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Lund Rofron*

American Embassy,

Manila, November 27, 1951.

Alexander Byron H. Brown,  
State Department,  
c/o Office of the Secretary of State,  
Washington, D. C.

Dear Mr. Administrator:

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[REDACTED]

[REDACTED]

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enough importance to have everyone's views before the Embassy and H. C. A. endorses the proposal; my own recommendation at this time is to have my discussions reflect the composite views of all the people in the Philippines who represent the United States. In the meantime, I am advising everyone who consults me in the Embassy not to endorse this program for land reform until more is known about it.

My counterproposal for immediate consideration by the Embassy and the Department is the following: I believe that it is imperative to form an advisory committee on land reform in the Philippines. Perhaps the committee could consist of two members of the Embassy, two members of H. C. A., including the land reform specialist as secretary, and two of the business community. Each group could have an alternate. They would meet regularly and advise on the several important policy matters that are involved. The secretary of State might want to designate a chairman and vice chairman.

This proposal, along with the other contents of this letter, have been called to the attention of Minister Harrington, Sr. NY, and Sr. NY.

For your departure from Manila, I was held up in traffic so my way to the airport is not very good. I am personally sorry about it. I am sure you will get the same old-time welcome to you as you get in Manila.

Very truly yours,

WILLIAM W. WALKER  
Ambassador

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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, 1938, 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 1,634,725 farms occupy a total farm area approximating 6,691,330 hectares. Of this total area, about 29% is under cultivation. Some 17 percent, although immediately tillable, lies idle. The balance is devoted to pasture, forest, and "other" uses. [See Appendix "A", specifically 14 and 15.]

b. As a national average, about 49 per cent of all farms are operated by owners (those who own all land operated, 15 per cent by part owners, and 34 per cent by tenants (those who rent all land operated), less than 0.1 per cent by farm managers. Over all averages, however, fail to give a true picture of the tenancy situation. The frequency of tenancy varies as between provinces from 12 percent to 67.9 per cent. Tenancy averaged 40 per cent in 12 provinces, 30 per cent in 7 and 40 per cent in 4. Tenancy is most frequent in Central Luzon. [See Appendix "A", page 17.]

c. Owners operate about 43 per cent of the total farm area, part owners 11 per cent, tenants 21 per cent, and farm managers 2 per cent. [See Appendix "A", page 17.]

Compilation and publication of 1948 Census data is being completed at Manila. Compilation will also be made of data from the 1948 Census - preliminary sections with the exception of the 1948 Agriculture to insure completion of this task and approval by all.

Figures exclude Manila.

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 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 cultivatable land (cultivated plus idle land capable of cultivation) 21.5 per cent of all the farms contain less than 1 hectare and occupy 7.9 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 3 hectares (constituting only about 1/6 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 A13.)

h. Of carabao on all farms, about 15 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 A13.)

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 banana, coconut, fruit, vegetable, livestock and other farms; tenants operate a disproportionately large number of rice, sugar, meat 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 occupy only 1.8 per cent of the total area of cultivatable land. (See Appendix "A", page A16.)

1. 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 41 and 45.)

2. Some 72 per cent of the population of the Philippines derive their livelihood from agricultural production which accounts for 48 per cent of net national income at factor cost. Thus, a breadwinner in agriculture receives an income equal to 54.2 per cent of that of his urban counterpart. (See also Appendix "C", pages 41, 42, and 43.)

3. 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 great majority pay 40 per cent or more. (See Appendices "C", "D", and "E", specifically pages 41, 44, 45, 46, and 47.)

4. The size of farms severely limits income potential. As a result of the 1935 agrarian reform, the average size of the tenant-operated farm is 2.12 hectares, resulting in an average annual gross output of 10.5 metric tons. The average annual net output of the tenant-operated farm is 6.5 metric tons, or 30 per cent of the gross output. The average annual net output of the tenant-operated farm is 6.5 metric tons, or 30 per cent of the gross output. (See also Appendix "C", pages 45 and 46.)

