

can, after proper deliberation, report out the bill so that we can offer it as an alternative.

Senator Maceda. Well, the same is under serious consideration. In fact, we have sent it, as we usually do, to the Department of National Defense for comment.

Senator Guingona. Yes, I am sure that there are reservations on the part of the regular armed forces. Any change would find natural resistance and they would be affected. But this is an alternative, we believe, for the benefit of the people.

Senator Maceda. We are giving it appropriate attention, Mr. President. Thank you.

Senator Guingona. Thank you, Mr. President.

SUSPENSION OF THE SESSION

Senator Mercado. I move that we suspend the session for a while.

The President. The session is suspended for a brief breathing spell, if there is no objection. [*There was none.*]

It was 5:46 p.m.

RESUMPTION OF THE SESSION

At 6:09 p.m., the session was resumed.

The President. The session is resumed.

BILL ON SECOND READING

(Senate Bill No. 249 – Comprehensive Agrarian Reform Program)

Senator Mercado. Mr. President, I move that we consider Senate Bill No. 249 as reported out under Committee Report No. 103.

The President. Consideration of Senate Bill No. 249 is now in order. With the permission of the Body, the Secretary will read only the title of the bill, without prejudice to inserting in the *Record* the whole text hereof.

The Secretary. Senate Bill No. 249, entitled:

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

The following is the whole text of Committee Report No. 103.

(COMMITTEE REPORT NO. 103)

MR. PRESIDENT:

The Committee on Agrarian Reform, to which were referred Senate Bill No. 16, introduced by Senator Alvarez, entitled:

AN ACT ESTABLISHING THE PRIORITIES OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM, DEFINING THE LAND OWNERSHIP CEILINGS AND RETENTION LIMITS, AND FOR OTHER PURPOSES

Senate Bill No. 123, introduced by Senator Aquino, entitled:

AN ACT INSTITUTING THE COMPREHENSIVE AGRARIAN REFORM PROGRAM AND PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION

and Senate Bill No. 133, introduced by Senator Alvarez, entitled:

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

has considered these bills and has the honor to report them back to the Senate with the recommendation that the said bills be consolidated in the attached bill Senate Bill No. 249) prepared by the Committee, entitled:

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

and that this last Bill be approved without amendment with Senators Alvarez, Aquino, and the Committee on Agrarian Reform as authors thereof.

Respectfully submitted:

(Sgd.) HEHERSON T. ALVAREZ
Chairman
Committee on Agrarian Reform

(Sgd.) AGAPITO A. AQUINO – I dissent
Vice Chairman

(Sgd.) WIGBERTO E. TAÑADA – with reservation
Vice Chairman

Members

(Sgd.) EDGARDO J. ANGARA

(Sgd.) ERNESTO M. MACEDA – Submitting dissenting opinion

(Sgd.) VICENTE T. PATERNO – with reservations

(Sgd.) ALBERTO G. ROMULO – Subject to reservation on retention limit, compensation package and exemption

(Sgd.) NEPTALI A. GONZALES – with reservations on retention limits and mode of payment

(Sgd.) JOSE D. LINA – with reservations

(Sgd.) JOSEPH EJERCITO ESTRADA

(Sgd.) LETICIA RAMOS SHAHANI

(Sgd.) AQUILINO Q. PIMENTEL, JR. – with reservations

(Sgd.) MAMINTAL ABDUL J. TAMANO

Ex-Officio Members:

(Sgd.) TEOFISTO T. GUINGONA, JR. – with reservations
President Pro Tempore

(Sgd.) ORLANDO S. MERCADO --with reservations
Majority Floor Leader

(Sgd.) JUAN PONCE ENRILE – With my dissent for lack of comprehensive study and time to consider the same

HONORABLE JOVITO R. SALONGA
President of the Senate
Manila

COMMITTEE ON AGRARIAN REFORM
SENATE, MANILA

DISSENTING OPINION

The Chairman and Distinguished Members of the Committee:

I would like to reiterate my strong dissent against the proposed Comprehensive Agrarian Reform Law of 1987, embodied in the Committee Bill which was recently reported out for the consideration of the Senate on Second Reading.

In its entirety, this proposed legislation is a complete departure from the spirit and intent of the Philippine Constitution of 1986, specifically, Article XIII, Section Four, which should be the foundation of every legislation on the matter of Agrarian Reform. In no uncertain terms, the Constitution upholds the principle of land to the tiller and envisions its actualization through the just distribution of agricultural lands. Foremost in its priorities is the right of the landless and the farmers to own the land they till.

I would like you to take a closer look at this Committee Bill. While it seems to be protecting the interest of the less privileged, the application and execution of its specific provisions would result otherwise. Taken together, its provisions reveal a veiled intent to protect the landed, even as it attempts to lure the landless to its fold. This Bill would amount to a denial of a constitutional mandate.

I therefore put on record my dissent to the proposed Comprehensive Agrarian Reform Law of 1987 as it is embodied in the reported Committee Bill, specifically, though not limited, to the following provisions:

1. Declaration of Policies (Sec. 2)
2. Definition of Terms (Sec. 3)

3. Scope (Sec. 4)
4. Implementation (Sec. 5)
5. Registration (Sec. 6)
6. Voluntary Offer to Sell (Sec. 8)
7. Voluntary Land Transfer (Sec. 9)
8. Compensation to Landowners (Sec. 10)
9. Retention Limites (Sec. 11)
10. Total Landholdings (Sec. 12)
11. Qualified Beneficiaries (Sec. 14)
12. Payment of Beneficiaries (Sec. 15)
13. Transferability of Awarded Lands (Sec. 16)
14. Coverage (Sec. 17)
15. Production Sharing (Sec. 18)
16. Employees Stock Ownership Incentives Plans (Sec. 19)
17. Payment of Shares of Stock by Beneficiaries (Sec. 20)
18. Duties and Functions of PARC (Sec. 22)
19. The Agrarian Reform Adjudication Board (Sec. 26)
20. Appointment and Qualifications (Sec. 29)
21. Appeal (Sec. 33)
22. Agrarian Reform Fund (Sec. 37)
23. Disposition of Agricultural Lands (Sec. 40)
24. Leases, Management Contracts, Mortgages and Claims (Sec. 42)
25. Penalties (Sec. 45)
26. Other Beneficiaries (Sec. 46)

We believe in the urgency of this legislation. By dissenting, I do not seek to delay the passage of this bill. However, I dare not sacrifice its substance for the sake of expediency. I dissent in the hope that the Senate come up with an Agrarian Reform Legislation consistent with the mandate of the Constitution in promoting Equity and Social Justice.

Thank you.

(Sgd.) AGAPITO A. AQUINO
Senator

EXPLANATORY NOTE

The proposed legislation treats agrarian reform as a Social Justice measure for the equitable distribution of benefits derived from the optimum utilization of land resources. Improving the quality of life of an agrarian worker through increased productivity and

agro-industrial development are the objectives of the Comprehensive Agrarian Reform Program (CARP).

The CARP as envisioned in this bill activates the constitutional mandate under Section 4, Article XIII, that "The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof." Consequently, several modes of agrarian reform are recognized; parcellary distribution of lands and the sharing of economic benefits derived from the land such as production sharing and stock ownership incentive plans. In addition, support services are envisioned to be provided both affected landowners and farmer-beneficiaries, for the achievement of productivity towards industrialization.

The Agrarian Reform Program is the fulfillment of the principle of social justice in the continuing struggle and evolution of our democratic society and its institutions.

(Sgd.) HEHERSON T. ALVAREZ
Senator

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I PRELIMINARY CHAPTER

SECTION 1. *Title.* — This Act shall be known as the Comprehensive Agrarian Reform Law of 1987.

SEC. 2. *Declaration of Policies.* — The State declares the institution of a Comprehensive Agrarian Reform Program (CARP) as an instrument of social justice to promote rural development towards industrialization.

It is envisioned that the agrarian reform program will channel landowner's assets to more productive and pioneering ventures that strengthen the country's agro-industrial foundation, and in the countryside build a just, equitable, and more productive land ownership affording beneficiaries the opportunity to improve the quality of their lives. Agrarian Reform is not a struggle of social classes. It is a social justice measure that requires the balancing of all affected interacting forces of the nation's economic life. It is, therefore, the policy of the State to undertake a Comprehensive Agrarian Reform Program as a principal priority with the highest consideration for equity development and ecological needs of the nation, and the property rights of its citizens.

SEC. 3. *Definition of Terms.* — As used in this Act, the following shall have their respective meanings as herein defined, to wit:

1. Abandoned Lands — any agricultural land not utilized by the owner for useful or economic purpose continuously for a period of five (5) years prior to the receipt of notice of compulsory acquisition by the government as provided under this Act. Non-payment of real property taxes and other fees, license and taxes for the same five years period shall be *prima facie* evidence of such abandonment.
2. Agrarian Dispute — any controversy relating to tenure, terms, and conditions of agricultural employment and other tenurial arrangement, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes, concerning farm workers associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of employment in activities or enterprises engaged in agriculture, as defined in this Act. It includes any dispute relating to compensation of lands under Operation Land Transfer and other terms and conditions of transfer of ownership from landowner to farm workers, tenants and other beneficiaries, whether the disputants stand in the proximate relation of farm employers and employees, landlord or tenant, lessor or lessee, as well as any matter relating to the application, implementation, interpretation of the Comprehensive Agrarian Reform Program (CARP) and other pertinent laws on agrarian reform. Labor disputes, however, in agri-business and agri-industrial enterprises as defined in this Act shall continue to be governed by the Labor Code.
3. Agrarian Reform covers both land distribution and other modes of distribution of economic benefits to farmer-tillers and other farm workers regardless of tenurial arrangement or crop produced as provided in this Act and refers to the totality of factors and support services designed to uplift the economic status of farmer-tillers and farm workers of agricultural lands.
4. Agriculture; Agricultural enterprise or activity — for purposes of this Act, shall mean farming as a principal activity in all its aspects or branches involving the cultivation and tillage of soil, planting, growing and harvesting of any farm product and includes any and all practices performed by a farmer or on a farm as an incident to or in conjunction with such farming operations performed by persons whether natural or juridical other than agri-business and agri-industrial enterprises as defined in this Act.
5. Agri-business and agri-industrial enterprises shall refer to business ventures, activities and operations which involve high technology inputs or capital

- intensive farm production operations or where agricultural operations is part of an integral process to and/or necessary for the production of basic or raw materials which are subjected to further manufacturing or processing to produce a final product which is ready for the market whether domestic or foreign, like sugar, coconut oil, copra and other coco-products, abaca fiber, textile and Manila hemp and other abaca products, leaf tobacco for processing into cigar, cigarettes and other tobacco products, bananas, pineapple, prawn farming and other aquaculture activities, livestock, swine-raising and other large scale food production activities.
6. Agricultural Land — shall mean land devoted to agriculture as defined in this Act.
 7. Agricultural Lessee — as distinguished from a civil law lessee, shall mean a person who, by himself and with the aid available from within his immediate farm household, cultivates the land belonging to, or possessed by another with the latter's consent for purposes of agricultural production, for a price certain in money or in produce or both thereby giving rise to a legal relationship known as agricultural leasehold or tenancy.
 8. Idle Lands — shall mean land not directly cultivated, tilled or developed to produce any crop nor devoted directly to any definite economic purpose for at least one year prior to the notice of programmed acquisition by the government, but shall not include lands that have become permanently or regularly devoted to other essential and more productive purpose, and lands which are unproductive for reasons of *force majeure* or any other fortuitous event provided that prior to such event, such land was previously utilized for agriculture or other economic purposes.
 9. Farm Worker — as used in this law includes a farm laborer or employee or any wage, salary and piece worker in an activity devoted to agriculture, as well as an agri-business or agri-industrial enterprise or activity, and includes an individual whose work has ceased as a consequence of, or in connection with, a pending agrarian dispute as herein defined and who has not obtained a substantially equivalent and regular employment.
 10. High technology or capital intensive farm production enterprises shall mean those enterprises whose agricultural land as a component of the production process form less than 35% of the total assets of the enterprise.
 11. Seasonal Farm Worker — as distinguished from regular full time workers, is one employed for seasonal activities only, such as planting and harvesting, in an activity or operation devoted to agriculture, including an agri-business or agri-industrial enterprise.
 12. Labor Administration — means any farm operation, activity involving any of the processes in agricultural production or operation related to agriculture, where farm workers/laborers are wholly employed by and under the direct administration and supervision of the landowner or his representative other than an agri-business or agri-industrial enterprise.

CHAPTER II

COVERAGE

SEC. 4. *Scope.* — The Comprehensive Agrarian Reform Program (CARP) shall cover all public and private lands utilized for agriculture and lands of the public domain even

though presently devoted to other principal uses like pasture lands leased from the government, penal colonies established on public lands, public forests and mineral lands, that are found to be suitable for agriculture.

Lands actually and exclusively used as, and those which the Presidential Agrarian Reform Council (PARC) as herein provided may determine to be necessary for parks, wildlife and fish sanctuaries and breeding grounds, watersheds and mangroves, national defense, school sites and campuses, seeds and seedlings research and production centers, government research and quarantine centers, are not covered by this Act.

SEC. 5. Implementation. — The PARC shall formulate guidelines for implementing the CARP, taking into consideration the nature of the lands to be distributed as provided hereunder:

- a. Rice and corn areas under Presidential Decree No. 27, as amended;
- b. Government and private agricultural lands offered for sale; those which are idle, abandoned, expropriated, foreclosed or foreclosable by government and private financial institutions and those agricultural lands that form part of the ill-gotten wealth recovered by the Presidential Commission on Good Government (PCGG) which have voluntarily offered and deeded to the government or otherwise awarded by final adjudication in favor of the Republic of the Philippines;
- c. All alienable and disposable lands of the public domain devoted to or suitable for agriculture;
- d. All agricultural lands under labor administration and tenanted non-rice and non-corn lands, regardless of crops planted.

The Classification shall refer to the main components of the CARP and shall not be construed as orders of priorities in implementation. The PARC shall

determine its annual level of operations based on administrative feasibility and financial capacity provided, that the distribution of all agricultural lands covered by this Act shall have been completed not later than five (5) years from the approval of this Act.

CHAPTER III

LAND ACQUISITION AND TRANSFER

SEC. 6. Registration. — The following shall register in accordance with the following rules:

- A. Landowners.** — Within one hundred eighty (180) days from the effectivity of this Act, all persons natural and juridical, including government entities, that own, lease or manage agricultural lands, shall file a sworn statement in the proper Assessor's office in the form to be prescribed by the Department of Agrarian Reform (DAR) stating the following information:
- (a) the description and area of the property;
 - (b) the average gross income from the property for at least (3) years;
 - (c) the names of all tenants and farmworkers therein;
 - (d) the crop(s) planted in the property and the area covered by each crop as of June 01, 1987;
 - (e) the terms of mortgages, leases, and management contracts subsisting as of June 01, 1987;
 - (f) the latest declared market value of the land as determined by the City/Provincial Assessor; and
 - (g) a sworn declaration of the current fair market value of the lands, together with all improvements inseparable from the land, which the owner desires to receive if the property is acquired by the Government for agrarian reform purposes.

Beginning with the quarter immediately following the aforementioned property registration the real

property tax payable shall be determined on the basis of the abovementioned owner's declaration of current fair market value. If the landowner fails to register within the prescribed period, the valuation of his property for compensation purposes shall be solely determined by the City/Provincial Assessor.

B. Beneficiaries. — The DAR in coordination with the Barangay Agrarian Reform Committee (BARC) as provided for in this Act, shall register all agricultural lessees, tenants and farmworkers who may be possible beneficiaries of the CARP. These potential beneficiaries shall in turn provide data and information in a form to be prescribed by the DAR which shall include among others, the following:

- a) names and members of their immediate farm household;
- b) owners/administrators of the land(s) they work on;
- c) location, area and boundaries of the parcels of land they work on clearly indicating those that they own or possess under other tenurial forms;
- d) Crops planted, products raised and value of crops produced thereon;
- e) tenurial status and period of effectivity of the contract between him and the landowner(s);
- f) manner of sharing and/or amount of rental paid;
- g) wages received in cash or in kind from the owners or administrators of the land(s) they work on.

SEC. 7. Compulsory Acquisition. — The following procedure shall be followed in the acquisition by the government of private lands covered by the CARP:

- A. After the lands covered by the CARP has been determined and the landowner(s) and the potential beneficiaries have been identified, the DAR shall publish its decision to acquire the land. Simultaneously writ-

ten notice shall be sent by personal delivery or registered mail to affected parties accompanied by an offer to buy at a specified price for the land. In addition, DAR shall post the list of landowners and potential beneficiaries in conspicuous places in the municipal buildings and barangay halls where the property is located.

- B. Within fifteen (15) days from receipt of the notice or within thirty (30) days from the date of posting of the notice in case of notices sent by registered mail, the landowner or his administrator/representative shall inform the DAR of his acceptance or rejection of the offer.
- C. If the landowner accepts the offer of the DAR, he shall surrender the Certificate of Title, Tax Declarations, and other relevant documents that may be required by the DAR and the Land Bank of the Philippines (LBP). Within thirty (30) days upon the compliance by the landowner with these requirements, the LBP shall pay the landowner the compensation corresponding thereto in accordance with Section 10 of this Act.
- D. If for any reason, the landowner rejects the offer of the DAR or no reply to the notice is received from him within the period prescribed above, the DAR shall conduct administrative summary proceedings to determine the compensation for the land. For this purpose, the DAR is hereby authorized to promulgate the rules and regulations to implement the summary proceedings, which shall require landowner, if he so decides, the LBP and other interested parties to submit within fifteen (15) days from the receipt of notice, evidence as to the just compensation for the land. After the expiration of the above period,

the DAR shall decide the matter within thirty (30) days.

- E. The party who disagrees with the decision may appeal the same by filing the corresponding notice to appeal with the Agrarian Reform Adjudication Board as provided in this Act.
- F. Within fifteen (15) days from the receipt of a final decision on compensation, the LBP shall establish a trust fund for the unwilling landowner concerned in the amount so determined and notify the landowner and the DAR accordingly.
- G. After the receipt by DAR of the landowner's acceptance of the offer or the establishment of the trust fund as provided in this Section, the DAR shall take immediate possession of the land and shall notify the proper Register of Deeds (ROD) who shall issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines as trustee for qualified beneficiaries. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries.

The rights and responsibilities of ownership over the land by beneficiary/ies shall commence from the time the DAR distributes and awards said land to him. Ownership thereto shall be evidenced by a Certificate of Land Ownership Award.

SEC. 8. *Voluntary Offer to Sell.* — The Government shall purchase all agricultural lands it deems productive and suitable to farmer cultivation voluntarily offered for sale to it; as may be warranted under Section 5 hereof at a valuation determined in accordance with Section 10 hereof. Such transactions shall be exempt from the payment of capital gains tax, registration fees, and other taxes and fees for the conveyance or transfer thereof.

SEC. 9. *Voluntary Land Transfer.* — Landowners of agricultural lands subject to redistri-

bution under this Act, may enter into a voluntary arrangement for direct transfer of their lands to qualified beneficiaries subject to the following guidelines:

- a) The beneficiaries would otherwise be qualified and eligible for an award from the Government elsewhere in this Act;
- b) The terms and conditions of the Government's standing offer to purchase from the landowner and standing offer to resell to the beneficiaries if such offers have been made and are fully known to both parties; and
- c) The voluntary transfer agreement shall include sanctions for non-compliance by either party and shall be duly recorded and its implementation monitored by the DAR.

SEC. 10. *Compensation to Landowners.* —

A. *Direct Payment by Beneficiaries.* — Direct payment in cash or in kind may be made by the farmer beneficiary to the landowner under the terms to be mutually agreed upon by both parties which shall be binding upon them unless disapproved by the DAR in accordance with rules of procedure as may be promulgated by the latter. The LBP shall extend financing to the beneficiary.

B. *Payment by the Government.* — Where payment is made by the government, the LBP shall compensate the landowner in an amount based on the owner's declaration of current fair market value of the agricultural land including all crops thereon and all improvements inseparable from the land, subject to rules on valuation to be promulgated by the PARC in the following manners:

TEN PERCENT (10%) OF THE VALUE OF THE LAND PAYABLE IMMEDIATELY IN CASH, AND THE BALANCE IN THE FORM OF LBP BONDS BEARING MARKET RATES OF INTEREST THAT ARE ALIGNED WITH 91-DAY TREASURY BILL RATES,

WHICH SHALL TAX-EXEMPT. TEN PERCENT (10%) OF THE FACE VALUE OF THE BONDS SHALL MATURE EVERY YEAR FROM THE DATE OF ISSUANCE UNTIL THE 10TH YEAR.

Said LBP bonds may be used by the holder thereof and shall be accepted in the amount of their face value for any of the following:

- 1) Payment for land or other real properties purchased from the Government;
- 2) Payment for the purchase of shares of stock of government-owned or control corporations; or share of stock owned by the Government in private corporations;
- 3) Surety, bail bonds for the provisional release of accused persons or performance bonds in all cases where the Government may require or accept real property as bonds; and
- 4) Security for loans applied with Government financial institutions, existing charters of these institutions to the contrary notwithstanding.

In addition, PARC may prescribe and/or approve other modes of payment by the Government.

CHAPTER IV

LAND OWNERSHIP AND TRANSFER

SEC. 11. *Retention Limits by Land Classification.* — Except as otherwise provided for in this Act, citizens of the Philippine associations, or corporation qualified to hold private or public lands may own land devoted to agriculture as defined in this Act not exceeding the retention limits prescribed under this Chapter, to wit:

RICE AND CORN LANDS	— 7 hectares
COCONUT LANDS	— 12 hectares
SUGAR LANDS	— 15 hectares
OTHER CROP LANDS	— 12 hectares

SEC. 12. *Total Landholdings.* — THE AGGREGATE LANDHOLDINGS THAT MAY

BE RETAINED BY PERSONS ENTITLED TO RETAIN LANDS DEVOTED TO AGRICULTURE AS ABOVE-SPECIFIED SHALL NOT EXCEED — — — — HECTARES. Such landholding may cover a contiguous area but areas devoted for each type of crop shall not exceed the retention limit for each crop as provided in the preceding section.

Banks and other financial institutions allowed by law to hold mortgage rights or security interests in agricultural lands to secure loans; and other obligations of borrowers, may acquire title to these mortgaged properties subject to existing laws on compulsory transfer of foreclosed assets and compulsory acquisition as prescribed under this Act.

SEC. 13. *Award Ceilings for Beneficiaries.* — Individuals who are qualified beneficiaries of agricultural lands subject of distribution under this Act may be awarded an area not exceeding three (3) hectares which may cover a contiguous tract of land or several parcels of land cumulated up to the prescribed maximum award limits.

In cases where the subdivision of the land for purposes of distribution will negate the profitability of the agricultural operations thereon, the beneficiaries may opt for collective ownership such as co-ownership or farmers cooperative or some other form of collective organizations and the total area to be awarded shall be the number of co-owners or members of the cooperative or collective organization multiplied by the award limit above prescribed. Title to the property shall be issued in the name of the co-owners or the cooperative or collective organization as the case may be.

SEC. 14. *Qualified Beneficiaries.* — The following shall be awarded lands subject of land distribution under this Act in the order of priority listed as follows:

- a) landless tenants/lessees with respect to the particular agricultural land which they are directly cultivating;
- b) landless regular/casual farm worker with respect to the particular farm on which they are working;

- c) landless seasonal farm worker with respect to the particular farm on which they have worked for at least 3 planting milling/harvesting seasons;

The PARC shall establish guidelines to implement the above priorities and distribution scheme.

SEC. 15. *Payment by Beneficiaries.* — Lands awarded pursuant to this Act shall be paid for by the beneficiaries to the Land Bank of the Philippines (LBP) in thirty (30) equal annual payment at 6% per annum interest, the first payment of which shall be due two (2) years after the award. In no case shall the annual amortizations exceed 10% of the land's annual value of gross production. Should the amortization exceed 10% and the failure to produce accordingly is not due to the beneficiary's fault, the LBP shall reduce the interest rate and/or reduce the principal obligation to make the repayment affordable. A two percent (2%) interest rebate for prompt payment shall be granted.

The LBP shall have a lien by way of mortgage on the land awarded to the beneficiary, and this mortgage may be foreclosed by the LBP for non-payment of 3 successive annual amortizations. The LBP shall advise the DAR of such proceedings and the latter shall subsequently award the foreclosed landholding to other qualified beneficiaries.

In the case of voluntary land transfers, payment shall be made by the beneficiary directly to the landowner, as provided for in Section 9 of this Act.

SEC. 16. *Transferability of Awarded Lands.* — Upon full payment, the lands awarded to beneficiaries pursuant to this Act may be sold or transferred to any person whose aggregate landholdings shall not exceed the retention limits as provided for in Section 12 hereof as a result of said sale or transfer. If the land is not yet fully paid for, the rights to the land may either be assigned or transferred by the beneficiary to any heir, immediate farm household or other qualified beneficiary with due notice to DAR.

CHAPTER V OTHER MODES OF AGRARIAN REFORM

SEC. 17. *Coverage.* — The following agricultural, agri-business or agro-industrial enterprises may comply with the requirements of the agrarian reform program with the distribution of economic benefits derived from the enterprise as provided for in this Chapter:

- a) AQUACULTURE ENTERPRISES
- B) LIVESTOCK ENTERPRISES
- c) ORCHARDS, INCLUDING PINEAPPLE AND BANANA PLANTATIONS AND OTHER EXPORT-ORIENTED CROPS;

SEC. 18. *Production Sharing.* — Individuals or entities owning and/or operating under lease, enterprises such as LIVESTOCK, AQUACULTURE AND ORCHARDS shall execute a production sharing plan whereby an annual share of at least three (3%) percent of gross sales shall be distributed to farm workers taking into account the nature of their individual work and contribution to the profitability of the enterprise provided that such individuals or entities are not obligated to pay more than 100% of the regular and annual compensation of the farm workers and provided further that the PARC shall issue rules and regulations to govern those instances where the parties fail to agree on a sharing scheme.

Nothing herein shall prevent the enterprise and its workers from entering into any agreement with terms more favorable to the workers than those provided herein, or be construed to sanction the diminution of any benefits granted to the workers under existing laws, agreements, and voluntary practice by the enterprise.

SEC. 19. *Employees Stock Ownership Incentive Plan.* — In cases where the enterprise is the owner of the land, the following options may be availed of:

- 1. where the ratio of the land value to total assets is LESS THAN 51%, the corporate landowner shall devise a stock distribution scheme to enable

the qualified beneficiaries to earn dividends either individually or collectively. Such stock distribution shall be to the extent of the market value of the land at the time of acquisition.

2. where the ratio of the land value to the total corporate assets EXCEEDS OR EQUALS FIFTY-ONE percent (51%) the stock distribution scheme provided in the preceding paragraph may take the form of a direct transfer of stock ownership to the farm workers or to a cooperative, if there be one organized and existing among the farm workers of the enterprise provided, however, that management of the enterprise may be handled by the existing management group operating the enterprise or a professional group, if so required to preserve the operational integrity of the enterprise.

SEC. 20. *Payment of Shares of Stock by Beneficiaries.* — Shares of stock acquired by farm workers, individually or collectively through employee organizations or cooperatives shall be fully paid for in an amount which shall be equivalent to the fair market value but not less than the par value of such shares in money, services or property or in such other forms as prescribed in the Corporation Code. The enterprise and the Land Bank shall assist the farm workers and cooperatives in the payment for the shares of stock acquired hereunder by providing credit financing schemes in consonance with the interest and purposes of the agrarian reform program.

CHAPTER VI

PROGRAM IMPLEMENTATION

SEC. 21. *THE PRESIDENTIAL AGRARIAN REFORM COUNCIL (PARC).* — The Presidential Agrarian Reform Council (PARC) is hereby created which shall be composed of the President of the Philippines who shall act as *ex-officio* Chairman, the Secretary, Depart-

ment of Agrarian Reform, who shall act as Vice Chairman, and the following members:

Secretary of Department of Agriculture; Secretary of Department of Environment and Natural Resources; Secretary of Department of Budget and Management; Secretary of Department of Local Government; Secretary of Department of Public Works and Highways; Secretary of Department of Trade and Industry; Secretary of Finance; Secretary of Labor and Employment; Director General of the National Economic and Development; President, Land Bank of the Philippines, and the Secretary-General, PARC Secretariat,

and three (3) representatives from agrarian reform beneficiaries and two (2) representatives from affected landowners, to be elected at large from among members of corresponding national organizations duly registered and accredited by the PARC. The Chairman and Members of the Council shall not receive any compensation but shall be entitled to reasonable travel and representation allowance in connection with their attendance at meetings and other official business of the Council, chargeable against the Agrarian Reform Fund herein provided.

SEC. 22. *Duties and Functions of the PARC.* — The PARC shall:

- 1) Develop and adopt a national strategy for program implementation in accordance with the basic purposes and objectives of the CARP as provided in this Act;
- 2) Formulate the policies and promulgate such rules and regulations as may be necessary for the effective and efficient implementation of the various program components of the CARP specially those relating to the schedule and priorities for acquisition and redistribution of specific agrarian reform areas; and the promotion and implementation of an accelerated rural development program which shall

serve as a catalyst for an integrated national industrialization program.

- 3) Coordinate the various integral activities and program components of the CARP being undertaken by the various government agencies involved in the program;
- 4) Identify sources of technical and financial assistance for the various CARP component programs and projects;
- 5) Coordinate existing government lending programs of financial institutions that may be utilized for the CARP and develop such additional financial conduits as may be necessary for financing specific projects of the CARP.

SEC. 23. *Executive Committee of the PARC, Composition Duties.* — The PARC shall have an Executive Committee which shall be composed of the Secretary of the DAR, who shall act as *ex officio* Chairman, and the following members:

Secretary, Department of Agriculture;
Secretary, Department of Environment and Natural Resources; Secretary, Department of Local Government; President, Land Bank of the Philippines; Secretary General, PARC Secretariat.

The PARC Executive Committee shall perform such functions and duties as may be delegated and assigned to it by PARC.

SEC. 24. *Secretariat.* — A PARC Secretariat is hereby established to provide general support and coordinative services such as inter-agency linkages; program and project appraisal and evaluation and general operations monitoring for the PARC.

The Secretariat shall be headed by a Secretary-General with the rank of Undersecretary to be appointed by the President and shall be supported by a staff whose composition shall be determined by the PARC Executive Committee and whose compensation shall be chargeable against the Agrarian Reform Fund. All

subordinate officers and employees of the Secretariat shall be appointed by the Secretary-General.

SEC. 25. *Inter-Agency Linkages.* — PARC shall have the power to call upon all government departments, bureaus, officers, agencies and instrumentalities, national or local, and all government lending institutions as may be necessary to operationalize and provide support services essential to the CARP, and require said agencies and instrumentalities to align their policies, programs, rules and regulations with the objectives of the CARP.

SEC. 26. *The Agrarian Reform Adjudication Board (ARAB).* — An Agrarian Reform Adjudication Board (ARAB) is hereby created in the Department of Agrarian Reform, hereinafter referred to as the Board which shall have exclusive jurisdiction to hear and decide either *en banc* or in three divisions of three members each all agrarian disputes as herein defined in accordance with the Rules of Procedure to be promulgated by the Board.

SEC. 27. *Principal Office and Regional Branches.* — The Board shall establish its principal office in Metro Manila and by *en banc* resolution, provide for the establishment of as many branches in each region as may be necessary, each to be headed by a Regional Adjudicator to be appointed by the Board who shall be under the direct supervision of the Chairman of the Board.

SEC. 28. *Board Secretariat.* — A Secretariat is hereby created to provide the Board with administrative, records management and general services. The DAR Regional Offices shall provide the necessary staff support services of the Regional branches of the Board.

SEC. 29. *Appointment and Qualifications.* — The Board shall be composed of the Secretary of the DAR, who shall act as *ex officio* Chairman and nine (9) members of the Board who shall be members of the Philippine Bar with at least seven (7) years experience in the practice of law. The Regional Adjudicators appointed to regional branches of the Board

shall likewise be members of the Philippine Bar with at least three (3) years experience.

The members of the Board shall have the rank of Undersecretary and shall be appointed by the President and shall hold office for a period of five (5) years who may be reappointed for the same period as herein prescribed. The Regional Adjudicators shall be appointed by the Board upon recommendation of the Chairman. All appointments to staff positions of the Board and its regional branches shall be made by the Board upon recommendation of the Chairman and shall be subject to Civil Service laws, rules and regulations.

SEC. 30. *Jurisdiction of the Regional Adjudicators and the Board.*

- a. The Regional Adjudicators shall have the original and exclusive jurisdiction to hear and decide the following cases:
 1. All matters involving landowner — farmer/farmworker relations.
 2. All agrarian disputes as defined in this Act.
- b. The Board shall have exclusive appellate jurisdiction over all cases decided by the Regional Adjudicators.

The Board shall promulgate its own Rules of Procedure to govern its proceedings and the rules of Court of the Supreme Court shall have suppletory application thereto.

SEC. 31. *Powers of the Board.* — The Board shall have the power and authority:

- a) To promulgate Rules of Procedure and such other rules and regulations to govern its proceedings in the hearing and disposition of cases pending before the Board and the Regional Adjudicators, as well as those pertaining to its internal functions as may be necessary to carry out the purposes of this law;
- b) To administer oaths, summon the parties to an agrarian dispute, issue sub-

poenas duces tecum and *ad testificandum* as may be required for a just determination of the matter under investigation;

- c) To conduct preliminary investigations in connection with any matter or controversy within its jurisdiction, and proceed after notice duly given to all parties concerned to hear and resolve such agrarian disputes even in the absence of any party thereto who has been previously summoned or duly served with notice to appear;
- d) To conduct ocular inspection on any farm, factory, establishment, place or premises, including any work, material, implement, machinery, appliance or other such object therein and to question any employee, farmer, farmworker, or any person in connection with any matter or question relative to the object of its investigation;
- e) To hold any person in contempt directly or indirectly and impose appropriate penalties therefor.

A person guilty of misbehavior in the presence of or so near the Chairman or any member of the Board or any Regional Adjudicator as to obstruct or interrupt the proceedings before the same, including disrespect toward said officials, offensive personalities toward others, or refusal to be sworn or to answer as a witness or to subscribe an affidavit or deposition when lawfully required to do so, may be summarily adjudged indirect contempt by said officials and punished by fine not exceeding two hundred pesos (₱200.00) or imprisonment not exceeding five (5) days, or both if it be the Board, or a member thereof or by a fine not exceeding ten pesos (₱10) or imprisonment not exceeding one (1) day, or both if it be a Regional Adjudicator.

The person adjudged in direct contempt by a Regional Adjudicator may

appeal to the Commission and the execution of the judgment shall be suspended pending the resolution of the appeal upon the filing of such person of a bond on condition that he will abide by and perform the judgment of the Commission should the appeal be decided against him. Judgment of the Commission on direct contempt is immediately executory and unappealable. Indirect contempt shall be dealt with by the Commission or Labor Arbiter in the manner prescribed under Rule 71 of the Revised Rules of Court.

- f) To deputize any DAR Legal Officer to implement writs of execution or possession duly issued by the Board or Regional Adjudicator.

SEC. 32. Technical Rules, not Binding. — In any proceedings before the Board, or any of the Regional Adjudicators, the Board and the Regional Adjudicators shall use reasonable means to ascertain the facts in each case speedily and impartially in the interest of justice and without undue regard to technicalities of procedure.

The Chairman, any Board member or Regional Adjudicator shall exercise complete control of the proceedings of the Board at all stages whenever applicable and the parties right to be represented by legal counsel *de officio* shall be respected in accordance with the Rules of Court.

SEC. 33. Appeal. — Decisions, awards, and orders of the Board shall be appealable to the Supreme Court on questions of fact and law, provided, however, that an appeal shall not stay the execution of the decision of the Board unless otherwise restrained by the Supreme Court. Findings of facts of the Regional Adjudicators when affirmed by the Board shall be conclusive upon the Court.

SEC. 34. Barangay Agrarian Reform Committee (BARC). —

A. There shall be constituted every two years a Barangay Agrarian Reform Committee (BARC) in

every barangay to be composed of a Chairman and not less than ten (10) nor more than fifteen (15) members from among persons actually residing or working in the barangay, and taking into account considerations of integrity, impartiality, independence of mind, sense of fairness and reputation for probity, including educational attainment to represent the following interest groups:

- a) one (1) from farmer and one (1) from farmworker beneficiaries
- b) four (4) from existing farmers organizations/agricultural cooperatives and non-governmental organizations
- c) two (2) from the barangay council
- d) two (2) from the landowners
- e) one (1) representative from the Department of Agrarian Reform
- f) one (1) representative each from the Department of Environment and Natural Resources, and the Department of Agriculture

Within thirty (30) days from the effectivity hereof, the DAR representative shall initiate the organization of the BARC by posting a notice to constitute the BARC, which shall include a list of the names of members chosen by the various sectors to be represented in the BARC and who have expressed their willingness to serve in the BARC. Such notice shall be posted in three (3) conspicuous places in the barangay continuously for a period of not less than three (3) weeks.

Once constituted, the members of the BARC shall elect from among themselves, a chairman who shall post the list of members in three (3) conspicuous places in the barangay and transmit the same to the DAR.

B. Secretary of the BARC. — The Agrarian Reform Technologist (ART) assigned to the area shall be the *ex officio* secretary of the BARC. He shall keep the minutes of the meetings of the BARC and note on the various proceedings and activities of the BARC and submit report thereon to

the DAR annually or as may be required by the DAR from time to time.

- C. *Character of Office.* — The members of the BARC shall be deemed persons in authority, within the meaning of the Revised Penal Code.
- D. *Character of Service.* — The members of the BARC shall serve without any compensation or allowance whatsoever. Such service by any member of the BARC, whether he be in public or private employment, shall be deemed to be on official time and no such member shall suffer any diminution in compensation or allowances by reasons thereof.

SEC. 35. *Functions of the BARC.* — The BARC shall have the following functions:

1. Mediate/conciliate between parties involved in an agrarian dispute including matters relating to dispute tenurial and financial arrangements;
2. Assist in the identification of qualified beneficiaries and landowners within the barangay;
3. Attest to the accuracy of the initial parcellary mapping on the beneficiary's tillage;
4. Assist qualified beneficiaries in obtaining lending operations;
5. Assist in land valuation;
6. Assist the Agrarian Reform Technologist (ART) in preparation of period reports on CARP implementation for submission to the DAR;
7. Coordinate the delivery of support services to beneficiaries;
8. Perform such other tasks/functions as may be assigned by the DAR.

SEC. 36. *Legal Advisory Services.* — The BARC or any member thereof may, whenever necessary in the exercise of any of its functions hereunder seek the legal assistance of legal

officers of the DAR and the provincial/city/municipal government.

SEC. 37. *Agrarian Reform Fund.* — There is hereby created a special fund to be known as the Agrarian Reform Fund with an initial amount of Fifty billion pesos (50 B) to be appropriated from proceeds of all the receipts of the sale of assets of the Asset Privatization Trust, and all receipts from assets recovered and from the sale of ill-gotten wealth recovered through the Presidential Commission on Good Government.

SEC. 38. *Support Services.*

A. *Assistance to Landowners.* — The Department of Trade and Industry, the Central Bank, the Land Bank of the Philippines and other government agencies and instrumentalities as may be directed by PARC, shall provide landowners affected by the CARP and prior agrarian reform programs with the following services:

1. Investment information and counseling assistance;
2. Facilities, programs and schemes for the conversion or exchange of bonds issued for payment of the lands acquired with stocks and bonds issued by the national government, the Central Bank and other government institutions and instrumentalities.
3. Marketing of LBP bonds, as well as promoting the saleability/marketability of LBP bonds in traditional and non-traditional financial markets and stock exchanges.
4. Other services designed to productively utilize the proceeds of the sale of such lands towards rural industrialization.

In addition, PARC shall formulate and implement incentive shemes for affected landowners who may wish to invest the proceeds of the sale of their land in rural-based industries.

B. *Support Services to Beneficiaries.* — The PARC shall ensure that support services to farmer-beneficiaries are provided, such as:

1. Land surveys and titling;
2. Liberalized terms on credit facilities and production loans;
3. Extension services by way of planting, cropping, production and post harvest technology transfer, as well as marketing and management assistance and support to cooperatives and farmer organizations; and
4. Infrastructures such as access trails, mini-dams, public utilities, marketing and storage facilities.

For the foregoing purposes; the loan portfolio of the Kilusang Kabuhayan at Kaunlaran (KKK), including all its applicable and existing funds, properties, equipment and records are hereby transferred to the LBP for administration and appropriated to serve as financial support therefor.

SEC. 39. *Immunity of Government Agency.* — It shall be unlawful for any person or entity to obstruct, impede, delay or otherwise render ineffective the lawful orders of the Secretary of Agrarian Reform or his duly authorized representatives and no inferior court or entity shall issue temporary or permanent injunction or restraining order or otherwise assume jurisdiction over any case involving the enforcement orders issued pursuant to the authority; granted under this law.

Any government employee or public officer found guilty of abuse of authority under this article shall after appropriate administrative investigation, be subject to appropriate legal sanctions without prejudice to the sanctions under the Anti-Graft and Corrupt Practices Law.

CHAPTER VII

GENERAL PROVISIONS

SEC. 40. *Disposition of Agricultural Lands.* — The sale and/or disposition of agri-

cultural lands retained by a landowner as a consequence of Section II hereof after the effectivity of this Act shall be valid as long as the total landholdings that shall be owned by the transferee thereof inclusive of the land to be acquired shall not exceed the retention limits as provided for in this Act.

Any sale or disposition of agricultural lands after the effectivity of this Act found to be contrary to the provisions hereof shall be null and void. Any sale or disposition of agricultural lands executed prior to the effectivity of this Act shall not be considered valid unless duly registered with the Register of Deeds where such registration is necessary for validity in accordance with existing land registration laws.

SEC. 41. *Free Registration of Patents and Titles.* — Registration of all patents, certificates and titles to lands distributed under the provisions of this Act shall be exempt from the payment of registration fees and other similar expenses.

SEC. 42. *Leases, Management Contracts Mortgages and Claims.* — Lands covered by this Act under lease and management contracts shall be disposed of as follows:

- a) Leases and management contracts covering government lands and other lands of the public domain devoted to existing and operational agri-business or agri-industrial enterprises shall continue under their original terms and conditions but not after the expiration of five (5) years from the effectivity of this Act, such leases and management contracts shall be confirmed by the government and such contracts shall continue even if the land has been transferred to beneficiaries and/or awardees thereof under the agrarian reform program.
- b) Leases and management contracts covering private lands shall continue under their original terms and conditions until the expiration of the same even if such land has in the meantime been transferred to qualified beneficiaries.

- c) Mortgages and other claims registered with the Register of Deeds will be assumed by the government up to an amount equivalent to the landowner's compensation value as provided for in Sec. 10 hereof.

SEC. 43. *Ancestral Lands.* — In the distribution of agricultural lands, the protection of the rights guaranteed under Section 6 of Article XIII of the Constitution particularly those of the indigenous cultural communities to their ancestral lands shall be maintained taking into consideration anthropological evidences of communal ownership by such cultural communities and their actual economic requirements.

Section 44. *Prohibited Acts and Omissions.* — The following are prohibited:

- a. The ownership without justifiable cause of agricultural land in excess of the total retention limits/award ceilings by any person, natural or juridical, except those under collective ownership or under farmers' cooperatives pursuant to Section 12 hereof;
- b. The failure without justifiable cause to file a sworn statement or the filing of a false or fraudulent sworn statement in connection with Section 6 hereof;
- c. The unlawful entry into the land by persons who are not qualified beneficiaries under this Act to avail themselves of the rights and benefits of the Agrarian Reform Program;
- d. The failure, without justifiable cause, by the beneficiary to till for any calendar year at least fifty (50%) percent of the land awarded to him under this Act;
- e. The conversion by any landowner of his agricultural land into any non-agricultural use with intent to avoid the application of this Act and other land reform laws or decrees to his landholdings and to dispossess his tenant farmers of the land tilled by them; and
- f. The willful prevention or obstruction by any person, association or entity of the implementation of the CARP.

SEC. 45. *Penalties.* — The following penalties shall be imposed upon those convicted pursuant to law, of the commission of any of the prohibited acts or omissions:

- a. Imprisonment for a period of not less than one (1) month and one (1) day but not exceeding six (6) months of *aresto mayor* and/or fine ranging from One thousand pesos (₱1,000.00) to Five thousand pesos (₱5,000.00) shall be imposed upon the prohibited acts or omissions specified in Clauses (a) and (b) and (c) and (d) of Section 44 hereof.
- b. Imprisonment for a period of not less than six (6) months and one (1) day but not more than three (3) years of *prison correctional* and/or a fine ranging from Three thousand pesos (₱3,000.00) to Ten thousand pesos (₱10,000.00) shall be imposed for the commission of the prohibited acts or omission specified in clause (e) of Section 44 hereof.
- c. Any person liable for commission of any of the prohibited acts or omissions specified in clause (f) Section 44 hereof shall be punishable with criminal contempt as provided in the Rules of Court.

SEC. 46. *OTHER BENEFICIARIES OF THE CARP.* — LANDLESS MEMBERS OF THE MILITARY AND THE CIVIL SERVICE OR ITS RETIREES AS WELL AS VETERANS OR VETERANS' ORGANIZATIONS, WHO MAY WISH TO ENGAGE IN FARMING MAY APPLY AS BENEFICIARIES OF THE CARP, SUBJECT TO SUCH RULES AND REGULATIONS AS THE PARC MAY PROMULGATE.

SEC. 47. *Suppletory Application of*

Existing Legislation. — The provisions of Republic Act 3844 as amended; Presidential Decree Nos. 27 and 266 as amended, and other laws not inconsistent with this Act shall have suppletory effect.

SEC. 48. *Separability Clause.* — If, for any reason, any section or provision of this Act is declared null and void, no other sections or provision hereof shall be affected and the same shall remain in full force and effect.

SEC. 49. *Repealing Clause.* — Executive Order No. 229 and all other laws, decrees executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 50. *Effectivity Clause.* — This Act shall take effect fifteen (15) days from the date of publication in the Official Gazette.

Senator Mercado. Mr. President, I move that we recognize Senator Heherson Alvarez, the Chairman of the Committee on Land Reform to sponsor the bill.

The President. Senator Alvarez is recognized.

SPONSORSHIP OF SENATOR ALVAREZ

Senator Alvarez. Mr. President, I was passed a note a while ago calling my attention to the fact that there is a farmers delegation in this Assembly.

Kaya nga po, ako ay magbibitiw ng ilang kataga sa ating Inang Wika bagamat pinaghandaan ko sa salitang Ingles itong talumpati ko ngayong gabi.

Unang-una, ako ay nagpapasalamat sa inyong pagbibigay sa akin ng panahon na maiatras ang aking pagsasalita ngayong gabi dahil kagabi ay kinapos tayo ng panahon. Gayunpaman, nag-aalangan din ako sapagkat pagkatapos ng magandang talumpati ng Chairman ng Committee on National Defense and Security sa isang pak-sang tulad ng kanyang tinalakay na napaka-interesante, nangangamba akong itong paksa

ng Agrarian Reform na kung minsan ay boring ay lalong maging boring matapos a'ng kanyang pagsasalita.

Ngunit, G. Presidente, malaki ang aking paniniwala na ang ating pagsasaliksik at pag-aaral sa batas na ito ay magiging mahinahon at hindi mahahaluan ng ating mga paninindigang politikal, kundi pag-iigihin ang pagtuklas sa lalong ikabubuti at pag-igi ng batas na ito upang ang pangangailangan ng ating mga magsasaka ay ating matugon, upang ang tanikala ng kahirapan sa ating mga kabukiran ay dahan-dahan nating malagot sa pamamagitan ng paglulunsad ng batas na ito.

We meet today to consider the question of land redistribution. How to effectively transform the unjust structures of land tenure in our country into an equitable system of property ownership, and thus fulfill a major commitment of this Administration to the Filipino people and their future.

I have asked to speak at this late date, Mr. President and esteemed Colleagues, so that I can share with all Members of this Chamber the accumulation of views and findings on the Agrarian Reform bill which would realize a Comprehensive Agrarian Reform Program in this country for the first time, perhaps, in our history.

Many hours and much thought have gone into the crafting of this bill. What we have now is the product of multi-sectoral consultations and deliberations, and of at least 16 long, extended public hearings and committee meetings, where a broad spectrum of ideas and interests were represented and heard.

I am taking into account the vast accumulation of information on Agrarian Reform which I brought with me from the Ministry then and now the Department of Agrarian Reform.

This approach, of course, contrasts with the circumstances of the issuance of Mr. Marcos'

Presidential Decree No. 27 which, as we all know, was the work of one man, though allegedly issued for Filipino tenant-farmers. Despite its claim that it would liberate tenants from centuries of feudal bondage, PD 27 was never really implemented, and instead remained an empty promise. As a consequence of this failure to address the fundamental social issue of land reform, Mr. Marcos exacerbated the poverty of our people and the instability of our society which he tried to control with further repression and by denying our people the right to participate in the political process.

Mr. President, our committee's proposal is the result of sincere effort to address decisively the land reform problem and thus spur the economic development which will guarantee the long-term stability of our country and allow the full democratization of the political process. In addition, the bill would restore to tenant-farmers their long-lost dignity and freedom by guaranteeing them not only a source of livelihood but also the self-respect that comes only with economic self-sufficiency.

This bill is fittingly consistent with the social justice provisions of the Constitution that the Filipino people overwhelmingly approved a year ago.

The issue of agrarian reform has been a subject of wide and bitter controversy between landlords and peasants. The impassioned discussions both inside and outside the halls of Congress have raised the economic, social, political and even moral arguments in favor of both landowners and landless, even as some of our citizens have insisted that we must leave things as they are, so as not to divide the nation; and that the issue will resolve itself.

But the truth, Mr. President, is that we can no longer postpone the resolution of the land reform problem. Rather than go slowly, we must move quickly to take advantage of the social

and political climate in which we now live, while it is still possible to work out our problems peacefully.

In proposing the bill, I pray that we may all realize that this may be our last opportunity to fashion and adopt a comprehensive agrarian reform program wisely, on the basis of well-considered options and popular sanction; legally, in accordance with law and within disorder and violence; and democratically, without recourse to authoritarian measures, and with multi-sectoral participation. A truly comprehensive land reform program must achieve the following:

1. Cover all agricultural land in the country which is not already tilled by small owner-cultivators, including, besides the large private estates, the vast alienable and disposable agricultural areas in the public domain; sequestered and foreclosed land; and idle and abandoned lands, and those that would be voluntarily offered;
2. Extend to landless tillers and farm-workers, not only the right but also the reality of directly or collectively owning the lands they till; and to the farm laborers, the right to receive a just share of the fruits of their labor;
3. Provide the vital services for the program's beneficiaries as an integral component of its implementation;
4. Respect the rights of landowners by providing reasonable retention limits and just compensation;
5. Provide incentives for landowners to invest in proceeds of the agrarian reform program to promote industrialization, employment and privatization of public sector enterprises; and
6. Provide an acceptable alternative regime for the relatively small areas on which large investments are already being made or have been made, so that high value crops can continue

to be cultivated for the development of the national economy and for our non-traditional export and domestic markets.

Certainly, to attain these goals, we shall have to be both realistic and flexible, as well as enterprising and imaginative. These are just and necessary goals, and no amount of opposition should be allowed to derail their realization. But we shall have to assess and take into consideration the scarce and limited resources and the capabilities of this Government.

The agrarian reform program is called comprehensive because it seeks to redress all forms of agrarian injustice that proceed from land ownership and land tenure.

Such injustice proceeds, first of all from inequality of opportunity on large privately owned estates.

But there is also injustice when cultivators are driven by poverty to occupy public lands without formal authority, and are denied the secure right to the fruits of their labors.

And there is waste and injustice also, which occurs when land accrue to Government from corrupt, improvident or disinterested owners and are not properly utilized, at the time when there are millions of landless.

To address all of these forms of injustices, the present proposal covers four major areas. Program A covers tenanted lands planted to rice and corn — the original extent of the Marcos land reform framework. This was supposed to have covered about 800,000 hectares. Unfortunately, in the last 14 years, only a third of that area has actually been covered. Program A maps out the responsibility for this program to its conclusion.

Program B covers all prime agricultural lands now under Government administration, either through foreclosure by Government financial institutions or through sequestration-related activities. This includes idle and abandoned

lands or those voluntarily offered by owners to the Government.

Initial estimates of the land area under Program B was about 600,000 hectares, but the final figure may actually be over a million. The Chairman of the DBP has informed us that DBP alone has foreclosed at least 200,000 hectares, while another 200,000 mortgaged land may also be foreclosed.

Program C will extend agrarian reform to other crops, apart from rice and corn, and will also include areas where traditional tenancy relations do not exist but are plagued by various agrarian problems. This is the heart of the problem, Mr. President, and it is clearly the most controversial because it will involve the privately owned lands.

Finally, Program D will address resettlement of tenants and the rationalization of tenancy in public lands, especially those administered by the Department of Environment and Natural Resources. Put together, the lands involved in this program would amount to three million hectares.

All told, these four areas I have just cited, will bring the total coverage of the comprehensive agrarian reform program to about five million hectares and will reach about 2.8 to three million beneficiaries.

Where will the funding come from? Without going to an involved accounting, let me say that funding for this program will come from various sources already identified, among which are proceeds from the Assets Privatization Trust, the Presidential Commission on Good Government, the Economic Support Fund, PAGCOR, Philippine Charity Sweepstakes Office, the sales of government properties in Tokyo and if need be, from foreign sources or foreign borrowings.

Funding and cost were thoroughly considered in this bill in weeks, even months, as it became

clear that implementability went hand in hand with cost, our Committee, in collaboration with financing institutions of the Government, studiously pored over details that drew the line between keeping agrarian reform a dream and making it a reality.

We have furnished the Members of the Committee reports after reports on our financial studies, and the summaries of these financial studies were put in the hands of the technical representatives of the respective Senators. We were not wanting on this area, Mr. President. We have done the homework and we have done what we thought is an exhaustive study on the funding problem.

Thus, we present this Body a workable bill in terms also of cost and funding.

When this Chamber considers and acts on this bill, it will act not only from the need to address an issue of long-standing duration. The distinguished Members of this august Chamber will be discharging a responsibility to history. For there is little doubt that the implementation of the agrarian reform bill will most deeply involve enduring social change. The process prescribed by this bill to solve the land reform problem will virtually reverse three and a half centuries of history.

The struggle between landowners and the landless has been going on since the Spanish period, Mr. President. The Spaniards introduced the concept of land ownership through the Regalian Doctrine. All lands in the country accordingly belong to the Spanish crown. The Regalian Doctrine stipulated that not a single square meter of land could be owned by a private person except by authority of the King of Spain.

The Filipinos were thus dispossessed of their own lands. Worse, to assure continuous control over the lands it had seized and the people living on them, the Spanish crown granted large tracts

of land called *encomiendas* to its *conquistadores*. This process of land dispossession and acquisition from the 1590's led to waves of peasant uprisings throughout the three-and-a-half centuries of Spanish rule. Our glorious Revolution of 1986 was the culmination of these uprisings on a national scale.

Peasant uprisings did not disappear either during the American colonial period. In fact, abortive uprisings continued to take place with almost the same frequency in the 20th century as in the 18th and 19th centuries. Some of the causes for the rise of the Huk Movement and the Communist Party of the Philippines include unjust seizures of lands by unscrupulous persons and institutions, the dispossession of large segments of our peasantry, and increasing rural poverty and unemployment. The land problem, in short, is at the very core of Philippine social unrest.

It is the legacy of more than three-and-a-half centuries of inequitable and unjust land ownership, that we who sit in this Chamber by the mandate of our people must finally dismantle.

Mr. President, no one will argue with the productive potential inherent in people who own the land they till. To own land is to hold one's destiny in his own hands. This is why rural development must be anchored on land reform.

Farmers who continue to live as tenants under the present system are in effect denied the role as citizens in a democratic system. They are outside the market system because of their poverty. They are outside the political system because they vote and decide the way their landlords want them to. Indeed, Mr. President, the limited political power of our farmers is both uneconomic and anti-democratic. Real political stability will take place only when farmers own their land and therefore can make their political decisions. Whether we like it or

not, we must acknowledge that no amount of sharing of profits, of provisions for education, health and such other benefits can ever match the overall ameliorating effects that land reform has on the problems of social inequality and economic underdevelopment. Land reform cannot wait for things to settle down because the delay in its effective implementation will lead to further social unrest.

No one is suggesting, however, Mr. President, that land reform is the cure-all, the panacea to our current troubles. What we must recognize is that a carefully planned and effectively implemented agrarian reform program is the necessary first step to get our country on to the road of prosperity and peace. Agrarian reform, after all, is inextricably linked with agricultural development. And in a developing country like the Philippines, rural development is synonymous with national development.

It is for this reason, Mr. President and distinguished Colleagues, that this program has been designed to be a national effort to which all sectors can and must contribute. It is for the same reason that in planning this program, the landowners — especially the small landowners — have not been forgotten. After all, the right of the tillers to own the land they till proceeds from the very same source as that of the landowners — they are both guaranteed by the basic right to private property enshrined in our Constitution.

We are asking the landowners to unite with us in a patient and preserving effort to help landless tillers by allowing the conversion of their land into other forms of productive investments. We are asking landowners to take up the challenge of progress by moving into new areas of entrepreneurship and investment, especially in rural-based industries.

Landowners are assured that their efforts to develop new sources of income and new

opportunities for employment will be vigorously supported by the State. This is in recognition of the fact that the economic viability of the landowner's new investments is as crucial to the success of our agrarian reform program as the welfare of the land-transfer beneficiaries.

The process of democracy is hollow if in correcting an injustice perpetrated upon one group the rights of another group are completely set aside. Lasting unity can only be attained when all members of a community are given a fair measure of justice.

Mr. President, we have put together a balanced, realistic and implementable agrarian reform program to make sure that we do not set the landowner and the landless tiller at each other's throats. The basic purpose of the bill is to provide a democratic compromise in obedience to the letter and spirit of our newly born Constitution. We have sought to avoid a narrow and doctrinaire application of revered principles and refused to resort to sloganeering for populist consumption. I think it is important for legislators to realize that the laws we create will be executed and funded by mere mortals who cannot produce an EDSA miracle even with sweeping promises.

This Administration is committed to a Comprehensive Agrarian Reform Program. But it has its own limits. It is buffeted by life-threatening challenges from the left and the right. Its hold on Mindanao is not at all that firm. It is saddled with a \$30 billion foreign debt. It is a military establishment, as pointed out by the Chairman on National Defense, with an overextended command structure and other mistakes and defects. Above all, it still has to consolidate its political and administrative machineries. In short, there are limits to its powers, resources, capabilities, and its imagination. It would be unreal to impose on this Government an agrarian reform program that

demands unlimited resources, and, perhaps, even mystical capabilities.

In an overwhelming desire to redress centuries of injustice and past imbalances, we must not allow our excited imagination to distort our perception of current realities. As I have said before, we face a complex issue within a real-life setting. We must be acutely attuned to its political, economic, social, military, ideological, and other cultural ramifications. If we do not take pains to grapple with these complexities, we may succumb to oversimplification and suffer the defeat of the very purposes and ideals we seek to achieve.

