

HOSPICIO NILO, PETITIONER, VS. HONORABLE COURT OF APPEALS AND ALMARIO GATCHALIAN, RESPONDENTS.

G.R. No. L-34586. April 02, 1984

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

Under Section 36(1) of Republic Act No. 3844, the Agricultural Land Reform Code, a landowner may eject an agricultural lessee or tenant on the ground that the owner shall personally cultivate the land himself. On September 10, 1971, Republic Act No. 6389, in amending Republic Act No. 3844, eliminated personal cultivation as a ground for the ejectment of the tenant or leaseholder. The issue in these cases is whether or not the amendment in R.A. 6389 should be given retroactive effect to cover cases that were filed during the effectivity of the repealed provision.

G.R. NO. L-34586 - This is a petition for review on certiorari of the Court of Appeals' decision ruling that Republic Act No. 6389 has no retroactive effect.

Respondent Almario Gatchalian is the owner of a parcel of riceland at Barrio San Roque, San Rafael, Bulacan with an area of two (2) hectares covered by Transfer Certificate of Title No. T-76791 of the Registry of Deeds of Bulacan. Petitioner Hospicio Nilo has been the agricultural share-tenant of Gatchalian since agricultural year 1964-65.

On February 22, 1967, petitioner filed a petition in C.A.R. Case No. 1676 with the Court of Agrarian Relations electing the leasehold system. On March 7, 1968, Gatchalian filed an ejectment suit against petitioner on the ground of personal cultivation under Sec. 36(1) of Republic Act No. 3844 which provides:

"SEC. 36. Possession of Landholding; Exceptions. - Notwithstanding any agreement as to the period or future surrender of the land, an agricultural lessee shall continue in the enjoyment and possession of his landholding except when his dispossession has been authorized by the Court in a judgment that is final and executory if after due hearing it is shown that:

"(1) The agricultural lessor-owner or a member of the immediate family will personally cultivate the landholding or will convert the landholding, if suitably located, into residential, factory, hospital or school site or other useful non-agricultural purposes x x x."

Nilo alleged by way of affirmative defense that the ejectment suit was but an act of reprisal and retaliation because he elected the leasehold system.

The two cases were heard jointly since they involved identical landholding and parties. The Court of Agrarian Relations found that there was a bona fide intention to cultivate the land personally. The petitioner appealed to the respondent Court of Appeals which affirmed the decision of the Court of Agrarian Relations. The Court found no justification to unduly interfere with the desire of Gatchalian to personally cultivate his own land.

The petitioner filed a motion for reconsideration contending that "personal cultivation as a ground for ejectment

of an agricultural lessee has been eliminated under Republic Act No. 6389". The latter law which took effect on September 10, 1971 now provides:

"(1) The landholding is declared by the department head upon recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban purposes x x x."

The respondent Court of Appeals denied the motion resolving that Republic Act No. 6389 has no retroactive application.

G.R. NO. L-36625 - This is an appeal raised by petitioner Fortunato Castro to the Court of Appeals from the decision of the Court of Agrarian Relations dismissing his complaint for the ejectment of his tenant, respondent Juan Castro, on the ground of personal cultivation. The landowner wants to personally cultivate the land owned by him located in Pulilan, Bulacan with an area of 6,941 square meters. Petitioner Fortunato Castro questioned the constitutionality of Section 7 of Republic Act No. 6389 which amended Section 36(1) of Republic Act No. 3844. The Court of Appeals certified the appeal to this Court on the ground that the issue of the constitutionality of Republic Act No. 6389 falls squarely within the exclusive jurisdiction of the Supreme Court.

The complaint in this case was filed by the petitioner with the Court of Agrarian Relations. The petitioner asked for the ejectment of his tenant Juan Castro. The latter in his answer alleged that the petitioner was not the owner of the landholding in question and that assuming the petitioner was the owner, he is nevertheless not qualified and fit to personally cultivate said landholding as he spends most of his time in mahjong sessions and in cockpits.