5. The average farm family members 4.97 persons.

6. The average farm family members 4.97 persons.

7. The average farm family members 4.97 persons.

10. The situation described in paragraph 6 above is further aggravated by grossly usurious rates of interest on borrowed money, lack of an economic marketing system, a regressive tax system, and vicious tenancy practices. (See Appendix "C", specifically pages C6, C11, and C15.)

11. Implications 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 "D", page D7.)

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 "B" 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 and to aid tenants or "landless workers" to become owner operators. Progress for the aim is stated specifically in the Constitution. The term "social justice" has been used to give it a more definite and specific form. But all such laws are weak in structure and limited in scope. They have been rendered ineffective by local acts of malfeasance, by the common law based on feudal culture, 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 Appendix "C", page C1.)

15. Numerous studies and reports on the Philippine land tenure problem have been prepared by qualified and impartial persons. These studies, like the report of the American Government Commission on the Philippines, all have noted the feudal character, the ineffectiveness of the laws, and recommended remedial action. None have found to the contrary. (See Appendix "E".)

16. Government organizations and individuals who have been instrumental in the enactment of laws have not been able to effect any real change in the existing land tenure patterns in the Philippines. (See Appendix "E".)

17. 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 and to aid tenants or "landless workers" to become owner operators. Progress for the aim is stated specifically in the Constitution. The term "social justice" has been used to give it a more definite and specific form. But all such laws are weak in structure and limited in scope. They have been rendered ineffective by local acts of malfeasance, by the common law based on feudal culture, 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 Appendix "C", page C1.)

18. The Agreement between the Governments of the Philippines and the United States which served as the basis for the installation and continuation of RA-3703 in the Philippines specifically obligates the Philippine Government to initiate and carry out a thorough-going 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 demands 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 Philippine farmers to be inveterate adherents of "utang na loob" 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 cost of maintenance of all tenancy practices approximately P2,000,000 per year for a five-year period. This cost is not an increasing cost for the "enforcement" of law and order. (See Appendix "I".)

21. Land and potential lethargy, ignorance and graft required that any program of eliminating tenancy and land reform be supported by a full-scale information program.

### PART III CONCLUSIONS

22. The problem of land reform in the Philippines is a complex one involving many factors. It is not a simple matter of redistributing land. It is a matter of creating a new social order. It is a matter of creating a new economic order. It is a matter of creating a new political order. It is a matter of creating a new cultural order. It is a matter of creating a new national identity. It is a matter of creating a new sense of purpose and direction. It is a matter of creating a new vision of the future. It is a matter of creating a new dream. It is a matter of creating a new hope. It is a matter of creating a new faith. It is a matter of creating a new love. It is a matter of creating a new life. It is a matter of creating a new world.



and a few scattered points, 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 to other areas. 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 taxation, suppression, and empty promises have served, apparently, to make tenant demands with a moral as well as an economic character. Tenants demand correction of the basic inequalities 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.

**2. Agricultural Inequities:** Even though law and order prevailed (which it does not), existing land tenure and terms are limited to maximal production. Concentration of the ownership of farm lands into the hands of a few individuals and corporate management, chiefly, because life of a few individuals who control the incentive of owners to invest and improve the land is relative to maximizing production, especially because the ability of management to render effective supervision is limited in the case of small owner-operated farms. The incentive to improve the land is limited through a lack of investment funds or lack of the introduction of technology. The incentive to invest is limited since some half the gains realized from a successful investment are lost to the tenant through the operation of a share tenancy system. In Mindanao, the incentive to invest is limited by the operation of a share tenancy system. In Mindanao, the incentive to invest is limited by the operation of a share tenancy system. In Mindanao, the incentive to invest is limited by the operation of a share tenancy system.

The bulk of Philippine agriculture is still in the hands of a few individuals and corporate management, chiefly, because life of a few individuals who control the incentive of owners to invest and improve the land is relative to maximizing production, especially because the ability of management to render effective supervision is limited in the case of small owner-operated farms. The incentive to improve the land is limited through a lack of investment funds or lack of the introduction of technology. The incentive to invest is limited since some half the gains realized from a successful investment are lost to the tenant through the operation of a share tenancy system. In Mindanao, the incentive to invest is limited by the operation of a share tenancy system.

