

INECETA ALFANTA, PETITIONER, VS. NOLASCO NOE AND THE HON. COURT OF APPEALS, RESPONDENTS.*G.R. No. L-32362. September 19, 1973*

Ponente: ANTONIO, J.

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Review on certiorari of the decision of the Court of Appeals in CA-G.R. No. 42409-R (CAR), affirming the judgment of the Court of Agrarian Relations at Gapan, Nueva Ecija, granting the reduction of the annual rental of 40 to 31.8 cavans of palay, of the lessee, and after compensating the excess and short rentals on the land in question, directing the lessee to pay the lessor the sum of P243.70 representing the short rentals for the agricultural years 1960-1961, 1961-1962, 1962-1963, 1963-1964, 1964-1965, 1965-1966, and 1966-1967.

There is no dispute as to the facts. The parcel of land involved in this action contains an area of about two hectares situated at Bo. Caisiwan, San Antonio Nueva Ecija, and devoted to the production of palay and is a part of the 72 hectares belonging to Santiago Gancayco, which petitioner Ineceta Alfanta leased from Gancayco since 1953, and which, in turn, petitioner delivered to fourteen tenants to cultivate. The leasehold relationship between the parties herein commenced in agricultural year 1960-1961. The agreed annual lease rental was 40 cavans of palay. In the complaint filed by Noe with the agrarian court, respondent tenant alleged, among others, that the said agreed rental was in excess of the maximum rental allowed by law. He accordingly prayed for a reduction thereof and for payment to him by petitioner landholder of a sum equal to the value of the excess rentals he had paid in previous crop seasons. In her answer, petitioner landholder alleged that her lease contract with respondent tenant was a civil lease, hence, it was covered by the provisions of the Civil Code and not by the laws on tenancy.

After due trial, the agrarian court found that a leasehold relationship was established between the parties which commenced in agricultural year 1960-1961, and that, therefore, in determining the annual lease rental, the same should be based on the annual harvests for the three agricultural years preceding the establishment of the leasehold, which correspond to agricultural years (1) 1957-1958, 170 cavans; (2) 1958-1959, 186 cavans; and (3) 1959-1960, of which no evidence on the produce was presented by either party. In ascertaining the annual lease rental, the said court stated that: "Since the evidence presented by defendant-landholder-lessor as basis for the computation of the rental is incomplete, it would be fair and reasonable to include one of the normal harvests of the landholding after the inception of the leasehold relationship which is the quantity of 100 cavans." The trial court thereupon proceeded with its computation. It added 170 cavans, 186 cavans and 100 cavans, and obtained a yearly average of 152 cavans. From this it deducted the seedlings consisting of 2 cavans, reaping expenses equal to 15 cavans, and threshing expenses equivalent to 7-1/2 cavans, thus arriving at 127.3 cavans as the average net produce. It then multiplied this by 25%, arriving at 31.8 cavans as the correct yearly rental which respondent tenant should pay to petitioner landholder. The court, finding that respondent tenant had an unpaid balance of 20 cavans and 16.1 kilos of palay for the crop years 1960-1961 to 1966-1967, at the price of P12.00 per cavan, ordered him to pay petitioner landholder the sum of P243.70 representing the short rental. The Court of Appeals in giving its imprimatur to the judgment of the agrarian court declared:

