features of rural education.
3. Emphasize a special program of enlistment and training in secondary, liberal arts, technical, and professional schools for professional service to the rural community.
4. Make the family-type farm operated by the owner a major objective of legislation and planning.
5. Reform the system of taxing land and improvements so as to facilitate access to natural resources, security of tenure and proper land use.
6. Revise land sale and rental contracts, mortgage obligations and other debt instruments so that no loss of ownership or insecurity of tenure be possible except through negligence or injustice on the part of the farmer-operator.
7. Discourage large land holdings as undemocratic and unsocial.
8. Where large-scale production is necessary and advisable, encourage the use of cooperative techniques with local ownership and management.
9. At all times encourage cooperatives as a means of intellectual, moral and material advancement.
10. Where and when large-scale industrialized farming exists and requires employment of seasonal or year-round labor, demand for such labor group a living family wage, decent housing conditions and collective bargaining.
11. Urge that wages and housing for the laborer on the small farms be decent and just. (Low wages and poor housing for the farm laborer tend to lower the reward and standards of living of the family-type farmer, bringing his own family labor into competition with the poorly paid hired hand.)
12. Extend social security provisions, particularly health, old age and survivors' insurance, to farm people and other rural dwellers.
13. Develop locally owned and controlled business and industry in rural communities

x x x

(Extract from LAND REFORM AND OUR MORAL RESPONSIBILITY, by
Cornelio M. Ferrer, Director, Department of the Rural Church,
Philippine Federation of Christian Churches.)

One of the outstanding social problems the Republic of the Philippines is facing today is landlessness. ...

The social restlessness of the peasants caused by the unregulated land ownership is a social problem definitely challenging to the Christian Church. "Already," says Dr. John H. Reisner, a recent visitor to the Philippines, "Communism is pressing its claims on rural people making promises which it, nor anyone else, can possibly fulfill." Here lies the opportunity of the religious leaders in the Philippines to inspire self-determination and democratic action for an orderly land reform to save the rural population from social and economic disintegration.

x x x x

... The majority of the half a million population have been tenants all their lives and their parents and grandparents before them. They have not experienced the feeling of solidness and the joy which comes from the possession of a piece of land, however small, on which their home stands.

The Roxas administration tried to solve the tenancy problem by increasing the tenant's share of the crop raised on the farm to seventy per cent while the owners received only thirty per cent. However, this 70-30 tenant-landlord sharing formula was not a permanent solution of the tenancy problem. It follows the brickwall concept of economics; subtracting or adding one more brick in the wall does not alter the wall. The structure of the wall remains. So it is with the tenancy problem.

Of the 3,953,506 farms in the Philippines reported in the census of 1939, only 2,531,506 are owned or partly owned by the farmers; the rest (1,422,305) being farmed by tenants. The greatest weapon of communism in the Philippines, it has been pointed out again and again but to no effect, is landlessness. The social restlessness over the land will remain explosive while there are some 2,000,000 landless farmers in the country.

x x x x

We need drastic land reform if we are to have a healthy democracy in the Philippines. Landlessness and poverty is fertile soil for radicalism and discontent. Let us use the freedom of our democracy to establish our landless tenants on the land to enable them to live a normal farm life. Let us use our freedom to abolish the exploitation of man by man. ... The most effective antitoxin to Communism abroad is a healthy democracy at home. Orderly and democratic land reform in the Philippines is a life-giving dose to immunize our country against "Communist Bacteria." The Filipino people are for land reform. It is a moral responsibility of the state and the church.

(Extract from UNMASKING THE REAL ENEMIES OF DEMOCRACY, by J.B.Holt, Published in "THE CABLETOWN", Official Organ of the Grand Lodge of Free and Accepted Masons of the Philippine Islands, Vol. XXV, No. 3, September, 1950, pp. 40-42)

The timeless lessons of our Christian religion and the illustrations of those lessons in human history converge to show us the way out of present difficulties. I want to discuss a topic most urgent in the Philippines scene today. It is an explosive topic, yet my purpose is to discuss it as coolly and objectively as possible, in the spirit of seeking an answer satisfactory to all for the sake of the land we love.

X X X X

The greatest threat to the Philippines is not Joseph Stalin. ...

The greatest threat to the Philippines does not lie with the Huk; except as the Huk situation is BUT ONE OF THE EXTERNAL MANIFESTATIONS OF A DEEPER ROOT PROBLEM FACING OUR PHILIPPINE DEMOCRACY.

OUR NO. 1 PROBLEM IS THE MORAL STEWARDSHIP OF LAND

If democracy is to live and prosper in the Philippines, we must eliminate the feudalistic economy brought here from Europe in the latter Middle Ages. ...

If democracy is to prosper in the Philippines, its benefits--politically, economically and socially--must be made available for all the citizens of this nation.

Why are we facing troubles on every hand today? Because the Philippines is more an aristocracy than a democracy! While on paper we have a democracy ... and while we pay lip service to the form of democracy, the benefits of democracy have not been translated into the economy of the tenants of Central Luzon nor the workers on great haciendas and in industry.

Entrenched power has not been willing to share the fruits of freedom and democracy with the masses. Remember 10% of the people only own 90% of the land and wealth of the nation. ...

...THOSE WHO MADE UP THE LEADERSHIP AND CONTROLLED BOTH PARTIES WERE OF THE 10% WHO OWNED 90% OF THE WEALTH ... time of William Howard Taft to the close of the last session of Congress, legislation has favored the great landowners.

Remember how desperately Congress ought for sources of taxes to relieve the school crisis, provide for public welfare, public works, and national development? THEY LOOKED EVERYWHERE EXCEPT TO THE LAND WHERE THE WEALTH RESIDES. This must be changed. ...

Luis Quintanilla wrote: "Concentration of land ownership meant for use economic and political monopoly, and the result of this aris-

ocratic set-up was national bankruptcy and human misery."

Now Mexico had to have a series of violent revolutions to bring reform. I repeat: IN THE PHILIPPINES WE CAN AVOID IT IF THE ROMAN CATHOLIC CHURCH AND ITS MEMBERS WHO LARGELY MAKE UP THIS 10% land-owner group will voluntarily use the power and position they hold to accomplish it. They can save us from revolution or from falling into the cauldron of Communism as has China thru default of leadership professing the name of Christ!

x . x . x . x

THERE IS MUCH OF HOPE

The Pope in Rome, with a better perspective on history, has his personal representative in Manila today; and I understand that Mr. Vagnozzi has caused a great split in the ranks of the Knights of Columbus by advocating such reforms. What he is seeking to do among the landowners, Father Hogan of Ateneo is trying to do to industry and labor.

Mr. Romulo, himself, speaking at the YMCA dinner two weeks ago stated: "Wealth must recognize its social responsibility." ...

x x x x

...WE HAVE NO OTHER MOTIVE ONLY CHRISTIAN LOVE COMPELS US TO SPEAK SO FRANKLY. TIME IS SHORT.

E X T R A C T

FROM

PHILIPPINE SOCIAL TRENDS

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BASIC DOCUMENTS PERTINENT TO LONG-RANGE SOCIAL WELFARE PLANNING
IN THE PHILIPPINES

Published by the "President's Action Committee on Social Amelioration"
Assisted by "United Nations Consultants," (April, 1950), p. 33

Philippine society does not suffer from the caste system as this term is known in India. It does show, however, class differentiation based on ownership of property and capital goods and resources. Philippine society may be divided into upper class which is variously placed at one to five per cent of the population, an insignificant and disappearing middle class, and the lower class which comprises the rest of the nation. This stratification which finds the huge masses of the people in economic stability, together with the feudal and semi-feudal structure of landownership are acknowledged by competent authorities as the most serious obstacles to industrialization.

ED. NOTE: Underlined portions are mine.

E X T R A C T

FROM

PHILIPPINE SOCIAL TRENDS.

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BASIC DOCUMENTS PERTINENT TO LONG-RANGE SOCIAL WELFARE PLANNING
IN THE PHILIPPINES

Published by the "President's Action Committee on Social Amelioration"
Assisted by "United Nations Consultants," (April, 1950), p. 29

The sentiment for change was even more aggressively expressed in the growth of a militant peasant movement which has given rise to the so-called Hukbalahap or People's Army against the Japanese. The "People's Army" was organized during the occupation as a resistance (guerrilla) force. Drawing its mass following or base from landless peasants in feudal Central Luzon, the organization, after the war, demanded, and supported its demands with armed action, radical socio-economic reforms particularly in the system of landholdings along more or less socialistic if not communistic lines. The continued activities of this rugged group in opposition to the government's efforts to ameliorate or subdue it is probably the most significant social development in post-war Philippines.

Manila TIMES Editorial, July 8, 1951

"Salary laws have been enacted to insure to the worker his rightful share of the nation's productivity--of the produce of his toil and sweat.

"There will be complete achievement when the man who tills the soil is assured of his rightful share of the fruits of the soil which he tills."

Manila TIMES Editorial, July 31, 1951

"Best laws if written are useless if ignored--worse than useless; for a negligence, failure to carry out the promise implicit in them, can become dangerous to the social order."

Sunday TIMES Magazine, July 29, 1951

"70-30 system that the government had granted soon after liberation in favor of the tenants has been one of the major fiascos in the government social justice program."

THE USE OF FORCE

Editorial, Manila Bulletin, April 15, 1948

An eminent jurist, Judge Quirino Abad Santos, posed on this page yesterday the question: Can we not defend our system of government without resorting to force? He presented an able discussion of a question that has divided the thinking people of this country and some of the leaders of the administration until confusion prevails where clarity of thought and singleness of purpose should obtain.

Judge Santos' scholarly discussion was a plea for the use of weapons other than force to persuade the people that the government is working in the best interests of the common man. To those who would advocate the use of force alone to quell dissidence and unrest it would merely cause impatience. Those who believe peace can be accomplished by peaceful persuasion alone may see in his viewpoint the salvation of the country.

Neither of these opposed viewpoints is entirely right. Where force is employed by dissidents against the government and against fellow citizens, it must be met with force because no other weapon will be respected. Where persuasion has induced normally peaceful people to side with the cause of unrest and revolution, counterpersuasion can and should be brought to bear. This is the only practical answer. Both force and persuasion must be employed.

Evidently the President has something like this in mind when he allowed it to be disclosed that he intends asking for a ₱4,000,000 peace and order fund. It can safely be said that President Roxas now intends to remove direct administration of the fund from the Department of Interior and place it under Malacanan, and he hopes that Congress will approve.

The plain fact stands out that neither force or peaceful persuasion as they have been applied by the interior department have succeeded in subduing disorder in Central Luzon and other sectors where the Huks and the PKMs are operating. Further application of the same methods and the same theories would be a waste of money and effort. A combination of force and persuasion is not actually what has been applied. It has been a combination of force and politics, and unholy alliance if ever there was one.

Wrong ideas must indeed be fought with better ideas. Secretary Zulueta is right about that. That is the principle of which persuasion should be applied. The Huks admit attachment to the Russian-sponsored world revolution idea, which thinks of democracy as reactionary. It is revolutionary itself. It grew out of the American revolution. That revolution did not die in 1776. It is still alive, growing and spreading. It is a dynamic ideology, combining the two most powerful motivations in existence--individual opportunity for profit and dedication to the service of humanity. If that idea were properly understood in Central Luzon there would be no more Hukbalahap movement, for the true democracy is the only revolutionary idea which will improve the lot of the common man, everywhere.

(Extract from speech delivered by the Honorable Salvador Araneta, Administrator of Economic Coordination, on "LOYALTY DAY" at the U.P. College of Agriculture, Los Banos, Laguna, October 10, 1951.)

... We, the free loving people of the world, will lose democracy by default, if we do not realize that this atomic age calls for a bold implementation, specially in the underdeveloped areas, of social and economic reforms, so necessary and imperative if human values are to keep pace with progress in the physical and chemical sciences.

x x x x

... Furthermore, to attain real progress in agriculture, we have first to attain the solution of age-old problems that are sucking the vitality of agriculture, especially of the small farmer.

... In the Philippines up to now, we have been timid in the attack of this problem even though the same is one of the age-old evils in our social economy pointed out in the Bell Report.

... We know that marketing cooperatives for our agricultural produce are essential....

We need also to solve the problem of rural credit--another of the evils pointed out in the Bell Report--which can only be solved with the fullest degree of drive and boldness.

(Extract from SOCIAL AMELIORATION AS A BASIC FACTOR IN AGRICULTURAL DEVELOPMENT by Amando M. Dalisay, Executive Secretary, PHILCUSA)

x x x x

Speaking frankly, I have come to appreciate the economic and social factors at work in our rural communities during my incumbency in the National Economic Council. And because these factors have persistently dominated the agricultural scene, they have been taken for granted until the remedies proposed have approached major surgeries in the body politic. ...

x x x x

...so long as the basic conditions of production remain the same and the community leaders are indifferent to the tenants' plight, the pestering sores of tenancy will continue to eat into our social and economic structure until one day we wake up to the sorry spectacle of internal decay.

x x x x

... Unless we can enable the tenants to purchase their own farms sooner or later, there will always be with us the problem of tenancy unrest, even outright rebellion. Give the tenant the opportunity to buy a farm of his own and you take away the fundamental, if not the sole, cause of deteriorated peace and order conditions.

All other remedies are only palliatives. They will help us postpone the day of reckoning, but the explosive period lies ahead.

Of course, we cannot propose to give land outright to tenants. We cannot preserve democracy by destroying private property rights. But we can surely devise ways or methods by which a capable tenant could be given the opportunity to buy a piece of land at or near the community where he now resides and to pay for it gradually over a period of years.

A supplement to this program is the land settlement project in the underdeveloped areas. Under this scheme, those would like to migrate may be enabled to do so--through proper selection of tenants or independent operators, assistance in actual settlement, and provision for continuing operation on the settlement area with government assistance. In this way and through the programs of LASEDECO and the EDCOR of the Army, the surplus farm population would be moved to the less developed areas of Mindanao and Northern Luzon.

But the main problem remains--the amelioration of tenancy conditions especially in Central Luzon. We have to give this matter careful consideration if we are to attain economic and social stability in our most

Social Amelioration...

populous and most productive region.

x x x x

Conclusion. By way of summary, let me point out that our fundamental problems of low productivity and low incomes, insufficiency in food and other agricultural production, and too much dependence on the outside stem primarily from the inherent weaknesses in our present community organization. To correct these defects which appear to many people as beyond any remedy, we must grapple with the common problems of stark rural poverty, deplorable social conditions in the towns and barrios, and unsatisfactory peace and order situation which prevent many rural communities from contributing their rightful share to national prosperity and advancement. Certain fundamental solutions to these community ills must be attempted if we are to preserve our democratic institutions and attain a higher level of social welfare for all our citizens.

x x x x

(extract from LAND REFORM PROBLEM CHALLENGES FREE WORLD, by Isador Lubin, U. S. Representative, Economic and Social Council for the United Nations, as quoting Charles F. Brannon, U. S. Secretary of Agriculture.)

"FAO experience," he said, "has convinced us that production is greatest under conditions that promote the dignity and worth of the individual. We have found that in agriculture these conditions are best achieved when the individual can own the land he works, or has a security of tenure, when he can get the productive facilities he needs, and when he can market his products at a fair return to him."

(Extract from LAND REFORM CHALLENGES FREE WORLD, by Isador Lubin, U. S. Representative, Economic and Social Council of the United Nations.)

...land reform is important not only because of its potential effect on incentives to production. It has a far larger significance. It can mean the difference between explosive tensions and stability, between apathy and hope, between serfdom and citizenship. A nation of farm owners and of tenants who have the opportunity to become farmowners has the basic elements of a stable society. The farmer who owns his land, who retains an equitable share of his production, who is able to combine in voluntary associations with his neighbors to improve their common lot, knows the meaning of human dignity. He has a stake in his community. A nation of insecure tenants and rootless laborers, who see little hope to better their lot, is an unstable society, subject to sporadic violence and easily persuaded to follow false leaders.

(Extract from Resolution adopted at a plenary session of the Economic and Social Council at Geneva on September 7.)

The Economic and Social Council,

x x x x

RECOGNIZING that appropriate measures of land reform designated to achieve improvement of the conditions of agricultural populations and an increase in agricultural production must in many countries be regarded as a necessary part of any effective implementation of comprehensive programmes for economic development;

x x x x

2. Recommends that governments institute appropriate land reform in the interest of landless, small and medium farmers.
3. Recommends further that governments take such of the following measures as may be appropriate to the circumstances in their countries to:
 - A. Assure security of tenure to the cultivator of land so that he may have the incentive to improve the productivity of the land and to conserve its resources, and the opportunity to retain an equitable share of his production;
 - B. Provide opportunity for the cultivator to acquire ownership of land;
 - C. Promote the organization of land holdings into farms of an efficient size, either by dividing unduly large holdings or by combining fragmented units, as may be required, wherever this may be economically and socially advantageous to the population;
 - D. Establish on underdeveloped and newly reclaimed lands secure and equitable tenure conditions, including opportunity for ownership in family sized holdings;
 - E. Establish or expand national and local institutions for providing agricultural credit at reasonable rates of interest, and take legislative or administrative measures to assist in the reduction of agricultural indebtedness;
 - F. Enact and enforce legislation which will prevent the charge of exorbitant rentals on agricultural land;
 - G. Review their tax structure and administration with a view to eliminating inequitable tax loads and related charges on the cultivator of land;
 - H. Promote cooperative organizations for the cultivation, marketing and processing of agricultural products and for the purchase of farm supplies and equipment;

x x x x

P. Improve the economic, social and legal status of agricultural wage laborers on plantations and other large estates.

x x x x

5. Recommends that the specialized agencies, each in its respective field, particularly the FAO, ILO, and UNESCO should in cooperation with the United Nations, keep the subject of land reform under review and give high priority to this problem in their technical assistance programs, bearing in mind the resolution of the Technical Assistance Committee adopted at its 19th meeting, dealing with the provision of supplies and equipment, and specifically:

A. Focus attention on the urgent need for land reforms in many areas;

B. Consider affording high degree of priority to the recruitment of professional staff competent to advise governments on problems of land reform and draw the attention of member governments to methods of solving such problems which have proved successful in other countries;

C. Place particular emphasis on furnishing assistance to governments wishing to adopt domestic measures which would contribute to land reforms particularly:

- (1) The development of legislation relating to land tenure, settlement of titles, conditions of tenancy, problems of size and organization of land holdings, settlement of publicly owned land, and financing of the redistribution of land;
- (2) The development and extension of agricultural credit;
- (3) The development and extension of cooperative organization for essential agricultural services such as financing, marketing, processing of agricultural products and purchase of farm implements and supplies;
- (4) The promotion of agricultural extension services;
- (5) The establishment of rural industry;
- (6) The development of programmes for training of teachers and educational leaders in techniques of mass education, especially in rural areas;
- (7) The development of programmes for improvement of agricultural labor standards and security of employment.

x x x x

A P P E N D I X "F"

AGREEMENTS BETWEEN THE GOVERNMENTS OF THE UNITED STATES AND
THE PHILIPPINES RESPECTING LAND TENURE REFORM

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EXCERPTS

FROM

MEMORANDUM OF AGREEMENT

Signed by President Quirino in behalf of the Philippine Government and ECA Administrator William C. Foster, representing Harry S. Truman, President of the United States, November 14, 1950:

President Elpidio Quirino and Honorable William C. Foster, as Representative of President Harry S. Truman, have agreed to recommend to their respective governments a program covering the nature and form of the assistance and cooperation which the Government of the United States would have to extend to the Government of the Philippines to assist the latter in the solution of age-old social and economic problems gravely aggravated by the last war, and to bring about a new Philippine era of progress and plenty....

The President of the Philippines ... announces his determination to lead his country in the attainment of this great goal, through total economic mobilization and the bold implementation of measures that will bring about a higher degree of social justice in the Philippines.

The main recommendation of the report to the President of the United States by the Economic Survey Mission to the Philippines will be the basis for serious and immediate consideration by the Philippine Government in order to attain the objectives mentioned above, and may be considered a practical and sound point of departure in working out a program of social, economic and technical assistance and cooperation.

To this end, and considering that time is of the essence, the Council of State shall forthwith formulate a legislative program of the following measures for prompt consideration by the Congress of the Philippines:

...

A bold resolution expressing the general policy of Congress to accelerate the carrying out by congressional enactment of the social reform and economic development measures recommended by the Economic Survey Mission to the Philippines.

The United States Government agrees, at the request of the Philippine Government expressed herewith, to furnish with the least possible delay technical assistance particularly in the field of ... social legislation and economic development, to act in an advisory capacity to the appropriate departments or agencies of the Philippine Government.

...

In consideration of the determination of the Philippine Governm

Memo of Agreement...

ment to act boldly and promptly on the major program designed to fulfill the aspirations of the Filipino people, the President of the United States intends to recommend to the United States Congress the appropriation of the necessary funds that will be required for a social, economic and technical assistance program... .

...