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 bloc 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 are 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, "moderance 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 would 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 mere procrastination would be an aid to the Communists.

g. Settlement versus Reform: It has been argued that solution to the agrarian problem of the Philippines is to be found in Indonesia 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 peasant and worker-led rural economy. While there is, of course, much to be said for the settlement of underdeveloped areas, initiation of the argument at a point where it becomes a sort of excuse for the treatment of rural tenants may be rejected flatly on the grounds that it fails utterly and miserably to evaluate the political, economic, social, and moral implications of settling areas in the Philippines. It is that it leaves a major political question—the issue of land ownership—pending until the time has passed when it can be resolved. The settlement of underdeveloped areas in the Philippines is not a solution to the agrarian problem. It is a delay tactic. It is a means of postponing the inevitable. It is a means of avoiding the issue. It is a means of avoiding the issue. It is a means of avoiding the issue.



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 mere measure to satisfy few and selfish interests, and have, therefore, named 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 farms. In short, with exceptions as specified in Part IV, Recommendations, 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. Ignorance: 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. Scarcity of Farms: 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 continue to foster an ever increasing competition for land currently under cultivation and serve to intensify insecurity of tenure.

c. High Rentals: 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, continued 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 millions of abuses ranging from the payment of exorbitant rents to the denial of a fair trial in the event of a dispute. The abuses could be corrected by the enactment of a tenancy law 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 10 to 100 per cent per annum. Under the Kasam system (involving the vast majority of tenants), interest rates of from 200 to 400 per cent per annum are common.

f. Inadequate distribution facilities: Small farmers, indebted and without protective marketing facilities, are generally forced to sell at harvest in a buyers' market. Conversely, subsistence and input requirements are necessarily purchased as 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 could go far toward alleviating the problem. Consideration should be given to the development of agricultural cooperatives with initial emphasis being placed (providing an adequate credit system is established) on consumer activities. It would appear that this must necessarily be a long-term program.

g. Excessive taxation: The tax structure existing in 1950, dependent as it was for 85% of the revenues on excise and sales taxes and other forms of revenue that shift little or none of the burden to pay principles, 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 inheritance to all heirs. The husband and wife share equally in the inheritance, and the children of the deceased share equally in the inheritance. Property is divided equally among the children of the deceased, and the husband and wife share equally in the inheritance. The husband and wife share equally in the inheritance.

However, in the case of a husband and wife who are both deceased, the inheritance is divided equally among the children of the deceased. The husband and wife share equally in the inheritance. The husband and wife share equally in the inheritance.

of the estate. Inasmuch as the life expectancy of an inheriting heir does not, in all probability, exceed by many years the years required to amortize a mortgage equal to 80 per cent of the principal, 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.

This problem is not, of course, a new one. While the British (whose concepts in this respect were geared to conditions characterizing industrial property) were busy spreading their "culture" to a "New World" with land enough to apply it, all other European countries (Asia had already settled the matter) were forced to think in terms of realities attending an agricultural economy. They, in fact, established countering laws--the French *legitim*, for example, or Danish law which served to prevent subdivision of farm land into uneconomic units--and thus, while continuing to apply principle of equality to the maximum extent in other lines, recognize the economic necessity of preventing the breaking up of farm properties into uneconomic units through the settlement of estates.

Application of British equality in succession concepts in India impoverished whole areas within some forty years.

We appreciate that we are here arguing in a manner totally foreign to American ideas and ideals, but we believe the implication 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.

1. 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 noncontiguous areas. The situation no doubt results from the fact that ownership of the bulk 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.

2. As in the case of children who do not cry for the ice cream because they have never tasted it, there is a need for what we shall here call "social facilities" in rural areas, even though tenants have no legal claim for it. These facilities should include, but not be limited to, health facilities of a preventive type, day care, live schools, vocational facilities, etc.