"Since the lower court found that the leasehold relationship has commenced from agricultural year 1960-1961, therefore, the 3 preceding normal harvests would be those that correspond to agricultural years (1) 1957-1958, 170 cavans; (2) 1958-1959, 186 cavans; and (3) 1959-1960, no evidence on the produce was presented by either party. In order to remedy the situation and prevent a delay of the case, the lower court said: 'Since the evidence presented by defendant-landholder-lessor as basis for the computation of the rental is incomplete, it would be fair and reasonable to include one of the normal harvests of the landholding after the inception of the leasehold relationship which is the quantity of 100 cavans' (see order of December 7, 1967, amending the decision, rec. 191-193). It will be noted that the 100 cavans picked by the trial court representing the gross production for crop year 1964-1965 is far below the gross harvest for basic crop year 1957-1958, 170 cavans, and basic crop year 1958-1959, 186 cavans. Despite the cautious attitude of the lower court, defendant-lessor assails the procedure adopted stating 'We understand it to be the law in this country that the tenant who is seeking a reduction of rental must be the one to prove a justification for the same. If he fails to show to the Court any ground for the reduction, as what happened in the case at bar, the complaint ought to be dismissed and the agreed and implemented rentals should not be disturbed. The Court below totally deviated from this principle and even went to the extent of picking one of the harvests after the commencement of the leasehold relationship as basis for reducing the rentals' (defendant-lessor-appellant's brief, p. 32). The Agrarian Counsel, on behalf of plaintiff-tenant-lessee, countered by stating that 'the discretion exercised by the lower court in picking the same as one of the normal harvests of the landholding is a courageous manifestation of judicial statesmanship in upholding the noble policy of the agricultural tenancy law enunciated in Sec. 36, RA1199, as amended, that courts shall solve all grave doubts in favor of the tenant' (plaintiff-appellee's brief, p. 7). We find the Court's exercise of discretion on this point to be proper, practical and expeditious. At any rate, it did not cause any damage to the defendant-landowner as shown by the fact that the figure selected is very much lower than the normal harvest for the first two preceding years."

In this appeal, however, the question no longer touches upon the character of the lease contract, for it is now agreed that such contract is an agricultural lease. Petitioner's thesis is that while an agreement entered into by and between a tenant and a landholder may be declared illegal where the agreed rental exceeds that authorized by law, the burden of proof is upon the tenant to show the harvests for the three crop years immediately preceding the crop year when the leasehold relationship began. In this case, while the said three crop years are 1957-1958, 1958-1959 and 1959-1960, respondent-tenant-lessee did not adduce evidence to prove the normal harvest for 1959-1960 and because of that failure, according to petitioner, there can be no valid basis for determining the proper rental, in which event the rental agreed upon between the parties should be maintained. According to the petitioner, the agrarian court had no authority to pick the harvest of 100 cavans of palay in agricultural year 1964-1965 to supply the lacking evidence as to the produce in agricultural year 1959-1960, for that constituted a deviation from Section 48 of Republic Act No. 1199, and from the doctrine enunciated in *Velasco v. CAR, et al.* (109 Phil., 642).

The real question, however, before this Court is: May the agrarian court, in determining what should be the annual lease rental, if direct evidence on the normal harvest of one of the three preceding agricultural years, prior to the establishment of leasehold, is not available, consider evidence circumstantial in character in order to prevent a delay in the settlement of the conflict between the agricultural lessor and lessee?

The provision of law which the parties correctly concede is applicable, is Section 46 of Republic Act No. 1199, as amended by Section 14 of Republic Act No. 2263, which states in part:

"(a) The fixed consideration for the use of ricelands, shall not be more than the equivalent of twenty-five per centum in case of first class land and twenty per centum in case of second class land of the average gross produce, after deducting the same amount of palay used as seed and the cost of harvesting and threshing of the past three normal harvest; Provided, That if the landholder introduced improvements on the farm which will increase its productivity, he may demand for an increase in the rental proportionate to the increase in

production resulting from such improvements. In case of disagreement the Court shall determine the reasonable increase in rental. Classification of ricelands shall be determined by productivity; first class lands being those which yield more than forty cavans per hectare and second class lands being those which yield forty cavans or less, the same to be computed upon the normal average harvest of the three preceding years."