A bilateral agreement will be negotiated between the two Governments to give force and effect to the pertinent paragraphs above.

Done in the City of Baguio, November 14, 1950.

WILLIAM C. FOSTER
Representative of President
Harry S. Truman

ELPIDIO QUIRINO
President of the Philippines

ED.NOTE : Underlined portions are mine.

EXTRACT FROM ECONOMIC AND TECHNICAL COOPERATION AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT
OF THE PHILIPPINES

Preamble

The Governments of the United States of America and the Republic of the Philippines:

...

Recognizing the intention of the Government of the Philippines to mobilize its resources to bring about the social and economic well-being of the Philippine people;

Recognizing that the preservation of individual liberty, free institutions, and independence depend largely upon the maintenance of stable international economic relationships and sound internal economic conditions;

...

Considering that at the request of the President of the Philippines, the President of the United States of America appointed an Economic Survey Mission in July 1950 to consider the economic and financial conditions of the Philippines and to make recommendations for their improvement, and that the Economic Survey Mission made a detailed survey and presented a series of recommendations to achieve the end desired;

Considering that the President of the Philippines in the agreement of November 14, 1950 with the Economic Cooperation Administrator, as the representative of the President of the United States of America, expressed his Government's determination to act boldly and promptly on a program designed to fulfill the aspirations of the Philippine people;...

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America pursuant to this agreement, the receipt of such assistance by the Government of the Philippines, and the measures which the two Governments will undertake individually and together in furtherance of the above objectives;

Have agreed as follows:

...

ARTICLE II

Undertakings

In order to further the objectives of economic and social well-

being and preserve free institutions for the Philippine people and to achieve the maximum benefits through the employment of assistance received from the Government of the United States of America, the Government of the Philippines will use its best endeavors to:

...

Initiate and further implement social, economic and technical programs based upon the recommendations of the Economic Survey Mission and such other measures as will strengthen democratic and free institutions in the Philippines.

ARTICLE III

Consultation, Transmittal of Information and Publicity

...

The two Governments recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the program under this agreement and will encourage the wide dissemination of information relating to such program....

ARTICLE IV

Missions

The Government of the Philippines agrees to receive a Special Technical and Economic Mission which will discharge the responsibilities of the Government of the United States of America in the Philippines under this agreement... .

The Government of the Philippines will extend full cooperation to the Special Technical and Economic Mission. ...

A P P E N D I X "G"

EXISTING LEGISLATION RESPECTING LAND TENURE AND
LANDLORD-TENANT RELATIONSHIPS

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BRIEF NOTES ON LAWS RESPECTING LAND TENURE AND LANDLORD-TENANT AGREEMENTS

I. Constitution: Provides adequately for, and anticipates land tenure reform (Art. XIII, Sec. 4); regulation of private land holdings (Art. XIII, Sec. 3); and the regulation of landlord-tenant relations. There would seem to be no question therefore as to the constitutionality of a land tenure reform. This conclusion is borne out by decision of the Courts. (See Appendix "G" , page 47)

II. Civil Code:

- A. Certain provisions respecting contracts in the Civil Code are reported to establish or imply a difference as between a farm lease contract and other types of contract. Tenants are considered as operating a partnership rather than being separate and individual parties to a contract. The social and economic position of the landlord (as compared to that of the tenant) assures him a position of dominance under such an arrangement. Furthermore, it would seem that such an arrangement might easily serve the interests of evaders as respects application of minimum wage legislation to agriculture.
- B. Articles pertaining to inheritance provide for rigid application of the principle of inheritance in equal shares in the succession to agricultural estates. This right of the deceased to prevent partition of his property is limited.

III. Law respecting the establishment of owner operated family sized farms.

- A. General: Existing law is ambiguous and ineffective. Courts have ruled recent acquisition actions illegal. No monies have recently been appropriated pursuant to its objectives or for support of the Landed Estates Division, Department of Agriculture and Natural Resources, the agency responsible for its administration.
- B. CA No. 20; 11 July 1936: The Act authorizes the President of the Philippines to expropriate, or negotiate, the acquisition of "portions of large landed estates" for resale at cost as homesteads to bona fide occupants; fixes responsibility for promulgating rules and regulations for accomplishment; appropriates ₱1,000,000 "out of any funds not otherwise appropriated" for the purpose.
- C. CA 260; 18 April 1938: Act makes slight and ambiguous changes in CA 20 and appropriates an additional ₱2,000,000 for its administration.
- D. CA 378; 23 August 1938: Authorizes the President of the Philippines to lease for 25 years (with an option to buy) landed estates for subletting to bona fide occupants. Appropriates ₱1,500,000 for the purpose.
- E. CA 420; 31 May 1939: Amends CA 378 by establishing a corporation

(organized under Corporation Law) to carry out purposes (restated) of this Act.

- F. CA 538; 26 May 1940: Prohibits ejection of tenants from lands being acquired by the government. (See Above.)
- G. CA 539; 26 May 1940: Authorizes the President of the Philippines to acquire private lands for resale as homesites and small farms to their bona fide tenants or others who will work the lands; creates a public corporation as administrator; provides for payment in cash (may be raised by sale of tax-free bonds); amends CA 20, CA 260, CA 378, and CA 420.

IV. Law respecting tenancy practices.

- A. General: For all practical purposes, tenancy is regulated only on rice and sugar cane farms. Existing tenancy legislation has been proven inadequate, ineffective, and unenforceable.
- B. Act 4113; 7 December 1933: Amends CA 271. Act prescribes certain provisions concerning tenancy contracts on land planted to sugar cane: Fixes responsibility on landlord to inform tenant (on basis of receipts from milling Central) of the amount of sugar cane harvested and of the share of cane and molasses distributed by the Central after each milling season due the tenant; when cane is milled in private mills of landowner, the latter shall stipulate with his tenant as to expenses involved; in absence of a written contract, provides for the manner in which the landowner may sell the crop; settlement of accounts between landlord and tenant is to be made immediately after each milling season; tenant may claim for his share of the crop in instances where landowner pledges the whole crop as security for a loan; landlord shall advise the tenant of payments for planting, cultivating, and harvesting the crop; provides for penalty maximum of ₱200 or sixty days imprisonment. (NOTE: This Act, as manifest by the quality of the legislation itself, is reported by officials in the Tenancy Enforcement Division, Court of Industrial Relations, as being ineffective as a measure to improve tenure conditions in sugar.)
- C. CA 4054; 27 February 1933: An Act concerned exclusively with the regulation of tenancy on rice farms. (See comment amending CA 34.)
- D. CA 178; 13 November 1936: An Act amending CA 4054. (See comment on amending CA 34.)
- E. CA 608; 1940: An Act revising CA 461; provides against dispossession of a tenant "except for...causes"; fixes responsibility for enforcing CA 4054 (Rice Share Tenancy Act amended by CA 178 above and CA 34 following) on the Department of Justice; provides for settlement of landlord-tenant disputes by Court of Industrial Relations.

Brief Notes on Laws Respecting Land Tenure...

(NOTE: Officials in the Tenancy Enforcement Division, Court of Industrial Relations, informs that (1) "causes" covers matters inappropriate for consideration as bearing on the contract, proper unless, of course, provision for such has been previously and clearly established in the contract; and (2) enforcement of its orders is impossible without resorting to use of contempt procedure through the regular court system--a process so time-consuming (possibly 1-2 years) as to be impracticable.)

- F. RA 34; 30 September 1946: Act amends CA 4054 (Philippine Rice Share Tenancy Law) as amended by CA 178. Defines Share Tenancy Contract as a "partnership between landlord and tenant"; provides that to be valid, the contract must be in writing on an official form and registered with the municipal treasurer; establishes the principle of freedom of contract; fixes earnings of factors as follows:

Land	30%	of gross product after harvest cost					
Labor	30%	" " " " " "	"	"	"	"	"
Work animals	5%	" " " " " "	"	"	"	"	"
Farm implements	5%	" " " " " "	"	"	"	"	"
Other costs involved in planting & cultivating	30%	" " " " " "	"	"	"	"	"

(Harvest expense is deducted from gross product)

fixes rentals (in the absence of a contract to the contrary) in accordance with above, except that on land producing less than 40 cavans per hectare the share of labor shall be 35% and that of land 25%; arranges for allocation of other costs and shares. The Act limits the size of loans advanced by a landlord to tenants and fixes 10% as the maximum rate of interest; requires all loans to be evidenced in writing; establishes procedures respecting accounting and the settlement of debts.

The Act specifies rights and obligations of both landlords and tenants. The landlord is recognized as manager; given preferential lien on tenant's share of crop; required to pay land taxes; prohibited from evicting tenants without cause. (NOTE: Here again, "cause" is based on feudal attitudes). The tenant is permitted to work elsewhere during slack seasons and is allowed compensation when otherwise employed by the landlord; allowed reimbursement for specified expenses if evicted; permitted space upon which to construct a house; obliged to "do all work necessary" for maximum production; obliged to inform landlord of trespass by third parties; prohibited from leaving the land without just cause on pain of losing 85% of his share of the produce.

The Act further provides for means of terminating a contract; penalty. (NOTE: This law represents a marked improvement over any other Philippine law respecting tenure. It is inadequate, however, as an acceptable tenancy act because of being limited in scope, subject to evasion, subject to influence by feudal common law, and, except for reliance on an impracticable legal process, unenforceable.

- G. RA 44; 3 October 1946; Act revises CA 461. An Act to regulate relations between landlord and tenant. This Act would presume to tighten up provisions of CA 461 (see above), but is still subject to the same criticism: namely, it is influenced by feudalistic common law and unenforceable without application of an impracticable legal process.

EXTRACTS FROM THE CONSTITUTION RESPECTING LAND REFORM.

ARTICLE II - DECLARATION OF PRINCIPLES

SECTION 5. The promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State.

ARTICLE III - BILL OF RIGHTS

SECTION 2. Private property shall not be taken for public use without just compensation.

SECTION 10. No law impairing the obligation of contracts shall be passed.

SECTION 21. Free access to the courts shall not be denied to any person by reason of poverty.

ARTICLE VI - LEGISLATIVE DEPARTMENT

SECTION 19. ... The Congress may not increase the appropriations recommended by the President for the operation of the government as specified in the Budget, except the appropriations for the Congress and the Judicial Department. ...

ARTICLE X - COMMISSION ON ELECTIONS

SECTION 2. The Commission on Elections shall have exclusive charge of the enforcement and administration of laws relative to the conduct of elections and shall exercise all other functions which may be conferred upon it by law. It shall decide, save those involving the right to vote, all administrative questions, affecting elections; including the determination of the number and location of polling places, and the appointment of election inspectors and of other election officials. All enforcement agencies and instrumentalities of the Government, when so required by the Commission, shall act as its deputies for the purpose of insuring free, orderly, and honest elections. The decisions, orders, and rulings of the Commission shall be subject to review by the Supreme Court. ...

ARTICLE XIII - CONSERVATION AND UTILIZATION OF NATURAL RESOURCES

SECTION 1. All agricultural, timber, and mineral lands of the public domain, water, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, and other natural resources of the Philippines belong to the State, and their disposition, exploitation, development, or utilization shall be limited to citizens of the Philippines, or to corporations or associations at least sixty per centum of the capital of which is owned by such citizens, subject to any existing right, grant, lease, or concession at the time of the inauguration of the

Constitution...

Government established under this Constitution. Natural resources, with the exception of agricultural land, shall not be alienated, and no license, concession, or lease for the exploitation, development, or utilization of any of the natural resources shall be granted for a period exceeding twenty-five years, renewable for another twenty-five years, except as to water rights, for irrigation, water supply, fisheries, or industrial uses other than the development of water power, in which cases beneficial use may be the measure and the limit of the grant.

SECTION 2. No private corporation or association may acquire, lease, or hold public agricultural lands in excess of one thousand and twenty-four hectares, nor may any individual acquire such lands by purchase in excess of one hundred and forty-four hectares, or by lease in excess of one thousand and twenty-four hectares. Lands adapted to grazing, not exceeding two thousand hectares, may be leased to an individual, private corporation, or association.

SECTION 3. The Congress may determine by law the size of private agricultural land which individuals, corporation, or associations may acquire and hold, subject to rights existing prior to the enactment of such law.

SECTION 4. The Congress may authorize, upon payment of just compensation, the expropriation of lands to be subdivided into small lots and conveyed at cost to individuals.

SECTION 5. Save in cases of hereditary succession, no private agricultural land shall be transferred or assigned except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain in the Philippines.

SECTION 6. The State may, in the interest of national welfare and defense, establish and operate industries and means of transportation and communication, and, upon payment of just compensation, transfer to public ownership utilities and other private enterprises to be operated by the Government.

ARTICLE XIV - GENERAL PROVISIONS

SECTION 6. The State shall afford protection to labor, especially to working women and minors, and shall regulate the relation between landowner and tenant, and between labor and capital in industry and in agriculture. The State may provide for compulsory arbitration.

NOTES ON INHERITANCE SUPPLIED BY THE LEGAL DIVISION OF ECA-STEM/MANILA

The Civil Code of the Philippines which was approved by the Philippine Congress on June 18, 1949, provides that in every inheritance, the relative nearest in degree excludes the more distant ones and that relatives in the same degree shall inherit in equal shares; that succession pertains in the first place, to the descending direct line and that the children of the deceased shall always inherit from him in their own right, dividing the inheritance in equal shares. Therefore, in the Philippines it is the principle of "equal participation of heirs" which is invoked.

The following articles of the Civil Code are in point:

Art. 774. Succession is a mode of acquisition by virtue of which the property, rights and obligations to the extent of the inheritance of a person are transmitted through his death to another or others either by his will or by operation of law.

Art. 978. Succession pertains, in the first place, to the descending direct line.

Art. 979. Legitimate children and their descendants succeed to the parents and other ascendants, without distinction as to sex or age, and even if they should come from different marriages.

Art. 962. In every inheritance, the relative nearest in degree excludes the more distant ones, saving the right of representation when it properly takes place.

Relatives in the same degree shall inherit in equal shares, subject to the provisions of Art. 1006 with respect to relatives of the full and half blood, and of Art. 987, paragraph 2, concerning division between the paternal and maternal lines.

Art. 980. The children of the deceased shall always inherit from him in their own right, dividing the inheritance in equal shares.

However, when two or more pieces of land have been assigned to two or more co-heirs whose interests therein are the same, the title to such lands shall be delivered to the oldest. The Civil Code provides:

Art. 1090. When the title comprises two or more pieces of land which have been assigned to two or more co-heirs, or when it covers one piece of land which has been divided between two or more co-heirs, the title shall be delivered to the one having the largest interest, and authentic copies of the title shall be furnished to the other co-heirs at the expense of the estate. If the interest of each co-heir should be the same, the oldest shall have the title.

There is nothing in the old Spanish Civil Code which provides for inheritance based on the principle of primogeniture. The said Spanish Civil Code was extended to the Philippines by Royal Decree of July 31, 1889, and it took effect as a law on December 8, 1889 (Benedicto v. De La Rama, 3 Phil. 34). From that time and during the Spanish regime several Spanish laws were also extended to the Philippines. During the American occupation, however, laws of Anglo-American origin were enacted. Thus, the Civil Code of the Philippines is now composed of laws of Spanish and American origin.

Article 774 of the Civil Code, quoted above, provides that the property, rights and obligations of a person are transmitted through his death to another either by his will or by operation of law. This being so, in the absence of a will, the provisions of the Civil Code as to intestate succession are arbitrarily applied.

The Civil Code provides that the testator has the power to forbid the partition of his property by will, in which case the period of indivision shall not exceed twenty-years. This power of the testator to prohibit division applies to the legitime. However, the co-ownership terminates when any of the causes for which partnership is dissolved takes place, or when the court finds for compelling reasons that division should be ordered, upon petition of one of the co-heirs (Art. 1083, Civil Code).

Under the provisions of Art. 1080 of the said Code, if a person makes a partition of his estate by an act inter vivos or by will, such partition shall be respected, insofar as it does not prejudice the legitime of the compulsory heirs.

He may avail himself of such right if he desires, in the interest of his or her family, to keep any agricultural, industrial, or manufacturing enterprise intact, by ordering that the legitime of the other children to whom the property is not assigned, be paid in cash.

In this case, therefore, "a distinction must be made between the disposition of property and its partition; and the provisions of Art. 1056 (now Art. 1080) of the Civil Code authorizing the testator to partition his property by act inter vivos or by last will, must be understood in accordance with this distinction. A testator may, by an act inter vivos, partition his property, but he must first make a will with the formalities provided by law (7 Manresa 692-693). And it could be otherwise, for without a will there can be no testator; when the law, therefore, speaks of the partition intervivos made by a testator of his property, it necessarily refers to that property which he has given to his heirs. Hence, when the will is null and void for lack of legal requisites, the partition made of the estate during the lifetime of the deceased, is likewise null and void." (54 Phil. 766.)

"The will of the testator clearly and explicitly stated must be respected and complied with as an inviolable law among the parties in interest." (Benedicto v Javellana, 10 Phil. 197.)

"It is a fundamental doctrine that the will of the testator is the law governing the interested parties and must be punctually complied with insofar as it is not contrary to law or public morals." (Montanano v. Suesa, 14 Phil. 676.)

The law cited above is clear that the testator can control the division of the estate by will, in which case the period of indivision shall not exceed twenty years.

How large estates have been held together over the years while the small farms have fragmented.—The testator can control to a certain degree the disposition of his estate by will to take effect after his death. There are a few large estates which can be held intact by the will of the testator. Either one of the heirs will administer the management of the estate or the testator appoints in his will the Administrator of the same. Of course, the children of the deceased shall always inherit from him in their own right, dividing the inheritance in equal shares. Where there are two or more heirs, the whole estate of the decedent is, before its partition, owned in common by such heirs.

If the property is not assigned to one or more of the heirs, the legitime or share of such heirs may be paid in cash. In this case, either the other properties of the decedent will be applied thereof or one of the heirs will pay the proportionate share of the other heirs who would demand the partition of the estate. The share of the co-owners in the benefits, as well as in the charges, shall be proportional to their respective interests.

For the administration and better enjoyment of the thing owned in common, the resolutions of the majority of the co-owners shall be binding. There shall be no majority unless the resolution is approved by the co-owners who represent the controlling interest in the object of the co-ownership.

In some instances, by mutual agreement each of the heirs receive certain amount, say ₱1,000.00 monthly from the estate. However, if an heir needs more than said amount he may be so advanced to the amount he needs from the income of the property of the estate, provided that it does not exceed the amount each of the heirs is entitled at the end of each year. Thus, the property remains intact for many, many years. The Ongsiako property is an example.

There are cases in which the heirs agree among themselves to form a corporation out of the property inherited, or the will of the testator provides for the incorporation of such property. In this case, the heirs themselves are the incorporators, and officers and employees of such corporations. The corporation either sells shares of stock to the public or limited the ownership of such shares to the heirs themselves.

Notes on Inheritance...

Corporations like these are the Araneta & Co., Yangco & Co., and some others.

I have not as yet looked up the papers in the Securities and Exchange Commission wherein the application of such corporations to sell shares to the public was filed in order to determine if the incorporation of the real property of the testator was by the will of the testator or by mutual agreement of the co-heirs themselves.

Where in the case of small farms which may be inherited by more than one heir, it is the common practice that the heirs divide the real property into lots, the boundaries of the lot corresponding to each heir is merely indicated by monuments by mutual agreement in writing. Sometimes, the heir or heirs pay the proportionate share of the other heirs if the latter demands the partition of the property, provided the former could well afford to do so.

(COMMONWEALTH ACT NO. 20)

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ORDER THE INSTITUTION OF EXPROPRIATION OR TO ENTER INTO NEGOTIATIONS FOR THE PURPOSE OF ACQUIRING PORTIONS OF LARGE LANDED ESTATES USED AS HOMESTEADS AND RESELLING THEM AT COST TO THEIR BONA FIDE OCCUPANTS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The President of the Philippines is hereby authorized to order the institution of expropriation proceedings or to enter into negotiations for the purpose of acquiring portions of large landed estates which are now used as homesites and reselling them at cost to their bona fide occupants.

SECTION 2. The Secretary of Agriculture and Commerce is hereby authorized to promulgate rules and regulations subject to the approval of the President of the Philippines, for the resale of the homesites herein to be acquired, to the bona fide occupants of said homesites at the time of the approval of this Act. Any sale at cost of the homesites other than to such bona fide occupants shall be void. Before full payment of the homesites has been made, title therein shall remain vested in the Government of the Commonwealth, Provided, That no homesites shall be sold, disposed of or encumbered by the occupants to persons who are not qualified to acquire public lands.

SECTION 3. The sum of one million pesos or so much thereof as may be necessary is hereby appropriated out of any funds of the Philippine Treasury not otherwise appropriated to be expended for carrying out the purpose of this Act.

SECTION 4. This Act shall take effect on its approval.