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 plagues 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 a 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. Though not well defined, the assumption that a stable, democratic and efficient agricultural economy is most easily achieved and maintained in a system of owner-operated family-sized farms is the basis of the program. It is for the establishment of such a system that the program is being undertaken. It is, of course, raised the question of the size of the average family. It is generally believed that a family of five or six persons is the most desirable size, and it is the aim of the program, even though, from the point of view of family

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. Secondly, 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. Thirdly, 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. Lastly, there is always the fact that existing farm sizes (maximum frequencies within areas) do not, in all probability, "just happen"--but rather represent the product of years of adjusting farm size to all other factors in an effort to maximize production. It would be difficult to conceive of generations of landholders, however careless of efficiency, deliberately subdividing their holdings in such a manner as to reduce output potentials. Thus, it is entirely possible that the established farm-size pattern may be the best indicator of optimum farm size rather than the theoretical optimum size obtainable under existing conditions.

In summary, mention in this paper of the establishment of over-operated family-sized farms implies, broadly speaking, the immediate objective of transferring ownership from the land to the farmer, the land the farmer now operates, with appropriate provisions regarding maximum tenancy retention, farm size, and regional development. Ultimate objectives for national development may well be more an increase in the size of farms as always with the proviso that such action harmonize with existing conditions and the nature of the overall social economic structure. Questions of the various categories of owners will be dealt with separately by DISCUSSION.

The question of farm size is a complex one. It is not merely a matter of transferring ownership from the land to the farmer, but also of the nature of the land, the nature of the farmer, and the nature of the social economic structure. The question of farm size is a complex one. It is not merely a matter of transferring ownership from the land to the farmer, but also of the nature of the land, the nature of the farmer, and the nature of the social economic structure. The question of farm size is a complex one. It is not merely a matter of transferring ownership from the land to the farmer, but also of the nature of the land, the nature of the farmer, and the nature of the social economic structure.

**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 Duke (a material shift in power as compared to the prewar situation) and the world-wide 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 supporting 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 USA-SPHA assistance to the Philippines, under date of 27 April 1945, makes land reform an imperative condition for continued USA assistance to the Philippines. This is further strengthened by an agreement negotiated by President Quirino in person and Mr. Foster of USA.

**26. ARE AVAILABLE DATA RESPECTING LAND TENURE PATTERNS ADEQUATE FOR THE PLANNING AND IMPLEMENTATION 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, will be available for use by the date needed, provided that a request for USA assistance in compiling and publishing is approved.

**27. HAS THERE BEEN ANY RECENT DEVELOPMENT OF A LAND REFORM BILL WHICH IS BEING CONSIDERED BY THE LEGISLATIVE BRANCH OF THE PHILIPPINE GOVERNMENT?**

The scope of the reform will depend largely on legislative action. The bill now in the Senate is a bill for the purpose of providing for the implementation of the Philippine Revolution. Philippine Revolution Bill No. 115.

to farm areas and the tenure of operators, are deficient (as in 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 being 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	255,454
Resident non-cultivating owner	4	No estimate	No estimate
Owner-cultivator	8	83,293	1,272,732
Part Owner	8	No estimate	No estimate
Other Owners	No estimate	"	"
<b>Total Purchasable Area</b>			<b>1,528,216</b>

Estimated number of tenants established as owners . . . . . 395,908  
 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 117, 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 absentees 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 ENCLOSURE, page . . .)

(b) Estimates relate to farm lands. Actually, retention rates should be fixed in terms of tillable lands only (cultivated plus cultivable though idle land—amounting to 74.5 per cent of the total available farm land area). It is planned that the law will provide for such lands in other categories—pasture (15 per cent of total farm land area), forest (9 per cent), other (1.5 per cent)—to which the allowable land retention, being measured within limits) along with the available land. Land improvement, irrigation, building, etc., "improvement" on the "farm land" thus purchased will also be provided as opportunities necessary to the operation thereof.