Nothing could be more disastrous than the doctrinaire and literal interpretation and execution of such principles as the "land-to-the-tiller" principle.

Over the generations, our nation has grown and our economy, although primarily agricultural, has become complex, with the agrarian, urban, export-commercial industrial sectors constituting inter-dependent and inter-locking parts.

Today, there are two million tenants and six to seven million agricultural workers who could be entitled to share in the cultivation of only five million hectares of arable land. We almost have a ratio of two landless agricultural workers for every hectare of available land for distribution.

We must indeed re-distribute land and break down feudal economic and cultural relationships. But we cannot make land distribution the panacea to rural poverty and unemployment.

An agrarian reform program wisely conceived can redress the injustice in our countryside and set the stage for development and industrialization.

Only by the industrialization can we absorb the excess pool of manpower that is ever present

in any agricultural economy. Poverty and unemployment cannot be set aside with a slogan.

Mr. President, agrarian reform in our time requires more than the exclusive act of re-distributing as much land to the cultivators. Agrarian reform must provide meaningful compromise solutions to competing demands for possession of scarce national resources in a society that seeks to restore democracy and attain growth, stability, and social harmony. Otherwise, it will not be able to reshape the social, economic, and political framework of our nation in the context of an open political process, such as we have the shuns the use of military forces as instruments of this policy.

An agrarian reform program must insure higher productivity to justify the enormous sacrifice it demands from the larger community. Just as society is committed to transfer land to the tiller, so must the tiller commit himself to increasing prosperity for the nation. For this reason, agrarian reform must include corresponding agricultural reform which involves changes in the life-style of the farmer, changes in the way land is used as in the application of scientific farming and the latest technological innovations, and the provision of support services consisting of new ways of preserving, storing and transporting farm produce.

Mr. President, the bill addresses itself to these issues. It is both social legislation as well as a strategy for rural development and industrialization. As a law to insure social justice, it adopts the imperative of land re-distribution and installs a mechanism for the sharing of the fruits of the land in non-parcelable lands. As a strategy for industrialization, it provides the framework for the shift of capital tied up in rural lands to rural-based agro-industrial undertakings and urban industries.

Mr. President, we know that there are only certain types of land that we can afford to

transfer and to provide services for. Retention limits as mandated by the Constitution must consequently be fixed at a level which the Government can afford to efficiently process. If we overstrain Government financial capability we may wreak havoc on our monetary system. We court inflation and capital flight, thus defeating the two-pronged scheme of tiller-based agricultural development and landowner reinvestment on which the agrarian reform program is predicated. We will also overburden our Government's capacity to pay for the land to deliver the necessary social services. On the other hand, if we do not transfer enough land, then we would have failed to answer the needs of the poorest of the poor.

Among the main strengths of the present bill is that it has taken into account the specific characteristics of crops and crop-yields in different farm-plot sizes. A review of available literature show that unique processes are involved in maximizing production under different farm-plot sizes. In deciding distribution and retention limits these observed farm sizes have been cross-referenced with the attendant costs of the proposed land-transfer to achieve the retention levels that will both be economically affordable and beneficial for our Government and our people.

The present bill proposes retention limits of seven hectares for rice and corn lands, 12 hectares for coconut lands and 15 for sugarlands. Given such a framework, the current proposal will cost a full 11 percent less than the program formulated by the Presidential Agrarian Reform Council but the number of beneficiaries will only be 7 percent less. Senate Bill No. 123 as a further contrast lowers the retention limit to a uniform three hectares for those who will till their land. This will cost more than ₱300 billion. This is 121 percent more than the cost proposed by Senate Bill No. 16.

Given the country's limited resources, our

current socio-political situation, the historical record, we believe that the retention limits embodied in the Committee's proposal represent the best possible combination that will ensure the viability of our current effort.

Why varying retention limits, Mr. President? We have varied retention limits for a number of reasons, and in keeping with Section 4, Article XIII of the Constitution, which stipulated that "The State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, developmental, or equity considerations, and subject to payment of just compensation."

What is reasonable retention, Mr. President?

Is there such a measure as reasonable standard?

Elusive as it may seem, the reasonable standard enables us to carry on peacefully our everyday transactions with our fellowmen. An unreasonable conduct almost always provokes deep resentment if not outright hostility.

Seven hectares retention for rice and corn is reasonable, I submit, Mr. President. After having visited the owners of rice and corn lands with the land reform program payable with bonds which have degenerated to 40 percent of its original value and yet 70 percent of these lands have yet to be paid, would it be reasonable for our Government to demand that these same landowners relinquish four more hectares of their remaining land?

The land reform on rice and corn besides took place almost 15 years ago. Many of those seven hectare rice lands are almost ready to be subdivided through inheritance.

I do feel, Mr. President, that our social experience with seven hectares and 15 years, with or without Mr. Marcos, tells us to leave

that retention undisturbed and behave like reasonable men.

Why 12 hectares for coconut and other crops?

Our Constitution provides for 12 hectares as the grant of land from the public domain. Would it be reasonable to allow that same measure which is set in our fundamental law, as the measure of retention of those whose lands are seized for the common good?

Besides, Mr. President, the settlers in Mindanao and Cagayan Valley who came from many parts of the country to escape the hacienda system and carve out their 24-hectare homestead from virgin forest have cried out in protest in hearings here in this Chamber and in their communities that we had visited, that it would be unreasonable for the Government to dispossess them of the land they had developed as beneficiaries of the earlier land reform program in the country.

Many of these homesteaders in Mindanao have planted coconut in their frontier farms; and if we can find it reasonable to allow them 12 hectares' retention, half of their 24 hectares homestead grants, we can find it reasonable as well to allow this retention level for other coconut farms.

And finally, why 15 hectares for sugarlands? That fabled land of hundreds and thousands of hectares in private ownership and control.

Feedbacks from our field investigations have suggested many retention levels. There was a recommendation for 50 hectares, some 30, others, 24 hectares. But the lowest was a study that suggested 15 hectares as an economic retention for sugar-crop lands.

The varying retention limits is a signal of our painstaking effort to measure up to the mandate of our Constitution to be reasonable, for to be reasonable is to inquire, to investigate,

discriminate, and respond according to varied facts and social data.

There is only one compensation scheme for all lands to be acquired under Senate Bill No. 249. Payment shall be 10 percent cash and 90 percent in bonds redeemable in 10 equal installments at interest rates equal to 91-day treasury bills. The Committee Bill offers a high market interest rate, but this payment is a fascinating area for discussion. I shall reserve for time, perhaps, during the periods of interpellations or amendments for this subject.

Mr. President, I have discussed at length historical, political, and social issues solely to assure the honorable Members that the Committee Bill conforms to reasons, to our Constitution, and is in harmony with our people's historical struggle for justice.

The promise of this bill to the landless is a reachable dream. It is not a perfect solution. We know that there are no final solutions to the problems of men. But let this Chamber chart a course where it is possible to devise workable and acceptable solutions to the age-old problem of providing a better life for our people.

Mr. President and esteemed Colleagues, what I am proposing is a compromise bill. But, however imperfect it may be, I believe that it will serve as a catalyst for subsequent socio-economic reforms.

The bill takes cognizance of the past, copes with today, and provides a guide to the future. It is an adequate framework for socio-economic changes. The bill does not constrict our options into a rigid and narrow mold. The bill is the type of legislation which respects the rights of the next generation to apply its wisdom in solving its own problems on the basis of new technologies, new resources, and new circumstances.

With our consideration and action on this Comprehensive Agrarian Reform Program, our

children will say that we did not neglect our duties, that we understood the problems confronting us; that we did our work on time, and that we contributed our best to the enrichment of their lives.

I ask for the support of this bill and all the supporting programs that will ensure its proper and effective implementation.

In judging this bill, I ask this Body to consider that in many ways, the Philippines is already making history by trying to implement an agrarian reform program of this magnitude in a democratic environment through negotiation and compromises but always through peaceful means. Pessimists insist that no land reform program can succeed without violence and Draconian measures. Such an observation should not deter us but challenge us to work even harder so we will succeed. Only in this way can we preserve our hard-won democracy.

I conclude by saying that we approach this program with confidence. I see in the fortuitous events that contributed to the growth of our Comprehensive Agrarian Reform Program the influence of a higher guidance. I believe that the hand that guided us safely through the dangerous period of that peaceful revolution in February 1986 will also see us successfully through this historic opportunity for social justice and economic transformation.

G. Pangulo, mayroon po tayong kasabihan sa Tagalog na ang hindi lumington sa pinanggalingan ay hindi makararating sa paroroonan. Sa Ingles, marahil ay ganito ang ibig sabihin niyan: Those who forget their past are condemned to relive it.

Ang ating kasaysayan ay batbat ng sigalot at awayan ng magkababayan sapagkat hindi tayo nagkakaunawaan kung paano dapat bahagin ang pakinabang sa lupa at pag-aari sa lupa. Ang ating kasaysayan ngayon ay nag-uutos, nagtuturo sa atin na baguhin natin ang pag-aari ng

lupa. At kapag tayo ay hindi tumugon sa hinihingi ng kasaysayan, tayo ay muling magdurusa hindi lamang sa ating magiging kahirapan kundi marahil sa tuluyang pagdanak ng dugo dahil sa hindi natin pagkakaunawaan.

Nasa ating mga kamay ang pagbabago sa araw na ito hindi lamang dahil noong tayo ay nangangampanya upang maging kinatawan ng ating mga kababayan ay ipinangako natin ang reporma sa lupa kundi sapagkat ang reporma sa lupa ay isinisigaw na ng panahon, hinihingi ng bayan. Tungkulin natin ito sa Diyos at sa ating Saligang-Batas.

Marami pong salamat, G. Pangulo. [*Applause*]

Senator Aquino. Mr. President.

The President. Senator Aquino is recognized.

Senator Aquino. Will the Gentleman yield to some questions, Mr. President.

Senator Alvarez. Happily, Mr. President, to the Gentleman from Central Luzon.

Senator Aquino. Thank you.

First, I would like to congratulate Senator Alvarez in his recognition that agrarian reform alone is not the solution to the conquest of mass poverty in our country; that agrarian reform, together with industrialization, may solve our mass poverty problems.

Senator Alvarez. I have always suspected, Mr. President, that the distinguished Gentleman does indeed share these broad sentiments with me, and I am happy that we have closed ranks in this issue.

Senator Aquino. Now, before we proceed also, Mr. President, I would like to make for the *Record* a clarification, that the Committee Bill, while it has been submitted by six Members against the dissenting opinion of three Members, is actually a Committee bill more in form rather than in substance, because, mainly, we did not have a chance to dissect the substance of this

bill for lack of material time, but we did submit this bill for purposes of expediency. In other words, it will be the basis for debates so that we can actually bring it to the floor.

Senator Alvarez. Mr. President, I wonder whether the Gentleman from Tarlac is raising a point of order. We have gone to the process of correct parliamentary procedure and I am now in the stage of sponsoring this bill.

Senator Aquino. I am not raising a point of order, Mr. President. I am merely stating for the *Record* the circumstances that have brought out the bill on why it is on the floor today.

I can even quote the Majority Floor Leader, but I suppose we have to go through details. The Majority Floor Leader said, he felt that it would be a step forward if such a priority measure is reported out. And even the Chairman himself has said he thinks that the use of this version is only a mechanism to put out the report.

Senator Alvarez. Mr. President, nothing is engraved in concrete or stone with this bill. I will keep my mind open to the wise recommendations for amendments from the Gentleman from Tarlac or from any other Member in this Chamber.

Senator Aquino. Anyway, considering all the reservations made by all the Senators who voted to report out this bill, I am just putting it on record, Mr. President, that the bill, I agree, is already a bill in form, but as I said, is not a bill substantially deliberated by the Committee.

So, if I may proceed, may I ask the distinguished Sponsor on his scope of the agrarian reform. May I know the scope of this proposed bill, Mr. President?

Senator Alvarez. Is the Gentleman talking of physical scope? Is he talking of philosophical scope? I have contained, to my mind, an extensive explanation on the broad scope of the bill.

If the Gentleman is talking of how much I intend, how many hectares I intend to cover, I say that the target scope in this bill, the well-studied specific target scope that can be funded wisely and intelligently is about five million hectares, and the beneficiaries will be about three million.

But if the Gentleman is talking of the constitutional scope to which I am adhering, definitely it is the provision of Section 4, Article XII which involves all agricultural lands.

Senator Aquino. So the Gentleman includes all agricultural land, and may I know the Gentleman's definition of agriculture?

Senator Alvarez. Agriculture, Mr. President, is all activities which involve the production of economic goods by cultivation and all other attendant matters related thereto. That is a very broad definition. I do not have the technical definitions. If I knew the Gentleman wants the definitions . . .

Senator Aquino. It is all right, Mr. President. By the Gentleman's own definition, this includes all growths. By this, we mean crops. Does this include also livestock? Does this include fishing?

Senator Alvarez. Yes, Mr. President, these are agricultural activities.

Senator Aquino. So this includes fishponds? I suppose when we say "fish", we also include prawn farms. Is this covered by the Agrarian Reform Program?

Senator Alvarez. Yes, Mr. President.

Senator Aquino. Thank you.

Senator Alvarez. Well, as we proceed to dissect the specific provisions, the distinguished Gentleman will find out that the coverage is there, a coverage which will take time before we are able to get into the specific adjustment of the complete understanding on how the

coverage is being undertaken. I am sure he is eagerly waiting for that opportunity.

Senator Aquino. Yes. So as not to consume a lot of time, I will concentrate on the following specific questions. I just wanted to put on record that he agrees that agriculture includes all kinds of activities in the growth of crops that are planted, all livestock, and all fishponds which include prawn farms and so on.

May I know the Sponsor's definition of "agri-business"? Is "agriculture" and "agri-business" interchangeable?

Senator Alvarez. Agri-business is a specific kind of agricultural activities. It is a business venture but the activity proceeds from an agricultural undertaking. However, an agri-business operation partakes a character of a commercial venture where elements other than cultivation are involved: distribution, packaging, in order that the raw materials from agriculture may be marketed as finished products.

Senator Aquino. Is there any agri-business, Mr. President, that is not agriculture? Or is all agri-business also agriculture?

Senator Alvarez. Agri-business, Mr. President, is agriculture, yes. It is a business of agricultural activity.

Senator Aquino. So when we talk of agriculture, we specifically mean agri-business also, because we are in agriculture, primarily, for business purposes?

Senator Alvarez. It is possible, however, that in an agri-business undertaking, the purely agricultural aspect or the land aspect may be a smaller share of the total component of the agri-business undertaking, but still agriculture.

Senator Aquino. I agree that agriculture and agri-business are interchangeable, Mr. President. What I would like now to find out is: What does the Gentleman mean now by agri-

industrial enterprise as differentiated from agri-business?

Senator Alvarez. Well, agri-industrial enterprises, Mr. President, as distinguished from agricultural enterprises is when the finished or raw material products from agriculture itself would be processed by some industrial operation. So that, the combination of industrial undertaking and agricultural undertaking of a plantation are the essential wedded components of the total activity.

Senator Aquino. Can the distinguished Sponsor separate agri-industry from agri-business?

Senator Alvarez. It is possible, Mr. President, we can have a contractual separation although sometimes the backward linkages may put or create some deficiencies. Some managers say that separating them will not be an advisable undertaking.

Senator Aquino. So the distinguished Sponsor is more in favor of integrating both agri-business

Senator Alvarez. I did not say that. I was offering the Gentleman an observation that in agri-industrial undertaking, it is possible that the integration process is meant for efficiency although they can at times be separated.

Senator Aquino. The more important question, of course, is: Is agri-business included in the Sponsor's Agrarian Reform Program, Mr. President?

Senator Alvarez. Yes, Mr. President, but not in an inflexible doctrine or perhaps fashion where one and the other cannot be separated in a legal fashion. There are devices which will be opened for discussion on how to be able to segregate the operations, if necessary.

Senator Aquino. So, in effect, agri-industrial enterprises are included in the agrarian reform program?

Senator Alvarez. Yes, they may be, Mr. President. If one wants to take them as a whole integrated component, yes.

Senator Aquino. So when we talk now of agrarian reform we are talking of agricultural activity which includes agri-business as well as agri-industrial enterprises?

Senator Alvarez. Yes, Mr. President.

Senator Aquino. Thank you, Mr. President.

Now, may we go to retention. I have listened to the Gentleman's prepared speech regarding the justification for the different retention limits. But may I know if there is any scientific, economic basis for saying seven hectares? Or was this not only the favorite number of the past regime?

Senator Alvarez. Perhaps, it was the favorite number of the past regime, Mr. Marcos himself, but I have ceased being bothered with what is the favorite of Mr. Marcos. I am more concerned with what is feasible and workable given the sociological situation and the political condition prevailing in the country.

As the Senate President knows, when I was the Minister and then Secretary of Agrarian Reform, I went to the countryside and I felt the emotions shared by the farmers. I know now that if we go there the second time around, iyong 24 na ektarya ng lupa ng isang homesteader na binawasan mo at iniwan mo lamang sa kanya ang pitong ektariya at tinanggalan mo siya ng 17 ektaryas; at puputulan mo na naman yong natitira niyang pitong ektarya at kukunin mo iyong apat na ektarya at iiwan mo yong tres ektarya, ay magiging sanhi ng malaking samaan ng loob. Baka iyong ating mga agrarian reform technologists ay hindi makakilos sa kabukiran.

Ayan po ang aking social, scientific basis kung bakit hindi ako masyadong nagmamadali upang balikan na uli yang pitong ektaryang iyan

at bawasin na muli. Tatal, matagal na 'kako, labinlimang taon na, maaari na sigurong mahati-hati yan sa mga tagapagmana noong mayari ng may pitong ektarya. That is my sociological and perhaps political observation. It is not a quantifiable, scientific finding.

But if the distinguished Senator is talking of what is scientifically feasible for cultivation, I am not for limiting the ownership definitely to seven hectares, Mr. President. There are those who will be receiving three hectares as award, those who will be entitled to become beneficiaries.

To me, the problem of the retention limit on rice and corn is an entirely separate problem from what is agriculturally feasible.

Senator Aquino. Is the Sponsor trying to say, Mr. President, that an economically sized farm can very well be less than seven hectares?

Senator Alvarez. Yes, Mr. President, although I am not discounting the fact that, perhaps, a seven-hectare would be more susceptible to machine agriculture. And one can deploy his imagination more extensively if he has a seven-hectare plot than when he has only three.

Senator Aquino. I believe that majority of our farmers are not machine-susceptible, Mr. President. That is precisely the reason why I am trying to find out what is a practical area that can be actually tilled by a farmer family. Can a farmer family till seven hectares intensively, Mr. Senator?

Senator Alvarez. Sure. I have seen many farmers who are tilling more than seven hectares; some are tilling 15 hectares. I have seen a Los Baños graduate who is a farmer in Kalinga, Apayao. He was a recipient of a farmer's award. He started with 1.4 hectares; now he is tilling about 12 hectares by himself, using machine, imagination, and current technologies. And he

is producing a lot of surplus. Of course, he is not a marginal farmer. Being well-trained, he uses technology, and uses machine.

Senator Aquino. Maybe, Mr. President, we can limit ourselves to discussing what the average farmer is. If the Sponsor admits that this is an exceptional farmer who uses machinery, I think the majority of our farmers are not using any machinery. And therefore, maybe we can zero in on the average farmer family on how many hectares he can actually till by himself and his family. Usually, the family is computed to be the father, mother and six children. So it can have anywhere from two to four helpers.

Senator Alvarez. That is my primary consideration, Mr. President, and I have studied that. I have investigated that — I have seen that in the field. But unfortunately, when one is involved in a social problem like land reform, he must look at all the nuances and many dimensions of the problem. To confine and peg oneself to one specific area of the problem may not be healthy for national legislation of this magnitude. We must take into account also whether those whom we are going to allow a retention of seven will be productive members of their community, aside from the political and the sociological considerations.

Senator Aquino. Well, actually, what I am trying to establish, Mr. President, is basically what is a family-sized farm that a family can actually cultivate. We can go there by different estimates and come up with parameters on what will be a minimum and what will be a maximum number of hectareage that one family can till. Because in all our consultations, the areas range anywhere from 1/2 hectare all the way up to 3 hectares and I have not yet heard of a farmer-family that is able to cultivate by themselves anything more than three hectares using the present available means. And so, I am doubtful now that maybe seven hectares — if that will be a

retention limit — will require new tenants; and this is one factor that we will have to verify from all of those involved. It seems that seven hectares or more will require additional tenants or workers in the farm outside of the regular farmer-family.

Senator Alvarez. That may well be, Mr. President; it may well be one social problem which we have to confront so that we may have to allow for retention limits, but at the same time, putting some binding inhibitions so that the one who will run it must himself be the owner-manager. So that is going to be under labor administration. That is open to amendment here. But if the Gentleman is going to tell me that he has already a specified acreage of land which in the countryside would be the most feasible for an agricultural family, I will tell him now that his observation would be nothing but a social estimate. Because when he says that there are areas which can be cultivated efficiently for half a hectare, and others which can be suitable for one-and-a-half hectares, or even three hectares, there are no tables so far in the agricultural literature which would tell him that this is so. There are projects and experiments all over and they vary according to crops and to place, but there is no norm where one can stand up here and adequately inform someone that this is the data in the field. The data in the field, Mr. President, sometimes vary according to the capacity of the farmer, the location of the place, the irrigation available, and the fertility of the soil. So that is going to be some kind of a social guess. Although I will say that I have no objection if the Gentleman will say that the three-hectare plot, given the ideal conditions, would be a suitable area for family-sized agriculture.

Senator Aquino. Thank you, Mr. President, for agreeing that three hectare is suitable for family-sized farms.

Senator Alvarez. Yes, but with a lot of qualifications. We will be in danger of simplifying,

perhaps, even over-simplifying the problem if we latch on to these hooks of numbers which are yet on very experimental assumptions.

Senator Aquino. But does the Gentleman think that if the retention limit is based on crops, this will encourage land use conversions, which means that for those who want to take advantage of a bigger area, they will concentrate on this kind of a crop so that they can maintain a bigger retention limit.

Senator Alvarez. I am sure, Mr. President, that this is well founded here, especially those who are not deeply aware of how the agrarian reform program is going to be handled. But the lowest retention limit is in rice and corn. To move up to coconut farm after compelling registration, can we imagine rice and corn farmer planting overnight coconut trees on a plot and convince the Government which, meanwhile, had already taken records. Because we have a record of the 800,000 hectares subjected to the land reform program. As I have been a Secretary and I will assure the distinguished Senator that in every barrio, the agrarian reform technologists would be able to provide with data. Sure, there are no perfect systems and there could be some loopholes for violations, but this is not going to be the norm. I hope that with expanded capacity of the implementing arm, we are increasing from 9,000 to 14,000 personnel for the field, and with the expanded budget, we will be more effective in enforcing this program. For instance, if we do approve 12 hectares retention for coconut, if the coconut farmer wants to increase to sugar crops, he will have to chop his coconut trees, and overnight, plow under the stumps of his coconuts. Can we imagine the difficulty of that, Mr. President, only to have an additional three hectares more. Besides, there are only about 285,000 or some say about 300,000 sugarlands, and the sugarlands are already very viable because all of the sugar *hacenderos* have borrowed from PNB or even

our agrarian reform technologists would be able to tell us — but I can understand why have those fears. However, the data management and the facts in the field do not sustain that deep-seated fear of loopholes for violations. There will be some, I will tell the distinguished Senator but they could not be enough to say that for this reason we must shy way from having varying retention limits.

Senator Aquino. I will just ask one more before I yield the floor to my Colleague. Just one last question. What is exactly the Gentleman's retention limit, Mr. President? Because in the Gentleman's bill, it says there one can have seven hectares for rice and corn land; 12 hectares for sugar; 15 hectares for coconut, or rather the other way, another 12 hectares for other crops. Does this mean the aggregate total of the Gentleman's retention limit can very well be 46 hectares?

Senator Alvarez. No, Mr. President. If we have all three crops, then our maximum is going to be the highest — the 15 hectares, or a little beyond that.

Senator Aquino. That is not so stated in the bill, Mr. President. Precisely, it is stated there the aggregate total of land retention shall not exceed the maximum retention per crop. That is why, if this is going to be on a per crop basis, one can have 46 hectares.

Senator Alvarez. There is a succeeding sentence to that provision, Mr. President. Section 14(?), which says that the maximum that anyone can hold, having all these crops, is 15 hectares. Anyway, when we come to the period of amendments and if the distinguished Gentleman still has some fears on that — if he would agree to my retention limit and he would want to put it to 15 hectares — he is free to amend it.

Senator Aquino. I will temporarily yield to Senator Maceda.

Senator Maceda. Mr. President, with the

permission of Senator Aquino, I just wanted to follow the discussions. I was going to inquire whether Senator Alvarez, the Sponsor, is talking about retention limits; while Senator Aquino is probably talking about distribution sizes. All along, the discussion has been focused on the assumption that retention limit and distribution sizes must necessarily be the same. Would Senator Aquino take up this point? The way I understand his point, probably there is a difference between a retention limit that we allow the landlord and that in many cases, tenants and farmers would be happy to get even just three hectares of land initially. That is just the point I wanted to interject.

Senator Alvarez. Yes, Mr. President, that is a very good clarification, because when we are talking of retention, we mean the area of land which will be retained by a former landowner. And on the question of distribution sizes, the version of Senator Aquino fully agrees with my own version. The ceiling distribution is three hectares.

Senator Aquino. Yes, Mr. President. We agree with the award ceiling of three hectares for the beneficiaries.

Senator Alvarez. Thank you, at least, there, we agree.

Senator Aquino. Sometimes, I wonder why the beneficiary, who is supposed to have three hectares, is given less than the former landowner who is given seven, twelve, or fifteen. I think there should be no discrimination between the beneficiaries and the former landowner.

Senator Alvarez. Because, Mr. President, as legislators, we have to be sensitive to social reality. The Gentleman is talking of some standard of absolute justice where one man is absolutely equal to all men. We have not yet arrived at that given social situation. The Constitution provides for social justice which is an approximation of ideal justice. The word

“social” could be the cue of my distinguished Colleague. There are many imperfections in our social system, in our social standards. Let us acknowledge this so that we can move ahead and begin to address problems of society by approximately social standards, not absolute standards, Mr. President.

I think I would be happy when the day comes that we can play with the rule of absolute parity and equality with such freedom and not be sensitive to varying differences in society. If that is the problem of legislation, Mr. President, I think we must know how to respond, how to be sensitive to varying differences.

Senator Aquino. Our objectives, Mr. President, I hope, are the same, that we are after the promotion of equity and social justice, also leading towards industrialization. Is this also the view of my distinguished Colleague?

Senator Alvarez. Yes, Mr. President.

Senator Aquino. Thank you, because I believe that whenever we stress “equity” there, we have to promote some kind of equality between beneficiaries and former landlords and that is the reason why I have been insisting on equity.

Anyway, we have started on “scope” and we are now discussing retention limits. Of course, I would like to go into costing and implementation, but my Colleagues here are giving me signals. I wonder, Mr. President, if I can reserve additional time tomorrow for time purposes; and if this is so, I would like to find out if, from here on, we will be devoting a certain time of our session for the Agrarian Reform Bill.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader is recognized.

Senator Mercado. Mr. President, we wish to inform Senator Aquino that we will have all the time to interpellate the Sponsor of the bill. I

would like also to make a statement as he adverted to the fact that I made a request that the bill be reported out and that I believe it is a breakthrough. We felt that there was a deadlock in the Committee, but for it to be reported out and discussed on the floor, for us was the best solution to solve the variance in terms of his views, the "impasse", in his words.

Thank you very much. We assure Senator Aquino that he will have time to interpellate as the other Senators will also have it.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. I move that we suspend consideration of the Comprehensive Agrarian Reform Bill.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

CORRECTION OF THE JOURNAL

Senator Mercado. Mr. President, Senator Romulo has a manifestation as regards the *Journal*.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, it is just very short. On page 17 of the *Journal*, there is a typographical error down in the page. Instead of "in rewording the budgetary," the words are:

"in reordering the budgetary and foreign exchange priorities."

The President. Does the Gentleman move for a correction?

Senator Romulo. May I move that it be corrected accordingly, Mr. President.

The President. Is there any objection? [*Silence*] Hearing none, the correction is approved.

Senator Romulo. And, on page 18, Mr. President, the citation of Sections 15 and 16 of Article XIII of the Constitution was omitted. I would like to move that that be incorporated because that is a key point, Mr. President.

The President. Is there any objection? [*Silence*] Hearing none, the correction is approved.

Senator Romulo. Thank you, Mr. President.

The President. All right.

The Majority Floor Leader.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President, I move that we adjourn the session until four o'clock tomorrow afternoon.

The President. Is there any objection? [*Silence*] Hearing none, the session is adjourned until four o'clock tomorrow afternoon.

It was 7:14 p.m.

them.

There are other things here, Mr. President, but we hope that on Tuesday, when we convene, a full report can be submitted including the number of the victims. My understanding is that of the 3,966 victims, only about 1,500 or 1,600 have been identified by their relatives. So, this is a process that is going on.

Now, what we stressed in that hearing to Atty. Barlongay, the Deputy Executive Secretary is, if this is being done by the government. But an essential issue here is: How fast did the government respond? Because, if it took them two, three or four weeks, then that probably is no-no, Mr. President. And so they will also give us their full report on that, including their recommendations. And they have already pinpointed some derelictions in certain government offices. So, if we can wait and invite the Senators, not only their representatives, to be with us on Tuesday, then I think we can clear the picture and certainly we should give them the same sharp searching questions that we in the Committee did in the meeting yesterday.

Thank you, Mr. President, and I would like to thank the distinguished Vice President-to-be for allowing me to explain instead of him making this clarification.

BILL ON SECOND READING
Senate Bill No. 249 – CARP
(Continuation)

Senator Mercado. Mr. President, I move that we resume consideration of Committee Report No. 103 on Senate Bill No. 249.

We are still in the period of interpellations, Mr. President, and the Sponsor is on the floor being interpellated by Senator Aquino who I believe wants to continue his interpellation. I move that we recognize Senator Alvarez as well.

The President. Senators Alvarez and Aquino are recognized.

Senator Aquino. Mr. President, I will be as brief as possible. I will cover only two points this afternoon to allow the other Senators to interpellate.

I would like to go back to our discussion yesterday regarding the retention limit.

Mr. President, the proposed bill has a variable retention limit of 7, 12 and 15. So, may we ask the justification for the seven hectares. What is the basis for the seven hectares? Is there an economic basis, or technical basis, or scientific basis or practical basis, because it seems, after going through the speech, it is an estimated reasonable standard to carry on this transaction peacefully.

So, first, is there any technical or economic basis for the seven hectares, Mr. President?

Senator Alvarez. I think the basis is the mandate of the Constitution, Mr. President. The Constitution is quite explicit. It says: "Of reasonable basis." So, we tried to fathom what would be reasonable. Our inquiry makes us fully convinced that maintaining the seven hectares retention limit is indeed justifiable. We have already stated that in our sponsorship speech and also in answer to the question of the Gentleman from Central Luzon when he was raising the same issue.

Senator Aquino. But, Mr. President, on what basis is the reasonableness? Is this based economically, or technically or on practicability?

Senator Alvarez. Well, Mr. President, if the Senator is talking of the award limit, it is not unreasonable. I think that is a very reasonable area. But we are not talking of the word "limits," we are talking of the "retention limits."

Senator Aquino. Yes. Well, maybe, to clarify to everybody, we are talking here of the reten-

tion limits to be retained by the former landowners. We are not discussing here the award ceilings or the retention for beneficiaries. As far as beneficiaries are concerned, we have already agreed that the limit they will have, the award ceiling is three hectares for the beneficiaries. We are precisely discussing the retention limit for the landowners who will sell their land to the government. I am asking for the basis of the seven hectares, because as far back as I can remember, this has only been the favorite number of the previous regime. That is the reason they chose seven. But there is no scientific, technical or economic basis for seven hectares. And that is the reason why in searching for an economically viable family-size plot, all farmers we have talked to, including the Gentleman, seem to agree that three hectares is economically viable for after all, that is also the Gentleman's award ceiling for beneficiaries.

Senator Alvarez. In a number of circumstances, it is economically viable, Mr. President, but I am not making a categorical and sweeping acceptance that three hectares indeed is the viable retention limit.

Senator Aquino. Mr. President, the reasonable stand is what the Gentleman has set on his retention limit to carry on peacefully. That is why I wanted to ask, would the implementation of the three hectares retention limit in the Gentleman's opinion not be peaceful? Can we also have a peaceful three hectare retention limit?

Senator Alvarez. I think, Mr. President, that if we are going to go again to those people whose lands have already been subjected to land reform and who are now only retaining seven hectares, in a number of occasions the Gentleman will not find it so easy to implement his land reform program.

Senator Aquino. I suppose the distinguished Gentleman is already familiar anyway that the

targeted beneficiaries of about 955,000 possible tenants who will benefit from the rice and corn program, actually only 149,000 of these have been touched by this program, representing 15 percent implementation and therefore, we are actually going back to only 15 percent of those who have benefited from the seven hectare retention limit.

Senator Alvarez. That may be so, Mr. President, but I think the social cost of the program, if the Gentleman would observe the mandate of the Constitution, is going to be within acceptable levels.

Senator Aquino. Precisely, that is what I am asking. Does the Gentleman think that three hectares is not acceptable as a retention limit?

Senator Alvarez. It could be acceptable, Mr. President, but then the Constitution gives us a guideline. And I think that we should be perceptive or sensitive enough to the suggestive guideline of the Constitution. We should combine this with social investigation and some understanding of the situation in the countryside. Also, Mr. President, I pointed out that aside from pursuing this with single-minded mathematical or arithmetical position, we should be sensitive to other nuances all over the country. The question of our political stability, for instance, Mr. President.

First and foremost, this is also an implication on our capacity to pay. Mr. President, when we resolved the retention limit, we were not just fixated on the retention limit per se. We were also thinking of costing. It was a matter of seeing to it that the many dimensions would make the program feasible. And this retention level, which we think is reasonable, is a part of the total composition that would make the program which we have crafted, one that is feasible and implementable. That is why, if we look at our costing, it is within the capacity of the economic system to carry out this program.

It is not a piece of blue sky, that we think we can deliver to the community. Whereas, with the other plan, we are going to cripple the economic system; if not, perhaps, disregard the other social services that this Government must deliver in its second year of assumption to power.

Senator Aquino. Mr. President, if we are talking here of a number of farms when we talk of three-hectare retention limit, we are actually talking of 69 percent of all the farms in the Philippines. So, I think what is left for agrarian reform will be the balance of 31 percent. In effect we are catering to the majority; we are protecting the small landowners. And since we are after a social legislation that will bring about equity and social justice, I do not think our agrarian reform program will be comprehensive enough if we stick to a seven-hectare retention limit because then we will be touching six percent only of the farms throughout the Philippines.

Senator Alvarez. Mr. President, the word "comprehensive" does not mean absolutely comprehensive. It presupposes here a sensitivity to performing a policy that the system can deliver. So, comprehensive in the sense that here we are going to embrace about 18 million citizens, which is not quite a small number and here we will be in a position to substantially change the quality of life of about three million farmer beneficiaries. We will also be able to deliver services, not just distribute land. But we will be able to deliver services to enable the farmers to cultivate that land. They can have credit; they can have extension services; they can post-harvest facilities; and, they can even have marketing assistance program.

The word "comprehensive" there, Mr. President, is not an exclusive mandate that every piece of available land should be stretched for possible distribution.

I am suggesting or recommending here a bill that is workable and implementable without disregarding the fundamental mandate of social justice and land redistribution.

Senator Aquino. So, anyway, to summarize on this retention limit, while we are proposing three hectares which, right now covers already 69 percent of all farms in the Philippines, if we move up to seven hectares' retention limit, we will be touching only six percent of all farms. And as far as the area is concerned, we were interested in the distribution of 70 percent of agricultural land in the Philippines to make this a truly comprehensive agrarian reform program.

If, however, we stick to the Gentleman's seven hectares, then we will only be distributing 32 percent of all agricultural land.

Senator Alvarez. Mr. President, the difference between the number of beneficiaries which the Gentleman's proposal has in mind, is only about 800,000. But the difference in cost is about 123 percent. And when one reaches that cost, I would venture to say that it would be impossible to deliver the program.

The Gentleman started by posting the number of beneficiaries. However, we began by looking at the total comprehensive problem of agrarian reform and the problem of this emerging democratic government which must see through its capacity to deliver, not a piece of blue sky, not a dream which can fail, but a government program based on data and the capacity of the system to deliver, so that we are not going to deprive the three million farmers who are going to be our beneficiaries of their hopes and expectations.

As to the numbers and figures quoted, I will not disagree with the Gentleman. But I will disagree in the mode of approach of solving such a vital problem and the capacity of the system to deliver the solution to this problem. For ultimately, we might defeat the hopes of the

very people whom we may wish to help. I have been Secretary and Minister of Agrarian Reform and I am a little concerned that if we bite more than we can swallow, we might choke in the process.

Senator Aquino. Mr. President, I thank the distinguished Gentleman for mentioning that he has been Minister of Agrarian Reform. When he estimated my bill, he estimated it to cost something like over P300 billion. However, the same bill was estimated by the Department of Agrarian Reform and it came out with a figure of P146 billion, which is very close to our own estimate.

If the Gentleman does not accept the figures of the Department of Agrarian Reform himself, then I wonder why. He can probably estimate his own bill; I will estimate the cost of my own bill; and maybe the Department of Agrarian Reform can act as an independent intermediary. But the Gentleman is the one who has been saying from the beginning that this bill will cost more than P300 billion which, of course, I will have to dispute.

Senator Alvarez. Mr. President, the distinguished Gentleman knows that the figures that he has been presenting cannot stand very close scrutiny. We bring to about 200 hours computer time to produce two standards. And in both standards, his costing was phenomenally high. But, be that as it may, we can use either standard and, perhaps, if he wishes, we can reconvene the technical committee for that purpose.

But the point I am trying to suggest to the Gentleman, Mr. President, is that, when we consider the problem, we must consider it in its totality because this involves a social question. We must consider the problem in its wholeness and see if we can begin to tackle the problem of historic proportions in a very substantial and meaningful way.

Senator Aquino. Is the Gentleman therefore,

taking the success of this program subject to its cost, Mr. President?

Senator Alvarez. Subject to the cost and subject, of course, to public acceptability, and the word, "reasonable," Mr. President, to which I have tried to faithfully adhere.

Senator Aquino. Because every time the Gentleman talks about my bill, for instance, he mentions the phenomenal cost which, as far as I am concerned, is not accurate anyway. But besides that, if the cost alone is going to be the success or failure of this endeavor, Mr. President, then does not the Sponsor think that the political will that is necessary to implement a program like this is actually more important than the cost? Because, as far as the cost is concerned, one can implement the program gradually rather than lump everything within a five-year period; he can stretch the program to ten years and reduce the cost dramatically.

Senator Alvarez. Mr. President, if the Gentleman is talking of political will, anybody can make a claim on political will for whichever program he may be espousing. However, let me point out to the Gentleman that when he started his proposal and the Committee accommodated many of his requests for study and inquiry, so much so that we had reached a point where we wanted to reconcile the two provisions of the bill. In fact, I was under the distinct impression that we were both in search of what would be a feasible solution to this problem, and neither the Gentleman nor the members of the committee were wanting in political will.

The question here, Mr. President, is how creatively are we responding in order to carry out this political will?

Senator Aquino. Agreed. For my last point for this afternoon, Mr. President, I would like to talk about exemptions, of what the Sponsor calls "other modes of agrarian reform."

The Gentleman envisions distribution of

economic benefits. May we clarify if this also means land distribution?

Senator Alvarez. There are formulas there, Mr. President. For instance, in a plantation where the value of the land would be 51 percent or more than there could be a land distribution to the tillers of the land, so that they may collectively own the land, or indirectly own the land.

Senator Aquino. So, if the land value is less than 50 percent, does not the Sponsor propose distribution of land?

Senator Alvarez. Well, Mr. President, I do not propose distribution of land, but I propose distribution of ownership of the total enterprise; so that those who are participants in the land, in the total operation, would also have a participation in the total enterprise.

Senator Aquino. In the Senator's bill, Mr. President, he has exempted pineapple plantation as well as banana plantations. Is this correct?

Senator Alvarez. The word, perhaps, is not "exemption."

Senator Aquino. Exclusion.

Senator Alvarez. Yes. There is still a mode of agrarian reform because we conceive here a sharing of the fruits.

Senator Aquino. Yes, Mr. President. So, in these banana plantations and pineapple plantations, the Sponsor intends to distribute profits rather than land distribution. Is this correct?

Senator Alvarez. Yes, Mr. President, and we intend to see to it that they share in profit and receive wages because, the assumption here is that for those who work in this kind of agri-industrial operation, their wages would be governed by the Labor Code.

Senator Aquino. Does the Gentleman agree with me, Mr. President, that most of these pineapple plantations and big banana plantations

are occupied by foreigners?

Senator Alvarez. A number of them have marketing contracts with foreigners. There are about 25,000 hectares of these, and I think 4,000 to 6,000 may be controlled by foreigners. I am not talking about my figures now.

Senator Aquino. The big ones are occupied by foreigners, especially Dole and Del Monte, to name a few.

Senator Alvarez. Yes. Del Monte has — I cannot say how many hectares Del Monte has perhaps 5,000, yes. We have contractual marketing relations with foreign companies.

Senator Aquino. Mr. President, precisely I am emphasizing this because it seems, as far as the Gentleman's bill is concerned, that it is exempting the foreigners who are occupying all of these big-landed estates while the Filipinos will be subjected to agrarian reform.

Senator Alvarez. Well, because, Mr. President, the Gentleman does not see the fact that we are trying to advance the interest of the Filipinos by raising their share in these enterprises. It is like looking at a glass — I see it half full and the Gentleman sees it half empty.

Senator Aquino. I am saying that if the Filipinos are subjected to the agrarian reform program, all the more should foreigners be subjected to the agrarian reform program.

Senator Alvarez. Mr. President, the Gentleman is making the assumption here that when we try to promote or protect this kind of economic relationship, we are doing it against the interest of our countrymen. It is our assumption that the devices that we will raise to protect the interest of our nationals indeed will protect them.

Senator Aquino. So, precisely, if the majority of the farmers in Filipino-landed estates are protected by our program, all the more should the Filipinos working in these multi-national

corporations be protected so that they should also be subjected to the agrarian reform program.

Senator Alvarez. Yes, Mr. President, but I do not share the Gentleman's one-dimensional view that to protect a worker in an efficient economic productive system we have to fragment the land and break down the economy of scale. We are now a modernizing country with some complexity of management and operation, and I would like even the simple farmer to share in the expanded productive capacity of these efficient systems. Let us just make sure that, indeed, they are going to share in the efficiency of these export-oriented schemes; let us not allow them to be exploited by the guarantees of rules, labor regulations — that is why we are providing for a certain share in the gross income. In any case, Mr. President, it is a different outlook. I do not think that in a modernized operation, unless the government is sleeping on its duty, the worker would be exploited wantonly by the enterprise. I believe that government rules and regulations precisely are there, they are put in place, to see to it that the workers share in the added productivity of the enterprise.

Senator Aquino. Mr. President, I am glad, the Gentleman mentioned something about economies of scale. It has been proven that small farms are actually even more efficient and more productive than big plantations. It is only in the Philippines, for instance, that we have our sugarlands that are over five hectares. In Japan and Taiwan, for instance, 99 percent of all sugarlands are below five hectares. In the Philippines, of course, the figure is only about 11 percent to 12 percent which is below five hectares; the rest are more than five hectares. But it has been proven, on a hectare basis, that small farms can actually compete with large-scale production and can actually produce more efficiently at a lower price. So that in these economies of scale, it does not work in the Philippines. I think that is a myth that we have to disabuse our

minds with because it has been in our minds since that big plantations are more efficient, which is not so.

Senator Alvarez. I am not making that as an absolute statement. But I think, as a rule of thumb, it could be true. I may somehow agree with the Gentleman but I will totally disagree with him when he tells me about the cases in Taiwan. Because there are many ingredients to the efficiency of the farms in Taiwan. First, the extensive development of irrigation system; second, the extension services, infrastructures are there, and; third, the financing scheme and government subsidy on the operations of these farms. The casual observer thinks that compared to the way we run our farms, the small-scale farming systems there are inefficient, but in truth and in fact, only the cultivation is done in fragments. The total operation is done in a collective fashion because the supply of fertilizer, the extension services, the marketing, for instance, is done on a collective scale. The efficiency of big scale is employed here, Mr. President. Fortunately, I read the literature on Taiwan and there are so many cultural and historical dimensions which casual observers miss and they insist that Taiwan is practicing small-scale agriculture where, in fact, it had integrated its collective capacity and almost the system is actually a big scale operation with small-scale cultivation. In any case, Mr. President, I am happy for the inquiries and the suggested opinion of the distinguished Gentleman from Central Luzon.

Senator Aquino. With regard to agri-industrial, Mr. President, may I know the Gentleman's proposal or scheme regarding inclusion of agri-industrial enterprises in our agrarian reform program?

Senator Alvarez. My proposal, Mr. President, is going to be on profit-sharing scheme. I am going to guarantee a gross of two percent, two

and a half percent. If the value of the land is less than 51 percent, there should be some stock-sharing as well.

Senator Aquino. And if it is more than 51 percent, is the Gentleman in favor?

Senator Alvarez. There can be a transfer collectively to the farmers organization either in a cooperative or a co-ownership fashion. And if the farmers organization is not yet in a position to take over, then they can have a professional group to take over to manage the enterprises until such time that the farmers organization would be in a position to take over.

Senator Aquino. If I may digress a little bit and go back to the economies of scale of small farms, Mr. President, is it not that as far as the production process in our agriculture is concerned this can actually be done in small farms? Maybe, when the Gentleman says "economies of scale," he is referring to processing; he is referring to, probably, the post-harvest activities.

Senator Alvarez. Mr. President, I am not too fixative on the economy of scale. I suggested economy of scale as a tool of production and it can apply in post-harvest activities as well as in cultivation activities. I do not totally exclude that economy of scale can work efficiently into the farms at given times. We just have to take into account all the variables. We cannot make an absolute and categorical statement on where this will apply or will not apply. The assumption in agrarian reform, Mr. President, is when we give one a small piece of land, the motivation of the new owner, because of the dignity that he acquired in that he is going to work on this very efficiently. That is why small scale is as well efficient. But there are situations when we operate a bigger system, a big scale operation becomes more efficient because we are able to use certain tools of production which this small-scale operation may not be able to use. But then we have to look into the specific cases.

Senator Aquino. So, in these agri-industrial enterprises, if we can segregate the industrial portion with the agriculture portion, would the Gentleman be in favor of including land distribution for the agriculture portion.

Senator Alvarez. I will have no objection to that, Mr. President, as long as the Gentleman is able to provide the scheme where the agricultural segment would be able to relate to the enterprise.

Senator Aquino. Did the Gentleman say he will have no objection?

Senator Alvarez. I will have no objection. We can debate on that when we come to the period of amendments, Mr. President, as long as the Gentleman can satisfy me that he can provide an efficient scheme by separating the industrial segment from the agricultural segment and still produce a viable system.

Senator Aquino. Excuse me, I do not like to separate the industrial portion since the Gentleman mentioned that if the land area is less than 50 percent, then land may not be distributed. I would like all lands to be distributed, Mr. President. That is why I am including both land and machinery of the enterprise. This is one way to effect a more comprehensive program — to also have land distribution even in agri-industrial estates.

Senator Alvarez. When the land is a smaller component to the total enterprise, I do not really see any danger for the farmers who may constitute the smaller segment that will attend to the land if we guarantee a gross profit, or sharing of the fruits from the gross and share them stocks in the total enterprise. The Gentleman will have to argue with me when the period of amendments comes that only when the farmers do indeed control the land will they be secured in their participation in that enterprise. I want to tell the Gentleman now that I will be prepared to listen to his arguments and I hope

he can convince the others here.

Senator Aquino. Yes, I am saying precisely that the entire enterprise must eventually be transferred to the farmers. Since we have been exempting agri-industrial enterprises, I probably will have to ask the Gentleman why this agri-industries are exempted, or rather excluded from the program.

Senator Alvarez. Because, Mr. President, in the operation, I think we guarantee the improved quality of life of the farmers by assuring them participation in the overall productive capacity of these kinds of modern operations. I am not totally sold to the idea that, except when the farmers control and own the land, then they are going to be exploited, because there are ways of safeguarding their rights as they become participants in the total enterprise. I already pointed out to the Gentleman a guarantee of sharing in the gross of three percent to be a reasonable way of protecting their rights, even a portion of the shares of the stocks of the enterprise. And of course, provisions in the Labor Code will protect the rights of the farmers.

Senator Aquino. There might be some confusion in the bill, Mr. President, regarding what is agri-business or what is agriculture and what is agri-industrial. Do we have a test to find out what is agri-industrial as against what is agriculture?

Senator Alvarez. Mr. President, where there is industrial processing, that is my test, that is my cut-off point in determining what is agri-industrial.

Senator Aquino. So are there concrete steps to determine the separability between what is processing and what is actually agriculture?

Senator Alvarez. Well, I do not think that my distinguished Colleague can put that up in a clear-cut black and white. Perhaps there will be instances. I will agree with him, where one could be considered an agri-business or an agri-

industrial operation. For instance, there are some questions raised whether the processing and the packaging of pineapples should not just be considered an agri-business or an agri-industrial operation. For instance, there are some questions raised whether the processing and the packaging of pineapples should not just be considered an agri-business or an agri-industrial operation.

But that is not the point, Mr. President. The point my distinguished Colleague would like in all situations is to make the tillers owners of the land whenever and if ever there is land available. I do not entirely close myself or my mind to that proposition. I am sensitive and appreciative of that. But if I am not convinced that indeed it will improve the quality of life of the tiller and if indeed by being an owner-participant of the total enterprise, whether agri-business or agri-industrial operation, we continue to protect his right as a worker-member of that operation, I will not be too fixated on land distribution. I am prepared to accept the existence of these modern operations, the farmers who are participants or even the non-farmers who are workers in these modern operations, will share equitably in the fruits of these operations, especially if an integrated and harmonized operation of these systems can be assured. I have no bias against systems in the same manner that I am appreciative of my Colleague's possible suggestion of protecting the worker but he will have to convince me when the time of amendment comes because I have not approached this problem of land distribution with a general abstract principle.

Senator Aquino. Let us be concrete, Mr. President. Let us talk of Hacienda Luisita. That is more concrete. Is the Gentleman not in favor that the land as well as the mill should belong to the workers of Hacienda Luisita?

Senator Alvarez. In this particular case, Mr. President, Hacienda Luisita is very extensive. It

consists of 6,000 hectares and it is fully integrated. I think the value of the land may exceed the value of the total operations in which case, the dominant control there, without fragmenting the land and destroying the economy of scale or advantages of plantation economy, should be placed in a commanding position.

Senator Aquino. So, the Gentleman, therefore, is in favor of Hacienda Luisita, the land and the mill, being transferred to the workers?

Senator Alvarez. Yes, Mr. President. I am saying here that the controlling entity would have to be the workers, but there can be a direct transfer to the workers of the right and ownership of the total operation.

Senator Aquino. One last example, Mr. President.

How about in the 100-hectare prawn farm of, say, Senator Guingona in Negros, can the workers of the prawn farms, with this scheme of ownership, eventually acquire ownership of the 100 hectares?

Senator Alvarez. Mr. President, what we have provided here in the prawn farm is the sharing of the fruits. We classify this as high technology and capital intensive. There has to be a sharing of the fruits because; in net effect, we are saying here that the value of the land, if computed, would really be much less than the total value of the operation. It does not constitute a majority.

Senator Aquino. That is correct. But would the Gentleman object to the land being transferred eventually to the workers of these prawn farms?

Senator Alvarez. Here, I am telling the Gentleman, Mr. President, that the value of the land is not 51 percent more, so that the controlling interest here is not really the land but the investment and the technology. We may have stock-sharing scheme and we may have a profit-sharing scheme and that will be my device for advancing

the rights and the benefits that are due to the workers of this kind of economic operation.

I know what the Gentleman is trying to invoke, Mr. President, in invoking the principle of land to the tiller, in literal sense.

Senator Aquino. Yes.

Senator Alvarez. But if I am going to be as literal as the Gentleman, Mr. President, we do not find tillers in a prawn farm. The workers there are actually craftsmen, and technologists, even if it proceeds from a land-based operation.

In any case, Mr. President, I have not approached this problem with abstract proposition and applying these principles, although I subscribe to these principles in more ways, perhaps, than my Colleague is prepared to appreciate it. There are certain areas where I look at a specific problem and I see, for instance, the prawn farm as an opportunity for capital formation, as opportunity for the nation to build its ability to strengthen its export market for an agricultural product, and consequently, as an opportunity for growth.

The problem of a developing nation, Mr. President, is capital formation. We have been begging for investments and borrowings left and right. And this is one opportunity, where Filipinos would be able to export in volume and really earn dollars. There is a three-billion peso market for prawn out there, but the competition is fierce. The People's Republic of China is cultivating or building about 2,000 hectares of prawn farms. I would like us to be able to have a little share of that so that the net effect will be able to help create jobs and more opportunities. I do consider that there are problems which, side by side, by satisfying land reform, will all satisfy the greater national needs for development and for systematic planning and growth of the nation, Mr. President.

That is why, Mr. President, these provisions on land reform that we have crafted in this bill address other problems as well. I am not hold-

ing this bill on land reform in isolation from the other concerns of the nation.

Senator Aquino. I just want to remind the Chairman that in one of our meetings, precisely, this was one of our agreements that in high-tech prawn farms, for instance, eventually, not immediately, but eventually, the entire enterprise including the land will be geared to be given towards the workers of that area. I hope the Chairman remembers this. It might take ten years.

Senator Alvarez. I remember that, Mr. President. And I called the attention of the distinguished Senator to the fact because he wanted a five-year cutoff point; that precisely this feverish investment that is taking place now may be demoralized. We are going to discourage the incentive for developing that particular window of opportunity for capital growth.

It is not that I love the investment propensity of Senator Guingona and the likes for developing the prawn fields more, but that remorseless drive for capital accumulation is good for the nation. We are, after all, still using the engine of entrepreneurship and capitalism, and we must spur these initiatives ahead, not for the sake of the investor, if I may say, but for the sake of the nation.

Senator Aquino. So, categorically, I would like to find out now whether it will be in five years time, or in ten years time, or in 15 years time; but, eventually, does the distinguished Sponsor agree that this enterprise will go to the workers — both the enterprise, the mill, as well as the land?

Senator Alvarez. Well, Mr. President, we know perceptions change, but I think that by all means, we must guarantee to the worker, whether in prawn farms or in any other kind of economic enterprise, the dignified share of the product of his labor.

Senator Aquino. We are not discussing share,

Mr. President.

Senator Alvarez. No, no, Mr. President. I suspect what the distinguished Senator has in mind is that only ownership could guarantee him the the decency of participation.

Senator Aquino. I do not object to the sharing, Mr. President. I am just asking if ownership will eventually be transferred to the workers. Of course, eventually, it is negotiable, whether it is five years, or ten years, but that is the end in view. In other words, that is where we are headed. Are we the same in this thinking, or are we different?

Senator Alvarez. Well, Mr. President, let us debate that very carefully because we might put this incentive in this area of fast growth and I am interested in opening up this window of fast investment opportunity not because, as I told the Gentleman, I love the capitalists more but that I love them more for creating job opportunities and economic activities.

So, if he is going to tell me that eventually in five years, we are going to put the ownership of these prawn farms into the hands of the workers, and usually we have only about two workers in a five-hectare farm, and it is a multi-million operation, I will have some problem on that because in a multimillion operation, how are we going to finance the operation of that and second, what signals are we going to give to the would-be prospective investors in this enterprise? I am concerned of that, Mr. President. If the Gentleman will tell me now that in five years eventually the workers will own it, I am prone to disagree with him. If he will tell me in ten years, I will think that over. Perhaps, somebody who will invest will say that he will have recouped the capital, that he would have something to it for the risks that he had gone into it; but if the Senator is going to tell me that it will be in ten years or perhaps in 20 years, I really find no compelling necessity of providing it in this Agrarian Reform Program because at that

time our own Congress will have the enlightenment, and the initiative to put out the necessary legislation to advance the interests of workers in all areas of economic activity.

Senator Aquino. Well, Mr. President, I just wanted that clarification because the last time we met, the Senator agreed that in ten years time, the ownership will be transferred to the workers. However, if the distinguished Senator is deviating from that agreement before . . .

Senator Alvarez. No, Mr. President. Let me remind the Senator that when I told him we can consider this proposition, I did not tell the distinguished Gentleman that I have considered finally all the variables in the manner that I am telling him now. We can consider that.

But, would not that be a disincentive to the volume of investments coming from the development of prawn farms? That is something that we must be able to address in our debates. One has to be very convincing, Mr. President, to make me really firm up my mind that the ten years cutoff point will not dry up investment or slow down investment in that area. I do not know because I have not really inquired from capitalists on how much length of time. What would be the protection? The answer is perhaps because as I am saying now, I will keep an open mind during the debates, during the amendments, as I hope my Colleague will.

Senator Aquino. Well, Mr. President, I will close here but the reason I was asking for a categorical answer then is because I doubt very much if we can convince our people that we are very sincere in our program, keeping an open mind in the future. I think our people, especially the farmers, are entitled to know exactly what is in it for them; what they can expect in the future; whether they will finally own their enterprise or not. This should be clearly stated in our bill now and this should be directly communicated to our people so there is no doubt that

this Government is very sincere in implementing a comprehensive Agrarian Reform Program.

Thank you, Mr. President. May I reserve one or two more questions to allow the other Senators to ask their questions. I do not wish to monopolize all the time. Thank you, Mr. President.

The President. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

SUSPENSION OF THE SESSION

Senator Mercado. Mr. President, I move that we have a short recess.

The President. Is there any objection? [*Silence*] There being none, the motion is approved.

It was 6:21 p.m.

RESUMPTION OF THE SESSION

At 6:51 p.m., the session was resumed.

BILL ON SECOND READING Senate Bill No. 34 – Abolition of the Metro Manila Commission

Senator Mercado. Mr. President, I move that we consider Senate Bill No. 34 as reported out under Committee Report No. 83.

The President. Consideration of Senate Bill No. 34 is now in order. With the permission of the Body, the Secretary will read only the title of the bill, without prejudice to inserting in the *Record* the whole text thereof.

FOURTEEN BY REVISING AND INCORPORATING THEREIN THE RATES OF INTEREST AND OTHER CHARGES COLLECTED BY PAWNSHOPS AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President. Referred to the Committee on Banks, Financial Institutions and Currencies.

The Secretary. Senate Bill No. 269, entitled
AN ACT AMENDING SUBPARAGRAPH (a), SECTION 3 OF BATAS PAMBANSA BLG. 73, AS AMENDED, BY ALLOWING THE ENTRY OF HEAVY VEHICLES INTO THE PHILIPPINES UNDER CERTAIN CONDITIONS.

Introduced by Senators Tamano, Maceda and Enrile.

The President. Referred to the Committees on Ways and Means; and Public Services.

