

[LETTER OF INSTRUCTION NO. 143, October 31, 1973]

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