Approved, July 11, 1936

FIRST NATIONAL ASSEMBLY)
Third Session)

(COMMONWEALTH ACT NO. 260)

AN ACT TO AMEND SECTION ONE OF COMMONWEALTH ACT NUMBERED TWENTY AND TO APPROPRIATE IN ADDITIONAL AMOUNT OF TWO MILLION PESOS, OR SO MUCH THEREOF AS MAY BE NECESSARY FOR THE PURPOSE OF FULLY CARRYING OUT THE PROVISIONS OF SAID ACT.

Be it enacted by the National Assembly of the Philippines.

SECTION 1. Section one of Commonwealth Act Numbered Twenty is hereby amended so as to read as follows:

"SECTION 1. The President of the Philippines is authorized to order the institution of expropriation proceedings or to enter into negotiations for the purpose of acquiring portions of landed estates which are now needed as homesites and reselling them at cost to their bona fide occupants."

"SECTION 2. To fully carry out the intents and purposes of Commonwealth Act Numbered Twenty, an additional amount of two million pesos, or so much thereof as may be necessary, is appropriated out of the proceeds of the excise tax on oil now on deposit in the Treasury of the United States to the credit of the Government of the Commonwealth of the Philippines.

SECTION 3. This Act shall take effect on its approval.

APPROVED, April 12, 1938.

COMMONWEALTH ACT NO. 378

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ENTER INTO NEGOTIATIONS WITH OWNERS OF LANDED ESTATES IN THE PHILIPPINES FOR THE PURPOSE OF LEASING SUCH ESTATES AND SUBLET THE SAME TO BONA FIDE OCCUPANTS OR QUALIFIED PERSONS. APPROPRIATING FUNDS THEREFOR.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The President of the Philippines is authorized to enter into negotiations with owners of landed estates for the purpose of acquiring such estates or parts thereof, through lease for a period not exceeding twenty-five years, with option to purchase the same within the same period, and under such terms and conditions as may be advantageous to the public interest. The lands so leased shall be sublet to bona fide occupants of said lands, either individually or to corporations organized by them, or in the absence thereof, to persons qualified under the Public Land Act to acquire public lands, through such department, bureau, office or instrumentality as the President may designate, or through such office or agency as he may create, and under such rules and regulations as may be prescribed by the bureau, office or agency so designated or created, subject to the approval of the President.

SECTION 2. The sum of one million five hundred thousand pesos, or so much thereof as may be necessary, is appropriated out of the funds accruing to the Philippine Treasury from the excise tax on coconut oil, to be expended for carrying out the purpose of this Act.

SECTION 3. This Act shall take effect upon its approval.

APPROVED, August 23, 1938.

(COMMONWEALTH ACT NO. 420)

AN ACT TO AUTHORIZE THE CONVERSION INTO A CORPORATION
OF THE INSTRUMENTALITY OR AGENCY IN CHARGE OF SUB-
LEASING LANDED ESTATES ACQUIRED THROUGH LEASE OR
PURCHASE UNDER COMMONWEALTH ACT NUMBERED THREE
HUNDRED AND SEVENTY-EIGHT.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. Section one of Commonwealth Act Numbered
Three Hundred and seventy-eight is amended to read as
follows:

"SECTION 1. The President of the Philippines is au-
thorized to enter into negotiations with owners of land-
ed estates for the purpose of acquiring such estates or
parts thereof, through lease for a period not exceeding
twenty-five years with option to purchase and conditions
as may be advantageous to the public interest. The lands
so leased shall be sublet to bona fide occupants of said
lands, either individually or to corporations organized
by them, or in the absence thereof, to persons qualified
under the Public Land Act to acquire public lands, through
such department, bureau, office, or instrumentality as
the President may designate, or through such office or
agency as he may create, and under such rules and regu-
lations as may be prescribed by the bureau, office, or
agency so designated or created, subject to the approval
of the President: Provided, That said instrumentality
or agency may be organized as corporation under the Cor-
poration Law, with such powers, authority, and capitali-
zation as the President may consider necessary in order
to carry out the purposes of this Act, but in no case
shall such capitalization exceed the amount appropriated
herein."

SECTION 2. This Act shall take effect upon its ap-
proval.

APPROVED, May 31, 1939.

(COMMONWEALTH ACT NO. 538)

AN ACT TO SUSPEND THE EFFECTS OF ANY ACTION FOR EJECTMENT INSTITUTED AGAINST TENANTS OR HOLDERS OF ESTATES OR CHAPLAINCIES (CAPELLANIAS) WHICH THE GOVERNMENT MAY SEEK TO ACQUIRE THROUGH PURCHASE OR EXPROPRIATION PROCEEDINGS.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. When the Government seeks to acquire, through purchase or expropriation proceedings, lands belonging to any estate or chaplaincy (capellania), any action for ejectment against the tenants occupying said lands shall be automatically suspended, for such time as may be required by the expropriation proceedings or the necessary negotiations for the purchase of the lands, in which latter case, the period of suspension shall not exceed one year.

To avail himself of the benefits of the suspension, the tenant shall pay to the landowner the current rents as they become due or deposit the same with the court where the action for ejectment has been instituted.

SECTION 2. For the purposes of this Act, the action by the Government shall be considered as instituted, from the date of the filing of the complaint for expropriation with the proper court, or from the time the competent authority advises in writing the owner or party principally concerned of the intention of the Government to acquire his land through any of the means herein stated.

SECTION 3. This Act shall take effect upon its approval.

APPROVED, May 26, 1940.

(COMMONWEALTH ACT NO. 539)

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ACQUIRE PRIVATE LANDS FOR RESALE IN SMALL LOTS: PROVIDING FOR THE CREATION OF AN AGENCY TO CARRY OUT THE PURPOSES OF THIS ACT AND SETTING ASIDE FUNDS AND AUTHORIZING THE ISSUANCE OF BONDS FOR THE PAYMENT OF SAID LANDS.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The President of the Philippines is authorized to acquire private lands or any interest therein, through purchase or expropriation, and to subdivide the same into home lots or small farms for resale at reasonable prices and under such conditions as he may fix to their bona fide tenants or occupants or to private individuals who will work on the lands themselves and who are qualified to acquire and own lands in the Philippines.

SECTION 2. The President may designate any department, bureau, office, or instrumentality of the National Government or he may organize a new agency to carry out the objectives of this Act. For this purpose, the agency so created or designated shall be considered a public corporation.

SECTION 3. The corporation shall have power:

- (a) To make small loans to farmers to finance the operations of their farms;
- (b) To organize, finance and manage farmers cooperatives;
- (c) To do any and all things that may be necessary to carry out the purposes of the corporation.

SECTION 4. The President shall pay for the lands acquired in accordance with the provisions of this Act, in cash or by installments, out of the funds made available under this Act or with the proceeds of the bonds issued in accordance with the provisions of section six of this Act.

SECTION 5. The amounts appropriated under Commonwealth Act Numbered Twenty, as amended by Commonwealth Act Numbered Two Hundred sixty, and Commonwealth Act Numbered Three Hundred and seventy eight as amended by Commonwealth Act Numbered Four Hundred and twenty, are made available for the purposes of this Act.

SECTION 6. In case the amounts appropriated in section five hereof are not sufficient to carry out the provisions of this Act, the President is authorized to issue in the name and on behalf of the Government of the Philippines, bonds to be known as "Social Security Bonds", in an amount not exceeding twenty million pesos payable in fifty years. The President shall determine the form of the bonds, the date of issue thereof, and the rate shall not be in excess of five percentum per annum. The bonds shall be registered in the Treasury of the Philippines, where the principal and interest shall be payable in Philippine currency or its equivalent in the United States currency at the time of the payment, in the discretion of the Secretary of Finance. The President of the Philippines is further authorized to sell said bonds in the Philippines only at a public auction through the Treasurer of the Philippines such terms and conditions as in the judgment are most favorable to the Government of the Philippines, and he shall deposit the proceeds of the sale thereof with the Treasurer of the Philippines, and use the same for the payment of lands acquired under this Act, and for the carrying out of the purposes of this said Act.

SECTION 7. The bonds authorized to be issued under this Act shall be exempt from taxation by the Government of the Philippines or any political subdivision thereof, and subject to the provisions of the Act of Congress, approved March twenty-four, nineteen hundred and thirty-four, otherwise known as the Tydings-McDuffie Act, as amended, which facts shall be stated upon the face of said bonds.

SECTION 8. A sinking fund is created for the payment of the bonds issued under the provisions of this Act, in such a manner that the total amount thereof at each annual due date of the bonds issued shall be equal to the total of an annuity of nineteen hundred and thirty-seven pesos and thirteen centavos for each one hundred thousand pesos of bonds, outstanding, accrued at the rate of interest of three and one-half per centum per annum. Said fund shall be under the custody of the Treasurer of the Philippines who shall invest the same, in such manner as the Secretary of Finance may approve, in accordance with the provisions of Act Numbered Three thousand and fourteen which governs the investment to said sinking funds, shall charge all the expenses of such investment to said sinking funds and shall credit to the same the interest on investments and other income belonging to it.

SECTION 9. A standing annual appropriation is made out of any general funds in the National Treasury, of such sum as may be necessary to provide for the sinking fund created in section eight and for the interest on the bonds issued

by virtue of this Act. A further appropriation is made out of the general funds in the National Treasury not otherwise appropriated, or a sufficient sum to cover the expenses of the issue and sale of the bonds authorized by this Act.

SECTION 10. The President may sell to the provinces and municipalities portions of lands acquired under this Act of sufficient size and convenient location for public squares or plazas, parks, streets, markets, cemeteries, schools, municipal or town hall, and other public buildings.

SECTION 11. All proceeds of the sale of the lots or farms made to bona fide tenants or occupants, private individuals and to the provinces and municipalities pursuant to the provisions of this Act, shall be available for the purposes specified in section three of the said Act.

SECTION 12. Commonwealth Act Numbered Twenty, as amended by Commonwealth Act Numbered Two Hundred and sixty, and Commonwealth Act Numbered Three hundred seventy-eight, as amended by Commonwealth Act Numbered Four hundred twenty, are hereby amended accordingly.

SECTION 13. This Act shall take effect upon its approval.

APPROVED, May 26, 1940.

MALACANAN PALACE
Manila

BY THE PRESIDENT OF THE PHILIPPINES
EXECUTIVE ORDER NO. 191

CREATION OF THE RURAL PROGRESS ADMINISTRATION

Pursuant to the authority vested in me by Commonwealth Act Numbered Three hundred and seventy-eight which empowers the President of the Philippines to designate any department, bureau, office or instrumentality, or to create any office, or agency to carry out the provisions of said Act, I, MANUEL L. QUEZON, President of the Philippines do hereby create the Rural Progress Administration to be composed of five members who shall be appointed by the President from time to time.

The purpose of the Administration shall be to promote small land ownership and to improve the living condition and the general welfare of the rural population. To attain these ends, the Administration shall have power, for and in behalf of the Government, to enter into negotiations with the owners of large estates for the purpose of acquiring such estates or parts thereof, through lease for a period not exceeding twenty-five years, with option to purchase the same within the same period, under such terms and conditions as may be advantageous to the public interest.

The Administration shall, upon the recommendation of the Secretary of Agriculture and Commerce and with the approval of the President, take over the management of the homesites acquired in accordance with the provisions of Commonwealth Act No. 20, as amended by Commonwealth Act No. 260.

The Administration shall have power to organize cooperative associations, to manage the estates acquired under Commonwealth Act No. 378, to grant said cooperative associations credit facilities; to engage in such activities as may be necessary to promote the general welfare of the members of the said cooperative associations; and to promulgate rules and regulations to carry out the provisions of the said Act.

Subject to approval as required by law or regulations, the Administration shall have authority to appoint such personnel as may be necessary for the proper performance of the functions of the Administration and to fix their salaries and conditions of employment. All expenses that may be incurred by the Administration to carry out the provisions of this Executive Order shall be a proper charge against the funds under the control of the Administration.

The Administration shall disburse the funds appropriated under Commonwealth Act No. 378 and such other funds as may hereafter be appropriated for this purpose, in accordance with a budget approved by the President.

The Administration is hereby authorized to call upon any department, bureau, office, agency or instrumentality of the Government for such information and assistance as it may deem necessary.

Done in the City of Manila, this 2nd day of March in the year of our Lord, nineteen hundred and thirty-nine, and of the Commonwealth of the Philippines, the fourth.

(SGD.) MANUEL L. QUEZON
President of the Philippines

By the President:

(SGD.) JORGE B. VARGAS
Secretary of the President

MALACANAN PALACE
Manila

BY THE PRESIDENT OF THE PHILIPPINES
EXECUTIVE ORDER NO. 206

AUTHORIZING THE CONVERSION OF THE RURAL PROGRESS ADMINISTRATION CREATED BY EXECUTIVE ORDER NO. 191 INTO A CORPORATION.

Pursuant to the authority vested in me by Commonwealth Act No. 378, as amended by Commonwealth Act No. 420, I, MANUEL L. QUEZON, President of the Philippines, do hereby authorize the Rural Progress Administration created by Executive Order No. 191, dated March 2, 1939, to organize itself into a corporation under the Corporation Law, with a capital of ₱1,500,000.00, and to exercise not only the general powers enjoyed by corporations under the Corporation Law, but also such powers and authority as are specified in said Executive Order No. 191 and those which the President may, from time to time, see fit to vest in it to enable it to carry out the purposes for which it has been created.

Done at the City of Manila, this 31st day of May, in the year of our Lord, nineteen hundred and thirty-nine, and of the Commonwealth of the Philippines, the fourth.

(SGD.) MANUEL L. QUEZON
President of the Philippines

By the President:

(SGD.) JORGE B. VARGAS
Secretary to the President

Act. No. 4113 - As amended by Commonwealth Act No. 271

Act No. 4113 - AN ACT TO PRESCRIBE CERTAIN PROVISIONS CONCERNING TENANCY
CONTRACTS ON LAND PLANTED TO SUGAR CANE.

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

"SECTION 1. Vouchers and other documents. - When the sugar cane produced on a piece of land is milled in a sugar central, it shall be the duty of the owner of the said land to inform the tenant, on the basis of the receipts issued by the central which must, on demand, be exhibited to the tenants, of the number of tons of cane harvested on the land cultivated by the tenant and of the number of piculs of sugar accruing to said cane, and of the share of said cane of the additional sugar distributed by the central after each milling season and of the molasses which the tenant is entitled to receive. In cases where the owner employed laborers under special contract commonly called 'pakiao', it shall also be his duty to advise laborers (paliadores) of the number of tons of cane cut, hauled and loaded by them, by exhibiting the receipt issued by the central".

(Amended by C. A. No. 271, Approved June 2, 1938)

SEC. 2. Necessary expenses of milling elsewhere than at central. When the cane is not milled at the central but in the private mill of the landowner, the latter, in the absence of any agreement to the contrary, shall stipulate with his tenant regarding the necessary expenses of milling, cutting and hauling the cane from field to mill, and of purchasing all necessary ingredients for boiling and all material to be used for the proper packing of the product.

SEC. 3. Contract for the sale of the product of the land. - When there is no written agreement concerning the value of the share of the tenant, the landowner shall not sell said share without the knowledge and written consent of the tenant or his representative. When the tenant does not consent to the sale of the product representing his share of the crop, the landowner in whose keeping said product shall remain, shall have the right to sell the same after the lapse of thirty days after the termination of the milling at the current market price and shall use the proceeds of such sale to pay all indebtedness and other obligations of the tenant to the landowner and the storage and preservation of the product sold, delivering the balance, if there be any, to the tenant.

SEC. 4. Liquidation and distribution of the crop. - The settlement of accounts between landowner and tenant and the distribution of the crop shall be made immediately after each milling season, and as regards cane not milled in sugar centrals, each of the parties shall be obliged to haul his share to the place where it desires the same to be taken, unless previously agreed otherwise in writing between the parties.

SEC. 5. Right of tenant to claim. - When the landowner has for any reason pledged the crop harvested on the land to any commercial bank or other body or person, and such crop is distrained by said creditor and the share of the tenant is included, the tenant shall be entitled to claim payment by the landowner of the amount of his share at the current price of the product in the local market, out of all his real or personal

property or any interest or account he may have in or against concern or person.

SEC. 6. Written advice. - After having paid the expenses of planting, cultivating, and harvesting the crop, the landowner shall advise the tenant in writing of said expenses.

SEC. 7. Penalty for violation. - Any violation of the provisions of this Act shall be punished by a fine of not less than twenty-five pesos nor more than two hundred pesos, or by imprisonment for not less than ten days nor more than sixty days, or both, in the discretion of the court.

SEC. 8. This Act shall take effect on January first, nineteen hundred and thirty-four.

APPROVED, December 7, 1933.

(ACT NO. 4054, AS AMENDED BY C. A. NO. 178 and R. A. NO. 34.)

AN ACT TO PROMOTE THE WELL-BEING OF TENANTS (APARCEROS) IN AGRICULTURAL LANDS DEVOTED TO THE PRODUCTION OF RICE AND TO REGULATE THE RELATIONS BETWEEN THEM AND THE LANDLORDS OF SAID LANDS; AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same.

PART I - Share Tenancy Contract in General.

SEC. 1. Title of Act. - This Act shall be known as "The Philippine Rice Share Tenancy Act".

SEC. 2. Share Tenancy Contracts Defined. - A contract of share tenancy is one whereby a partnership between the landlord and the tenant is entered into, for a joint pursuit of rice agricultural work with common interest in which both parties divide between them the resulting profits as well as the losses.

SEC. 3. Landlord and Tenant Interpreted. - For the purpose of this Act, the word "landlord" shall mean and include either a natural or juridical person who is the real owner of the land which is the subject-matter of the contract, as well as a lessee, a usufructuary or any other legitimate possessor of agricultural land cultivated by another; and the word "tenant" shall mean a farmer or farm laborer who undertakes to work and cultivates land for another or a person who furnishes the labor with the consent of the landlord. (Amended by R. A. No. 34.)

SEC. 4. Form of Contract. - The contract on share tenancy, in order to be valid and binding, shall be drawn in triplicate in the language or dialect known to all the parties thereto, to be signed or thumb-marked both by the landlord or his authorized representative and by the tenant, before two witnesses, one to be chosen by each party. The party who does not know how to read and write may request one of the witnesses to read the contents of the document. Each of the contracting parties shall retain a copy of the contract and the third copy shall be filed with, and registered in, the office of the municipal treasurer of the municipality where the land, which is the subject-matter of the contract, is located; Provided, however, That in order that the contract may be considered registered, both the copy of the landlord and that of the tenant shall contain an annotation made by the municipal treasurer to the effect that same is registered in his office.

"The forms of contract shall be uniform and shall be prepared and furnished by the Department of Justice. Oath or affirmation by the contracting parties before the municipal treasurer concerned shall be sufficient for the purpose of acknowledgment. No fees or stamps of any kind shall be paid or required." (Amended by R. A. No. 34.)

SEC. 5. Registry of Tenancy Contract. - For the purposes of this Act, the municipal treasurer of the municipality wherein the land, which is the subject-matter of a contract, is situated shall keep a record of all con-

tracts within his jurisdiction, to be known as Registry of Tenancy Contracts. He shall keep this registry together with a copy of each contract entered therein, and made annotations on said registry in connection with the outcome of a particular contract, such as the way same is extinguished; Provided, however, That the municipal treasurer shall not charge fees for the registration of said contract which shall be exempt from the documentary stamp tax.

SEC. 6. Duration of contract. - Any contract on rice tenancy entered into between landlord and tenant or farm laborer according to his Act shall last in accordance with the stipulation of the parties; Provided, however, That in the absence of stipulation, same shall be understood to last only during one agricultural year; Provided, further, That unless the contract is renewed in writing and registered as provided in section four hereof within thirty days after the expiration of the original period, the same shall be presumed to be extinguished; Provided, finally, That in case of renewing the contract without changing the stipulations therein, it is sufficient that the municipal treasurer shall annotate the word "renewed" in the three copies of the contract and in the Registry of Tenancy Contracts.

For the purposes of this section, one agricultural year shall mean the length of time necessary for the preparation of the land, sowing, planting and harvesting a crop, although it may be shorter or longer than a calendar year.

SEC. 7. Freedom of Contract. - The landlord and tenant shall be free to enter into any or all kinds of tenancy contract as long as they are not contrary to existing laws, morals and public policy. Such contracts shall be conclusive evidence of what has been agreed upon between the contracting parties, except in case of fraud, or error, if the said contract is not denounced or impugned within thirty days from its registration in the office of the municipal treasurer, as provided in section five of this Act.

The following stipulations are hereby declared to be against public policy:

(a) If the tenant shall received less than fifty-five per cent of the net produce, in case he furnishes the work animals and the farm implements, and the expenses of planting and cultivation are borne equally by said tenant and the landlord.

(b) If the rental stipulated to be paid by the tenant to the landlord is higher than twenty-five per cent of the estimated normal harvest, in case of a contract providing for a fixed rental of the land.

(c) If the landlord is the owner of the work-animal, and the tenant of the farm implement, and the expenses are equally divided between the landlord and the tenant, for the tenant to received less than fifty per centum of the net crop. (Amended by R. A. No. 34.)