(c) Existing national average tillable and farm land areas per farm by tenure operator area:

	<u>Tillable land</u>	<u>Farm land</u>
(1) Overall average	3.1 hectares	4.09 hectares
(2) Owner operator average	3.4 "	4.58 "
(3) Part owner average	2.7 "	3.21 "
(4) Share tenant average	2.49 "	3.66 "

(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 reasonable 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 27 April 1955 — the date when the United States and the Philippine Government agreed to collaborate on a reform — apply.)

**24. CAN THE PROVISIONS BE CARRIED OUT UNDER EXISTING LEGISLATION? WHAT CHANGES, IF ANY, ARE NECESSARY?**

The brief answer to this question is NO. However, inasmuch as neither existing nor necessary legislation to be proposed is possible of amendment within one law, specific comment on the different categories of land tenure law follows:

a. All existing legislation respecting the acquisition of privately owned land by the government, for the purpose of establishing public utility projects, shall be repealed, and the following principles incorporated therein as set forth in Part IV, Section 1000.

b. Existing law and procedure regarding the expropriation and transfer of land shall be modified in accordance with the following principles:

**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 I, 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 farms left resulting from succession to agricultural estates.

g. Recently enacted agrarian wage law, particularly when considered in relation to tenancy laws and practices, appears possessed of some extremely questionable elements — elements which could lead to widespread evictions and frustrate the purpose for which the law should be thoroughly studied and revised as necessary to comply with principles set forth in **Part IV, RECOMMENDATIONS.**

**25. ARE EXISTING ADMINISTRATIVE AGENCIES ADEQUATE FOR THE PEASANT AND TENANT PROBLEMS OF A NATIONAL IN CHARACTER?**

The existing administrative structure is considered inadequate in that:

a. Responsibility for surveillance over the various aspects of tenancy are scattered through three departments with little or no coordination of related interests;

b. Responsibility for enforcement of piecemeal and scattered legislation has been placed in a bureau on the part of the Department to see the problem as a whole — in their having adopted an arbitrary and inflexible attitude 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) is but a newly born foster child created to do a housekeeping job on what is chiefly 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 "governmental" 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 Defense 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.

#### 10. 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, it 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 affected 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. Accrual of tenant payments and retirement of bonds should require about 10 years, though the law should make provision for an extension of this period in instances of severely 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 opening in January, 1952.

b. Provided legislation is enacted during the regular session in January, 1952, a Land Commission System could be established and ready to start operations by July, 1952.

c. Provided the above schedule is met, land acquisition and sale could be accomplished by July, 1954.

d. Then, title registration could be completed by July, 1957.

e. And bonds should be retired and purchase contracts settled by about 1984.

A major portion of the administrative staff required for the land transfer phase of the program could be retired upon its completion (July, 1954).

### 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. However, in relation to costs of land acquisition—the actual financing of land purchases by the government—two considerations dictate (1) a fixed cost is to be met eventually in cash) that payment be financed by bonds. These are: (1) the magnitude of costs involved and (2) an increase in the quantity of money by the amount involved would be so intolerably inflationary as to threaten the entire economy. Payment for land purchases should, therefore, be accomplished with non-inflationary, interest-bearing bonds, payable in a number of equal annual installments equal to the number of years permitted tenant purchasers to amortize their payments. Interest paid by tenants would equal interest on the bonds. Under such a plan annual collections from tenants would serve to amortize the effect of money 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 of financing land purchases by the government would be to pay former landowners annual installments equal to a percentage of the production from the land in question over a period of years—the price paid for land thus being eventually to be paid by the government. Payments made during the amortization period, the annual percentage of which would be low,

a. It automatically relates the value of land to the value of farm produce, and

b. It avoids 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.

Such a situation would be 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.

### 32. WHAT WOULD BE THE EDUCATIONAL, INFORMATIONAL, AND PROPAGANDA REQUIREMENTS FOR A FUNDRAISING PROGRAM?

Several facts combine to focus attention on the fact that a thorough-going information-educational-propaganda program must of necessity be an integral part of any successful land 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 design their own questionnaire—let alone to act effectively 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 sued by the law; many will be subject to the arbitrary whims of the courts to be expelled from their lands and all possessions. And yet, it is this very group the most likely to understand what the program holds for them, if they had the right kind of information and intelligent cooperation if the program is to be successful.