After the enactment of Republic No. 6389 on September 10, 1971, the respondent moved for the dismissal of petitioner's complaint on the ground that the new law eliminated personal cultivation by the landowner as a ground for the ejectment of an agricultural tenant. The Court of Agrarian Relations dismissed the complaint. A motion for reconsideration was denied. The petitioner appealed to the Court of Appeals alleging that: (1) the trial court erred in considering that Sec. 7 of Republic Act No. 6389 which amended Sec. 36(1) of Republic Act No. 3844 has a retroactive effect on all cases for ejectment of an agricultural lessee from his landholding on the ground of personal cultivation even if the said cases were filed long before the approval of the said Act; and (2) the trial court erred in not considering that Sec. 7 of Republic Act No. 6389 is unconstitutional, which point was raised by appellant in his opposition to appellee's motion to dismiss the complaint and his motion for reconsideration of the order dated December 17, 1971.

Since both cases involve the same issue of retroactivity, we shall resolve them together.

The issue of whether or not Section 7 of Republic Act No. 6389 which amended Section 36(1) of Republic Act No. 3844, repealing as a consequence "personal cultivation" as a cause for dispossession, should be given retroactive effect has spawned controversy. In *Arambulo v. Conicon* (CA-G.R. No. 46727-R, January 6, 1972) and *Palpalatoc v. Pescador* (CA-G.R. No. SP-00089-R, February 22, 1972), the Court of Appeals held that the deletion of personal cultivation as a cause for ejectment has retroactive application affecting even those cases pending in courts. The *Arambulo* case was elevated to the Supreme Court on certiorari but was denied in a minute resolution "for lack of merit" (G.R. No. L-34816, March 14, 1972).

In other cases, however, the Court of Appeals held that Republic Act No. 6389 has no retroactive effect. In *Lorenzo v. Lorenzo* (CA-G.R. No. 46842-R, September 4, 1971), the Court made a categorical statement that Republic Act No. 6389 has no retroactive effect. There are other cases where the appellate court split into two camps.

In resolving the controversy, we first apply established rules of statutory construction.

Article 3 of the old Civil Code (now Article 4 of the New Civil Code) provides that: "Laws shall not have a

retroactive effect unless therein otherwise provided." According to this provision of law, in order that a law may have retroactive effect it is necessary that an express provision to this effect be made in the law, otherwise nothing should be understood which is not embodied in the law. Furthermore, it must be borne in mind that a law is a rule established to guide our actions with no binding effect until it is enacted, wherefore, it has no application to past times but only to future time, and that is why it is said that the law looks to the future only and has no retroactive effect unless the legislator may have formally given that effect to some legal provisions (Lopez and Lopez v. Crow, 40 Phil. 997).

As early as 1913, this Court with Justice Moreland as ponente announced:

"The Act contains, as is seen, no express words giving it a retrospective or retroactive effect, nor is there anything found therein which indicates an intention to give it such an effect. Its effect is, rather, by clear intendment, prospective.

"It is a rule of statutory construction that all statutes are to be construed as having only a prospective operation unless the purpose and intention of the Legislature to give them a retrospective effect is expressly declared or is necessarily implied from the language used. In every case of doubt, the doubt must be solved against the retrospective effect. The cases supporting this rule are almost without number.

"In the case of Reynold v. M'Arthur (2 Pet., 416, 434), it was said that -

"It is a principle which has always been held sacred in the United States, that laws by which human action is to be regulated, look forward not backward; and are never to be construed retrospectively, unless the language of the Act shall render such construction indispensable.'

"In the case of Leete v. St. Louis State Bank (115 Mo., 184), it was held that -

"In construing statutes in regard to whether their action is to be prospective or retrospective, all the adjudicated cases and all the text-writers with unbroken uniformity unite in declaring 'that they are to operate prospectively and not otherwise unless the intent that they are to operate in such an unusual way, to wit, retrospectively, is manifested on the face of the statute in a manner altogether free from ambiguity.'