SEC. 8. Share basis. - In the absence of any written agreement to the contrary and when the tenant furnishes the necessary implements and

the work animals and defrays all the expenses for planting and cultivation of the land, the crop shall be divided as follows: the tenant shall receive seventy per cent of the net produce of the land and the landlord thirty per cent, for first-class land, the normal production of which, based on the average yield for the three preceding years, is more than forty cavans of palay per one cavan of seeds; seventy-five per cent for the tenant and twenty-five per cent for the landlord, in case of land the average normal production of which is not more than forty cavans of palay per one cavan of seeds. In case the landlord furnishes the necessary work animals and farm implements and, likewise, bears all the expenses of planting and cultivation, the landlord shall receive seventy per cent and the tenant thirty per cent of the crop; but if the landlord furnishes the necessary work animals and farm implements and bears equally with the tenant the expenses of planting and cultivation, the crop shall be divided equally between the parties.

Expenses for harvesting and threshing shall be deducted from the gross produce. Expenses for the maintenance of irrigation systems within the respective areas shall be for the account of the tenant, but amortizations for the cost of construction of the system itself shall be for the account of the landlord. The expenses for construction and maintenance of privately owned irrigation systems shall be agreed upon between the landlord and tenant, but in case of disagreement, all expenses for the construction of the system shall be for the account of the landlord, provided that the cost of constructing the distribution canals shall be for the account of the tenant.

The division shall be made in the same place where the crop has been threshed and each party shall transport his share to his warehouse, unless the contrary is stipulated by the parties. (Amended by R. A. No. 34.)

SEC. 9. Auxiliary industry. - In the absence of any written agreement to the contrary, in case the land is planted to a second crop of rice or other auxiliary crops, the tenant shall receive eighty per cent and the landlord twenty per cent of the net produce, provided all expenses of production are borne by the tenant.

Auxiliary industry shall not, however, be construed to include the crops or products raised from a garden, poultry, and such other industries carried on a lot specially provided for the residence of the tenant.

PART II. - Accounts and their liquidation.

SEC. 10. Loans. - All advances obtained by the tenant from the landlord in connection with the cultivation, planting, harvesting, and such other incidental expenses for the improvement of the crop planted, shall bear interest not exceeding ten per centum per agricultural year and shall be evidenced by a written contract to this effect, otherwise they shall not bear interest; Provided, however, That on all loans other than money, such as grain or other agricultural products made to the tenant by the landlord, no interest in excess of ten per centum shall be added to the invoice price of the article thus loaned, and any inflation of the original price of said article shall be considered as usurious and penalized according to the provisions of the Usury Law.

SEC. 11. Limit of Loans. - The limit of the loan that can be requested by a tenant shall be fifty per centum of the average yearly tenant's share on the particular piece of land allotted to said tenant for cultivation during the last three years; Provided, That in the case of land to be cultivated for the first time, the limit of the loan shall depend upon the agreement of the parties until the third year.

SEC. 12. Memorandum of advances. - Any obligation referring to any amount, either in money or in kind, which the tenant may have received in advance from time to time from the landlord, shall be unenforceable by action unless the same, or some note or memorandum thereof, be in writing, in a language or dialect known to the party charged, and subscribed by said party, or by his agent. Said memorandum or note shall be signed by both parties and made in duplicate, one copy to remain with the landlord and other with the tenant.

SEC. 13. Form of Final accounting. - The final accounting between landlord and tenant at the end of each agricultural year shall be effected within fifteen days after the threshing of the harvested crop and the same shall be made to appear on a note or memorandum written in a language known to the tenant and signed by both parties in the presence of two witnesses, who shall be selected by each party. Each of the contracting parties shall be furnished with a copy of said note or memorandum, and such final accounting, once duly signed by both parties and two witnesses shall be deemed conclusive evidence of its contents, except in case of fraud.

SEC. 14. Settlement of debts. - Once the accounting is made, any amount of money which the landlord may have advanced to the tenant as expenses of cultivation or for his own private use, as well as any amount of grain or agricultural products advanced for his support and that of his family, shall be paid by the tenant out of his share except fifteen per centum of the same which is hereby declared exempt from the landlord's lien; Provided, That such grain or agricultural products shall be appraised in money according to their current market value at the place where the land is located at the time of their delivery to the tenant; Provided, further, That in case his share is not sufficient, his outstanding debt shall be reduced in money and shall bear an interest of not more than twelve per centum per annum; and Provided, finally, That the remaining debt of the tenant once converted into money shall not again be converted into kind. Said outstanding debt may, however, be paid in money or in agricultural products appraised at the current market price at the time of payment.

SEC. 15. Use of official weights and measures. - In all transactions entered into between the landlords and tenants in agricultural products, whether contracting a debt or making payment thereof, the official weights and measures of the Government shall be used." (C. A. 178.)

PART III. - Rights and obligations of landlords.

SEC. 16. Landlord as manager. - For the purpose of this Act, the management of the farm rests with the landlord, to be exercised either directly or indirectly through a representative.

SEC. 17. Special lien on share of tenant. - The landlord shall have a special and preferential lien over the share of the tenant in the product of the farm cultivated by him; Provided, however, That such lien over the products of the farm shall be enforceable only to as much as eighty-five per centum of the total share of the tenant in case the latter has an outstanding debt after the accounting is made.

SEC. 18. - Land Taxes, burden and contribution. - The landlord shall be responsible for the payment of taxes imposed by the Government upon the land which is the subject-matter of the contract and it shall be illegal to make the tenant bear a part of the tax, burden and contribution, either directly or indirectly.

SEC. 19. Landlord cannot dismiss his tenant except for good cause. - The landlord shall not dismiss his tenant without just and reasonable cause, otherwise the former shall be liable to the latter for losses and damages to the extent of his share in the products of the land entrusted to the dismissed tenant.

Any of the following shall be considered just and reasonable cause for dismissing a tenant by the landlord before the expiration of the period;

(1) Gross misconduct or willful disobedience on the part of the tenant to the orders of the landlord or of his representative in connection with his work.

(2) Negligence on the part of the tenant to do the necessary farm work expected of him so as to insure a good harvest.

(3) Non-compliance with any of the obligations imposed upon the tenant by this Act or by the contract.

(4) Fraud or breach of trust in connection with work entrusted to him.

(5) When the tenant leases it or lets to another the use of the land entrusted to him by the landlord without the consent of the latter.

(6) Commission of a crime against the person of the landlord or his representative, or any member of the family of the same. (See C.A. No. 608).

PART IV. Rights and obligations of a tenant.

SEC. 20. Freedom of tenant at certain time. - The tenant shall be free to work elsewhere during the intervals of the working season in the farm where he is a tenant; Provided, That if he is requested by the landlord to perform other work not connected with his duties as tenant, he shall be paid accordingly by said landlord, unless otherwise stipulated in the contract.

SEC. 21. Right of tenant in case of dismissal. - In case of dis-

dismissal the tenant shall not be dispossessed of the land he cultivates until he is previously reimbursed of his advances, if any, incurred in the cultivation, planting or harvesting, and such other incidental expenses for the improvement of the crop cultivated, even if such dismissal is for just cause. (See C.A. No. 608).

SEC. 22. Lot for dwelling. - The tenant shall be entitled to construct a dwelling on the land cultivated by him, if he so chooses, and once a dwelling is constructed, he shall be entitled to a fixed residential lot of not less than six hundred square meters, but not exceeding one thousand square meters in area, depending upon the availability of suitable land and the area cultivated by the tenant belonging to the landowner, the same to devoted to the purposes of a garden, poultry and such other minor industries as may be necessary for his livelihood, the products of which shall accrue to the tenants exclusively; Provided, That the tenant shall be given forty-five days within which to remove his house from the land of the landlord in the event of the cancellation of the contract of tenancy for any reason; Provided, further, That in case he fails to devote the lot allotted to him for the purposes herein mentioned for a period of six months, it shall revert to the cultivation of palay". (Amended by R.A. No. 34.)

SEC. 23. Standard of conduct to be observed by tenant. - The tenant shall be under obligation to cultivate the farm as a good father of the family, by doing all the work necessary to obtain the greatest possible returns from the farm entrusted to him, such as the proper preparation of the soil, the cutting of shrubs and grasses that may be growing on the land as well as the repair of dikes.

"The tenant shall also be obliged to take reasonable care of the work animals that may be delivered to him by the landlord, necessary for the work entrusted to him, otherwise he shall be liable for their death or physical incapacity by reason of his negligence." (CA. No. 178).

SEC. 24. Trespass by third person. - The tenant shall inform the landlord at once of any trespass committed by a third person upon the farm entrusted to him, otherwise it may be considered as negligence on his part.

SEC. 25. Tenant cannot leave landlord at any time except for good causes. - The tenant cannot leave his landlord without just and reasonable cause, otherwise the former shall be liable to the latter for losses and damages to the extent of eighty-five per cent of his share in the product of the farm cultivated by him.

Any one of the following shall be considered just and reasonable cause on the part of the tenant for leaving the service before the expiration of the period;

(1) Cruel and inhuman treatment on the part of the landlord or his representative toward the tenant or his family.

(2) Non-compliance on the part of the landlord with any of the

obligation imposed upon him by the provisions of this Act or by the contract.

(3) Compelling the tenant to do any work against his will, which is not any way connected with his farm work not stipulated in the contract.

(4) Commission of a crime by the landlord against the person of the tenant, or any member of the family of the latter. (Modified by C.A. 608).

PART VI. Extinguishing of Contract.

SEC. 26. How Extinguished. - The contract of farm tenancy is extinguished:

(1) At the end of each agricultural year, unless otherwise stipulated by the parties.

(2) By the agreement of the parties.

(3) By the death or physical incapacity of the tenant or farmer, in which case his heirs, if any, shall be given a proportional share in the products in accordance with the service rendered by the deceased.

(4) By sale or alienation of the land which is the subject matter of the contract, in which case the purchaser shall assume the rights and obligations of the former landlord in relation with the tenant or farmer.

(5) When the estate is no longer fit for agriculture or becomes public property.

(6) By merger in the same person of the personality of landlord and tenant or landlord and farmer.

PART VI. Penal Provision.

SEC. 27. Violation. - All violations of the provisions of this Act involving deceit, malice, or fraud shall be punished in accordance with Article 318 of the Revised Penal Code. (RPC).

If the violation is committed by means of falsification or alteration of private documents, the provisions of article one hundred and seventy-two of the same code shall be applied.

SEC. 28. Repealing provisions. - All laws or parts of laws inconsistent with the provisions of this Act are hereby repealed.

SEC. 29. Final provisions. - This Act shall be applicable to the relations between landlords and tenants of rice land only, and shall take effect after January 1st, nineteen hundred and thirty-seven by proclamation to be issued by the President of the Philippines upon recommendation of the Secretary of Labor when public interest so requires, in the municipalities and on the date designated in such proclamation and enforced, its effects may similarly be suspended. This Act shall be translated into

local language of the municipalities to which its provisions shall apply, and a sufficient number of copies shall be printed for free distribution by the municipal treasurer concerned to the persons asking for them." (See C.A. No. 178)

Act No. 4054, approved, February 27, 1933.

C. A. No. 178, approved, November 13, 1936.

Republic Act No. 34, approved, September 30, 1946.

NOTE:

Section 4 of Republic Act No. 34 as a final Provision reads as follows:

SEC. 4. This Act shall take effect immediately, provided that when the landlord has advanced money, seeds or the like to the tenant, and in the cases in which it might be applicable, the landlord shall have a preferential lien on the share of the tenant for the payment of such advances made plus six per cent interest per annum.

Approved, September 30, 1946.

(COMMONWEALTH ACT NO. 608)

AN ACT TO REVISE COMMONWEALTH ACT NUMBERED FOUR HUNDRED AND SIXTY ONE, ENTITLED "AN ACT TO REGULATE THE RELATIONS BETWEEN LANDOWNER AND TENANT AND TO PROVIDE FOR COMPULSORY ARBITRATION OF ANY CONTROVERSY ARISING BETWEEN THEM."

Be it enacted by the National Assembly of the Philippines:

SECTION 1. Commonwealth Act Numbered Four hundred and sixty one is revised so that said Act shall read as follows:

"SECTION 1. Any agreement or provision of law to the contrary notwithstanding, in all cases where land is held under any system of tenancy the tenant shall not be dispossessed of the land cultivated by him except for any of the causes mentioned in section nineteen of Act Numbered Four Thousand and fifty-four or for any just cause, and without the approval of a representative of the Department of Justice duly authorized for the purpose. The Department of Justice is, likewise, charged with the duty of enforcing the Rice Share Tenancy Act and in pursuance thereof, may issue such orders as may be needed with respect to the liquidation of the crop, the division thereof, and the apportionment of the expenses. Should the landowner or the tenant feel aggrieved by the action taken by the Department of Justice under the authority herein granted, or in the event of any dispute between them arising out of their relationship as landowner and tenant, either party may appeal to the Court of Industrial Relations which is given jurisdiction to determine the controversy in accordance with law."

SECTION 2. This Act shall take effect upon its approval.

APPROVED 22, 1940

FIRST CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

First Session

Begun and held at the City of Manila on Saturday, the twenty-fifth day of May, nineteen hundred and forty-six

(REPUBLIC ACT NO. 34)

AN ACT AMENDING CERTAIN SECTIONS OF ACT NUMBERED FOUR THOUSAND FIFTY-FOUR, AS AMENDED, OTHERWISE KNOWN AS "THE PHILIPPINE RICE SHARE TENANCY ACT."

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section three and four of Act Numbered Four thousand and fifty-four are hereby amended to read as follows:

"SEC. 3. Landlord and tenant interpreted. - For the purpose of this Act, the word 'Landlord' shall mean and include either a natural or juridical person who is the real owner of the land which is the subject-matter of the contract, as well as a lessee, a usufructuary or any other legitimate possessor of agricultural land cultivated by another; and the word 'tenant' shall mean a farmer or farm laborer who undertakes to work and cultivates land for another or a person who furnishes the labor with the consent of the landlord.

SEC. 4. Form of contract. - The contract on share tenancy, in order to be valid and binding, shall be drawn in triplicate in the language of or dialect known to all the parties thereto, to be signed or thumb-marked both by the landlord or his authorized representative and by the tenant, before two witnesses, one to be chosen by each party. The party who does not know how to read and write may request one of the witnesses to read the contents of the document. Each of the contracting parties shall retain a copy of the contract and the third copy shall be filed with, and registered in, the office of the municipal treasurer of the municipality, where the land, which is the subject-matter of the contract, is located: Provided, however, 'That in order that a contract may be considered registered, both the copy of the landlord and that of the tenant shall contain an annotation made by the municipal treasurer to the effect that same is registered in his office.

"The forms of contract shall be uniform and shall be prepared and furnished by the Department of Justice. Oath or affirmation by the contracting parties before the municipal treasurer concerned shall be sufficient for the purpose of acknowledgment. No fees or stamps of any kind shall be paid or required."

SEC. 2. Section seven of the same Act, as amended by Commonwealth Act Numbered One hundred seventy-eight, is hereby further amended to read as follows:

"SEC. 7. Freedom to contract. - The landlord and tenant shall be free to enter into any or all kinds of tenancy contract as long as they are not contrary to existing laws, morals and public policy. Such contract shall be conclusive evidence of what has been agreed upon between the contracting parties, except in case of fraud or error, if the said contract is not denounced or impugned within thirty days from its registration in the office of the municipal treasurer, as provided in section five of this Act.

"The following stipulations are hereby declared to be against public policy:

"(a) If the tenant shall receive less than fifty-five per cent of the net produce, in case he furnishes the work animals and the farm implements, and the expenses of planting and cultivation are borne equally by said tenant and the landlord.

"(b) If the rental stipulated to be paid by the tenant to the landlord is higher than twenty-five per cent of the estimated normal harvest, in case of a contract providing for a fixed rental of the land.

"(c) If the landlord is the owner of the work animal, and the tenant of the farm implements, and the expenses are equally divided between the landlord and the tenant, for the tenant to receive less than fifty per centum of the net crop."

SEC. 3. Sections eight, nine and twenty-two of the same Act are amended to read as follows:

"SEC. 8. Share Basis. - In the absence of any written agreement to the contrary and when the tenant furnishes the necessary implements and the work animals and defrays all the expenses for planting and cultivation of the land, the crop shall be divided as follows: the tenant shall receive seventy per cent of the net produce of the land and the landlord thirty per cent, for first-class land, the normal production of which, based on the average yield for the three preceding years, is more than forty cavans of palay per one cavan of seeds; seventy-five per cent for the tenant and twenty-five per cent for the landlord, in case of land the average normal production of which is not more than forty cavans of palay per cavan of seeds. In case the landlord furnishes the necessary work animals and farm implements and, likewise, bears all the expenses of planting and cultivation, the landlord shall receive seventy per cent and the tenant thirty per cent of the crop; but if the landlord furnishes the necessary work animals and farm implements and bears equally with the tenant the expenses of planting and cultivation, the crop shall be divided equally between the parties.

"Expenses for harvesting and threshing shall be deducted from the gross produce. Expenses for the maintenance of irrigation systems within the respective areas shall be for the account of the tenant, but amortizations for the cost of construction of the system itself shall be for the account of the landlord. The expenses for construction and maintenance of privately-

owned irrigation systems shall be agreed upon between the landlord and tenant, but in case of disagreement, all expenses for the construction of the system shall be for the account of the landlord, provided that the cost of constructing the distribution canals shall be for the account of the tenant.

"The division shall be made in the same place where the crop has been threshed and each party shall transport his share to his warehouse, unless the contrary is stipulated by the parties.

"SEC. 9. Auxiliary Industry. - In the absence of any written agreement to the contrary, in case the land is planted to a second crop of rice or other auxiliary crops, the tenant shall receive eighty per cent and the landlord twenty per cent of the net produce, provided all expenses of production are borne by the tenant.

"Auxiliary industry shall not, however, be construed to include the crops or products raised from a garden, poultry, and such other industries carried on a lot specially provided for the residence of the tenant.

"SEC. 22. Lot for dwelling. - The tenant shall be entitled to construct a dwelling on the land cultivated by him, if he so chooses, and once a dwelling is constructed, he shall be entitled to a fixed residential lot of not less than six hundred square meters, but not exceeding one thousand square meters in area, depending upon the availability of suitable land and the area cultivated by the tenant belonging to the landowner, the same to be devoted to the purposes of a garden, poultry and such other minor industries as may be necessary for his livelihood, the products of which shall accrue to the tenants exclusively: Provided, That the tenant shall be given forty-five days within which to remove his house from the land of the landlord in the event of the cancellation of the contract of tenancy for any reason: Provided, further, That in case he fails to devote the lot allotted to him for the purposes herein mentioned for a period of six months, it shall revert to the cultivation of palay."

SEC. 4. This Act shall take effect immediately, provided that when the landlord has advanced money, seeds or the like to the tenant, and in the cases in which it might be applicable, the landlord shall have a preferential lien on the share of the tenant for the payment of such advances made plus six per cent interest per annum.

APPROVED, September 30, 1946.

S. No. 59
R. No. 502

FIRST CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

First Session

Begun and held at the City of Manila on Saturday, the twenty-fifth day of May,
nineteen hundred and forty-six

(REPUBLIC ACT NO. 44)

AN ACT TO REVISE COMMONWEALTH ACT NUMBERED FOUR HUNDRED AND SIXTY-ONE, ENTITLED
"AN ACT TO REGULATE THE RELATIONS BETWEEN LANDOWNER AND TENANT AND TO
PROVIDE FOR COMPULSORY ARBITRATION OF ANY CONTROVERSY ARISING BETWEEN
THEM," AS AMENDED BY COMMONWEALTH ACT NUMBERED SIX HUNDRED AND EIGHT.

Be it enacted by the Senate and House of Representatives of the Philippines
in Congress assembled:

SECTION 1. Commonwealth Act Numbered Four hundred and sixty-one, entitled
"An Act to regulate the relations between landowner and tenant and to provide
for compulsory arbitration of any controversy arising between them," as amended
by Commonwealth Act Numbered Six hundred and eight, is hereby further amended
so as to read as follows:

"SECTION 1. Any agreement or provision of law to the contrary notwithstanding
in all cases where land is held under any system of tenancy the tenant shall not
be dispossessed of the land cultivated by him except for any of the causes men-
tioned in section nineteen of Act Numbered Four thousand and fifty-four or for
any just cause, and without the approval of a representative of the Department
of Justice duly authorized for the purpose. The Department of Justice is, like-
wise, charged with the duty of enforcing all the laws, orders and regulations
relating to any system of tenancy and it may issue such orders as may be neces-
sary in pursuance thereof, such as, with respect to the liquidation of the crop,
the division thereof, and the apportionment of the expenses. Should landowner
or the tenant feel aggrieved by the action taken by the Department of Justice
under the authority therein granted, or in the event of any dispute between them
arising out of their relationship as landowner and tenant, either party may appeal
within fifteen days from receipt of notice of the action taken by the Department
of Justice, or resort, as the case may be, to the Court of Industrial Relations
which is given jurisdiction to determine the controversy in accordance with law.
The filing of an appeal shall stay execution of the action appealed from unless
the Court of Industrial Relations shall, for special reason, order the immediate
execution thereof upon the filing of a supersedeas bonds.

