

LETTER OF INSTRUCTION NO. 143, October 31, 1973

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TO:

Secretary Alejandro Melchor
Executive Secretary

Secretary Conrado Estrella
Department of Agrarian Reform

Secretary Cesar Virata
Department of finance

Secretary Arturo S. Tanco, Jr.
Department of Agriculture & Natural Resources
(The Director, Bureau of Agricultural Extension)

Governor Gregorio Licaros
Central Bank of the Philippines

Mr. Basilio Estanislao
President, Land Bank

Secretary Jose Roño
Department of Local Governments & Community Development
(Undersecretary Orlando Sakay
Undersecretary for Cooperatives
Undersecretary Rosendo Marquez
Undersecretary for Community Development)

WHEREAS, I have repeatedly given instructions for the speedy implementation of Presidential Decree No. 27, otherwise known as the Tenants' Emancipation Act, which extended land reform program to the small landholdings devoted principally to rice and corn and tilled by tenant-farmers;

WHEREAS, surveys undertaken by the Government show that 95.4% of our landowners are among those holding less than 12 hectares and that 69.9% of our tenant-farmers are tillers in these small landholdings of less than 12 hectares;

WHEREAS, the Government, although eager to implement a program of land reform by extending its operations to these small landholdings, has been conscious as well of the fact that these landowners holding small parcels of land constitute part of the economic middle class, which we are trying to build and therefore deserve as much consideration the tenants themselves;

WHEREAS, for this reason studies have been continuing in or for not to create an economic dislocation whereby while we are helping the tenants we are impoverishing this particular group of landowners;

WHEREAS, under Presidential Decree No. 27, the mode of payment specified calls for payment by the tenant-farmers to the landowners the total cost of the land, including interest at the rate of six per centum (6%) per annum in fifteen (15) years in fifteen (15) equal annual amortizations;

WHEREAS, under Presidential Decree No. 251, other modes of payment have been provided, namely:

"1.

Cash payment of 10% and balance in 25-year tax free 6% Land Bank bonds;

"2.

Payment of 30% in preferred shares of stock issued by the bank and balance in 25-year tax-free 6% Land Bank bonds;

"3.

Full guarantee on the payment of the fifteen (15) equal annual amortizations to be made by the tenant/farmer;

"4.

Payment through the establishment of annuities or pensions with insurance?

"5.

Exchange for government stocks in government-owned or controlled corporations or private corporations where the government has holdings;

"6.

Such other modes of settlement as may be further adopted by the Board of Directors and approved by the President of the Philippines"; and

WHEREAS, it is my earnest desire that the actual tillers of the land, the tenant-farmers, shall be the actual owners of the land tilled by them soonest, but at the same time the small landowners shall not be impoverished by depriving them of their land which may be their only source of income, and if deprived should receive the assistance of the Government:

NOW, THEREFORE, and in view of my earnest desire to implement fully the Land Reform-Program as set forth in Presidential Decree No. 27, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, hereby proscribe the following policies or guidelines in the implementation of land reform program,

especially with respect to the small landholdings:

(1)

That as a basic policy, the actual tillers of the land, the tenant-farmers, in agricultural land principally devoted to rice and corn production, shall be the actual owners of the land tilled by them, subject to the following guidelines:

(a)

That in pursuance of this policy the absentee landowners shall transfer to their tenants their land-holdings regardless of area, no matter how small, and

(b)

That the absentee landowners shall be compelled to do so if they (the absentee landowners) are found to have a source of income other than their landholding or landholdings.

(2)

In determining who is an absentee landlord, the Department of Agrarian Reform shall ascertain if the absence of such landlord is on account of circumstances beyond his control such as having been driven from the land by fortuitous circumstances or forces beyond his control, services in the Armed Forces of the Philippines or other branches of the Government.

(a)

If the absentee landowner falling under this category has been actually tilling the land before being compelled to abandon the tilling of the land as provided in the immediately preceding paragraph, then he shall not be considered an absentee landlord as referred to in this Letter of Instruction;

(b)

If in the apportionment of the land according to Presidential Decree No. 27, which reserves 7 hectares for the landowner if he tills part of his landholdings or intends to till part thereof, and allocates an area not exceeding 5 hectares for the tenant-farmer, if the land is not irrigated, and 3 hectares if irrigated, there will not be enough land to be allocated to the tenant or tenants in the same landholding, the Government shall encourage the organization or establishment of a cooperative composed of both the landowner himself and his tenant or tenants with the income from said land apportioned by them in accordance with their respective participation in its cooperative effort.

In order to ensure immediate implementation of these policies and guidelines, I direct the Executive Secretary, the Secretary of the Department of Agrarian Reform, the Secretary of the Department of Finance, the Secretary of

Agriculture and Natural Resources, the Governor of the Central Bank, the President of the Land Bank, the Secretary of the Department of Local Governments and Community Development, the Undersecretary for Cooperatives and the Undersecretary for Community Development and all other agencies of the Government whose cooperation is considered necessary by the Secretary of Agrarian Reform and the agrarian Reform Fund Council to conduct an immediate survey which shall, among others, determine:

(1)

The absentee landowners as envisioned in this Letter of Instruction;

(2)

The absentee landowners with no other source of income and those with other source of income;

(3)

The absentee landowners who have a history of tilling their own landholdings but were compelled to abandon their farming activities in view of circumstances beyond their control and as specified in this Letter of Instruction;

(4)

Those landholdings where the organization of a cooperative composed of the landowner and his tenant or tenants is the most feasible measure to resolve conflicting interests of landowner and tenant-farmer;

(5)

Those landholdings or portions thereof in which the landowner may have a strong emotional attachment for having been the site of his home or ancestral home of the landowner;

(6)

How many of these absentee landowners are in the government service;

(7)

How many of those landowners are retirees from the government service or from employment in private firms.

You will likewise ascertain:

(1)

Whether or not the 6% per annum income from agricultural rice and corn land as earlier reported is in fact the actual earning from these lands;

(2)

Whether or not there has been an increase in production in areas where the land reform program has been implemented, in general, and specifically in the small landholdings.

The term "small landholdings" as used in this Letter of Instruction shall mean landholdings of 24 hectares and less than 24 hectares.

Pilot areas shall be established, preferably in one town in Nueva Ecija, one town in Pangasinan, one town in the

Ilocos Region and in other municipalities in other provinces where the group may deem it necessary.

The Executive Secretary shall convene a meeting of the officials specified herein immediately to implement these instructions and a report will be submitted to me with the recommendations before the end of November 1973.

Done in the City of Manila, this 31st day of October, in the year of Our Lord, nineteen hundred and seventy-three.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

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