RESOLUTION

The Secretary. Proposed Senate Resolution No. 91, entitled

RESOLUTION REQUESTING THE PRESIDENT OF THE PHILIPPINES TO RELEASE FIVE MILLION PESOS FROM THE CALAMITY FUND AS AID TO RELATIVES OF VICTIMS OF THE M/V DONA PAZ AND M/V VECTOR SEA TRAGEDY OF DECEMBER 22, 1987 AND CERTAIN AGENCIES OF THE GOVERNMENT TO PROVIDE THEM ASSISTANCE.

Introduced by Senator Guingona, Jr.

The President. Referred to the Committees on Public Services; and Finance.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Instead of having Proposed Resolution No. 91 referred to another committee, in view of the urgency of the situa-

tion and in order to help the victims, may we have it considered this afternoon, Mr. President?

The President. We will wait for the appropriate motion from the Majority Floor Leader.

RECOMMITTAL OF BILLS

(Senate Bill No. 34 and House Bill No. 40)

Senator Mercado. Mr. President, as regards Senate Bill No. 34 and in order to consolidate Senate Bill No. 34 and House Bill No. 40, I move that the Senate Bill be recommitted to the Committee on Local Government. This is the bill as regards the abolition of the Metro Manila Commission and the creation of the Metro Manila Authority.

The President. Is there any objection? [Silence] The Chair hears none; the motion is approved.

COMMITTEE MEMBERSHIP

(Games and Amusement Committee)

Senator Mercado. Mr. President, in view of the motion of the Chairman of the Committee on Games and Amusement, I move that we amend Section 11, paragraph 33, of the *Rules of the Senate* to increase the composition of the Committee on Games and Amusement from seven to nine members.

The President. Is there any objection? [Silence] The Chair hears none; the motion is approved.

BILL ON SECOND READING

Senate Bill No. 249 – CARP

(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249.

We are still in the period of interpellations. I move that we recognize the Sponsor, Senator Alvarez.

The President. Senator Alvarez is recognized.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Thank you, Mr. President.

Mr. President, will the distinguished Sponsor yield to some questions?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Mr. President, the distinguished Sponsor, in sponsoring this bill, would like to see a Comprehensive Agrarian Reform Program that will naturally succeed not only for the betterment of the beneficiaries but for the whole nation as a whole, does he not?

Senator Alvarez. That is right, Mr. President.

Senator Guingona. And in order for it to succeed, it is only logical that we should examine the precedent and the performance in the past of the land reform program under Presidential Decree No. 27, should we not?

Senator Alvarez. We also tried to look back to 300 years of Philippine history, Mr. President.

Senator Guingona. But instead of looking back to 300 years would it not be more pertinent to look back into the more current performance of PD No. 27, since it is basically the same machinery, the same men and women, who will administer this vital program?

Senator Alvarez. That is quite right, Mr. President. We have considered current prospective resources and, perhaps, hopefully, the inter-agency linkages resources under this program.

Senator Guingona. Would the distinguished Sponsor agree that the average growth rate of agricultural production from 1965 to 1971, when there was no land reform under PD No. 21, was about 7.16 percent for palay and 15.24 percent for corn; while the corresponding rate of growth from 1972 to 1986, when the land reform program under PD No. 27 was enforced, saw the fall of the growth of palay to 4.3 per-

cent only and 4.6 percent for corn?

In other words, instead of increasing the production as envisioned in that land reform program, and as predicted by its proponents, it has fallen considerably and substantially. Would not the distinguished Sponsor agree?

Senator Alvarez. If I were to accept the figures of the Gentleman from Agusan and other parts of Mindanao, Mr. President, I see the percentages diminishing I am not too clear whether the volume, in fact, equally diminished.

However, if he is establishing a proposition that after the adoption of an agrarian reform program, when there is a drastic, nay, even a radical alteration of the structure of ownership of the land, then there is the corresponding diminution in the production capacity of these lands, yes, to a certain extent, Mr. President. However, the initiative which is borne out of the new ownership, inspired by this ownership, increases the productivity as shown in many areas.

May I say, Mr. President, that in a specific case of investigation, in an unirrigated area, there has been a marked increase in real terms of 200 percent of production in rice; and in irrigated areas, there have been, in fact, in real terms again, about 400 percent increase in production.

This not necessarily due to high technology, like the application of newly-discovered fertilizer types or the use of high-yielding varieties which we have uncovered by experimentation in Los Baños.

Senator Guingona. In other words, assuming that the figures are correct, would the Gentleman accept the fact that the land reform program under PD No. 27 was a failure?

Senator Alvarez. In quantitative terms, yes, Mr. President, because there was no decisive political will that was put behind the program. Only 30 percent was delivered. Out of 800,000 hectares of rice and corn, 30 percent of that was accomplished.

However, it is still a success in many ways because we created a landmark by setting aside this staple food area production of vital necessity as a land reform area. Therefore, we can build on it as we are going to build on it with the Comprehensive Agrarian Reform Program.

Senator Guingona. As a matter of fact, the Gentleman, in his speech, alluded to the failure of PD No. 27 and virtually admitted the same. Did he not?

Senator Alvarez. It was a failure of implementation and administration, Mr. President, but I think, in a way, it was also a progression of the effort to be able to reach out in terms of land distribution for those specified areas.

Senator Guingona. The distinguished Sponsor will agree that in order to avoid the failure of the land reform under PD No. 27, and in order to ensure the success of any comprehensive agrarian reform, we must ensure that the accompanying services like credit, extension services, marketing facilities, know-how, etc., be truly extended to the beneficiary farmers, does he not?

Senator Alvarez. I agree completely with the Gentleman, Mr. President. That is as vital a portion of agrarian reform as the distribution of land. We may be committing a fraud on the recipients if we do not give them the necessary credits, extension services, post-harvest facilities, and even the necessary infrastructure and marketing organizations.

Senator Guingona. Does the Gentleman agree that in the implementation of PD No. 27, there was a substantial lack of agricultural credits duly extended to the beneficiary farmers?

Senator Alvarez. That is quite right, Mr. President, and in certain years of the implementation, there had been conflicts in the policy. There were efforts at helping the farmers with credit facilities, but the middlemen were allowed to hike or monopolize even the importation and

sale of such vital materials, such as insecticides and fertilizers. So the net effect is: There had been an increase in the harvest, but there had been a diminution in the benefits from this harvest by the farmers-beneficiaries. Therefore, a coordinated policy is needed in order to push along a genuine agrarian reform program.

Senator Guingona. Will the Gentleman agree that in the implementation of the land reform program under PD No. 27, only 20 percent to 30 percent of the total agricultural loans were extended from rural and development banks and, therefore, this resulted in the farmer-beneficiaries' going to the private lenders at usurious rates? Would the Gentleman admit that, Mr. President?

Senator Alvarez. This is quite true, Mr. President. In certain very unfortunate cases, the middlemen have consolidated land ownership and owned informally vast parcels of land, which is totally against the spirit and the letter of the agrarian reform program.

Senator Guingona. As a matter of fact, it is estimated that almost 50 percent of the beneficiary farmers abandoned their lands because they did not have adequate support services such as credits. Would that be a correct statement, Mr. President?

Senator Alvarez. That is a correct statement, Mr. President.

Senator Guingona. Have we set up the necessary support services to avoid a similar dismal failure, so that the farmer-beneficiaries will not abandon their lands, will not go to the cities, will not be part-time farmers, will not in frustration sometimes go to the hills instead of continuing with their farms?

Senator Alvarez. Mr. President, under the new program, we have anticipated all these variables. We have also targeted the amount of loans that could be made available to individual beneficiaries per hectare. We have targeted the

necessary expansion level of the capacity of the Land Bank to be able to extend credit.

As a matter of fact, I have proposed some legislations here to put incentives to be able to extend credit, as well. The program is going to be under the umbrella of the Presidential Agrarian Reform Council. It is not just going to be a program that will be attended to by the Department of Agrarian Reform. It is almost a total government program precisely because we have learned from the errors of the past, Mr. President. We cannot take for granted the awesome magnitude of this program. We cannot assume that we can chart a program on paper and expect it to be carried out in the field unless we are able to anticipate and provide the necessary vital services. The Presidential Agrarian Reform Program Council, headed by the President, as ex officio chairman, will have structural bureaucratic support from at least eight departments, namely, the Departments of Agrarian Reform, Natural Resources, Finance, Local Government, the NEDA, the Budget, Public Works, and the President of the Land Bank. These departments are expected to form the concerted effort to be able to fill in the gap of implementation which we saw was woefully inadequate in the previous program.

Senator Guingona. Here is a farmer under the proposed program, Mr. President, who is awarded three hectares of land. He wants to borrow ₱20,000. Where does he go?

Senator Alvarez. The targeted facility is at ₱5,500 per hectare, and we hope to be able to fill not just the natural outlets in the credit system in the countryside, including the resuscitation of moribund rural banks, but also to encourage the emergence of cooperatives so that they can be extension facilities of credits.

Senator Guingona. May we know where does the farmer go to borrow the ₱15,000?

Senator Alvarez. Well, if the farmer is close

to a branch of the Land Bank, Mr. President, then the Land Bank will open the facilities to him. If he is close to the rural bank, some arrangements will be extended so that the rural bank can also extend credit facilities to him. If he is a member of the cooperative, then the cooperative will also be a conduit for rural credit.

Senator Guingona. In many places, Mr. President, there is no Land Bank, and we all know that 80 percent of the rural banks are moribund, losing. As a matter of fact, the Central Bank has very strict rules against rehabilitation of those banks and they are in no position whatsoever to lend substantial amounts and service assistance to the banks. Does the Gentleman agree that the rural banks cannot be relied upon?

Senator Alvarez. I will not make that an absolute statement, Mr. President. Some banks have paid the Central Bank; some are hopeless, but there are those that can still be resuscitated.

Senator Guingona. Yes, about 20 percent, I understand, out of the total number of rural banks. But 80 percent seem to be moribund. And, if this is the situation, how then do we expect the rural banks to extend the necessary credit?

Senator Alvarez. Aside from what we have planned, Mr. President, I am sure that we will grow in wisdom in the coming five years on how to be able to anticipate this. But what stands out is that we are determined to set aside the necessary financial resources for this purpose which has not been done in the first program for rice and corn.

The planning on this bill for the implementation of the agrarian reform looked at this problem. That is why the problem was approached with caution, Mr. President.

Senator Guingona. Where will the farmer get his fertilizer?

Senator Alvarez. Mr. President, there are channels where farmers do get their fertilizers now. The question would be: How will the fertilizers be priced? That is also a question of policy.

Senator Guingona. Mr. President, under our present system of supposed free enterprise, we have done away with the control system of distributing fertilizers. Therefore, this is now subject to the rise-and-fall dictates of the free market system.

I understand that right after the Revolution, the price of fertilizers went down because there was no longer control and everybody was free to import. But, today, the traders have already been complaining that the prices of fertilizer, notwithstanding some donations, are already steadily increasing. And, if this happens, what remedies does the program envision under the bill to curb that possibility, Mr. President?

Senator Alvarez. Mr. President, I believe in the free market, but I am also a market interventionist. If the net gain of the producer would be threatened by escalating fertilizer pricing, I will intervene in the market; and I think this Chamber should be in a position to put up the necessary policies for such a market intervention. If, indeed and in fact, we have to husband the success of the agrarian reform program, I will welcome and support a proposal from the Gentleman to this effect.

Senator Guingona. The distinguished Gentleman, Mr. President, mentioned cooperatives as sources of credits. Can he please enlighten us, or can he name these cooperatives that are now functioning and are ready to extend credits to the farmers?

Senator Alvarez. Mr. President, perhaps, the most recent in memory is a cooperative run by farmers in San Luis, Pampanga. In fact, the President appointed the head of the cooperative movement of farmers as the farmers' representative to the Congress. Here, they have also

become a credit association, capable of managing hundreds of thousands of pesos. There are a number — although I am not in a position to enumerate them now — that have successfully been able to manage the financial affairs; and, these cooperatives are emerging to be good models for more to be developed. There is a very strong cooperative movement now in the country, Mr. President. As a matter of fact, there are even three bills on cooperatives to strengthen the movement. I am one of the Authors of these cooperative bills.

Senator Guingona. Since this is a comprehensive and a nationwide program, could the distinguished Sponsor name other credit cooperatives in the Visayas that would be ready to extend credit to the farmer-beneficiaries?

Senator Alvarez. Since they are on the scene, the credit cooperatives and retail credit would be difficult to manage, let us say, by the Land Bank or even the Philippine National Bank. These cooperatives would be used to handle the retail credit. Some of these credit cooperatives are in the Visayas. I do not know the name, Mr. President, but there is one in Iloilo; another in the outskirts of Bacolod, somewhere in Victorias. I do not know all of these cooperatives, and they are not yet that extensive as we may wish cooperatives to be. But there is an opportunity which would be tapped. All indications show that the cooperative movement is growing. With a little more support and encouragement from the private and the government sectors, in the course of time, they would be of very valuable support in the total programming of the agrarian reform program.

Senator Guingona. Could the Gentleman enlighten us whether there are some successful credit cooperatives in Mindanao?

Senator Alvarez. Yes, there are some. Not very many, and I cannot quote to the Gentleman the figures. I have attended the conferences

of the cooperative movement, and the movement is very hopeful that it is going strong.

Senator Guingona. Will the Gentleman agree with me that these cooperatives that are successful are exceptions rather than the rule? And that, as a source of credit, objectively speaking, we still cannot rely on them, can we?

Senator Alvarez. Mr. President, there are few and far in between, but I have not yet come to a pessimistic conclusion that successful institutions could not be made to multiply especially with the appropriate environment and encouragement.

Senator Guingona. The reason I am asking all of these questions, Mr. President, is to really determine whether we are capable of a nationwide support service for a Comprehensive Agrarian Reform Program, because we all want to see this succeed and not to fail. Does the Gentleman agree that a second failure of a Comprehensive Agrarian Reform Program could be irreversible for the nation?

Senator Alvarez. A second failure would indeed be regrettable, Mr. President. Depending on how bad that failure will be, it will be decided whether it is an irreversible failure. However, I would rather see the success than the possible failure of this program. I appreciate the deep concern of the Gentleman for the difficulties we might encounter, precisely, because of his anxiety, which I share with him, that we crafted a bill which is implementable, anticipating the cost both for funding and the organizational limitations of the Government and the other demands on the system which will be the necessary environment or support that we intend to create in the countryside.

Senator Guingona. And, the Gentleman will agree with me that there are no adequate storage facilities as of now in many parts of the country.

Senator Alvarez. I do, Mr. President.

Senator Guingona. And, he agrees with me that there are no adequate farm-to-market roads as of now in the country.

Senator Alvarez. I do, Mr. President, but it does not mean to say that, with the lack of these adequate facilities, the systems could not be built in order to respond to the growing needs of our agrarian sector.

Senator Guingona. And, the Gentleman will agree with me that, as of now, our extension workers who would transfer technology and teach the farmers new methods are still inadequate.

Senator Alvarez. Yes, Mr. President. Numbers are inadequate; but, I think, the concepts and the ideas of a modern agricultural approach to production is slowly getting its hold on the consciousness of many farmers all over the countryside.

Senator Guingona. If the farmer, therefore, after having received his three hectares, goes to a rural bank and the rural bank denies him the credit because he does not have sufficient capital, he markets his goods and he finds that he cannot sell them adequately because there are no storage facilities, and in the course of two or three years, he fails in his intended or goal production, and after the second year of grace period, he fails to make the necessary payments — and I understand that after two or three years — after three years, the Government will foreclose his land. Is that correct?

Senator Alvarez. Yes, Mr. President, but not without an earnest effort to look at the root cause of the problem and to help the farmer on his feet.

Senator Guingona. Assuming that his land is foreclosed, is he reverted to tenancy?

Senator Alvarez. If his land is foreclosed because there are many more who need land to cultivate, then it is going to be given to a more

deserving farmer.

Senator Guingona. What happens then to that farmer? And if the farm is substantial in the sense that he finds himself in the same situation as so many others like him, how will this comprehensive program now take care of him?

Senator Alvarez. The comprehensive program, Mr. President, also demands from the farmer some comprehensive changes in his capacity to run a small farm. So, if he fails, I imagine he will join the ranks of the eight million landless farmers.

Senator Guingona. Mr. President, under the program of the distinguished Sponsor, the program is a social justice piece of legislation, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And when the landowner is deprived of his land, he is not really deprived of it because he is compensated.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And when he is compensated, he is compensated in part cash and part bonds, is he not, Mr. President?

Senator Alvarez. Yes, Mr. President. And my proposal is: 10 percent cash and 90 percent bonds with market rate of interest, the expected interest rate of a 91-day treasury note.

Senator Guingona. Let us take the example of a farmer, a settler in Mindanao, who was originally given 24 hectares of land, and by dint of sacrifice and hard work, he was able to expand it to 50 hectares. Upon the approval of this program, of this piece of legislation, that small landowner, assuming that his farm is rice and corn, has a retention limit of only seven hectares. Is that correct, Mr. President?

Senator Alvarez. It is correct, Mr. President.

Senator Guingona. He is given 10 percent cash and the rest in bonds. Since the purpose of

the bill is to industrialize, does not the Gentleman think that with his limited bonds, with his limited resources, he cannot be in a position to invest the bonds covering 10 years in an industrialized enterprise to buy stocks in a government corporation? He would not know what to do with the bonds. Therefore, would this not be unfair even in the light of social legislation, even in the light of social justice, to this small landowner?

Senator Alvarez. If one looks at the current situation, Mr. President, this legislation will put the landowner at the receiving end. That is why we have minimized the impact of the deprivation of their land and, as much as possible, adhered to the provision of the Constitution which provides that we should give them a reasonable retention.

Seven hectares would be reasonable for rice and corn, as I have already explained, and with the receipt of a bond at marketable rates, the bonds become negotiable. As a matter of fact, there are provisions in this bill which enable the former landowner to use these bonds as a collateral if he is going to build rural-based industries or commercial ventures. We should set up a system of advising, as mandated by this bill for these middle landowners, so that they will be helped along investment arenas. They can put up processing plants like a rice mill in the countryside and they can use these bonds as collaterals from government financing institutions. With appropriate incentive, they could even use these bonds with private financing institutions so that they may become warehouse managers or perhaps, rice millers. Or, if they are venturesome enough, with the advice of agencies to be organized under the bill with the assistance of the Central Bank and the other financing institutions of the Government, they can participate in the investments — investments in stocks of government-owned or partly owned corporations — which will be created for this purpose.

We can have measures which will enable them to participate in urban activities, commercial ventures, and corporate activities. All of these, Mr. President, are part of a total package which we hope will be carried out alongside with the redivision and the acquisition of land to be distributed to small landowners in the agrarian reform program.

Senator Guingona. Mr. President, those are beautiful plans, but, in the context of reality, the small landowner would neither have the incentive nor the resources nor the acumen to go on an investment for an industrial project that he scarcely understands. And, therefore, would the Gentleman not consider for small landowners paying them in cash the entire amount of the land that is taken from them under the comprehensive land reform and leaving them with seven hectares? In that way, they will not face frustration, they will not be resentful, they will cooperate and they will expound that this comprehensive land reform program is just.

Has the Gentleman considered giving cash even to two, three, four years installment, maybe, three years outright, to a defined small landowner, because the Constitution says that due regard must be given to the small landowner?

Senator Alvarez. That is a very commendable policy concept, Mr. President. Our concern with the payment of cash was the inability of the economy to sustain a massive infusion of cash. There were experiences in other parts of the world where 20 percent payment had been made and the resultant spiralling inflation almost broke the back of the middle class and even the small landowners who were sought to be assisted by the land reform program.

But, be that as it may, it is not altogether impossible to discriminate and, perhaps, consider a higher component of payment for small landowners. But if we expand this and allow the payment to get out of control so that the money

supply would be bloated, I think the land reform program may inaugurate for us a far more difficult economic problem than we can manage, Mr. President.

That is why, if the Gentleman would like to investigate this and, perhaps, offer alternatives, he may be able to broaden the capacity of this legislation to respond to the social need of the nation. Our information, however, has been that 10 percent would be an optimum level of cash payment that can be done without courting an imaginable inflation, capital flight, and ultimate ruin of the economy on account of the program.

Senator Guingona. May we have the definition of "small landowner" in the concept of the proponent, Mr. President?

Senator Alvarez. That is one of those concepts, Mr. President, that does not have an absolute definition. In discussions referring to the agrarian reform program, the Commissioners had left the definition to us, and not one but several of them had said categorically that Congress would define the small landowner.

In the jurisprudence of the previous Constitution, they had understood the 24-hectare holder as the small landowner, because this was the level of the homestead grant. And if he was a grantee from the Government, it was assumed then that he was a small landowner. Those were the days when there were plentiful of lands in Cagayan Valley or in Mindanao. But now, the present Constitution refers that 12 hectares would be a sensible definition of a small landowner for the present time. However, a 24-hectare landowner could also be considered. Perhaps, if it is going to be a subject for land acquisition, he may be considered for purposes of extending assistance as mandated by the Constitution. He can be considered a small landowner. The owner of a 24-hectare farm could be a small landowner indeed.

Senator Guingona. So are we safe to assume,

therefore, that landowners who own an aggregate of 24 hectares or less are, in the definition of this Comprehensive Agrarian Reform Program, small landowners?

Senator Alvarez. That is my consideration, Mr. President. That is how I perceive the problem, although I cannot be very exact in giving the Gentleman an absolute definition of terms on the subject.

Senator Guingona. May we know the percentage of farmers owning 24 hectares or less, Mr. President?

Senator Alvarez. Twenty-four hectares or less? Overall? Nationwide, Mr. President, that is about 92 percent in the aggregate.

Senator Guingona. Ninety-two percent?

Senator Alvarez. Yes, I have not broken that according to crops, but 92 percent is the aggregate.

Senator Guingona. If that is the figure, then it really would be very hard to pay them in cash outright because that would really be inflationary.

What then is the percentage of farms, 24 hectares or above? 10 percent?

Senator Alvarez. Roughly, nine.

Senator Guingona. According to the signals given me by Senator Aquino, it is one percent.

Senator Alvarez. He may have the data in his attache case. This is my last impression.

Senator Guingona. So less than 10 percent.

Senator Alvarez. Yes.

Senator Guingona. Since this is a social piece of legislation, there are some landowners, especially the big ones, who say that it is unfair for them to be reduced to seven hectares because they cannot live on seven hectares. I am sure the Gentleman has heard that argument repeated. And yet, the landowners know that the bene-

ficiary-farmers, the landless tillers, would have to accept only three hectares. Can the farmer-beneficiary justly live with three hectares of land under the Gentleman's program, considering that he has an average family of four children in the rural areas, one wife and one husband, or six persons?

Senator Alvarez. The three-hectare ceiling for award in the countryside is rarely the level of award as experienced with rice and corn. The average grant was 1.4 hectares, as a matter of fact. Under present methods of intensive cultivation, three hectares would be sufficient to meet the needs of a rural farmer family.

Senator Guingona. If it is sufficient to meet the needs, and by saying "sufficient to meet the needs," the distinguished Gentleman means "to live decently," does he not?

Senator Alvarez. Well, if the Gentleman will define the word "decent" in the context of what he thinks to be decent, the answer is No. But, if he is going to think of how decently a farmer in Barrio Balingtokatok from my hometown in Santiago, Isabela, will live decently, the answer is Perhaps. That means, he will have only a pair of trousers, perhaps, a couple of shirts and his children will have three square meals — simple meals a day — and will be going to the barrio school. Yes.

Senator Guingona. So a farmer can live off decently on three hectares of land. Should then a landowner, whose land has been subjected to land reform, not be able to live decently also on three hectares of land?

Senator Alvarez. As I have explained to the Gentleman, Mr. President, when he talked of what is decent — and he probably was talking of one who lives in Manila practising a profession, or who is a high government official — it is entirely different when he would be referring to my barrio folks in Barrio Balingtokatok in Santiago, Isabela. The former landowners who used

to have 50 hectares may not approve of the Gentleman's definition of decency on living off on three hectares, and then they will find the grant unreasonable and unsustainable under the mandate of the Constitution for a reasonable grant.

Senator Guingona. Is the Gentleman, therefore, saying that what is decent for the farmer would not be decent for the landowner, and that, we are encouraging the two standards between the farmer who is the beneficiary and the landowner who gives up part of his land?

Senator Alvarez. We are not encouraging standards, Mr. President, but we are facing up to a social reality that the standards are set to approximate what is fair and just, but this age and this nation have not yet reached the point where we can really establish absolute standards of equality or parity. We can only approximate this. That is why the mandate of the Constitution is not one of absolute justice, but of social justice which, to my mind, is an approximation of the ideal of justice.

Many of the small farmers, Mr. President, are professionals, schoolteachers, perhaps, retired lawyers, and some are retired doctors who have invested in lands. These lands are small lands in the countryside. They are not big *hacienda*-size lands. They may be 50, 30 hectares, and their fallback would be the retention limit which the Government may allow them. The mandate of the Constitution is to make this retention limit reasonable. Perhaps, in trying to fathom what is reasonable, we have to take into account the social considerations of these former landowners, who may have no other fallback except the retention that we will allow them under this program for a decent means of livelihood.

Senator Guingona. Does the Gentleman envision that, or is it mandatory in his program that landowner who has been deprived of a portion of his land be a tiller of the remaining portion of his land?

Senator Alvarez. He can be a farm manager. His land could be under labor management.

Senator Guingona. Why then a different area be set for the landowner and a different number of hectares be set for the farmer when the intent is the same for both to make the lands more productive?

Senator Alvarez. Because, Mr. President, the social design of the program does not really allow us the luxury of reaching for absolutes. We are a nation in transition, and we are trying to reach out for that regime when, hopefully, all the citizens of the Republic will almost be equal. But this is a transition measure. We have not reached that ideal of absolute parity and equality.

Senator Guingona. But the landowner is getting paid for the land that is taken away from him, is he not?

Senator Alvarez. That is quite true, Mr. President.

Senator Guingona. And the farmer who receives the three hectares is going to pay for it, is he not?

Senator Alvarez. Yes, under subsidy, an extended 30-year term, and under certain conditions of payment which should not be more than 10 percent of the gross produce, which means that this is really a scheme to help him along.

Senator Guingona. Suppose they are paid for the land; the *haciendero* who is deprived of his land is paid, the farmer who receives the three hectares pays for it in the long run; and, therefore, there is no reason why the landowner should have a retention limit of seven, 12, 15 hectares; whereas, we only benefit or give to the landless tiller three hectares.

Senator Alvarez. If the Constitution had mandated, Mr. President, that the grant of award to the beneficiary would be equal to the grant

of award to the former landowner, I would have no difficulty treating them with the same consideration. However, the Constitution mandates a retention level which is "reasonable." So I was at pain in trying to fathom what would be reasonable. And, in figuring out what is reasonable, we take into account a number of variables to arrive at a just accommodation of this idea in order to come up with a legislation that is socially responsive, without forgetting that the primary purpose of this legislation is to accomplish the social justice mandate of land redistribution to the landless tillers.

Senator Guingona. Yes, but social justice does not seem to be equitable or equal justice, in this instance, where the landowner is not exactly deprived of his land; he is paid. The farmer is not given the land free; he pays for it. And yet, we have different sizes for the landowner and for the farmer.

Can the Gentleman please explain what the rationale is? What makes it a reasonable retention to limit the landholding out of seven, 12, and 15 hectares? Whereas, we peg the beneficiary grant to only three hectares?

Senator Alvarez. Mr. President, when we give land to someone who is deprived of land and finally he owns three hectares, that is already an effort to redress the grievance. And when we allow him to pay in terms that are affordable and making the system respond to that scheme of payment, I think it is a commendable effort on the part of the State and the government to carry out the social justice program.

And, if we want to insure that the social justice program will have the support of all sectors including that sector from who we are going to take the land away to be given and distributed to the deserving farmers in the community, we will have to make some concessions here and there, making perhaps the concession that is

the wiser move in order that we will be able to insure the implementation of the program, so that the resistance to the program from those who are visited with the exercise of police power of the State would be minimized. For, indeed, Mr. President, those who have land will not readily give up land. There is such a strong attachment to land, and we know for a fact that many landowners would rather give up their lives than give up their land.

The Government, in fashioning out a policy, in taking away resources from its citizens, must conceive of policies that will enable it to be able to carry out a program which, in the perception of all sectors, including those who are going to be deprived of the land, is reasonable and fair. The retention levels that we have put out is a signal that we have not totally disregarded the landowner's interest. I think it is to the interest of the program in order to make it take off and succeed that this sector of society should not be excluded entirely in the social consideration of this government policy. So the sector becomes a supportive and cooperative sector in the fundamental aim of agrarian reform, which is to distribute land to the landless. And to support them with appropriate programs would be carried out with the minimum of social friction and, perhaps, avoiding what in many cases have been the cause of social conflict.

Senator Guingona. If we reverse the ratio, Mr. President, and give to the landowner three hectares, and to the farmer-beneficiary seven hectares, would the same be unjust?

Senator Alvarez. I think, Mr. President, if we ask any man in the street, his reaction is that it is unreasonable. And the mandate of the Constitution is to have a reasonable retention limit.

Senator Guingona. But it will not only be reasonable; it may indeed be unjust.

Senator Alvarez. Yes, especially because many of those who are going to be targeted by land reform are not the big *hacienda* owners. The *haciendas* have already been liquidated in the previous program. Many of the current landowners are in the middle class. Men and women who have to work hard in certain occasions or, perhaps, in all occasions that we know have viewed land as an investment and have saved in order to be able to accumulate land, so that their attachment to land is perhaps as dear as their attachment to their own career or their lives. A situation like that would definitely be perceived to be not only unreasonable but to be unjust.

Senator Guingona. If we even the ratio and give to the landowners seven hectares, and also give seven hectares to the farmer-beneficiary, would the same still be unjust?

Senator Alvarez. Seven for the farmer-beneficiaries?

Senator Guingona. Seven for both, if we have all that land to give away.

Senator Alvarez. Perhaps, if we were in the 30's, Mr. President, and there were so much virgin land in Cagayan Valley and Mindanao, that would be a reasonable retention and award limit.

Senator Guingona. Considering, therefore, that we have very limited land, would an equal application of three hectares each be just?

Senator Alvarez. It may be a little difficult, Mr. President. The Gentleman's problem is one of resistance in implementation.

Senator Guingona. But it is a fact that, in accordance with the argument of Senator Aquino, and according to the arguments of the others, small farms of three hectares can be and are, in fact, more productive. I do not know why it is a fact, but assuming that that is so, then the landowner can adequately live on three

hectares of land, just as the farmer-tiller can live adequately on three hectares of land.

Senator Alvarez. Mr. President, would that be a safe statement that we must hold to our opinion on how to solve this problem? But when we do make our proposals, we must stay as closely as possible to the mandate of the Constitution. And the wise injunction of the Constitution is to make it reasonable; perhaps, a part of the political wisdom in order to make the program a viable enterprise.

Senator Guingona. The Gentleman's comprehensive program, Mr. President, covers different crops: one for sugar, one for coconut, one for rice and corn. Would he consider having a comprehensive program, having a pilot project for the comprehensive program, seeing to it that the pilot project succeeds for all these crops before actual implementation is made on a nationwide basis, the theory being that we want the program to succeed? And faced with the failures of the past land reform program, would it not be better to have pilot projects: one in Luzon, one in Mindanao, one in the Visayas, and insure that these programs are first successful before we launch a nationwide comprehensive agrarian reform program?

Senator Alvarez. Mr. President, unless we had the boldness and the courage to implement a national program, we cannot really have a land reform or an agrarian program, because the social injustice is a national phenomenon. We are racing against time; we are not concerned with productivity alone, but we are also concerned with redressing the grievances of many centuries.

In the process of crafting the bill and handling the program, we have anticipated the grave and many difficulties that the Gentleman has pointed out. Perhaps, if we want to insure the success of this program, the restriction on our behavior should not be on targeting areas and

limiting the delivery of the program to specific areas, but in carrying out a program which a total system may not be able to deliver.

If we delay this program, the beneficiaries of the program — the landless tillers and the tenants in the countryside — would have every reason to say that this Government, which has pointed out time and again that land reform is going to be the centerpiece of this Administration's program, indeed, has abandoned its commitment to the people. I do not think that we can further delay the program, Mr. President.

Senator Guingona. In the search for a successful comprehensive agrarian reform program, has the Gentleman considered regional implementation of the same?

Senator Alvarez. That has been suggested, as a matter of fact, Mr. President. Some of the ideas that are emerging in the Lower House carry a proposal for a regional implementation of the program. But as I have pointed out, the malady is national, and a regional effort to address the program will not be adequately responsive to the social problem. It has to be on a nationwide-scale program with the total commitment of this Administration; so that, at the end of this term, we will really see a definition of a total program coming to life.

Senator Guingona. According to the distinguished Sponsor, 90 percent of the farms are 24 hectares or below. Is this correct?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And, therefore, less than 10 percent are of the category of big farms. And the distinguished Sponsor has accepted corporate farms as a device within the program to accommodate and continue the corporate existence of big farms, has he not?

Senator Alvarez. In certain cases, yes, Mr. President.

Senator Guingona. Is the distinguished Spon-

sor aware that even now there has been an acute increase of corporations? For example, one group recently established 43 new firms, 40 of which reflected agriculture? There are six new firms, all in agriculture, in a certain group. The Tinio group, for example, has 50 new firms all engaged in agriculture; the Marasigan group, the Marcelo group, all of these are reflective of less than 10 percent and they have established corporations precisely anticipating the passage of this Comprehensive Agrarian Reform Program. Does the Gentleman agree that this anticipation has been made and that there is a proliferation of corporations?

Senator Alvarez. Mr. President, I believe that corporate shield cannot be used as a device to evade the land-to-the-tiller principle. There are very few exceptions where it would threaten the productivity of the enterprise. And even when 51 percent of the enterprise consists in landholdings, the farmers under this bill would still be entitled either to own directly or collectively the land which will then own the corporate enterprise.

Senator Guingona. Under the Gentleman's proposed measure, let us say that a corporation has 100 hectares and there are 100 farmers working in that corporate, then they go to the CARP to register a voluntary agreement is that allowed under this program?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And how many shares would ordinarily be allocated to the 100 farmers, in that instance?

Senator Alvarez. If this is the total ownership of the corporation holding, then the farmers may either own the whole enterprise directly or collectively. But if the direct ownership and parcellation of the land would interfere in the productivity of the land, and ultimately will harm the interest of the farmers, then the farmers, as a cooperative or farmers organization,

can own the land in common. In that case, the land need not be cut into unproductive pieces.

Senator Guingona. The question, Mr. President, was: How many shares of the proportionate value of the capital of the corporation would be allocated to the farmers under the corporate planning?

Senator Alvarez. If the situation the Gentleman has pointed out were 100 hectares of plantation farm, and that is about all the interest that the corporate owns, Mr. President, the farmers would be entitled under this bill to own the whole corporate farm structure.

Senator Guingona. But they go to the CARP and say: "We have agreed on settlement; we want to register these 100 hectares but it will be on a voluntary basis; and we have agreed that the farmers will form part of the corporation." So now, there will be a collective ownership between the farmers and the previous landowners in the corporation. Under the proposal, what would be the percentage allocated for farmers? Or would this be left to administrative rules and regulations?

Senator Alvarez. In this particular case, Mr. President, I think it will be against public policy. We cannot avoid the implementation of the agrarian reform law by coming to some kind of a voluntary settlement which will enable a landowner to share with farmers already entitled to the ownership of 100 hectares of land. However, if it is an agri-industrial venture and the value of the 100 hectares of land together with some permanent improvements on the land or some industrial fixtures that manufacture or process the produce of the land would be less than 51 percent, then some arrangement could be made so that they can share in the stock ownership of the agro-industrial operation. If it involves 51 percent interest, then the shares of stocks will have to be in the hands of the farmers organization under the bill that we are proposing.

Senator Guingona. If it is 51 percent or more?

Senator Alvarez. Yes, 51 percent or more of the value of the land.

Senator Guingona. Then the farmers would have to be the majority stockholders.

Senator Alvarez. Yes, the majority. There can be a direct transfer to the farmers organization of the shares of stocks in the transition, and a professional group can be engaged to manage the farm.

Senator Guingona. Yes. If that corporation, where the farmers have the majority, decides not to increase the capital, can the minority put up the capital?

Senator Alvarez. Does the Gentleman mean to subvert the spirit of the agrarian reform?

Senator Guingona. To subvert in good faith.

Senator Alvarez. In good faith, I believe so, Mr. President. But — then they can have it — not as common shares, preferred shares of the corporation, so that we do not dilute the control of the farmers group.

Senator Guingona. But the one who puts up the capital does not want to put up money unless he gets common shares. Because he would like to have a voice in the corporation as is natural since the corporation is devised in accordance with the amount of capital that he puts in. He will insist that he has common shares.

Senator Alvarez. But the corporation, Mr. President, is not limited to only one mode of raising capital. The corporation, perhaps, can borrow. And if that mode of raising capital would destroy the ownership structure and control, I think the corporation with a dominant control of the farmers and the board should be dissuaded. Their own interest should dissuade them from undertaking that venture.

Senator Guingona. But that is not mentioned in the bill, is it?

Senator Alvarez. Mr. President, this is a bill which defines the principal thrust of the law. We hope that we need not mention all the nitty-gritty of the detail; otherwise, we will not be able to pass the bill in a period of two months.

Senator Guingona. But we would like to know to what extent can a corporation increase its capital. Would there be a change in the corporate law? Would the farmers who see their capital diluted have remedies? All of these are important and vital.

Senator Alvarez. Mr. President, this is a market transaction that we are envisioning. And what I am saying is that, this could, perhaps, be avoided. It will depend on the leadership of the corporation as a business venture. However, if the Gentleman wants to seal this possible avenue of defeating the purpose of putting into position the control and dominance of the farmers, perhaps, we can consider the proposition later during the period of amendments.

Senator Guingona. The just compensation that is mandated by the Constitution, may we have the Gentleman's definition of what is a just compensation?

Senator Alvarez. Mr. President, I explored this question and it seems that "just compensation" is "the fair market value." We have to fall back on established jurisprudence. I came into consultation with authorities or experienced individuals who have engaged this issue, including those who had participated in the making of the Constitution.

Senator Guingona. The amount of harvest in the past is no longer taken into account.

Senator Alvarez. No, Mr. President. The one that has been indicated here is P37,500 per hectare.

Senator Guingona. May I have that repeated? Did the Gentleman say P37,500?

Senator Alvarez. Yes, P37,500 per hectare is

the conceived target of what would be the just price, the fair price for the market value of the land.

Senator Guingona. Is that true in Ilocos?

Senator Alvarez. It is not homogeneously true, Mr. President. It is only a ball park approximation, about P18,500 for idle and abandoned lands.

Senator Guingona. Supposing the landowners declare a higher value, the CARP would not be bound by that, would it?

Senator Alvarez. No, Mr. President. The process of evaluation will have to be put in detail, and I think they already set a formula even to the extent of engaging the efforts of professional appraisers. The declared market value, of course, will have to be taken into account among five other major considerations.

Senator Guingona. And what is the bottom-line? Can the CARP disregard all other considerations and declare the valuation for this piece of property as so much? Because under the Gentleman's bill, it seems so.

Senator Alvarez. Yes, Mr. President. But I guess, ultimately, we will have to be bound by the definition of "just compensation" so that this time, the PARC, as it approximates what is just, must fall back on what is a market compensation.

Senator Guingona. Yes. And in the final analysis, the ultimate judge of what is a fair market value is the PARC because it can disregard the declaration of the landowner. It can disregard other factors and base its judgment on its own, is that correct?

Senator Alvarez. That is correct, Mr. President, for administrative purposes. The PARC declares and posits what it presumes to be just and fair compensation but, ultimately, this will have to be a judicial question if the owner will persist.

Senator Guingona. And if a small landowner, for example, feels aggrieved, he has a right to appeal to the administrative body, has he not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. But he cannot appeal to the Supreme Court anymore, can he?

Senator Alvarez. He can, on questions of law and of fact. As a matter of fact, Mr. President, that can be brought before the Agrarian Reform Adjudicating Board.

Senator Guingona. I understand from the bill that it is only on questions of law and not of fact.

Senator Alvarez. The Gentleman is welcome to introduce an amendment if he wants to minimize the burden of our Supreme Court, Mr. President.

However, it is stated in the bill that it is a question of fact and of law.

Senator Guingona. And the rationale behind this just compensation in cash and in bonds is to encourage or to rechannel the resources of the landlord through industrialization instead of agriculture. Is that not a fair statement of the objectives of this bill?

Senator Alvarez. Yes, Mr. President. It is so designed to shift investment from purely agrarian or agricultural landownership schemes into, perhaps, commercial and more industry-related economic activities of the land-owning classes.

Senator Guingona. Let us assume that a small landowner in General Santos City is under land reform and he gets ₱5,000 in cash and the balance in bonds. How will this landowner industrialize?

Senator Alvarez. Well, Mr. President, the ₱45,000 in bonds will be earning an interest of roughly about 15 percent per annum. He may decide to keep that or to invest that in blue chips like the San Miguel stocks and that is going to be part of his industrialization effort.

The other option is: He can use that as a collateral to put up, perhaps, if he is in Cotabato, some much-needed service like the jeepney transportation line from the farm to the market. Or, perhaps, if the ₱45,000 were enough down payment, he could put up a rice mill or a corn-processing mill.

We hope, Mr. President, that there will be a lot of inquiries and investigations on the many possibilities of investments to far, capital-starved places in the countryside.

Senator Guingona. Mr. President, I do not want to be disputatious. But in all probability, that farmer would not even know where the San Miguel stocks are. And with ₱45,000 in bonds, he would not know where to go. If he goes to the rural bank, most likely the rural bank in that place would not be able to lend him. And even if he is able to borrow, I do not think he would be able to invest in a ricemill of sufficient proportions to industrialize.

And so, Mr. President, I hope that the distinguished Gentleman has foreseen the realities of the impact of this bill.

I would like to say, Mr. President, that we are in favor of this Comprehensive Agrarian Reform Program, but we must pass a measure that will succeed and not fail again, as it did in the past.

Senator Alvarez. That is also my hope, Mr. President. But we must not look down on a farmer just because he is from Cotabato and not from Agusan where the Gentleman comes from. And there is a mandate in the bill that government-financing institutions should provide the necessary assistance and guidance program for such investments and to put up packages of investments, like some kind of a stock on a mutual fund basis in order to enable small middle-class bondholders to make this necessary shift in investment. The enterprise may be forbidding because it is new, but I am sure that within a

period of five years when the program is going to be implemented, there will be more consciousness on how to be able to undertake this program.

Senator Guingona. Mr. President, I have more questions to ask, but in the interest of giving everybody adequate opportunity to interpellate, may I reserve at a future date the right to interpellate further.

Thank you, Mr. President.

SUSPENSION OF THE SESSION

The President. Shall we have a breathing spell for a while, if there is no objection? [*There was none.*]

The session is suspended for a few minutes.

It was 5:39 p.m.

RESUMPTION OF THE SESSION

At 6:20 p.m., the session was resumed.

The President. The session is resumed.

Senator Paterno and Senator Alvarez.

Senator Paterno. Mr. President, will the Agrarian Reform Committee yield to some questions?

Senator Alvarez. With pleasure, Mr. President, to the Gentleman from Cavite.

Senator Paterno. Mr. President, I would like, first, to go to the definition of terms. Since the bill finds its rationale in Sections 4 and 5 of Article XIII of the Constitution which is defined by the bill.

First of all, Mr. President, the Constitution mandates that the State shall encourage and undertake the just distribution of all agricultural lands. This is defined in the bill. Agricultural lands are lands devoted to agriculture as defined in this Act.

Mr. President, "agriculture," defined in this bill as that "agricultural enterprise or activity for

purposes of the Act" shall mean "farming as a principal activity in all its aspects or branches involving the cultivation and tillage of soil, planting, growing and harvesting of any farm product." Now, if this is the case, does agricultural land cover lands which are devoted to aquaculture, growing of fish, prawns, crabs, and the like? Because, according to the definition, it does not seem to me that tillage of soil is involved in fishponds.

Senator Alvarez. Mr. President, this is where we do not apply the principle of land-to-the-tiller in more specific terms. The mode of agrarian reform that we have adopted here is one of the sharing-of-the-fruits. So that, in those areas, as in aquaculture, we have provided a three percent on the gross for the workers in those kinds of activities.

Senator Paterno. The reason for my question, Mr. President is that if fishponds are not agricultural lands, then there is no basis for them to be covered by agrarian reform. Because the Constitution mandates agricultural lands to be encouraged by the State and an agrarian reform program to be undertaken on agricultural lands. Therefore, it is very necessary to define agricultural lands very well.

I also wonder, Mr. President, whether there is a right for farmers and regular farm workers who are landless.

Now, a farmer who owns, let us say, 1,000 square meters of land which he might be tilling — I take it by the terms of the Constitution — would not be entitled to be a beneficiary of agrarian reform because he is not landless; he owns a plot of land, however small. I would like to pose this question, Mr. President, because I think we need to define our terms very well, so that we are all speaking from a common base.

There is also a provision in the same Section 4 of Article XIII of the Constitution which states that, in determining retention limits, the

State shall respect the rights of small landowners. I wonder, Mr. President, whether the Chairman of the Land Reform Committee would agree that in Section 3, Article XIII of the Constitution, there is a provision that the citizens of the Philippines may acquire not more than 12 hectares of public land by purchase, homestead or grant.

Now, considering that 12 hectares is the amount provided by the Constitution which may be acquired by homestead, can we reasonably take a position that anyone who owns less than 12 hectares may be considered as a large landowner? In other words, would this provision of the Constitution not lay the basis for saying that 12 hectares is the minimum retention limit? Because we are mandated to protect the right of small landowners and it seems to me that the Constitution, by this provision, says that 12 hectares is, in the Constitution, already considered a small landowner and, therefore, that should be the minimum retention limit. I would like to pose the question to the Chairman of the Agrarian Reform Committee, Mr. President.

Senator Alvarez. Mr. President, I find these observations very refreshing and perceptive. They do agree with my own thinking on the whole matter. That is why one of the retention limits that I have proposed is 12 hectares. Because, when I was in search of the definition of what a "small landowner" is, I found reference to 24 hectares. In those days, when they were giving away 24 hectares of homestead, we still had a lot to give away. The 24-hectare level was the measure for the small landowner. Now, the Constitution provides for 12 and the Constitution mandates that we must protect the small landowners. That is why one of my retention limits for coconut lands especially is 12 hectares. I could agree no less with the incisive analysis and understanding of this provision by the Gentleman from Cavite.

Senator Paterno. Mr. President, I also have

a question with respect to the statement in the Constitution that farmers and regular farm workers who till lands have the right to own directly or collectively the lands they till.

Now, I would like to pose the question: Suppose, we have a homesteader who went from Luzon or Visayas to Mindanao; acquired by right a homestead, by his own sweat and by the sweat of the members of his family, developed the land, but is now of an age where he is not capable physically of tilling the land himself, are we to say that, because of his physical incapability, he has lost the right to own the land that he has sweated for, that he tilled for 30 or 40 years? Is this to be taken away from him, Mr. President? Because of his physical incapability to continue tilling the land, has he not earned the right to own that land because he tilled that land? Not only did he till the land, but he developed it himself, risking his life and the lives of the members of his family.

This is the situation in which the settlers in Cotabato find themselves, Mr. President. I can understand the emotions that are in their hearts when now, after having devoted their lives to developing and tilling that land, it is taken away from them because they are no longer farm workers, because they are physically incapable of tilling the land. Mr. President, is the right lost to own the land which they have tilled for so many years?

Senator Alvarez. Mr. President, I do think that these are worthy sentiments because those productive members of the community who opened up virgin territories have served as well the nation's interest due to their productive efforts; so we should be able to give way to their productive efforts; so we should be able to give way to their own position and their interest.

That is why, when I was considering the retention level of coconut — and, indeed, some of those settlers have planted their farms to

coconut — I thought that even with land hunger pressing on our diminishing agricultural frontier, 12 hectares would not be an overly generous acknowledgment of the pioneering men and women who had gone to Mindanao as the original beneficiaries of the first agrarian reform program in this country. I think 12 hectares would be reasonable because there are just too many to whom we must give land, and yet agriculture has also improved in a certain way, so that, perhaps, if we allow them to retain half of the original 24 hectares, they may be able to approximate their expectations from their accustomed way of livelihood.

Senator Paterno. I believe, Mr. President, that in addition to the provisions of the Constitution, we also need to seek a definition of a small landowner which is in accord with the sense of justice of the Filipinos. I think no one who would question that a family or an individual who owned 1,000 hectares of land could not be considered a small landowner. But as we get down to the smaller sizes, we need to find a definition in the hearts of the Filipino as to what a small landowner is and whether it would be just to take that size of land away from him.

So, Mr. President, not only do we need to refer to the Constitution; we also need to refer to tradition, culture, and practice, whether an owner of a parcel of land of a certain size is considered by the majority of the Filipinos to be small or big, because the Constitution mandates us to protect the rights of small landowners. I am suggesting that based on the Constitution, 12 is the minimum size that may be considered as a small landholding.

Now, Mr. President, I do not want to monopolize the discussion in this Chamber. I would like to proceed to Section 4 with respect to the scope.

In the first paragraph of Section 4, the Comprehensive Agrarian Reform Program shall cover

all public and private lands utilized for agriculture and lands of the public domain, even though they are presently devoted to other principal uses like pasture lands leased from the Government, penal colonies established on public lands, public forest and mineral lands that are found to be suitable for agriculture.

I have a specific question, Mr. President. There is one category of land which is not included in the question of lands of the public domain, and this refers to the pineapple plantation, banana plantation, rubber plantation, and similar other plantations in Mindanao primarily, which are leased from the National Development Corporation, a corporation wholly owned and controlled by the government, which, I understand, has acquired title to lands formerly in the public domain, and which lands are now leased to a number of large corporations. Will these be excluded from the agrarian reform program, Mr. President?

Senator Alvarez. No, Mr. President. I think we provided for that in Section 44 of the proposed bill. Our contemplation is that, the lease contract will be given due regard for at least a period of five years and, thereafter, the rules and principles of agrarian reform will apply. However, this will not prevent the would-be beneficiaries of this land, if they are going to be regular workers of the plantation, from leasing this same land back to the plantation. The contractual relationship, however, will have to be decided by either the farm worker beneficiaries, individually or collectively, depending on the arrangement that may be arrived at, which could be mutually beneficial to the plantation managers. They are not excluded, if that is the question.

Senator Paterno. They are not excluded, but neither are they specifically included.

Senator Alvarez. Yes, but their contract will be accorded due regard for five years after the

approval of this Act.

Senator Paterno. Mr. President, on the understanding that it will be possible for the Members of this Chamber to come back to the floor, I will have only one question; and this is with respect to Section 5, which says:

The distribution of all agricultural lands covered by this Act shall have been completed not later than five (5) years from the approval of this Act.

My question, Mr. President, is: Five years does not seem to be an adequately long period because, how many millions of hectares are covered by this bill?

Senator Alvarez. The more difficult portion would be the private lands which should be about 1.2 million. But the aggregate of this will be about 5.4 million hectares, including public lands, Mr. President.

Senator Paterno. Five point four million hectares, Mr. President, compared with the 800,000 hectares which were covered by PD No. 27, of which only 30 percent of the 800,000 were completely distributed 15 years from the time that PD No. 27 had been promulgated.

So, Mr. President, 5.4 million hectares in five years contemplates over a million hectares to be distributed per year, when for over 15 years, only 250,000 hectares have been completely distributed. Now, is this a realistic figure? Is this a realistic time period?

Senator Alvarez. It is a challenging program, Mr. President. That is why, we have the entire government machinery committed to the fulfillment of this program. We have no less than the President as Ex-Officio Chairman of the Presidential Agrarian Reform Council.

It is difficult to imagine how this could be done unless it is a centerpiece for reform of one government. That is why it has to be accomplished within the lifespan of an administration,

otherwise, the temptation to leave it alone and hand it over to the next administration will always be there. Consequently, the program may not be fulfilled and delivered.

I admit the observations of the Gentleman from Cavite that this is going to be a very challenging program. That is true, Mr. President.

Senator Paterno. Well, the question was posed in the following context, Mr. President: First, I am sure that all the Members of this Chamber would not want to pass a bill which could not be implemented in the time frame that we set for it because the passage of such a bill by this Chamber would be fooling the people.

May I also say, Mr. President, that in 1992, it shall be close to five years from the date of the passage of this Act, and as the Members of this Chamber and of the other House come up for reelection, whoever they will be, the question will be asked of them: We passed a bill which promised so much and delivered so little. What basis do we have to come back and face the people?

With that, Mr. President, I would like to terminate my interpellation with the reservation, if the President will agree that I may come back for interpellation on other sections of the bill.

Thank you.

Senator Alvarez. These are very wise reminders, Mr. President. That is why, in the proposed bill, we have targeted the cost which is affordable and the level of grant which is feasible. We are trying to build here a house that we can construct with all the expenditures, the number of benefits, the retention level plotted out over a time frame when it can be delivered. A house well-conceived, Mr. President, not an air castle, where it is proposed to spend P325 billion, as presented by another Member of this Chamber — beautiful dreams — but I share the fear of the Gentleman from Cavite that these dreams will

indeed set us back and defeat our purposes and our ideals.

The President. The Chair would like to pose a question: In the history of land reform, is there any democratic country that has carried out a radical land reform program?

Senator Alvarez. May I qualify my answer, Mr. President. If we undertake a land reform program, and that is beyond the capacity of our financial resources, and beyond the capacity of our organizational resources, such program calculated to please our impoverished millions will be impossible. Even a moderate land reform program may not be delivered in a democratic body politic such as ours with the contending forces free to assert what they perceive to be their rights. It will have to be a multi-sectoral program, where we have reasonable retention level that will signal to the land-owning classes, who, on many occasions, control the power levers in the countryside, including the Members of this Chamber and the Lower House who will finally put up a land reform measure, that a substantially big bulk of the program has to be delivered to the landless in the country. A well and wisely planned program is needed to deliver a genuine land reform program. It is radical in the sense that it is going to, once and for all, finish the program of agrarian reform that may be a difficult order to fulfill under the present social set up in which we run this government.

The President. If the Gentleman's definition of "just compensation" is "fair market value," how can our government ever really carry out a genuine land reform program?

Senator Alvarez. With the financial allocations that we have costed out, Mr. President, and with the 10 percent downpayment payable in cash, the balance of 90 percent of which is payable in bonds which are of market level interest, the system would be carried out even under the present levels of our capacity to generate the

funds without impinging heavily on the other services and needs of the government. We could still bear the cost of the land reform program.

The President. The thrust of my question is: Should just compensation always be fair market value? Is it not true that the landlords have already been compensated in the past?

Senator Alvarez. I agree with those sentiments, Mr. President. If I had my way and I did not have to take into account the constraints within the social system which we operate, I will seek to implement a policy that pursues those sentiments. But the provision of the Constitution compels us to refer back and be bound by the fair market value. I understand from those to whom I referred this that there is no way that we can move out of these constitutional and legal constraints. So the adjustment available to us, as policy makers, would be in the mode of payment. I was hoping that the payment of 10 percent in cash and the rest payable in bonds — bonds with market interest rates — would be sustainable. Perhaps, in some point, we may have to invoke the police power of the State and this will allow us the leverage to be able to scheme this kind of payment programs. This is one of the most ticklish problems in fashioning out this total package of our proposed agrarian reform bill. We have not only consulted with the different financial institutions in the Government, but we practically consulted with all segments of our government to feel comfortable with the proposal that we have provided in the bill. The cash flow are estimates made by the committee but with considerable assistance from many government agencies that have tackled the problem of land reform for years.

The President. I understand Senator Aquino would like to continue his questions.

Senator Aquino. If I may just please comment regarding the Chair's question whether a

successful land reform program has ever been implemented in a liberal democratic country, Mr. President. As we know it, the answer is no. There has never been a country that implemented a successful agrarian reform program in a liberal democratic country, as we all know it. The Philippines will most probably be the first one that will successfully implement an agrarian reform program, the same way that it has been the first one to conduct a successful bloodless revolution.

**SUSPENSION OF CONSIDERATION OF
SENATE BILL NO. 249**

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [Silence] The Chair hears none; the same is approved.

**CONSIDERATION OF SENATE
RESOLUTION NO. 91
(Funds for M/V Doña Paz and M/T Vector
Sea Tragedy Victims)**

Senator Mercado. Mr. President, with the consent of the Body, I move for the consideration of Proposed Senate Resolution No. 91.

The President. Consideration of Senate Resolution No. 91 is now in order. With the permission of the Body, the Secretary will read only the title of the Resolution, without prejudice to inserting in the *Record* the whole text thereof.

The Secretary. Proposed Senate Resolution No. 91, entitled

RESOLUTION REQUESTING THE PRESIDENT OF THE PHILIPPINES TO RELEASE FIVE MILLION PESOS FROM THE CALAMITY FUND AS AID TO RELATIVES OF VICTIMS OF THE M/V DONA PAZ AND M/T VECTOR SEA TRAGEDY OF DECEMBER 22, 1987 AND CERTAIN AGENCIES OF THE GOVERNMENT TO PROVIDE THE ASSISTANCE.

The following is the whole text of the Proposed Senate Resolution No. 91:

WHEREAS, thousands of Filipinos perished in the worst sea tragedy of December 22, 1987;

WHEREAS, most of the victims are impoverished citizens whose relatives and surviving kin cannot afford filing fees necessary to secure justice;

WHEREAS, the Government has a responsibility to promote justice, to aid the poor, to help them secure just compensation in the wake of tragedy, and to prevent exploitation;

WHEREAS, this can be done by the Government as an initial step by helping surmount difficulties such as legal costs which amounts to millions of pesos, which the relatives of the victims cannot afford: Now, therefore, be it

Resolved by the Senate, To ask the President of the Philippines to release at least five million pesos (P5 Million) from the Calamity Fund to augment the compensation or other reasonable costs for the relatives of the victims of the M/V *Doña Paz*-M/T *Vector* sea tragedy of December 22, 1987.

Resolved, further, To ask the Department of Justice to provide free legal assistance to secure just compensation for all the victims of said tragedy.

Resolved, still further, To ask the Insurance Commission to expedite all claims due in favor of the relatives of said victims.

Resolved, still further To ask MARINA, the Coast Guard, the Department of Transportation and Communications to render a report to the Senate concerning the status of the present and past investigations, including that of the *Don Juan* tragedy three years ago.

Resolved, finally, to Have a thorough investigation of the Maritime Industry in aid of legislation and accountability.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive Agrarian
Reform Program
(Continuation)

Senator Mercado. Mr. President, I move for the consideration of Senate Bill No. 249, as embodied in Committee Report No. 103.

For this purpose, I move that we recognize Senator Alvarez. I believe we are in the period of interpellations.

The President. Senator Alvarez is recognized. Is there any interpellation on land reform?

Senator Paterno. Mr. President.

Senator Enrile. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. I yield to the Minority Floor Leader.

The President. All right. The Minority Floor Leader is recognized.

Senator Enrile. Thank you, Mr. President.

Mr. President, I would like to make of record the fact that I am in favor of land reform. And precisely because I believe in this program, in the course of my interpellation, I would like to test the validity of the assumptions that I sense in this proposed measure in order that we can perhaps arrive at a land reform program that will not only benefit the entire nation, but more importantly, will benefit the beneficiaries of this program of Government and, at the same time, do justice to the owners of the land that will be dispossessed.