Land reform cannot be carried out in haste. Decisions regarding status of individual land parcels and farm operations 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 interests. It should be an orderly, unopposed process of survey, survey, survey, representative of tenant and owner interests. That is the nature of the very nature of the problem to place responsibility for actual implementation. These groups will need to be informed—and there must be a way to be kept abreast of what is, and should be, going on.

Furthermore, the record amply attests to the fact that the land reform program has been weak and ambiguous. Inquiries as to the



- (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 shall 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.

When, but not before, at least 90 per cent of farm land affected by the law shall have been purchased, and an area equal to at least 70 per cent of the purchasable area shall have been sold to eligible purchasers, and titles shall have been transferred and recorded for an area equal to at least 40 per cent of the purchasable area, the President of the Philippines may cause the authority to become the Land Tenure Division in the Bureau of Lands, Department of Agriculture and Natural Resources.

c. The following action 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, the private provisions of RA 70, RA 250, RA 770, RA 1000, RA 533, and RA 535) shall be repealed, and all applicable procedures, instructions and other pertinent documents relating thereto shall be revised. All other laws, rules, or regulations so amended as to conflict with provisions of proposed legislation in paragraph (2) following shall be repealed or amended in a manner appropriate for compliance with such law. Applicable provisions of laws, rules, or regulations of the government which were enacted pursuant to provisions of the above-mentioned laws shall be amended in accordance with applicable provisions of law to be amended in accord with principles set forth herein.

(5)

(2)

Law 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, shall be enacted during that session of Congress convening in January, 1952. Specifically, such legislation shall respect objectives set forth in paragraph 5 above, incorporate the following principles, and be otherwise acceptable to RCA-STEM to the Philippines.

(a) Status of farm lands, owners, and tenants shall, for purposes of this law, be fixed in accord with the tenure situation maintaining on 27 April 1951.

(b) Farm land areas which owners shall be permitted to retain shall be calculated in terms of cultivable land (tilled land plus idle land capable of cultivation) as defined by the Philippine Census for 1948; however, provision shall 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, shall (within specified limits) be purchased together with the tillable land. Farm implements, livestock, buildings, and other improvements on the farm land thus purchased shall also be purchased as appurtenances necessary to the operation thereof.

(3)

All lands and other properties subject to purchase under this law shall 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, shall proclaim itself as legal owner of said lands in the simple and thereby able to transfer clear and legal titles to such lands; provided, that the Government or the said person (physical or natural) responsible for the settlement of such claims by former right holders may, if it seems that there is no alternative, settle such claim by paying full compensation as it may consider fair and just.

After having acquired land and other property subject to purchase under this law, the government will sell such properties to bona fide purchasers in the manner described below, and will, when final payment for such land has been received, transfer title in fee simple (subject to limitations set forth in paragraph c. (1) below) to said buyer. Under no circumstances will 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 will 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 shall apply:

(a) Categories of farm lands shall be defined as in the 1955 Philippine Census; supplemented only by the fact that the word "cultivable" shall be used interchangeably with the word "cultivable."

(b) 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.

(c) 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 (directly or through his children or national relatives) of said land.

(d) Cultivating owner: An owner of farm land who actually cultivates (directly or through his children or national relatives) a substantial portion of the land (not less than one-third of the total area of the land) with the aid of his family labor.

(e) [The text is extremely faint and illegible in this section.]

(f) **Tenant:** Any person who is actually cultivating land which he does not own, the cultivated portion of which exceeds 0.5 hectares, or farm land portion 0.4 hectares (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.

(g) **A farm:** Any parcel or group of parcels of farm land involving a minimum of 0.5 hectare of tillable land, or a minimum of 0.4 hectare of farm land.

(h) **For purposes relating to the election and composition of Land Committees, the following definitions will apply:**

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 place him from inclusion in either category 1 or 2 above.