"The case of Berdan v. Van Riper (16 N.J.L., 7) holds that where a statute is susceptible of construction as both prospective and retrospective, the former construction will be adopted, but especially if the retrospective operation will work injustice to anyone. x x x" (de Montilla v. La Corporacion de PP. Agustinos; Ancajas v. Jakosalem, 24 Phil. 220).

The doctrine of non-retroactivity was reiterated in the case of Segovia v. Noel (47 Phil. 543). Thus -

"A sound canon of statutory construction is that a statute operates prospectively only and never retroactively, unless the legislative intent to the contrary is made manifest either by the express terms of the statute or by necessary implication. Following the lead of the United States Supreme Court and putting the rule more strongly, a statute ought not to receive a construction making it act retroactively, unless the words used are so clear, strong, and imperative that no other meaning can be annexed to them, or unless the intention of the legislature cannot be otherwise satisfied. No court will hold a statute to be retroactive when the legislature has not said so. x x x" (Farrel v. Pingree (1888), 5 Utah, 443; 16 Pac., 843; Greer v. City of Asheville [1894], 114 N. C., 495; United States Fidelity & Guaranty Co. v. Struthers Wells Co. [1907], 209 U. S., 306;)

An earlier opinion to the same effect is In re Will of Riosa (39 Phil. 23). This is still the rule and it has stood the test of time (Asiatic Petroleum Co. v. Llanes, 49 Phil. 466; De Mesa v. Collector of Internal Revenue, 53 Phil. 342; Hosana v. Diomano, 56 Phil. 741; China Insurance & Surety Co. v. Judge of 1st Inst. of Manila, 63 Phil. 320; La Paz Ice Plant & Cold Storage Co., Inc. v. Bordman and Iloilo Commercial & Ice Co., 65 Phil. 401; The Manila Trading & Supply Co. v. Santos, 66 Phil. 237; La Previsora Filipina v. Ledda, 66 Phil. 573; Tolentino v.

Alzate, 98 Phil. 781; Tolentino v. Angeles, 99 Phil. 309; Tamayo v. Manila Hotel Co., 101 Phil. 810; Valencia v. Hon. Jose T. Surtida, 2 SCRA 622; Buyco v. PNB, 2 SCRA 682; Billiones v. Court of Industrial Relations and Villardo v. Court of Industrial Relations, 14 SCRA 676; Lazaro v. Commissioner of Customs, 17 SCRA 36; Universal Corn Products, Inc. v. Rice and Corn Board, 20 SCRA 1048; Cebu Portland Cement Co. v. Collector of Internal Revenue, 25 SCRA 789.

A restatement of the doctrine was made in the case of *Espiritu v. Cipriano* (55 SCRA 533.) Thus -

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"x x x Well-settled is the principle that while the Legislature has the power to pass retroactive laws which do not impair the obligation of contracts, or affect injuriously vested rights, it is equally true that statutes are not to be construed as intended to have a retroactive effect so as to affect pending proceedings, unless such intent is expressly declared or clearly and necessarily implied from the language of the enactment. x x x" (*Jones v. Summers*, 105 Cal. App. 51, 286 Pac. 1093; *U.S. v. Whyel* 28 F (2d) 30.)

The general rule therefore, is that statutes have no retroactive effect unless otherwise provided therein (*Philippine Virginia Tobacco Administration v. Gonzales*, 92 SCRA 172). To exemplify this doctrine, in *Salcedo v. Court of Appeals* (81 SCRA 408), we held that Republic Act No. 2260 or the Civil Service Act of 1959 has no retroactive effect. In *Padasas v. Court of Appeals* (82 SCRA 250), we held that the Agricultural Land Reform Code or Republic Act No. 3844 must be enforced prospectively and not retroactively and therefore, the rights created, granted, or recognized therein such as the right of redemption accrued upon the enactment of said legislation and may be exercised thereafter in appropriate cases. In *Jacinto v. Court of Appeals* (87 SCRA 263) reiterated in *Castro v. Court of Appeals* (99 SCRA 722) and in *Baltazar v. Court of Appeals* (104 SCRA 619), we held that Presidential Decrees Nos. 27, 316, and 946 cannot be applied retroactively.