Mr. President, in Section 2 of this proposed measure, there is a declaration of policy to the effect that a Comprehensive Agrarian Reform Program is to be instituted as an instrument of social justice. My question is: Is the term "as an instrument of social justice" intended primarily to give justice to the landless or to do justice

equally to the landowners who will be dispossessed?

Senator Alvarez. Mr. President, I do not think that when we pinpoint a social objective of this importance, we mean to be static, and refer to the welfare and well-being of only one class. While we are redressing the grievances of one class, we do not seek to right a wrong by committing another wrong.

Senator Enrile. If I may, Mr. President, I would like a categorical answer to this so that, at least, we can proceed with our discussion.

Senator Alvarez. In the manner that I have conceived this proposed legislation, Mr. President, this is a legislation that will respond to the needs of all sectors, not of one specific class.

Senator Enrile. So, therefore, this phrase "as an instrument of social justice" is intended to cover not only the social justice in favor of the beneficiaries, but a social justice in favor equally of the landowners who will be dispossessed of their properties.

Senator Alvarez. In favor of the beneficiaries primarily, yes, Mr. President; but in the manner that will disregard the rights of the former landowners, no, Mr. President. I think the social justice that we conceive here must not disregard the interest of other classes, as well.

Senator Enrile. But we are talking of primarily two classes of people here – the owners and the non-owners at the moment. And the non-owners will become the owners and the owners will become non-owners. The question is: Is it the thrust of this measure to subserve the interest of both classes?

Senator Alvarez. Yes, Mr. President, of all classes, as a matter of fact.

Senator Enrile. Thank you very much.

Now, as a part of the statement of policy, it says: "The Comprehensive Agrarian Reform Pro-

gram is also an instrument to promote rural development." May I get the thinking of my distinguished Colleague and Sponsor of this measure as to how we can possibly visualize the rural development of the nation by going through with this program?

Senator Alvarez. Mr. President, by opening up the opportunities of ownership a higher level of productivity and a better living opportunity for the underclass in the countryside will be encouraged through the infusion of capital resources which the static economy of the countryside vitally needs and bringing into the countryside planning and organizing mechanisms. We hope, Mr. President, that this will be the catalyst which will improve the static economy of the countryside and, ultimately, end up in rural development.

Senator Enrile. Now, is the assumption of the distinguished Sponsor through this bill that if a man who has developed 24 hectares of land through the years, and place it into a productive economic unit, could produce less than the ultimate owners of these 24 hectares or a portion of it once the land is subjected to land reform and cut up into maybe sizes of four lots of six hectares each?

Senator Alvarez. It is the assumption, Mr. President, in the redistribution mechanism which will emerge out of this proposal, the rights of certain owners, like homestead owners, will not be entirely disregarded.

Senator Enrile. I will be more specific, Mr. President.

Senator Alvarez. Let me . . .

Senator Enrile. Go ahead, please.

Senator Alvarez. Before I touch on the productive component or the mention of the question of the Gentleman, let me clarify certain preliminary concepts. We recognize certain given social antecedents. It may even be

political antecedents for recipients of land as the recipients of the homesteads in Mindanao and other areas. So that the retention level which we seek is in accordance with the mandate of the Constitution which is reasonable. Now, whether this retention level will constitute the optimum productive level is not the primary consideration when we talk about this, Mr. President, because productivity can now depend on many essential factors. The technology of agriculture in the countryside is such that one cannot claim with certainty that the productivity of a six-hectare land which is being suggested by the Gentleman, would be more or less than the productivity of a 12-hectare retention limit which is our proposal.

Senator Enrile. I am testing, Mr. President, the assumptions of his policy declaration that the Comprehensive Agrarian Reform Program will promote rural development. I would like to find out whether this were so. How would it enhance better the present rural development in the nation, because we cannot just accept this verbiage. We must test it with concrete experience. That is why I am asking the distinguished Gentleman, who is sponsoring this bill, whether in his vision of this program it will really bring about the so-called promotion of rural development. The doubt in the mind of this humble Representation, Mr. President, is ~~being~~ to be clarified. How must it promote rural development?

Senator Alvarez. Indeed, Mr. President, it will promote rural development in the process of achieving the mandated procedures. Every process of the way, while it is true that it serves certain social and political goals, it also achieves certain economic goals. Let us take the recipients of the land who are the beneficiaries, people who have never had land before in their lives, whichever will be the level of ownership. For the first time in their lives, we have the owner and the dignity of managing their own re-

sources. It has been shown time and again that it results in a higher level of productivity because of the incentive and the dignity of owning one's property which he is going to manage and make more productive.

Senator Enrile. I will give a concrete example, Mr. President, so that we will not digress from this discussion.

Senator Alvarez. Mr. President, before the Gentleman does, before I am favored with his perception of how this whole comprehensive program will be adopted, may I just touch on the different participant components and how these participant components will enhance their economic standing much better than what they were before the land reform program, so that in net effect, everybody is better off and nobody really is worse off and ultimately, we have rural development.

Now, I was referring to the recipient. The incentive will bring the recipient to a better-motivated situation of a farmer. He will invest more time, the members of his family will cultivate it. He will become more creative, imaginative and inventive, and naturally, he will raise his productivity — which means rural development.

Now, how will a man who has been deprived of a substantial segment of his former property, be more productive?

Mr. President, he will continue to contribute to rural development because there would be incentives — the transformation of his capital from land to commercial ventures in the countryside or, perhaps, the availability of credit for him to be able to engage in more intensive agriculture. Also, incentives for him to be able to create post-harvest facilities, such as mills, storage, warehousing, all these series of packages, of assistance intended for the beneficiaries and the former landowners are programs which will boost the productivity in the countryside and

therefore, rural development.

And, of course, Mr. President, on the part of the Government, since this is going to be a centerpiece project or program of Government, there will be multiplication of the extension services and support systems for all the multifarious agricultural activities in the countryside. Therefore, Mr. President, the program, which is essentially and primarily a social justice program, has a hidden agenda of bringing about an energized economic program for the countryside and it will bring about, no doubt, rural development.

Senator Enrile. Mr. President, in theory, I agree with my distinguished Colleague. But precisely I am testing this theory in the concrete, by giving an example. This declaration of policy makes the assumption that through a comprehensive land reform program, the promotion of rural development towards industrialization will be achieved. And the question that I would like to pose to my distinguished Colleague is: Why is it that in spite of the fact that our people were given homesteads of 24 hectares, 16 hectares 12 hectares and now 8 hectares and all of these lands have been worked on by the recipients, there was no industrialization to speak of in the rural area? Could it be that we can create a miracle by industrializing the area through cutting up further these land sizes that were authored by our past law? And if so, how?

Senator Alvarez. The proposal, Mr. President, embodied in this bill is not to marginalize, and therefore, make inefficient Philippine agriculture. The proposal seeks to share equitably the benefit of land ownership. From this, we hope to be able to create the market for emerging industry and integrate the countryside into an industrialization program. It is not incumbent upon this legislation to put up the program for industrialization but the assumption here is that, with a more specialized and perhaps, a sen-

sitive concern, more sensitive concern for the condition in the rural sector, we will be able to bring out the necessary activity to create economic changes so that the rural sector becomes a more capable market, absorbent market of certain manufactures that we need, which we will be producing in the commercial and industrial area.

Senator Enrile. Mr. President, I will come to a very concrete example, and we will not go further than the province of the distinguished Gentleman. In the wide plains of Malig in Isabela, there was a program of the Government in distributing land to the landless, in small parcels of 12, 8 hectares. And the pioneers working on these lands cleared them, and they could not be faulted in their industry. They were as industrious as any Filipino could, and yet today, from the time Malig plains were opened to settlement by the previous Government, may I know from the distinguished Gentleman from Isabela if there are industries that have been established there because of the productive qualities and employment of these lands, this wide plain of Malig?

Senator Alvarez. There are no industries established there, Mr. President. But the enlightened program of the Government opened up land to the landless allowed a certain level of prosperity and that prosperity created a surplus. There have been educational institutions established there as well as processing plants and rice-mills. I have known people who had been able to come to Manila to study, who have, meanwhile, been able to accumulate surplus and, perhaps, establish industry here. We do not see it there. But hopefully, a more carefully crafted local industrialization program would enable the Government to see the emergence of industrial small-scale projects in areas like those because already, the productive capacity of those areas with the land distribution scheme had been opened up.

We have not yet envisioned programs which will directly benefit regions such as Isabela. But I will assure the Gentleman that in earlier years, perhaps, in my boyhood, it would be unthinkable for me to imagine the existence of machineries that processed, for instance, raw materials of Isabela. Now, we find there ricemills, peanut processing plants. We even have rural banks.

Senator Enrile. I think the distinguished Gentleman was born only a few years back because I am now going to be 64 years old. And when I was a boy, I have already seen these rice-mills in the Province of Cagayan and I wonder why in the Province of Isabela, ricemills were not seen by the distinguished Gentleman. But that is not the point, Mr. President.

May I know if the distinguished Gentleman can recall the case of the National Land Settlement Administration?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. If you will recall, Mr. President, the National Land Resettlement Administration was headed by a very distinguished citizen of the Republic, General Paulino Santos, who was sent by President Quezon to Mindanao to open up the area of what is now known as Mount Matutum. And he covered this area with land distribution, cutting up the lands into parcels of six, seven, eight, nine, 12 hectares.

In fact, that is the reason why this town that emerged thereafter was named: The City of General Santos. Now, this was in 1935, Mr. President. Does the Gentleman know when General Santos City became really a General Santos City?

Senator Alvarez. Mr. President, I am not aware of the time and place but the very fact that it has become a city must be an indication of the expansion of economic activity because of that resettlement and land reform.

Senator Enrile. I agree with the Gentleman,

Mr. President. But does the Gentleman know when it became a bustling city, when it started to become a bustling city?

Senator Alvarez. Would the Gentleman say after the Second World War, Mr. President?

Senator Enrile. It started in 1962, Mr. President. The resettlement process started in 1935, but it took almost 30 years for this city to wake up, not because of the distributed land to the small settlers but because of the consolidation of the lands that were distributed in order to feed an industry which is now the Dole pineapple plantation. Has the Gentleman studied this in the course of his study of the Land Reform Program, Mr. President? It is a case history in our agricultural life as a people.

Senator Alvarez. I read through that and I am aware of that experience, Mr. President, but I am sure that that is only a partial explanation of the whole truth.

Senator Enrile. That is not true, Mr. President, because when I arrived there to acquire the land for the National Development Company, a government-owned and controlled corporation, the settlers that were sent there by the Government, supported by credits, supported with all the good intentions and theories of land reform in the past, were starving and left the place, and the place became an unproductive land and a loss to the nation.

Senator Alvarez. That is a lesson in history, Mr. President.

Senator Enrile. But when it was brought back together by the Government and used as a unit, as a single unit and put into productive use, then we have the industrialization of the rural area which is contemplated by this measure and that brought about what is now known as a major city in the South, the City of General Santos. And I am just wondering, Mr. President, that in studying this Land Reform Program,

these case histories in our agricultural life were not taken into account.

Senator Alvarez. I do agree with the Gentleman, Mr. President, that certain situations, can bring about industrialization by concentration of very scarce and limited resources, perhaps, even pinpointing certain industries to be built. But the idea here is not just to build one industry while the whole countryside is wallowing in a sea of poverty. What we intend to do here is excite capital and maximize their uses. So we create a critical mass in the whole country which will have the reserves in the surplus, which will then be susceptible to industrial planning. But it is not incumbent upon this bill to offer the industrial plan for the liberation of this nation from poverty.

Senator Enrile. Now, precisely, Mr. President, I am pointing this out because I would like to suggest caution, lest we enter into another trap where we might not be able to backtrack by cutting up our productive land resources into small parcelized units and thereby destroy what we envision to accomplish, and that is, the promotion of industries for the rural development of our countryside.

Now, I will come to the second sentence. In the Statement of Policy, it states:

It is envisioned that the agrarian reform program will channel landowner's assets to more productive and pioneering ventures . . .

Now, my question, Mr. President, is: If one is a landowner of, let us say, 30 hectares, and he is cultivating this to support his family, and assuming that the retention limit will be seven hectares and we take away 23 hectares from this landowner; and we price this 23-hectare, at ₱10,000 per hectare or ₱230,000 for the 23 hectares, and we pay the landowner 10 percent of that ₱230,000 value, the balance to be paid to him in 10 years at the going interest rate of

90-day treasury bills, payable by the Government, how would we expect the landowner to participate in the industrialization of the countryside by using these meager resources that we are going to pay him for that purpose?

Senator Alvarez. Mr. President, those bonds can be used in accordance with the provision of this bill as collateral for any countryside or rural base venture; that is one.

Two, Mr. President, opportunities will have to be opened up by the Government. There is a mandate under Section 38 for:

Support Services. —

Assistance to Landowners. — The Department of Trade and Industry, the Central Bank, the Land Bank of the Philippines and other government agencies and instrumentalities as may be directed by PARC, shall provide landowners affected by the CARP and prior agrarian reform programs with the following services:

1. Investment information and counseling assistance . . .

In other words, Mr. President, since this is a comprehensive Government program, that aspect will also have to be assisted by the Government.

Senator Enrile. Mr. President, with the permission of my distinguished Colleague, apart from the thrust of my previous question, the point remains that not all farmers and landowners are gifted entrepreneurs and how do we expect a landowner who is going to be deprived of his land which he uses to earn a living, the only thing he knows in life, perhaps, and he learns from his ancestors. How do we expect to convert him overnight into an entrepreneur, a businessman, let alone enter into pioneering ventures? Even on the assumption, Mr. President, that all of these landowners are brilliant entrepreneurs. Can the distinguished Senator tell me that there will be enough investment out-

lets to absorb the available, investible money of the landowners who will be deprived of their lands?

Senator Alvarez. The program of the Government as envisioned in this Comprehensive Agrarian Reform Program, Mr. President, is also to open investment opportunities in those corporate assets which are now in the hands of the Government. So there can be an arrangement whereby the holdings and the bonds of former landowners could be swapped even for the assets which are now being privatized.

Senator Enrile. Mr. President, may I know from the distinguished Gentleman whether he can expect a landowner with 100 hectares that will be taken under this Land Reform Program to be able to swap his 10 percent downpayment with any asset of the Government that is being privatized that he can use for his livelihood? With what asset can we expect him to swap his funds, with a barber shop or a beauty parlor, given the present condition of the value of our currency?

Senator Alvarez. Mr. President, there will have to be created a pool for investment. It is not going to be one landowner going to own one enterprise, but an enterprise could be shared by the joint venture in investment of many landowners.

Senator Enrile. That is precisely the point. It is good that my distinguished Colleague has brought up the point. Are we going to force people to join associations even if they do not want it through this mechanism? Suppose they do not want to become partners with anybody? Why should we deprive them of their source of livelihood? I agree with Land Reform but, precisely, I am testing the assumptions of this measure, Mr. President.

Senator Alvarez. Mr. President, if they do not agree and they have their bonds and their 18 percent interest, they are free to exercise their

property rights over that bond earning 18 percent per annum or tied up to the 91-day treasury note.

Senator Enrile. Eighteen percent per annum, Mr. President?

Senator Alvarez. I think it is running now to 13 or 15.

Senator Enrile. How would the Gentleman guarantee to them that the real purchasing power of the money that the Government promised to pay them at the time of transfer of their title to the Government would remain constant during the next 10 years? How would he guarantee that?

Senator Alvarez. Mr. President, precisely, by undertaking the Comprehensive Agrarian Reform Program, if we bring peace to the countryside and manage our economy well, then we can find stability for the guaranteed interest that we give our farmers.

At this juncture, the President relinquished the Chair to the President Pro Tempore.

Senator Enrile. That is why I premise my initial question on whether the social justice sought to be attained through this measure is both applicable to the landless beneficiary, the eventual landowner, and the present landowner who will be a dispossessed person. And the answer is yes. And that is why now I have come to the nitty-gritty of that assumption by asking: We are going to pay a down payment of 10 percent of this value. Ten years is a long time. The value of the peso which is now almost ₱21 to the dollar could become ₱40 to the dollar. How could the Gentleman guarantee and do justice to the owner of this land who he is going to deprive of his own property, that the value of the property that he is depriving him of will be preserved until the Government shall have made the last payment to him.

Senator Alvarez. Is the Gentleman sug-

gesting, Mr. President, that he is intending to propose some amendments here to guarantee against inflation as a part of the payment package?

Senator Enrile. I will, Mr. President.

Senator Alvarez. I am not totally convinced as to the wisdom of that, because I am hopeful that this Government, if it undertakes its responsibility properly, can very well . . .

Senator Enrile. I think the landowners, Mr. President, in this country would disagree with the Gentleman. They would rather be assured through this law or through contractual arrangement that the value that they parted with shall not be eroded by economic pressures and circumstances rather than depend and gamble with the good intentions of the Government which is going to deprive them of their property.

Senator Alvarez. Mr. President, at the appropriate time, I think we should welcome these financing schemes from the Gentleman, to be able to legislate more fully and anticipate the hazards for certain members of those who are going to participate in this program. As of now, I am not yet convinced it should be done, but I think it is a healthy approach.

Senator Enrile. Mr. President, is it the thrust of this proposed measure to cover all types of lands under land reform?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. The Gentleman will cover lands involved in sugar.

Senator Alvarez. Yes, Mr. President.

Senator Enrile. Coconut production, rice production, corn production, including grazing lands. Am I correct?

Senator Alvarez. Suitable to agriculture, Mr. President.

Senator Enrile. How about lands that were granted by the government to entrepreneurs to

plant trees whose gestation period will require 25 years? And they invested money in all of these lands under a program of government adopted in the past. Is the Gentleman going to cover this with land reform program?

Senator Alvarez. Yes, Mr. President, but without impairing the contractual obligations that have been entered into by the government.

There is a provision here and that thing can be looked into more intensely during the period of amendments which respects certain obligations up to five years from the effectivity of this bill when it becomes a law. Thereafter, the contractual obligations will be part of the program without impairing the original obligations attached to the land.

Senator Enrile. Including rubber plantations?

Senator Alvarez. Including rubber plantations, but there is also a special provision here, Mr. President, seeking to look into the specific problem cases of plantations and likes of agribusiness or agri-industrial production.

Senator Enrile. How about salt beds? The salt beds of Malabon, Las Piñas, Cebu and Zamboanga City, is the Gentleman going to subject them also to Land Reform Program? These are by definition agricultural lands.

Senator Alvarez. Yes, Mr. President. But the idea is not to fragment them and distribute the land, but to put them under a regime of the sharing of the fruits with guarantees for the workers of the land on the gross production of the land.

Senator Enrile. How about lands that are planted with specialized crops like cacao or black pepper, would the Gentleman also cut up these lands and expose to the Land Reform Program?

Senator Alvarez. Mr. President, they would fall under that regime of the sharing of fruits

because we have cited here orchards. I think cacao may be classified under "orchard" precisely because of our concern for the productivity of this sector of our agriculture.

Senator Enrile. Would the Gentleman agree at the proper time, Mr. President, to accept an amendment to specify these among those that must be considered more carefully because of the technology that goes into the production of these types of agricultural products?

Senator Alvarez. Does the Gentleman mean cacao and black pepper?

Senator Enrile. Yes. There are certain types of agricultural products that are mentioned here as possible exceptions. Would he consider this at the proper time?

Senator Alvarez. Yes, Mr. President. As a matter of fact, they can be classified under the sharing of fruits; given certain conditions, they could be a part of a labor-managed agricultural enterprise.

Senator Enrile. Mr. President, in Madagascar, for instance, ilang-ilang that was taken from the Philippines is grown under a plantation system and it supports the perfume industry of France. There are plans to set up ilang-ilang plantation in the Philippines to supply the requirements for that product to France because the ilang-ilang plantation in Madagascar had been taken over by the Government and it has become a loss as a source of this product to the French. Would he also include these kinds of lands under the Land Reform Program?

Senator Alvarez. Mr. President, if the plantation is not yet there, I am not prone to encourage shifting into plantation-type economy, and therefore, impair the broad effort of redistributing land. However, I do not see any antagonistic possibility of having a plantation and yet, the plantation is owned collectively by the workers. Or perhaps, the plantation, whoever operates it, is leased from small landowners. So

that, I think the concern of the Gentleman is the efficiency and possible big-scale economy of a plantation-type of operation, I think it can be achieved even with the implementation of the Comprehensive Agrarian Reform Program.

Senator Enrile. Mr. President, I am not suggesting anything, I am just testing the meat of this program, whether this is a program that considers all facets of our agricultural life. That is why I am raising these questions. But anyway, Mr. President, may I beg off to stop my interpellation at this point and reserve the rights to continue my interpellation on another day so that I can give a chance to others who may wish to interpellate. I would like to deal with the question of compensation at the proper time.

The President Pro Tempore. Reservation duly made.

Is there any other Senator who would like to interpellate?

Senator Paterno. Mr. President.

The President Pro Tempore. Senator Paterno is recognized.

Senator Paterno. Will the distinguished Gentleman yield to a few questions, Mr. President?

Senator Alvarez. Yes, Mr. President, to the Gentleman from Cavite.

Senator Paterno. Mr. President, referring to the interpellation of the Majority Floor Leader, the Chairman of the Agrarian Reform Committee replied that salt beds shall be covered by agrarian reform. And I would like to ask, why salt beds would be considered agricultural lands subject to agrarian reform since salt beds do not involve the cultivation and tillage of soil, planting, growing, and harvesting of any farm product. It involves the drying of salt water, and the land is used, not for cultivation of any crop, but as a facility for the drying of salt

water and the gathering of salt that is left after the water has evaporated. So, why would salt beds be considered agricultural lands subject to agrarian reform specially as defined in this bill – the definition of agricultural lands?

Senator Alvarez. Mr. President, the salt beds operation specially in the area here in Malabon, more often than not, are also aquaculture operation. That is why in the generic coverage on the other modes of agrarian reforms, as we will call the interim mode of agrarian reform at the proper time, we conceived salt beds as species of agricultural activity in the manner that we consider aquaculture as species of agricultural activity.

Senator Paterno. Looking at this definition, Mr. President, on page 4 of the bill of agricultural land, the definition says that agricultural land shall mean land devoted to agriculture as defined in this Act. And agriculture shall mean farming as a principal activity in all its aspects or branches involving the cultivation and tillage of soil, planting, growing and harvesting of any farm product.

Now, salt beds, fishponds and prawnponds are not agriculture, Mr. President. They are aquaculture. I would like to ask whether the bill is redefining aquaculture as agriculture.

Senator Alvarez. Mr. President, we are going to embrace aquaculture and similar species of production arising from the land but not in the mode of redistribution. It is another mode of agrarian reform and we contemplate it in its coverage as a redistribution of the fruits. That is why if the concern of the Gentleman is that salt beds may be part of those that will be fragmented and redistributed and that aquacultural lands may likewise be treated in the same manner, I would like to put to rest the concern of the Gentleman because we envisioned it although a mode of agrarian reform but not a mode of redistribution of land.

Senator Paterno. Mr. President, I would like to repeat the statement I made at the interpellation a few days ago that agrarian reform derives its justification from the provisions of the Constitution — Section 4 of Article XIII, Social Justice and Human Rights:

The State shall, by law, undertake an agrarian reform program founded on the rights of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till . . . To this end, the State shall encourage and undertake the just distribution of all agricultural lands . . .

Therefore, it is important to define what are agricultural lands. Because if a land is not an agricultural land, there is no basis for subjecting it to agrarian reform, Mr. President.

Senator Alvarez. That is the viewpoint of the Gentleman from Cavite. However, we view this provision more broadly than a simple act of redistribution of land. Because there are other modes of distributing the benefits of the land. That is why we have tried to include situations like aquaculture, livestock enterprises, even orchard, as pointed out by the Minority Floor Leader.

Senator Paterno. Mr. President, I would reserve the right then to make some objections on the constitutionality of including lands other than agricultural lands in agrarian reform bill later on.

Senator Alvarez. Later on, yes, Mr. President.

Senator Paterno. Let me proceed now to the question of registration, Mr. President, in Chapter 3 of the bill, page 8 — beneficiaries. The bill, as worded now, would register all agricultural lessees, tenants and farmworkers, who may be possible beneficiaries of the CARP. And there are certain data that will be provided here, Mr. President. First of all, what would be the objective of getting this information from the

registered agricultural lessees, tenants and farmworkers who may be possible beneficiaries?

Senator Alvarez. Mr. President, the objective of this would be to facilitate the program because the lessees, tenants and would-be-beneficiaries will have prior right over the land that they are occupying for redistribution. The target of the agrarian reform program principally is to redistribute the land to the landless tenants and regular farmworkers. Therefore, registration will help facilitate the fulfillment of these ends.

Senator Paterno. Would it not be possible, Mr. President, that people may submit information which would not state the true facts of the situation? In other words, there may be farmworkers who, let us say, worked for temporary periods during the year; they may work on 10 pieces of land and they would be registering themselves as farmworkers on 10 lots. And therefore, they may be entitled or they may claim the right to be beneficiaries of the agrarian reform program on each and everyone of these 10 lots. How would this information then be used, Mr. President?

Senator Alvarez. The information, by itself, will not be the absolute source of data or the only information which may be used. The Barangay Agrarian Reform Council also participates in the other matters involving land reform, including valuation. And of course, the Department of Agrarian Reform will have their personnel in the field. So, this registration will not be taken as one might say, gospel truth. The government, we expect, will accord them the same amount of validity as one would when one goes through a typical information of these sorts, anticipating that there could be some inaccuracies or for that matter, misstatements in the information.

Senator Paterno. Should the bill not provide that the statements shall be "sworn statements"

so that willful misrepresentation should be subject to some penalties, Mr. President?

Senator Alvarez. I will have no objection to that, Mr. President. As a matter of fact, it could be provided, with or without the provision on this bill, in the implementing rules and regulations which we expect the PARC to put up because there is enough authority here for the PARC to put such supporting regulatory measures in order to enhance the implementation of this bill.

Senator Paterno. I have noted, Mr. President, that in the process of registration, there is only one statement that needs to be a sworn statement and that is the declaration by landowners of the current fair market value of the lands. There is no requirement for sworn statement on other information that is solicited in this particular Section 6 of the bill, Mr. President.

My apprehension here, Mr. President, is that the information that is to be received is so, first, extensive; second, so varied that if this information is going to be used later on as a basis for determination of beneficiaries and of the lands on which these beneficiaries or supposed beneficiaries are working, we will get into a lot of confusion. And I wonder, Mr. President, whether the whole registration process which requires a lot of information to be provided, and I suppose later on to be processed, has been thought through well enough so that it will be useful for the purposes which the Sponsor of the bill contemplates. I do not know kung paano natin pagtutugmain ang impormasyon na ibinigay ng landowner at ang impormasyon na ibinigay ng beneficiaries. Are they supposed to be matched so that we will know who should be the beneficiaries for a particular parcel of land?

Senator Alvarez. We are creating the administrative machinery with the expansion of the Department of Agrarian Reform and the Ba-

rangay Agrarian Reform Council. And we hope that in the process of fulfilling the implementation of this bill, there would be more rules and regulations which will tighten the process with the Presidential Agrarian Reform Council, Mr. President. The observations of the Gentleman are well taken. As a matter of fact, we had anticipated some of these observations in the process of fashioning out the bill. However, we feel that in the normal administrative machinery that will be created here, these bottlenecks and problem areas can be handled. In the period of amendments, if the Gentleman is still unsatisfied, he can reiterate them. I think his observations are well-taken in certain areas.

Senator Paterno. Mr. President, I say this with some experience. In the background, we had a 14-hectare farm — planted to rice — taken away from us under PD No. 27 and this was in a town in Laguna. The list of 12 beneficiaries which were notified to us as the landowner for this 14-hectare parcel changed over the months that followed so that the list of beneficiaries now is no longer the list of beneficiaries that were notified to me when the Agrarian Reform Ministry first sent us the notification. I am rather skeptical of the ability and, perhaps, even the integrity of the Agrarian Reform personnel to implement agrarian reform in a manner which will be for the benefit of both the landowner and the true beneficiaries, Mr. President. Perhaps, it is not out of line at this point to make the observation that this bill is premised on capability, competence, and integrity of the personnel of the Department of Agrarian Reform to carry out agrarian reform in a just manner, and I wonder what steps are being taken so that the Agrarian Reform personnel will implement this in a just and competent way.

Senator Alvarez. Mr. President, there are a number of institutions that will emerge out of

this legislation; and the concerns of the Gentleman, hopefully, will be responded to by these institutions. If skepticism is called for, and it is healthy when we legislate to be skeptical, then perhaps, we can tighten this legislation on certain specific areas. This Representation will only be too happy to abide by what the Gentleman calls his "skepticism" and perhaps, make it more an effective instrument; although, on the whole, I would rather see a body implementing this, given the necessary elbow-room to see to it that it is implemented well.

Senator Paterno. Mr. President, this is skepticism that is based on experience because the people, those 12 people who were in that original list of beneficiaries and who were removed from the list of beneficiaries, felt that they had been deprived of a right which had been extended to them at the beginning and the feeling of injustice — they thought they would be beneficiaries of a piece of land and later on found out that they were no longer the beneficiaries — is as if one has expropriated land from them and their possession.

I am bringing this up, Mr. President, because, instead of fulfilling the objectives of the Agrarian Reform Program and instead of having beneficiaries who feel that the Government has helped them, we might end up with a lot of people who feel that the Government, because of what the Agrarian Reform personnel do, have deprived them of rights. And I would like to suggest that this is a rather serious question which has to be addressed here, and that we should not rely entirely on the dedication, competence, and integrity of the personnel of the Government which will implement this program.

Senator Alvarez. Skepticism is well taken, Mr. President, although, when we tighten the rules because of the anticipation of incompetent and corrupt bureaucracy, the rules that we

use to tighten and compel them to perform become an opportunity for more abuse and corruption.

But in any case, Mr. President, at the opportune time that the Gentleman wishes to introduce some changes here, nothing is written or cut in stone. This is a bill that will yield to the wisdom of the Members of this Chamber for further improvement.

Senator Paterno. With respect to integrity, Mr. President, I would like to raise a question with respect to a provision on page 10:

If the landowner accepts the offer of the DAR, he shall surrender the Certificate of Title, Tax Declarations, and other relevant documents that may be required by the DAR and the Land Bank of the Philippines.

I take it that this means the original copy of the Certificate of Title, Mr. President, which, in many transactions throughout this country, is taken as the surrender of ownership of that land. Once one hands over the original of the Certificate of Title, then the interpretation in many places is that he has surrendered the ownership, he has transferred the ownership, because the ownership, possessing the original copy of the Certificate of Title, may then be transferred by some as fake as Deed of Sale with the Register of Deeds.

However, the surrender of the Certificate of Title is to take place prior to receiving any document or any payment from the Government with respect to the piece of the land in question. Is this fair? Is this safe, Mr. President? What assurance does the landowner have that the Certificate of Title will not eventually be lost and he will be able to find it again?

Senator Alvarez. Mr. President, to a certain degree, we must give the benefit of the assumption that when our Government entities perform their jobs which they are expected to do, these entities will indeed perform them.

Otherwise, our machinery of Government can grind to a halt if we are going to exact the same demanding commercial relationship that we have when we go to the market place. This is going to be in fulfillment of the law; and, of course, those who will violate the letter and the spirit of the law are expected to suffer the consequences.

So, if a landowner, for instance, surrenders a certificate of title, he surrenders it in obedience to the specific provision of the law. It is a physical surrender. It does not mean to say that once and for all, eternally, he is deprived of the right over that particular property certificate or that certificate of title he surrenders. He surrenders it for the purpose of the Agrarian Reform Program, and I do not think the Government or any Government personnel will have the wherewithal or the freedom to make good use of it in any way he pleases.

So, these are necessary procedures to be able to achieve the goals of this legislation. I think that because of the compelling social need for achieving the program, these steps would be important and vital.

Senator Paterno. Would the process not be served if a mere photocopy of the certificate of title were provided instead of the surrender of the original copy of the certificate of title?

I would take the view, Mr. President, if somebody were to ask for my advice, he should not surrender the original copy of the certificate of title until he has received a document of payment or a promissory note or bonds which is in exchange, in effect, for the ownership of the land.

What purpose is served by surrendering the original copy of the certificate of title, Mr. President?

Senator Alvarez. Because, then and there, Mr. President, he is bound by the transaction. He will not have the freedom to transact that

certificate for other purposes. Once he surrenders the certificate of title, then he is already a participant and he is locked into the transaction of the Comprehensive Agrarian Reform Program as a private individual.

Senator Paterno. That seems unfair to me, Mr. President. He surrenders ownership without receiving any compensation.

Would this not be considered an onerous law by surrendering the original copy of the certificate of title without receiving any compensation or any promissory note whatsoever in return for the surrender of the original copy of the certificate of title?

Senator Alvarez. I think this particular provision of the law, Mr. President, means to serve public policy, and the public policy here is to achieve the goals of land reform which partakes of protecting or serving certain higher goals other than the concerns of an individual for property ownership.

Senator Paterno. Mr. President, I see here penalties to the landowner; I see here penalties to beneficiaries who do not comply with the provisions of law. But I see no provisions here for penalties of personnel of the Government who manipulate, falsify, or do other things which deprive either beneficiary or landowner of the rights under this bill.

Are we to assume that the Government personnel who are involved here are all angels and saints and that the landowners and the beneficiaries are the possible criminals, Mr. President?

Senator Alvarez. Mr. President, I am afraid that I may not be the authority to penalize Government personnel; but I am sure, that under our Revised Penal Code, the misdeeds of our Government personnel for criminal acts relating to the violation of rules and regulations here, as provided on the implementation of land reform, could be subjected to certain prosecution. I have

not reviewed thoroughly the violations on the provisions of the Corrupt Practices Act but I am sure that there are rules which are going to be violated, without specific provisions here on the penalties for failure of government personnel to exercise their function according to this law, or in violation of their function as mandated by this law.

Senator Paterno. Mr. President, it seems to me that if we are to provide extraordinary powers to specific personnel of the Government, there should also be extraordinary penalties for their not exercising those extraordinary powers in a just and competent manner.

The thrust of my questions, really, Mr. President, is: Are we not placing too much reliance on the ability, the dedication, the competence, and the integrity of the government personnel who will carry out the provisions of this bill? Because, we are, in effect, giving them confiscation powers. We are mandating the surrender of the original copies of the Certificate of Title. If they get lost, Mr. President, who is then to blame? The landowner complied with and somehow lost the land not going to beneficiaries of the Agrarian Reform Program, but to some other entity who had no right, because there was connivance by having a fake Deed of Sale, et cetera, performed.

What safeguards, Mr. President, does this bill provide to the landowners that the implementation of the provisions of this Act will not put them in jeopardy and at risk?

Mr. President, this is one of the real complaints of landowners and even of beneficiaries, I think, if we were to interview them. The law promised much and delivered little, because the implementation by the personnel of the Government was not what the law expected.

Senator Alvarez. Mr. President, while I do not completely share the skepticism of the

Gentleman from Cavite on the exercise of Government personnel of their function who are working on the assumption that there are, indeed, provisions in our Revised Penal Code which can take care of the infractions in the exercise of their duties, at the opportune time, perhaps we can look into this and see how we can shore up public confidence by providing such rules, as contemplated by the Gentleman.

Senator Paterno. Mr. President, I have no further questions on Chapter III, and I would like to terminate my interpellation at this point with the reservation to interpellate on succeeding chapters.

Thank you, Mr. President.

The President Pro Tempore. The reservations so made.

The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, inasmuch as there are no interpellations for today, I move that we suspend consideration of Committee Report No. 103 on Senate Bill No. 249.

The President Pro Tempore. Is there any objection? [*Silence*] Hearing none, the same is approved.

SPECIAL ORDERS

Senator Mercado. Mr. President, I move that Committee Report No. 54 on Senate Bill No. 176, entitled

AN ACT TO PROVIDE FURTHER INCENTIVES TO LABOR AND INDUSTRIAL ENTERPRISES TO THE END THAT BOTH PRODUCTIVITY AND INCOME WILL BE INCREASED,

be placed on the Calendar for Special Orders.

The President Pro Tempore. Is there any

VACATED IN THE SENATE BY SENATOR RAUL S. MANGLAPUS, TO COINCIDE WITH THE NEXT LOCAL ELECTION.

I move that said Bill be laid on the table and sent to the Archives.

The President. Is there any objection? [Silence] Hearing none, the same is approved.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive
Agrarian Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249. We are still in the period of interpellations and Senator Guingona has manifested his interest to interpellate the Sponsor, Senator Alvarez.

I move that we recognize both Senators.

The President. Senator Alvarez and Senator Guingona are recognized.

Senator Guingona. Mr. President, will the distinguished Sponsor yield?

Senator Alvarez. Gladly, Mr. President, to the Gentleman from Manila, Agusan and other parts of Mindanao.

Senator Guingona. Mr. President, the distinguished Sponsor stated that there would be adequate support services in the implementation of a comprehensive land reform as proposed. Are we correct in assuming that?

Senator Alvarez. Yes, Mr. President, part of the Comprehensive planning mechanism is an inclusion into the program of such institutions like the Land Bank.

Senator Guingona. And as a matter of fact, in Section 5 of Article XIII of the Constitution, it is mandated that the State should provide support to agriculture through appropriate technology and research, adequate financial, pro-

duction, marketing, and other support services.

Senator Alvarez. It is very well-taken, Mr. President. The Gentleman is accurate on this point.

Senator Guingona. Are we safe in stating that under the distinguished Gentleman's program, there will be more or less 2.457 million target beneficiaries envisioned in the program?

Senator Alvarez. It is more than that, Mr. President. There are about 2.8 million targeted beneficiaries or close to about 3 million.

Senator Guingona. Yes. And the last time, if I remember correctly, the distinguished Sponsor said that for each of the beneficiaries, there will be support services, insofar as credit is concerned, in the amount of ₱15,000, more or less.

Are we correct in assuming that?

Senator Alvarez. It should be slightly more, because the targeted support is something like ₱5,500 per hectare.

Senator Guingona. So, it should be ₱15,695 per beneficiary.

Senator Alvarez. Yes, that is the hypothetical assumption in the plan, Mr. President.

Senator Guingona. And this ₱15,695 is intended to cover each beneficiary for 10 years. Is that correct?

Senator Alvarez. Mr. President, I think the computation was on the first and second harvests; so that in the cash flow in the assistance program, it is going to be less than a 10-year stretch. The expectation is that after the initial support, the beneficiaries, hopefully, will be able to fend for themselves.

Senator Guingona. We have our own computation, Mr. President. We would like to ask whether, based on the three-hectare beneficiary production loan allocated per hectare per year, it would amount to ₱1,046.33. Would that be correct, Mr. President?

Senator Alvarez. I think the countryside's thumbmarked figure would be something like ₱5,000 per hectare per year, I mean, per harvest season for rice and corn.

Senator Guingona. Is it ₱5,000 per hectare per year?

Senator Alvarez. It is per harvest season.

Senator Guingona. Per harvest season?

Senator Alvarez. I mean, per planting season. I am sorry, Mr. President.

Senator Guingona. So that, if a beneficiary has three hectares, he would get support services in the form of loans of ₱15,000, more or less. Is that correct?

Senator Alvarez. That is the target, Mr. President.

Senator Guingona. But we understood that the original answer of the distinguished Gentleman was ₱15,000 which would cover the ten-year period, Mr. President.

Senator Alvarez. No, Mr. President. The plan did not make a projection for a loan over a ten-year period. What is contemplated in the plan is a loan for two planting seasons; or perhaps, in a non-irrigated area, it will contemplate a loan for two years.

Senator Guingona. Is it not true that the amount of ₱38 billion is allotted for production loan disbursement?

Senator Alvarez. It is roughly about ₱40 billion, Mr. President.

Senator Guingona. And this has to be divided, more or less, among three million target beneficiaries?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And if we divide that, we cannot have ₱15,000 per hectare per harvest season for the target beneficiaries, can we?

Senator Alvarez. No. The amount is not

intended as a figure that will match a mathematical exact formula for the number of beneficiaries, Mr. President. The financial experts who went through this computation were hoping that the money could be rolled over, so that this year, the amortization would be paid off and next year, it will be rolled over to another group of beneficiaries, including this percentage of interest attached to the loan.

Senator Guingona. Extension services are estimated, according to the distinguished Senator's program, to be about ₱4,844,000,000. Is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And, this is over ten years, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. So that, if we mathematically divide it, although the distinguished Senator says that it should not be mathematically divided, our figures indicate that production loan allocation per hectare per year would amount to ₱1,046.33 and agricultural extension services per hectare would amount to ₱132.00 per year or a total of ₱1,178.86 per hectare per year.

Senator Alvarez. Mathematically, the distinguished Senator is right, Mr. President.

Senator Guingona. Assuming that mathematically this is correct, what kind of crops can the farmer-beneficiary grow on ₱1,178.86 per hectare per year?

Senator Alvarez. These extension services will be made to piggyback on existing services and instrumentalities of the Government. There are already such extension services, and the amount of ₱4.8 billion is intended to expand the program. However, since there are already institutionalized mechanisms that reach out to the countryside, the additional sums and in the computation of the Gentleman not only

amounts to ₱1,178 are actually piggy backing on existing programs.

Senator Guingona. Piggybacking or not, it is a fact that this ₱1,178.88 is inadequate to have the farmer make a go of his three-hectare award for a period of 10 years.

In other words, through the admission of the distinguished Sponsor, he will have to resort to other borrowings, would he not?

Senator Alvarez. This is not imagined as a homogenized program, where one farmer would be the same as the other, or that after the first three years of harvest, then they will continue to avail of the credit system. The assumption is that, somehow, after the first two years of harvest, some of these farmers would have gained the necessary surplus, so they will have their own economic base and will not be needing the resources which are extended by the Government for credit or extension services.

Senator Guingona. The experience, however, of the farmers under the PD No. 27 Land Reform Program was the very reverse, that instead of being already viable after three years, their plight worsened, production became lower, and the Land Reform Program was a failure, because there was no adequate support services, was it not?

Senator Alvarez. The Gentleman is correct, The greater part of the blame for the failure of that program, for its incapacity to take off successfully was the inability to conceive of a comprehensive support mechanism, financing credit mechanism, so that many of the new owners were compelled to seek loans using as collaterals their newly acquired rights over the lands given to them under the program. Unfortunately, these loans which were supported with *sangla* became *sanglang bili* at the end of four harvest seasons or even a lesser or shorter period of time.

The support services, the credit system, the extension services, even the marketing services, are vital components of this Comprehensive Agrarian Reform Program, perhaps equally important, if not more important in instances than the land distribution program, Mr. President.

Senator Guingona. Therefore, if we are to make this Comprehensive Agrarian Reform Program succeed now, instead of failing again as in the past, we should make sure that the support services are really there and that they are in substantial quantities, adequate to really support and not just to act as appetizers that will peter away as they did under PD No. 27, Land Reform.

Senator Alvarez. The distinguished Gentleman is correct. The figures are awesome, that is why they have to be carefully planned, they have to be carefully figured out before we even begin to launch this program.

Senator Guingona. But going back, therefore, in order to determine whether there are adequate support services, if the loan and extension services envisioned in the program amount only ₱1,178.986 per hectare a year, does the Gentleman not think that this is inadequate and could lead the farmer either to try to get from institutionalized credits further logistics or to go to the non-institutionalized traditional sources of credit at higher rates of interest?

Senator Alvarez. The Gentleman is right. When we distribute small landholdings, small landowners become victims to middlemen of the countryside, that is why we must really provide adequate credit facilities.

What we had targeted here is the credit facility for the first two planting seasons, as I pointed out, and the expected returns on the collections would be somewhere in the vicinity of 40 percent to 60 percent, and this is computed with the initial preparation of ₱40 billion.

Hopefully, we may be able to roll it to cover the needs over a long range of time.

In any case, the Presidential Agrarian Reform Council has the Land Bank, and even the Department of Finance, participating in carrying out and implementing the policy of this Comprehensive Agrarian Reform Program. I do expect that there will be some inadequacies in the targeted amount and I think that this all-comprehensive policy-making body responding to this all-comprehensive program will be able to fashion out the necessary policy adjustments.

Senator Guingona. In other words, we are concentrating credit even at the small pittance of an amount in the first two years?

Senator Alvarez. Right. The Gentleman is correct, Mr. President.

Senator Guingona. But in the third year the farmer-beneficiary will be burdened by payments not only for the credits but also for the installments due the land grant given him, would he not be so burdened?

Senator Alvarez. Yes, Mr. President, but the amortization that we have provided under this bill accepts the fact that the burden should not be such that the farmer will not be able to cope with his financing obligations. We have provided here a spread of 30 years and the payment to begin only after the second year of the award. The payment will consist of 10 percent of the gross harvest and when and if the farmer is unable to pay, the Department of Agrarian Reform steps in and makes the corresponding adjustment especially when the harvest is unable to bear the amortization burden. So that it is accepted that this is a subsidized credit principally to enable the new beneficiary or even the landowner to be able to cope with the demands of financing and the new demands of land ownership.

Senator Guingona. Correct, Mr. President, if the farmer did not avail himself of the credits

from other sources. But if, for example, as is natural and as has been proven by experience, the *Masagana* and the other forms of land reform in the past, he borrows from the traditional moneylenders in the locality, he naturally has tendency to first pay off the moneylenders, especially if it is a loan in kind, and attend to the subsidized credit least or last. Because that is the least of the burden, but it is a burden just the same. If the farmer is beset by too many obligations, then this land reform will fail, and the intended production of his three hectares will likewise fail.

Senator Alvarez. I am sure, that there would be such cases because the targeted beneficiaries are numerous. However, it was contemplated in the Bill that the credit obtained on this land will be limited to one credit only. There will be such ways of disqualifying further credit so that we do not overburden the capacity of the new beneficiaries in settling obligations.

Senator Guingona. Let us envision the farmer who is given the three hectares of land, Mr. President. He goes into the land cold, does he not? He has no money; he has no carabao, no instruments, no technical know-how to a sophisticated degree; nothing. He is given a loan and an extension services of ₱1,178.86. What would be the production cost if he intended to utilize the land for sugar?

Senator Alvarez. I can tell something about rice offhand, Mr. President. For sugar, we shall leave that at some future time, and I shall have the exact figures for the Gentleman. But if one is opening fresh land for rice, he will need to buy a carabao of about four to five years old to be able to work very well.

Senator Guingona. How much is a carabao, Mr. President?

Senator Alvarez. A good well-sized mature carabao is about ₱5,000; if it is a smaller size, it is about ₱4,000. And then, one will need some

expenses for seeds. He will need some expenses for additional helping labor. But fortunately, the typical case of a grantee is not a three-hectare grantee. It may be a two-hectare grantee or, on the average, it is about; 1.4 to 1.8 hectares' grantee. So that, essentially, the start-up capital will be somewhere in the vicinity of ₱5,000 per hectare. If he has to buy a carabao, that means ₱5,000 plus ₱5,000, or roughly about ₱15,000 if he is cultivating two hectares.

Senator Guingona. Mr. President, I understand that a carabao today costs ₱10,000.

Senator Alvarez. That is a very expensive carabao, I think a good-sized carabao would be about ₱5,000; that is, a four-to-five year-old carabao.

SUSPENSION OF THE SESSION

The President. With the permission of the Gentlemen on the floor, we can settle this figure during a brief recess.

The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 5:19 p.m.

RESUMPTION OF THE SESSION

At 5:57 p.m., the session was resumed.

The President. The session is resumed.

Senators Alvarez and Guingona.

Senator Guingona. Mr. President, will the Gentleman answer my questions?

Senator Alvarez. Yes, Mr. President. I will gladly answer all the questions of the Gentleman.

Senator Guingona. We do not know if the distinguished Gentleman will agree. But we tried to verify the price of carabao during the recess, and it was pointed out, that the price of carabao varies between ₱7,000 and ₱10,000 for a carabao that is ready for work. I think

what the Gentleman is referring to was a very young carabao which is not yet trained.

Senator Alvarez. A five-year old carabao, the average carabao, Mr. President. Well, be that as it may, we can leave that figure behind, which only points to the fact that on the basic working tools of a small farmer in the countryside, a credit facility is really needed. There is a shortage of working animals. Many of the working animals of tenant farmers are shared. For this reason, I think the question of the Gentleman is very providential. Perhaps, we can include a specific item on financing — carabao appreciation or a program of large-scale carabao raising in the country so that we can have a Carabao Dispersal Program. In fact, we now have a Cattle Dispersal Program. We will be needing something like roughly three million carabaos.

Senator Guingona. Mr. President, the distinguished Sponsor informed us that he would give us the approximate cost of production per hectare for sugar next time. I hope he extends this to other crops, like coconuts, vegetables and such other varieties, because we sincerely feel that with ₱1,178.86 per hectare over a 10-year period, we may end up with the same tragic experience that we had under PD 27. The distinguished Gentleman's answer was that if it is lacking, then the farmer would have to go to the institutionalized credit institutions.

Senator Alvarez. That was the observation of the Gentleman, Mr. President. I did not suggest that they should be left to the mercy of money lenders and middlemen in the countryside.

Senator Guingona. But is the Gentleman aware that experience shows that our farmers, specially the small ones, do not want to go to the institutionalized financing institutions because of the burdensome procedure, the high interest cost, et cetera. It is better for them to go

to the traditional money lender who gives them the cash with no questions asked. Facts and figures show that very little reliance is given by the farmers, specially the small ones — think only 10 percent of them — rely on banking institutions, and the great bulk would rather go to the traditional money lenders.

Senator Alvarez. That is correct, Mr. President. There is a very strong resistance on the part of the small borrowers, on the side of borrowers, in going to formal institutions, banking institutions, if there are, because of the requisites. However, we hope that new mechanisms could be expanded so that the accessibility of credit facilities, even from formal institutions should be kept wide open even for small farmers as well.

We are not contemplating here the normal transactions in the countryside. We hope that with the implementation of this program the information drives, the extension services, and the very dynamism of the whole process would open up both the awareness of farmers and the concern of Government so that there will be a mutual support atmosphere that would be generated to help the program.

Senator Guingona. And if those new mechanisms are not forthcoming, the farmer who is the beneficiary, the three million expected beneficiaries, the majority, would again have to rely on money lenders, on traditional money lenders, the so-called 5-6 sources of credit, would they not?

Senator Alvarez. Yes, Mr. President. If we fail, then we will fall back into the same pit. This program is a reform program and hopefully it is going to lift us out of that social morass to which many of our small farmers have been condemned in the past.

Senator Guingona. So how then will this program under the bill of the distinguished Sponsor hope to provide the adequate support

services, even in the realm of credit itself? There is already a basis for saying that the farmer will be so burdened that he cannot make the envisioned target production.

Senator Alvarez. As I was pointing out to the distinguished Gentleman, Mr. President, the targeted level of credit here is meant to assist the farmer on the first two harvests and thereafter, the credit bulk will be self-generating as it moves along. There are certain economic assumptions or financial assumptions which I am sure the Gentleman would be more at home than this Representation because he is sharply aware that a certain element of business and financial transactions are involved here. These assumptions, however, are not static assumptions. We do not really know what can happen after the third year of the program. But as I have reassured him, since this is going to be a centerpiece of a comprehensive program of this government, then the bureaucracy that will involve at least seven other departments of the government, which is being created to oversee this program, will be able to hopefully make the necessary changes. The targets indicated in our plan are targets which have been crafted to incorporate a response to a certain number of beneficiaries. I will agree with the Gentleman that we expand the number of beneficiaries to, let us say, 15 percent more; the financing scheme will really be urmanageable; but it is really concerned with what we have at this level.

Senator Guingona. Yes. But am I to understand therefore that the first two years would be the concentration of credit extension, puny though it may be, and that on the third year, the farmer is left to himself to shift in the hope that he can have other factors to help him attain the production targets envisioned for him?

Senator Alvarez. Mr. President, the planning time frame here is five years. In the first two years, some of them will receive credit, then,

some on the third and fourth year, and then, the whole credit capital will roll.

Senator Guingona. So credit is extended throughout the ten-year-period. Is that correct?

Senator Alvarez. Yes, credit will always be there. But the assumption is that, on the first two to three years, the small farmer will attain a certain level of self-sufficiency so that the start-up credit will not be the same for the subsequent credit necessities.

Senator Guingona. The distinguished Sponsor has already admitted that this amount may not be sufficient. May we envision the farmer-beneficiary who is awarded the three hectares? Where does he go to get this credit?

Senator Alvarez. If there is no sufficient credit, then it will affect his production. He might become a subsistence farmer. He might be producing only for his needs and his family, and he will not be able to sell to the market.

Senator Guingona. The question, Mr. President, is: He is awarded the land. He now wants to start production. Where does he go in order to avail himself of the credit extension support program under this bill?

Senator Alvarez. He will be left to his devices, Mr. President. He will be forced, perhaps by circumstances, to fall back on the credit facilities in the countryside; perhaps, the middleman.

Senator Guingona. I thought that there was a P38 billion earmarked for credit extension.

Senator Alvarez. I thought the question was: if no credit were available.

Senator Guingona. No. The land was already given to him. Now, where does the farmer go to avail himself of the credit under this program?

Senator Alvarez. I see. The credit facilities will either be through the available rural banks;

some may even be in certain local commercial banks which will be used as a conduit for credit, also Land Bank extensions, and certain cooperatives.

Senator Guingona. Let us say that in a farm in Mindanao, there is no commercial bank, where then would he go?

Senator Alvarez. Mr. President, he will have to go to a place where his credit needs will be serviced. This is going to be a part of the program whereby the Land Bank will extend its physical ability to provide credit.

Senator Guingona. Supposing, in that area, there is no commercial bank, no Land Bank and no rural bank, where does he go?

Senator Alvarez. Then the farmer may have to go to an adjoining town. Every other town almost has a rural bank, if we are able to resuscitate the moribund rural banking system.

Senator Guingona. He goes to the next where there is a Land Bank.

Senator Alvarez. Yes, Mr. President, hopefully.

Senator Guingona. He applies for the loan.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. How much interest will he have to pay?

Senator Alvarez. I understand this is going to be in the nature of a subsidized loan. If the commercial rate of interest— —if I am not too clear on this. In the discussions that we have, if it were a rural bank, then the rural bank would charge something like the prevailing rate of interest which is about, if at that time it is 12 percent, then it is going to be 12 percent per annum.

Senator Guingona. Mr. President, this is based on a supervised or an agricultural credit program, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Based on the agricultural credit program in the past, we have a study which shows that the borrower-farmer must have to pay for crop insurance, is that correct, Mr President?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And he will have to pay for various savings fund which, in effect, would be equivalent, perhaps, to cooperative that would be implemented. Is that correct?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And the study further shows that the transaction cost is estimated to be six percent, including meal expenses, and there is an item for facilitator expense in order that he can acquire the credit with facility.

Senator Alvarez. Is that the Masagana 99, Mr. President?

Senator Guingona. Yes, and after all of those, the effective rate is 34 percent— 34.2 percent. Under this kind of agricultural credit system, which I suppose will be implemented under the distinguished Gentleman's program, the borrowing, the support service, will not be cheap; it will be a burden, as a matter of fact, to the farmers.

Senator Alvarez. Assuming that we commit the same mistakes as we did in the past, then the cost of money will really be unaffordable, more so for the small farmers.

Senator Guingona. As a matter of fact, that study shows that small farmers dwindled in borrowing money, and more than 68 percent of the borrowings went to bigger farmers. Only a minuscule 27 percent went to small farmers with diminishing percentages, which indicates that the small farmer will not only be burdened by this kind of credit, puny though it is, but he will have to turn to the traditional lender. And in borrowing from the traditional lender, the high rates of interest will even be

worse. And therefore, I would like to ask the distinguished Sponsor whether he has considered improving the support services so that this program can succeed. Otherwise, why put up a program that will only follow the path of failure in the past?

Senator Alvarez. It is quite true, Mr. President, under the assumptions cited by the Gentleman, that the program and the credit system which will be utilized to carry out this program could prove to be another failure as it was in the past. But as we have pointed out here, if we forget our past, we are condemned to relive it. Let us try to learn from the errors of the past, and in crafting this credit system, hopefully, our money managers will be creative and ingenious enough so that they are not going to be the burden and the cause for failure, but instead will be an instrument for the success of the small farmers.

Senator Guingona. I think the lessons of the past are already very clear and if the experience is right, it should tell us that ₱1,178.86 per hectare will inevitably result in failure. Why then do we present this kind of program to the people?

Senator Alvarez. Mr. President, I pointed out that it will not amount to that because there are certain assumptions. Be that as it may, without necessarily conceding to the Gentleman but seeing his concern for viable financing volume or meaningful financing credit system, this is precisely the reason why we kept this program into a modest, wisely manageable level, unlike the presentations and proposals made before the Committee, which had promised a piece of blue sky, because, precisely, if we go by those other proposals, the numbers feared by the Gentleman will go by geometric proportions, and truly this Government will not be able to afford it — not with this economy for the coming ten years.

Senator Guingona. Can the Gentleman en-

lighten this Representation as to what other programs—offer the sky — and therefore is impractical?

Senator Alvarez. There have been some proposals here, Mr. President, that will double the costs of what we have proposed, embracing a wider scope of implementation, and our concerns and fears precisely would even be multiplied if that is going to be the program that will be undertaken. Already, under this carefully targeted beneficiary level, in the frame of the financing proposals that we have, we may encounter some difficulties as have been enunciated or brought out in his interpellation. With more reason that, if we are going to run a program which will double the cost by expanding within unmanageable level, our targets, then truly our problems, perhaps, will be an awesome possibility.

Senator Guingona. Is the Gentleman referring to the program of Senator Aquino?

Senator Alvarez. I am referring to the proposal in Senate Bill No. 123, Mr. President.

Senator Guingona. But if I heard Senator Aquino right, his expansionary program would be implemented in accordance with what capacity or capability the Government has.

Senator Alvarez. If we go by the standards which have been worked out in the Committee within the time frame that we had indicated, the fulfillment of this program, the capacity will never be there in this Government for the coming ten years, perhaps even for the coming 15 or 20 years.

Senator Guingona. But Senator Aquino's capacity will always be there.

Senator Alvarez. I have no doubt on the sincerity of the good Senator from Tarlac, Mr. President, but I doubt the capacity of our thin economy to be able to undertake a very imaginative program as conceived under this

bill.

Senator Guingona. Since support services are mandated by the Constitution, may we return to that and ask the distinguished Sponsor: Supposing the farmer is awarded a three-hectare land and there is no storage or drying facilities for his palay, where does he go?

Senator Alvarez. We have the multipurpose pavements, Mr. President. Perhaps, some of us can make good use of our Public Works allocation to create in every municipality; and in every barangay this pavement where they can dry their palay.

Senator Guingona. So the pavements will be institutionalized as drying places for palay.

Senator Alvarez. It is one of the possible fallbacks, Mr. President, in an anticipated increased production.

Senator Guingona. The farmer wants to store his produce for better prices in the future but there are no storage facilities. Where will the farmer go?

Senator Alvarez. It is expected that the NFA will continue or even expand its quedan system for rice and corn. For this reason, Mr. President, in the Presidential Agrarian Reform Council, the NFA, through the Department of Agriculture, is going to be part of the Board which will be under the direct chairmanship of the President.