- It is true that in *Velasco v. Court of Agrarian Relations*,^[1] We declared that where the legality of the annual lease rentals of an agricultural leasehold is disputed, the party who claims the rentals as excessive has the burden of proving that the same are excessive and are not conformable to law. In the *Velasco* case, however, there is no question that there was factual basis for the annual rentals fixed, as the lessor in fact introduced evidence on the normal harvests for the three agricultural years preceding the leasehold. The circumstance that the agrarian court refused to accord credence to this evidence of the lessor is of no moment. Here, We cannot assume that the annual rental fixed by the lessor is in accordance with law as there is not even any adequate factual basis for such annual lease rental, considering that the lessor herself could not even show the normal harvest for the agricultural year 1959-1960, which under the law is one of the bases for the determination of the annual rental. While it is true as a general rule that it is incumbent on the lessee challenging the reasonableness of the rentals to prove that the same are excessive, in the peculiar circumstances of the case, We feel that the lessee has sufficiently discharged such burden by showing by evidence which may be considered circumstantial, the improbability that the normal harvest for the agricultural year 1959-1960 could have exceeded 100 cavans. It would have been pointless for the agrarian court to require the lessee to prove the normal harvest for that agricultural year, since it is a fact found by both the agrarian court and the Court of Appeals, that respondent lessee only commenced working on the land during the agricultural year 1960-1961 at the commencement of the leasehold, as prior thereto the land was cultivated by other tenants. There is no question that proof of collateral facts and circumstances may be allowed provided the existence of the main fact may be reasonably inferred therefrom according to reason and common experience. On the basis of the facts thus shown during the trial, the agrarian court ascertained that the normal harvest for the agricultural year 1959-1960 was, therefore, 100 cavans. As stated hereto-fore, this finding of fact was sustained by the Court of Appeals.

- It must be, observed that the aforementioned statute has been enacted by Congress pursuant to the constitutional mandate that the "promotion of social justice to ensure the well-being and economic security of all the people shall be the concern of the state" and of the obligation of the state to accord protection to labor and to regulate the relations between landowner and tenant. Social justice, in the words of Justice Laurel in *Calalang v. Williams*,^[2] means the "humanization of laws and the equalization of social and economic forces by the State so that justice in the rational and objectively secular conception may at least be approximated." The statute was, therefore, designed to improve the lot of the sharecropper by granting to him a more equitable participation in the produce of the land which he cultivates. Viewed within the context of the constitutional mandate and obvious legislative intent, the provisions of the law should be construed to further their purpose of redeeming the tenant from his bondage of misery, want and oppression arising from the onerous terms of his tenancy and to uplift his social and financial status. As we said in *Hidalgo v. Hidalgo*,^[3] under the established jurisprudence of the Court, in the interpretation of tenancy and labor legislation, "it will be guided by more than just an inquiry into the letter of the law as against its spirit and will ultimately resolve grave doubts in favor of the tenant and worker."

It is for this purpose that Section 10 of Republic Act No. 1267, as amended by Republic Act No. 1409, creating the Court of Agrarian Relations, provides that "in the hearing, investigation and determination of any question or controversy and in exercising any duty and power under this Act, the Court shall, in the hearing and determination of cases pending before it, not be bound strictly by the technical rules of evidence." Complementary to this provision is Section 155 of the Agricultural Land Reform Code, which provides that "in the hearing, investigation and determination of any question or controversy pending before them, the Courts without impairing substantial rights, shall not be bound strictly by the technical rules of evidence and procedure, except in expropriation

cases." [4] We find, therefore, that the decision of the agrarian court is not only in accord with the spirit and intent of the Agricultural Tenancy Act and Land Reform Code but, more important, with the aforecited principles of the Constitution.

In the environment of a new social order We can do no less. Thus, under the new Constitution, property ownership has been impressed with a social function. This implies that the owner has the obligation to use his property not only to benefit himself but society as well. Hence, it provides under section 6 of Article II thereof, that in the promotion of social justice, the State "shall regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse property ownership and profits." The Constitution also ensures that the worker shall have a just and living wage which should assure for himself and his family an existence worthy of human dignity and give him opportunities for a better life (Sections 7, & 9, of Article II).

WHEREFORE, the judgment of the Court of Appeals appealed from is affirmed. Without costs.

SO ORDERED.

Makalintal, Acting C.J., Zaldivar, Ruiz Castro, Barredo, Makasiar, and Esguerra, JJ., concur.