More important than resort to statutory construction in determining the issue of retroactivity is the ascertainment of the objectives sought to be realized by the Code of Agrarian Reforms.

In the declaration of policy in Republic Act No. 6389, the applicable objectives are:

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(2) To achieve a dignified existence for the small farmers free from pernicious institutional restraints and practices;

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(6) To make the small farmers more independent, self-reliant and responsible citizens and a source of genuine strength in our democratic society.

It is the legislature which determines the policy objectives of reform legislation.

This Court would be thwarting and not promoting the objectives of Congress if we rule against the small landowners in this case. The national goal of having independent and self-reliant farmers tilling their own small landholdings would not be achieved if persons who own only two hectares or 6,941 square meters of land as in the instant cases cannot be allowed to work their land themselves but must be compelled to perpetuate a lessor-lessee relationship. The desire of Congress to achieve a "dignified existence for the small farmers" is not served if two families - one landowner and one tenant - must share the measly produce from 6,941 square meters of land. Land reform and agrarian reform were intended to equalize opportunities for land ownership, to enable a diffusion and sharing of wealth and not a sharing of poverty or a fragmentation of tenanted farms into non-economic sizes.

We are aware of the deliberations and debates in Congress on Republic Act No. 6389. We stated in *Aisporna v. Court of Appeals* (108 SCRA 481).

"That it was the intention of the legislature in amending paragraph (1), sec. 36 of R.A. 3844 to deprive the landowner of the right to eject his tenant on the ground that the former would personally cultivate the land and also to abate cases brought by the landowner to eject the tenant on the same ground which were still pending at the time of the passage of the amendatory act, is clear and evident from the deliberations and debate of Congress when Republic Act 6389 was being deliberated, as published in the Senate Journal xxx."

This *Aisporna* case is, however, notably distinct from the two cases now before us. In *Aisporna*, the court ordered the petitioner tenant ejected on the ground of personal cultivation by the landowner. The court order became final and executory. One year after his ejectment, *Aisporna* availed himself of his remedies under the law and filed a case for reinstatement with damages alleging that the owner failed to cultivate the land himself. The trial Court ruled in favor of *Aisporna*. However, on appeal, the Court of Appeals reversed the decision stating that during the pendency of the action for reinstatement, the law was amended and personal cultivation as a ground to eject a tenant was removed. The appellate court opined that with the abolition of personal cultivation as a basis for ejectment, the corollary proviso on reinstatement:

"x x x Provided further, That should the landholder not cultivate the land himself for three years or fail to substantially carry out such conversion within one year after the dispossession of the tenant, it shall be presumed that he acted in bad faith and the tenant shall have the right to demand possession of the land and recover damages for any loss incurred by him because of said dispossession."

was also eliminated.

The issue in *Aisporna* was the right of the tenant to recover his status vis-a-vis the landholding from whence he was ejected. To sustain the appellate decision would have resulted in a plain case of injustice to the tenant and a condonation of bad faith. Our pronouncements on retroactivity dealt with this issue alone and to the extent that the *Aisporna* decision may be interpreted as covering factual situations similar to the two cases now before us, to that extent we make it clear that it does not do so.

It is true that during the debates on the bill which was later enacted into Republic Act No. 3844, there were statements on the floor that "the owner will lose the right to eject after the enactment of this measure" even in cases where the owner has not really succeeded yet in ejecting the tenants (Senate Journal, Nos. 43 and 44, March 30 and 31, 1971, 2nd Regular Session - 7th Congress). Nonetheless and in spite of these remarks, Congress failed to express an intention to make Republic Act No. 6389 retroactive and to cover ejectment cases on the ground of personal cultivation then pending adjudication by the courts.