Senator Guingona. Mr. President, may we make the reservation to go back later on to the extension services and to the support services.

May I ask if there are adequate personnel in the Department of Agrarian Reform to extend services to the farmer who is awarded the three-hectare land?

Senator Alvarez. The extension services will be undertaken by the Department of Agrarian Reform and also by the other departments that have more personnel in the field, like the De-

partment of Agriculture and even the Department of Natural Resources.

Senator Guingona. We have had discussions with some officers of the DAR and they say that there is this Agrarian Reform Adjudicatory Board, under the proposed bill, which will sap about 50 percent of the personnel in agrarian reform disputes, on land claims, on valuation between landowners and farmers, thereby depriving 50 percent of the supposed personnel to extend agricultural extension services.

Would the Gentleman agree that if that were so, then it would cripple the help envisioned under this program?

Senator Alvarez. I do not know the specific percentage, Mr. President. But the Agrarian Reform Adjudicatory Board provided in this bill will have its own administrative structure.

However, I doubt very much if it is going to absorb that much personnel. In any case, under the new reorganization plan, we have proposed to double the number of personnel of the Agrarian Reform Department. I think what has come out was an increase of about 6,000— from 9,000 personnel to about 14,000 to 15,000 level under the present budget.

Senator Guingona. So from 15,000 — if 50 percent were to be taken to the Adjudicatory Board — then it would leave about 7,500 to service three million farmer beneficiaries across the land.

Mr. President, does the Gentleman really believe that these extension workers can adequately help the beneficiaries? Or will they again fail, in the same manner that they failed, notwithstanding the sincere efforts of some to help the beneficiaries of the Land Reform Program under PD 27?

Senator Alvarez. At this point, Mr. President, I share the concern of shortage of personnel in the field. But I dispute the Gentleman's figure of 50 percent. I doubt if the

Agrarian Reform Adjudicatory Board, while it will have support personnel, will absorb 50 percent. I do not think it will even absorb 10 percent.

Senator Guingona. Even if we say that the entire 15,000 personnel will be distributed to the three million farmer-beneficiaries, would the number, at least, in the quantity, be sufficient to service and improve the production goals of this Agrarian Reform Program?

Senator Alvarez. Mr. President the services that will be extended to achieve production will not be entirely from amongst the field personnel of the Department of Agrarian Reform. They will come from the other departments as well. They will come from the Department of Agriculture, from the Department of Environment and Natural Resources.

Senator Guingona. The Constitution mandates appropriate technology and research. Can the Gentleman tell us what appropriate technology and research are being undertaken under this program to make it successful?

Senator Alvarez. I am aware of the studies that we had supported and continue to be supported in the Department of Agrarian Reform.

There are new ways of intensive cultivation that have been piloted in the countryside so that a small hectare of land using this technology, would be suitable to be able to support a family of six in the countryside.

This technology consists of using what we call intensive diversified farming, so much so that with this kind of technology, a lot of pilot programs in the countryside have already been proven to be successful in raising the consciousness of farmers on making production feasible to the level that they will be able to support their family.

This technology is not one single technology, like the application of fertilizer or the use

of machines. But it is a technology of how to have a systematic farming management system with a small piece of land — a two-hectare land or a three-hectare land. We set aside a portion of the land for rice, a certain portion of the land for vegetables, and perhaps, if there is an abundance of water, a certain portion of the land set aside for fish and duck-raising, and an animal husbandry on the side.

And this integrated farming method, one complementary to the other, conserving the ecological interrelationship of these different segments of the farm, brings about very productive and very wholesome results for this small-scale farming technique. This is one of the technologies.

In coconut areas, intercropping is being applied so we have a multi-story cropping system, from the lowest to the medium, and then, finally, to the coconut tree. That is why they call it multi-story because the growth comes in several levels.

Senator Guingona. Outside of the agricultural schools like Muñoz Agricultural School and outside of some big farms, can the distinguished Gentleman point out some pilot projects where this high technology of integrated farming can be pointed to, as illustrations to the three million beneficiaries who will have lands under this program?

Senator Alvarez. There are quite a number, Mr. President. There is a program in Victorias, Negros. There is a program in Talavera in Central Luzon.

Senator Guingona. How about in Mindanao?

Senator Alvarez. Yes, there is a program. I do not remember the site of that program in Mindanao, but this pilot program for intensive small-scale agriculture is already quite widespread.

Senator Guingona. Would there be one in Sulu?

Senator Alvarez. I am not aware of one yet, Mr. President.

Senator Guingona. At any rate, even assuming that there are — and frankly, I have yet to see these pilot projects that the Gentleman says could illustrate the high technology and continuous research — the inputs, the costs of production of these high integrated farms, would naturally be much higher than the ordinary straight farming, would they not?

Senator Alvarez. Suprisingly, Mr. President, we can control the costs with this integrated diversified intensive agriculture especially when the technique of natural fertilizer formation is fully understood and utilized by the farmer.

Senator Guingona. What kind of fertilizer would be used under this high technology system?

Senator Alvarez. Not chemical fertilizers, Mr. President. Natural fertilizers — yes. It is a compost-pit fertilizer.

Senator Guingona. Mr. President, I have heard some farmers complain that the non-chemical fertilizers do not give sufficient yield and, therefore, they prefer the chemical fertilizers although it is more corrosive to the soil. They prefer that.

Senator Alvarez. They will prefer it because it has a controllable booster effect. If the plant is at a certain level, when they apply the chemical fertilizer, the growth is predictable already within the coming few days. However, if the soil is fertilized evenly with natural fertilizer, they will have a sustained growth which, of course, can only be achieved with a more consistent husbanding of the land.

Senator Guingona. Could the distinguished Author furnish us the cost for this high-technology-integrated-farm varieties the next time around, so that we can compare it with the actual realities of traditional farming?

At any rate, I would like to ask the distinguished Sponsor: One of the purposes of this Comprehensive Land Reform Program is to do away with tenancy, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. But under the bill, if the retention limit is seven hectares, 12 hectares and 15 hectares, the tenants working in the 7 hectares, 12 hectares, and 15 hectares would remain as tenants, would they not?

Senator Alvarez. Yes, in certain cases, but not necessarily in all cases, Mr. President.

Senator Guingona. And, therefore, it does not really achieve the objective of eliminating tenancy, does it?

Senator Alvarez. Yes, Mr. President, it does not absolutely eliminate tenancy. There are about two million tenants now in the countryside; but under this program, this two million can be liberated. Therefore, the fundamental characteristic of the countryside, which is tenancy relationship, would be undone.

Senator Guingona. But the evils of tenancy within the 7 hectares, within the 12 hectares, within the 15 hectares would remain, would they not?

Senator Alvarez. Perhaps, but we will cut it down to a very manageable level, because, as part of the amendment later on, when we get into the amendments period, what we are going to introduce here will be the reduction of rent.

Senator Guingona. No, Mr. President, what I understood from the answers of the distinguished Gentleman before is that more than 90 percent of the farms are of the 7, 12, 15 hectare retention limits and, therefore, if the tenants are allowed to remain in those areas, with that kind of retention limit, then 90 percent of the tenants would still be bondage as tenants?

Senator Alvarez. That is not how the statistics reads, Mr. President. There are now about three million owner-cultivators in the countryside and two million tenants, and the figures are not very accurate—about six or seven million landless workers in the countryside. So that this program, if implemented, would be able to include the two million tenants because, in the scheme of distribution, the level of preference would give priority to farmworkers and regular workers. The farmworkers and regular workers are essentially the tenant workers in the countryside. The distributees of about three million, all of them, practically all of them, are tenants. We will therefore be liberating from tenancy bondage, about three million farmer workers.

Senator Guingona. May I be enlightened on this? If the bill, sponsored by the distinguished Gentleman, is passed, I have a 15-hectare sugar farm. I have five tenants and the tenants in the 15-hectare farm will remain as tenants, will they not?

Senator Alvarez. Yes. They have a right to remain as tenants. We cannot just remove them from the farm.

Senator Guingona. Since 90 percent of the total farms, under the Gentleman's program belong to this category of 15, 12, 7 hectares, all the tenants in the 15, 12, 7 hectares will remain as tenants if this bill were proved.

Senator Alvarez. Mr. President, the figures are not quite that way. What I said last time was that about 8 percent of farms are 24 hectares and above. But under our proposal, a substantial, if not a greater bulk of that percentage, will be embraced by the program. Because, precisely, the retention level will cut back big landholdings. We will do away with the huge hacienda system. It will be replaced with the 12-hectare and the 15-hectare systems, if that will have to be passed,

and maintain seven hectare farms which is the current retention level for rice and corn. Therefore, of that eight percent, so much will be shaved off and will be distributed.

I do admit the observation of the Gentleman that, with the retention of seven hectares, when and if there is a tenancy there, we may be perpetuating the tenancy-productive relationship, the relationship of production which involves the labor of one man to cultivate the land of another who practically does nothing but waits for the rent. But we approached this by reducing the rent, Mr. President. So that, in those areas where there will be tenancy, we will be reducing rent, and the tenancy system will become a tolerable burden. Perhaps, at some future point when we are going to the amendments, there can be further restriction, so that the retention level, the tenancy among the retained lands may only be made possible within the generation, in the lifetime of the landowner.

Senator Guingona. May we, therefore, be further clarified: Under this proposed program, assuming we passed the 7, 12 15 hectare limitation, how many tenants will remain as tenants, more or less?

Senator Alvarez. I do not have the exact figures right now, Mr. President. I have not anticipated the inquisitorial investigative questioning of the Gentleman of figures, but I will happily provide him because that can be derived from the computer data that we have. We have a comparative table, which was done by our technical working group, which tells us at seven hectares how much area will be retained, how many beneficiaries, and how many possible tenants. We can easily furnish that.

Senator Guingona. We will appreciate, Mr. President, and wait for this information later on.

Under this proposed bill, the distinguished Sponsor does not follow the land-to-the-tiller concept, does he?

Senator Alvarez. We do, Mr. President, but we give it a latitude of interpretation. Whereas, in the past we used the principle of land to the landless, now, proponents of land reform would rather go by the land-to-the-tiller concept. However, considering the present level of complexity of the productive way in which land is exploited, we do make some reasonable adjustment to this land-to-the-tiller principle. But the abiding principle here is that, in any program of land distribution or land reform or agrarian reform, the process must always improve the earnings or the income of the workers of the land, so that the quality of his life would be better off than before we touched it with land reform. The land-to-the-tiller concept, if it is interpreted literally, means that anyone who tills the land must own the land. However, we have accepted the fact that beneath this principle is an effort not just to give him land but to give him a better opportunity of improving his economic standing on account of his labor on the land. So when we go later to the specific provisions, we will eventually see how the innovative approach to this principle has been implemented.

Senator Guingona. Mr. President, I would like to make it of record that I have no land at all. But assuming that there is a Senator who owns 15 hectares of land and the reform program is passed, in accordance with the Senator's bill, can he continue to own the land and remain in Manila as a Senator discharging his functions, and simply leave the management of the 15 hectares to an administrator?

Senator Alvarez. Mr. President, when he does that, the land is going to be under labor administration. Then, he should be prepared to pay the cost of labor administration, which means that he will have to pay wages to the people who will work for him. The farmworkers must be paid wages, as indicated by the law. It will not be a tenancy relationship.

Senator Guingona. No. The question, Mr. President, is: Can he do that? Never mind how much. Can he appoint an administrator and be an absentee landlord?

Senator Alvarez. If he has tenants there, Mr. President, assuming he is entitled to 15 hectares, he has somebody who will collect the rent from the tenants, I imagine, he can.

Senator Guingona. He can. If there is a businessman who owns 12 hectares of coconut land in Quezon and he decides to continue the business in Manila without going to the land, except perhaps for a vacation once a year, can he continue to do so?

Senator Alvarez. Yes, Mr. President, if he has, once again, tenants there.

Senator Guingona. And if he has a seven-hectare-rice-and-corn land, and he decides not to attend to the rice and corn but to leave it to some other personality, can he do so?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And if he decides to organize a corporation and he is given the retention limit of 15 hectares, he can have that corporation run the 15 hectares, can he not?

Senator Alvarez. I do not think he can do it as an absentee corporate landowner, Mr. President. In that case, if the value of the land in relation to the corporation is 51 percent or more, then if the land is going to be cultivated as a totality, as a corporate totality, then the tillers will control the cultivation of that land.

In this particular bill, Mr. President, the corporate veil cannot be used in order to subvert the spirit of agrarian reform. One cannot just incorporate and claim a vast area and make tenants out of those who work in that vast area. This bill anticipates that in certain situations where this provision or the parceling of the land would produce negative effects on production,

then the land may be distributed and owned indirectly by the tillers, like shareholders, especially if the value of the land in relation to the total value of the enterprise is 51 percent or above.

Senator Guingona. But it is a fact that even now there are many landowners already organizing corporations in anticipation of this land reform measure.

Senator Alvarez. Mr. President, the only reason why those corporate entities can be allowed to remain intact is when to fragment them, will work to the prejudice of the tillers themselves because we will lose the economy of scale and the total effect of efficiency of operating the whole piece of agricultural enterprise into one machinery of production. But even then, when we have to undertake the system or mode of production, we will still have in this bill a redistributed mechanism of the ownership. Farmers can continue to own the spiritual shares in the whole.

Senator Guingona. Spiritual?

Senator Alvarez. Yes. We need not fragment. They own it in common or in the manner of corporations, they can own shares.

The President. The Gentleman means intangible.

Senator Alvarez. The intangible shares but they own it indirectly, either as cooperatives, in common ownership or in corporate ownership, but that is only because it would not be rational to fragment the land. We have to keep the land intact, remembering that land reform is intended to improve the quality of life of the tillers of the soil. If one is going to be irrational or unproductive as to fragment and parcel the land, then there is no reason for parceling the land, because we will not be serving the spirit and the letter of agrarian reform. That is another mode of agrarian reform when farmers could be indirect owners but as a part of a collective.

Senator Guingona. In other words, there are certain areas, especially agro-industrial areas where the land is not cut up into pieces but is owned collectively by a corporation or a cooperative. Is that correct?

Senator Alvarez. Which will be owned by the tillers and other farmworkers, Mr. President.

Senator Guingona. Which will be owned by the tillers.

Senator Alvarez. In the transition, this bill provides that these operations, admitting the social fact that farmers may not be in a position to manage it efficiently, the farm could be managed by a professional management group until such time as we would have raised the ability of those who own it to manage it directly themselves.

Senator Guingona. Del Monte pineapple has many thousands of hectares, many thousands of employees. Will the farmers in Del Monte eventually own the land?

Senator Alvarez. I believe so, Mr. President, not just the farmers, the packers. I mean . . .

Senator Guingona. When will they eventually own the land?

Senator Alvarez. When, Mr. President? It will depend. But there is a mandate here that at the end of five years, then the Government can look.

Senator Guingona. Will they be shareholders and spiritual holders of shares of stocks in Del Monte pineapple plantation?

The President. The Chair does not understand the term "spiritual shareholders."

Senator Guingona. I am only quoting from the distinguished Sponsor, Mr. President. [Pause] Intangible, I am sorry.

Will the farmers own the intangible assets or the holders of the shares of stocks of Del Monte

pineapple plantation?

Senator Alvarez. We will have to look into the specific cases of these lands, Mr. President. I believe that some of these lands are leased from the Government.

Senator Guingona. At very low rates.

Senator Alvarez. At very low rates. In which case, we must have corrective measures. Eventually, the tillers will have to own these lands and they will have to be leased from the owners of these lands.

The President. The Chair would like to find out whether this bill, this proposed measure, abolishes the idea of corporate farming.

Senator Alvarez. Mr. President, in the sense that juridical persons hold vast tracts of land, yes. Because this accepts the fact that those who till the land for the corporate entities can own the land under this program.

The President. The corporate farming concept was introduced during the Martial Law period. Is that going to be continued under this proposed measure?

Senator Alvarez. I do not believe so, Mr. President, because the only reason for keeping entities of land formation as an acknowledged means of agriculture production is when breaking them up as such would result or produce negative results. It will not redound to the benefit of the tillers themselves, the farmers themselves.

In the case of corporate farm holdings, it can easily be shown that these farm holdings were used by commercial entities to produce food or rice for their own employees. It was an expedient way of producing food for their employees which the Marcos regime had resorted to at the time. But it can be shown that through the ownership directly of the farmers themselves, the same need for food or surplus production can be achieved.

Senator Guingona. Mr. President, I wish

I would agree with the distinguished Sponsor. But from the reading of the bill, it encourages and allows corporations to be established precisely to undertake agro-industrial projects and exempts these lands from the operation of distribution under the rationale that we would like to increase or maintain production for the benefit of the farmers. And so, in sum, corporate farming is still allowed if not abetted.

Senator Alvarez. In those systems of agriculture where the economy of scale redounds to the benefit not only of the farmers themselves but of the nation as a whole, yes, this is acknowledged, Mr. President. We do not intend to be unsystematic and irrational. However, we are not saying here that the ownership of the land, if they do not yet belong to the tiller, may not ultimately redound to the ownership of the tiller, and the leasehold relationship which is obtaining right now between the Government and some of these corporate plantation types of agriculture can prevail. The land can belong to the tillers themselves, leasing it to the corporate entities with whom they establish some kind of productive partnership for purposes of mutual benefit and gain.

Senator Guingona. Let us assume, Mr. President, that there is a 1090-hectare farm where there are 100 tenants. Under the Gentleman's concept, if this is agri-industrial following the standards, the corporation can continue to operate that land, and it is excluded from the distribution scheme under his program. Is that correct?

Senator Alvarez. Well, that depends, Mr. President. Under the bill, if the value of the land is 51 percent or more, then the farmers or the tillers can own the land indirectly or collectively.

Senator Guingona. Through shares of stock?

Senator Alvarez. Yes, through shares of stock.

Senator Guingona. How much of the capital shares of stock will the farmers own?

Senator Alvarez. The majority, if it is 51 percent.

Senator Guingona. They will own 51 percent?

Senator Alvarez. If the value of the land constitutes less than the majority, naturally.

Senator Guingona. After three months of operation, the management decides to increase capital in order to have more production. And each one, in accordance with the Corporation Law, must now put up the necessary capital. And so, the manager, the former landowner will advance the amount and dilute the shares of the farmers whether spiritually or actually, and in the process, therefore, negate the ownership of the land. Does the Gentleman not agree that that is a very distinct possibility, considering that corporations from time to time increase their capital to meet not only exigencies but increased targeted production?

Senator Alvarez. In the first place, Mr. President, when the program is implemented and 51 percent is in the hands of the tillers, then management will be in the hands of the tillers.

Senator Guingona. Management will be in the hands of the tillers?

Senator Alvarez. Yes, for those who represent the interest of the tillers.

Senator Guingona. In other words, in Dole or Del Monte Pineapple Corporation, the workers or the tillers will now have the management of Del Monte pineapple plantation.

Senator Alvarez. I am not saying that categorically at this point, Mr. President, because we have not really gone into a valuation measure on how much the land is going to be valued, in

relation to the totality of the operation of Dole Corporation.

Senator Guingona. Assuming it is more than 51 percent in accordance with his standard—

Senator Alvarez. Yes, Mr. President.

Senator Guingona. — — would they then own the land?

Senator Alvarez. Yes, collectively.

Senator Guingona. Would they then manage the corporation?

Senator Alvarez. They will be in the majority, Mr. President, assuming the value of the land is more than 51 percent.

The President. I thought it is the corporation that owns the land, and the shareholders merely own the shares in the corporation.

Senator Alvarez. That is correct, Mr. President. But I am short cutting my answers by saying that, if the land is worth 51 percent or more; then those who own the corresponding value of shares of stocks representing his land would necessarily be in a dominant position in the Board. They will represent the interest of the tillers, which will be the controlling interest. Theoretically, we can safely assume that those who represent the interest of the majority will protect that interest.

The President. We know that in corporation law ownership does not necessarily imply control. Actually, in the life of many corporations here and in the United States, owners of shares of stock are not necessarily in control of the corporation.

Senator Alvarez. That is possible, Mr. President, as it does happen. Even San Miguel is controlled by not more than six percent of Soriano's shares of stock. But when we launch this program and the dominant 51 percent is entrusted to the tillers, or perhaps, even more, we were hopeful that the mechanism or the

safeguards are there, so that the interest of the majority will truly be protected.

The President. Unless this bill specifically states that the shareholders who control the majority of the shares will actually control the corporation in every instance; otherwise, the people in management can always resort to corporate control devices, such as proxy shares.

Senator Alvarez. That is understandable, Mr. President. The underlying assumption here is that the power and the rights of the majority will be felt and will be asserted. If there should be a necessity for tightening this measure so that, indeed, the rights of the majority will be protected, then surely, this bill will be improved by such amendments or proposals for amendments.

Senator Guingona. Which will mean a change in the corporation law.?

Senator Alvarez. I do not know what amendment here will imply change in the corporation law at this point, Mr. President.

Senator Guingona. Mr. President, because the corporation law is fashioned in such a way that he who holds the purse controls management, controls the operation, controls everything in that corporation. And if the laudable purpose of the Gentleman is to give equitable ownership for increased benefits to the farmers, I am afraid that unless we plug the loopholes, management and the capitalist owners can easily trifle with the supposed objectives by increasing capital.

The President. Yes. But increasing capital under the corporation law must meet certain requirements. We cannot do that if it will mean the dilution of the present rights of the shareholders unless they agree.

Senator Guingona. Under the corporation law, two-thirds. The voice of the minority is very indistinct in many instances, Mr. President.

At any rate, I would like to clarify whether it is true that the workers will be the ones to manage the farm; in the concrete case, the Dole pineapple plantation.

Senator Alvarez. In the concrete case, I cannot speak of the Dole Corporation, Mr. President. But the principle here is that if the land represents 51 percent and, therefore, it is the dominant interest in the total agri-business enterprise, and being the dominant interest, the workers can appoint its set of managers.

Mr. President, if the Chair does not agree, and I think in the period of amendments we can look into this more carefully if the Chair feels that there are needed safeguards for it.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Fishponds and saltbeds are excluded.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Orchards for coffee and cacao are excluded. Is that correct?

Senator Alvarez. Orchards without specific mention of coffee and cacao, Mr. President.

Senator Guingona. But our coffee and cacao excluded.

Senator Alvarez. They could be — coffee and cacao — excluded.

Senator Guingona. What if they meet the 51 percent standard?

Senator Alvarez. If they cultivated on a corporate scheme and the 51 percent of the total operation. Because there is an assumption here, Mr. President, that in agri-business or agri-industrial operation, there may be machineries or rather processing plants involved so that the value of the land may be less than the total value of the enterprise. If the value of the land is more than the total value of the enterprise, then the dominant interests are those who will own the land.

Senator Guingona. Let us say that it is already a corporation that is the owner of the cacao plantation and there are a hundred tenants. Would the corporation go ahead undisturbed by any distribution assuming that the 51 percent standard is met?

Senator Alvarez. In the case of orchards, Mr. President, the scheme for agrarian reform here is the sharing of the fruits.

Senator Guingona. Yes, therefore, the corporation would continue unmolested.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Does the tenancy relationship cease or continue?

Senator Alvarez. It is going to be under the labor administration. It is not a tenancy relationship. The relationship in those mode of agriculture will be one of worker and their wages will be governed by a wage board.

Senator Guingona. Yes. But they are no longer workers in the strict sense because they would now own part of the corporation. As a matter of fact, according to the distinguished Gentleman, they would own the land; they would manage the farm. So the tenancy relationship is severed.

Senator Alvarez. No. The distinguished Senator is referring to a specific provision of the bill, Mr. President. The Gentleman is referring to aquaculture, orchard, banana plantation, and perhaps, salt beds. In this mode of agrarian reform, we have provided for the sharing of the fruits.

Senator Guingona. Yes, I know. But I want to know to what extent the fruits are there and how the sharing will be done; whether those who are to share the fruits are still tenants; whether they are no longer tenants; or whether they are already shareholders.

Senator Alvarez. They are going to share three percent from the gross on the production.

Senator Guingona. What is three percent of the production?

Senator Alvarez. Of the gross, that will be the share of the workers of those enterprises, Mr. President.

Senator Guingona. In addition to the shares that they hold.

Senator Alvarez. No. The people who work in these enumerated enterprises, Mr. President, are going to be paid as workers. They are not going to be tenants.

Senator Guingona. So the tenancy relationship is severed, cut, finished.

Senator Alvarez. They are going to be workers, Mr. President, yes.

Senator Guingona. No. But I thought, they were going to be owners.

The President. I think Senator Guingona is talking about a corporation where we have shareholders, and the Sponsor is talking about an ordinary enterprise where it does not have shares of stock.

Senator Alvarez. Yes, Mr. President.

The President. So the Gentleman is actually talking about two different things.

Senator Guingona. That was far from my intention, Mr. President. I started out with an example: a corporation is already existing.

SUSPENSION OF THE SESSION

The President. May I suggest that we take a brief respite, if there is no objection. [*There was none.*]

It was 7:09 p.m.

RESUMPTION OF THE SESSION

At 7:10 p.m., the session was resumed.

The President. The session is resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

MOTION OF SENATOR MERCADO (Recommittal of Senate Bill No. 34 to the Committee on Local Government)

Senator Mercado. Mr. President, I move that we recommit to the Committee on Local Government Senate Bill No. 34 entitled

AN ACT ABOLISHING THE METROPOLITAN MANILA AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES.

Senator Lina. Mr. President.

The President. Senator Lina is recognized.

Senator Lina. Before we vote on the motion, Mr. President, I would like to make the following manifestation. This Representation will agree to the recommitment of the bill to the Committee on Local Government.

This may be a record of sorts, Mr. President. This will be the second time that this bill is going to be recommitted. The situation is understandable because this has become a controversial bill in the sense that we could not even agree among ourselves whether the bill in question is a bill of local application or not.

Mr. President, I conducted an informal survey of our Colleagues here, and on my lawyer's oath, I am going to report that the Senators hope that majority of our Colleagues are of the opinion that this is not a bill of local application, therefore, I would have the necessary ammunitions, so to speak, to pursue this point — this logical conclusion, and therefore, even ask a vote on this issue. But I will not do that, because I see that if I insist on this technical point even if we reach the Conference

VACATED IN THE SENATE BY SENATOR RAUL S. MANGLAPUS, TO COINCIDE WITH THE NEXT LOCAL ELECTION.

I move that said Bill be laid on the table and sent to the Archives.

The President. Is there any objection? [Silence] Hearing none, the same is approved.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive
Agrarian Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249. We are still in the period of interpellations and Senator Guingona has manifested his interest to interpellate the Sponsor, Senator Alvarez.

I move that we recognize both Senators.

The President. Senator Alvarez and Senator Guingona are recognized.

Senator Guingona. Mr. President, will the distinguished Sponsor yield?

Senator Alvarez. Gladly, Mr. President, to the Gentleman from Manila, Agusan and other parts of Mindanao.

Senator Guingona. Mr. President, the distinguished Sponsor stated that there would be adequate support services in the implementation of a comprehensive land reform as proposed. Are we correct in assuming that?

Senator Alvarez. Yes, Mr. President, part of the Comprehensive planning mechanism is an inclusion into the program of such institutions like the Land Bank.

Senator Guingona. And as a matter of fact, in Section 5 of Article XIII of the Constitution, it is mandated that the State should provide support to agriculture through appropriate technology and research, adequate financial, pro-

duction, marketing, and other support services.

Senator Alvarez. It is very well-taken, Mr. President. The Gentleman is accurate on this point.

Senator Guingona. Are we safe in stating that under the distinguished Gentleman's program, there will be more or less 2.457 million target beneficiaries envisioned in the program?

Senator Alvarez. It is more than that, Mr. President. There are about 2.8 million targeted beneficiaries or close to about 3 million.

Senator Guingona. Yes. And the last time, if I remember correctly, the distinguished Sponsor said that for each of the beneficiaries, there will be support services, insofar as credit is concerned, in the amount of ₱15,000, more or less.

Are we correct in assuming that?

Senator Alvarez. It should be slightly more, because the targeted support is something like ₱5,500 per hectare.

Senator Guingona. So, it should be ₱15,695 per beneficiary.

Senator Alvarez. Yes, that is the hypothetical assumption in the plan, Mr. President.

Senator Guingona. And this ₱15,695 is intended to cover each beneficiary for 10 years. Is that correct?

Senator Alvarez. Mr. President, I think the computation was on the first and second harvests; so that in the cash flow in the assistance program, it is going to be less than a 10-year stretch. The expectation is that after the initial support, the beneficiaries, hopefully, will be able to fend for themselves.

Senator Guingona. We have our own computation, Mr. President. We would like to ask whether, based on the three-hectare beneficiary production loan allocated per hectare per year, it would amount to ₱1,046.33. Would that be correct, Mr. President?

Senator Alvarez. I think the countryside's thumbmarked figure would be something like ₱5,000 per hectare per year, I mean, per harvest season for rice and corn.

Senator Guingona. Is it ₱5,000 per hectare per year?

Senator Alvarez. It is per harvest season.

Senator Guingona. Per harvest season?

Senator Alvarez. I mean, per planting season. I am sorry, Mr. President.

Senator Guingona. So that, if a beneficiary has three hectares, he would get support services in the form of loans of ₱15,000, more or less. Is that correct?

Senator Alvarez. That is the target, Mr. President.

Senator Guingona. But we understood that the original answer of the distinguished Gentleman was ₱15,000 which would cover the ten-year period, Mr. President.

Senator Alvarez. No, Mr. President. The plan did not make a projection for a loan over a ten-year period. What is contemplated in the plan is a loan for two planting seasons; or perhaps, in a non-irrigated area, it will contemplate a loan for two years.

Senator Guingona. Is it not true that the amount of ₱38 billion is allotted for production loan disbursement?

Senator Alvarez. It is roughly about ₱40 billion, Mr. President.

Senator Guingona. And this has to be divided, more or less, among three million target beneficiaries?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And if we divide that, we cannot have ₱15,000 per hectare per harvest season for the target beneficiaries, can we?

Senator Alvarez. No. The amount is not

intended as a figure that will match a mathematical exact formula for the number of beneficiaries, Mr. President. The financial experts who went through this computation were hoping that the money could be rolled over, so that this year, the amortization would be paid off and next year, it will be rolled over to another group of beneficiaries, including this percentage of interest attached to the loan.

Senator Guingona. Extension services are estimated, according to the distinguished Senator's program, to be about ₱4,844,000,000. Is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And, this is over ten years, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. So that, if we mathematically divide it, although the distinguished Senator says that it should not be mathematically divided, our figures indicate that production loan allocation per hectare per year would amount to ₱1,046.33 and agricultural extension services per hectare would amount to ₱132.00 per year or a total of ₱1,178.86 per hectare per year.

Senator Alvarez. Mathematically, the distinguished Senator is right, Mr. President.

Senator Guingona. Assuming that mathematically this is correct, what kind of crops can the farmer-beneficiary grow on ₱1,178.86 per hectare per year?

Senator Alvarez. These extension services will be made to piggyback on existing services and instrumentalities of the Government. There are already such extension services, and the amount of ₱4.8 billion is intended to expand the program. However, since there are already institutionalized mechanisms that reach out to the countryside, the additional sums and in the computation of the Gentleman not only

amounts to ₱1,178 are actually piggy backing on existing programs.

Senator Guingona. Piggybacking or not, it is a fact that this ₱1,178.88 is inadequate to have the farmer make a go of his three-hectare award for a period of 10 years.

In other words, through the admission of the distinguished Sponsor, he will have to resort to other borrowings, would he not?

Senator Alvarez. This is not imagined as a homogenized program, where one farmer would be the same as the other, or that after the first three years of harvest, then they will continue to avail of the credit system. The assumption is that, somehow, after the first two years of harvest, some of these farmers would have gained the necessary surplus, so they will have their own economic base and will not be needing the resources which are extended by the Government for credit or extension services.

Senator Guingona. The experience, however, of the farmers under the PD No. 27 Land Reform Program was the very reverse, that instead of being already viable after three years, their plight worsened, production became lower, and the Land Reform Program was a failure, because there was no adequate support services, was it not?

Senator Alvarez. The Gentleman is correct, The greater part of the blame for the failure of that program, for its incapacity to take off successfully was the inability to conceive of a comprehensive support mechanism, financing credit mechanism, so that many of the new owners were compelled to seek loans using as collaterals their newly acquired rights over the lands given to them under the program. Unfortunately, these loans which were supported with *sangla* became *sanglang bili* at the end of four harvest seasons or even a lesser or shorter period of time.

The support services, the credit system, the extension services, even the marketing services, are vital components of this Comprehensive Agrarian Reform Program, perhaps equally important, if not more important in instances than the land distribution program, Mr. President.

Senator Guingona. Therefore, if we are to make this Comprehensive Agrarian Reform Program succeed now, instead of failing again as in the past, we should make sure that the support services are really there and that they are in substantial quantities, adequate to really support and not just to act as appetizers that will peter away as they did under PD No. 27, Land Reform.

Senator Alvarez. The distinguished Gentleman is correct. The figures are awesome, that is why they have to be carefully planned, they have to be carefully figured out before we even begin to launch this program.

Senator Guingona. But going back, therefore, in order to determine whether there are adequate support services, if the loan and extension services envisioned in the program amount only ₱1,178.986 per hectare a year, does the Gentleman not think that this is inadequate and could lead the farmer either to try to get from institutionalized credits further logistics or to go to the non-institutionalized traditional sources of credit at higher rates of interest?

Senator Alvarez. The Gentleman is right. When we distribute small landholdings, small landowners become victims to middlemen of the countryside, that is why we must really provide adequate credit facilities.

What we had targeted here is the credit facility for the first two planting seasons, as I pointed out, and the expected returns on the collections would be somewhere in the vicinity of 40 percent to 60 percent, and this is computed with the initial preparation of ₱40 billion

Hopefully, we may be able to roll it to cover the needs over a long range of time.

In any case, the Presidential Agrarian Reform Council has the Land Bank, and even the Department of Finance, participating in carrying out and implementing the policy of this Comprehensive Agrarian Reform Program. I do expect that there will be some inadequacies in the targeted amount and I think that this all-comprehensive policy-making body responding to this all-comprehensive program will be able to fashion out the necessary policy adjustments.

Senator Guingona. In other words, we are concentrating credit even at the small pittance of an amount in the first two years?

Senator Alvarez. Right. The Gentleman is correct, Mr. President.

Senator Guingona. But in the third year the farmer-beneficiary will be burdened by payments not only for the credits but also for the installments due the land grant given him, would he not be so burdened?

Senator Alvarez. Yes, Mr. President, but the amortization that we have provided under this bill accepts the fact that the burden should not be such that the farmer will not be able to cope with his financing obligations. We have provided here a spread of 30 years and the payment to begin only after the second year of the award. The payment will consist of 10 percent of the gross harvest and when and if the farmer is unable to pay, the Department of Agrarian Reform steps in and makes the corresponding adjustment especially when the harvest is unable to bear the amortization burden. So that it is accepted that this is a subsidized credit principally to enable the new beneficiary or even the landowner to be able to cope with the demands of financing and the new demands of land ownership.

Senator Guingona. Correct, Mr. President, if the farmer did not avail himself of the credits

from other sources. But if, for example, as is natural and as has been proven by experience, the *Masagana* and the other forms of land reform in the past, he borrows from the traditional moneylenders in the locality, he naturally has tendency to first pay off the moneylenders, especially if it is a loan in kind, and attend to the subsidized credit least or last. Because that is the least of the burden, but it is a burden just the same. If the farmer is beset by too many obligations, then this land reform will fail, and the intended production of his three hectares will likewise fail.

Senator Alvarez. I am sure, that there would be such cases because the targeted beneficiaries are numerous. However, it was contemplated in the Bill that the credit obtained on this land will be limited to one credit only. There will be such ways of disqualifying further credit so that we do not overburden the capacity of the new beneficiaries in settling obligations.

Senator Guingona. Let us envision the farmer who is given the three hectares of land, Mr. President. He goes into the land cold, does he not? He has no money; he has no carabao, no instruments, no technical know-how to a sophisticated degree; nothing. He is given a loan and an extension services of ₱1,178.86. What would be the production cost if he intended to utilize the land for sugar?

Senator Alvarez. I can tell something about rice offhand, Mr. President. For sugar, we shall leave that at some future time, and I shall have the exact figures for the Gentleman. But if one is opening fresh land for rice, he will need to buy a carabao of about four to five years old to be able to work very well.

Senator Guingona. How much is a carabao, Mr. President?

Senator Alvarez. A good well-sized mature carabao is about ₱5,000; if it is a smaller size, it is about ₱4,000. And then, one will need some

expenses for seeds. He will need some expenses for additional helping labor. But fortunately, the typical case of a grantee is not a three-hectare grantee. It may be a two-hectare grantee or, on the average, it is about; 1.4 to 1.8 hectares' grantee. So that, essentially, the start-up capital will be somewhere in the vicinity of ₱5,000 per hectare. If he has to buy a carabao, that means ₱5,000 plus ₱5,000, or roughly about ₱15,000 if he is cultivating two hectares.

Senator Guingona. Mr. President, I understand that a carabao today costs ₱10,000.

Senator Alvarez. That is a very expensive carabao, I think a good-sized carabao would be about ₱5,000; that is, a four-to-five year-old carabao.

SUSPENSION OF THE SESSION

The President. With the permission of the Gentlemen on the floor, we can settle this figure during a brief recess.

The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 5:19 p.m.

RESUMPTION OF THE SESSION

At 5:57 p.m., the session was resumed.

The President. The session is resumed.

Senators Alvarez and Guingona.

Senator Guingona. Mr. President, will the Gentleman answer my questions?

Senator Alvarez. Yes, Mr. President. I will gladly answer all the questions of the Gentleman.

Senator Guingona. We do not know if the distinguished Gentleman will agree. But we tried to verify the price of carabao during the recess, and it was pointed out, that the price of carabao varies between ₱7,000 and ₱10,000 for a carabao that is ready for work. I think

what the Gentleman is referring to was a very young carabao which is not yet trained.

Senator Alvarez. A five-year old carabao, the average carabao, Mr. President. Well, be that as it may, we can leave that figure behind, which only points to the fact that on the basic working tools of a small farmer in the countryside, a credit facility is really needed. There is a shortage of working animals. Many of the working animals of tenant farmers are shared. For this reason, I think the question of the Gentleman is very providential. Perhaps, we can include a specific item on financing — carabao appreciation or a program of large-scale carabao raising in the country so that we can have a Carabao Dispersal Program. In fact, we now have a Cattle Dispersal Program. We will be needing something like roughly three million carabaos.

Senator Guingona. Mr. President, the distinguished Sponsor informed us that he would give us the approximate cost of production per hectare for sugar next time. I hope he extends this to other crops, like coconuts, vegetables and such other varieties, because we sincerely feel that with ₱1,178.86 per hectare over a 10-year period, we may end up with the same tragic experience that we had under PD 27. The distinguished Gentleman's answer was that if it is lacking, then the farmer would have to go to the institutionalized credit institutions.

Senator Alvarez. That was the observation of the Gentleman, Mr. President. I did not suggest that they should be left to the mercy of money lenders and middlemen in the countryside.

Senator Guingona. But is the Gentleman aware that experience shows that our farmers, specially the small ones, do not want to go to the institutionalized financing institutions because of the burdensome procedure, the high interest cost, et cetera. It is better for them to go

to the traditional money lender who gives them the cash with no questions asked. Facts and figures show that very little reliance is given by the farmers, specially the small ones — think only 10 percent of them — rely on banking institutions, and the great bulk would rather go to the traditional money lenders.

Senator Alvarez. That is correct, Mr. President. There is a very strong resistance on the part of the small borrowers, on the side of borrowers, in going to formal institutions, banking institutions, if there are, because of the requisites. However, we hope that new mechanisms could be expanded so that the accessibility of credit facilities, even from formal institutions should be kept wide open even for small farmers as well.

We are not contemplating here the normal transactions in the countryside. We hope that with the implementation of this program the information drives, the extension services, and the very dynamism of the whole process would open up both the awareness of farmers and the concern of Government so that there will be a mutual support atmosphere that would be generated to help the program.

Senator Guingona. And if those new mechanisms are not forthcoming, the farmer who is the beneficiary, the three million expected beneficiaries, the majority, would again have to rely on money lenders, on traditional money lenders, the so-called 5-6 sources of credit, would they not?

Senator Alvarez. Yes, Mr. President. If we fail, then we will fall back into the same pit. This program is a reform program and hopefully it is going to lift us out of that social morass to which many of our small farmers have been condemned in the past.

Senator Guingona. So how then will this program under the bill of the distinguished Sponsor hope to provide the adequate support

services, even in the realm of credit itself? There is already a basis for saying that the farmer will be so burdened that he cannot make the envisioned target production.

Senator Alvarez. As I was pointing out to the distinguished Gentleman, Mr. President, the targeted level of credit here is meant to assist the farmer on the first two harvests and thereafter, the credit bulk will be self-generating as it moves along. There are certain economic assumptions or financial assumptions which I am sure the Gentleman would be more at home than this Representation because he is sharply aware that a certain element of business and financial transactions are involved here. These assumptions, however, are not static assumptions. We do not really know what can happen after the third year of the program. But as I have reassured him, since this is going to be a centerpiece of a comprehensive program of this government, then the bureaucracy that will involve at least seven other departments of the government, which is being created to oversee this program, will be able to hopefully make the necessary changes. The targets indicated in our plan are targets which have been crafted to incorporate a response to a certain number of beneficiaries. I will agree with the Gentleman that we expand the number of beneficiaries to, let us say, 15 percent more; the financing scheme will really be unmanageable; but it is really concerned with what we have at this level.

Senator Guingona. Yes. But am I to understand therefore that the first two years would be the concentration of credit extension, puny though it may be, and that on the third year, the farmer is left to himself to shift in the hope that he can have other factors to help him attain the production targets envisioned for him?

Senator Alvarez. Mr. President, the planning time frame here is five years. In the first two years, some of them will receive credit, then,

some on the third and fourth year, and then, the whole credit capital will roll.

Senator Guingona. So credit is extended throughout the ten-year-period. Is that correct?

Senator Alvarez. Yes, credit will always be there. But the assumption is that, on the first two to three years, the small farmer will attain a certain level of self-sufficiency so that the start-up credit will not be the same for the subsequent credit necessities.

Senator Guingona. The distinguished Sponsor has already admitted that this amount may not be sufficient. May we envision the farmer-beneficiary who is awarded the three hectares? Where does he go to get this credit?

Senator Alvarez. If there is no sufficient credit, then it will affect his production. He might become a subsistence farmer. He might be producing only for his needs and his family, and he will not be able to sell to the market.

Senator Guingona. The question, Mr. President, is: He is awarded the land. He now wants to start production. Where does he go in order to avail himself of the credit extension support program under this bill?

Senator Alvarez. He will be left to his devices, Mr. President. He will be forced, perhaps by circumstances, to fall back on the credit facilities in the countryside; perhaps, the middleman.

Senator Guingona. I thought that there was a P38 billion earmarked for credit extension.

Senator Alvarez. I thought the question was: if no credit were available.

Senator Guingona. No. The land was already given to him. Now, where does the farmer go to avail himself of the credit under this program?

Senator Alvarez. I see. The credit facilities will either be through the available rural banks;

some may even be in certain local commercial banks which will be used as a conduit for credit, also Land Bank extensions, and certain cooperatives.

Senator Guingona. Let us say that in a farm in Mindanao, there is no commercial bank, where then would he go?

Senator Alvarez. Mr. President, he will have to go to a place where his credit needs will be serviced. This is going to be a part of the program whereby the Land Bank will extend its physical ability to provide credit.

Senator Guingona. Supposing, in that area, there is no commercial bank, no Land Bank and no rural bank, where does he go?

Senator Alvarez. Then the farmer may have to go to an adjoining town. Every other town almost has a rural bank, if we are able to resuscitate the moribund rural banking system.

Senator Guingona. He goes to the next where there is a Land Bank.

Senator Alvarez. Yes, Mr. President, hopefully.

Senator Guingona. He applies for the loan.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. How much interest will he have to pay?

Senator Alvarez. I understand this is going to be in the nature of a subsidized loan. If the commercial rate of interest— —if I am not clear on this. In the discussions that we have, if it were a rural bank, then the rural bank would charge something like the prevailing rate of interest which is about, if at that time it is 12 percent, then it is going to be 12 percent per annum.

Senator Guingona. Mr. President, this is based on a supervised or an agricultural credit program, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Based on the agricultural credit program in the past, we have a study which shows that the borrower-farmer must have to pay for crop insurance, is that correct, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And he will have to pay for various savings fund which, in effect, would be equivalent, perhaps, to cooperative that would be implemented. Is that correct?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And the study further shows that the transaction cost is estimated to be six percent, including meal expenses, and there is an item for facilitator expense in order that he can acquire the credit with facility.

Senator Alvarez. Is that the Masagana 99, Mr. President?

Senator Guingona. Yes, and after all of those, the effective rate is 34 percent— 34.2 percent. Under this kind of agricultural credit system, which I suppose will be implemented under the distinguished Gentleman's program, the borrowing, the support service, will not be cheap; it will be a burden, as a matter of fact, to the farmers.

Senator Alvarez. Assuming that we commit the same mistakes as we did in the past, then the cost of money will really be unaffordable, more so for the small farmers.

Senator Guingona. As a matter of fact, that study shows that small farmers dwindled in borrowing money, and more than 68 percent of the borrowings went to bigger farmers. Only a minuscule 27 percent went to small farmers with diminishing percentages, which indicates that the small farmer will not only be burdened by this kind of credit, puny though it is, but he will have to turn to the traditional lender. And in borrowing from the traditional lender, the high rates of interest will even be

worse. And therefore, I would like to ask the distinguished Sponsor whether he has considered improving the support services so that this program can succeed. Otherwise, why put up a program that will only follow the path of failure in the past?

Senator Alvarez. It is quite true, Mr. President, under the assumptions cited by the Gentleman, that the program and the credit system which will be utilized to carry out this program could prove to be another failure as it was in the past. But as we have pointed out here, if we forget our past, we are condemned to relive it. Let us try to learn from the errors of the past, and in crafting this credit system, hopefully, our money managers will be creative and ingenious enough so that they are not going to be the burden and the cause for failure, but instead will be an instrument for the success of the small farmers.

Senator Guingona. I think the lessons of the past are already very clear and if the experience is right, it should tell us that ₱1,178.86 per hectare will inevitably result in failure. Why then do we present this kind of program to the people?

Senator Alvarez. Mr. President, I pointed out that it will not amount to that because there are certain assumptions. Be that as it may, without necessarily conceding to the Gentleman but seeing his concern for viable financing volume or meaningful financing credit system, this is precisely the reason why we kept this program into a modest, wisely manageable level, unlike the presentations and proposals made before the Committee, which had promised a piece of blue sky, because, precisely, if we go by those other proposals, the numbers feared by the Gentleman will go by geometric proportions, and truly this Government will not be able to afford it — — not with this economy for the coming ten years.

Senator Guingona. Can the Gentleman en-

lighten this Representation as to what other programs—offer the sky — and therefore is impractical?

Senator Alvarez. There have been some proposals here, Mr. President, that will double the costs of what we have proposed, embracing a wider scope of implementation, and our concerns and fears precisely would even be multiplied if that is going to be the program that will be undertaken. Already, under this carefully targeted beneficiary level, in the frame of the financing proposals that we have, we may encounter some difficulties as have been enunciated or brought out in his interpellation. With more reason that, if we are going to run a program which will double the cost by expanding within unmanageable level, our targets, then truly our problems, perhaps, will be an awesome possibility.

Senator Guingona. Is the Gentleman referring to the program of Senator Aquino?

Senator Alvarez. I am referring to the proposal in Senate Bill No. 123, Mr. President.

Senator Guingona. But if I heard Senator Aquino right, his expansionary program would be implemented in accordance with what capacity or capability the Government has.

Senator Alvarez. If we go by the standards which have been worked out in the Committee within the time frame that we had indicated, the fulfillment of this program, the capacity will never be there in this Government for the coming ten years, perhaps even for the coming 15 or 20 years.

Senator Guingona. But Senator Aquino's capacity will always be there.

Senator Alvarez. I have no doubt on the sincerity of the good Senator from Tarlac, Mr. President, but I doubt the capacity of our thin economy to be able to undertake a very imaginative program as conceived under this

bill.

Senator Guingona. Since support services are mandated by the Constitution, may we return to that and ask the distinguished Sponsor: Supposing the farmer is awarded a three-hectare land and there is no storage or drying facilities for his palay, where does he go?

Senator Alvarez. We have the multipurpose pavements, Mr. President. Perhaps, some of us can make good use of our Public Works allocation to create in every municipality; and in every barangay this pavement where they can dry their palay.

Senator Guingona. So the pavements will be institutionalized as drying places for palay.

Senator Alvarez. It is one of the possible fallbacks, Mr. President, in an anticipated increased production.

Senator Guingona. The farmer wants to store his produce for better prices in the future but there are no storage facilities. Where will the farmer go?

Senator Alvarez. It is expected that the NFA will continue or even expand its quedan system for rice and corn. For this reason, Mr. President, in the Presidential Agrarian Reform Council, the NFA, through the Department of Agriculture, is going to be part of the Board which will be under the direct chairmanship of the President.

Senator Guingona. Mr. President, may we make the reservation to go back later on to the extension services and to the support services.

May I ask if there are adequate personnel in the Department of Agrarian Reform to extend services to the farmer who is awarded the three-hectare land?

Senator Alvarez. The extension services will be undertaken by the Department of Agrarian Reform and also by the other departments that have more personnel in the field, like the De-

partment of Agriculture and even the Department of Natural Resources.

Senator Guingona. We have had discussions with some officers of the DAR and they say that there is this Agrarian Reform Adjudicatory Board, under the proposed bill, which will sap about 50 percent of the personnel in agrarian reform disputes, on land claims, on valuation between landowners and farmers, thereby depriving 50 percent of the supposed personnel to extend agricultural extension services.

Would the Gentleman agree that if that were so, then it would cripple the help envisioned under this program?

Senator Alvarez. I do not know the specific percentage, Mr. President. But the Agrarian Reform Adjudicatory Board provided in this bill will have its own administrative structure.

However, I doubt very much if it is going to absorb that much personnel. In any case, under the new reorganization plan, we have proposed to double the number of personnel of the Agrarian Reform Department. I think what has come out was an increase of about 6,000— from 9,000 personnel to about 14,000 to 15,000 level under the present budget.

Senator Guingona. So from 15,000 — if 50 percent were to be taken to the Adjudicatory Board — then it would leave about 7,500 to service three million farmer beneficiaries across the land.

Mr. President, does the Gentleman really believe that these extension workers can adequately help the beneficiaries? Or will they again fail, in the same manner that they failed, notwithstanding the sincere efforts of some to help the beneficiaries of the Land Reform Program under PD 27?

Senator Alvarez. At this point, Mr. President, I share the concern of shortage of personnel in the field. But I dispute the Gentleman's figure of 50 percent. I doubt if the

Agrarian Reform Adjudicatory Board, while it will have support personnel, will absorb 50 percent. I do not think it will even absorb 10 percent.

Senator Guingona. Even if we say that the entire 15,000 personnel will be distributed to the three million farmer-beneficiaries, would the number, at least, in the quantity, be sufficient to service and improve the production goals of this Agrarian Reform Program?

Senator Alvarez. Mr. President the services that will be extended to achieve production will not be entirely from amongst the field personnel of the Department of Agrarian Reform. They will come from the other departments as well. They will come from the Department of Agriculture, from the Department of Environment and Natural Resources.

Senator Guingona. The Constitution mandates appropriate technology and research. Can the Gentleman tell us what appropriate technology and research are being undertaken under this program to make it successful?

Senator Alvarez. I am aware of the studies that we had supported and continue to be supported in the Department of Agrarian Reform.

There are new ways of intensive cultivation that have been piloted in the countryside so that a small hectare of land using this technology, would be suitable to be able to support a family of six in the countryside.

This technology consists of using what we call intensive diversified farming, so much so that with this kind of technology, a lot of pilot programs in the countryside have already been proven to be successful in raising the consciousness of farmers on making production feasible to the level that they will be able to support their family.

This technology is not one single technology, like the application of fertilizer or the use

of machines. But it is a technology of how to have a systematic farming management system with a small piece of land — a two-hectare land or a three-hectare land. We set aside a portion of the land for rice, a certain portion of the land for vegetables, and perhaps, if there is an abundance of water, a certain portion of the land set aside for fish and duck-raising, and an animal husbandry on the side.

And this integrated farming method, one complementary to the other, conserving the ecological interrelationship of these different segments of the farm, brings about very productive and very wholesome results for this small-scale farming technique. This is one of the technologies.

In coconut areas, intercropping is being applied so we have a multi-story cropping system, from the lowest to the medium, and then, finally, to the coconut tree. That is why they call it multi-story because the growth comes in several levels.

Senator Guingona. Outside of the agricultural schools like Muñoz Agricultural School and outside of some big farms, can the distinguished Gentleman point out some pilot projects where this high technology of integrated farming can be pointed to, as illustrations to the three million beneficiaries who will have lands under this program?

Senator Alvarez. There are quite a number, Mr. President. There is a program in Victorias, Negros. There is a program in Talavera in Central Luzon.

Senator Guingona. How about in Mindanao?

Senator Alvarez. Yes, there is a program. I do not remember the site of that program in Mindanao, but this pilot program for intensive small-scale agriculture is already quite widespread.

Senator Guingona. Would there be one in Sulu?

Senator Alvarez. I am not aware of one yet, Mr. President.

Senator Guingona. At any rate, even assuming that there are — and frankly, I have yet to see these pilot projects that the Gentleman says could illustrate the high technology and continuous research — the inputs, the costs of production of these high integrated farms, would naturally be much higher than the ordinary straight farming, would they not?

Senator Alvarez. Suprisingly, Mr. President, we can control the costs with this integrated diversified intensive agriculture especially when the technique of natural fertilizer formation is fully understood and utilized by the farmer.

Senator Guingona. What kind of fertilizer would be used under this high technology system?

Senator Alvarez. Not chemical fertilizers, Mr. President. Natural fertilizers — yes. It is a compost-pit fertilizer.

Senator Guingona. Mr. President, I have heard some farmers complain that the non-chemical fertilizers do not give sufficient yield and, therefore, they prefer the chemical fertilizers although it is more corrosive to the soil. They prefer that.

Senator Alvarez. They will prefer it because it has a controllable booster effect. If the plant is at a certain level, when they apply the chemical fertilizer, the growth is predictable already within the coming few days. However, if the soil if fertilized evenly with natural fertilizer, they will have a sustained growth which, of course, can only be achieved with a more consistent husbanding of the land.

Senator Guingona. Could the distinguished Author furnish us the cost for this high-technology-integrated-farm varieties the next time around, so that we can compare it with the actual realities of traditional farming?

At any rate, I would like to ask the distinguished Sponsor: One of the purposes of this Comprehensive Land Reform Program is to do away with tenancy, is it not?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. But under the bill, if the retention limit is seven hectares, 12 hectares and 15 hectares, the tenants working in the 7 hectares, 12 hectares, and 15 hectares would remain as tenants, would they not?

Senator Alvarez. Yes, in certain cases, but not necessarily in all cases, Mr. President.

Senator Guingona. And, therefore, it does not really achieve the objective of eliminating tenancy, does it?

Senator Alvarez. Yes, Mr. President, it does not absolutely eliminate tenancy. There are about two million tenants now in the countryside; but under this program, this two million can be liberated. Therefore, the fundamental characteristic of the countryside, which is tenancy relationship, would be undone.

Senator Guingona. But the evils of tenancy within the 7 hectares, within the 12 hectares, within the 15 hectares would remain, would they not?

Senator Alvarez. Perhaps, but we will cut it down to a very manageable level, because, as part of the amendment later on, when we get into the amendments period, what we are going to introduce here will be the reduction of rent.

Senator Guingona. No, Mr. President, what I understood from the answers of the distinguished Gentleman before is that more than 90 percent of the farms are of the 7, 12, 15 hectare retention limits and, therefore, if the tenants are allowed to remain in those areas, with that kind of retention limit, then 90 percent of the tenants would still be bondage as tenants?

Senator Alvarez. That is not how the statistics reads, Mr. President. There are now about three million owner-cultivators in the countryside and two million tenants, and the figures are not very accurate—about six or seven million landless workers in the countryside. So that this program, if implemented, would be able to include the two million tenants because, in the scheme of distribution, the level of preference would give priority to farmworkers and regular workers. The farmworkers and regular workers are essentially the tenant workers in the countryside. The distributees of about three million, all of them, practically all of them, are tenants. We will therefore be liberating from tenancy bondage, about three million farmer workers.

Senator Guingona. May I be enlightened on this? If the bill, sponsored by the distinguished Gentleman, is passed, I have a 15-hectare sugar farm. I have five tenants and the tenants in the 15-hectare farm will remain as tenants, will they not?

Senator Alvarez. Yes. They have a right to remain as tenants. We cannot just remove them from the farm.

Senator Guingona. Since 90 percent of the total farms, under the Gentleman's program belong to this category of 15, 12, 7 hectares, all the tenants in the 15, 12, 7 hectares will remain as tenants if this bill were proved.

Senator Alvarez. Mr. President, the figures are not quite that way. What I said last time was that about 8 percent of farms are 24 hectares and above. But under our proposal, a substantial, if not a greater bulk of that percentage, will be embraced by the program. Because, precisely, the retention level will cut back big landholdings. We will do away with the huge hacienda system. It will be replaced with the 12-hectare and the 15-hectare systems, if that will have to be passed,

and maintain seven hectare farms which is the current retention level for rice and corn. Therefore, of that eight percent, so much will be shaved off and will be distributed.

I do admit the observation of the Gentleman that, with the retention of seven hectares, when and if there is a tenancy there, we may be perpetuating the tenancy-productive relationship, the relationship of production which involves the labor of one man to cultivate the land of another who practically does nothing but waits for the rent. But we approached this by reducing the rent, Mr. President. So that, in those areas where there will be tenancy, we will be reducing rent, and the tenancy system will become a tolerable burden. Perhaps, at some future point when we are going to the amendments, there can be further restriction, so that the retention level, the tenancy among the retained lands may only be made possible within the generation, in the lifetime of the landowner.

Senator Guingona. May we, therefore, be further clarified: Under this proposed program, assuming we passed the 7, 12 15 hectare limitation, how many tenants will remain as tenants, more or less?

Senator Alvarez. I do not have the exact figures right now, Mr. President. I have not anticipated the inquisitorial investigative questioning of the Gentleman of figures, but I will happily provide him because that can be derived from the computer data that we have. We have a comparative table, which was done by our technical working group, which tells us at seven hectares how much area will be retained, how many beneficiaries, and how many possible tenants. We can easily furnish that.

Senator Guingona. We will appreciate, Mr. President, and wait for this information later on.

Under this proposed bill, the distinguished Sponsor does not follow the land-to-the-tiller concept, does he?

Senator Alvarez. We do, Mr. President, but we give it a latitude of interpretation. Whereas, in the past we used the principle of land to the landless, now, proponents of land reform would rather go by the land-to-the-tiller concept. However, considering the present level of complexity of the productive way in which land is exploited, we do make some reasonable adjustment to this land-to-the-tiller principle. But the abiding principle here is that, in any program of land distribution or land reform or agrarian reform, the process must always improve the earnings or the income of the workers of the land, so that the quality of his life would be better off than before we touched it with land reform. The land-to-the-tiller concept, if it is interpreted literally, means that anyone who tills the land must own the land. However, we have accepted the fact that beneath this principle is an effort not just to give him land but to give him a better opportunity of improving his economic standing on account of his labor on the land. So when we go later to the specific provisions, we will eventually see how the innovative approach to this principle has been implemented.