(i) **Land and properties subject to purchase by the government under this law shall be as follows:**

(a) All farm land owned by absentee landlords.

(b) All tillable land owned by resident landowners who have been declared as such by the government, that the government may (4) acquire as a national asset, or (5) of all lands owned by a resident landowner in the category of absentee landlord.

(c) All tillable land owned by a cultivator who has been declared as such by the government.

tion 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 units could not be accomplished without serious damage to agricultural production, but no such exception will 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;
- 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;
- 5- Any farm land which, in the opinion of the Local Land Commission, is not being cultivated in a productive manner;
- 6- Any farm land which the owner may offer for sale to the government;
- 7- Any other farm lands designated by the law.

(e) The method for fixing prices to be paid for the land and other farm properties to be sold shall be fixed by the National Land Commission, in accordance with the law, provided that the Commission shall be guided by the principle that the price to be paid for the land and other farm properties shall be fair and reasonable and shall be based on the value of the land and other farm properties at the time of sale.

cash value of annual production (less harvest costs) computed at 1958 prices.9

(7) Payment for lands purchased by the government shall be made in taxable non-negotiable government bonds, bearing 4 per cent interest and payable in 25 equal annual installments; provided, that the government may retire such bonds at its discretion by paying the balance of the unpaid value.

(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 shall be eligible to purchase land purchased by the government under this law; provided, potential purchasers shall be given priority to purchase ~~land~~ said lands in accordance with the following:

(a) Tenant on the land as of 27 April 1951;

(b) Any other tenant farmer;

(c) Any owner-cultivator who owns and operates land in the immediate vicinity; or

(d) Any other eligible buyer;

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 board he is incapable (either by ability or lack of training) 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 the balance of the price in 25 equal annual installments of 4 per cent per annum.

(10) Purchasers of land from the government shall pay for their purchase a tax of 4 per cent per annum on the purchase price; provided, that the government may, at its discretion, waive or reduce the tax on the purchase price of land purchased by the government under this law.

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under no circumstances, be so fixed as to exceed an amount equal to 30 per cent of the value of the gross product less harvest cost, provided, however, that a purchaser shall 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.

(11) No lands nor properties purchased from the government under this law shall be used as collateral for a loan within a period of 25 years from the date when the purchaser entered into the purchase contract, irrespective of the fact that the purchaser may have satisfied his purchase contract at an earlier date. Any contract negotiated with said purchaser, involving these purchased properties as collateral, shall be considered null and void.

(12) This law shall 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 may 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, will 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 itself will purchase said lands for eventual disposal in accord with procedures outlined above. A Commission, in possession of land relative to which there is no eligible purchaser, will rent such lands to any farm operator on a year to year basis, provided, that such lease will be cancelled at the end of the year if no eligible purchaser shall have been located and the land shall, at that time, be sold to such eligible and willing purchaser.

(13) Provisions shall be made for appeals on decisions of higher tribunals within the legislative branch in relation to application of this law in determining land parcels, purchase price, eligibility of purchaser, etc., and, access to established courts shall be assured in cases where questions are raised as to the validity of decisions of the Commission. The Commission shall be an agency of the executive branch of the government.



previously provided for in the contract, shall be considered illegal.

- (g) No contract shall be considered legal which provides for an annual rental exceeding an amount equal to 25 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 type of farm operation intended for by the lease.
- (h) Provision shall be made for compensating the tenant for any improvements on the property made by him; provided, that such improvement was specifically authorized by the landlord.
- (i) All contracts and any alteration or cancellation relating thereto shall be subject to approval of, and a copy will be filed with, the Local Land Commission.
- (j) The Local Land Commission will investigate and 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 shall be referred by either party or the Commission to the Court of Agricultural Relations for disposal; provided, however, that the Court will hear the findings and recommendations of the Commission before making its decision.
- (2) Law respecting the administration of landlord-tenant disputes (including, but not limited to, Ch. 171, Ch. 172, Ch. 173, Ch. 174, Ch. 175, Ch. 176, Ch. 177, Ch. 178, Ch. 179, and Ch. 180, and appropriate portions of the Civil Code) shall be repealed or amended so as to:
- (a) Create a Court of Agricultural Relations which shall be similar and parallel to the Court of Agricultural Relations of the State of Louisiana, and which shall have jurisdiction over all agricultural disputes and questions in agriculture which are within its jurisdiction.
- (b) The Court of Agricultural Relations shall be given authority to set aside any contract, agreement, or arrangement, if it is not otherwise provided in the contract, agreement, or arrangement.
- (3) Law, regulations, or provisions regarding the jurisdiction of Public Deputies in the State of Louisiana shall be amended so as to bring before the Court of Agricultural Relations any dispute