Fernando, J., concurs and submits in addition a brief expression of his views.

Teehankee, J., concurs in the result.

[1] 109 Phil., 642.

[2] 70 Phil., 726

[3] L-25326-27, May 29, 1970, 33 SCRA 105, 120, citing *Maniego v. Castelo*, 101 Phil., 293 (1957); *Vda. de Santos v. Garcia*, L-16894, May 31, 1963, 8 SCRA 194; *Quimson v. de Guzman*, L-18240, Jan. 31, 1963, 7 SCRA 158; and *Pagdañgan v. Court of Agrarian Relations*, 108 Phil., 590 (1960).

[4] *Masa v. Baes, et al.*, L-29784, May 21, 1969, 28 SCRA 263, 267.

CONCURRING

FERNANDO, J.:

It is easy to discern that the opinion of the Court penned by Justice Antonio with his characteristic thoroughness and lucidity possesses merit as to the approach taken, the legal grounds relied upon, and the conclusion reached. It deserves concurrence, and that I yield. Nor can there be any dissent to the view therein expressed as to how far the revised Constitution has gone in making more comprehensive and explicit the social justice principle. It is deserving of the encomium heaped upon it by my learned colleague. Nonetheless, I feel that a separate opinion would not be amiss, if only to give expression anew to my firmly-held conviction that even under the 1935 Constitution, no insuperable objection did exist to measures calculated to aid the impoverished and the needy among us, even if to do so would greatly curtail rights of property.

As far back as May 29, 1939, in the original decision in *Ang Tibay v. Court of Industrial Relations*, [1] in the concurring opinion of Justice Laurel, not only a renowned constitutionalist but also one of the leading delegates in the 1934 Constitutional Convention, the extensive amplitude and the wide scope of social justice [2] were duly noted. Thus "It should be observed at the outset that our Constitution was adopted in the midst of surging unrest and dissatisfaction resulting from economic and social distress which was threatening the stability of governments the world over. Alive to the social and economic forces at work, the framers of our Constitution boldly met the

problems and difficulties which faced them and endeavored to crystalize, with more or less fidelity, the political, social and economic propositions of their age, and this they did, with the consciousness that the political and philosophical aphorism of their generation will, in the language of a great jurist, 'be doubted by the next and perhaps entirely discarded by the third.' (Chief Justice Winslow in *Borgnis v. Falk Co.*, 147 Wis. 327; 133 N.W. 209) Embodying the spirit of the present epoch, general provisions were inserted in the Constitution which are intended to bring about the needed social and economic equilibrium between component elements of society through the application of what may be termed as the *justitia communis* advocated by Grotius and Leibnitz many years ago to be secured through the counterbalancing of economic and social forces and opportunities which should be regulated, if not controlled, by the State or placed, as it were, in *custodia societatis*. 'The promotion of social justice to insure the well-being and economic security of all the people' was thus inserted as a vital principle in our Constitution. (Sec. 5, Art. II, Constitution.) And in order that this declaration of principle may not just be an empty medley of words, the Constitution in various sections thereof has provided the means towards its realization. For instance, section 6 of Article XIII declares that 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 same section also states that 'the State may provide for compulsory arbitration.' In extraordinary cases mentioned in section 16, Article VI, of the Constitution, the President of the Philippines may be authorized by law, for a limited period and subject to such restrictions as the National Assembly may prescribe, to 'promulgate rules and regulations to carry out a declared national policy.' Albeit, almost at the same time the Congress of the United States approved the National Labor Relations Act (49 Stat. 449) on July 5, 1935, commonly known as the Wagner Act, we were in the Philippines headway towards the adoption of our fundamental law, pursuant to congressional authority given in the Tydings-McDuffie Independence Act, approved March 24, 1934. In our Bill of Rights we now find the following provision: 'The right to form associations or societies for purposes not contrary to law shall not be abridged.' (Par. 6, Section 1, Art. III, Constitution.) What was an agitation in the United States which brought about the recommendation by the Commission on Industrial Relations created by an Act of Congress in 1912 for the adoption of a Labor Bill of Rights as an amendment to the United States Constitution, is, in our case, virtually an accepted principle, which may be expanded and vitalized by legislation to keep pace with the development of time and circumstances."^[3]