"For the effective exercise of the powers herein conferred, the Department
of Justice or its duly authorized representatives, Provincial Fiscals, their
Assistants or Justices of the Peace are hereby authorized, upon proper petition
or motu proprio, to make investigations, summon witnesses, require the produc-
tion of documents under a subpoena duces tecum, and issue such order or orders
as may be deemed necessary for the best interests of the parties concerned,
pending decision of the case, which order or orders shall be immediately exe-
cutory, unless the party adversely affected thereby shall file a bond for the

stay of execution. Disobedience to summons lawfully issued, refusal to testify, and/or violation of any order or decision of the Department of Justice shall be punishable as contempt triable by the Court of First Instance of the province or city, or Justice of the Peace of the municipality, in which the contempt was committed."

SEC. 2. This Act shall take effect upon its approval.

APPROVED, October 3, 1946.

MALACANAN PALACE
Manila

BY THE PRESIDENT OF THE PHILIPPINES
ADMINISTRATIVE ORDER NO. 49

CREATED A LANDED ESTATES SURVEY COMMITTEE

WHEREFORE, one of the most important problems facing the Commonwealth Government is the agrarian question which has been the root of past and present serious troubles in the Philippines during the last fifty years or more;

WHEREAS, the only practicable means to end agrarian controversies would be for the Government to purchase the landed estates and subdivide them into small parcels and then convey them to the actual occupants thereof; and

WHEREAS, before taking any definite step towards the acquisition of the landed estates, it is important that necessary data regarding such estates be first gathered;

NOW, THEREFORE, I, MANUEL L. QUEZON, President of the Philippines, by virtue of the powers in me vested by law, do hereby constitute and create a Landed Estates Survey Committee, to be composed of the following:

Hon. Ramon J. Fernandez, Chairman
Mr. Ramon Soriano, Member
Mr. Zoilo Castrillo, Chief, Public Lands Div.,
Bureau of Lands, Member
Mr. Eduardo Quintero, Technical Assistant,
Office of the President, Member
Dr. Andres Castillo, Executive Secretary,
National Economic Council, Member
Mr. Jose Domingo, Technical Assistant, Department of Labor, Member
Mr. Mariano B. Raymundo, Chief, Plant Propagation Division, Bureau of Plant Industry, Member
Dr. Frederic C. Rowe, Adviser to the President,
shall act in an advisory capacity to the Committee.

The Committee shall study all the problems pertaining to the acquisition of the landed estates, including the determination of the area of each estate to be purchased, the price at which it should be acquired, the manner of its disposition, the terms at which it should be sold to the occupants and such other data or information as may be necessary to enable the Government to carry out its plan to purchase the landed estates in the interest of the people.

The Committee is hereby authorized to call upon any department, bureau, office, instrumentality or agency of the Government for such information as it may deem necessary, and shall submit its report and recommendation not later than November 15, 1937.

Done in the City of Manila, this 7th day of October, in the year of Our Lord, nineteen hundred and thirty-seven, and of the Commonwealth of the Philippines, the second.

(SGD.) MANUEL L. QUEZON
President

CONTRACT OF TENANCY

This contract of RICE SHARE TENANCY, entered into by and between _____, of legal age, _____ (civil status) and resident of the municipality of _____, province of _____, Philippines, hereinafter referred to as the LANDLORD, and _____, also of legal age, _____, and resident of the municipality of _____, province of _____, Philippines, hereinafter referred to as the TENANT,

WITNESSETH:

I. That the LANDLORD is the real owner (lessee, usufructuary or legitimate possessor) of a parcel or parcels of riceland(s) or a portion thereof, situated in the barrio of _____, municipality of _____, province of _____, Philippines, containing an aggregate area of _____ () hectares, more or less, planted to _____ () cavanes of palay seeds, and more particularly described as follows:

and covered by:

- 1) Transfer Certificate of Title No. _____;
- 2) Tax Declaration No. _____;
- 3) Lot No. _____;

which parcel of land has an average normal production of _____ cavanes of palay per one cavan of seeds, based on the average yield for the last three (3) preceding year.

II. That the LANDLORD and the TENANT hereby enter into a contract of rice share tenancy for the cultivation of the above-described parcel of land, under the terms and conditions hereinbelow set forth:

1. The expenses of production shall be borne by the respective parties as follows:

Expenses	Borne or furnished by:
a. Work animals	_____
b. Farm implements	_____
c. Planting	_____
d. Cultivation	_____
e. Transportation to warehouse of	_____
(1) Tenant's share	_____
(2) Landlord's share	_____

f. Miscellaneous

(State nature of expenses)

2. That the net produce of the land shall be divided between the LANDLORD and the TENANT as follows:

Landlord's share _____ %
Tenant's share _____ %

3. That the TENANT shall be entitled to construct a dwelling on the land cultivated by him, as well as to utilize, for his exclusive benefit, a residential lot therein containing an area of _____ (_____) square meters (not less than 600 nor more than 1,000).

4. That all advances and loans obtained by the TENANT from the LANDLORD shall bear interest at the rate of _____ (not exceeding 10%) (_____) % per centum per year.

5. This contract shall be for a term of _____ (_____) agricultural years from _____.

III. That, in addition to the terms of this contract, all applicable provisions of Act No. 4054 and its amendments, more particularly those relating to accounts and their liquidation, the rights and obligations of both landlord and tenant, and the extinguishment of contract are herein incorporated and made part of this agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hand this _____ day of _____, 19____, in the municipality of _____, province of _____, Philippines.

(Signature of landlord)

(Signature of tenant)

signed in the presence of:

_____) WITNESSES (_____
(Landlord's witness) (Tenant's witness)

REPUBLIC OF THE PHILIPPINES)
PROVINCE OF _____) s.s.
MUNICIPALITY OF _____)

Subscribed and sworn to before me this _____ day of _____, 19____, at _____, _____, Philippines. The landlord _____ exhibited to me his residence certificate No. _____ issued at _____, _____, on _____, 19____; while the tenant _____ exhibited to me his residence certificate No. _____ issued at _____, _____, on _____, 19____.

Municipal Treasurer

which, based on the average yield for the three preceding years, is more than forty (40) cavans of palay per one cavan of seeds." (Sec. 8, as amended.)

REPUBLIC OF THE PHILIPPINES
Province of _____
Municipality of _____
Office of the Treasurer

_____, 19____
This certifies that the foregoing contract of tenancy between _____, landlord, and _____, tenant, has been filed with, and registered in, this office at _____ o'clock, ___ M., this date, and inscribed as Entry No. _____, on Page No. _____, book no. _____, of the Registry of Tenancy Contracts of this Municipality.

-----oOo-----

EXPLANATIONS

The ratio of crop sharing between landlord and tenant is affected by the apportionment of the expenses of production borne by each of them. The law fixed the minimum share to which the tenant is entitled, depending on the share of the expenses borne by him. Thus:

1. If the tenant "furnishes the work animals and the farm implements, and the expenses of planting and cultivation are borne equally by said tenant and the landlord," the tenant shall receive not less than fifty-five per cent (55%) of the net produce. (Section 7 /a/. Act No. 4054, as amended.)

2. "If the landlord is the owner of the work animal, and the tenant of the farm implements, and the expenses are equally divided between" them, the tenant shall receive not less than fifty per cent (50%) of the net crop. (Sec. 7 /c/, as amended.)

3. "In the absence of any written agreement to the contrary and when the tenant furnishes the necessary implements and the work animals and defrays all the expenses for planting and cultivation of the land," the tenant shall receive 70% of the net produce, and the landlord 30% in case of first class land, and 75% and 25%, respectively, in case of second class land. First class land is that "the normal production of which, based on the average yield for the three preceding years, is more than forty (40) cavans of palay per one cavan of seeds." (Sec. 8, as amended.)

4. "In case the landlord furnishes the work animals and farm implements, and, likewise, bears all the expenses of planting and cultivation, the landlord shall receive seventy per cent" (70%) "of the crop and the tenant thirty per cent" (30%) "of the crop." (Sec. 8, as amended.)

5. If the contract is for a fixed rental, the landlord may not demand more than twenty-five per cent (25%) of the estimated normal harvest. (Sec. 7 /c/, as amended.)

"Expenses for harvesting and threshing shall be deducted from the gross produce. Expenses for the maintenance of irrigation systems within the respective areas shall be for the account of the tenant, but amortizations for the cost of construction of the system itself shall be for the account of the landlord. The expenses for construction and maintenance of privately-owned irrigation systems shall be agreed upon between the landlord and the tenant, but in case of disagreement, all expenses for the construction of the system shall be for the account of the landlord, provided that the cost of constructing the distribution canals shall be for the account of the tenant.

"The division shall be made in the same place where the crop has been threshed and each party shall transport his share to his warehouse, unless the contrary is stipulated by the parties." (2nd and 3rd pars., Sec. 8, as amended.)

"In the absence of any written agreement to the contrary, in case the land is planted to a second crop of rice or other auxiliary crops, the tenant shall receive eighty per cent and the landlord twenty per cent of the net produce, provided all expenses of production are borne by the tenant.

"Auxiliary industry shall not, however, be construed to include the crops or products raised from a garden, poultry, and such other industries carried on a lot specially produced for the residence of the tenant." (1st and 2nd pars. Sec. 9, as amended.)

This form of contract of tenancy is prepared by the Department of Justice, and bear the (dry seal) of the Tenancy Law Enforcement Division.

-----oOo-----

REPUBLIC OF THE PHILIPPINES
DEPARTMENTS OF JUSTICE AND LABOR
MANILA

JOINT CIRCULAR

TO ALL PROVINCIAL FISCALS, THEIR ASSISTANTS, AND JUSTICES OF THE PEACE, AS REPRESENTATIVES OF THE DEPARTMENT OF JUSTICE UNDER COMMONWEALTH ACT NO. 461, AS AMENDED; and

TO ALL PUBLIC DEFENDERS AND LABOR AGENTS, DEPARTMENT OF LABOR.

Whenever a tenant is a party to a pending tenancy case, either as complainant or respondent, and is without means to employ the services of a duly qualified member of the Bar, the investigating official (Representative of the Department of Justice under Commonwealth Act No. 461, as amended) should request the Public Defender and/or Labor Agent of the Province where the action is pending, to appear for and in behalf of said indigent tenant in the investigation of the case.

Whenever it shall appear, upon certification by the investigating official or upon application of the party concerned, that the tenant, who is a party to a pending tenancy case, either as complainant or respondent, is indigent and has no means to employ the services of counsel of his own, it shall be the duty of the Public Defender and/or Labor Agent of the province where the tenancy case is pending, to enter his appearance in behalf of said indigent tenant and to prosecute and/or defend his claim free of charge.

Manila, Philippines, November 18, 1950

(SGD) JOSE P. BENGZON
Secretary of Justice

(SGD) JOSE FIGUERAS
Acting Secretary of Labor

COURT DECISIONS

IN THE CASE OF GUIDO VS. RURAL PROGRESS ADMINISTRATION

In the case of Guido vs. Rural Progress Administration, the Supreme Court said:

"Sections 1 and 2 of Commonwealth Act No. 539, copied verbatim, are as follows:

Section 1. The President of the Philippines is authorized to acquire private lands or any interest therein, through purchase or expropriation, and to subdivide the same into home lots or small farms for resale at reasonable prices and under such conditions as he may fix to their bona fide tenants or occupants or to private individuals who will work the lands themselves and who are qualified to acquire and own lands in the Philippines.

Section 2. The President may designate any department, bureau, office or instrumentality of the National Government, or he may organize a new agency to carry out the objectives of this Act. For this purpose, the agency so created or designated shall be considered a public corporation."

The National Assembly approved this enactment on the authority of Section 4 of Article XIII of the Constitution which, copied verbatim, is as follows:

"The Congress may authorize, upon payment of just compensation, the expropriation of lands to be subdivided into small lots and conveyed at cost to individuals."

What lands does this provision have in view? Does it comprehend all lands regardless of their location, nature and area?

It would be in derogation of individual rights and the time-honored constitutional guarantee that no property shall be taken for private use without due process of law and against taking of private property for public use (paragraphs 1 and 2) in the Bill of Rights (Art. III). The taking of private property for private use relieves the owner of his property without due process of law; and the prohibition that "private property should not be taken for public use without just compensation" (Sec. 1 [par. 2] Art. III, of the Constitution) forbids by necessary implication the appropriation of private property for private uses (29 C.J.S., 819). It has been truly said that the assertion of the right of the legislature to take the property of one citizen and transfer it to another, even for a full compensation, when the public interest is not promoted thereby, is claiming a despotic power, and one inconsistent with every just principle and fundamental maxim of a free government. (29 C.J.S., 820)

X X X X X

The promotion of social justice ordained by the Constitution does not supply paramount basis for untrammelled expropriation of private land by the Rural Progress Administration or any other government instrumentality. Social justice does not champion dividing of property or equality of economic status; what it and the Constitution do guarantee are equality of opportunity, equality of political rights, equality before the law, equality between values given and received, and equitable sharing of the social and material goods on the basis of efforts exerted in their production. As applied to metropolitan centers, especially Manila, in relation to housing problems, it is a command to devise, among other social measures, wages and means for the elimination of slums, shambles, shacks, and houses that are dilapidated, overcrowded, without ventilation, light and sanitation facilities, and for the construction of their place of decent dwellings for the poor and destitute. As will presently be shown, condemnation of blighted urban areas bears direct relation to public safety, health and/or morals, and is legal.

x x x x x

Expropriation of large estates, trusts in perpetuity, and land that embraces a whole town, or a large section of a town or city, bears direct relation to the public welfare. The size of the land expropriated, the large number of people benefited, and the extent of social and economic reform secured by the condemnation, clothes the expropriation with public interest and public use. The expropriation in such cases tends to abolish economic slavery, feudalistic practices, endless conflicts between landlords and tenants, and other evils inimical to community prosperity and contentment and public peace and order.

x x x x x

The condemnation of a small property in behalf of 10, 20 or 50 persons and their families does not inure to the benefit of the public to a degree sufficient to give the use public character. The expropriation proceedings at bar have been instituted for the economic relief of a few families devoid of any consideration of public health, public peace and order, or other public advantage. What is proposed to be done is to take plaintiff's property, which for all we know she acquired by sweat and sacrifice for her and her family's security, and sell it at cost to a few lessees who refuse to pay the stipulated rent or leave the premises.

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COURT DECISIONS

URBAN ESTATES, INC. VS. THE HON. AGUSTIN P. MONTESA

In the case of Urban Estates, Inc. vs. The Hon. Agustin P. Montesa, Judge, Court of First Instance and the City of Manila, the Supreme Court said(in part):

"The matter of the right of the Government to condemn urban private lands for subdivision or resale to private persons has been discussed so extensively in Guido vs. Rural Progress Administration, G. R. No. L-2089, De Borja vs. Commonwealth of the Philippines, G.R.L. 1496 and Arellano Law Colleges vs. City of Manila, G.R. No. L-2929, that we should think the question is no longer open, at least as far as inferior courts are concerned.

"The Guido, De Borja and Arellano Colleges decisions expressly recognize the power of the Government to expropriate urban lands or rural estates for subdivision into lots. What those decisions emphasize is the distinction, set in broad outline, between taking that inures to the welfare of the community at large and taking that benefits a mere handful of people bereft of public character.

"It is a matter of common knowledge that there were, and there are lands, comprising whole towns and municipalities, which were or are owned by one man or a group of men from whom their inhabitants hold the lots in which their homes are built as perpetual tenants. These are urban lands. And there are private lands which it may be necessary in the public interest for the Government to convert into townsites and the townsites into house lots. It is also a matter of past and temporary history that feudalism has been the root cause of popular discontent that led to revolutions and of present unrest and political and social disorders.

"It was such lands taken for such purpose which we said the framers of the Constitution had in mind and which the National Government and, with appropriate legislative authority, the cities and municipalities may condemn.

"In brief, the Constitution contemplates large scale purchases or condemnation of lands with a view to agrarian reforms and the alleviation of acute housing shortage. These are vast social problems with which the nation is vitally concerned and the solution to which would, redound to the common weal. Condemnation of private lands in a makeshift or piecemeal fashion, random taking of a small lot here and a small lot there to accommodate a few tenants or squatters is

a different thing. This is true to the land urban or agricultural.
The first sacrifices the rights and interest of one or a few for the
good of all; the second is deprivation of a citizen of his property
for the convenience of another citizen or a few other citizens with-
out perceptible benefit to the public.

ED. NOTE: Underlined portions are mine.

PARTIAL NOTES ON LEGISLATION ENACTED TO IMPROVE POSITION OF TENANT AND
FARM LABORER

(Extracted from MS copy.- FACT FINDING SURVEY OF AGRARIAN PROBLEMS IN
THE PHILIPPINES, 1936, Department of Labor, pp. 48-58.)

Act No. 1874 - Act concerning the liability of employers to injuries and death of employees. (Amended by Act No. 2473, June 19, 1908) ... a remedy to those employees who are working for employers whose concern is not worth ₱20,000.00 who are exempted from the provisions of the Workmen's Compensation Act. ...should be amended to broaden its scope... over cases of death...also to include partial and permanent disability.. Under this law it is hard to prove the negligence of an employer.

Act No. 2071 - An Act prohibiting slavery, etc., in Non-Christian Provinces, extended throughout the Philippines by Act No. 2300, enacted August 7, 1911.

...its scope is inadequate to reach the very purpose of the law. It should be amended so that peonage, serfdom and forced labor by means of coercion, duress and intimidation be included under the terms of the Act.

Act 2486 - An Act regulating labor recruitment and emigration to the territory of Hawaii. (Amended by Act No. 3148).... The Act is inadequate for it does by no means protect the interests of the laborers who emigrate to Hawaii. The contracts are inequitable and not enforceable against the recruiting Hawaiian sugar agency here.

Act No. 2655 - Usury Law as amended by Act Nos. 2992, 3291 and 407C

This law is a blessing ... if the law can be enforced rigidly....

In spite of the law, excessive interest has been an everyday occurrence, so that the law is ineffective and the evil that the law wants to eradicate still contributes to the social unrest of the agricultural laborers in the rural districts.

Act No. 2711 - Act embodying (Act No. 1868, June 18, 1908) the organic law of the Bureau of Labor and defining Bureau's duties and power etc. This organic law is by no means sufficient. ...

This law should be amended, so as to give the Bureau of Labor officials police power, the right to enforce the mandatory provisions....

Act No. 3071 - Act to regulate the employment of women and children in ... agricultural ... establishments and other places of labor in the Philippines....

The title of this Act is misleading, because the agricultural workers are not included in the language of the law. ...

Act No. 3429 - Workmen's Compensation Act...amended by Act No. 3812.

...patterned after those of Hawaii and New Jersey, the law, as it is, is far more progressive than that of any State of the Union. ...

In the Philippines, under our aparceria system in the agricultural work or field, the laborers are by no means entitled to any compensation whenever they meet any accident while working, because the status of the laborers nor an employee, as he receives his compensation according to the share which he agrees to work for. He is interpreted as a partner of the landowner--a partner who does all the work....

Act No. 4054 - Rice Tenancy Law ... although ineffective and inadequate would strive at least to define the relationship between landowners and tenants ... but the Act is absolutely useless for no municipality has taken any action to make the law effective. Under Section 29 of the Act it is provided that the municipal councils shall by resolution have petitioned for its application, fix the date when this law shall take effect in said provinces.

Act No. 4113 - Sugar Tenancy Law. The sugar tenancy law is absolutely inadequate; it does not define the status of the landowner, nor his relation with the tenant. ...

Act No. 2549 - Act prohibiting compulsory purchase of merchandise and wage payment by chits or tokens to laborers, (Act No. 2537, a similar law intended for the province of Non-Christian Tribes) amended by Act No. 385 and Act No. 3958.

...The law is a good law for the protection of those working under certain employers who own stores.

The use of chits or tokens are the practice of old-fashioned employers who use the token equal to the value of money which is improper, unjust, unfair to the workers -- the law merits high encomium.

Act No. 3212 - An Act amending the administrative code regarding relief or benevolent societies (labor union) amended by Act Nos. 3519, 3512 and 3698).

This law materially helps the workers in having their respective organizations recognized by law--it helps the laborers to have their organizations closely checked on the finances and activities of officers entrusted with the fund of the organization. ...

Act No. 3250 - An Act exempting poor litigants from payment of court fees and costs. ...it will enable them to go to court and have their complaints filed, free of cost. ...

Act No. 4055 - An Act providing for the procedure in the settlement of disputes between landlords and tenants, employers and employees.