Senator Guingona. Mr. President, I would like to make it of record that I have no land at all. But assuming that there is a Senator who owns 15 hectares of land and the reform program is passed, in accordance with the Senator's bill, can he continue to own the land and remain in Manila as a Senator discharging his functions, and simply leave the management of the 15 hectares to an administrator?

Senator Alvarez. Mr. President, when he does that, the land is going to be under labor administration. Then, he should be prepared to pay the cost of labor administration, which means that he will have to pay wages to the people who will work for him. The farmworkers must be paid wages, as indicated by the law. It will not be a tenancy relationship.

Senator Guingona. No. The question, Mr. President, is: Can he do that? Never mind how much. Can he appoint an administrator and be an absentee landlord?

Senator Alvarez. If he has tenants there, Mr. President, assuming he is entitled to 15 hectares, he has somebody who will collect the rent from the tenants, I imagine, he can.

Senator Guingona. He can. If there is a businessman who owns 12 hectares of coconut land in Quezon and he decides to continue the business in Manila without going to the land, except perhaps for a vacation once a year, can he continue to do so?

Senator Alvarez. Yes, Mr. President, if he has, once again, tenants there.

Senator Guingona. And if he has a seven-hectare-rice-and-corn land, and he decides not to attend to the rice and corn but to leave it to some other personality, can he do so?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And if he decides to organize a corporation and he is given the retention limit of 15 hectares, he can have that corporation run the 15 hectares, can he not?

Senator Alvarez. I do not think he can do it as an absentee corporate landowner, Mr. President. In that case, if the value of the land in relation to the corporation is 51 percent or more, then if the land is going to be cultivated as a totality, as a corporate totality, then the tillers will control the cultivation of that land.

In this particular bill, Mr. President, the corporate veil cannot be used in order to subvert the spirit of agrarian reform. One cannot just incorporate and claim a vast area and make tenants out of those who work in that vast area. This bill anticipates that in certain situations where this provision or the parceling of the land would produce negative effects on production,

then the land may be distributed and owned indirectly by the tillers, like shareholders, especially if the value of the land in relation to the total value of the enterprise is 51 percent or above.

Senator Guingona. But it is a fact that even now there are many landowners already organizing corporations in anticipation of this land reform measure.

Senator Alvarez. Mr. President, the only reason why those corporate entities can be allowed to remain intact is when to fragment them, will work to the prejudice of the tillers themselves because we will lose the economy of scale and the total effect of efficiency of operating the whole piece of agricultural enterprise into one machinery of production. But even then, when we have to undertake the system or mode of production, we will still have in this bill a redistributed mechanism of the ownership. Farmers can continue to own the spiritual shares in the whole.

Senator Guingona. Spiritual?

Senator Alvarez. Yes. We need not fragment. They own it in common or in the manner of corporations, they can own shares.

The President. The Gentleman means intangible.

Senator Alvarez. The intangible shares but they own it indirectly, either as cooperatives, in common ownership or in corporate ownership, but that is only because it would not be rational to fragment the land. We have to keep the land intact, remembering that land reform is intended to improve the quality of life of the tillers of the soil. If one is going to be irrational or unproductive as to fragment and parcel the land, then there is no reason for parceling the land, because we will not be serving the spirit and the letter of agrarian reform. That is another mode of agrarian reform when farmers could be indirect owners but as a part of a collective.

Senator Guingona. In other words, there are certain areas, especially agro-industrial areas where the land is not cut up into pieces but is owned collectively by a corporation or a cooperative. Is that correct?

Senator Alvarez. Which will be owned by the tillers and other farmworkers, Mr. President.

Senator Guingona. Which will be owned by the tillers.

Senator Alvarez. In the transition, this bill provides that these operations, admitting the social fact that farmers may not be in a position to manage it efficiently, the farm could be managed by a professional management group until such time as we would have raised the ability of those who own it to manage it directly themselves.

Senator Guingona. Del Monte pineapple has many thousands of hectares, many thousands of employees. Will the farmers in Del Monte eventually own the land?

Senator Alvarez. I believe so, Mr. President, not just the farmers, the packers. I mean

Senator Guingona. When will they eventually own the land?

Senator Alvarez. When, Mr. President? It will depend. But there is a mandate here that at the end of five years, then the Government can look.

Senator Guingona. Will they be shareholders and spiritual holders of shares of stocks in Del Monte pineapple plantation?

The President. The Chair does not understand the term "spiritual shareholders."

Senator Guingona. I am only quoting from the distinguished Sponsor, Mr. President. [Pause] Intangible, I am sorry.

Will the farmers own the intangible assets or the holders of the shares of stocks of Del Monte

pineapple plantation?

Senator Alvarez. We will have to look into the specific cases of these lands, Mr. President. I believe that some of these lands are leased from the Government.

Senator Guingona. At very low rates.

Senator Alvarez. At very low rates. In which case, we must have corrective measures. Eventually, the tillers will have to own these lands and they will have to be leased from the owners of these lands.

The President. The Chair would like to find out whether this bill, this proposed measure, abolishes the idea of corporate farming.

Senator Alvarez. Mr. President, in the sense that juridical persons hold vast tracts of land, yes. Because this accepts the fact that those who till the land for the corporate entities can own the land under this program.

The President. The corporate farming concept was introduced during the Martial Law period. Is that going to be continued under this proposed measure?

Senator Alvarez. I do not believe so, Mr. President, because the only reason for keeping entities of land formation as an acknowledged means of agriculture production is when breaking them up as such would result or produce negative results. It will not redound to the benefit of the tillers themselves, the farmers themselves.

In the case of corporate farm holdings, it can easily be shown that these farm holdings were used by commercial entities to produce food or rice for their own employees. It was an expedient way of producing food for their employees which the Marcos regime had resorted to at the time. But it can be shown that through the ownership directly of the farmers themselves, the same need for food or surplus production can be achieved.

Senator Guingona. Mr. President, I wish

I would agree with the distinguished Sponsor. But from the reading of the bill, it encourages and allows corporations to be established precisely to undertake agro-industrial projects and exempts these lands from the operation of distribution under the rationale that we would like to increase or maintain production for the benefit of the farmers. And so, in sum, corporate farming is still allowed if not abetted.

Senator Alvarez. In those systems of agriculture where the economy of scale redounds to the benefit not only of the farmers themselves but of the nation as a whole, yes, this is acknowledged, Mr. President. We do not intend to be unsystematic and irrational. However, we are not saying here that the ownership of the land, if they do not yet belong to the tiller, may not ultimately redound to the ownership of the tiller, and the leasehold relationship which is obtaining right now between the Government and some of these corporate plantation types of agriculture can prevail. The land can belong to the tillers themselves, leasing it to the corporate entities with whom they establish some kind of productive partnership for purposes of mutual benefit and gain.

Senator Guingona. Let us assume, Mr. President, that there is a 1090-hectare farm where there are 100 tenants. Under the Gentleman's concept, if this is agri-industrial following the standards, the corporation can continue to operate that land, and it is excluded from the distribution scheme under his program. Is that correct?

Senator Alvarez. Well, that depends, Mr. President. Under the bill, if the value of the land is 51 percent or more, then the farmers or the tillers can own the land indirectly or collectively.

Senator Guingona. Through shares of stock?

Senator Alvarez. Yes, through shares of stock.

Senator Guingona. How much of the capital shares of stock will the farmers own?

Senator Alvarez. The majority, if it is 51 percent.

Senator Guingona. They will own 51 percent?

Senator Alvarez. If the value of the land constitutes less than the majority, naturally.

Senator Guingona. After three months of operation, the management decides to increase capital in order to have more production. And each one, in accordance with the Corporation Law, must now put up the necessary capital. And so, the manager, the former landowner will advance the amount and dilute the shares of the farmers whether spiritually or actually, and in the process, therefore, negate the ownership of the land. Does the Gentleman not agree that that is a very distinct possibility, considering that corporations from time to time increase their capital to meet not only exigencies but increased targeted production?

Senator Alvarez. In the first place, Mr. President, when the program is implemented and 51 percent is in the hands of the tillers, then management will be in the hands of the tillers.

Senator Guingona. Management will be in the hands of the tillers?

Senator Alvarez. Yes, for those who represent the interest of the tillers.

Senator Guingona. In other words, in Dole or Del Monte Pineapple Corporation, the workers or the tillers will now have the management of Del Monte pineapple plantation.

Senator Alvarez. I am not saying that categorically at this point, Mr. President, because we have not really gone into a valuation measure on how much the land is going to be valued, in

relation to the totality of the operation of Dole Corporation.

Senator Guingona. Assuming it is more than 51 percent in accordance with his standard—

Senator Alvarez. Yes, Mr. President.

Senator Guingona. — — would they then own the land?

Senator Alvarez. Yes, collectively.

Senator Guingona. Would they then manage the corporation?

Senator Alvarez. They will be in the majority, Mr. President, assuming the value of the land is more than 51 percent.

The President. I thought it is the corporation that owns the land, and the shareholders merely own the shares in the corporation.

Senator Alvarez. That is correct, Mr. President. But I am short cutting my answers by saying that, if the land is worth 51 percent or more, then those who own the corresponding value of shares of stocks representing his land would necessarily be in a dominant position in the Board. They will represent the interest of the tillers, which will be the controlling interest. Theoretically, we can safely assume that those who represent the interest of the majority will protect that interest.

The President. We know that in corporation law ownership does not necessarily imply control. Actually, in the life of many corporations here and in the United States, owners of shares of stock are not necessarily in control of the corporation.

Senator Alvarez. That is possible, Mr. President, as it does happen. Even San Miguel is controlled by not more than six percent of Soriano's shares of stock. But when we launch this program and the dominant 51 percent is entrusted to the tillers, or perhaps, even more, we were hopeful that the mechanism or the

safeguards are there, so that the interest of the majority will truly be protected.

The President. Unless this bill specifically states that the shareholders who control the majority of the shares will actually control the corporation in every instance; otherwise, the people in management can always resort to corporate control devices, such as proxy shares.

Senator Alvarez. That is understandable, Mr. President. The underlying assumption here is that the power and the rights of the majority will be felt and will be asserted. If there should be a necessity for tightening this measure so that, indeed, the rights of the majority will be protected, then surely, this bill will be improved by such amendments or proposals for amendments.

Senator Guingona. Which will mean a change in the corporation law.?

Senator Alvarez. I do not know what amendment here will imply change in the corporation law at this point, Mr. President.

Senator Guingona. Mr. President, because the corporation law is fashioned in such a way that he who holds the purse controls management, controls the operation, controls everything in that corporation. And if the laudable purpose of the Gentleman is to give equitable ownership for increased benefits to the farmers, I am afraid that unless we plug the loopholes, management and the capitalist owners can easily trifle with the supposed objectives by increasing capital.

The President. Yes. But increasing capital under the corporation law must meet certain requirements. We cannot do that if it will mean the dilution of the present rights of the shareholders unless they agree.

Senator Guingona. Under the corporation law, two-thirds. The voice of the minority is very indistinct in many instances, Mr. President.

At any rate, I would like to clarify whether it is true that the workers will be the ones to manage the farm; in the concrete case, the Dole pineapple plantation.

Senator Alvarez. In the concrete case, I cannot speak of the Dole Corporation, Mr. President. But the principle here is that if the land represents 51 percent and, therefore, it is the dominant interest in the total agri-business enterprise, and being the dominant interest, the workers can appoint its set of managers.

Mr. President, if the Chair does not agree, and I think in the period of amendments we can look into this more carefully if the Chair feels that there are needed safeguards for it.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Fishponds and saltbeds are excluded.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Orchards for coffee and cacao are excluded. Is that correct?

Senator Alvarez. Orchards without specific mention of coffee and cacao, Mr. President.

Senator Guingona. But our coffee and cacao excluded.

Senator Alvarez. They could be — coffee and cacao — excluded.

Senator Guingona. What if they meet the 51 percent standard?

Senator Alvarez. If they cultivated on a corporate scheme and the 51 percent of the total operation. Because there is an assumption here, Mr. President, that in agri-business or agri-industrial operation, there may be machineries or rather processing plants involved so that the value of the land may be less than the total value of the enterprise. If the value of the land is more than the total value of the enterprise, then the dominant interests are those who will own the land.

Senator Guingona. Let us say that it is already a corporation that is the owner of the cacao plantation and there are a hundred tenants. Would the corporation go ahead undisturbed by any distribution assuming that the 51 percent standard is met?

Senator Alvarez. In the case of orchards, Mr. President, the scheme for agrarian reform here is the sharing of the fruits.

Senator Guingona. Yes, therefore, the corporation would continue unmolested.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Does the tenancy relationship cease or continue?

Senator Alvarez. It is going to be under the labor administration. It is not a tenancy relationship. The relationship in those mode of agriculture will be one of worker and their wages will be governed by a wage board.

Senator Guingona. Yes. But they are no longer workers in the strict sense because they would now own part of the corporation. As a matter of fact, according to the distinguished Gentleman, they would own the land; they would manage the farm. So the tenancy relationship is severed.

Senator Alvarez. No. The distinguished Senator is referring to a specific provision of the bill, Mr. President. The Gentleman is referring to aquaculture, orchard, banana plantation, and perhaps, salt beds. In this mode of agrarian reform, we have provided for the sharing of the fruits.

Senator Guingona. Yes, I know. But I want to know to what extent the fruits are there and how the sharing will be done; whether those who are to share the fruits are still tenants; whether they are no longer tenants; or whether they are already shareholders.

Senator Alvarez. They are going to share three percent from the gross on the production.

Senator Guingona. What is three percent of the production?

Senator Alvarez. Of the gross, that will be the share of the workers of those enterprises, Mr. President.

Senator Guingona. In addition to the shares that they hold.

Senator Alvarez. No. The people who work in these enumerated enterprises, Mr. President, are going to be paid as workers. They are not going to be tenants.

Senator Guingona. So the tenancy relationship is severed, cut, finished.

Senator Alvarez. They are going to be workers, Mr. President, yes.

Senator Guingona. No. But I thought, they were going to be owners.

The President. I think Senator Guingona is talking about a corporation where we have shareholders, and the Sponsor is talking about an ordinary enterprise where it does not have shares of stock.

Senator Alvarez. Yes, Mr. President.

The President. So the Gentleman is actually talking about two different things.

Senator Guingona. That was far from my intention, Mr. President. I started out with an example: a corporation is already existing.

SUSPENSION OF THE SESSION

The President. May I suggest that we take a brief respite, if there is no objection. [*There was none.*]

It was 7:09 p.m.

RESUMPTION OF THE SESSION

At 7:10 p.m., the session was resumed.

The President. The session is resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

MOTION OF SENATOR MERCADO (Recommittal of Senate Bill No. 34 to the Committee on Local Government)

Senator Mercado. Mr. President, I move that we recommit to the Committee on Local Government Senate Bill No. 34 entitled

AN ACT ABOLISHING THE METROPOLITAN MANILA AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS AND FOR OTHER PURPOSES.

Senator Lina. Mr. President.

The President. Senator Lina is recognized.

Senator Lina. Before we vote on the motion, Mr. President, I would like to make the following manifestation. This Representation will agree to the recommitment of the bill to the Committee on Local Government.

This may be a record of sorts, Mr. President. This will be the second time that this bill is going to be recommitted. The situation is understandable because this has become a controversial bill in the sense that we could not even agree among ourselves whether the bill in question is a bill of local application or not.

Mr. President, I conducted an informal survey of our Colleagues here, and on my lawyer's oath, I am going to report that the Senators hope that majority of our Colleagues are of the opinion that this is not a bill of local application, therefore, I would have the necessary ammunitions, so to speak, to pursue this point — this logical conclusion, and therefore, even ask a vote on this issue. But I will not do that, because I see that if I insist on this technical point even if we reach the Conference

from. I understand she is from Iloilo, and Commissioner Badoy is from Mindanao. In fact, his brother ran for the position of City Mayor of Cotabato City. And in the case of Commissioner Africa, he was assigned to Pangasinan and the North.

I am just wondering why this was practiced, Mr. President. There must have been a purpose in assigning these people in their respective regions. And so on the assumption that these Commissioners, who were incumbent Commissioners of Commission on Elections and supervised three electoral exercises: the plebiscite, the May 11, 1987 elections and the January 18, 1988 elections for local officials. And considering the fact in all these electoral exercises, there have been resounding claim of cheating, fraud and anomalies committed in the conduct of the election. And they have not shown any effort to eradicate these.

Is it the impression of the distinguished Lady Senator that we should reward these commissioners by allowing them to pass the test of the confirmatory powers of the Commission on Appointments?

Senator Shahani. Mr. President, we better discuss this in the Commission on Appointments next week. I think my position is quite clear. I have shown my disapproval of such conduct.

Senator Enrile. Does the distinguished Lady Senator agree that on the assumption that these commissioners were involved, directly or indirectly, wittingly or unwittingly in the commission of these election violations, or the non-enforcement of our electoral laws, that to pass their confirmation would in effect perpetuate the evil that the distinguished Senator has just brought to this Chamber in her private speech?

Senator Shahani. There is a possibility, Mr. President.

Senator Enrile. And so, thank you, Madame Senator. I admire her candor and her courage in bringing this to the attention of the Chamber. I hope that this will also reach the ears of those who are in a position to do something about it, in Malacañang as well as the Secretary of Education, Culture and Sports, the Secretary of National Defense, the Secretary of Finance and, most of all, the members of the media so that we can all contribute in nurturing the flowing of a true democracy in our land.

Thank you very much.

The President. Any other interpellation?
[Silence]

The Majority Floor Leader.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive Agrarian Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249.

We are still on the period of interpellations, and Senator Gonzales has manifested the interest to interpellate the Sponsor. But before that, I ask that we recognize both the Sponsors, Senators Alvarez and Guingona who were on the floor last night.

Senator Maceda. Mr. President.

The President. Senator Maceda would like to take the floor.

PARLIAMENTARY INQUIRY OF SENATOR MACEDA
(On Debate Schedule on CARP)

Senator Maceda. Parliamentary inquiry, Mr. President.

Seeing how the bill has progressed so far, may we inquire from the President or the

Majority Floor Leader how many reservations have been made to interpellate? And is there any reasonable estimate now of up to when we will take up this bill and move on so that the other Members of the Senate can also finally make a determination as to when they can, especially this Representation, make their reservation? And in relation to all the other bills equally as important in some respect that are pending. Is there some sort of schedule now for this bill?

Senator Mercado. Mr. President, this Representation has received reservations from three other Senators to interpellate on the CARP. And the others have not given reservations. But the way I look at it, we could possibly finish the period of interpellations by early next week.

I am concerned too, Mr. President, that if we tarry too much and too long in the period of interpellations we might give the impression — although it may not be so — that we are moving very slowly on this bill.

But an examination of the records of this Chamber, Mr. President, would indicate that in the interpellations, the questions that have been propounded are not dilatory. They are really made to clarify the purposes of the bill. So I have a conservative estimate of being able to finish the period of interpellations by mid-week, next week.

Senator Maceda. Did the three Senators he referred to include this Representation?

Senator Mercado. No, Mr. President.

Senator Maceda. So there will be four still to interpellate. So one week more is the estimate.

Senator Mercado. Yes, Mr. President, Senator Maceda can provide an appropriate finale in the interpellation if he would want to.

Senator Maceda. No, that is not my intention, Mr. President. I have been waiting so that we

will not duplicate what has already been asked. And maybe, if I may suggest, if that is the schedule, if we can all agree by Thursday or Friday next week there should be an executive caucus on what should be the direction before we go on the floor and everybody tries to suggest amendments for record purposes and to be voted down. I think it might be useful instead of everybody again taking the floor to try to suggest amendments. Senator Aquino might suggest three hectares and we vote on that; and somebody will suggest five hectares and we vote on that, and, I will suggest zero just as an example, and we vote on that; maybe in caucus we can already see more or less, what are the amendments that could be seriously proposed and on which there could be an honest-to-goodness discussion rather than having to go to the process of voting down so many amendments in a long process.

Thank you, Mr. President.

Senator Mercado. Mr. President we are in agreement with the suggestion that after the period of interpellations we can go into a caucus to determine where we have agreements, as far as amendments are concerned.

I would like to state for the record that my intention of the finale was not meant to be pejorative but was actually a statement cognizant of the competence of Senator Maceda. [Laughter]

Senator Maceda. Mr. President, I would like to thank the distinguished Majority Floor Leader. I am not surprised that he is conscious of those things in view of his extensive experience in television where he always wants to be the finale artist.

Thank you, Mr. President.

The President. I hope that is the finale on this exchange. Let us recognize Senator Alvarez and Senator Guingona.

Senator Guingona. Mr. President, with the permission of the Body, this Representation has many more questions to ask. But to give due opportunity to others, we are willing to yield, for the present, with the reservation to continue at the later date.

Senator Alvarez. Mr. President, before the Gentleman from Agusan and many parts of the country yields, I would like to take this privilege of clarifying one or two points which have been the eager subject of his interpellation, nay, his inquisition the other day.

Senator Guingona. It was not meant to be an inquisition, Mr. President.

Senator Alvarez. I meant it very facetiously. I just wanted to say that the Gentleman is a very thorough social investigator. I am referring to the price of a carabao, Mr. President. [*Laughter*] I regret that I did make some social investigation and I stand corrected. The Gentleman is right. A carabao would be ₱7,000 or ₱8,000 in certain cases. The price I gave him — I did not mean to mislead him — was ₱5,000 for a grown-up five-year-old carabao.

And may I correct him also, Mr. President, when he pointed out that of the ₱40 billion for finance credit, we would end up over a period of 10 years of ₱1,300 per farmer. I think, indeed, it is not going to be ₱1,300, Mr. President. It is going to be around ₱13,000. If we divide ₱40 billion by the number of targetted area to be subjected to Land Reform, the ultimate assistance credit which is still within the target assumed by time program, is somewhere at ₱8,000 per hectare.

Senator Guingona. Mr. President, that is a question of fact and mathematics and what we need, now is not only a mathematician but also a magician in the sense that the figures of the distinguished Gentleman are based on ₱40 billion.

Senator Alvarez. Forty?

Senator Guingona. Forty, 4-0. The original was ₱38 billion and that makes a lot of difference. We are concerned with the adequate support systems. So I will review, the facts, I mean, the mathematical computation and get back to him. I only want to assure the distinguished Gentleman that the price of the white carabao is even higher.

The President. I hope there will be no more debate on the price of the carabao.

Senator Guingona. No more, Mr. President.

The President. Thank you.

Senator Guingona. May I just make the reservation to further interpellate at a later date next week.

Thank you, Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Thank you, Mr. President. I want to express my thanks to Senator Guingona for yielding the floor to me to enable me to interpellate the distinguished Sponsor of this measure.

Mr. President, let me begin my interpellation with a statement that I am for land reform, but an agrarian reform program that is just, reasonable, and attainable, a program that will attain a social justice objective, and at the same time increase productivity so vital if economic recovery and growth are to be achieved in our time. I am for a program that will not build false hopes in our people and literally, feed them with a pie in the sky. Finally, I am for a program that will usher a historic social change in our country, but one which will not irretrievably destroy the fabric that holds our society together; one, which, in a dramatic desire for change, will not create fissures in our society so deep and so wide, that not all our political, social, and economic forces could hope and be able to achieve.

With these in mind, let me begin with Section 5 of Senate Bill No. 249, Mr. President, rice and corn areas under PD No. 27, as amended, constitute one of the main components of the Comprehensive Agrarian Reform Program. May I know, how many hectares of rice and corn lands are under this classification?

Senator Alvarez. Eight hundred thousand hectares, Mr. President.

Senator Gonzales. How many hectares have already been distributed to beneficiaries under the Operation Land Transfer insofar as the rice and corn lands are concerned?

Senator Alvarez. Close to about 100,000 beneficiaries and about 250,000 hectares.

Senator Gonzales. Two hundred fifty thousand hectares. How many hectares of those rice and corn lands already transferred under PD No. 27 are continuously planted to rice and corn?

Senator Alvarez. I have no exact figures, Mr. President, but substantially, the same areas remain planted, although, there had been conversions in such highly urbanized areas, like the adjoining areas of San Pedro, Laguna, and Quezon City where there had been developments of land into urban housing.

Senator Gonzales. Yes. But with respect to those areas that continue to be planted to rice and corn, what has been the Government's observation? Has there been an increase or a decline in production? We want to go by historical data, Mr. President.

Senator Alvarez. In certain social investigations that have been conducted, Mr. President, it has been shown that in unirrigated area, because of the incentive of ownership, there has been a marked increase in real terms of 200 percent in production over and above the production brought about by the intro-

duction of new high yielding varieties and the intensive fertilization.

In irrigated areas, there have been — when they were able to isolate the variables — an increase production of almost 400 percent.

So we can assume, that indeed, because of land reform, the new ownership provided the boost in productivity.

Senator Gonzales. Is that statement of the distinguished Senator supported by facts that are available in our Government records, Mr. President?

Senator Alvarez. Yes, Mr. President, by available literature.

Senator Gonzales. We will then take the words of the distinguished Sponsor on this matter without further question.

In short, the lesson that the Government has derived is that, insofar as those rice and corn lands that have been distributed pursuant to Presidential Decree No. 27, there are been a boost for an increase in productivity.

Senator Alvarez. Yes, Mr. President, although in certain areas, there have been some setbacks.

Senator Gonzales. Can we now put on the average, by and large?

Senator Alvarez. I do not have on my fingertips the figures, Mr. President, but we have gone into these figures with the technical working group of the Agrarian Reform Committee. But the setbacks were in those cases where the Government has not been able to provide the necessary support services, like the necessary credit services and extension services. And ultimately, the new owner-beneficiaries were unable to cope with the responsibilities of ownership and the land reverted to the middlemen or the original owners.

Senator Gonzales. I find it necessary to ask

this question, Mr. President, because one of the issues on land reform is, whether or not it will increase productivity or, in fact, there will be a decrease in productivity. Rather than engaging myself in theories, I would want to go by historical data. Of course, there are many factors that ought to be considered and that would be the support programs or the support mechanisms that the Government has provided, whether they are made available or not. But, at least, they would help us in arriving at certain important decisions.

Mr. President, the question is: When I was a Member of the Batasang Pambansa, there were actually two bills which were approved by that Body annulling the sale of lands which were acquired under PD No. 27 and other Agrarian Reform Laws in our country. I got the very sad information that many of the lands awarded to the beneficiaries under PD No. 27 and other agrarian laws are no longer in the hands of the beneficiaries, and for one reason or another, they had already been transferred.

The other question is: Having served as of Agrarian Reform, does the Government have any data or information as to the number of hectares of such lands no longer in the hands of their original beneficiaries, for one reason or another?

Senator Alvarez. We have a ball park figure, Mr. President, which we have with the Land Bank. And that is about 25 percent.

Senator Gonzales. Are no longer in the hands of the original beneficiaries?

Senator Alvarez. Yes.

Senator Gonzales. As far as I remember the Batasang Pambansa passed two bills signed into law by former President Marcos annulling such sales — declaring them null and void — and indicated the procedure by which they can be recovered by the Government and reverted to

the public domain. Has the Government taken any step towards that direction? If so, how many hectares of such lands had been recovered and are now back or had been reverted to the public domain?

Senator Alvarez. The Gentleman, Mr. President, is referring to the secondary market for the rights of recipients or awardees. These CLTs or the rights over the land which had been awarded had indeed been transacted and sold. So many of these lands which had been awarded around the vicinity of 25 percent are now in the hands of the middlemen. They had been accumulated by small landlords in the countryside. In certain cases, the Government, during my tenure at least in the ministry, attempted to recover some of these lands. Many of these lands are in legal proceedings now and some of them had been indeed recovered and given to deserving beneficiaries. However, in anticipation of this Comprehensive Agrarian Reform Program, recognizing that the weaknesses of the program is not the failure to enforce, but the lack of what we might call "comprehensiveness," I understand that phase of recovery is not the most emphasized policy now of the Department.

Senator Gonzales. Yes, but the Gentleman agrees with me that 25 percent of the rice and corn lands awarded to beneficiaries would be a substantial area that could be made available to eligible or to potential beneficiaries under the CARP that we are now trying to enact.

Senator Alvarez. The Gentleman is right, Mr. President. That is one of the unfortunate phases of that previous land reform program.

Senator Gonzales. All right.

Senator Alvarez. There were many others. As a matter of fact, even the collection rate was abysmally low.

Senator Gonzales. Does the Gentleman have any figure as to the number of hectares of lands classified as rice and corn lands but are no longer

devoted to agricultural purposes because of urbanization that caught up with them, and are now residential, commercial or industrial?

Senator Alvarez. Yes, we can have figures, Mr. President, but off the cuff, I cannot produce these figures for the information of the Gentleman.

Senator Gonzales. Would the Gentleman have at least a percentage of such lands? I am asking these questions so that in the bill that we are now considering, we have to make provisions.

There is no question about the effects of urbanization, as the Gentleman mentioned, in San Pedro, Laguna, probably in the towns of Rizal, here in Metro Manila, towns of Bulacan, and other provincial capitals and centers of population. Actually, there is that creeping tide of urbanization which eventually will eat up substantial areas of lands otherwise originally agricultural, Mr. President. I have studied this bill. There is no provision anticipating that, Mr. President.

Senator Alvarez. That would be subject of urban land reform, Mr. President, then we will be able to anticipate the concern of the Gentleman.

Senator Gonzales. No, I do not think that this is really urban land reform. This should be part of this comprehensive. . . We should anticipate the situation, a situation where it is no longer economical to devote what originally is an agricultural land to agricultural purposes that probably in the interest of development they ought not to be converted into residential, commercial, and industrial lands. I understand that DAR itself had also issued permits or authorized the conversion of such lands from agricultural to residential, commercial or industrial lands, and they do so by administrative fiat without any enabling law for that purpose. That is something that I do not want to continue. Because, if DAR is to do it, it must be under

the authority of the law and not by means of an administrative fiat.

Senator Alvarez. Yes, Mr. President, with the proviso that the former tenants or tillers of the land in a situation like this are not unduly impaired. There is a disturbance compensation that is provided.

Senator Gonzales. For the tenants. We are now talking of the owners, the beneficiaries, Mr. President. We are no longer talking of the tenants. They are the ones who are more interested not to convert their land because it is no longer economically viable to use them in the planting of rice and corn, but probably obtain a better price if they are to be sold for residential commercial or industrial purposes.

Senator Alvarez. I talked to one of the Ministers who was involved in the Land Reform Program. As one of the ranking bureaucrats involved in the Land Reform Program in Japan, he said one of the problems they failed to anticipate was precisely this phenomenon, this creeping urbanization. But his concern was the failure to institute the necessary taxes; so that, a beneficiary of Agrarian Reform, when he converts, does not benefit because the land was acquired at the lower cost of agrarian reform before resorting to urban development. Land being that expensive in Tokyo, when he converts, he does not become the beneficiary of such a windfall which is an unearned increment. Perhaps, the Gentleman. . .

Senator Gonzales. Yes, that is the point. I am aware of that, that is why I am asking this question to lay the basis for an appropriate amendment to cover this situation so that the beneficiary will benefit from the appreciation in the value of his property that is not the result of any effort but comes naturally because of these market forces. If there is anybody to benefit therefrom, it should be really the beneficiary-owner of the said land. Probably, we can

make provision. Probably, we ought to insert an amendment that would prevent also land speculation. I think we have to agree that land speculation should be avoided.

Senator Alvarez. Yes, Mr. President, I think these far-reaching amendments would be very helpful, although I see them more as components of another approach to land use and land planning, especially if we should introduce in this Chamber at some future point urban land reform. In any case, Mr. President, I think this legislation will be enriched with the wise observation of the Gentleman from Mandaluyong.

Senator Gonzales. Then, Mr. President, the retention limit under PD No. 27 is seven hectares.

Senator Alvarez. Yes, Mr. President.

Senator Gonzales. Suppose we approve a retention limit of less than seven? Let us say three hectares, as suggested in the Aquino Bill, or five hectares as seems to be acceptable according to the survey made by the Ateneo Weather Bureau. What will happen with respect to the seven hectares retained by the owners under PD No. 27? Will they be subject again to another land reform with respect to the excess of the retention limit to be approved under this law?

Senator Alvarez. Yes, Mr. President, definitely, the Gentleman comes a second time around and we will have to cut the excess — and indeed, compel those who have been subjected to earlier land reform under PD No. 27, a second time around to this measure.

Senator Gonzales. Okay. And I would want to put on record some of the results of the many talks that I had in many areas in our country that one of the resistance to the CARP is this: “Ilang beses ninyo ba kami ila-land reform?” That is what they asked. “Ni hindi mo pa kami nababayaran doon sa aming lupa, ngayon; ila-land reform na naman kami.”

I mean, I think we ought to put this on record so that we may be able to know and appreciate the feelings around our country insofar as this particular question is concerned.

Did my Colleague receive such comments during this talks with the farmers on this matter?

Senator Alvarez. When I was Minister, then Secretary of Agrarian Reform, Mr. President, I felt the anguish of many middle class landowners. Those who had 30 hectares, 24 hectares or less were the ones who felt it so badly. The big landowners who have bonds were not as much affected. They were reconciled to the fact that they were paid in bonds and they were going to withdraw large sums of money out of these bonds. It is the small, middle class landowners, the school teachers, the small town professionals who have looked to land as a surety in their old age or as a means of educating and advancing the needs of their families who complain. And when we were doing our social investigation the resentment was most felt from this middle class — from this social class. That is why my recommendation for a seven-hectare retention limit was intended as a reasonable response as mandated by the Constitution, because the Constitution says there should be a reasonable retention limit. I thought that it would not be reasonable if we can aim a second time around and again clip the seven-hectares to redistribute the four hectares and leave them three hectares as the retention as proposed in another bill here. Moreover, firstly, we have not even paid them completely yet. About 70 percent remain remain unpaid. And, secondly, the bonds that we have given these people had deteriorated to 40 percent its original monetary value. And considering that land reform in this area had been conducted about 15 years ago, so the seven-hectare land are now about to be redistributed by the natural process of inheritance. So in a few years the seven-hectare would be brought down even perhaps lower

than three hectares. I thought that public policy should acknowledge this social fact regardless of the magical superstition of President Marcos on the number "7."

Senator Gonzales. In short, having started with it then, the Gentleman feels that it is not advisable to go beyond it. Whatever the reason may be, the Gentleman feels that it would create greatest social problems if we approve an area less than seven hectares.

Senator Alvarez. Yes, Mr. President.

Senator Gonzales. The Gentleman partly answered the next point I want to drive home. And that is how many land owners have not yet been fully paid for their lands taken under PD No. 27? How much is still owed to them? When will they be fully paid?

Senator Alvarez. Mr. President, through the Land Bank, the Government has made considerable accommodation. Whereas before they were going to draw it at the end of the line, now the Land Bank is prepared to pay them for the number of years that had lapsed so that they will now be receiving roughly about 60 percent of the original face value of the bonds. I think the program is ongoing for bondholders.

Senator Gonzales. How much would that involve, Mr. President?

Senator Alvarez. I do not know, frankly, Mr. President, at this point. But we can dig that up.

Senator Gonzales. Yes, Mr. President. Because the resistance among landowners to CARP, is the belief, exaggerated or misplaced no doubt, that they will be paid only in paper while they will be immediately dispossessed of their lands. Why can not the Government, before it starts the CARP, establish its bona fides by paying all the unpaid balances to the landowners?

Senator Alvarez. That is precisely what the Government is undertaking now — a program

of settling the backlog of obligations. As I was explaining to him a while ago, Mr. President, the payment of the last 154 years — for these bonds that had been issued — is now being undertaken.

Senator Gonzales. Yes, Mr. President. But what the Government is merely trying to do is to make current the payment of past amortizations which, for one reason or another, have not been paid. But my point goes beyond that. My point is: Let us establish our bona fides. Hindi naniniwala ang tao. Ang ibinabayad daw sa kanila ay papel, pero immediately, they will already be dispossessed of their lands. So, let us establish our bona fides by paying all the landowners whose lands have been taken under PD No. 27 before we start this CARP. By that time, maniniwala na ang mga tao na talaga palang nababayaran sila ng Gobyerno.

Senator Alvarez. Mr. President, that may involve amending certain existing enactments whether in terms of executive enactments or legislation. I see no reason why that cannot be considered. It is precisely because of this concern that the Government had fashioned out a new scheme of payment. Under PD No. 27, it was a fixed 6 percent interest rate. But under this proposed Comprehensive Agrarian Reform Program, the interest rates for bonds would be pegged to 91-day treasury notes, which means that the interest would be of market level. It is a market level interest rate which makes the bond a more effective instrument of credit.

Senator Gonzales. At any rate, our respective views on this particular point are already a matter of record, and therefore, I would want to move on the last paragraph of Section 5, which says that:

x x x This classification shall refer to the main components of the CARP and shall not be construed as order of priorities in implementation x x x

Now, let us consider the enumeration:

(a) Rice and corn areas under Presidential Decree No. 27, as amended;

(b) Government and private agricultural lands offered for voluntary land transfer or voluntarily offered for sale; those which are idle, abandoned, expropriated, foreclosed or foreclosable by the Government, et cetera,

(c) All alienable or disposable lands of the public domain devoted to or suitable to agriculture; and

(d) All agricultural lands under labor administration and tenanted non-rice and non-corn lands, regardless of crops planted.

There is that enumeration. But then, this law specifically says that this classification merely refers to the main components of the CARP and shall not be construed as orders of priorities in implementation.

This is important to me, Mr. President, because Section 4 of Article XIII of the 1987 Constitution require Congress to provide for priorities in implementation when it provides that, and I quote:

To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe.

In short, are we not really required or mandated by the Constitution to provide for an order of priorities because the Constitution is realistic in that it knows that we will not have the sufficient funds at any one time in order to fully finance a Comprehensive Agrarian Reform Program. So the contemplation is that it goes by states. That is why we did the necessary order of priorities.

Senator Alvarez. Mr. President, I share fully the concern of the Gentleman on the constitutional mandate, which I believe is responded to

in another section of this Bill. The section which the Gentleman may want to consider is Section 14.

Senator Gonzales. May I check on it, Mr. President? [Pause] No. Section 14, Mr. President, is merely a list of the order of priorities in the award to qualified beneficiaries. What the Constitution contemplates is an order of priorities for the implementation of the CARP and the basis of the classification of lands subject to it, because the Constitution recognizes the fact that we will not have the necessary funds at one time in order to undertake one whole sweep a Comprehensive Agrarian Reform Program.

Senator Alvarez. We have considered the nuances of Article XIII, Mr. President, which mandates and sets priorities. We think that we have satisfied this mandate because an order of priorities, as we conceive it, may not only be the physical priority or the sequential priority, but priority as to beneficiaries. That is why when we provided for qualified beneficiaries in Section 14, we felt that we are responding to the mandate of the constitutional provision. Because when we have stipulated these priorities, the targetted areas are those where there are tenants, not necessarily by crop, regardless of crops if there are tenants, hence, landless tenants/lessees, landless regular/casual farm workers, and landless seasonal farm workers. Wherever there are lands of these kinds of productive relationship, that would be the system of priorities that we envision. While it is true that the Gentleman is correct, as fund allocation is also important here; the mandate may also embrace social considerations. To my mind, agrarian reform is intended to do away with tenancy altogether, if possible. So that in settling the problem of agrarian reform, the system of priority would be on how well and how soon would one be able to redress the problem of tenancy. Because tenancy is a feudal structure

of productive relationship in the countryside where the labor of one man is exploited for the benefit of another. It is the exploitation of man by man which is, precisely, the heart of the problem of social justice in the countryside. So that when we were responding to the problem of priority, we of course have taken into account the observation of the Gentleman, but we still have to take into account the priority on responding to the nature of the productive relationship on the land.

Senator Gonzales. My point, Mr. President, is this: in the Gentleman's sponsorship speech, he mentioned the fact that he wants an agrarian reform program that could be undertaken with the least social resistance and social disturbance. Did the Gentleman not get it in our Committee hearings, as well as in the talks with landowners in different places of the country, that the argument of the owners has always been — bakit hindi ninyo unahin ang rice and corn? Tinanggap na ng tao iyan under PD No. 27 for better or for worse. Isunod ninyo yung mga government lands, foreclosed lands, idle lands, lands voluntarily offered for sale, then alienable and disposable lands ng Gobyerno and develop them. Kung handa na kayo, sabihin ninyo sa amin. That is the point; that is the order of priorities that the ordinary landowner has in mind, not the priorities of awards to beneficiaries that is provided for in Section 14.

Senator Alvarez. For purposes of administrative and physical dispatch in handling this program, the Gentleman may be correct, but we see this in the dimension of responding to the problem of social justice in the countryside and the problem of social justice is the mode of relationship between the landowner and the tenant or labor.

So that, Mr. President, in interpreting the word "priority," we have envisioned it as we

have provided under Section 14. Besides, Mr. President, it is in those private lands where these kinds of inequitable relationships exist, where the social problem obtains and this is the social problem that land reform precisely wishes to address.

Senator Gonzales. Can I draw an admission now that nowhere in this bill is there an order of priorities on the basis of the classes of lands subject to it? And that probably we are merely delegating that power to the PARC.

Senator Alvarez. The strategy for the implementation will be delegated in the rules and policies now to be able to bring about an effective and systematic implementation. However, I think we have captured here the letter and the spirit, but more so, the spirit of the Constitution when we have provided for an order of priorities which redresses or responds to the social welfare.

Senator Gonzales. My point, Mr. President, when I say that if the intention is to delegate this power to the PARC, it is as follows:

First, can we legally do it? It is Congress that is mandated to provide or to determine by law the order of priorities.

And, second, assuming that we are willing to delegate this power to the PARC, have we provided standards which are sufficiently concrete and determinate or, at least, determinable in order that there will be no undue delegation of legislative power?

That is the purpose of this questioning; Mr. President. Although I would be happier if, indeed, we can declare an order of priorities in the implementation of CARP on the basis of the land classification.

Senator Alvarez. On the basis of crops, Mr. President, the bill does not provide for the order of priorities. But on the basis of the productive relationship, which lands must be ad-

dressed first and foremost, then this bill provides that order of priorities.

Senator Gonzales. All right.

SUSPENSION OF THE SESSION

The President. With the permission of the Gentlemen, shall we have a brief breathing spell at this point if there is no objection? [*There was none.*]

It was 6:03 p.m.

RESUMPTION OF THE SESSION

At 6:29 p.m., the session was resumed.

The President. The session is resumed.

Senators Alvarez and Gonzales are recognized.

Senator Gonzales. Mr. President, may I resume my interpellation?

The President. Please.

Senator Gonzales. Mr. President, under this bill, what is the cut off date in the determination of land classification for purposes of CARP?

Senator Alvarez. Mr. President, the program as provided in this bill will have to be consummated in 1992. It is the end of the tenure of the President.

Senator Gonzales. No, Mr. President, because there is a registration requirement, is it not? Within so many days after the approval of this Act, then landowners are required to register. Now, I am interested in determining as of what date should we determine the classification, because it might be possible that an agricultural land now may at the time of the enactment of this bill into a law may no longer be agricultural. That is why, I am asking as to what date should we determine the character of the land for purposes of CARP coverage?

Senator Alvarez. The character of the land, Mr. President, in our contemplation, will not be

determined by the registration. We provided for a registration of 180 days from the approval of this bill into a law. However, the character of the land will not be finally determined by the registration that is done by the owner of the persons responsible, including a juridical person, perhaps for the land, but the history of the land will determine the character of the land so that evasion of this law will not be cavalierly accomplished.

Senator Gonzales. Yes, Mr. President. Section 6, Section 6A subparagraphs (d) and (e) probably might help us on this matter because it says the information to be furnished are:

(d) the crops planted in the property and the area covered by each crop as of June 01, 1987;

(e) the terms of mortgages, leases, and management contracts subsisting as of June 01, 1987;

Is June 1st intended to be the legal cutoff date to determine the nature and classification of land for the purposes of CARP coverage?

Senator Alvarez. No, Mr. President. I think for purposes of coverage in the history of the land, this subdivision (d) as provided here is not for that purpose. I think this was put by the technical working group and one of our proposals actually when this is going to come for amendment is to recommend an amendment to this particular provision.

Senator Gonzales. I agree that there should be a cutoff date for purposes of determining the nature and character of the land in order to forestall the possibility that between now and the approval of this law, there might be attempts to alter or change the character of the land so that it would no longer be subject to the coverage of CARP, if and when it becomes a law. I think this is a wise provision if that be the intendment, Mr. President.

Senator Alvarez. To my mind, Mr. President, when the appropriate time for amendment comes, we will tighten this particular provision so that we will look into the history of the production of the land, and the character of the land will be determined as set by the system of priority, by the mode of productive relationships, so that tenanted lands, naturally, will become agricultural and tenanted lands.

Senator Gonzales. As Senate Bill No. 249 now stands, to avoid CARP, can a landowner now change the use of his land which is now agricultural and convert it into a non-agricultural use so that by the time this bill becomes a law, then it will no longer be subject to it?

Senator Alvarez. Precisely, Mr. President, as I was pointing out the history of the land, the productive employment of the land as agricultural should be looked into so that when registration occurs, the owner may not wantonly disregard that history of the land in order to avoid the effects of this law.

Senator Gonzales. I have asked that question in order that we may be able to tighten up this bill, In fact, I am suggesting a historical date, June 1 or July 27 which is the opening of Congress. Then there must be some date in the past which would . . . I mean, the character and nature of the land should be determined. Because if we will wait for the approval of this bill as the cutoff date or the determining period, there will be many attempts to change the character of the land to escape coverage of CARP, Mr. President. That is the purpose of this question, Mr. President.

Senator Alvarez. Yes, I see the purpose of the question. But as I was pointing out, Mr. President, in order to put the necessary control and avoid the evasion, it is the intention of this Representation to look into the history of the productive employment of the land so that we

will be able to minimize evasion of the land reform law.

At the appropriate time, this Representation, during the period of amendments, intends to use that as one of the proposed amendments to the bill.

Senator Gonzales. Let me touch, Mr. President, on the beneficiaries as provided in Section 6, paragraph (b). Now, are the beneficiaries contemplated and provided for in Senate Bill No. 249 agricultural lessees, tenants and farm workers as individuals or are they farmer-families?

Senator Alvarez. As individual farmers, Mr. President.

Senator Gonzales. As individual farmers.

Senator Alvarez. As provided in the Constitution.

Senator Gonzales. So that if we have, let us say, an agricultural lessee or tenant who has five sons tilling the same land under lease or tenancy, then is the tenant or lessee the only beneficiary or will he and each of his five sons be considered beneficiaries?

Senator Alvarez. The sons can also be considered or classified as beneficiaries because they are farmers as well, but as individuals, not as a collective. They may be tenants, farmers or regular farm workers.

Senator Gonzales. So that if, let us say, we agree that they are beneficiaries, then each will be entitled now to a parcel of land due to an individual beneficiary for as long as it does not exceed three hectares as provided for in this Act. Is that so, Mr. President.

Senator Alvarez. Mr. President, the award limit is three hectares per farm.

Senator Gonzales. Per farm?

Senator Alvarez. Per farmer, per agricultural worker.

Senator Gonzales. Yes, Mr. President.

Senator Alvarez. There is no inhibition that other farmers, who may be a child or a member of the farmer's family, may not be entitled to an award.

Senator Gonzales. But if there are not enough lands for distribution to all farmers or tillers, whether they be tenants or lessees as such, would not equity and justice demand that farmer-families instead of individuals be considered as the beneficiaries?

Senator Alvarez. In the implementation of PD No. 27 — and there is a social history of this — it is usually the head of the farmer-families that becomes the beneficiary.

Senator Gonzales. Precisely, on that point, are we continuing with that or are we departing from it? That is why I posed to you that question of an agricultural lessee or tenant with five sons, all of them working on the same land. Will they be considered as just one farmer-family and therefore entitled only to one unit regardless of the area as determined, or will each one of them be considered as a separate and individual beneficiary entitled to his own share?

Senator Alvarez. As to the land they are tilling, Mr. President, the head of the farmer-families will be the beneficiary. But there is nothing here that will prevent the Government from granting or giving other lands in other areas where that may be available to the other farmers or farm workers.

Senator Gonzales. Mr. President, if there are many potential beneficiaries in a land covered by CARP, will the land taken under CARP be distributed among them even if the resulting farm lots are so small that they cannot be economically viable?

Senator Alvarez. The portion of lands that accrue to a beneficiary usually is that which he

cultivates and he has occupied. In the countryside, even if the ceiling is three hectares, the average distribution of land is in the range of 1.4 to 1.8 hectares.

Senator Gonzales. Under that theory, because the difficulty, Mr. President, is that when I posed to the Gentlemen the question of whether the beneficiary will be the farmer family or the members as such, he answered that they may be considered as individual beneficiaries. So they will have to be contended only with the land that they are working which may be very, very small when actually subdivided and distributed.

Senator Alvarez. In a situation like that, Mr. President, as I had pointed out to the distinguished Gentleman, it is the head who benefits from the award of the program. However, there is really no inhibition to give other portions of land not necessarily in the very area which the head of the family cultivates under this program.

Senator Gonzales. Sometimes, Mr. President, we provide in the law certain provisions which are contrary to the ethos and customs of the Filipinos. For example, under the Agricultural Agrarian Reform Law, when the farmer-tenant dies, then usually the one who should be entitled to till the land thereafter would be only one member of the family. The idea is not to break it up because breaking it into small lots will not make it productive. That is the theory. That is what is actually happening in the provinces. When land is already distributed, then the other children just do not agree: "Anak din naman kami, a. We are also beneficiaries. Bakit kami hindi entitled dito?" That is what is actually happening, although, the law provides otherwise.

What is the effect of a law that is not being enforced or even violated simply because it is out of tune with our own customs and with

our own beliefs and with our own legal system as a people, Mr. President? I think we should guard against the enactment of laws which, because they are violative of our own family concepts and values, cannot be enforced or will not be enforced. They become dead statutes, Mr. President.

Senator Alvarez. Is it your intention then, Mr. President, to provide that whenever the land has been so fragmented so that exploitation is economical, then the land should be kept intact by some mandate of the law so that only one member of the family should inherit the land?

Senator Gonzales. I think I am only suggesting that economic viability for purposes of production should be one of the factors that ought to be considered in the distribution of the lands to the beneficiaries.

Senator Alvarez. I do not find that an entirely disagreeable idea which can be introduced, perhaps, at an appropriate time, Mr. President.

Senator Gonzales. Now my question is, after the land is transferred or awarded to the beneficiary, a lot of things may happen:

1. The beneficiary or the awardee may die;
2. None of his heirs may want an agricultural portion;
3. No other means are available to the family to send their children to school, pay hospital bills or to save a dying member.

Now, the question is: In such cases, may he transfer by sale or otherwise the land awarded to him for valuable consideration; first, before payment in full of the value of the land is made; second, after the value is fully paid.

Senator Alvarez. After the value is fully paid, Mr. President, there is full ownership of the land.

Senator Gonzales. Yes.

Senator Alvarez. In which case, he may exercise the rights of an owner. Before the full value of the land is paid for, I believe his successors-in-interest can succeed to the extent of the interest including the rights that has already been paid for in the land.

Senator Gonzales. As we have said, when the Batasang Pambansa was considering these two bills, annulling sales and transfers of lands which were awarded to beneficiaries under PD No. 27 and the other Agrarian Reform Laws, the answer to my question as to why these transfers are being made was this, — and this came from the Assemblyman representing the Central Luzon areas, — *sabi nila*, “Paano kung wala ka namang — I mean, you have no means in order to send your children to school? Or probably, the wife is dying and you need to send her to the hospital. And, therefore, hospital bills, medical bills must be paid. We have no other means; we have no other property but this. That is why we are faced by circumstances to sell these lands.

Senator Alvarez. The rights, Mr. President.

Senator Gonzales. Whether it is an assignment of rights before the value of the land is fully paid, or whether the land itself, after full payment of the value is made, those are the realities, Mr. President, that would happen. They happened in the past, and they will happen again, Mr. President.

Senator Alvarez. As a matter of fact, a secondary market has developed on the sale of rights, which is a contravention of the Land Reform Law.

Senator Gonzales. Yes, that is true. How do we intend to meet such a problem under this bill, Mr. President?

Senator Alvarez. In this particular case, Mr. President, that contingency may be covered

by the Presidential Agrarian Reform Council. I think it may put the necessary mandate through its rules and regulations.

Senator Gonzales. Yes, But then, while we can leave it to PARC, I hope that we should provide it with certain definite standards, Mr. President, so that we will not run riot in the exercise of unfettered discretion.

Mr. President, on the other hand, according to the same Assemblyman, some lose their lands because they are plain lazy, or sometimes credits are extended. There was a time when there was a fertilizer program of the government. They were given fertilizers in kind and they were sold for cash at very much lower prices so that they could utilize the money. In short, what is intended for the development of the farm is not being really spent there but spent for other purposes. Now, what sanctions does this bill provide in order to avoid that situation which will lead to the dispossession of this land to which beneficiaries may be awarded?

Senator Alvarez. Mr. President, the sanction here is the transfer of the land but only under certain conditions; for example, the inability to pay three amortizations, so that the land may be taken over by the Government and given to a deserving awardee. However, if the failure to pay is through no fault of the beneficiary, then this will be taken into account by the implementing agency, which, in this case, is the Department of Agrarian Reform and will take measures in order to be able to help the beneficiary to cope with his obligations.

Senator Gonzales. The distinguished Senator's absolute concept of property rights after full payment of the value of the awarded lot does not seem to jibe with the social justice objective of this law. Because these lands had been awarded by the Government under this Comprehensive Land Reform Program. Certainly, it was acquired not as a commercial venture,

but in order, as a socio-economic measure. Therefore, I do not think that even after he has fully paid this land, then he should be given the absolute right to sell or transfer or assign his property. For example, properties that had been purchased from NARRA. They were given to settlers or by homestead. There is a provision of law that prohibits sale within a certain period, let us say five years. In case of homestead, we can not sell it without the approval of, let us say, the Secretary of Natural Resources within a certain period. Does the distinguished Sponsor not think that if we are to be assured that as much as possible the lands awarded to the beneficiaries should remain to them or in their family, there should be such provisions?

Senator Alvarez. Considering the length of time, which is 30 years, in which they are going to amortize the land, perhaps, while it may be true that there should be some restriction on their capacity to negotiate or make the full use or has been put to full exploitation by the beneficiaries. Thirty years is quite a long time, Mr. President. I will have no objections if the distinguished Senator will want to put some restrictions so that the land may not be devoted to uses other than for agriculture.

Senator Gonzales. It is very possible, Mr. President, that there may be land speculators who may actually invest in these things and the law allows an early payment of the land. Is that not correct, Mr. President? If I want to buy a land, then I just advance to him the value of the land and then later pay him a certain amount above the price, for giving a profit, and then he sells to me simply because he has already fully paid the value of the land, thus defeating the very purpose of Land Reform, Mr. President.

Senator Alvarez. That is possible, Mr. President, although I see it more as one of the rare exceptions that can happen. The norm, would

be the tiller would want to continue owning the land to cultivate it for his livelihood.

Senator Gonzales. Mr. President, this is not really a question out of the dark, but in the light of what has happened with respect to rice and corn lands under PD No. 27.

Now, under Section 16, "Transferability of Awarded Land," here it is now, is the transferee of the land the awardee of the land required to continue utilizing it for agricultural purposes?

Senator Alvarez. This restriction, Mr. President, refers to landholdings which will not be in excess because there is a restriction on landholdings.

Senator Gonzales. I know that, Mr. President.

My question is: Once a land is already awarded to a beneficiary, then is he required to continue tilling the land for agricultural purposes or can he just do anything with that land for as long as he pays the amortizations therefor?

Senator Alvarez. For as long as he continues to pay the amortizations, Mr. President, he is not yet the absolute owner of the land. Therefore, he can have the full freedom to change the character of the land because the program intends that he should become the owner-cultivator.

Senator Gonzales. Precisely, Mr. President, but can the Government dispossess him? Can the Government cancel the award because he is no longer using it for the original intentment of CARP which is for agricultural purposes?

Senator Alvarez. I believe so, Mr. President.

Senator Gonzales. Is there any provision in this bill that so provides?

Senator Alvarez. I do not have a specific provision as that, Mr. President, but I do believe that there will be a violation if the awardee of

the land under this program which puts him in ownership and control for cultivation, devotes the land to some other purposes.

Senator Gonzales. I hope we will be able to plug it with some provisions that could be enforced, because a provision that cannot be enforced is again a dead provision. Now, because if not, then the productivity aspect of land reform is defeated. Does the Gentleman not agree, Mr. President?

Senator Alvarez. I agree with him, Mr. President.

Senator Gonzales. How do we avoid dummies, Mr. President, under this bill?

Senator Alvarez. Under this bill, we have the Barangay Agrarian Reform Council which will, in the barrio level, look into the problems of who are the deserving beneficiaries. And, of course, the implementing arm under the Department of Agrarian Reform, which we have expanded, will be the instrument whereby this program may be implemented according to its purposes and not be circumvented.

Senator Gonzales. Okay. Now, Mr. President, I will give a hypothetical problem: A person now owns a fishpond with an area of 100 hectares. He has a wife and five children. Can he now by donation *inter vivos* have said fishpond subdivided into six parcels of 12 hectares each and convey by way of said donation each of these parcels to his five children with an aggregate area of 60 hectares, and keep one parcel with an area of 13 hectares for himself and his wife, and only the balance of the 28 hectares will be available for CARP? Would that be how it will operate under this bill? Can that be done?

Senator Alvarez. Is the Gentleman telling me now that an owner of a land can no longer, shall we say, I mean, subdivide this land to his legitimate heirs?

Senator Gonzales. No, Mr. President because we have provided for a retention limit. The owner of the land, when the program will be implemented, will be entitled to the retention limit under the program. Is there any provision in this bill that prohibits an owner of a land to have his land subdivided among his heirs? Is there any such provision, Mr President?

Senator Alvarez. There is no direct provision, but I believe that one cannot do an act which circumvents the implementation of this bill, when he provides for an implementation level of 12 hectares, for instance.

Senator Gonzales. Does the Gentleman not think that if that were the intention of this bill, it should be made explicit by an express provision rather than leaving it to implications?

Senator Alvarez. It does not harm, Mr. President. We have no objection.

Senator Gonzales. No, it is not a question of harm. It is a question of whether which is the better way.

Senator Alvarez. Perhaps, that will minimize litigation or taking the settlement of the problem to court, then we can provide for that if the Gentleman want to be very explicit on that, Mr. President.

Senator Gonzales. Mr. President, under Section 9, Voluntary Land Transfer is allowed, meaning that there is an agreement between the landowner and his tenants. Now, suppose, here is a landowner in Cavite, the province of Senator Paterno. Let us say he has about 200 hectares and there are about 10 tenant families. The owner agrees with the tenants, and say, "All right, I am setting aside, let us say, seven hectares for each one of you. You do not even have to pay it to me, then the rest belongs to me." Of course, the tenants will be very willing to enter into such an agreement. It is greater; they will receive something more than what they

can receive under this law. They will receive more benefits because they do not have to pay anything. Will that voluntary agreement be sanctioned under the provision of this Bill?