He continued his dissertation in these words: "By and large, these provisions in our Constitution all evince and express the need of shifting emphasis to community interests with a view to affirmative enhancement of human values. In conformity with the constitutional objective and cognizant of the historical fact that industrial and agricultural disputes had given rise to disquietude, bloodshed and revolution in our country, the National Assembly enacted Commonwealth Act No. 103 entitled 'An Act to afford protection of labor by creating a Court of Industrial Relations empowered to fix minimum wages for laborers and maximum rental to be paid by tenants, and to enforce compulsory arbitration between employers or landlords, and employees or tenants, respectively; and by prescribing penalties for the violation of its orders' and, later, Commonwealth Act No. 213 entitled 'An Act to define and regulate legitimate labor organizations.' * * *."^[4] Justice Laurel had these additional observations: "From what has been stated, it appears that the legislation which we are now called upon to construe was enacted in pursuance of what appears to be the deliberate embodiment of a new social policy, founded on the conception of a society integrated not by independent individuals dealing at arms' length, but by interdependent members of a consolidated whole whose interests must be protected against mutual aggression and warfare among and between diverse and diverse units which are impelled by countervailing and opposite individual and group interests, and this is particularly true in the relationship between labor and capital. Social and industrial disturbances which fifty years ago were feudal-like and of isolated importance may now well result in a serious strain upon the entire economic organism of the nation. In the United States labor legislation has undergone a long process of development too long to narrate here, culminating in the enactments of what were commonly known as the

Clayton Act, the Norris-La Guardia Act and, finally, the Wagner Act and the Fair Labor Standards Act of 1938. The Wagner Act created the National Labor Relations Board as an instrumentality of the Federal Government in the settlement of labor disputes, which device is aimed at the avoidance of unnecessary friction between labor and capital and the establishment of industrial peace. Scrutiny of legislation in that country and of pronouncements made by its Supreme Court reveals a continuous renovation and change made necessary by the impact of changing needs and economic pressure brought about by the irresistible momentum of new social and economic forces developed there. In the light of changes that have occurred, it is doubted if the pronouncements made by the said Supreme Court in 1905 (*Lochner v. New York*, 198 U.S. 45) or in 1908 (*Adair v. U.S.*, 52 L. ed. 435, 208 U.S. 161, and *Coppage v. Kansas*, 236 U.S. 1) - cases which are relied upon by the petitioner in its printed memorandum - still retain their virtuality at the present time. In the Philippines, social legislation has had a similar development, although of course to a much smaller degree and of different adaptation, giving rise to several attempts at meeting and solving our peculiar social and economic problems. (See Commonwealth Acts Nos. 37, 104, 139, 211; Presidential Message to the National Assembly, September 2, 1936; Executive Order No. 49, S. 1936.) The system of voluntary arbitration devised by Act No. 4055 of the defunct Philippine Legislature has apparently been abandoned by the enactment of the aforementioned Commonwealth Acts Nos. 103 and 213. In the midst of changes that have taken place, it may likewise be doubted, if the pronouncement made by this Court in the case of *People v. Pomar*, 46 Phil. 440, - also relied upon by the petitioner in its printed memorandum, - still retains its virtuality as a living principle. The policy of *laissez faire* has to some extent given way to the assumption by the Government of the right of intervention even in contractual relations affected with public interest." [5]