This Act providing for a procedure in the settlement of disputes between landlords and tenants...is of great importance to people whenever the dispute involves public welfare--the government has the right to step in and settle the question in a conciliatory capacity to bring about satisfactory settlement... . But the Act is non-practical, inadequate, for since the enactment of the law, it has never been in use.

The law should have more police power....

Act No. 4121 - An Act creating the Department of Labor. ...The Secretary of Labor may go as far as he wants to protect the interest of the workers, all his deeds will remain only on papers, should the employers refuse to obey the said Secretary of Labor; nothing could force the employer to do what the law commands the Secretary of Labor to do, because the law itself does not provide for penalties upon any employer who deliberately ignores the law.

Act No. 4197 - Act establishing settlement districts (Colonization Law).

This law is a good law--it is the most modern, progressive, and constructive place of legislation ever passed in our legislatures.

x x x x

It seems that the law was too good to be true; some influential, powerful individuals had behind their heads to undermine the law--because it will be detrimental to some interest when the Government steps in to remedy unemployment--surplus labor in the labor market will decrease and labor can demand prices for their work. So big rice and sugarcane grower were alarmed and were determined to stop operation of the Colonization Law as Commonwealth Act No. 18 was passed and approved. Act No. 18 is a very simple one, it only takes away all the unexpended funds from the appropriated amount in the Colonization Law as provided in Act No. 4197, to be used in the construction of roads in Mindanao.

The argument advanced in favor of Act No. 18 was that without roads the settlers have hard times to transport the crop from the cultivated area of the land, so roads must be constructed in Mindanao. The President yielded and signed Commonwealth Act No. 18 and all activities and preparation for the poor workers in connection with this enterprise have to wait until the National Assembly appropriated the money again to carry out the provision of the law.

x x x x

In many cultivated agricultural lands in Luzon, we find inadequate roads extending from barrios to the town all over....

A P P E N D I X "H"

L A N D P R I C E D E T E R M I N A T I O N

NOTES ON LAND PRICE DETERMINATION

(It is suggested that the following discussion be considered together with that contained in Appendix "K" to which it closely relates.)

1. Criteria: It is essential that the method selected for the determination of land price --

- a. Result in a price that is fair -- fair to the owner, the tenant purchaser, and the community.
- b. Be practicable -- consistent with efficient and equitable administration.
- c. Be explainable -- easily understood not alone by administrators but by all whom it affects.
- d. Result in a price consistent with the ability of a tenant purchaser to pay.

2. Precedents: Land price determination, always difficult and subject to debate, is particularly so in the Philippines because --

- a. Ownership of farm land is closely connected with social status and mores respecting the family. The frequency of land sales therefore has been low.
- b. Available data on prices paid for farm lands is scarce and of questionable value as a guide for price policy determination. Prices are apt to reflect extrinsic rather than intrinsic, speculative rather than productive values.
- c. Assessed valuation (reportedly) biased by favoritism and careless administrative practices are deemed so questionable as to be worthless for use in policy determination.
- d. Past governmental experience with private land purchases is slight and appears to have been accomplished with little or no concern for method.
- e. The few recommendations on price determination by the Commission on Tenure Reform respecting policy envisaged

a program much narrower in scope than that required for an adequate and acceptable solution to land tenure problems; as a consequence, they are not considered applicable.

3. Basic Economic Considerations:

- a. The vast majority of tenant and landless farmers are without cash reserves with which to pay for land. Payment must necessarily be accomplished out of future production. It is estimated that amortization of purchaser's payments will require approximately 25 years.
- b. The degree of postwar inflation as evidenced by the buyers' annual average prices for palay in Cabanatuan, Nueva Ecija (a prominent rice center in Central Luzon) is as follows:

Year	: Annual Ave- rage (₱) Price	: Year	: Annual Ave- rage (₱) Price
1925	4.11	1937	2.49
1926	4.20	1938	3.00
1927	3.32	1939	2.93
1928	3.42	1940	2.65
1929	3.81	1941	2.71
1930	2.67	1945	19.90
1931	1.91	1946	19.86
1932	1.80	1947	13.25
1933	2.08	1948	13.64
1934	1.70	1949	13.05
1935	2.39	1950	10.03
1936	2.98	1951	12.10

Source: Philippine Bureau of Commerce, Markets Division

- c. As evidenced by recent fluctuations in the buyers' price of palay, indications are that farm commodity prices will fall below current levels during the amortization period, though, because of the gradual upward trend in prices through time, probably not so low as those prevalent in the pre-war period. Therefore, a land purchase price based on productive value computed in terms of current prices of farm products is very apt to be substantially higher than the future market value of the land based on productive value computed in terms of average farm commodity prices expected to prevail during the amortization

period; whereas, a producer purchaser's ability to pay for the land he is buying will diminish if prices received for his produce fall during the amortization period.

- d. In consequence of the above facts it must be concluded that the price paid for land cannot be as great as its present market price (based on productivity computed in terms of current prices) without burdening the ultimate purchaser with an inflated debt to be retired from deflated annual income.

4. Additional Considerations: Assuming the annual cash return from land to be the best index of its economic value and a capitalization thereof a true indicator of investment value, what is to be said as regards evaluating component elements of a capitalization formula?

- a. Secular and institutional effect on current land values: The frequency of land transfers has been low -- the general pattern being that lands acquired through inheritance are held to be passed on to the next generation. Very little of the land which would become subject to purchase under the reform represents investments accomplished with inflated pesos in this post-war period. To the contrary, the economic cash value of land if computed on a capitalization of earnings basis has increased, through the years, with increasing world prices of farm products. Migration of individual tenant farmers as between farms has also been slight. As a class, the tenant group has been relatively static -- mobility being limited to the gradual flow of an increasingly surplus rural population to the cities and undeveloped rural areas. Thus, gradually rising farm prices have served to increase, for this static landlord group, not only its annual cash income but also the capital value of its inherited property as well. Whereas, the equally immobile tenant operators of these same lands (many of whose ancestors cleared the land in the first place), have experienced only the increase in annual money income. Often this purely economic process was complemented by the institutional process through which the value of tenant operated land was increased by improvements accomplished with enforced tenant labor -- and commonly lead to increased rentals.

- b. The share of land: Are western attitudes respecting customary farm land rentals valid for an agricultural economy in which the tillable area of the average farm approximates three (3) hectares? Surely there is a reason to expect the aggregate share to labor (as compared to the aggregate share to land) on these tiny and intensively cultivated farms to be greater than would be true for extensive farm operations in the Middle West. In short, is one justified in assuming one-third ($1/3$) or two fifths ($2/5$) of the crop as fair farm rental for a three-hectare "hand-worked" farm simply because such sharing might be customary for extensive operations in Kansas?

The Philippine Government, in the Rice Share Tenancy Law, has established the principle that the contribution made by land in the process of agricultural production is equal to 30 per cent of gross product less harvest costs. However questionable this position may be in theory, it is herein accepted as a maximum.

- c. Land productivity base: In selecting the year (or average of a span of years) for use as a basis in determining productivity per unit of land area, care should be exercised for the requirements of practicability in administration as well as for the choice of a year reflective of "normal" productivity. It would seem that this selection might best be accomplished by officials directly concerned with production conditions in the postwar period. It is to be hoped, however, that production experience for some one year proves practicable in making this choice -- with provision, of course, for necessary correction to computations affecting other than normal situations within regions.
- d. Commodity price base: Attention is invited to secular considerations presented in paragraph 3 above. Of all the elements in the capitalization formula, the question of selecting a commodity price level is by far the most controversial. Productivities, rental patterns, and rates of interest are all capable of empirical analysis and, depending as they do on natural conditions, technological processes, institutions and attitudes, are apt to be rather resistant to change. But the question of estimating a future price is quite another matter: while inclined to rise gradually over long periods, prices are subject to violent fluctuation in the process. A "reasonable" price position for computing the

"fair" productive value of land will require a close estimate of the average annual price of farm commodities which will prevail during the amortization period. Although it seems clear that such a position will be somewhat below the current inflated level though, because of secular trend, above the 1937 level, final choice in the selection of the level to be employed in the pricing of land must, of course, be made by Philippine Government officials responsible for drafting land tenure reform law.

- e. Rate of interest: It is possible that returns on capital invested in agriculture, exclusive of loans and truck practices, have been low as compared to what they might have been had management been more efficient. It is evident that owners have been endowed with wealth in such measure as to obviate the need for frugality -- an acceptable degree of comfort was possible without the strain and effort imposed by efficiency. But would such low earnings per unit of area justify capitalization at a low rate of interest? Earnings could have been higher had management been more efficient, particularly in an undeveloped country. Alternative opportunities for legitimate investment in industry both at home and abroad (the peso exchanged freely with the dollar before the war) would have undoubtedly netted this rentier class an interest on invested capital of between about 4-1/2 and 9 per cent.^{a/} Is it just that owners be paid a price derived from the poor returns which resulted from indolence? Should tenants bear the burden? Capitalism assumes that wealth will seek out and attach itself to the most rewarding enterprise. Its very efficiency depends on smooth and ready nature of the process. Certainly, the Philippine commonwealth has been given the right to link the indolence of the

a/ The Central Bank of the Philippines reports that (1) interest rates in the Philippines have varied but little; (2) records do not differentiate between types of loans (short- and long-term paper), all loans being accounted for as "commercial loans"; (3) the 4-1/2 to 9% variation given above represents the rates of the higher frequency -- the mode falling at between 6 and 6-1/2%; loans through non-banking agencies command interest rates at least 5 to 6 times above bank loans dealt with here -- and commonly range to 200%. Current government bonds bear 4% interest.

landed aristocracy to the sluggishness which has characterized industrial investment. It appears, in summary, that in capitalizing annual cash returns from land as a means to determining its value as a productive investment, one is justified only in using that rate of interest which money invested in land would otherwise have earned had it been invested in the most profitable possible manner -- a rate of at least 6 per cent. (See pp. B10 and B11)

5. Conclusion Respecting Formula: In light of the above, and in deference to objectives set forth in paragraph 1 above, it would appear that the formula set forth below affords the best method of computing price of lands purchased and sold under the reform:

$$\text{Cash value of land} = \frac{0.30 \left(\begin{array}{l} \text{Annual} \\ \text{physical gross} \\ \text{product} \end{array} \times \begin{array}{l} \text{Selected} \\ \text{price} \end{array} \right) - \text{Harvest cost}}{0.06}$$

6. It is not contemplated that a price would be computed for each individual parcel of land bought and sold. Rather, a national average price should be computed (in accord with the formula set forth in paragraph 5 above) and written into the law (for use throughout the transfer stage of the reform only -- thereafter on a formula basis applicable to individual land parcels). This national average would then be broken down through the region, province, municipality, and barrio -- as in the case of retention rates discussed elsewhere in this paper. Provision should also be made in the law for:

- a. Discretion on the part of the local commission, to alter the "legal standard" (up or down) by about 10%, in fixing price for individual parcels.
- b. Special and supplementing arrangements for pricing existing buildings, improvements, livestock, standing trees, etc. necessary to the operation of the land.

A P P E N D I X "I"

TENURE REFORM ADMINISTRATION COST ESTIMATES

APPENDIX "I"

ESTIMATE OF COSTS FOR ADMINISTERING THE LAND TENURE REFORM PROGRAM ENVISAGED BY THIS REPORT

CAUTION: Cost estimates set forth below are not to be considered as other than the best approximation of probable costs involved. The figures do not support an agreed upon program nor have Philippine attitude respecting organizational structure and salary scales been considered yet. Rather, figures are presented solely for the purpose of giving the reader some idea as to the magnitude of administrative costs involved. Figures do not take into consideration costs involved for a staff to establish policy and draft legislation during the period intervening between initial action by the President as recommended in this paper, and 1 July 1952. It is entirely possible that actual expenses for information and education will exceed the estimate given below by two or even three times.

GENERAL PLAN: Costs envisage a program to transfer farm lands to actual cultivators and the establishment and maintenance of fair tenancy practices within two years following enactment of enabling legislation. Thinking has been based on the fact that responsibility for the bulk of work in connection with the reform must be placed on Local Land Commissions officially elected by and from among the various categories of farmers in the individual areas (barrios). In this connection, based on data in the 1939 Census listing a total of 16,939 barrios ranging from 10 to 1000 houses each, and a total of 1178 municipalities averaging 252 sq.km. in area, it is estimated that some 4000 Local Land Commissions would be needed for this job. Two administrative lines will feed down from central to local government levels: (1) a government "civil service" line originating in the central authority, Manila, and extending out (and decentralizing) through five regional offices to provincial offices and on to clerks in the Local Land Commission offices; and (2) a Land Commission system existing at three echelons, central, provincial, and local. The government line will enforce the law, and handle the flow of administrative paper, money, (salaries and collections) etc. The Land Commission system would decide questions established as their responsibility by law, (retention quotas, lands subject to purchase by the government, eligibility and priority among buyers, land prices, etc.) and serve as a system of appeals for cases in dispute. The Local Land Commission will also pass on the legality of farm leases and act as an arbitration body between landlord and tenant on that portion to continue under tenant operation. (Not, however, to displace the function of duly constituted courts in cases where litigation was demanded.) In actually administering the land transfer phase of the program responsibility for preparing and distributing educational information would center in the Central Government office; that for investigation and litigation in the

Estimate of Costs ...

Regional office; that of registering titles with the Provincial offices. This estimate derives from the thought that lands will be purchased with Government bonds payable in a number of equal increments equal to the number of years allowed tenants to amortize their purchase contracts. Interest paid by tenant purchasers would equal interest on the bonds. In short, costs of carrying but the reform would be limited to actual costs of administration as itemized. It is suggested that (1) the MSA contribution to the project be in the form of technical assistance in planning and administering the program; i.e., \$15,000.00 per year and (2) the entire cost of administering the land transfer phase of the program be financed from counterpart funds; i.e., ₱23,000,000.00 per year. Although the actual reform should be accomplished in two years, provision is made for continuing administration of regulatory land legislation as a permanent feature in public administration in the Philippines. It is suggested that this cost--approximately ₱4,000,000.00--be payable from counterpart funds for FY 1955-1956. In this connection it is to be emphasized that a permanent local structure furnishing farmers the legal means through which fair tenancy conditions may be insured is considered vital.

ESTIMATE OF LAND TENURE REFORM ADMINISTRATION COSTS

NOTE: (1) Land Commissions at all echelons to work free of charge but permitted reimbursement for expenses incurred for meals and travel on working days. (2) The term "Section Chief" used below implies a rank equivalent to this title.

A. PROPOSED ANNUAL BUDGET FOR ADMINISTRATIVE COSTS OF LAND TRANSFER PHASE OF PROGRAM DURING FY 1953-1954 and FY 1954-1955

1. Central Government Level

A.) Governmental

1 - Administrator at ₱7,200	7,200
3 - Assistant Administrator at ₱6,000	18,000
6 - Section Chiefs at ₱3,600	21,600
20 - Clerks at ₱1,800	<u>36,000</u>
Travel and Per Diem 10 at ₱2,000	20,000
Housekeeping (including Information)	<u>200,000</u>

TOTAL 302,800

Estimate of Costs

B.) Central Land Commission	
Travel 10 men at ₱500 each	₱ 5,000
Expenses 240 days at ₱8 per day	<u>1,920</u>
Total	6,920
Combined Total (National) ₱ 309,720	

II. District (Governmental Office)	
1 - District Supervisor at ₱6,600	6,600
6 - Section Chiefs at ₱3,600	21,600
12 - Clerks at ₱1,800	21,600
5 - Investigation and Prosecution at ₱5,000	25,000
9 - Travel and Per Diem, 9 men at ₱1,500	<u>13,500</u>
Total	₱ 88,300
Total 5 Districts	₱ 441,500

III. Provincial Level

A.) Governmental	
1 - Administrator at ₱6,000	₱ 6,000
4 - Section Chiefs at ₱3,600	14,400
8 - Clerks at ₱1,800	14,400
4 - Registration Clerks at ₱3,600	14,400
Housekeeping at ₱4,000	4,000
Travel and Per diem 5 men at ₱2,000	<u>10,000</u>
Total	₱ 63,200
Total 51 Provinces	₱3,223,200

B.) Provincial Commission	
Per diem 240 days at ₱8	1,920
Travel 10 men at ₱150	<u>1,500</u>
Total	₱ 3,420
Total 51 Provinces	₱174,420
GRAND TOTAL 51 Provinces	
	₱ 3,397,620

IV. Local Level

2 - Clerks at ₱1,800	3,600
Expenses Allowances, 10 men at ₱60	600
Housekeeping	<u>300</u>
Total	₱4,500
TOTAL 4000 Commissions ₱18,000,000	

Recapitulation of all costs for each FY years 1953-1954 and 1954-1955:

1. Central Government Administration	₱302,800	
2. Central Land Commission	<u>6,900</u>	₱309,720
3. 5 Government District Offices	₱441,500	₱441,500
4. 51 Government Provincial Offices		
5. 51 Provincial Land Commission	174,420	₱3,397,620
6. 4000 Local Land Commission	<u>18,000,000</u>	₱18,000,000

GRAND TOTAL ₱22,148,840

B. PROPOSED BUDGET FOR ADMINISTRATIVE COSTS, 1955 TO 1956 AND CONTINUING

I. Central Government Level

A.) Governmental

1 - Director at ₱7,200	₱ 7,200
2 - Section Chiefs at ₱3,600	7,200
2 - Investigators (Lawyers) at ₱5,000	10,000
4 - Clerks at ₱1,800	7,200
Travel and Per Diem, 5 at ₱2,000	10,000
Housekeeping	20,000
Annual Total	<u>₱61,600</u>

B.) Central Land Commission

Travel, 5 men at ₱200	₱ 1,000
Expenses, 60 days at ₱8	480
Total	<u>₱ 1,480</u>

II. Provincial Level

A.) Governmental

1 - Director at ₱6,000	₱ 6,000
2 - Section Chiefs at ₱3,600	7,200
2 - Clerks at ₱1,800	3,600
Travel and Per Diem, 3 at ₱2,000	6,000
Housekeeping at ₱1,000	1,000
Total each Province	₱23,800
Total 51 Provinces	<u>₱1,213,800</u>

B.) Provincial Commission

Per Diem, 60 at ₱8	₱ 480
Travel, 5 at ₱75	375
Total per Provincial Commission	₱ 855
Total 51 Provincial Commissions	<u>₱43,605</u>

GRAND TOTAL 51 PROVINCES

₱1,257,405

III. Local Level

1 - Clerk, 1/4 year, at ₱1,800	₱ 450
Expenses, 5 men at ₱20	100
Housekeeping	100
Total per Local Commission	₱ 650

GRAND TOTAL 4,000 COMMISSIONS

₱2,600,000

Estimate of Costs ...

RECAPITULATION OF ALL COSTS 1955 -1956 AND CONTINUING YEARS

I. Central Government	₱ 61,600
II. Central Land Commission	1,480
III. Provincial Government	1,213,800
IV. Provincial Land Commissions	43,605
V. Local Land Commissions	<u>2,600,000</u>
T O T A L	<u>₱3,920,485</u>

RECAPITULATION OF ALL COSTS BY YEAR

1953-1954	₱23,000,000 (from counterpart)
1954-1955	₱23,000,000 (from counterpart)
1955-1956	₱ 4,000,000 (from counterpart)

A P P E N D I X . "J"

METHOD USED IN MAKING PARTIAL ESTIMATE OF SCOPE OF REFORM

A P P E N D I X "J"

METHOD USED IN MAKING PARTIAL ESTIMATE OF SCOPE OF REFORM

As pointed out in paragraph 27, Conclusions, the nature of, or the lack of, adequate statistical data makes sound estimates on the probable scope of a reform of the type envisaged by this paper extremely difficult. The problem will not be remedied until the problem has been given more study in collaboration with Filipino technicians. In order, however, that the reader may know the method of deduction given on page 16, attention is invited to the following:

1. Estimates respecting absentee owned land came from table shown on Appendix "A", page A17, and refer only to those owners who are obviously absentee. Figures include only absentee owned lands of owners whose holdings exceed 24 hectares. It seems reasonable to assume, however, that owners of less than 24 hectares are quite apt (because of their limited holdings) to be either resident non-cultivating landlords or owner cultivators as defined in the body of this paper.

2. No estimate is given for resident non-cultivating landlords because of the ambiguity of available data in relation both to definitions established for this paper (see pages A 17 and A 9), and the question of whether tenant-operated land is owned by resident non-cultivators or by owner-operators.

3. Estimates on land owned by owner-cultivator were made as follows:

a. By using figures presented on page A9 (interpolating for the range 5 and 9.99 hectares), the number of farms over 8 hectares by tenure of operator is as follows:

Owners	83,293
Part Owners	14,132
Tenants (Total)	16,264
Share	14,740
Share-cash	597
Cash	927
Farm Managers	<u>1,302</u>
TOTAL	<u><u>115,991</u></u>

b. Therefore, owners constitute 72 per cent of all farmers operating farms in excess of 8 hectares.

c. By using figures presented on page A8 (interpolating for the range 5 to 9.99 hectares) the amount of farm land in farms over

8 hectares is 2,707,051 hectares.