"x x x In the interpretation of a legal document, especially a statute, unlike in the interpretation of an ordinary written document, it is not enough to obtain information as to the intention or meaning of the author or authors, but also to see whether the intention or meaning has been expressed in such a way as to give it legal effect and validity. In short, the purpose of the inquiry, is not only to know what the author meant by the language he used, but also to see that the language used sufficiently expresses that meaning. The legal act, so to speak, is made up of two elements - an internal and an external one; it originates in intention and is perfected by expression. Failure of the latter may defeat the former. (59 C.J.S. 1017; *Manila Jockey Club, Inc. v. Games and Amusement Board*, 107 Phil. 151).

In the case of *Manila Jockey Club, Inc. v. Games and Amusements Board*, supra., we held that legislative debates are expressive of the views and motives of individual members and are not always safe guides and, hence, may not be resorted to, in ascertaining the meaning and purpose of the lawmaking body. It is impossible to determine with certainty what construction was put upon an act by the members of the legislative body that passed the bill,

by resorting to the speeches of the members thereof. Those who did not speak, may not have agreed with those who did; and those who spoke, might differ from each other (Sutherland on Statutory Construction, 499-501; Ramos vs. Alvarez, 97 Phil. 844).

There have been cases in the past where we adhered to this doctrine. Thus, we held that individual statements made by Senators on the floor of the Senate do not necessarily reflect the view of the Senate. Much less do they indicate the intent of the House of Representatives (Casco Phil. Chem. Co., Inc. v. Gimenez, 7 SCRA 347; Resins, Inc. v. Auditor General, 25 SCRA 754). Accordingly, they are not controlling in the interpretation of the law in question (Phil. Assn. of Government Retirees, Inc. v. GSIS, 14 SCRA 610). Some statements may be deemed to be a mere personal opinion of the legislator (Mayon Motors, Inc. vs. Acting Com. of Internal Revenue, 1 SCRA 918).

The interpretation of statutes is for the courts. And the courts are not necessarily bound by one legislator's opinion, expressed in Congressional debates, concerning the application of existing laws (Song Kiat Chocolate Factory vs. Central Bank of the Phils. 102 Phil. 477).

The petitioner-tenant in G.R. No. L-34586 contends that since Republic Act No. 6389 is a social legislation and passed under the police power of the State, it should be liberally interpreted in favor of the tenants.

We agree with the petitioner-tenant that the law in question is social legislation. But social justice is not for tenants alone. The disputed land in L-36625 is only 6,941 square meters. The area of the land in L-34586 is slightly bigger, about two (2) hectares. A person with only one or two hectares of land to his name is equally deserving of social justice.

A majority of the landowners affected by the repeal of "personal cultivation" as a ground for the ejectment of a tenant own small landholdings. The records of Senate Bill No. 478 which eventually became Republic Act No. 6389 reveal that the repeal has affected an estimated 75% of landowners in the country who own tenanted lands of less than 3 hectares, 40% of those who own 5 hectares or less and 96% of landowners who own an area of less than 10 hectares each.

Many of these landowners who filed actions for ejectment on this ground are retirees who have opted to leave the stresses and strains of city life and to return to their home towns to personally cultivate their small landholdings. They are teachers, clerks, nurses, and other hardworking and frugal people who in a lifetime of sacrifice gathered their pitiful little savings and purchased small farms to supplement the inadequate pensions from the Government Service Insurance System or the Social Security System. The owners of the lots in these cases had the bona fide intention to personally cultivate their lands as proven and found by the trial courts. To hold that they can no longer eject their tenants because of Republic Act No. 6389 would deprive them of their right to enjoy their property which they had already asserted before the statute was passed. Precisely, the legislators, in providing "personal cultivation" as a ground to eject tenants intended to encourage and attract the landowners to go to their respective provinces and till their own lands. Unfortunately, the ground of "personal cultivation" was abused and used as a pretext to eject the tenants and this led to the amendatory law.