Senator Alvarez. I do not think so, Mr. President.

Senator Gonzales. Ipagtatayo pa siya ng monumento ng kanyang mga tenants. Imagine nagbigay pa siya ng seven hectares sa kanayunan na hindi magbabayad ng kahit isang sentimo.

Senator Alvarez. Because there is a provision here that this voluntary transfer will be monitored by the DAR.

Senator Gonzales. The question is, can it be legally done under this Bill? That is the question.

Senator Alvarez. It cannot be legally done under this Bill, Mr. President, because that would be in contravention of the purposes of this measure. That would be reserving to the ownership of the landowner portions of the land which he would otherwise not be entitled to retain.

In cases of voluntary land transfer the participation of the Department of Agrarian Reform is called for and is going to be restrictive or the checking mechanism so that the transfer may be in accordance with the Comprehensive Reform Program. And no private arrangement can be made outside than that which the law or the Comprehensive Agrarian Reform Program may allow.

Senator Gonzales. Yes, because I would suggest that we tighten up Section 9, so that this matter could be clarified. There is nothing in Section 9 which would prescribe this arrangement, because all that it requires is:

- a) The beneficiaries would otherwise be qualified and eligible for an award from the Government elsewhere in this Act; That is satisfied.

- b) The terms and conditions of the Government's standing offer to purchase from the landowner and standing offer to resell to the beneficiaries if such offers have been made and are fully known to both parties; That is satisfied.
- c) The voluntary transfer agreement shall include sanctions for non-compliance by either party and shall be duly recorded and its implementation monitored by the DAR.

All of these requirements are satisfied. There is nothing here that would prohibit the situation that I have given to the Gentleman, hypothetically, Mr. President.

Senator Alvarez. Is the Gentleman contemplating a situation that the former landowner may violate, in fact, the principal purposes of this legislation?

Senator Gonzales. I am not contemplating such a violation. What I am trying to say is the apparent insufficiency of this provision in order to forestall such a possibility.

Senator Alvarez. My distinguished Colleague may introduce the necessary tightening amendments at an appropriate time.

Senator Gonzales. Mr. President, I am entering into the retention limits which understandably, will be very long, I mean, will cover a very long time and it is already seven o'clock and he would move for an adjournment. So with the permission of the Chair, I would want to yield to the Minority Floor Leader.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [Silence] Hearing none, the motion is approved.

Senator Mercado. Mr. President, I move that we recommit to the Committee on Local Government at the instance of the Chairman of the Committee on Local Government and to incorporate new amendments to Senate Bill No. 162, entitled:

AN ACT CREATING THE REGIONAL CONSULTATIVE COMMISSION, DESCRIBING ITS POWERS, FUNCTIONS AND DUTIES PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Senator Pimentel. Mr. President.

The President. Senator Pimentel.

Senator Pimentel. May I just add, Mr. President, that the reason why there is a need to recommit this Committee Report is that Malacañang has submitted its own version and that there are certain portions that we can readily accommodate in the bill, Mr. President.

The President. Is there any objection?

Senator Maceda. Mr. President.

The President. Senator Maceda.

Senator Maceda. Mr. President, I have no objection. I just wanted to ask whether it would be a good policy that after the Senate has conducted hearings on this matter, simply because Malacañang has submitted its own or a new version, that we will recommit a bill for that purpose? I certainly would like that clarified. Are we part of the Malacañang jurisdiction, Mr. President?

The President. Maybe Senator Pimentel has a good reason for asking for the recommitment.

Senator Pimentel. The reason, Mr. President, is for a harmonious relationship between this Body and Malacañang, considering that the proposal is also valid.

hemorrhage of our foreign exchange will be there. Therefore, we need some more tax measures, whether it is dictated by the World Bank or IMF, which we should resist. But, if at the same time, we do not repeal or remove that automatic appropriation, then our face will turn blue, our voices will get hoarse, but we will never be able to do anything, Mr. President. So let us face the issue squarely. And repeal Section 31 of Presidential Decree No. 1177 today, then there is none to argue about all these arguments because we would have the funds. Therefore, we can repeal the repressive tax measures like the value added tax or VAT. We can repeal the gross receipts tax which increases the intermediation cost of banks, and we can remove much of the fuel and oil tax. There are so many things that we can do, but let us face the issue. And the issue, among others, is Section 31 of Presidential Decree No. 1177. Let us repeal that, Mr. President. Let us have a Special Order for that and right now, I am willing to vote for the repeal.

Thank you, Mr. President.

The President. I would like to ask Senator Romulo, if I may, whether it was possible for the President to have set aside Section 31 of Presidential Decree No. 1177 before the New Constitution came into effect?

Senator Romulo. Definitely, because at that time, the Executive, under the Freedom Constitution, had both Executive and Legislative powers. But since July 27 of last year, the power of making laws is vested in the Legislature. In fact, Mr. President, the first Senate Bill No. 13 filed by this Representation and Senator Pimentel was filed on July 28, and it addressed itself directly to that issue. Of course, later on, we filed a specific bill seeking for the repeal or removal or deletion of Section 31 of Presidential Decree No. 1177.

Thank you, Mr. President.

The President. Thank you. The Majority Floor Leader.

REMARK OF SENATOR MERCADO

Senator Mercado. Mr. President, I just would like to make a short comment that as far as the Committee Report records in the Calendar for Ordinary Business, I do not have yet the Committee Report on the repeal of Presidential Decree No. 1177. However, we have on our Special Orders the bill of Senator Romulo for the creation of a Debt Commission.

The President. But there is no Committee Report yet.

BILL ON SECOND READING Senate Bill No. 249 – Comprehensive Land Reform Program (Continuation)

Senator Mercado. As of the moment, but we should take cognizance of this suggestion.

Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249,

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION AND FOR OTHER PURPOSES.

Last night, when we adjourned the session, the Sponsor, Senator Alvarez, was being interpellated by Senator Gonzales. I move that we recognize them both.

Senator Gonzales. Mr. President, may I continue with my interpellation of the distinguished Author of Senate Bill No. 249?

The President. Please proceed.

Senator Gonzales. I had been thinking over this last night, Mr. President, and this is on the mandated order of priorities under Section 4 of Article XIII of the 1987 Constitution. May I

repeat as a jump-off for this interpellation. What it says among others, to this end:

The State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and retention limits as the Congress may prescribe.

Does the distinguished Gentleman think, Mr. President, that if we consider this particular provision, the "priorities" here refer to lands in the same manner that the retention limits that immediately follow the same also refer to lands and not the order of priorities of beneficiaries who would be awarded lands, because if this is a constitutional requirement, Mr. President, then I am afraid that if we do not make a provision for the same, we might be violating this constitutional provision?

Senator Alvarez. Mr. President, the spirit of this provision which mandates agrarian reform is embodied in the first sentence which is the element of distribution of lands to farmers and regular workers, the land that they till, and to this end, the just distribution of all agricultural lands, subject to priorities, may indeed refer to physical distribution. But priorities need not necessarily be the physical distribution of agricultural land. While we may undertake this physical distribution, there can be also, which, I think, is more compelling, an articulation of the social priority. So that when we look at the word "priority," Mr. President, I believe it is employed in the far more complex usage. And I am prepared to admit, I am constrained to believe that the whole spirit of this mandate also, and more so, refers to social priority. As I have pointed out yesterday, Mr. President, this particular mandate is to put an end to the feudal mode of production and, therefore, to do this, we must seek to distribute land to farmers and regular farm workers. and to distribute the fruits of the land to other farm workers. So, if we seek for the depth of meaning of the word "priority,"

it should respond to this mandate, namely, the priority of seeking the social solution. We do not discount considering the physical priority that the Gentleman is concerned, because as we seek to establish the social priorities, we are also handling the physical or sequential priorities that concern him, Mr. President.

Senator Gonzales. If the Gentleman will recall, in the original provisions of the draft executive order on CARP, there was an order of priorities, and the order of priorities was in the implementation with respect to the land classification subject to or covered by CARP. Is that not correct, Mr. President? There are certain targeted years wherein certain classes of lands covered by CARP are to be implemented. And, apparently, that is the interpretation of the "order of priorities" which the Constitution mandates. Is that not correct, Mr. President?

Senator Alvarez. Mr. President, I am prepared to admit that in the crafting of the CARP which we had some participation, there had been a classification or the targeted areas for land reform, but it need not necessarily be the altogether exclusive order of priority, because I look at the complexity of this constitutional mandate and I see here a more compelling demand to fulfill the social priorities.

Senator Gonzales. Yes, but given our limited finances, could the Gentleman tell us the reason or reasons why we departed from that interpretation of "order of priorities," in the draft executive order on CARP, and totally eliminated it and construed "priorities" to refer to priorities among the beneficiaries to be awarded lands covered by CARP? We must have some valid reasons for such departure.

Senator Alvarez. Mr. President, the reason is that the order of perceived priorities as enumerated in the Comprehensive Agrarian Reform

Program, as presented by the Executive, is not all that compelling and exclusive. Whereas, the constitutional mandate is, I think, compelling and urgent. If it is a question of economics, that is the very reason why we have so carefully drafted a bill within the capacity of the government and the economic system to undertake so that the measured proposals here for retention corresponds or is responsive to the level of capacity for funding. We saw to it that the cash flow and the financing scheme that has been arranged here would be within the capability of the economic system to undertake, and at the same time, carrying forward the principal mandate of redistribution.

Senator Gonzales. All right. If that were so, then, I will test the validity of the statement of the distinguished Senator. Where is the concentration in the Philippines, geographical-wise, of lands to be covered by CARP?

Senator Alvarez. Geographical-wise, Mr. President, I suppose they will be in areas where there is a density of population and where the lands have been developed for agriculture. Many of these lands are owned in private.

Senator Gonzales. Can we be more definite than that? Would it be in Central Luzon? Would it be in Region V? Would it be in Mindanao? Would it be in that particular region in the country? Would there be a concentration of lands to be covered by CARP as envisioned in this bill?

Senator Alvarez. As envisioned in this bill, Mr. President, in areas in Central Luzon, in areas where there is an extensive production of rice, and in areas principally where there are coconut plantations, in areas where there are sugarland plantations, so that this would be in Negros Occidental in the Visayan Region, the adjoining areas, from the Tagalog down to the Bicol Region.

Senator Gonzales. For example, in the very memorandum submitted by Mr. Roxas to the

Senate Committee on Agrarian Reform dated December 5, 1987, it says, among others, on Item 2.464, that the percentages of landless worker households by provinces are as follows: Pangasinan – 19 percent; Isabela – 35 percent; Nueva Ecija – 35 percent; Tarlac – 23 percent; Laguna – 44 percent; Camarines Sur – 22 percent; Iloilo – 48 percent; and Leyte – 34 percent.

These statistics refer only to the landless workers, households by province. These do not include lessees and tenants. Probably, we may be able to have statistics to determine the regions of the country where there is a greater concentration of lands that are to be covered by CARP. Possibly, in the order of priorities, can we not, considering our limited resources, start off with those regions and then give them all the full backing and support in terms of, for instance, credit facilities, marketing, storage, and everything. A sort of a pilot project to find out what are the strengths, so that we can, from time to time, learn from these pilot projects. Does not the distinguished Sponsor think that that would be a better system of priorities in the implementation of land reform as conceived and provided for in the Constitution?

Senator Alvarez. Mr. President, that is a worthy school of thought to consider. As a matter of fact, there is a school of thought that is going out of the Bigger House now from those who want to undertake land reform on a regional basis. I have very serious misgivings on this, principally because I do not think that we can really undertake a comprehensive agrarian reform program by going to regional selective priority systems or whatever intelligent mode of seeking where the solution would be applied on a most efficient and, perhaps, on a most able basis, because we can fund it. I understand that the social problem is nationwide, and comprehensive as mandated by the law. I do not discount the observations of the Gentleman. I

do hope that these can inform us and, perhaps, as he puts it, tighten the approach to the comprehensive agrarian reform program. But I will remind the Chamber that I do have very serious misgivings with this point of view.

Senator Gonzales. I do not want the distinguished Gentleman to get me wrong. If only we have all the necessary funds, by all means, we will implement agrarian reform nationwide. I think there seems to be no problems with that. We are merely faced with the reality that much as we want it, we really do not have the necessary funds for a nationwide, fullscale implementation of a successful land reform. That is the point, Mr. President.

Therefore, we are suggesting possible alternatives.

At this juncture, the Senate President Honorable Jovito R. Salonga relinquished the Chair to the Honorable Senator Sotero H. Laurel.

Senator Alvarez. Yes, Mr. President, and I am very grateful for the Gentleman's opening up that window of opportunity and viewpoint. However, Mr. President, if we adopt my proposal, the country will be able to undertake a comprehensive agrarian reform because we, as much as possible, try to adhere to the many dimensions of the problems so that the nation will be able to carry out this bold and awesome responsibility.

Senator Gonzales. I share the hope, with the Gentleman, Mr. President.

Now, will the landowners be authorized to lease their retained lands, or can they employ tenants? For example, after this land reform shall have been effected, an owner retains seven hectares. Can he now lease these lands to farmers, or can he have tenants to work on these lands?

I ask this question, because in the studies

made by Mr. Sixto Roxas, he said that the retention limit of seven hectares renders permanent a class of lessees who were 18 percent of the households. These had no hope then of moving up to become owners-operators.

Senator Alvarez. Yes, Mr. President, to the first question whether the rental relationship will continue if we are going to acknowledge this retention level. But, at the same time, we will seek to reduce the rent in order to minimize the burden on those lessees.

Senator Alvarez. I think what was outlawed is a mode of another tenancy relationship.

Senator Gonzales. Share tenancy.

Senator Alvarez. Share crop tenancy was outlawed.

Senator Gonzales. What the Gentleman is saying, Mr. President, is that even after the passage of this law, crop sharing tenancy will remain outlawed, but leasehold may still continue.

Senator Alvarez. Yes, Mr. President, but as I was pointing out to the Gentleman, we will, as a matter of fact, propose to reduce the rent, and within the generation of the retainer — landowner, that relationship may continue. However, after he passes away and transmits the land to his successor, that may not be tolerated anymore.

Senator Gonzales. Does the Gentleman agree on the advisability of inserting that in a provision as an amendment to this bill, Mr. President?

Senator Alvarez. Yes, Mr. President. It is one of the amendments that we are contemplating to introduce. But if the Gentleman will introduce it, I will welcome it.

Senator Gonzales. It matters not to me as to who would introduce the amendment, but I feel that if that is the intention of the Authors, I think, that should be made plain and manifest through an expressed provision.

Senator Alvarez. Mr. President, we have a lot of intentions which we did not incorporate in the proposed measure, but as this proposed measure was produced by the technical working group, it incorporated provisions from other proposals as well.

Senator Gonzales. Then, Mr. President, as far as the compensation is concerned, much questions had already been asked. And I would merely limit myself to a particular point because, under this bill, there are certain uses for which the LBP bonds to be issued in payment of lands could be made.

For example, the same can be used for any of the following:

- (1) Payment for land or other real properties purchased from the government;
- (2) Payment for the purchase of shares of stock of government-owned or -controlled corporations; or shares of stock owned by the government in private corporations;
- (3) Surety, bail bonds for the provisional release of accused persons or performance bonds in all cases where the government may require or accept real property as bonds; and
- (4) Security for loans applied with government financial institutions, existing charters of these institutions to the contrary notwithstanding.

Now my question is, under this bill, can we not grant the same rights and privileges to the bonds that had been paid by the government for rice and corn lands that the government had acquired under Presidential Decree No. 27?

Senator Alvarez. That will involve going into Presidential Decree 27 which, at this point, we

are trying to consummate. Because the interest rates there is six percent, there is a mode of valuation and the transaction is being completed by the Land Bank. Those that have not yet been paid, of course, are being adjusted under a 10-year scheme.

Senator Gonzales. Yes, we know that. - But these are the same, taken for purposes of land reform. Then why treat a group of landowners differently from those landowners whose lands will be taken under CARP? I do not see any basic distinction. I do not think that there is anything that will limit the power of Congress to grant them the same rights and privileges as the bonds we are going to pay those whose lands will be taken under CARP, if and when this bill is approved into law.

Senator Alvarez. Perhaps, some of those bonds can be redeemed, Mr. President, and a new bond re-issued in their place with liberal interest rates.

Senator Gonzales. Precisely. Give them the same rights and the same privileges; that they would have no basis for complaining that they are being treated differently and that they are being discriminated against. So we will be treating all the landowners fairly because this will be advantageous to them. There is no impairment of the obligation of contracts here, and even if there be one, this is a valid exercise by the State of its dominant police power, and it can be done constitutionally.

Senator Alvarez. Is the Gentleman suggesting, Mr. President, that we retroact the effects of legislation?

Senator Gonzales. Yes. We give whatever rights and privileges that we extend to the bonds to be issued in payment of lands to be acquired under CARP which should be given to those who had already been paid by bonds under Presidential Decree No. 27.

Senator Alvarez. Mr. President, then I will

really begin to worry on our funding scheme. There has to be an all-around readjustment of our cash flow and payment system as we have envisioned it under this bill. We thought that the past had its legislative agenda and we allowed the past to bury itself . . .

Senator Gonzales. No.

Senator Alvarez. . . . and we look afresh at the problem.

Senator Gonzales. I mean, the past is far from being ready to be buried, because the Gentleman himself admits that many of these bonds are still outstanding. They are very much alive and kicking, my Colleague.

Senator Alvarez. Yes, Mr. President. The remedy that the government sought to minimize the anguish of the previous landowners was the payment scheme. So that the terms that had lapsed are already being paid by the Land Bank. And those that have not been paid yet, but already been contracted, are being paid on a 10-year period, in the same manner that we are paying the new contractual relations we will have under this law or are being implemented under the Comprehensive Agrarian Reform Program. This places fresh questions and extensive financial as well as judicial excavation, Mr. President, which worries me that land reform may become more than just moving ahead but taking steps to look after our past too, because some of those who have gone through the process are reconciled with what happened in the past. It is a pain which we have to suffer for change, Mr. President. After all, I have not heard that issue raised from any extensive quarter from the landowning classes. What they wanted was an expeditious settlement of the bond obligation of the government.

Senator Gonzales. Yes. If they can be paid right now, that solves the problem. The trouble is that the Gentleman himself admits that the government is not in a position to do so. What

the Land Bank is merely trying to do is to update its payment. Meaning, it has not been able to pay these bonds as they fell due. All right, now try to update the payment of same if we can pay them. That is what I am practically advocating. We have to establish our bona fides first before we start on this new thing, that is what I am trying to advocate. But the point is we have to accept the fact that the government is not in a position to make the payment. And that is why, probably, it would not be too late in the day as an act of justice to these people to extend to them the same privileges as far as the bonds, at least, to make them at par with the landowners whose lands will now be taken under CARP, Mr. President.

Senator Alvarez. I see the point of the Gentleman. As a matter of fact, sometime in the past, we tried to address this problem and came up with some administrative solutions which we have already pointed out. Some expeditious payment schemes are being worked out, but I hope the Gentleman will be satisfied with the administrative efforts of the government which we can further advance by taking into account more of his ideas. But if we should imbed this in this Comprehensive Agrarian Reform Program, I am afraid and I am very much concerned for it since the mechanism which we are going to plug into the system may not really be necessary in order to carry this program ahead but may, in fact, be one of the many difficulties that we may encounter and make the program a little more difficult.

Senator Gonzales. Mr. President, under this Section 11 of Senate Bill No. 249, the retention limit for rice and corn lands is seven hectares. Now, attached to the Committee Report is a dissenting opinion of Senator Maceda, and he opened it with this statement:

. . . No. 7 was by numerology and superstition believed by the Marcoses to be their lucky number.

Now, outside of that, could the Gentleman tell us if there are economic statistics or bases why seven ought to be the retention limit for rice and corn lands?

Senator Alvarez. Mr. President, there could be some economics of scale that could be alluded to in sticking to seven, but he can use it for eight, six, or five hectares. So, it is a moving target; it is not a fixed number of seven.

Senator Gonzales. Because here, Mr. President, we are confronted again with another bill by Senator Aquino whose retention limit is only three hectares. Now, there are those who say five; there are those who say seven. In this particular bill, it is seven, fifteen, and twelve. So, the point, Mr. President, is: There must be some bases. We are not just plucking out of nowhere these figures as if we have chosen or fixed them arbitrarily. We must have some bases why it should be seven for agricultural lands why it should be fifteen for sugar lands; why it should be twelve for coconut lands; why it should be twelve for other crop lands. We have got to be convinced on that particular point, Mr. President.

Senator Alvarez. I did dwell on that in my sponsorship speech, but if the Gentleman wishes, I will review the reason why it has to be seven hectares. We tried to measure a reasonable standard which is mandated by the Constitution, and we took into account the given social condition. Seven is the retention limit which had been put into operation by Presidential Decree No. 27. And, it does not matter to me whether it was Mr. Marcos who put this up. The fact is that we have to confront a given social resolution. Seven, Mr. President, is the retention limit for those who own the land and for being deprived of a vast segment of their property in the past. If they have 30, they will have been deprived of 23; if they have 50, they will be deprived of 43. And many of those who had seven had already

planned their lives around that ownership of seven. Perhaps, seven has become an insurance for old age; a surety to educate their children, or a fallback because of their many incapacities. Nonetheless, 70 percent of what is due them has not yet been paid, and the original face value of the bond that they were paid at fixed interest rate of six percent had gone down to 40 percent of the value.

So I think that the government owes them this social concern and consideration. The government would be reasonable in considering that seven, as is, would be something that the system can tolerate, without provoking any sector of our society from being antagonized when we are trying to implement an undertaking as widespread and as difficult as the Comprehensive Agrarian Reform Program.

And, I also pointed out to him yesterday, Mr. President, that the agrarian reform program was undertaken 15 years ago. In the course of time, many of the landholders who are now retaining seven may already be prepared, if they have not yet divided these among their heirs. So, the natural process of inheritance would take care of the splitting the seven hectares. We will not be acting reasonably if we do not take into account all these multifarious social antecedents and consideration in allowing them to continue to retain seven.

Senator Gonzales. So, in effect, what the Gentleman is trying to say is that since this has already been imposed under Presidential Decree 27 and apparently acquiesced in by the owners of rice and corn lands, the social cost will be less.

Senator Alvarez. That is correct. The Gentleman has put it so accurately.

Senator Gonzales. Although, admittedly, the social benefit will also be less. Because, if it were to be reduced to five or to three, understandably

or arguably, there will be more beneficiaries of land reform. Is that correct, Mr. President?

Senator Alvarez. Perhaps, on that proposal, there will be more recipients. But, these recipients will nonetheless be, as I have pointed out, because those landholdings are just ready to be broken up.

Senator Gonzales. So, Mr. President, how about this 15 hectare-retention limit for sugar lands? Would that be enough an area to make its development economically viable as such?

Senator Alvarez. Yes, Mr. President. As a matter of fact, there were many alternatives in retention level. One proposal was 50; another one was 30; and the other one was 24 hectares. And this is the lowest which we plucked out. We chose this out because if we are going to break down the big holdings, at least we would leave behind what could be considered capable of applying mechanized agriculture — and a 20-horsepower tractor could serve a 15-hectare land. That one, among other considerations, was taken into account so that the constitutional mandate of leaving a retention level, taking into account ecology and developmental and equity consideration have also been plugged in seeking for this retention level.

Senator Gonzales. Now, if all the coconut lands in our country are brought under CARP, what percentage of lessees and tenants and farm workers in coconut lands would be benefited on the assumption that the retention limit will be 15 hectares?

Senator Alvarez. In sugar lands — 15; 12 hectares in coconut lands, Mr. President.

Senator Gonzales. I stand corrected, Mr. President.

Senator Alvarez. The remaining upper 25 percent, because 68 percent of all coconut lands are five hectares and below, and there is a remainder of upper 25 percent, about 12 hectares

will be affected, Mr. President. So, the Gentleman would break down the big holdings in coconut lands.

Senator Gonzales. No, my question, Mr. President, is not the coconut lands that will be brought into the system, but the farmers, the tenants, the lessees. Apparently, what percentage of lessees, farm tenants and farm workers would be benefited if all of these coconut lands are now brought under CARP, Mr. President?

Senator Alvarez. What percentage of the lessees?

Senator Gonzales. Would 60 or 70 percent of all of these potential beneficiaries have to be served or benefited by this CARP?

Senator Alvarez. No, I have figures here. [Pause] Over 19 percent would be affected, Mr. President.

Senator Gonzales. Okay.

Senator Alvarez. May I clarify this, Mr. President?

Senator Gonzales. Please.

Senator Alvarez. It looks small; it looks so minimal. Only because coconut lands are predominantly owned by small farmers. As I have pointed out, about 68 percent control 5 hectares and below. So, what we will be hitting with 12 hectare retention limit would be the upper 24 percent. Because, from seven to 12 percent is the remainder of 68 percent, which is 32 percent; but we are starting from 12 so it would be the upper 19 percent and the area to be covered would be, roughly, something like 500,000 hectares.

Senator Gonzales. With respect to fishponds, whether owned by individuals or by a corporation, the Gentleman has the same retention limit. Is it 12 hectares?

Senator Alvarez. In fishponds, we have another mode of agrarian reform, Mr. President. We are not parcelling fishponds.

Senator Gonzales. Mr. President, I think I have already covered substantial points in my view, and insofar as the other forms of land reform is concerned, these being the subject of interpellation by Senator Guingona who has not yet finished the same, and in order to give the others a chance to interpellate the Author on this very important measure, I am concluding my interpellation and I wish to express my thanks to the Gentleman and to the Chair for the opportunity and time given to me.

Senator Alvarez. Thank you, Mr. President. I thank the Gentleman too for opening new viewpoints, new visions in approaching this Comprehensive Agrarian Reform Program of the government.

Senator Mercado. Mr. President.

The Presiding Officer [Senator Laurel]. The Majority Floor Leader is recognized.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The Presiding Officer [Senator Laurel]. Is there any objection? [*Silence*] Hearing none, same is approved.

CONFERENCE COMMITTEE MEMBERSHIP On Senate Bill No. 52/House Bill No. 2852 (On Franking Privileges)

Senator Mercado. Mr. President, as regards the disagreeing provisions of Senate Bill No. 52 and House Bill No. 2852, entitled:

AN ACT TO GRANT FRANKING PRIVILEGE TO THE MEMBERS OF CONGRESS

I move that we create a Conference Committee and the said Committee be composed of Senators Osmeña, Saguisag and Enrile.

The Presiding Officer [Senator Laurel]. Is there any objection? [*Silence*] Hearing none, the same is approved.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President, I move that we adjourn the session until four o'clock, Monday afternoon.

The Presiding Officer [Senator Laurel]. The session is adjourned until 4:00 p.m., Monday.

It was 12:01 p.m.

Senator Rene A.V. Saguisag Present
 Senator Leticia Ramos Shahani Present
 Senator Mamintal Abdul J. Tamano . Present
 Senator Wigberto E. Tañada Present
 Senator Victor S. Ziga Present
 The President Present

The Honorable
 JOVITO R. SALONGA
 President of the Senate
 Manila

The President. With 23 Senators present, there is more than just a quorum.

The President. Referred to the Committees on Public Works; and Finance.

THE JOURNAL

Senator Mercado. Mr. President, I move that we dispense with the reading of the *Journal* of the previous session and consider the same as approved.

BILL ON FIRST READING

The Secretary. Senate Bill No. 278, entitled AN ACT PRESCRIBING A REVISED COMPENSATION AND POSITION CLASSIFICATION SYSTEM IN THE GOVERNMENT AND FOR OTHER PURPOSES.

The President. Is there any objection? [*Silence*] The Chair hears none; the same is approved.

Introduced by Senator Romulo.

The Secretary will now proceed with the reading of the Order of Business.

The President. Referred to the Committees on Finance; and Civil Service and Government Reorganization.

REFERENCE OF BUSINESS

COMMITTEE REPORT

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The Secretary. Committee Report No. 113 submitted by the Committee on Labor, Employment and Human Resources Development and the Committee on Ways and Means, on Senate Bill No. 125, introduced by Senator Mercado, entitled

The Secretary.

4 January 1988

I have been directed to inform the Senate that the House of Representatives on December 29, 1987, passed House Bill No. 3282, entitled

AN ACT GRANTING SPECIAL TAX INCENTIVES TO EMPLOYERS WHO EMPLOY DISADVANTAGED PERSONS,

AN ACT PROVIDING FOR THE CONSTRUCTION OF WATER WELLS, RAIN CATCHERS, DEVELOPMENT OF SPRINGS AND REHABILITATION OF EXISTING WATER WELLS IN ALL BARANGAYS IN THE PHILIPPINES,

recommending its approval with amendment.

Sponsor: Senator Mercado

in which it requests the concurrence of the Senate.

The President. To the Calendar for Ordinary Business.

The Majority Floor Leader.

Very respectfully,

BILL ON SECOND READING

Senate Bill No. 249 – Comprehensive Agrarian Reform Program
 (Continuation)

(Sgd.) QUIRINO D. ABAD SANTOS, JR.
 Secretary

Senator Mercado. Mr. President, I move for the consideration of Committee Report No. 103 on Senate Bill No. 249.

We are still in the period of interpellations, Mr. President, and I move that we recognize Senator Alvarez who is the Sponsor of the bill, and at this point, Mr. President, the Minority Floor Leader, Senator Enrile, wishes to interpellate.

The President. Senator Alvarez and Senator Enrile are recognized.

Senator Enrile. Thank you, Mr. President.

This is a resumption of my interpellation, Mr. President. I recall I have already started my interpellation of the distinguished Gentleman from Isabela but I cut it then because others wanted to interpellate but I reserved the right to continue and I would like to continue if my distinguished Colleague will care to answer some more questions.

Senator Alvarez. With pleasure, Mr. President, to the Gentleman from Cagayan Valley.

Senator Enrile. Mr. President, the Constitution provides that the State shall, by law, undertake an Agrarian Reform Program founded on the right of farmers and regular farm workers, et cetera, to own directly or collectively the land that they till, subject to such priorities and reasonable retention limits as Congress may prescribe.

Now, my first question, Mr. President, is this: May I know if my distinguished Colleague can tell us whether Senate Bill No. 249 has complied with the requirements of the Constitution, that Congress will decide the priorities to be involved in the Land Reform Program?

Senator Alvarez. Yes, Mr. President. As a matter of fact, that was the subject of inquiry of the Gentleman from Mandaluyong last time around because it was his position that a system of priority is a system of scheduling of implementation. It is the understanding of this Representation that while it may also be a system of scheduling of implementation, a system of

priority may categorically involve a system of priority according to the social imperatives as mandated by that specific provision read by the worthy Gentleman from Cagayan, which mandates the distribution to landless farmers and regular farm workers of the land that they till.

Senator Enrile. Mr. President, I sense that the requirement of the Constitution to the effect that Congress must establish the priorities is based on the recognition that the resources of the nation for this purpose are not unlimited; and, second, that Congress, as an instrument of the State, composed as it is of representatives of the people, knows best in dealing with this problem. Therefore, there was the tacit assumption that the program must be gradualistic rather than total in nature.

I do not see any prioritization by Congress of the land reform program as it should be, because Section 22, paragraph 2 of the proposed bill/measure has actually delegated or sought to delegate this function to the Presidential Agrarian Reform Council.

Is this a correct reading of Section 22 of the proposed bill, Mr. President?

Senator Alvarez. Not completely, Mr. President, although the Gentlemen from Cagayan is not entirely in error when he sees here a delegation of legislative power. But in truth and in fact, there is a statement of priority in our Section 14.

Aside from a study done by the Committee in support of this bill which tries to contemplate the incapacity of scarce and limited resources that we have at our command, we have also figure out the feasible retention levels side by side with the consideration of the award level so that the total concept of prioritization is embraced not in one specific codal mandate but, as a matter of fact, in the comprehensiveness of the nature of this program. So that within the span

of time, as mandated in Section 14 herein and considering the other provisions, the prioritization embraces both the concept of social priorities and the physical priorities that can be undertaken alongside with the mandate for which the Gentleman has so perceptively read in Section 22.

Senator Enrile. Mr. President, am I to understand that the concept of land reform that is now being proposed and interpretative of Section 4 of Article XIII would mean that the term "priorities" would deal with the priorities of beneficiaries rather than priorities of the lands to be taken and distributed?

Senator Alvarez. Mr. President, as I was trying to explain, the word "priority" here has a character of complexity. We did not interpret it as a priority of physical scheduling but also a priority of taking out the social content or the mandate of this particular provision. So that in the different provisions in the total implementation of the Comprehensive Agrarian Reform Program, we have attempted to do a feasible planning scheme. Hence, in totality, priority is taken cognizance of.

Senator Enrile. Mr. President, the reading of the Constitution where the word "priorities" appear, says:

To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe.

This seems to suggest that the term "priorities" deal with the land that must be taken to be distributed not to the beneficiaries because the State can possibly determine on its own who should get and who should not get lands.

Senator Alvarez. That is a point of view, Mr. President, which can be taken into account. However, may I suggest to the Gentleman and the Chamber, that if we continue to read priorities here can be defined by successive words and

meanings so that priority could also be predicated on developmental, ecological or even equity considerations. I think that would be the broader interpretation or application of the word "priority" in order that we may not be too hamstrung or fixated on a singular, physical scheduling of what is a priority.

Senator Enrile. Mr. President, my next question is this: If the interpretation of the distinguished Gentleman of the word "priorities" in the Constitution refers to beneficiaries, then may I know why in writing Senate Bill No. 249, he, in effect, delegated to the Presidential Agrarian Reform Council under Section 22 of the proposed measure the power to formulate the policies referring on the schedule on priorities for acquisition and distribution? And, under Section 5 of the same bill which governs the implementation of the Comprehensive Agrarian Reform Program and which enumerates the lands to be distributed, is it expressly stated that this classification shall not be construed as orders of priorities in implementation?

Senator Alvarez. That is correct, Mr. President, because what we had wanted to see here is a dynamic application of the law.

As we had pointed out in Section 14, we had recommended the system of priority. Because first and foremost, it is our perception that this measure is intended to break or do away with feudalism which is principally characterized by a mode of economic relationship, which is the tenancy relationship in the countryside. So that the system of priority which we had envisioned refers, of course, above all, to the rooted concept of distributing to the social classes who will be most found deserving, as mandated by the Constitution.

Senator Enrile. I will go direct to the point, Mr. President, so that we will not be wasting the time of the Chamber.

Is it the position now of the distinguished

Sponsor that it is not Congress that must establish the priorities, whatever his interpretation of the word "priorities" in the Constitution, but that he is delegating it to the agencies he is creating under Senate Bill No. 249?

Senator Alvarez. It is not so, Mr. President. I do not mean to abdicate the function of Congress with this delicate social reform.

As a matter of fact, when we went over the proceedings of the Constitutional Commission if they have not agreed on the definition of the word "priority" because there was a lack of dimensions of interpretation of the word "priority" for its legal impact, they had agreed on one thing: that indeed, Congress has the penultimate power to determine priority. And we have decided "priority" here, not in quantitative terms, not in physical terms but a system of social priorities. However, leaving within a span of five years, the mandate to fix within that scheme of things which we have indicated could be the guideline for the Presidential Agrarian Reform Council.

Senator Enrile. But the term "priorities" is mentioned in the Constitution, Mr. President, and I do not want to belabor this issue, talks of taking into account ecological, developmental, or equity considerations and subject to the payment of just compensation.

The questions is: When the Sponsor talks of priorities for social considerations, like determining who are the first beneficiaries, does this not enhance ecological conditions?

Senator Alvarez. That is an equity consideration, Mr. President.

Senator Enrile. How about the Sponsor's ecological conditions?

Senator Alvarez. Mr. President, that refers to something else — when land is misused — but presumably these lands are all of agricultural character. We have put very strong weight

consideration of the principal thrust and mandate, specifically this provision, when it declares that land reform will be for the farmers and regular farm workers who are landless and who should receive the land that they are tilling. We thought this perhaps as a clearer instruction for priority. It is a social mandate for priority.

Senator Enrile. May I know then who determines the priority, Mr. President? Is it Congress or is it some other institutions? And if it is some other institutions, is Congress delegating the power to determine priorities? And if so, where is the provision that delegates that authority and what are the standards that must be used in order to see to it that there is no undue delegation of legislative power to this agency that is sought to determine the priorities acting for and in behalf of Congress?

Senator Alvarez. May I recommend Section 14 to the Gentleman.

Senator Enrile. But that only deals with beneficiaries, Mr. President. How about the land? There are two sides to this problem.

Senator Alvarez. Mr. President, I think the Gentleman is asking for a categorical physical enunciation or articulation of what is a "priority." I have already explained to the Gentleman that we approached it on the social viewpoint.

Senator Enrile. Is not the intention of the distinguished Proponent of the measure to delegate this power to the Presidential Agrarian Reform Council given the provision of Section 5 which says that . . . may I go to Section 5, Mr. President, for the sake of clarity. This classification shall refer to the main components of the CARP and shall not be construed as order of priorities in implementation. And this provision further goes and says: The PARC shall determine its annual level of operations based on administrative feasibility and financial capacity. Meaning, therefore, that it is the Presidential Agrarian Reform Council that will determine

how much land would be taken and this will be based on its administrative capacity to handle the program and the available resources to it. Is this correct, Mr. President? Rather than the Congress of the Philippines as mandated by the Constitution?

Senator Alvarez. Yes, but the mandate for setting the priority targets, Mr. President, can be gleaned from Section 14. One provision is not totally exclusive of the others so that in the exercise of the mandate the other indicators of what should be the priority must also be taken into account. As a matter of fact, when the Committee was discussing this, some Committee Members have touched on the issue precisely in the manner the Gentleman is discussing now with us.

Senator Enrile. Section 14 simply says: The following shall be awarded: lands subject of land distribution under this Act in the order of priority listed as follows: landless tenants, lessees with respect to the particular agricultural lands which they are directly cultivating. Am I to understand then that we start with tenanted lands and lands covered by leaseholds or lessee farmers, is this the priority?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. And that the second would be landless regular casual farm workers with respect to the particular farm on which they are working. Now, on the assumption that the Gentleman is correct, Mr. President, if in a given land we have both the tenants and farm workers, who should get first the land? Would they be both given equal treatment or should one be subordinated from the other?

Senator Alvarez. I think the mandate of the Constitution here is for the landless farmers, Mr. President, who should be given priority.

Senator Enrile. The Constitution says "farmers and regular farm workers."

Senator Alvarez. Yes.

Senator Enrile. So, I say if there are regular farm workers and tenants on the same property, on the assumption that the Gentleman's priorities are correct, if Section 14 is a priority, necessarily based on his listing, the farmers should get the land ahead of the workers.

Senator Alvarez. Yes, Mr. President.

Senator Enrile. Is this correct? Is this a correct interpretation of his priority?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. And what will happen to the farm workers if the farmers will take over and run the farm, because then, probably, they do not need any further workers, they will, themselves, become the workers?

Senator Alvarez. Mr. President, this contemplates of two different situations. When one has a farm worker, he may have a complete tenancy relationship. Usually, he has a piece of land, let us say a 10-hectare land, and he has a renter of the land which is the tenancy form we tolerate at this point. The tenants will be the priority, to eliminate the tenancy relationship.

Now, in a situation where there are no tenants but with regular farm workers, then the priority also demands that we look into that situation. But in a situation where there are both tenants and regular farm workers, I imagine, Mr. President, if the regular farm workers cannot be accommodated since the mandate of the law is for farmers, then the farmers, in order to break the tenancy system, will be given priority if there are no more available lands.

After all, the land reform program is not contemplated to be able to give land to all the landless. There is not enough land to go around, Mr. President. One reason why we have a system of priority, too.

Senator Enrile. Mr. President, I will proceed.

I will come back to this again later on.

Section 5 of Senate Bill No. 249 provides that, and I quote:

The distribution of all agricultural lands covered by this Act shall have been complete not later than 5 years from the approval of this Act.

My question is: Will the government be able to provide the financial cost of implementing the program within that time frame?

Senator Alvarez. Mr. President, if the question is: "Will the government be in a position to absolutely guarantee that it will be able to undertake this program," my answer there is: There can be no absolute guarantees for such a program. However, we can set a target so that we can reasonably expect that the program can be carried out. We have worked out a plan on the basis of many assumptions contained in this bill that involves the retention level, the award level, the number of beneficiaries targeted, the areas to be covered, the crops to be covered, the areas that will not be covered because they are income-generating and foreign exchange schemes and, therefore, are good for capital formation that we have taken into account. In the totality of this planning, we have come out with a cash flow which we think the government will be able to undertake, including the level of deficit per annum. It is a detailed study which covered the many dimensions of the total plan in consultation with government financing institutions and other pertinent government agencies which will be involved and on whose shoulders considerable segments of the program will be carried.

Senator Enrile. And is it not perhaps the reason why the framers of the Constitution were judicious and careful enough in placing on the shoulders of Congress to determine priorities for, after all, it was assumed and it is assumed that it is Congress that must appropriate the

money that will support this program, rather than allowing it to be delegated to the Executive Branch of the Government?

Senator Alvarez. Mr. President, I have not abdicated the principal and the final authority of Congress to set the metes and bounds of this program. As a matter of fact, if we are looking for detailed handling of the program, we will find it in the provisions of this proposed bill. We do not intend to leave the decision-making entirely or completely in the hands of the Executive. However, we find that a certain elbowroom is necessary, for the many contingencies of a probable need for adjustments later in the implementation process, and perhaps the much appreciated lack of substantial resources that can fully and completely cover the cost of the implementation.

Senator Enrile. May not Congress say, perhaps, that the first thing that must be done is to complete the land reform program on rice and corn lands and later on, on sugarlands; and second, on coconut lands; and then all the others, instead of saying that the entire land reform program must be completed within five years and it is up to the Presidential Agrarian Reform Council to determine which type of land will be taken first and paid for and distributed?

Senator Alvarez. Mr. President, I appreciate the inquiry of the Gentleman. However, I think that is already getting into one of the more substantive debating points of the agrarian reform program. There are those who say that we have to do away with the alienable and disposable lands, and those other lands which are not in the private ownership of our citizens because they are the least controversial. However, there are those who feel that we should get into the tenanted lands which are precisely the privately owned estates. That I think, is the bone of contention in the observation of the Gentleman. It is really a point of view which should be taken into consideration ahead of others — the private

lands of those where there will be least controversy. There are those who say that we should go into the public lands because it will involve less cost. But the social cost of avoiding the private lands, to the thinking of some and also of this Representation, Mr. President, is even more going to be awesome.

Senator Enrile. I am not saying that, Mr. President. That is the interpretation of my distinguished Colleague regarding the tenor of my question. But what I am saying is that Congress, by virtue of the mandate of the Constitution, can very well say that these ricelands that are tenanted or not tenanted and cornlands that are tenanted or not tenanted should be the first to be taken and distributed, given the limited financial resources of government so that we can proceed with efficiency in prosecuting and implementing a meaningful land reform program without straining the administrative requirements and the financial resources of the people, so that we can also, at the same time, observe whether the model of land reform that we are adopting would really work out, not only for the benefit of the beneficiaries or for the benefit of the landowners but most of all, for the benefit of the nation.

Senator Alvarez. I am very appreciative of the observation of the Gentleman, but let me say, Mr. President, that it is really not a question of priority, entirely, rather it is a question of viewpoint on how to go about in implementing this total social reform package. At the right time and opportune moment in this parliamentary exchange, Mr. President, I think the Gentleman can put forward his viewpoint. Perhaps, it would be more acceptable than the viewpoints we are putting forward under the bill, through an amendment.

Senator Enrile. According to the Proponent, the funding of the CARP will come from the sale of non-performing sequestered assets, from the Economic Support Fund, from PAGCOR,

and the Philippine Charity Sweepstakes Office, from the sale of the Tokyo property, from foreign sources, and the National Budget. Am I correct in this, Mr. President?

Senator Alvarez. Yes, Mr. President, substantially.

Senator Enrile. But, Mr. President, if I remember correctly, all of these sources are affected by certain limitations; for instance, the sale of non-performing and sequestered assets subject to prolonged litigation. May I know if we have already raised enough money out of these sources to be confident that we will be able to provide the financial support, assuming that we can pass this bill?

Senator Alvarez. I can only be very confident as I am optimistic, Mr. President, but I can not assure the Gentleman that I have the birds in my hand. However, we had extensive hearings on this subject, and we had assurances from the officials responsible for acquiring these assets that at the opportune time they will be in a position to furnish the Government the needed assets.

Senator Enrile. Now, the use of the Economic Support Fund is circumscribed by our bilateral agreement with the US. There are certain agreements which determine the usage of this fund. May I know if those agreements have already been modified to assure us that this fund would be available?

Senator Alvarez. I am not fully aware whether the amendments have already been made in order that these funds could be shifted; but since that was the expressed intention of the Executive, I anticipate that at the opportune time the arrangement could be made. As a matter of fact, although, they do not come from the Economic Support Fund, some legislation — economic appropriations have already come out from the US Congress showing an interest in shifting back support to agrarian reform when US \$50 million, for the coming year has allotted

for the Agrarian Reform Program.

Again, I can not give the Gentleman the categorical assurances, perhaps, that one may be happy to give in planning a big program like this. But the intentions and the expectations are there, and I think that if indeed this is going to be the centerpiece of the Government program for reform, I have no doubt that all these policy directions can be realigned to fulfill the target goals.

Senator Enrile. Now, Mr. President, the funds from PAGCOR are, under the law, used for certain social services, and those from the Philippine Charity Sweepstakes Office are mainly for charitable purposes. Are we ready to forego all of these social services and charitable efforts in order to cover the cost of these ambitious land reform program?

Senator Alvarez. The word is really "ambitious", Mr. President, and if one has sufficient ambition for a worthy cause, then, perhaps, we can trim certain parts of our national expenditure, precisely to focus realization of this ambition, if I may say so.

Senator Enrile. Now, Mr. President, proceeds from the sale of the Tokyo property are earmarked by the budget to cover a portion of the expected 1988 budget deficit. How will this be utilized? How will the proceeds of the sale of the Tokyo property, assuming that we can sell or have sold this property be utilized for the land reform program when we are supposed to use it to support the 1988 budget deficit?

Senator Alvarez. I believe there are three properties, Mr. President, and there is a mixed financing arrangement whereby these properties could be put to good use. I do not concede that all three properties, if they are going to be sold, will be used to cover one single expenditure.

Senator Enrile. It was also mentioned that foreign sources would be tapped for the land reform program. Then I would like to find out,

given the fact that funds from foreign sources are uncertain, and if we borrow there is the delay, loan negotiation, whether there are already commitments to enable us to move with assured steps toward a Comprehensive Land Reform Program, Mr. President.

Senator Alvarez. Again, Mr. President the commitments that we would have in the magnitude of the program are a pittance. For instance, we have \$5 million from Italy and about \$10 million from the French government. And when Minister Ongpin was still around, he had a program of setting targets of half a million dollars with the Tokyo group of companies. They met for this purpose and the preliminary conversation and negotiations had already been put into effect.

Senator Enrile. I understand that funds needed for CARP are also envisioned to be generated from the budget, and I know that there are not enough resources coming from the budget apart from the adverse effect of this on vital government services.

May I know what tax measures would be proposed by the present regime in order to increase the income of the government to cover at least partially the cost of this annual land reform program?

Senator Alvarez. Mr. President, I can not satisfy the Gentleman on this question. There are no clear-cut tax measures. But we know that when this measure was being discussed, there was a survey conducted by a reputable group to find out whether the people would support a tax measure in order to carry out the agrarian reform program and 85 percent of those who were asked had responded very positively that a tax measure indeed may be a feasible additional source of funding when that becomes compelling.

Senator Enrile. May I recheck from my distinguished Colleague, Mr. President, whether my

recollection of what he stated to be the total cost of this program over a period of five years is ₱135 billion?

Senator Alvarez. About ₱145 billion, Mr. President.

Senator Enrile. ₱145 billion. That will roughly be equal to approximately a little less than ₱30 billion annually. Am I correct, Mr. President?

Senator Alvarez. Yes.

Senator Enrile. About ₱28 billion, to be exact, annually.

Senator Alvarez. With multi-targeted deficit of roughly about ₱4.5 billion to ₱5 billion per annum starting the fourth year. This is a composite financial planning package, Mr. President, that involves also a substantial ₱40 billion for credit financing and for production.

Senator Enrile. May I know whether this ₱135 billion in five years or ₱28 billion annually will only be for the acquisition of the land or will this include the development cost of the acreage that will be taken for the benefit of the beneficiaries and to be distributed to them?

Senator Alvarez. That includes the credit financing program, Mr. President.

Senator Enrile. How much is the credit-financing program annually out of this ₱28 billion?

Senator Alvarez. That is an aggregate . . . I do not have the annual figures, but we have a study, Mr. President. I will happily furnish the Gentleman the detailed study of this. But the aggregate composite amount is ₱40 billion for the targeted beneficiary of about three billion.

Senator Enrile. For a raw land, Mr. President, of let us say a coconut land, or a raw land that is good for coconut-growing, how much would be the estimated development cost per hectare?

Senator Alvarez. The targeted loan package for one hectare is about ₱5,500.

Senator Enrile. Does the Gentleman think that one can really till the land, put it in a plantable condition, and plant the coconuts with ₱5000 under the present prices?

Senator Alvarez. That may not be, Mr. President, but the principal bulk of the targets here are developed lands where the tenants and the landless regular farm workers have already worked on. Therefore, the initial capital is not really in ground-breaking or pioneering on the development of the land but on capitalization to keep it on an ongoing-production basis. There will be situations where resettlement programs will have to be worked out, and that is where the cost may be prohibitive as pointed out by the Gentleman.

Senator Enrile. Let us take the lands that are already planted to coconuts. We can classify this into coconuts that are bearing or about to bear fruits and young coconuts. But let us take the case of productive lands. Based on the Gentleman's proposal of giving not more than three hectares to each beneficiary, how much income does he think the coconut farmer will earn out of three hectares fully planted, let us say, with coconut trees of about 20 to 30 years of age?

Senator Alvarez. In reference to the age, Mr. President, I cannot answer.

Senator Enrile. First of all, may I ask the distinguished Gentleman if he knows how many coconut trees are normally planted per hectare?

Senator Alvarez. About 80, Mr. President.

Senator Enrile. Does the Gentleman know, Mr. President, what is the national average of coconuts produced?

Senator Alvarez. Eighty, Mr. President. Am I correct?

Senator Enrile. I will go even higher than that; 100. What is the average annual production of nuts per coconut tree per year?

Senator Alvarez. What variety is he talking about?

Senator Enrile. We are talking about the Philippine variety because we have stopped the Mawa variety.

Senator Alvarez. I think, a hundred nuts, Mr. President.

Senator Enrile. That is too high, Mr. President, we are only talking of a national average of 40 nuts per year. So that, if the Gentleman has 100 trees, he has about 4000 nuts. And if the copra conversion rate is between four and a half to five nuts per kilo of copra dried, first-class copra, he is talking of about one ton of copra production per hectare. And if he takes the mean of the lowest copra price and the highest copra price, and let us say, that it is about ₱4.00 per kilo, he is talking of ₱4000 per hectare production. If he gives one three hectares, that will mean only ₱12,000 gross. How about his cost of production, the cost of fertilizer, the cost of labor, and so forth, and so on? And the carabao? The Gentleman cannot plow, it is against the. . .

Senator Alvarez. Mr. President, the Gentleman must take other considerations into account. This is not a static situation. The social legislation contemplates development that springs out of ownership. When we give two hectares to a landless man, he is going to invest a lot of energy. Because of the pride of ownership, he is going to intercrop; he will find space where he could plant vegetables and food crops. And these are the hidden benefits and productive potentials concealed in our system of agriculture; or perhaps request, precisely, the Land Reform Program which seeks to encourage this bounty that springs of human ingenuity arising from the ownership or pride of ownership.

So, if the computation is paid on the levels of the present tenancy-productive relationships, the Gentleman is correct, and we may never be able to escape from the depths of poverty. However, when the land is distributed, something there happens, and something there is produced.

Senator Enrile. I will come to this again in the course of my interpellation. I am just giving my distinguished Colleague an advance notice of the matters that will be further delved in the course of my interpellation, Mr. President.

Now, we were talking, Mr. President, of a ₱28 billion annual requirement of this program. Now, how are we to provide the funding requirements for this ambitious program, given the fact that we may not realize the targets that are mentioned here, given the limitations of the sources of funding that I have mentioned, Mr. President?

Senator Alvarez. The Gentleman may proceed, Mr. President.

Senator Enrile. I am asking how we envision to fund this program, Mr. President, given the limitations of sale of non-performing and sequestered assets, economic support fund, PAGCOR, Philippine Charity Sweepstakes Office, the proceeds from the sale of Tokyo property that is only one-time. Once we have sold that and used the money, that is gone as a source. Assuming that we can realize what is claimed to be realized, then, we have from foreign sources and from the budget, and there is no indication of the supporting revenue measures that will be utilized to support this program.

Senator Alvarez. But there is nothing that should tie our hands, Mr. President, to come up with appropriate revenue measures, if it should really become imperative that we must support this with revenue measures. But the fact is that we have targeted our sourcing of funds and also targeted the distribution of certain funds coming from different departments.

Senator Enrile. Given the fact, Mr. President, that we are supposed to finish the Land Reform Program within a time frame of five years, suppose we cannot provide this money, what will happen?

Senator Alvarez. Mr. President, while we can assume the worst, we can also assume the best.

Senator Enrile. It is better to assume the worst in planning, Mr. President.

Senator Alvarez. That is why I have provided for deficiency level, Mr. President. Even if we hit this deficient level, we can still survive it. Of course, Mr. President, more than five million will resort out of the program if we adopt another program which is of astronomical cost.

Senator Enrile. What will happen to the mandate that we will finish a Land Reform Program within five years if we cannot provide the money, Mr. President? This will entail a lot of implications because government could default on its obligation to the landowners. There is also the question: What will happen if there is a default after we have already transferred the title to the Republic of the Philippines under the provision of this law and after we have heightened the expectation of the beneficiaries, and we have, in fact, granted them certificates of land ownership awards?

Senator Alvarez. Mr. President, if the Gentleman contemplates that this government will not have the political will to carry out this program, then his assumptions will really come to fulfillment. We are going to suffer that unkind fate suffered by the past government.

Senator Enrile. Does not the Gentleman think it would be better to just confiscate the lands, Mr. President, instead of telling the people that we can afford to provide the funding? In fact, we are not sure that we can provide the funding, so that the people will know that the government is going to confiscate their land.

Senator Alvarez. Mr. President, there is an exercise of police power that is involved in carrying out the Land Reform Program, but that does not make it an exercise of authoritarian power. It was tried by the previous government by not pushing the program with determination. It ended up with failure. But I hope that the democratic exercise and experiment that we will launch with the Comprehensive Land Reform Program. . .

Senator Enrile. I am not suggesting that, Mr. President. I share the distinguished Sponsor's optimism and his noble vision for a democratic society in this country, but there are certain forces waiting in the wings, who are watching the success or failures of this program. And if the distinguished Sponsor is going to give the beneficiaries three hectares each or portions of the lands that he has acquired and he could not support the program, and they will go hungry, then their argument will be, "You see, it is not really a question of giving you land, because the government has given you land. But it is the system that is wrong and so, we must destroy that system." Does not the distinguished Sponsor think that will be a stronger argument, Mr. President, at that point?

Senator Alvarez. That is why, Mr. President, I think the Gentleman is arguing in favor of my version of the bill; so we should plan this program wisely. Let us not think of giving the underclass in the countryside a piece of blue sky which we cannot deliver.

Senator Enrile. I agree that we should go cautiously and judiciously, Mr. President.

If I may proceed, Mr. President. Section 6 of Senate Bill No. 249 requires the landowner, within 180 days from the effectivity of the law, to file a sworn statement, stating among others, the average gross income from the property for at least three years, the current fair market value of the land together with all improvements inseparable from the land which

the owner desires to receive if the property is acquired by the government, and the latest declared market value of the land as determined by the assessor. My first question, Mr. President, is this: What is the purpose in requiring the average gross income for three years when the market value of the land is already required to be submitted?

Senator Alvarez. Mr. President, It is because the amortization of land will be based on the production level. Ten percent of the gross produce spread over 30 years will be the amortization payable by the beneficiaries. So, all these information will be used to compose a total package of intelligent information.

Senator Enrile. Would it not be better for the government to determine the gross income of this without taking it from the landowner, given the possibility that the landowner will probably increase it or decrease it depending upon the motive?

Senator Alvarez. Yes, Mr. President, all that have to be taken into account. There are imperfections in the information system. However, there is also the Barangay Agrarian Reform Council which will be assisting the program and which will have on-sight information system. Of course, the implementing bureaucracy is not expected to sleep on its duty to see to it that these programs and targets would be wisely implemented.

Senator Enrile. May I know, Mr. President, why the market value as determined by the assessor is required as well as the current market value as determined by the owner? What is the purpose of these two market values?

Senator Alvarez. Mr. President, in the final valuation, neither of these values will really be the governing factor. There may have to be a professional appraiser who will be employed, but the point of view of the landowner will have to be taken into account as well.

Senator Enrile. And will not the declared market value be binding on the government, Mr. President, as declared by the owner considering that at that point we use it for collecting real property taxes?

Senator Alvarez. I do not think that it should be the absolute guideline in payment.

Senator Enrile. If not, why does the Gentleman require the declaration of the property owner as to the current market value of his property as the basis for collecting real property taxes from him if he is not going to respect the assessment of the real worth of his property as a basis for computing the compensation to be paid by the government?

Senator Alvarez. Because, we are providing both an incentive for participation, and at the same time we are balancing that incentive by not encouraging the landowners to falsely declare, since there is a restraining element. The tax consideration will be a restraining element hoping that with this balance of incentive and restraint, we will have a reasonable or an effort at reasonable approximation of what they think is the fair market value.

Senator Enrile. So, the requirement will be that we use this current market value as submitted by the owner for exacting money from him, but we will not use it as a basis to pay a just compensation to him. Is this correct, Mr. President?

Senator Alvarez. We have to approximate, Mr. President, the level of what may be perceivably the just compensation. And naturally, we have to hear from all quarters, especially that of the owner.

Senator Enrile. Mr. President, under Section 7 of this proposed measure, once the Department of Agrarian Reform has decided to acquire a certain land, it shall make an offer to buy the land at a specified price. And if the landowner accepts the offer, he shall surrender

the certificate of title, the tax declaration, and other relevant documents, and he shall be paid the compensation due him in the manner provided in Section 10 of the proposed law. On the other hand, if the owner rejects the offer, the Department of Agrarian Reform shall conduct administrative summary proceedings to determine the compensation for the land. My question is: What is the utility or evidential value of the sworn statement of the landowner required under Section 6? We have required them to submit a sworn statement of certain things, including the fair market value as determined by the provincial or city assessor, and also a sworn statement regarding the current market value of the land. In fact, we are using this current market value as a basis for computing real property taxes, which is a tacit recognition by the government of the validity of that valuation. And what is the purpose in conducting a summary proceeding and requiring the presentation of other evidential materials to establish values?

Senator Alvarez. Mr. President, that is to have a balance and a total package of information. If we do the summary proceedings, it also goes to say that we have taken into account the position of the landowner if he does participate. If he does not, then the administrative arm of the government will do its own undertaking in trying to find out how the valuation will be managed.