	<u>Hectares</u>
Area in farms 5 - 9.99 hectares	476,612
Area in farms 10 - 19.99 hectares	804,633
Area in farms over 20 hectares	<u>1,425,806</u>
TOTAL AREA	<u>2,707,051</u>

d. Therefore, 72 per cent (percentage of farms operated by owners) of 2,707,051 hectares (total area) is 1,949,077 hectares equalling estimated total lands in farms operated by owners of more than 8 hectares.

e. However, if each of the 83,293 owner-operated farms retain 8 hectares the total retention would amount to 666,344 hectares.

f. So, 1,949,077 hectares less the 666,344 hectares retainable plus 255,484 hectares owned by absentee owners (see page 18), leaves 1,538,217 hectares available for purchase.

4. No estimate is given for land subject to purchase from part owners since data are not available respecting the amounts of such operated land that is owned -- as compared to that which is rented.

5. No estimate is given for other owners (corporations, schools, etc.) since retention rates for this group must of necessity be fixed for each individual operator -- in accord with criteria established on page 31.

6. In making an estimate of the number of tenants established as owners, the total area available (1,538,217 hectares) was divided by the farm land area of the average share tenant operator (3.86 hectares) resulting in 398,295 tenant families.

7. Existing number of tenants is 573,716. The number estimated as thus established in above calculations is 398,295 or about 69 per cent.

8. Total farm land area currently operated by tenants is 1,681,166 hectares. Amount partially estimated as subject to purchase is 1,538,217 hectares or about 91 per cent.

A P P E N D I X "K"

A DISCUSSION OF APPARENT CONFLICTS BETWEEN CERTAIN LEGAL AND ECONOMIC CONSIDERATIONS INVOLVED IN THE FORMULATION OF A PROGRAM FOR PHILIPPINE LAND TENURE REFORM TOGETHER WITH A STATEMENT ON HOW THE SITUATION WOULD BE AFFECTED BY THE CHOICE OF THE METHOD FOR ACCOMPLISHING PURCHASE AND SALE OF LAND.

A DISCUSSION OF APPARENT CONFLICTS BETWEEN CERTAIN LEGAL AND ECONOMIC CONSIDERATIONS INVOLVED IN THE FORMULATION OF A PROGRAM FOR PHILIPPINE LAND TENURE REFORM TOGETHER WITH A STATEMENT ON HOW THE SITUATION WOULD BE AFFECTED BY THE CHOICE OF THE METHOD FOR ACCOMPLISHING PURCHASE AND SALE OF LAND.

PART I

PREFATORY STATEMENT

1. The pernicious land tenure system upon which this essentially agrarian economy rests serves as an intolerable drag on industrial development and constitutes a threat to the very existence of the state. Among persons aware of the situation there are but few who would deny this fact; all desire a remedy; -- most would agree on the ultimate need for creating a rural economy based, in the main, on owner-operated, family-sized farms; and, most recognize the need to complete the job just as quickly as possible.

"But how," they argue, "is this to be accomplished? There simply isn't money enough to do it. And, if we were to create enough money for the job, we should end in disastrous inflation."

In the body of this report (par. 31, pg. 22) it has been shown that land tenure reform can be carried out -- in fact must be carried out -- in a manner which would involve no expense to the state beyond costs of administration. There, it is argued (though perhaps in too brief a manner), that overall considerations dictate delayed payment -- whether such payment be accomplished by bonds payable in equal annual increments or in kind as a percentage of the annual produce, over a number of years. It is also argued in Appendix "H" that the price paid for land -- if such a price is to be fair and equitable to all concerned -- will be somewhat below current market values though probably higher than those prevailing in the pre-war period.

This position (delayed payment and a land price below market value) is often contested on the ground that a program so based would be unconstitutional; that it would be detrimental to the interests of present landowners. It is claimed that respect for the principle of "just compensation" dictates the need for immediate cash payment of full market value.

To accept this counter position would be to abandon hope for an effective remedy of the land tenure problem -- certainly within the period dictated by political necessity. The argument is tanta-

mount to claiming the legal impossibility of coping with basic economic considerations involved in land tenure reform. Inasmuch as such a program is vital to the nation's development -- indeed, even to its survival -- this position is clearly untenable.

What follows is presented in the hope of resolving the apparent dilemma and illustrating that those who are genuinely interested in carrying out sound land tenure reform are apt to find in the Constitution of the Philippines not a hindrance, but a strong support for their efforts -- even, a mandate.

It is well appreciated that final answers to certain legal questions herein discussed are answerable only by the Supreme Court. This paper attempts to highlight certain salient arguments bearing on the problem which the Court, called upon for such a decision, would doubtless take into consideration. It also attempts an overall estimate of the situation. An estimate is, of course, only an estimate, but that conclusions reached herein represent a fair approach of the situation has been attested to informally and unofficially by competent legal opinion in the Philippines.

PART II

ECONOMIC CONSIDERATIONS

2. Basic economic considerations which indicate the fiscal character of a program to accomplish reform in the ownership of agricultural land are as follows: a/

a. Land Area Involved: A reduction in the frequency of tenancy to approximately 10 per cent (further reduction would be impractical) will involve the transfer of about 1,500,000 hectares of farm land.

a/ For purposes of analysis, discussion is herein limited to considerations respecting the purchase of land only -- additional costs would of course be involved in the purchase of chattels and improvements relating to the land and necessary to its operation. In addition, it is to be borne in mind that costs of administration, it is estimated, will approximate P23,000,000 per year during the transfer phase of the program and P4,000,000 for each year thereafter. Attention is invited to Appendix "J" for assumptions on lands available for purchase.

b. Secular Considerations:

1) The vast majority of tenant and landless farmers are without cash reserves with which to pay for land. Payment must necessarily be accomplished out of future production. It is estimated that amortization of purchasers' payments will require approximately 25 years.

2) The degree of postwar inflation as evidenced by the buyers' annual average prices for palay in Cabanatuan, Nueva Ecija (a prominent rice center in Central Luzon), is as follows:

Year	: Annual Ave- : rage (₱) Price:	Year	: Annual Ave- : rage (₱) Price
1925	4.11	1937	2.49
1926	4.20	1938	3.00
1927	3.32	1939	2.93
1928	3.42	1940	2.65
1929	3.81	1941	2.71
1930	2.67	1945	19.90
1931	1.91	1946	19.86
1932	1.80	1947	13.25
1933	2.08	1948	13.64
1934	1.70	1949	13.05
1935	2.39	1950	10.03
1936	2.98	1951	12.10

Source: Philippine Bureau of Commerce, Markets Division.

3) As evidenced by recent fluctuations in the buyers' price of palay, indications are that farm commodity prices will fall below current levels during the amortization period, though, because of the gradual upward trend in prices through time, probably not so low as those prevalent in the pre-war period. Therefore, a land purchase price based on productive value computed in terms of current prices of farm products is very apt to be substantially higher than the future market value of the land based on productive value computed in terms of average farm commodity prices expected to prevail during the amortization period. Whereas, a producer purchaser's ability to pay for the land he is buying will diminish if prices received for his produce fall during the amortization period.

c. Estimate of the Price to be Paid for Land: Little data is available, through either official or private sources, respecting land prices in the Philippines.

1) Application of a formula for productive value based on 1937 prices (30 per cent of average gross product -- 27.4 cavans per hectare -- less one-seventh for harvest cost, capitalized at 6 per cent) would value average cultivated rice land at about ₱275.00 per hectare. With reference to paragraph 2c above such a price should certainly be considered as the absolute minimum and the price standard adopted for the reform should in all probability, because of upward secular trends in commodity prices since 1937, be set somewhere above this figure.

2) Census data for 1948 (based on operating farmers' estimates as to the value of farm land operated (approximately 75 per cent cultivable, 25 per cent absorbed by pasture, wood lots, etc.) indicate an average hectare of farm land to be worth ₱438.00. This figure, because of the effects of tax considerations on estimates, is probably subject to downward bias. On the other hand the figure is subject to substantial reduction by virtue of the fall in farm commodity prices since 1948.

3) Information collected during a survey of thirteen villages by the Mutual Security Agency and Philippine Council for United States Aid (1952), indicates that --

- a) Tenants judge lowland farm land values as ranging from ₱200.00 to ₱3,139.00 per hectare and upland farm land values between ₱200.00 and ₱1,944.00. Average per hectare values of lowlands and uplands are respectively ₱1,404.00 and ₱762.00. The validity of these figures is adjudged as extremely doubtful.
- b) Tax assessors evaluate average farm land at from ₱174.00 per hectare to ₱1,036.00, with the average appearing to approximate ₱453.00. (Assessors' values are reported by agents of the Department of Finance to approximate some 80 per cent of current market values.)
- 4) A prominent Manila realtor reports no knowledge of a source of reliable historical data respecting farm land prices.
- 5) Opinions from private sources, probably more representative of owner interest, would fix average farm land values at from ₱1,000.00 to ₱1,500.00 per hectare and higher.

d. Estimated Magnitude of Land Purchases: Assuming average prices shown, the cost of purchasing 1,500,000 hectares of farm land

would be as follows:

Estimated Price per Average Hectare (Pesos)	:	Purchase Cost (Pesos)
500	:	750,000,000
1,000	:	1,500,000,000
1,500	:	2,250,000,000

e. Total Purchase Price of Land As Compared to the National Income and the Budget: Assuming a constant tax policy and a constant land purchase rate during the purchase period, the annual increase in the quantity of money in circulation which would result from immediate cash payment by the government for land purchased as compared to the Gross National Product and the National Budget, is as follows: (Note: The Gross National Product at market prices in 1950 amounted to ₱5,130 million — about 4-1/2 times that of 1938.^{a/} It is herein estimated that the National Budget for 1952 will approximate ₱650,000,000.)

Assumed price: per average hectare of farm land purchased (Pesos)	:	Cost of Purchasing hectares of farm land (Pesos)	:	Increase in the quantity of money as a percentage of the			
				1952 Budget, if	Gross Nat'l Product	at market price, if	purchase program is
	:		:	is accomplished	in	purchase program is	accomplished in
	:		:	2 Years	10 Years	2 Years	10 Years
	:		:	(%)	(%)	(%)	(%)
500	:	750,000,000	:	57.6	11.5	7.3	1.4
1,000	:	1,500,000,000	:	115.3	23.0	14.6	2.9
1,500	:	2,250,000,000	:	173.0	34.6	21.9	4.3

Note: Of course by the end of the second year the full effect of the purchase program on the economy would be lessened somewhat by the fact that collections will have begun to come in from early purchasers, but it should be borne in mind that immediate payment and delayed collections must always mean a decided balance in favor of inflation.

^{a/} "Second Annual Report," 1950, Central Bank of the Philippines, p.9.

3. Conclusions: Facts presented in paragraph 2a-e respecting certain economic considerations demanding respect in the formulation of a land transfer program, force the following conclusions:

a. The price paid for land cannot be as great as its present market price (based on productivity computed in terms of current prices) without burdening the ultimate purchaser with an inflated debt to be retired from deflated annual income.

b. Tax policies constant, any program which provides for immediate payment in cash for lands purchased by the government and allows tenant purchasers a twenty-five-year period of amortization, whatever be the period of its duration, will by nature be inflationary; but a program carried out within a reasonable period (say 2, 5 years, or even 10 years), in an economy already inflated and suffering for want of production, would in all probability be so inflationary as to cause the economy to become unmanageable and gravitate in a manner highly disadvantageous to rentier interests. To avoid the inflationary effect of an increase in the quantity of money as a result of the reform, money must either be kept neutral through arrangements to pay for the land in kind (or cash equivalent thereto) from future production, or retired from circulation (collected from tenant purchasers) at a rate equal to that at which the government delivers cash payment to former owners. Conversely, the rate at which former owners can be paid by the government for lands purchased must be determined by the rate at which tenant purchasers are able to liquidate their indebtedness for lands purchased from the government. By and large, tenant purchasers are without cash reserves and must pay out of proceeds from future production over a period of years; i.e., former owners must be paid over a similar period if inflation is to be avoided. (The relative advantages of the different possibilities for effecting payment will be discussed in Part V below.)

In this last regard it is to be borne in mind that runaway inflation -- particularly in a deficit and agrarian economy -- inevitably gives the advantage to the prime producer, acts to wipe out farm debt and gravitates against the fixed income group. This argument will be quite as bromidic to Americans acquainted with 19th century United States history as it would have been to German farmers of the post-World War I period or Japanese farmers after World War II. It thus almost goes without saying, that if land transfers were to be carried out in a manner most advantageous to tenant purchasers, it probably could be done in no easier manner than through immediate payment of present owners with new money. Assuming no changes in tax policy, the debt structure thus created would remain constant while the increased quantity of money would enter the chase for consumers' good already in short supply. Prices for farm products would likely soar and producers could retire their fixed landed indebtedness from what might well be considered windfall pro-

fits. Obviously such a situation must be avoided -- and can be avoided through procedures suggested above.

PART III

LEGAL CONSIDERATIONS

4. Legal considerations bearing on the fiscal character of a program to accomplish reform in the ownership of agricultural land are as follows: a/

a. Constitutional Provisions: These lend themselves to being classified into four categories: first, those intended to serve the ordinary situation; second, those in recognition of the need to provide for the extraordinary situation; third, those in recognition of the fact that the Philippines is a developing country, though a country in which exploitation has already created certain institutional patterns which may require modification; and, lastly, those providing for relatively easy amendment of the Constitution itself in case such action should become necessary.

1) The pertinent provisions relating to ordinary circumstances are;

- a) Article III, Section 1(1): "No person shall be deprived of ... property without due process of law, not shall any person be denied the equal protection of the laws."
- b) Article III, Section 1(2): "Private property shall not be taken for public use without just compensation."
- c) Article III, Section 1(3): "The right of people to be secure in their persons, houses, papers and effects against unreasonable ... seizures shall not be violated ..."

2) The pertinent provisions relating to extraordinary circumstances are:

- a) Article II, Section 1: "The defense of the State is a prime duty of government, and in the fulfillment of this duty all citizens may be required by law to render personal military or civil service."

a/ Underlining mine.

b) Article VI, Section 26: "In times of war or other national emergency, the Congress may authorize the President, for a limited period and subject to such restrictions as it may prescribe, to promulgate rules and regulations to carry out a declared national policy."

3) The provisions relating to the modification of certain institutions are:

a) Article II, Section 5: "The promotion of social justice to insure the well being and economic security of all the people should be the concern of the State."

b) Article XIII, Section 3: "The Congress may determine by law the size of private agricultural land which individuals, corporations, or associations may acquire and hold, subject to rights existing prior to the enactment of such law."

c) Article XIII, Section 4: "The Congress may authorize, upon payment of just compensation, the expropriation of lands to be subdivided into small lots and conveyed at cost to individuals."

d) Article XIV, Section 6: "The State shall afford protection to labor, especially to working women and minors, and shall regulate the relations between landowner and tenant and between labor and capital in industry and in agriculture. The State may provide for compulsory arbitration."

4) The provision on amendment of the Constitution reads as follows: Article XV, Section 1: "The Congress in joint session assembled, by vote of three-fourths of all the members of the Senate and of the House of Representatives voting separately, may propose amendments to this Constitution or call a convention for that purpose. Such amendments shall be valid as part of this Constitution when approved by a majority of the votes cast at an election at which the amendments are submitted to the people for their ratification."

5. Opinions and interpretations respecting certain phases employed in the above constitutional provisions follow:

a. "Due process of law": As defined by Daniel Webster in the case of Dartmouth College vs. Woodward before, and as quoted and adopted by the United States Supreme Court:

"'Due process of law' is process or proceedings according to the law of the land, 'due process of law' is not that the law shall be according to the wishes of all the inhabitants of the State, but simply --

"First. That there shall be a law prescribed in harmony with the general powers of the legislative department of the Government;

"Second. That this law shall be reasonable in its operation;

"Third. That it shall be enforced according to the regular methods of procedure prescribed; and

"Fourth. That it shall be applicable alike to all the citizens of the state or to all of a class."

- b. "Public use": 1) The Philippine Supreme Court, in the case of Sena vs. Manila Railroad Company, stated: "A historical research discloses the meaning of the term 'public use' to be one of constant growth. As society advances its demands upon the individual increase Railroads are a public use Whatever is beneficially employed by the community is a public use."

2) Extract from the Constitution of the Philippines, Annotated, Tañada and Fernando, p. 143: "... In a welfare or service state social and economic rights have to be implemented through governmental action. One mode ... is by the exercise of eminent domain ... [It] is likely ... that the object the community may have in mind is for the purpose of promoting the welfare of its underprivileged members, the condemnation of private property to such end in view may be classified as being for public use. There is a recognition of this principle in Article XIII, Section 4 of the Constitution" (See par. 4a.3)c) above.)

- c. "Just compensation": 1) Tañada and Fernando, p. 156: "The word 'just' conveys the idea that the equivalent to be returned for the property taken should be real, substantial, full, ample. 'Just compensation' means fair and full equivalent of the loss sustained.... The market value of the land taken is just compensation To the market value must be added the consequential damages, if any, minus the consequential benefits."

2) The assessed value of real property constitutes prima evidence of its real value in case of condemnation proceedings. (Commonwealth Act No. 530)

3) "... The valuation of the property taken should be made as of the time of the filing of the condemnation proceedings." (58 Phil. 308)

4) Implying that payment may not necessarily be immediate the Supreme Court has held that "interest on the amount of the award should be given to the owner of the property from the time when possession is taken of the property; but deposit of said amount stops the running of the interest." (Phil. Rwy. Co. vs. Solen, 13 Phil. 34)

5) "Just compensation is the fair value of the property when taken, with interest at the legal rate of the state from that time." (U.S. vs. Benedict, C.C.A. N.Y., 280 F. 76, 80)

6) "Just compensation ... means fair and reasonable value at the time possession of the property is actually taken. Though, under provisions of the law, payment may be deferred ... for a reasonable time after possession is taken, legal interest must in that case be provided for in the order from that time until payment is made." (Appleton Water Works Co. vs. Railroad Commission of Wisconsin, 142 N.W. 476, 478, 154 Wis. 121, 47 L.R.A., N.S., 770, Ann. Cas. 1915 B, 1160.)

7) "'Just compensation' means the fair market value of the thing taken." (Champlain Stone and Sand Co. vs. State, 123 N.Y.5, 546, 553, 66 Misc. 434)

8) "'Just compensation,' in the Constitution, prohibiting the taking of property for public use without just compensation, means a fair equivalent in money, a quid pro quo. It is recompense in value for the property taken." (Bloodgood vs. Mohawk & H.R.R.Co., N.Y., 18 Wend. 9, 34, 31 Am. Dec. 313.)

9) "The 'just compensation' to which one is entitled under the law of eminent domain means compensation for real damages." (Spohr vs. City of Chicago, 69 N.E. 515, 518, 206 Ill, 441, citing Chicago & A.R. Co. vs. City of Pontiac, 48 N.E. 485, 490, 169 Ill. 155, 173; Chicago, B. & Q. R. Co. vs. City of Chicago, 37 N.E. 78, 149 Ill. 457.)

d. "Unreasonable seizures": Tañada and Fernando, p. 161: "In line with this constitutional provision, cases decided by the Supreme Court of the Philippines after the Constitution came into effect and before liberation, construed ... [this] constitutional guarantee liberally in favor of the individual ... and strictly against the state" (64 Phil. 669; 37 O.G. 2416; 40 O.G., 7th Sup., 263) It is to be noted that these Supreme Court cases before liberation ... all dealt with the enforcement of the Anti-Usury Law and the seizures of the books and other documents were questioned

by alleged usurers ... After the liberation, however, and in connection with the seizures of papers and effects against treason indictees made by C.I.C. agents, the Supreme Court seems to have adopted a less sympathetic attitude towards the claims of the alleged victims"

e. "National emergency": Tañada and Fernando, p. 643: "It is not the purpose ... of any grant of emergency powers to subvert but precisely to preserve the existing constitutional system. Such being its purpose, any grant of power must be justified by the precise terms of the constitutional provision in question ... It is a fact that admits of no denial that there are three well defined threats to its existence which can justify a governmental resort to far-reaching authority not allowable perhaps during normal times. The first of these is war The second is rebellion, where the authority of a constitutional government is resisted openly by large numbers of its citizens who are engaged in violent insurrection against the enforcement of its laws ... The third crisis is economic depression with the direct threat to a nation's continued and constitutional existence that it implies and with a gravity at times amounting to a war or to a rebellion. Rossiter, Constitutional Dictatorship, p. 5, 6."

f. "Social Justice": 1) As defined by the Supreme Court in the case of Calalang vs. Williams (40 O.G., 9th Sup. 239): "Social Justice is neither 'communism, nor atomism, nor anarchy,' but the humanization of laws and the equalization of social and economic forces by the State so that justice in its rational and objectively secular conception may at least be approximated. Social justice means the promotion of the welfare of all the people, the adoption by the Government of measures calculated to insure economic stability of all the component elements of society, through the maintenance of a proper economic and social equilibrium in the interrelations of the members of the community, constitutionally, through the adoption of measures legally justifiable, or extraconstitutionally, through the exercise of powers underlying the existence of all governments on the time-honored principle of salus populi est suprema lex."