tion will be revised as necessary to make it mandatory that a litigant, unable to afford the expense of counsel, shall receive adequate legal representation before such courts.

e. Law respecting the transfer and registration of farm land titles shall be revised in accord with principles set forth in paragraph a (5) above. Furthermore, the law will 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 thorough-going tenure reform program.

f. Law respecting inheritance as pertains to agricultural properties will 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 will be studied thoroughly in light of, and amended as necessary to comply with, principles set forth in paragraphs 724 above and following:

- (1) Persons employed in the production and/or the first stage of processing agricultural products and the holder of any interest in the land on which they are so employed shall be defined as farm laborers;
- (2) The law shall apply to all farm laborers, except that it shall not apply to those who are employed in the production of agricultural products on land which is not owned or controlled by the farmer or his family;
- (3) Farm laborers shall be paid a minimum wage commensurate with that of all other labor.

h. Provisions for administration of land tenure reform shall adhere to the pattern set forth below:

- (1) The authority responsible for carrying out the reform shall be an independent body, established by law, which shall be composed of representatives of the Government, the landowners, and the laborers, and shall be subject to the supervision of the National Government.
- (a) National Government shall be responsible for the reform in the following manner:
  - (i) To the extent of the national effort available with respect to the reform, it shall be responsible for the reform in the following manner:
    - (i) To the extent of the national effort available with respect to the reform, it shall be responsible for the reform in the following manner:
- (b) National Government shall be responsible for the reform in the following manner:
  - (i) To the extent of the national effort available with respect to the reform, it shall be responsible for the reform in the following manner:

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 will 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 will deal directly with the "Bank" and shall be the office of record for all financial matters respecting land purchases, sales, and collections. It will have a legal staff, equipped to investigate and prosecute cases of evasion and malfeasance arising in the provinces.

(c) **Provincial:** Headed by a provincial director, this office will maintain surveillance over the work carried out by the local land commissions in the province pursuant to effecting a thorough and expeditious prosecution of the law. This office, acting for the Philippine Government, will 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 shall center in this office. The Director shall have authority to order a recall election respecting a local land commission.

(2) **Land Commission System:** A land commission system composed entirely of non-life farmers and non-owning workers as specified by law, shall exist in three national, Provincial, and local.

(a) The National Land Commission will be composed of three (3) members, two (2) non-life farmers, and five (5) tenant workers, each other non-life farmers within the limits of the law. The National Land Commission shall have the authority to call upon the Provincial Land Commission for information and data, and shall have the authority to recall the Provincial Land Commission for failure to comply with the law and to order a recall election. The National Land Commission shall be appointed by the President of the Philippines, and the office of the National Land Commission shall be in Manila. The National Land Commission shall have the authority to call upon the Provincial Land Commission for information and data, and shall have the authority to recall the Provincial Land Commission for failure to comply with the law and to order a recall election. The National Land Commission shall be appointed by the President of the Philippines, and the office of the National Land Commission shall be in Manila.

(b) A Provincial Land Commission shall be created in accordance with the law in each province.



group on the Local Land Commission. Any eligible voter may hold office on the Commission. Eligibility to represent, or vote for, or recall representatives of a given tenure group shall 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 will be filled by persons appointed by the Deputy Administrator. Such appointments may 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 voters, with special attention to the abilities and experience of the electors involved.
- (3) Adequate provision for the establishment and dissemination of information respecting recall procedures.