This unfortunate consequence should not work an injustice upon those small landowners proven to have the bona fide intention to personally cultivate their lands. In *Gonzales v. GSIS* (107 SCRA 492), we held that:

"It should also be borne in mind that Republic Act No. 3844, then known as the Agricultural Land Reform Code, is a social legislation whose implementation has been made more imperative by Section 6, Article 11 of the 1973 Constitution. It is designed to promote economic and social stability. It must be interpreted liberally to give full force and effect to its clear intent. This liberality in interpretation, however, should not accrue solely in favor of actual tillers of the land, the tenant-farmers, but should extend to landowners as well,

especially those owning "small landholdings", by which is meant landholdings of 24 hectares and less than 24 hectares. These landowners constitute part of the economic middle class which the Government is trying to build. They deserve as much consideration as the tenants themselves in order not to create an economic dislocation, were tenants solely favored but this particular group of landowners impoverished." (See "Whereas", clauses of LOI No. 143).

In *Cabatan v. Court of Appeals* (95 SCRA 323), we similarly held that:

"x x x the reliance by the tenants-lessees on "social justice" as a reason to support the continuance of an unjust and inequitable rental rate is not only improper but would countenance and perpetuate an injustice against the landholder-lessor. This, the constitutional precept of "social justice" was never meant to do.

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"Social justice as thus defined and in its true meaning is not meant to countenance, much less perpetuate, an injustice against any group - not even as against landholders. For the landholders as a component unit or element in our agro-industrial society are entitled to 'equal justice under law' which our courts are, above everything else, under mandate of the Constitution to dispense fairly, without fear nor favor.

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"x x x A cursory study of the long line of decisions on social justice will readily reveal, however, that the concept has been fleshed out - the principle, conceptualized - as Justice Laurel enjoined in the celebrated case of *Calalang vs. Williams* - not thru mistaken sympathy for or misplaced antipathy against any group - whether labor or capital, landlord or tenant - but even-handedly and fairly, thru the observance of the principle of 'equal justice under law,' for all and each and every element of the body politic." (Eg. *Calalang vs. Williams*, 70 Phil. 726 (1940) cited, supra; *Guido vs. Rural Progress Administration*, 47 O.G. 1848, (1949) 84 Phil. 847, a reconciliation between conflicting claims of social justice and protection to property and rights; *Militona Estate Inc. vs. De Guzman, et al.*, No. L-11912 (1959), 105 Phil. 1296 (unreported).)

In *Dequito v. Llamas*, (66 SCRA 504) we ruled that the petitioner-tenant ought to know that if he has rights to protection as a tenant, the landowner has also rights under the law. The protective mantle of social justice cannot be utilized as an instrument to hoodwink courts of justice and undermine the rights of landowners on the plea of helplessness and heartless exploitation of the tenant by the landowner.

Our decision to deny retroactive effect to the amendatory provision gains added strength from later developments.

Under the 1973 Constitution, it is even more emphasized that property ownership is impressed with a social function. This means that the owner has the obligation to use his property not only to benefit himself but society as well. Hence, the Constitution provides under Section 6 of Article II 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 and 9, Article II) (*Alfanta vs. Noe*, 53 SCRA 76; *Almeda vs. Court of Appeals*, 78 SCRA 194).

In line with the above mandates, this Court upheld the constitutionality of Presidential Decree No. 27, which decrees the emancipation of tenants from the bondage of the soil and transferred to them the ownership of the land they till, in *Gonzales v. Estrella* (91 SCRA 294). We noted the imperative need for such a decree in *Chavez v. Zobel* (55 SCRA 26). We held in the latter case that "on this vital policy question, one of the utmost concern, the need for what for some is a radical solution in its pristine sense, one that goes at the root, was apparent. Presidential Decree No. 27 was thus conceived. x x x There is no doubt then, as set forth expressly therein, that the

goal is emancipation. What is more, the decree is now part and parcel of the law of the land according to the present Constitution."