2) And Tañada and Fernando, p. 41, goes on to say: "As the declaration of principle, according to the above opinion asserts, the well being and economic security of all the people is the end and justice the means. It is a well-recognized fact, however, that for the well being and economic security of the higher-income groups, social justice is not necessary. They are so situated that through their own efforts and without governmental help their well being and economic security are assured. The beneficiary of a social justice policy should rightly be, therefore, the

big tenant and labor groups, who if they were to rely on their exertions alone without governmental aid, would not likely be able to attain the well being and security guaranteed all the people. This declaration of principle, therefore, along with Section 6 of Article XIV providing for protection to labor, constitutes a mandate to the Government to carry out a sound labor policy under which the welfare of the Filipino masses would be promoted without undue harshness and oppression on management and landlords."

"In the above sense, social justice may be defined in the words ascribed to Professor Thomas Reed Powell of Harvard that 'he who is less favored in life is more favored in law!'"

3) And again, in this general regard, Tafiada and Fernando, p. 822, in commenting on the implications of Article XIII, Sections 2, 3, and 4, having to do with the right of the government to control the area of public land grants, regulate the size of private agricultural land holdings, and expropriate private lands for subdivision and sale to individuals (see specific articles in par. 4-3a) to c) above), state as follows: "The above provision of the Constitution stresses the importance of social and economic rights. It removes any doubt that the expropriation of lands for the purpose of subdividing them into small lots and conveying them at cost to individuals who need them is in accordance with the concept of public use. This is an affirmation of the view that the government is not supposed to stand idly by and not do its share in ending economic conditions that cause social maladjustments. One of them is the existence of big landed estates which with its usual concomitance of absentee landlordism has been responsible for tenant unrest. Likewise this provision of the Constitution is a recognition that while tenancy legislation may be remedial in character, one way of extirpating the evil arising from the existence of tenancy in the Philippines is to enable tenants to own the lands they till. This provision has likewise been invoked with reference to the rights of those who were rendered homeless by the razing to the ground of a great many houses on the occasion of the liberation of the Philippines, and who thereafter erected their houses in unoccupied lots. Clearly there is here a violation of property rights. But the question that the court has not resolved as yet is whether the right to expropriate for housing in view of the emergency exists. It may be justified because of the constitutional mandate to promote social and economic rights."

6. Employment of Emergency Powers in the Philippines.

a. Historical: On 30 September 1939, within three years after the Constitution of the Philippines went into effect, the National Assembly enacted four Emergency Powers Acts -- Commonwealth Acts Nos. 496, 498, 499 and 500. These were superseded with the enactment of Commonwealth Act No. 600 on 19 August 1940 which was in turn amended on 6 June 1941. The last emergency powers act, Commonwealth Act 671, enacted on 16 December 1941, declared a state of total emergency. Its provisions represent legislative abdication. Upon liberation, Commonwealth Act 671 was relied upon by President Osmeña in issuing certain executive orders. And, although he, as soon as practicable, convened Congress in special session to consider general legislation, neither during his administration, nor that of President Roxas, nor to date that of President Quirino, was Commonwealth Act 671 repealed -- notwithstanding the extent and scope of its unparalleled delegation. As a matter of fact, President Roxas vetoed a bill on the subject, relying on Commonwealth Act 671 for authority. While this and subsequent actions taken under the authority have been contested before the Supreme Court, and while the Court has by unanimous opinion found certain of those actions lacking in validity, it has lacked the votes necessary to pronounce Commonwealth Act 671 as without force and effect with respect to certain matters over which Congress has not legislated. a/

b. Current: While, as has been shown above, the issue as to the degree of the emergency power held by the President is by no means clear, there can be no doubt but that in his mind and in the minds of many Congressmen, a portion, at least, of the authority contained in Commonwealth Act 671 still exists with full force and effect. In fact, a major issue during this 1952 session of the Legislature has been the demand by certain legislators that the President's emergency powers be cancelled -- a demand contested strongly by the President on the grounds that such powers are needed to deal with the situation still existing. At this writing, a bill to repeal the President's emergency powers has passed both Houses of the Legislature and awaits action by the President. How he will act on the measure is a question which while of general interest is hardly one upon which this discussion depends. The important points to be borne in mind are that (1) the use of emergency power has been by no means rare in the history of the Republic of the Philippines; (2) a "national emergency" as defined by Tañada and Fernando b/ exists and derives specifically from a problem that land tenure reform would go far toward curing; (3) the government has it in its power to "resort to far-reaching authority not allowable perhaps during normal times" c/ to "carry out a declared national policy" d/; (4) the President appears to recognize the existing situation as one requiring extraordinary treatment; and (5) the President, in fact, is now so acting.

a/ Extracted from Tañada and Fernando, pp. 645-656.

b/ See par. 5e).

c/ Ibid.

d/ See par. 4a2)b)

In addition to his expressed views regarding the need for emergency powers, further evidence of the President's evaluation of the existing situation is to be found in his having continued to suspend the privileges of the writ of habeas corpus. While this power is granted him in Article VII, Section 10(2) of the Constitution, for use "in case of invasion, insurrection, or rebellion, or imminent danger thereof, when the public safety requires it," the gravity of a situation requiring its use (as envisaged by the framers of the Constitution) is brought into sharp relief when it is recalled that Article III, Section 1, clause 14 of the Constitution states in part, "The privilege of the writ of habeas corpus shall not be suspended except in cases of invasion, insurrection, or rebellion when the public safety requires it"

7. Conclusions. With respect to the legality of government action, through the compulsory purchase and subsequent sale of privately owned farm land, to (a) limit the size of farm holdings, and (b) enable tenant and landless farmers to become owners of the land they do or will operate, facts presented in paragraphs 4 through 6 above would seem to warrant the following conclusions:

a. Such a program would not only be legal but has been specifically foreseen and provided for in the Constitution itself (Article XIII, Sections 3 and 4). Indeed, in face of common knowledge as to insecurity of tenant farmers and landless, and the prevailing rebellion or insurrection (the existence of which is attested to by Presidential action) which results therefrom (according to the highest judicial and administrative authority), it would appear that the Constitution stands as a popular mandate for the prosecution, by the Government, of just such a program -- either on the benevolent grounds of Social Justice (Article II, Section 5), or on the defensive grounds of eliminating a threat to the State itself (Article II, Section 1).

b. As between Article III, Section 1(1) and (2) and Article XIII, Section 4 of the Constitution there would seem to be no doubt as to the Government's right to expropriate privately owned agricultural lands either for public use (III, 1(2)), or private use (XIII-4), provided such an act is accomplished by "due process of law" and "just compensation" is paid.

c. "Public use" may mean promoting the welfare of the underprivileged.

d. "Due process of law" means not that the law shall be according to the wishes of all the inhabitants of the state but simply that the law, prescribed in harmony with the general powers of the legislative department, be reasonable in operation, enforced according to prescribed methods, and be applicable alike to all citizens of a class.

e. A concept of "just compensation" appears capable of flexibility in accord with circumstance -- particularly under the Philippine Constitution, with its specific provisions for Social Justice and Emergency Powers.

1) If the government, under ordinary circumstances and in the normal course of affairs, was to expropriate parcels of private property, particularly if it did so in an erratic manner -- for various causes and from various types of owners and places -- there would seem little doubt but that "just compensation" would mean immediate payment in money of an amount equal to the market value of the land on the date the parcel was expropriated. Courts, however, have implied allowable delays in the delivery of full payment provided interest at the legal rate is paid on the unpaid balance. And, numerous precedents record "value" as meaning "fair" or "reasonable" -- one specifying that value "does not include fanciful or speculative damages."

2) In light, however of

a) The Supreme Court's claim of the government's right to act "extraconstitutionally, through the exercise of powers underlying the existence of all governments on the time-honored principle of salus populi est suprema lex" when such action is demanded to attain the objectives of Social Justice, and

b) The right of the Congress to grant to the President, in times of national emergency, powers "to promulgate rules and regulations to carry out a declared national policy" -- involving "far-reaching authority not allowable perhaps during normal times," and

c) The fact that such a "national emergency" exists as is attested to by official acts which would otherwise be illegal, and

d) The fact that even now, certain individual rights are being curtailed in favor of the public interest (in connection with dissidence -- a symptom of the land tenure problem proper) as exhibited by (1) the President's suspension of habeas corpus and (2) the attitude of the Supreme Court respecting seizure,

it seems entirely logical and possible that the government (or the President), acting in response to either the demands of Social Justice or national emergency, instituting a specific remedy in relation to a specific cause, and recognizing the need to respect certain economic considerations involved in carrying out this specific "declared national policy," might well, with full constitutional authority, enact an implementing law (or establish a rule) in which

the ordinary concept of "just compensation" might be so modified as to arrange for payment in an amount and manner and at a time dictated by the national economic welfare or by Social Justice, or by both.

PART IV

RECAPITULATION OF LEGAL VS. ECONOMIC CONSIDERATIONS

8. Overall economic considerations dictate that:

a. The price to be paid for lands purchased must be fixed in harmony with productive value computed in terms of average farm commodity prices expected to prevail during the amortization period. Although, since farm commodity prices are now falling and are apt to continue to fall, a land price thus computed would be somewhat less than the current market price, it would by no means be unfair or unreasonable in terms of true productive value.

b. In the interests of the economy in general and the rentier class in particular, payment of former owners for lands purchased must be accomplished at a rate not exceeding that at which tenant purchasers are able to pay for the land.

9. The Constitution of the Philippines provides:

a. Specifically for adjustments in the land tenure system of a type herein visualized.

b. The Government with broad powers for use in dealing with rebellion or insurrection and in the implementation of objectives relating to Social Justice. Land tenure reform would qualify under either category. There would seem little doubt of the Government's authority to legislate, as regards defining "just compensation" for use in this particular instance, so as to comply with the economic considerations involved in the formulation of a land tenure reform program.

10. The Constitution serves as authority -- a mandate, even -- for the enactment of legislation to implement a land tenure reform program of a type envisaged in the main body of this report.

PART V

NOTES ON METHODS FOR ACCOMPLISHING PAYMENT FOR LANDS PURCHASED UNDER A COMPULSORY PURCHASE PROGRAM AND THE POSSIBLE EFFECT OF CHOICE OF METHOD ON CERTAIN ECONOMIC AND LEGAL CONSIDERATIONS INVOLVED

11. General: It is of course entirely possible that a law enacted to implement land tenure reform might provide for accomplishing payment for land purchased by delivery to the former owner by the tenant purchaser for a certain number of years, a specified percentage of the annual produce or the cash equivalent thereof. Since such an arrangement might alter -- possibly even obviate -- certain of the economic and legal considerations discussed in Parts I to IV above, it is in order to discuss, as a part of this paper, the implications of such an arrangement and the relative advantages of the different payment techniques open to consideration in the formulation of a land tenure reform program.

12. Responsibility of Government: Arguments contained in the main body of this report and in the notes which follow are based on the assumption that an effective land tenure reform program requires active participation on the part of the government to insure that the objectives of the law upon which the program is based are realized. Among other things, such a law would, of course, specify lands subject to transfer, a method of fixing value, title clearance, priorities among potential purchasers, terms of sale, etc. Without strict compliance with provisions relating to these matters, it is obvious that the reform would fail. But, implicit in the exercise of such enforcement authority is the assumption of responsibility for protecting the rights of both private parties to the transfer. As a consequence, whatever be the method employed for accomplishing the compulsory transfer of land ownership, the government will always find itself acting as the intervening party. Nor does it make much difference whether public funds be involved in the transfer or not, for even if payment be between the former owner and the tenant purchaser, the government would necessarily need to record the transactions if it is to be assured that the first party is being paid, and the second credited with payment. In short, since the role of the government remains much the same whatever technique for accomplishing payment is employed, selection of a technique should be determined to a great extent by the conditions prevailing in the country under consideration.

13. Digression: Since there is a certain set of questions that are often raised -- usually by persons genuinely interested in tenure reform -- in the hope of avoiding such extremely difficult problems as those which attend the fixing of a land price in

money terms and direct government participation in the fiscal processes involved in the prosecution of reform, it seems but prudent to digress for a moment from the main line of argument and consider these questions. They usually follow along the lines of a pattern something like this: "Why set a land price? Why worry about such things as productivity, base years, and future commodity prices? Why not let the tenant purchaser pay for the land from a fixed percentage of the produce therefrom for a specified number of years? Why not, in short, simply let the value of land come to be determined by the result of actual operations?" As has been stated above, it is entirely possible that a land tenure reform law might be so framed as to imply acceptance of the position which underlies these questions. And the resulting program might, under certain conditions, prove highly successful. In short, these are very good questions, and a consideration of them may prove helpful, under certain circumstances, in designing exactly the type of a land tenure reform law needed in a particular situation. But a hasty acceptance of the apparent implications of these questions without considering all of the points involved may lead to an over-simplification of the land transfer process. It is extremely important as a consequence, in planning for land tenure reform to realize exactly what these questions imply -- and what they do not imply. It must always be borne in mind that the compulsory transfer of landownership from the current owner to the tenant or landless farmer involves compelling the former to sell and the latter to pay for the land, before clear title can pass. Democratic process requires that an owner be paid "just compensation" for lands the rights to which he is forced to relinquish, and to the extent of the compulsion there must be an acceptance of responsibility on the part of the Government to the end that the process be accomplished in an orderly and just manner. Whether the Government buys the land in accordance with a pricing formula determined by law, or orders that title to the land shall pass to the tenant upon delivery, to the landlord, of a fixed portion of the crop for a specified number of years, the difficult problem of "just compensation" (as applied to the specific program under consideration) the question of how payment and collection is to be accomplished is purely a matter of technique.

14. Methods for accomplishing payments and collection, although of course subject to modifications, lend themselves, generally speaking, to classification into two categories: (1) Cash payment of a fixed purchase price, and (2) Payment in kind (or the cash equivalent thereof) of a certain percentage of the production for a predetermined number of years.

a. Cash payment of a fixed price: After what has gone before, it is plain that this system would of necessity operate within a certain framework imposed by economic considerations. First, since tenant purchasers, by and large, are without cash reserves, payment for lands would have to be accomplished either between landlord and tenant on an installment basis -- involving strict government surveil-

lance, or financed by the Government -- involving the equivalent (at least) of government purchase from former owners and subsequent sale to tenant purchasers. Second, since immediate cash payment by the Government for land purchased would lead to disastrous inflation, payment would necessarily have to be accomplished in harmony with the rate of collections from tenant purchasers. The Government could perform this process either by keeping books of accounts -- mailing out payments to former owners and collecting from tenant purchasers when due -- or by issuing to former owners on the date of purchase, non-negotiable bonds payable in a number of annual increments equal to the number of years allowed tenants to pay for the land. It is assumed that interest on unpaid increments due former owners and collectable from tenant purchasers would be provided for in either instance. As between the alternatives offered above, it would appear, from an administrative point of view, that a system involving government financing through the issuance of bonds is to be favored, because it would --

1) Expedite, and minimize costs attending, payments of former owners who would thus be in a position to collect on clipped coupons through local branches of government financial institutions. (Such arrangements would, of course, have to be worked out but this should offer little or no difficulty. These agencies discount through the Central Bank of the Philippines.)

2) Necessitate the maintenance of but one set of accounts (tenant payments), thus eliminating the need for maintaining contacts and books of accounts with former owners.

3) Eliminate the need for further contact between former owners and tenant purchasers, thus eliminating possible causes of friction.

4) Minimize the possibilities for delay in the issuance of installment payments to former owners, thereby guarding against loss of confidence and aiding those seeking other investment opportunities.

b. Payment in kind (or cash equivalent thereto): Under this method the tenant purchaser would, as provided by law, deliver to the former landowner a fixed percentage of the annual produce (or cash equivalent thereto) for a specified number of years and would thus, at the end of the period, be in a position to claim title to the land. Application of this method would require not only that the government maintain books of account respecting the delivery of payments but also that it exercise effective surveillance over annual production per unit of area under transfer in order to insure that the amount delivered as payment should equal the specified percentage of the actual annual production. It implies continued contact between a former owner who has been forced to sell and his former tenant and all the possibilities for friction that might result therefrom -- not the least of which would be questions relating to the standard of management.

c. Both systems presuppose, of course, the existence of a mechanism for designating land parcels subject to transfer, ascertaining title status, awarding rights to purchase, and maintaining surveillance over the operation of the land during the amortization period.

15. Comparison of methods for accomplishing payments and collections: The relative advantages of the two systems is perhaps best illustrated by weighing each by the following considerations.

a. Land valuation: Either system involves determining a fair exchange for land and, as a consequence, a method for such determination. In the "fixed price system" fair exchange would be expressed in terms of a fixed amount of money and determined, in all probability, by a capitalization of a certain percentage of the value of the annual product, computed in terms of average farm commodity prices expected to prevail during the amortization period, at a fair rate of interest. Since such a method involves (1) fixing the percentage of the annual product to be capitalized, (2) ascertaining productivity, (3) estimating future farm commodity prices and (4) setting a fair rate of interest -- each of which is controversial -- the task is difficult and very apt to be thankless. Yet, in the "kind payment" method -- in which land is valued in terms of a percentage of future production for a fixed number of years -- the steps involved in fixing the percentage of the crop as payment and the time through which payments are to be made, would be essentially the same (unless arbitrarily avoided) as those involved in fixing value in terms of money under the "fixed price system." (In this respect, it must be borne in mind that good historical data respecting land prices is sadly lacking in the Philippines. As a consequence, establishment of any valid relationship as between the price of land and the value of the annual product would appear impossible.) It is entirely possible, however, that legislators, desiring to employ the "kind payment" method, might consider themselves justified -- in light of the questionable validity of alternative methods and the nature and urgency of the problem -- in simply selecting figures which they consider "reasonable" in fixing the percentage payment and the length of payment period. If this were done, and the act adjudged as legally valid, there would, of course, be no argument but that the "kind payment" system would hold the advantage over "fixed payment" system -- insofar as land valuation is concerned.

b. Legality: On this point the award of advantage is subject to debate -- particularly if a legislature was to so act as mentioned above. It would seem, however, that the "fixed payment" system -- with its fixed (certain) consideration payable in money -- might better satisfy the requirements of "just compensation" than would the "kind payment" where the cash value of payments would vary with price fluctuations, production conditions, and the competence and industry of tenant purchasers.

c. Administerability: On this point there would seem to be no doubt but that the advantage goes to "fixed payment" system (payable in bonds). Landowners would receive bonds immediately, discontinue any personal interest in the future operation of the land and present coupons for payment on the date due. The administering agency could thus, except for its dealings with the Central Bank, forego further consideration of this side of the transaction. Its concern would thus chiefly relate to collections from tenant purchasers -- and those, in fixed money terms. Except in instances of adversity (in which money payments would be reduced, postponed or cancelled) it would need have little concern with productivity. In the "kind payment" system, however, the Government would need to maintain a record respecting the accomplishment of payment in relation to each former landowner-tenant purchaser transaction. It would also need to maintain close surveillance over each tenant purchaser's operations in ascertaining the just amount of each annual payment and cope with probable constant frictions between former owners and tenant purchasers respecting the quality of farm management -- a factor of great interest to the former owner as a determinant in the size of his annual payment. With consideration for existing strained landlord-tenant relations and differences in socio-economic status and prestige as between the two groups, local attitudes respecting "government," ^{a/} weaknesses in public administration, and the lack of an effective crop-reporting system in the Philippines, the administrative difficulties that would be involved in a "kind payment" system loom as insurmountable.

d. Effect on investment: Here too the advantage would go to the "fixed price" payment in bonds system. Former owners who know immediately and exactly how much money they will realize out of the transaction, and the amount collectible each year, would be in a much more favorable position to invest in other industry than would the former owner collecting under the "kind payment" system where payment would vary with the value of the annual product.

e. Effect on public finance: In reality, neither method would involve expenditure of public funds beyond the costs of administration, for even under the "fixed price payment in bond system" the government would retire the bonds with collections from tenant purchasers -- interest borne by the bonds being equalized by interest on unpaid tenant indebtedness. It would appear, however, that costs of administration would be decidedly higher under the "kind payment" system than under the "fixed payment" system with payment in bonds.

16. Summary: Evidence in favor of employing the "fixed payment" system with payment in bonds rather than the "kind payment" system for use in the Philippines appears decisive. The former would seem to have the advantage over the latter in all aspects except possibly

^{a/} As exhibited, for example, in relation to the assessment and collection of taxes.

that relating to land valuation and certain legal considerations -- and even as relates to the exceptions, the advantage would be questionable and derive from considerations exceeding normal.