The above authoritative exposition of Justice Laurel of the indisputable prerogative of the government established under the 1935 Constitution to take such action in the pursuance of a social justice policy against which the asserted diminution to a considerable extent of property rights would not avail supplied the basis for this Court's decision in *Antamok Goldfields Mining Company v. Court of Industrial Relations*, [6] decided barely a year later, on June 28, 1940, sustaining the validity of the Court of Industrial Relations Act. [7] Towards the end of that year on December 2, 1940, came the epochal decision *Calalang v. Williams*, [8] relied upon in the opinion of the Court for the definition of social justice. As noted therein it was Justice Laurel who was the ponente. His concept of social justice under the 1935 Constitution which would negate a niggardly interpretation based on a tender regard for property rights deserves to be quoted in full. Thus: "Social justice is 'neither communism, nor despotism, 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 extra-constitutionally, through the exercise of powers underlying the existence of all governments on the time-honored principle of *salus populi est suprema lex*. Social justice, therefore, must be founded on the recognition of the necessity of interdependence among divers and diverse units of a society and of the protection that should be equally and evenly extended to all groups as a combined force in our social and economic life, consistent with the fundamental and paramount objective of the state of promoting the health, comfort, and quiet of all persons, and of bringing about 'the greatest good to the greatest number.'" [9]

That the validity of such an approach has not been impaired by time and circumstance is made clear in a relatively recent decision, *Agricultural Credit and Cooperative Financing Administration v. Confederation of Unions*, [10] with Acting Chief Justice Makalintal speaking for the Court. As was clearly pointed out by him: "The growing complexities of modern society, however, have rendered this traditional classification of the functions of

government quite unrealistic, not to say obsolete. The areas which used to be left to private enterprise and initiative and which the government was called upon to enter optionally, and only 'because it was better equipped to administer for the public welfare than is any private individual or group of individuals,' continue to lose their well-defined boundaries and to be absorbed within activities that the government must undertake in its sovereign capacity if it is to meet the increasing social challenges of the times. Here as almost everywhere else the tendency is undoubtedly towards a greater socialization of economic forces. Here of course this development was envisioned, indeed adopted as a national policy, by the Constitution itself in its declaration of principle concerning the promotion of social justice."^[11]

In a separate opinion in that decision, the same thought finds expression in this excerpt: "The influence exerted by American constitutional doctrines unavoidable when the Philippines was still under American rule notwithstanding, an influence that has not altogether vanished even after independence, the laissez-faire principle never found full acceptance in this jurisdiction, even during the period of its full flowering in the United States. More-over, to erase any doubts, the Constitutional Convention saw to it that our fundamental law embodies a policy of the responsibility thrust on government to cope with social and economic problems and an earnest and sincere commitment to the promotion of the general welfare through state action. It would thus follow that the force of any legal objection to regulatory measures adversely affecting property rights or to statutes organizing public corporations that may engage in competition with private enterprise has been blunted. Unless there be a clear showing of any invasion of rights guaranteed by the Constitution, their validity is a foregone conclusion. No fear need be entertained that thereby spheres hitherto deemed outside government domain have been encroached upon. With our explicit disavowal of the 'constituent-ministrant' test, the ghost of the laissez-faire concept no longer stalks the juridical stage."^[12] In support of the above view, the words of two leading delegates, Manuel Roxas, later the First President of the Republic and Rafael Palma, a former President of the University of the Philippines, were cited. As to Delegate Roxas: "Our constitution which took effect in 1935, upon the inauguration of the Commonwealth of the Philippines, erased whatever doubts there might be on that score. Its philosophy is antithetical to the laissez-faire concept. Delegate, later President, Manuel Roxas, one of the leading members of the Constitutional Convention, in answer precisely to an objection of Delegate Jose Reyes of Sorsogon, who noted the 'vast extensions in the sphere of governmental functions' and the 'almost unlimited power to interfere in the affairs of industry and agriculture as well as to compete with existing business' as 'reflections of the fascination exerted by [the then] current tendencies' in other jurisdictions, spoke thus: 'My answer is that this constitution has a definite and well defined philosophy, not only political but social and economic. A constitution that in 1776 or in 1789 was sufficient in the United States, considering the problems they had at that time, may not now be sufficient with the growing and ever-widening complexities of social and economic problems and relations. If the United States of America were to call a convention today to draft a constitution for the United States, does any one doubt that in the provisions of that constitution there will be found definite declarations of policy as to economic tendencies; that there will be matters which are necessary in accordance with the experience of the American people during these years when vast organizations of capital and trade have succeeded to a certain degree to control the life and destiny of the American people? If in this constitution the gentleman will find declarations of economic policy, they are there because they are necessary to safeguard the interests and welfare of the Filipino people because we believe that the days have come when in self-defense, a nation may provide in its constitution those safeguards, the patrimony, the freedom to grow, the freedom to develop national aspirations and national interests, not to be hampered by the artificial boundaries which a constitutional provision automatically imposes.' Delegate Roxas continued further: 'The government is the creature of the people and the government exercises its powers and functions in accordance with the will and purposes of the people. That is the first principle, the most important one underlying this document. Second, the government established in this document is, in its form, in our opinion, the most adapted to prevailing conditions, circumstances and the political