Significantly, P.D. No. 27, which decrees the emancipation of the tenant from the bondage of the soil, transfers to him the ownership of the land he tills, and provides instruments and mechanisms therefor, has recognized personal cultivation as a ground for retention and, therefore, exemption from the land transfer decree. Personal cultivation cannot be effected unless the tenant gives up the land to the owner.

Presidential Decree No. 27 provides:

"In all cases, the landowner may retain an area of not more than seven (7) hectares if such landowner is cultivating such area or will now cultivate it."

The redistribution of land, restructuring of property ownership, democratization of political power, and implementation of social justice do not require that a landowner should be deprived of everything he owns and that even small parcels as in these two cases now before us may not be worked by the owner himself. The evil sought to be remedied by agrarian reform is the ancient anachronism where one person owns the land while another works on it. The evil is not present in cases of personal cultivation by the owner.

Taking over by the landowner is subject to strict requirements. In addition to proof of ownership and the required notices to the tenant, the bona-fide intention to cultivate must be proved to the satisfaction of the court. And as earlier stated, the tenant is protected in case the owner fails to cultivate the land within one year or to work the land himself for three years.

The seven hectares retention under P.D. No. 27 is applicable only to landowners who do not own other agricultural lands containing an aggregate of more than seven hectares or lands used for residential, commercial, industrial, or other urban purposes where they derive adequate income to support themselves and their families. (Letter of Instruction No. 472 dated October 21, 1976).

To support his petition, Fortunato Castro in L-36625 asserts that Section 7 of Republic Act No. 6389 is unconstitutional.

The amended provision reads:

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"(1) The landholding is declared by the department head upon recommendation of the National Planning Commission to be suited for residential, commercial, industrial or some other urban purposes: Provided, That the agricultural lessee shall be entitled to disturbance compensation equivalent to five times the average of the gross harvests on his landholding during the last five preceding calendar years."

There appears to be nothing unconstitutional in the above provision. If Mr. Castro is challenging agrarian reform itself, then his challenge is puerile if not hopeless. We ruled in *Vda. de Genuino v. Court of Agrarian Relations* (22 SCRA 792) that the Agricultural Land Reform Code is valid and justified. In *Paulo v. Court of Appeals* (54 SCRA 253) we ruled:

"x x x Land Reform, which is now transforming the rural existence of the farmers, has become more imperative in view of the provisions of the New Constitution. Thus Section 6, Article II thereof directs that 'The State shall promote social justice to insure the dignity, welfare and security of all the people,' and for the attainment of this end, directs that 'the State shall regulate the acquisition, ownership, use, enjoyment, and disposition of private property, and equitably diffuse ownership and profits.' Section 5, Article XVII of the Transitory Provisions provides that the implementation of declared agrarian reforms' shall be given priority. There is no question that the massive overhaul of the system of land ownership by the transfer to the tenants of

the ownership of the land they till and the grant to them of the instruments and mechanisms to increase their land's productivity will decisively improve the people's livelihood and promote political and social stability."

And, of course, Section 12 of Article XIV specifically mandates that "the State shall formulate and implement an agrarian reform program aimed at emancipating the tenant from the bondage of the soil and achieving the goals enunciated in this Constitution." At any rate, there is no need to pass upon the constitutional issue for the purpose of resolving the narrow question of retroactivity of the questioned provision.

WHEREFORE, the petition in G.R. NO. L-34586 is denied for lack of merit and the questioned decision of the Court of Appeals is affirmed. In G.R. No. L-36625, the questioned order of the lower court is set aside and the case is remanded to the Regional Trial Court of Bulacan for trial on the merits.

SO ORDERED.

Makasiar, Acting C.J., Concepcion, Jr., Guerrero, De Castro, Melencio-Herrera, Plana, Escolin, Relova, and De la Fuente, JJ., concur.

Abad Santos, J., in the result.

Aquino, J., no part.

Fernando, C.J., and Teehankee, J., on official leave.

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