outlook of the Filipino people. Rizal said, 'Every people has the kind of government that they deserve.' That is just another form of expressing the principle in politics enunciated by the French philosophers when they said: "Every people has the right to establish the form of government which they believe is most conducive to their welfare and their liberty." Why have we preferred the government that is established in this draft? Because it is the government with which we are familiar. It is the form of government fundamentally such as it exists today; because it is the only kind of government that our people understand; it is the kind of government we have found to be in consonance with our experience, with the necessary modification, capable of permitting a fair play of social forces and allowing the people to conduct the affairs of that government.""[13] As to Palma: "One of the most prominent delegates, a leading intellectual, former President Rafael Palma of the University of the Philippines, stressed as a fundamental principle in the draft of the Constitution the limitation on the right to property. He pointed out that the then prevailing view allowed the accumulation of wealth in one family down to the last remote descendant, resulting in a grave disequilibrium and bringing in its wake extreme misery side by side with conspicuous luxury. He did invite attention to the few millionaires at one extreme with the vast masses of Filipinos deprived of the necessities of life at the other. He asked the Convention whether the Filipino people could long remain indifferent to such a deplorable situation. For him to speak of a democracy under such circumstances would be nothing but an illusion. He would thus emphasize the urgent need to remedy the grave social injustice that had produced such widespread impoverishment, thus recognizing the vital role of government in this sphere."[14]

It could thus be concluded: "The regime of liberty contemplated in the Constitution with social justice as a fundamental principle to reinforce the pledge in the preamble of promoting the general welfare reflects traditional concepts of a democratic policy infused with an awareness of the vital and pressing need for the government to assume a much more active and vigorous role in the conduct of public affairs. The framers of our fundamental law were as one in their strongly-held belief that thereby the grave and serious infirmity then confronting our body-politic, on the whole still with us now, of great inequality of wealth and mass poverty, with the great bulk of our people ill-clad, ill-housed, ill-fed, could be remedied. Nothing else than communal effort, massive in extent and earnestly engaged in, would suffice. To paraphrase Laski, with the necessary modification in line with such worthy constitutional ends, we look upon the state as an organization to promote the happiness of individuals, its authority as a power bound by subordination to that purpose, liberty while to be viewed negatively as absence of restraint impressed with a positive aspect as well as to assure individual self-fulfillment in the attainment of which greater responsibility is thrust on government; and rights as boundary marks defining areas outside its domain. From which it would follow as Laski so aptly stated that it is the individual's 'happiness and not its well being [that is] the criterion by which its behavior [is] to be judged. His interests, and not its powers, set the limits to the authority it [is] entitled to exercise.' We have under such a test enlarged its field of competence."[15]

A year previous to the Agricultural Credit decision, in *Alalayan v. National Power Corporation*,^[16] this Court had stressed the futility of assailing social justice measures on the sole ground of their adverse effect on property. Thus: "It is to be admitted of course that property rights find shelter in specific constitutional provisions, one of which is the due process clause. It is equally certain that our fundamental law framed at a time of 'surging unrest and dissatisfaction', when there was the fear expressed in many quarters that a constitutional democracy, in view of its commitment to the claims of property, would not be able to cope effectively with the problems of poverty and misery that unfortunately afflict so many of our people, is not susceptible to the indictment that the government therein established is impotent to take the necessary remedial measures. The framers saw to that. The welfare state concept is not alien to the philosophy of our Constitution. It is implicit in quite a few of its provisions. It suffices to mention two. There is the clause on the promotion of social justice to ensure the well-being and economic security of all the people, as well as the pledge of protection to labor with the specific

authority to regulate the relations between landowners and tenants and between labor and capital. This particularized reference to the rights of working men whether in industry and agriculture certainly cannot preclude attention to and concern for the rights of consumers, who are the objects of solicitude in the legislation now complained of. The police power as an attribute to promote the common weal would be diluted considerably of its reach and effectiveness if on the mere plea that the liberty to contract would be restricted, the statute complained of may be characterized as a denial of due process. The right to property cannot be pressed to such an unreasonable extreme."^[17] Only recently, three years ago, in *Edu v. Ericta*,^[18] there was again a reiteration of the undeniable competence of the government under the 1935 Constitution to vitalize the social justice concept even if to do so would constitute an intrusion into what, under a policy alien to that adopted by such fundamental law, was a domain beyond the power of the state to invade. As set forth in the opinion of the Court: "What is more, to erase any doubts, the Constitutional Convention saw to it that the concept of laissez-faire was rejected. It entrusted to our government the responsibility of coping with social and economic problems with the commensurate power of control over economic affairs. Thereby it could live up to its commitment to promote the general welfare through state action. No constitutional objection to regulatory measures adversely affecting property rights, especially so when public safety is the aim, is likely to be heeded, unless of course on the clearest and most satisfactory proof of invasion of rights guaranteed by the Constitution. On such a showing, there may be a declaration of nullity, but not because, the laissez-faire principle was disregarded but because the due process, equal protection, or non-impairment guarantees would call for vindication. To repeat, our Constitution which took effect in 1935 erased whatever doubts there might be on that score. Its philosophy is a repudiation of laissez-faire."^[19]

The reference to the above doctrines is not to be construed as in any way intended to detract from the indisputable merit that attaches to the revised Constitution where social justice is concerned. As a matter of law, it is not likely that since its effectivity counsel, zealous in their defense of property, would still bother this Court with a philosophy that had served its day and had been so specifically therein repudiated. That such efforts are more than ever doomed to futility should be quite obvious. Nonetheless, the writer of this opinion had to give expression to his views if only by way of deserved tribute to the framers of the 1935 Constitution, who had the vision and the foresight to provide for the solution of the nation's growing pains, which unfortunately afflict us much more so now, and which fortunately under the present charter, the government has sought to put an end to by what is to be hoped are more efficacious remedial measures.

[1] L-46496, 7 Lawyers' Journal, 487. The original decision with the opinion penned by Justice Villa-Real with the employer prevailing was set aside on procedural due process ground in a motion for reconsideration, with Justice Laurel this time speaking for the Court. Vide 69 Phil. 635 (1940).

[2] According to Article II, Section 5 of the 1935 Constitution: "The promotion of social justice to insure the well-being and economic security of all the people should be the concern of the State."

[3] L-46496, 7 Lawyers' Journal 487, 494.

[4] Ibid, 494-495.

[5] Ibid, 495.

[6] 70 Phil. 340.

[7] Commonwealth Act No. 103 (1936).

[8] 70 Phil. 726.

[9] Ibid, 734-735.

[10] L-21484, November 29, 1969, 30 SCRA 649.

[11] Ibid, 662.

[12] Ibid, 672-673.

[13] Ibid, 674-676.

[14] Ibid, 676.

[15] Ibid, 682. The separate opinion came from the writer of this concurrence.

[16] L-24396, July 29, 1968, 24 SCRA 172.

[17] Ibid, 181-182.

[18] L-32096, October 24, 1970, 35 SCRA 481.

[19] Ibid, 491.

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