Senator Enrile. May not the sworn statement as to gross income of the land, the market value as determined by the city or provincial assessor, and the current fair market value as declared by the landowner be considered as valid evidence for the owner under paragraph G of Section 7?

Senator Alvarez. Mr. President, among others, I am not saying here that those factors which are being articulated by the Gentleman will be excluded in the total consideration of valuation. After all, as we seek for fair market

value sometimes "fair" is a moving target.

Senator Enrile. What is a "moving target," Mr. President?

Senator Alvarez. What is "fair?"

Senator Enrile. What is fair is a "moving target?"

Senator Alvarez. Sometimes, yes.

Senator Enrile. But, Mr. President, if I remember correctly, Senate Bill No. 249 grants the Presidential Agrarian Reform Council the power to issue rules on valuation of the property to be taken. Does not the Gentleman think that it is too one-sided in favor of the government and against the landowners, for the government, the buyer of the land, to determine the rules of the game, so to speak, instead of giving these judicial bodies to determine, so that there is at least a semblance or appearance of impartiality?

Senator Alvarez. Yes, Mr. President. But land reform is a social legislation as I have pointed it out to the Gentleman which partakes of police power and draws considerable authority from extant provision of the Constitution on regulation of property rights.

Senator Enrile. Why does not the Gentleman just hold the bull by the horn and say, "Well, we want to confiscate your properties, your lands?"

Senator Alvarez. Because, in the same manner that we are going to the complexities of debate here, we are also observing the complexity of the democratic process.

Senator Enrile. We want to touch this in the form of democratic and due process in order to obviate the possibility that this program could be considered as confiscatory.

Senator Alvarez. Mr. President, is the Gentleman suggesting that the democracy should be incompetent and unable to undertake bold decisive measures of reform through the use of law?

Senator Enrile. I am not saying that, Mr.

President, but there are certain mechanisms even in a democratic society that must observe the principle of fair play. In fact, I am trying to help the government to at least attain the appearance of fair play. That is why I am raising the question whether it is fair or unfair for the government, the colossus, the leviathan, if I may use the words of a philosopher, in a society gobbling the assets of its own people and yet determines the rule of the game of how to value these assets rather than leaving it to the mechanism of justice as known in that democratic society.

Senator Alvarez. I am very grateful for the observations and the gems of thought offered here by the Gentleman. When the opportune time comes, I am sure that he will be able to strengthen this reform measure with recommendations or perhaps even amendments, so that it will not be perceived as a measure that arbitrarily and wantonly disregards the rights of a particular sector of our society, because we see this legislation as a multisectoral legislation. Indeed it is a social justice legislation to redress the centuries of oppression of these landless in the countryside without disregarding, as well, the rights of the property owners or those who are going to be deprived of their land.

Senator Enrile. As I said, Mr. President, if the owner rejects the offer, the Department of Agrarian Reform shall conduct administrative summary proceedings to determine the compensation of the land. In which case, once a decision is made there is the landowner given the right to appeal to what they call an Agrarian Reform Adjudication Board, and once the Agrarian Reform Adjudication Board has rendered a decision within a certain time, the Land Bank will already open a trust account for the landowner, and from my reading of the text of the proposed measure there is no further appeal from the decision of the Agrarian Reform Adjudication Board. Because at that point, once the trust fund is open, the law requires the Re-

gister of Deeds to transfer title over the land to the Republic of the Philippines, in spite of the fact that the just compensation has not been fully established.

My question is, does the Senator think that this is fair?

Senator Alvarez. Mr. President, there are many things in this world which are not fair. [Laughter]

This is an exercise of a measure to redress many failings of our social system that has been with us for generations. And we try to approximate what is socially fair. Social justice, after all, is that imperfection which is the approximation of what is fair or what could be absolutely fair and just.

Senator Enrile. In other words, the decision of the Agrarian Reform Adjudication Board is take it or leave it basis. Am I correct in assuming this, Mr. President?

Senator Alvarez. Not really, Mr. President. Because this is a quasi-judicial body and the Gentleman can appeal this to the Supreme Court in a question of law and a question of fact. Some say, and I am open to that, that it could be a question of law. But with the Gentleman's ferocious fiscalization of the measure, I am constrained to consider an amendment from him to open up the appeal also on the question of fact.

Senator Enrile. Thank you, Mr. President, for letting me know that is appealable direct to the Supreme Court. And on the assumption that an appeal is made and the Supreme Court reverses the Agrarian Reform and Adjudication Board, what would happen to the land after it has been taken over by the government and it has been distributed already to the beneficiaries?

Senator Alvarez. Mr. President, the final decision of the Supreme Court must have to be respected. After all . . .

Senator Enrile. Will there be a reversion of the land to the owner *ante-bellum*?

Senator Alvarez. Our expectation is that the Supreme Court may resolve questions on what are fair or just compensation and might instruct further inquiry on what would be a measure of what is fair and just, in which case the government will have to make up the difference.

Senator Enrile. And collateral to this issue, Mr. President, is something that bothers me, and this is my question. May the Register of Deeds transfer the land to the Republic of the Philippines without a deed of conveyance from the title holder?

Senator Alvarez. I think only as a trustee, Mr. President, not as an absolute owner. This may apply to one of those absentee landlords.

Senator Enrile. What would be the Gentleman's process to compel him to surrender his title to the Register of Deeds so that it will be cancelled from the books of titles so that the transfer certificate could be issued to the Republic of the Philippines?

Senator Alvarez. I think it's the rule, Mr. President. . .

Senator Enrile. The rule?

Senator Alvarez. Yes, we have not, in very categorical terms, specified a binding rule for this, but the rule itself says that the transfer could be done. That would be the authority for the transfer.

Senator Enrile. So, are we now allowing the transfer of title to the Republic of the Philippines without surrender of the outstanding certificate of title, contrary to our long tradition and the provisions of the Torrens System in the country?

Senator Alvarez. I believe, Mr. President, that this measure does not belong to the ordinary, but this is an exceptional legislation, and it involves an exercise of the power of the State to

regulate ownership and the certificate of private property. I think it can be comprehended within the . . .

Senator Enrile. What would happen, Mr. President, to the encumbrances that are written at the back of the title to this property, on the assumption that there are certain encumbrances, mortgages, leases, and other gravamen *lis pendens* if we enact the law authorizing the Register of Deeds to transfer to the Republic of the Philippines over a piece of land without requiring the owner to surrender the transfer certificate? Will the encumbrances annotated in the copy of that particular certificate of title in the hands of the Register of Deeds be carried into the title of the Republic of the Philippines.?

Senator Alvarez. Does the Gentleman think that the landowner can be compelled to surrender the certificate of title?

Senator Enrile. I do not know, Mr. President. I am just asking the question.

Senator Alvarez. Because it is my contemplation that in the exercise of the authority of these agencies or bodies, they can compel the surrender of the certificates of title, if that problem is contemplated by the Gentleman.

Senator Enrile. And again, I come back to my question, Mr. President. I believe that there should be at least a conveyance to transfer the property either through the decision of the Agrarian Reform Adjudication Board or some such other bodies which will authorize the Register of Deeds to cause the transfer of title to the Republic of the Philippines, and at the same time, a measure of public protection should be written in this law so that buyers for value will not be misled to buy the land covered by an outstanding certificate of title that is unsurrendered by the landowner because the government did not demand the surrender of that outstanding certificate of title. I do not know the answer to this. This is a complicated legal mechanism

which must be studied and carefully evaluated.

Now, if I may proceed, Mr. President, Section 8 provides that when the land is voluntarily offered for sale to the government, the transaction shall be exempt from taxes and fees, capital gains tax, registration fees and so forth. Will this concession apply to other types of transactions, Mr. President? And if not, why?

Senator Alvarez. Mr. President, because of its nature of voluntariness, it is given some incentives. These exemptions are meant to encourage the concerned to hasten the expeditious implementation of the program.

Senator Enrile. The reason why I raised that question, Mr. President, is the fact that the next section, Section 9 deals with voluntary land transfer. Here is a landowner who is already transferring his property to the beneficiaries without any intervention on the part of the government, and yet, concessions are not granted to him and are granted to somebody who voluntarily offers his property to the government. And I would like to find out what the reason is for this distinction and this apparent discrimination?

Senator Alvarez. We do not see this as discriminatory, Mr. President, because in Section 9, it is contemplated that there are already beneficiaries who are entitled to it. If the landowner undertakes it, the property will be a target for voluntary land transfer.

Senator Enrile. I am talking, of the psychological condition of both owners. The owner mentioned in Section 8 goes to the government and offers his property for sale; on the other hand, the owner contemplated under Section 9 does not go to the government. He enters into a direct relationship with his own people subject to certain guidelines and requirements of the government and transfers it direct to the beneficiaries without any more causing any problem or headache to the government. And in one

case, in the case of the owner under Section 8, he is granted capital gains, registration fees, and other financial burden exemptions, which is denied the landowner under Section 9. And I would like to know the distinction and the reason for this discrimination. I would imagine that there should be a greater encouragement incentive for the landowner under Section 9 rather than for the landowner under Section 8, if we are talking of incentives.

Senator Alvarez. The landowner under Section 9, is likewise under the gun because he has beneficiaries and he has to participate in the reform program. So, we do not feel that there is a need for an incentive as the landowner in Section 8. But these incentives are a matter of perception.

Again, Mr. President, I will encourage the distinguished Gentleman to pose his proposal for amendment at the opportune time. Perhaps, more members of this Congress will agree with this perception that, indeed, those who have tenants and who take the bold step forward for voluntary transfer should be given more incentives. This Representation and the others who participated in the earlier discussions did not feel at the time that such incentive was necessary and forthcoming.

SUSPENSION OF THE SESSION

The President. With the permission of the two Gentlemen on the floor, shall we have a brief breathing spell, if there is no objection. [*There was none.*]

It was 5:56 p.m.

RESUMPTION OF THE SESSION

At 6:25 p.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. May I continue, Mr. President.

The President. Yes. Please proceed.

Senator Enrile. Before I proceed, Mr. President, may I go back to the question of funding?

Under Section 37 of Senate Bill No. 249, Agrarian Reform Fund is supposed to be created with an initial amount of P50 billion. Where do we get this money, Mr. President? On the assumption that we passed this law, do we have this P50 billion right away to be appropriated to cover the funding requirements of the Agrarian Reform Fund?

Senator Alvarez. Mr. President, this targeted sum was done in conjunction with the cost-programming of the government.

Senator Enrile. May I invite attention to the fact that the terminology used by the proposed measure is "initial amount of P50 billion." That means that at the onset when we adopt this measure we should have that amount already as a seed capital for this Agrarian Reform Fund. Is this a correct understanding of the proposed measure?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. So, the question is: How can we provide this fund, Mr. President?

Senator Alvarez. Mr. President, the targeted sources, hopefully, will be able to bring about this initial funding of P50 billion.

Senator Enrile. From where?

Senator Alvarez. From the varied sources which the Gentleman a while ago had enumerated.

Senator Enrile. But as we have shown, there are limitations and doubts as to whether the targets could be realized. Where do we get this P50 billion in case the targets do not materialize, Mr. President?

Senator Alvarez. As the Gentleman is pointing out, those targets are in the stage of being fulfilled. We will hope that they will be carried out and they will be fulfilled. We have talked

to the different heads of agencies. We had hearings on this, and they are confident that the targets could be fulfilled.

Senator Enrile. Anyway, I would just like to raise that issue, Mr. President.

I come to Section 10 which deals with compensation. In paragraph (a), direct payment is allowed to be made by the beneficiaries to the landowner. My question is: Is this manner of payment strictly and solely applicable to transfer under Section 9 of the proposed measure?

Senator Alvarez. Mr. President, it is not entirely and exclusively applicable. Under Section 9, the voluntary land transfer between landowner and the beneficiaries is subject to the guidelines which have been articulated by the government itself — its terms and conditions. Under the direct payment scheme, the agreement between the parties will have to be approved by the government, although the terms could vary to what would be acceptable to the parties.

Senator Enrile. Mr. President, the way I sensed the procedure in the acquisition of lands to be redistributed, the Department of Agrarian Reform will notify the landowner that his land will be acquired under a specified price. If the landowner agrees, the down payment is to be made in 30 days. And so, therefore, that situation will not entail the direct payment by the beneficiaries to the landowner because they will have to pay the Land Bank which provides the money; otherwise, the Land Bank will not be able to recover its investment. Am I correct in this?

Senator Alvarez. Mr. President, the payment here actually is subsidized financing because the amortization which is going to be required of the beneficiaries in no way will be able to match the cash outflow which will be discharged by the government.

Senator Enrile. But this paragraph A con-

templates a direct payment, a direct relationship between the landowner and the beneficiary who makes the payment of the land and its improvement without any participation already of the Land Bank. And that is why I raised this question because as I sensed it, this is strictly limited to the type of transaction covered under Section 9.

Senator Alvarez. Under Section 9, Mr. President, the administrative coercive machinery does not apply as the parties voluntarily agree, but under the terms and conditions in which the Land Bank operates to undertake the program. Here, Mr. President, the terms and conditions may not be necessary, although the pricing could be the same, in accord with the guidelines in which the Land Bank undertakes the payment, because there may be modes of payments, like direct payments made by the beneficiaries to the landowner, especially if the beneficiary is in a hurry to acquire the land and is willing to cover the financing cost of an accelerated payment scheme. Then subsection (a) of Section 10 could be utilized, Mr. President.

Senator Enrile. Mr. President, may I know in a concrete example how this will operate in a situation where the property is compulsorily taken by the government and a trust fund is opened by the Land Bank for the owner of the land in that bank. Or, when there is a voluntary acceptance of the offer of the government to acquire it, it would mean that it is the government that will distribute the land to the beneficiaries after identifying them and the payment period is 30 years without so much interest — I think not less than 2 percent, if I recall. In this situation, how will this provision operate, this paragraph A of Section 10 in this situation, unless what is contemplated would be the situation covered by Section 9?

Senator Alvarez. Mr. President, the one that is covered by Section 9 is a formula of vol-

untariness but with the mode prescribed by the law for the payment as operated by the DAR. However, here when the direct payment may be made, such payment in cash or in kind may be made by the farmer beneficiary directly to the landowner on terms that are mutually agreed upon.

Senator Enrile. Precisely, Mr. President, what types of transactions are contemplated here when the general rule is that the indirect payment will be done because the government is the one that will take the property, whether by voluntary act of the landowner or by compulsion. And, in fact, the government is the one that is making the down payment. And so, therefore, necessarily the payment by the beneficiaries will be through the Land Bank. But in this particular paragraph, they can make a direct payment.

That is why I raised the question, what type of a transaction will this provision operate?

Senator Alvarez. For instance, Mr. President, if the son of a farmer who comes from the United States comes home with a beautiful car, and wanting to be able to purchase the land for his father who is going to be the beneficiary, sells the car. It is a payment in cash, but it has to be mutually agreed upon by the parties. But the contemplated . . .

Senator Enrile. So, this is intended to cover ordinary sale of a piece of land to anybody, any one of those defined in Section 14, provided they are working on the land or tenants of the lands?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. This is the contemplation.

Senator Alvarez. Yes.

Senator Enrile. Thank you, Mr. President. Now, paragraph b says that "where payment is made by the government, the Land Bank of the Philippines shall compensate the landowner in

an amount based on the owner's declaration of the current fair market value of the agricultural land including all crops thereon and all improvements inseparable from the land."

Now, why is this provision, paragraph b, talking about compensation by the government based on the owner's declaration of current fair market value when the distinguished Proponent said that the sworn statement of the landowner which includes the gross income, the fair market value as determined by the assessor and the current fair market value as declared by the landowner need not even be considered in determining the just compensation, because it has to be decided by the buyer, the government. And yet in this very provision of the law, there is a statement that the payment by the government will be based on the owner's declaration of current fair market value of the agricultural land, including all crops thereon and all improvements inseparable from the land.

Senator Alvarez. Mr. President, this provision is intended to give a complete approximation of what would be a fair market value. So we are going to take into account the declaration of the owner and the improvements of the land. But in our notes, Mr. President, this is one of those provisions that will be refined in the process of . . .

Senator Enrile. There are two instances already where we recognize that there is a tacit recognition by the government of the value as declared by the owner of the land. One, for taxation purposes and the other one for making the down payment. Am I correct in this, Mr. President?

Senator Alvarez. Yes, Mr. President, the distinguished Gentleman is very observant and perceptive on this.

Senator Enrile. If that is the case, then what is the need for the provision in Section 7, paragraph d for a summary proceeding which even

contemplates a compulsion on the landowner to present his evidence to establish his value when the law itself already recognized the value as submitted under oath by the landowner? And it is written in the law.

Senator Alvarez. Mr. President, the summary proceeding is to effect an expeditious handling of the program.

Senator Enrile. No. The summary proceeding is to determine the value under which the land had to be taken and for which, if sustained by the Agrarian Reform Adjudication Board, would authorize the Land Bank to establish a trust fund.

And that is why I am raising the question because we have already a provision, Mr. President, in Section 10, paragraph (b) authorizing the compensation of the landowner in an amount based on the owner's declaration of current market value.

Senator Alvarez. Mr. President, as interpreted, paragraph (b) should not be taken as the exclusive measure. The Gentleman is saying that we should take the owner's declaration as the exclusive indication. However, Mr. President, as we want this provision to operate, it is going to be one of the considerations in fixing the value of the land.

Senator Enrile. But, may I call the Gentleman's attention that it is this value upon which we will base the 10 percent down payment. If the summary proceeding will indicate that the value is less than the declared current value by the owner, would the Gentleman require the landowner to pay back a portion of the 10 percent paid to him?

Senator Alvarez. We can imagine that there will be some adjustment computation in the process, Mr. President. These are matters of administrative possibilities. I am sure the law cannot anticipate all these possibilities.

Senator Enrile. Now, my next question bearing on paragraph (b) of Section 10, Mr. President, is the meaning of the phrase: "10 percent of the value of the land" instead of "10 percent of the value of the land including the value of the crops and inseparable improvements." What is meant by this, Mr. President? Is this 10 percent, if rated in the law as it is, be limited to the value of the land without taking into account the crops and inseparable improvements?

Senator Alvarez. As articulated in the first and in the preceding paragraphs, Mr. President, it contemplates not just the raw or inseparable value of the land, if this is possible, but including all the improvements thereon.

Senator Enrile. All right, then I am satisfied with that explanation. Maybe, at the proper time we can refine this, Mr. President. But may I proceed.

The payment, Mr. President, is supposed to carry an interest rate equal to the interest rate applicable to a 91-day Treasury Bill at any given time. Since this interest rate fluctuates over the year, are we going to talk of the average for the full year or what are we talking about here, Mr. President?

Senator Alvarez. The rates of this 91-day Treasury Bill, Mr. President, will be the measure for which the interest of the bonds will also be paid.

Senator Enrile. Yes, Mr. President. But let us say that during the first quarter of the year, the interest rate on the 91-day Treasury Bill is, let us say, 15 percent. It rises to 17 percent in the second quarter, 19 percent in the third quarter, and 21 percent in the fourth quarter. Which of these rates are we going to apply to compute the interest on the unpaid balance of the compensation?

Senator Alvarez. The interest rates at the time that the transaction is consummated with the government, Mr. President.

At 6:40 p.m., the Senate President relinquished the Chair to the President Pro Tempore.

Senator Enrile. Or, is this going to be a fixed interest rate or will this be variable according to the time span of the forthcoming installments, Mr. President? We are talking here of payments of the balance over 10 years. I think it would be most unfair to follow the suggestion of the distinguished Gentleman that the interest rate existing at the time of acquisition would remain forever the interest rate to cover the succeeding installments. It will be unfair both to the landowner and to the beneficiaries because it could be that the interest rate at the time of acquisition is too high and later on, it will go down and that high interest rate will be carried and borne by the beneficiaries. On the other hand, if the interest rate is low at the time of acquisition, it will prejudice the landowner because if the interest rate will go up, he will be pegged to a low interest rate.

Senator Alvarez. Mr. President, the intention here is to be able to pay market rate of interest. It is not the purpose here to peg the interest rate at a fixed point, like the percent interest rate of the previous bond, so that the interest rate will be aligned with the interest rate of the treasury bill.

Senator Enrile. Yes. But what interest rate, Mr. President, will this be? Will it be the average interest rate collectible on a 91-day Treasury Bill of the government for that particular year of that particular installment or for the full amount of the unpaid obligation?

Senator Alvarez. It should be for the full amount, Mr. President, although at the time that the transaction is consummated, the interest rate could have to be taken into account as well.

Senator Enrile. Yes, I agree, but if we will write on the face of the bond, shall that interest rate on this bond be equal to the interest rate payable by the government on a 91-day Treas-

sury Bill at the time of redemption or at the time of the due date of the interest payment?

Senator Alvarez. I think it should be able to make the interest rate at market level, Mr. President. I think we should align it with the 91-day Treasury bond which implies that we should average this.

Senator Enrile. All right. Maybe, we can come to this at the proper time when we discuss the text of this measure, Mr. President.

Now, may I know when are these interest rates. . .

Senator Alvarez. Mr. President, let me clarify. When the Gentleman is suggesting that we average this in order to approximate a fair valuation of the payment of market rates —

Senator Enrile. For a given year for the unpaid balance.

Senator Alvarez. — for a given year for the unpaid balance, the Gentleman is not assuming of course that there will be drastic fluctuations in the interest level within . . .

Senator Enrile. Or the Gentleman can compute this on the basis of interest rates per quarter which is going to be very messy and administratively heavy for the implementors of this program.

Senator Alvarez. Because there is an underlying assumption here, of course, that such drastic violation does not happen within the span of one year when percentage of the bonds that are paid shall mature.

Senator Enrile. I will give the Gentleman a concrete example. Let us say in the year 1989, we take the property of X valued at ₱10 million and we pay a down payment of ₱1 million based on the formulation of this proposed bill. The ₱9 million will be payable in 10 equal annual installments. And the interest rate for this ₱9 million, assuming that we will have only one, we divide it into 10 bonds with different matur-

ities — one, one year, the last one, 10 years, each of these bonds will carry an interest rate payable by the government on a 91-day Treasury Bill. The question is, let us assume the bond with a face value of ₱900,000 payable in 1990, what would be the interest rate that we will charge? Is it going to be the interest rate on a 91-day Treasury Bill obtaining in the first quarter of that year or the one obtaining in the last quarter or the one obtaining in the third or second quarters? The proposal is very silent, Mr. President. Because we all know from experience that the interest rate on government treasury bills fluctuate based on the supply and demand of credit.

Senator Alvarez. I think, Mr. President, on an annual basis because there are nine installment years.

Senator Enrile. Ten installment years. The balance shall be in 10 equal installments. In other words, the payment for the whole property shall be, in effect, 11 years.

Senator Alvarez. Actually, Mr. President, it is nine because we give the 10 percent as the first downpayment.

Senator Enrile. I will have to recheck that, Mr. President.

Senator Alvarez. In any case, I appreciate that fine point of financing introduced by the Gentleman. I concede we can delve into that more carefully, but it is my position that treasury bills have certain face values at the time that they are sold into the market and within a given life span. So, to figure out that segment of one year of the nine years, may not all be that visible unless the assumption of the Gentleman is that there is such a drastic abnormal fluctuation of the interest rates, given a certain life span of the treasury bills.

Senator Enrile. I think the Chairman of the Economic Committee will tell the Gentleman that interest rates could fluctuate radically in months, not in a year. That is why I am raising

this question, Mr. President.

Senator Alvarez. I am of the belief, Mr. President, that it should really be average if that is the assumption.

Senator Enrile. Anyway, we will come to this, Mr. President.

My next question is, how and when are the interest paid to the landowners? Will it be at the beginning of the year or will it be semestrally or will it be annually, at the end of the year?

Senator Alvarez. The interest rates will not be paid in advance, that is for sure, Mr. President. They will be paid when they are due at the end of the year because the assumption of the amortization here is computed on an annual basis.

Senator Enrile. Now, where will the landowner collect his interests? Will the government send the check to him without him going to an office, or will this be collected in the branches of the Land Bank?

Senator Alvarez. I think this will be an administrative arrangement when the transaction is completed. If the landowner transfers his address to Tuguegarao, Cagayan, if he is a permanent resident of Ilocos, then he can arrange at the bank to send the interest to his new address at Tuguegarao, Cagayan.

Senator Enrile. Thank you.

I would like to posit this question, Mr. President. Now, the question that comes to my mind, what happens, if the peso is devalued?

Senator Alvarez. This is not an international transaction, Mr. President. I think all of us must suffer the hazards and the risks of a mismanaged fiscal program.

Senator Enrile. Are we not going to put a devaluation clause? This is not an international transaction, it is true, Mr. President. But devaluation of the currency of the nation can be done by the sovereign to the detriment of its own citi-

zens. If it wants to lighten the burden unto itself, the sovereign can say: Tomorrow the ratio of the peso to the dollar will be, instead of 20:1 it will be 40:1, cutting its own obligation to its citizen by 50 percent, or 100 percent. And I am raising this question because this obligation of the government will run for 10 years.

Senator Alvarez. Mr. President, that is a form of hidden taxation which I think this Chamber should not condone. If and when that ever happens, we should come out and open our breasts to our citizens — that we are indeed taxing them.

Senator Enrile. We should state very clearly, Mr. President, that there should be a corresponding adjustment of the agreed price in the event that the sovereign which takes this property would tinker with its own currency.

My next question is: What happens to inflation? If the interest rate and inflation are at par, what then will happen to the value of these owners that they parted at the time of the acquisition of their land by the government?

Senator Alvarez. Mr. President, these are actually points of view on how to be able to approach the land reform program. If the Gentleman wishes to put up safeguard measures for the former landowners, measures which every ordinary citizen is equally deserving, then I assure the Gentleman will be free to do that, because in an inflationary situation, the small beneficiaries suffer too with the unreasonable prices of fertilizers and other essential commodities. The housewives will suffer, too. It is the belief of this Representation that those contingencies are the normal hazards of being a constituent in a political community like ours whereby burden is equally shared.

Senator Enrile. But here is a situation, Mr. President, where the government takes the property of its citizens no matter how unfavored the class they may be, but nonetheless they are

citizens entitled to the protection of the sovereign. And at the time the sovereign takes the property of the citizen, it has an x value, but this x value is not to be paid by the sovereign all at once but, for its own convenience, must be paid over a period of 10 years. And the question is: Between year 1 to year 10, what will happen if there should be any deterioration in the currency of the sovereign or in the economy managed by the sovereign, not due to the fault of the hapless citizen but due to the mismanagement of the sovereign, what will happen to the value parted with by the citizen? And this is the question that I am raising here because my distinguished Colleague is talking of justice and equity, of all the forces and parties affected by this program.

Senator Alvarez. Mr. position, Mr. President, is, if we are a landowner or a former landowner, we must sink or swim with the fate of this Republic with its economic changes of fortune. However, Mr. President, I will not want to be the one to put the shield to protect and insure the property rights of the landowner at this point. I am already, at this point in time, being dubbed as the "protector" of the lot-owning group here because of our proposal for a higher retention level.

Senator Enrile. I am not talking of trying to shield the landowner from any detriment. I am talking of simple justice, Mr. President. Why can not the government shorten the period of repayment, and increase the downpayment so that we reduce the risks involved for the landowner as well as to the government, if we want to strike a certain balance of justice?

Senator Alvarez. At the opportune time, Mr. President, I am sure that the Gentleman's viewpoint on these will be most welcome. And in this Chamber we will be prepared to debate with the Gentleman.

Our intention in providing for the 10 percent down payment was to introduce a program

that would be affordable and manageable within the capacity of the government.

Senator Enrile. My next question, Mr. President, is this: What happens if the government defaults as to principal or interest or interest and principal? What is the recourse of the landowner considering that by then title to the land has passed to the Republic of the Philippines and the beneficiaries shall have received their Certificate of Land Ownership Award in connection with Section 7, paragraph E? Let us say, in year 3 or year 4, the government defaults, and cannot pay, what is the recourse of the poor landowner?

Senator Alvarez. In a contingency like that which, of course, is a highly abnormal contingency, Mr. President, if there will still be a legislative body, then perhaps, we can start considering legislating some form of compensation. Of course, one cannot sue the State.

Senator Enrile. That is why we are raising this question because we are supposed to write a law that is both equitable and workable, Mr. President, and I would precisely raise this issue.

Senator Alvarez. Mr. President, some of those assumptions are assumptions in extreme. We are making assumptions here that our government will continue to function. Precisely, we have figured out a program that will be carried out in a period of five years — assuming that this Constitution will last and we will have another presidential election in 1992.

Senator Enrile. Mr. President, we are not talking of foregoing paying our foreign obligations because of that burden and we are dealing with powerful nations and powerful banks, how much more in the case of these landowners? They do not have the clout to resist their own government if it wants to renege on its obligation. I would not want to take a chance; if I were in their place, I would like a law that will make me comfortable, at least. Because this may be

their only savings, Mr. President. It is easy for us to be saying things, like, "Well, we have to cast our fortune with the nation." But to those people who will be affected, especially if they are already old, this may be just the only thing they have in life. And yet, we are going to toy with it, just like that.

Senator Alvarez. Mr. President, of course, the Gentleman is in his rightful privilege. If he wants to put further safeguards, this Representation feels that those safeguards, although perceived by some to be useful, are not really crucial to the total package.

I have not closed my mind, however, to the sentiments of the Gentleman, but the Proponent of this legislation and those who have participated in it feel that there is sufficient encouragement for the landowners.

Senator Enrile. Mr. President, the compensation provision of this proposed measure speaks of the land, including crops and improvements inseparable from the land.

My question is: How about farm implements such as trucks, tractors, work animals, pumps, deep wells, generators, driers, and others. Will they be included in the valuation of the property to be taken by the government? At the point the owner would have no use for the tractors and trucks and driers and deepwells and generators and other farm implements.

Senator Alvarez. I can imagine the deepwell, Mr. President, as an integral part of the land. We cannot remove it without nullifying its value. However, if the Gentleman is talking of trucks, perhaps 50-horsepower tractors, when we are going to dismember the land, unless the land is going to be owned in a collective or cooperative fashion, then I see some reasonableness in including these values.

Senator Enrile. But the landowner does not want to part with his land but the government

is taking it. Does not the Gentleman think it is only fair that the government should equally take over all of these assets that are intended to be used in cultivating the land even if they are not inseparable improvements to the land, nonetheless, they are necessary? At that point, the landowner has no need for the tractors and the other equipment.

Senator Alvarez. He may operate the tractors, Mr. President, as part of an investment for business venture to cultivate the fragmented lands before the planting season. I mean, there are possible economic uses of an equipment like the tractor. He can engage in contracting to plow fields of the new land owners or he can even sell it. While there is something which suggests that indeed we should relieve him of all burdens of unloading his other property which he had used on the land, to load this upon the program and upon the government, may not all be that wise because these properties were used when he was operating the whole land.

Senator Enrile. How about the generators that he used to pump the water in order to provide water for his irrigation pipes? If the land is fully irrigated, are we going to include these generators even if they are separable from the land?

Senator Alvarez. I imagine so, Mr. President. Rationally, logically and economically, we do not want that piece of property to be turned into junk. What I am trying to say, Mr. President is in the process, there should be some leeway for some wise judgment.

Senator Enrile. Anyway, we will come to this again at the proper time, Mr. President. I will just wind up this portion of my interpellation and would like to reserve to continue interpellating my distinguished Colleague

Senator Alvarez. First time tomorrow.

Senator Enrile. — and cover the rest of the whole thing. Now, to finish the question of compensation.

In the same Section 10, Mr. President, it is provided:

Said LBP bonds may be used by the holder thereof and shall be accepted in the amount of their face value x x x

1) Payment for land or other real properties purchased from the government:

Now, the question is, what lands are we talking about here when the government has placed all the lands under the operation of CARP?

Senator Alvarez. Mr. President, there may be other lands. There could be urban lands in the government's housing program.

Senator Enrile. We are not talking here of agricultural lands, are we, Mr. President?

Senator Alvarez. Not necessarily, Mr. President. There could be urban lands for which the bond owner may be entitled to. If the bond has been negotiated to another party, the party who is the holder of the bond may use it.

Senator Enrile. And these bonds could also be invested in corporations, Mr. President. But how can we use these bonds as investments in corporations to buy shares of stocks?

Senator Alvarez. There are government-owned or-controlled corporations, Mr. President. The assumption here is that if certain shares of stocks are being offered . . .

Senator Enrile. Will the government agree to exchange its own shares of stocks in the Philippine National Bank for bonds issued by the Land Bank as a consequence of land reform?

Senator Alvarez. I believe so, Mr. President, because we want to give the fullest measure of encouragement in the negotiability of these bonds.

Senator Enrile. How about the shares of stocks of the government in Petron and PNOC?

Senator Alvarez. As a matter of fact, Mr. President, this is one of the measures that we

have discussed, I believe, in one of our hearings.

Senator Enrile. How about the shares of stocks of the government in the National Development Corporation?

Senator Alvarez. NDC. Well, there are government-owned and -controlled corporations, Mr. President. If the shares of stocks are being made public, I see no reason why species of money which is used to purchase the stock may not be replaced with LBP bonds as provided by law.

Senator Enrile. How about in the Development Bank of the Philippines?

Senator Alvarez. DBP. If they are offered for public sale transaction, Mr. President.

Senator Enrile. No. I am asking whether the government would open up all of these government-owned and -controlled corporations as an avenue, in effect, for the redemption by the government of these bonds.

Senator Alvarez. I really see no special objection, Mr. President.

Senator Enrile. Including Land Bank itself.

Senator Alvarez. Yes, government shares of stocks in the Land Bank.

Senator Enrile. Mr. President, it is also stated here that these LBP bonds may be used by the holder thereof and shall be accepted in the amount of their face value for security for loans applied with government financial institutions to the contrary notwithstanding. Am I to understand from this provision that, for instance, if I am the landowner, after I received the Land Bank bonds, I can go to the Philippine National Bank — in the example that I gave, with a nine million face value of bonds — and borrow nine million?

Senator Alvarez. I do not think this should be interpreted in that fashion. If he has an appraised property value of nine million and uses it as a collateral, the banking policy will

determine the level of the loan.

Senator Enrile. But the wording, Mr. President, says: "x x x and shall be accepted in the amount of their face value for security for loans . . . existing charters of these institutions to the contrary notwithstanding."

In other words, the law suggests that we must disregard the loan ceilings on appraised evaluations in the charters of these government financial institutions.

Senator Alvarez. Mr. President, if the Gentleman is suggesting that there should be a one-to-one correspondence for the face value in order to cash the bonds, this is not the contemplation. This is only as a security.

Senator Enrile. Yes. I am going to the bank. I will borrow, let us say, 60 percent because that is the loan value given by the bank for real estate or property. Will that be possible, Mr. President?

Senator Alvarez. Yes, that would be possible, Mr. President.

Senator Enrile. So I can now borrow on 60 percent of the face value of my bonds from a government institution. And they are compelled to accept it; they have no choice but to accept it the moment I go to the bank.

Senator Alvarez. They are not compelled to accept it as such. But they may not discriminate against it if they will welcome other species of property. The bondholders will have the same equal chance to use this as bond as if it were a property.

Senator Enrile. They may be used by the holder thereof and shall be accepted in the amount of their face value as security for loans applied with government financial institutions. Now, if the purpose is to have the landowners become merchants or entrepreneurs which is the thrust of the Land Reform Program and our workers as farmers, it stands to reason that when the holder of the bond — LBP bond —

goes to the bank of the government to borrow money to become a merchant so that he will have the wherewithal to put up a business enterprise, there should be no if's and but's about the acceptance of the bond as a basis for lending to him of money by government financial institutions.

Senator Alvarez. Mr. President, I do not think that provision is as unreasonable as that. It is not a CARP bond that because one has this, then one can therefore borrow. There are certain feasibility studies that must be satisfied, I mean, financing proposals that have to be fulfilled. Then, all things being equal, this rule contemplates that he has an equal shot, as the saying goes: At being able to borrow, in spite of not having the collateral, but having bonds.

Senator Enrile. Mr. President, if I am a farmer with 24 hectares of rice land and the government takes 17 hectares from me and I retain seven and I am paid, let us say, an x amount and at that point, I have a Land Bank bond of about ₱150,000, can I not go, for instance, to PNB to borrow money on my Land Bank bonds or to Land Bank itself using my collateral so that I can send my children to school because now I can no longer send them to school because the government has taken 17 hectares of my 24 hectares of rice land?

Senator Alvarez. Not in absolute terms, Mr. President. If another property owner is allowed to borrow, using property collaterals, for educational loan — because the bank has that kind of a program — he may equally have that opportunity, notwithstanding some charter provision to —

Senator Enrile. That is the point, Mr. President. Go ahead, please, I am sorry.

Senator Alvarez. — borrow without being discriminated upon. In other words, Mr. President, all things being equal, if the rules will allow one who has some kind of a property to use as a collateral, the LBP bondholder may like-

wise be able to use his property. But this is not an open sesame, so to speak, Mr. President, for the LBP bondholder, come what may, regardless of banking rules, procedures, feasibility studies or financial requirement or character of the bondholder which sometime, they may have to require in applying for loans of this kind, that a bondholder absolutely will have the right to borrow. What is contemplated here is a bondholder, like any borrower, will have an equal chance to borrow in the face of certain rules and regulations of the bank. If that borrowing opportunity is open to anyone, he may likewise be afforded this opportunity.

Senator Enrile. Therefore, there is no assurance that these bond will be useful to the holder, in spite of the provision saying that they shall be accepted at the face amount and may be used by the holder thereof to borrow money, because it will depend upon the discretion of the lender whether he can borrow on these bonds or not, in spite of the fact that these bonds carry the full faith and credit of the Republic of the Philippines.

Senator Alvarez. Mr. President, what we are trying to achieve here is to put the bond holders on equal footing with other types of property owners. We do not seek to put him on superior footing so that at all times and at a given time in such a way that he may use his bonds even if the rules and banking regulations do not allow it.

Senator Enrile. Mr. President, would it not be unfair that in the case of the farmer who had 24 hectares of riceland, the government takes 17, leaving him seven which is not enough to sustain the needs of this family and he cannot even utilize these bonds as instrument to borrow money so that he can send his children to school?

Senator Alvarez. What we are saying in this provision, Mr. President, is, if one were a land-

owner and his assets have not yet been transformed into bonds, then he can borrow. Now that they have been transformed into bonds, he can likewise borrow. He should not be discriminated against but if there is no lending policy, for instance, for the education of the children, whether he is a landowner or a bond holder, being a bond holder does not entitle him to open up that lending window – that borrowing window from the bank. This provision does not give a superior borrowing capacity to the LBP bond holder. It does not likewise discriminate him by being a bond holder. It puts him, as I have pointed out, on equal footing with other property owners, holding more tangible, more concrete resources at their command.

Senator Enrile. May these bonds be used as surety for the release of goods from the Bureau of Customs, Mr. President?

Senator Alvarez. Yes, Mr. President, that is contemplated.

Senator Enrile. So that if the smart operators in the Bureau of Customs import x goods valued at ₱1 million, for instance, although the actual market value is ₱3 million, they can put up a surety bond represented by LBP bonds of ₱1 million and bring out the goods. Will the government accept that?

Senator Alvarez. On a one-to-one correspondence, I am not saying that, Mr. President.

Senator Enrile. On the entry, it is only a one-to-one basis.

Senator Alvarez. I do not believe so, Mr. President. In the same manner, that when we use the bonds, we use the value of the bonds for its borrowing component with the bank.

Senator Enrile. But the value of the bond is the face value. It has no market value. It is the face value, unless we open up a secondary market for this bond.

Senator Alvarez. Does not the Gentleman

feel that there will be a secondary market if it becomes negotiable?

Senator Enrile. I do not know. If the Gentleman will make it negotiable and if there are people who would want to buy these bonds, it depends upon the condition of the interest rate at that time, Mr. President, because people will buy commodities and this will be just like a commodity depending upon the profit that they can make out of it.

Senator Alvarez. I am sure that there will be some contingencies which will have to be encountered, Mr. President. But, it is the sense of this Representation that some secondary markets for these bonds will arise, whether formally or informally. Even now, with the depressed value of the 6 percent bonds of the Land Bank in the Presidential Decree No. 27 program. . .

Senator Enrile. Mr. President, may I continue my interpellation tomorrow, if I will be permitted?

The President Pro Tempore. The Senator's reservation is made.

The Majority Floor Leader.

SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President Pro Tempore. Are there any objections? [*Silence*] Hearing none, the same is approved.

Senator Mercado. Mr. President, I would like to announce to the Members of the Chamber that we would continue the period of interpellations on Senate Bill No. 249 with three Senators who have made their reservations, including Senator Enrile.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President, I move that we adjourn the session until four o'clock tomorrow afternoon.

The President Pro Tempore. Is there any objection? [*Silence*] Hearing none, the session is adjourned until four o'clock tomorrow afternoon.

It was 7:26 p.m.

hope, of Senator Saguisag. And if this is the case, I think an apology or a clarification is in order.

Senator Saguisag. No, I would not ask an apology. It is just that I want my side heard. I would not want to complicate the situation. The thing is, this has become a matter of public record; otherwise, I would just have ignored this. I can only ask an apology from an officer and a gentleman.

The President. The Minority Floor Leader raised his hand.

Senator Enrile. Mr. President, I will forego my interpellation so that we will not impede the work of the Senate.

Senator Saguisag. Thank you, Mr. President.

The President. All right. The Majority Floor Leader.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive Agrarian
Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249. We are still in the period of interpellations. I move that we recognize the Sponsor, Senator Alvarez, and Senator Tamano who made reservation last night to interpellate the Sponsor.

The President. Senator Alvarez and Senator Tamano.

Senator Tamano. Thank you, Mr. President.

Will the distinguished Sponsor yield to a few questions?

Senator Alvarez. With pleasure, Mr. President. I will be happy to answer all the questions of the Gentleman from Lanao.

Senator Tamano. Mr. President, I shall be brief, particularly in the light of the prayer of the distinguished Senator from Manila, asking the

Almighty to help in the progress of our deliberation concerning the Comprehensive Agrarian Reform Program bill.

The President. The Senator from San Juan, he means.

Senator Tamano. The Senator from San Juan and Metro Manila. I stand corrected, Mr. President.

The President. All right.

Senator Tamano. As I said, his prayer has provided me further impetus to be brief and concise in my interpellation.

Mr. President, I would like clarification on the provision of ancestral lands because this affects the fortune of nearly 10 million genuine Filipinos. Yesterday, the distinguished Senator from Sulu made some remarks about the possibility that if we were to give free rein to the interpretation of what is ancestral land, it might cover the whole of Mindanao and Sulu.

Mr. President, that observation is not without legal and historical basis. If we look into the history of our country, the island of Mindanao is the domain of the native Muslims and other indigenous tribes. That is why, Mr. President, I would like to remind the distinguished Sponsor of a decision rendered by no less than the respected Justice of the United States Supreme Court, Justice Oliver Wendell Holmes, when he said, in the leading case of *Government of the Philippine Islands vs. Cariño*, that Spain could not give what it did not have to the Americans.

When Spain signed the Treaty of Paris in 1898, according to Justice Oliver Wendell Holmes, the areas occupied by the Muslims in Mindanao and the areas occupied by the Igorots and other indigenous minorities in Luzon were areas which were never under the control and sovereignty of Spain and, therefore, Spanish land laws could not be held applicable to these areas, under the principle that one can give

what he has and one cannot give what he does not have. Since these areas of the minorities, particularly the Muslims, were never under Spanish sovereignty, Spanish land laws could not be held applicable to them, and the Americans could not take title to these lands. The areas of the minorities could not be considered public lands.

Now, Mr. President, I make this reminder because when somebody raises the flag of ancestral domain, it is something that a person who has reverence for the law and for justice should not take lightly because these claims are with substance having basis in history and in law. They are backed up by precedents, Mr. President. I therefore want to ask the distinguished Sponsor whether he is aware of this decision of the United States Supreme Court which was binding in the Philippines at that time, that the Spanish Government could not give to the Americans what it did not have, and the Americans could not receive from the Spaniards what it could not give. This was a decision of Justice Oliver Wendell Holmes.

Senator Alvarez. Mr. President, I am afraid I must confess ignorance over this particular decision. However, it is acceptable to me as a general proposition that through the course of time when our national integration became a more effective administrative machinery, I am sure that a lot of complications have set into the process. That is why in this particular legislation, we do not seek to be able to ride and straddle this question of the liquidation of the metes and bounds of ancestral lands, leaving a certain general injunction and hoping that the government will come to terms which is most delicate, complex, and history-ridden problem.

Senator Tamano. I am glad that the Gentleman is of that bent, Mr. President, because I can see that Section 43 of the bill concerning ancestral lands could stand improvement in due time, because it merely acknowledges the pro-

tection of the rights of the minorities under Section 6 of Article XIII of the Constitution.

But I wonder whether the Gentleman deliberately omitted the other sections of the Constitution which would give protection to the rights of the minorities to their ancestral lands, like Section 15, Article X, of the Constitution, pertaining to autonomous governments, to Article XII, Section 5, pertaining to the national economy of the nation, because it seems to me that some primacy is given to the right to ancestral domain of the minorities. Will the Gentleman recognize, at the proper time, these other provisions of the Constitution?

Senator Alvarez. Yes, Mr. President, we are aware of the possibilities of tightening many provisions here. This has been worked out by our technical working group, and in this Chamber, we are looking forward to introducing further improvements through the process of debate and amendments. We have also gone through those principles that the Gentleman had pointed out and then we felt that, perhaps, during the debate, in the amendments, if the Gentleman thinks it is most appropriate, then he can introduce them, and we will find out if the Chamber will want to give a bigger leeway than what is provided here in embracing agrarian reform in those questioned areas on ancestral lands.

Senator Tamano. Thank you, Mr. President. I note that in the Gentleman's Explanatory Note to this bill, the proposed legislation treats agrarian reform as a social justice measure. When the Gentleman speaks of social justice, has he taken into consideration the fact that the Muslims and the other members of the cultural minorities have a different concept of what is meant by social justice? Is the Gentleman aware of that, Mr. President?

Senator Alvarez. Mr. President, all the different social classes in our society view justice from

the vantage point of their social perspective. I will expect that the working classes will have a perception of what is socially just for their particular class, to which the Gentleman and I, in many occasions, agree.

And I am sure that the capitalist classes or the property owning classes view social justice from their own vantage point dictated by certain social considerations and thus, through the years, cultivated cultural attitude towards what is just.

I have no way of seeing that particular social group will not be any different, so that our Muslim brothers, from their perspective of their history and cultural experiences, will have their own viewpoint on looking at social justice. But as articulated time and again in jurisprudence, a social justice concept that will embrace the common good or the social good must take into account all of these many viewpoints. And it must be stressed here that the viewpoint of our Muslim community as a distinct social class, as a class unto itself, perhaps, should also be taken into account and therefore it must be held.

Senator Tamano. I am glad that the Gentleman has that attitude because the Muslims regard land as a trust from God, from Allah. So we have the concept, as far as the land is concerned, of Haq Allah which means the domain of God, the right of God.

To the Muslims, land is inalienable, as far as the community is concerned, so that under our Muslim concept of social justice, any Muslim who wants to reside in the community can cultivate a piece of land and reap the fruits thereof, but he cannot transfer this land to anyone who does not belong to the community.

So land is held as a sacred trust. We call it Amanah. It is a sacred trust from God in the same way that even our life is a sacred trust from God.

Therefore, perhaps, the western concept of a person not occupying more than what is ade-

quate for his own needs, to the exclusion of others, will also apply. But the fundamental principle, as far as the Muslims are concerned, is that this land belongs to the community. And therefore, it is in apposition to the concept of public land. There is no public land in the Muslim areas. These lands are lands of the community, and should be distributed in accordance with the customs, the traditions, and the laws of God. That is the concept of the Muslims, as far as land is concerned.

I wonder whether the distinguished Author is willing to accommodate the concept of the Muslims regarding land, because what is social justice to our Christian brothers may not be social justice to the Muslims. That is what I am saying, Mr. President.

Senator Alvarez. The general propositions under this Constitution, Mr. President, is not altogether inhospitable to the concept of communal or community interest. As a matter of fact, the principles or the articles cited by the Gentleman gives a recognition of this communal interest.

Unfortunately, we have created a larger community, that is, communal societies. We do not have the communities of the Kalingas and the Apayaos, the Badjaos, the Maranaws; we now have a national Filipino community. So that under the Constitution which defines the community ownership, we will have to make accommodations with a larger community interest. While at the same time we may recognize the communal as distinguished from the community interest which is the national community, I think, in operating this rule, we have to stay as closely as possible to the community or the national community interest which is mandated by specific provisions of our Constitution.

So, I am quite prepared to accept the communal interest within the larger national community interest. But we did not barely

define that communal interest in very specific terms as we pointed out to the Gentleman in our provision for ancestral lands. Perhaps he may come out with a more detailed legislative proposal in this because it is really a complex problem, Mr. President. It is regrettable that we may not be able to handle it in a specific provision of the Agrarian Reform Code.

Senator Tamano. I can see this point, Mr. President, especially in the light of the fact that what he is trying to do here is distribution of ownership of land. But from the Muslim concept, one does not own the land and the ownership cannot be distributed. What the Muslims have is, usufruct over the land. That is the legal term that we have. One has only a temporary use of this land because this land belongs to God. It belongs to the community. And, therefore, if one tries to distribute this land, with respect to ownership, that one person or a family shall have permanent ownership and right of disposition over the land. We will then come into conflict with the concept of the Muslims that we cannot own the land; we have only usufruct, the temporary use of this land.

Senator Alvarez. Mr. President, in those areas where those claims are set, the provisions of this proposed legislation do not have categorical rules. It does not discount, however, a recognition of those ancestral rights or indigenous rights, but this proposed legislation posits only certain guidelines on how these problems may be approached.

The communal concept or the collective concept, or the Roman concept, as one may put it, which is used to define the kind of ownership over communal lands, is something to which a larger national community that I refer to is sympathetic. I see no legislation, this government may not come to terms with those, and the Gentleman, at some opportune time, can express the inadequacy in not being able to provide the essential guidelines to confront this problem of

ancestral lands in this legislation, Mr. President, having come across many dispositions and viewpoints from representatives of indigenous communities. As a matter of fact, the Cordillera communities that have testified in certain hearings over certain matters relating to cultural minorities have manifested the same viewpoint which has been articulated here by the Gentleman from Mindanao. As a matter of fact, Mr. President, since one of our national policies is also the building up of cooperatives, perhaps, the areas of the cultural communities may be more receptive or a more fertile soil for the formation of cooperatives along tribal lines and that is an even more natural and more lasting arrangement than the compulsory distribution of land which to some may be uneconomic in the long run.

Senator Alvarez. Mr. President, that viewpoint can still be accommodated. We do not discount here a mode of distribution where the problem of ancestral lands will be encountered. As a matter of fact, the article or section, Section 43, on ancestral lands has been taken note of by the Gentleman. If it is tightened, given more guidelines, it would be an adequate provision to take care of the particular problem without putting into a dead stop the whole process of agrarian reform program on account of our inability to come to terms with the issue of ancestral lands, Mr. President.

Senator Tamano. I wonder, Mr. President, if the distinguished Sponsor has taken into consideration the fact that the Constitution mandates the formation of autonomous regions in our country and that being so, particularly in the light of the Tripoli Agreement which requires the formation of an autonomous region for the Muslims, perhaps, the coverage of this Land Reform Program could exclude these areas which are supposed to be made into an autonomous region by provision of the Tripoli Agreement and by mandate of the Constitution. For ex-

ample, let us say, could not exclude from CARP Region XII and Region IX which are areas predominantly Muslim?

Senator Alvarez. Mr. President, on a regional basis, I may find difficulty in accepting an amendment along that line, because I am fully aware that within the enclaves of the communal claims to property or ancestral lands are also lands which have been, for a few generations back, owned, even titled to Muslim brothers who have availed of the facility of the western mode of titling. And if we are going to apply the Agrarian Reform Program, they must be applied in such a way that we are able to discriminate in those areas where the rights of Muslim farmers, respected and recognized so they will be falling within the embrace of law. Otherwise, we will have here an unequitable application of the law where the underclass in the Muslim community will not enjoy the blessings of agrarian reform, especially in those areas which have been acknowledged to have national community. However, in those areas where there are claims of indigenous or communal or ancestral lands, then a provision can be crafted so that certain mandates in the process of implementations may be respected. The mandates that we have indicated here offer two anthropological guidelines which are broad in themselves, and includes the actual economic requirements of the cultural communities, Mr. President.

This will invite the Gentleman to help refinements in the process of amendment so that we will have a more effective working tool in relating to this specific problem. However, I will be very careful not to embrace whole regions, because, as I have pointed out already, even regions have developed through the passage of time certain characteristics in the mode of land ownership, not entirely communal, not entirely in the traditional indigenous, and ancestral fashion as had been worked out by our people

before the western system of land ownership was applied throughout the country.

Senator Tamano. Mr. President, I am quite concerned that we may be in snarl, in a constitutional thicket, because there is a provision of the Constitution itself which says that the autonomous regions to be constituted shall provide for legislative powers over ancestral domain and natural resources. This is Section 20, Article X on autonomous government. This seems to be a specific mandate of the Constitution, that it is this autonomous government that shall provide and define the bounds of ancestral domain.

So, Mr. President, I think that, in reverence to the Constitution, we should not, at this time, tinker with a provision which would effectively take away from the autonomous government the autonomy that is proposed to be given to them and which rightfully belongs to them if we are sincere about granting autonomy to the Muslim areas.

Senator Alvarez. Mr. President, while I see here some form of a possible collision in the approach to the problem, I do not see here our inability for a reconciliation if we provide, in certain general terms, certain guidelines for this specific problem.

The President. Is Senator Tamano invoking Section 20 of Article X?

Senator Tamano. Yes, Mr. President. I am invoking Section 20.

The President. But if it is Section 20, that will be subject to the provisions of this Constitution and national laws.

Senator Tamano. That is right, Mr. President. But as I was saying, if we are sincere in granting autonomy or setting up an autonomous government, the disposition of ancestral domain should be better left to this autonomous government. As a matter of fact, Mr. President, the heart and soul of autonomy is the disposition, the exploi-

tation, the development, and utilization of the natural resources of the area. That is the heart and the core, the soul of autonomy. And if we take that away, we do not give autonomy to the autonomous region.

As a matter of fact, Mr. President, we Muslims, for example, feel aggrieved that in order to get a timber license for the timber in our area, we have to go all the way to Manila. We will accept the principle that the disposition should be in accordance with national policy. But the act of disposition and the procedures thereof must be defined by the local people, and the decisions must be made by the local people. That is the core and the soul, the heart of autonomy. Take that away and we have a sterile combination that is only artificial and only intended as a token autonomy which will not be acceptable to our people.

Senator Alvarez. So, I still maintain, Mr. President, that issue could be obviated; whereas, at the same time, we can pursue the goals of comprehensive agrarian reform with appropriate crafting of this provision if the Gentleman would like to tighten it.

Senator Tamano. I thank the distinguished Senator from Cagayan and Isabela for his open mind on the matter. I think this is a result of his commitment to human rights, and the protection of the oppressed and the minorities.

And as I have intimated in the very beginning, we support his bill and we hope that we can work out a provision that will be responsive and will give due consideration to the aspirations of the Muslims in this country.

Thank you very much.

Senator Alvarez. Thanks to the Gentleman from Mindanao.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. Thank you, Mr. President.

Would the distinguished Gentleman from Cagayan Valley yield?

Senator Alvarez. Yes, from the economic Mentor of this Chamber, and of this Representation, too.

Senator Paterno. I do not know if I deserve that, Mr. President, but, anyway, I would like to follow up on a question which was posed by the Minority Floor Leader yesterday, asking who will decide which portion or portions of a land being acquired by the Land Bank of the Philippines for distribution and what will be left to the landowner. Will it be the landowner, the beneficiaries, the buyer — the Land Bank — or will it be a committee or council?

The reason I ask this, Mr. President, is especially in the case of uplands. Let us take an upland parcel of 20 hectares. Not all of the 20 hectares is necessarily cultivable. Parts of it may be "mga bangin"; part of it may be very steep land which cannot be cultivated. So that, out of a parcel of 20 hectares, Mr. President, we may have only 60 percent or 75 percent of the 20 hectares that can actually be cultivated. Now, if, let us say, there is going to be a retention of only seven hectares, and it is the Land Bank which will select what portion of the land will be retained by the landowner, the Land Bank as the buyer will probably want the landowner to retain the uncultivable portion and will buy the cultivable portion; whereas, on the other hand, the landowner will want to retain the best portions of the land.

So, Mr. President, who will determine which portions of the land will be taken by the Land Bank?

Senator Alvarez. There is only one principle that I am able to apply in a situation like that, and that is the same principle that we will draw from the constitutional provision, Article XIII, Section 4, which gives to the landless farmers the ownership of the land they till. In a situation

where we are going to determine which portions will have to be distributed, I think that the rule of thumb would be those portions being tilled by the recipient beneficiaries will be given, and those that are not tilled, iyong mga bangin, ultimately will not be distributed, because there are no tillers. However, in a situation where there are indeed available land for cultivation and there are no tillers — which is, I think, what the Gentleman is introducing into this exchange of ideas — we have no specific guideline. There is a gap in the provision here and, perhaps, it is something that the Gentleman will be able to fill up.

However, may I suggest that in considering the retention limit, we are also considering the rights of former landowners to be able to survive on the land. As a matter of fact, ideas have been thrown here that the landowner himself must cultivate the land. We cannot conceivably allow him to retain portions of his former holdings which will not allow him sustenance for his retained portion.

Therefore, justice, fairness, equity, perhaps, which is the guideline for retention, demands that we give him something he can cultivate. The Constitution, therefore, can be drawn as a source of interpreting on how to be able to perhaps craft more specific mandates.

The President. May it not be better that we adopt the idea that if the landowner and the tillers can agree, since in a free society we respect individual volition, leave it to them to agree if they can agree. But if they cannot agree, a neutral party should probably arbitrate — decide.

Senator Alvarez. May I take note, Mr. President, of the countryside condition. When an agreement between a landowner and a tenant is successfully managed in the normal situation of events despite the lopsided power and economic capacity of one of the parties, the agreement

may not necessarily be that which is fair to both. What may happen is that the agreement may not be fair at all to the former tenant. It would not really be an agreement between equals knowing the countryside as it is. That is why, in situations like these, the safer rule would be for some kind of an impartial entity. Possibly, the Government entity or the barangay council which is envisioned to be organized here will step in to allow a full freedom of agreement.

Senator Paterno. This leads to another question, Mr. President. If we have a retention limit of, let us say, seven hectares, are we referring to seven hectares of land that are cultivable? In other words, net of bangin, tatlong ektarya iyong maaararo, we are really not allowing a retention of enough land to the landowner, nor in the case of the beneficiary enough land to provide them an honest living. So, are we talking, Mr. President, when we talk of retention limit and awards, limit of cultivable land in the net, or are we talking of a gross area?

Senator Alvarez. Mr. President, I think that in providing for a retention limit, we would like to reach out to the former landowners who are the primary contributors or targets of a social legislation. And as such, we would like to be able to give them the supportive net in this social reform where they can fall back on. I will be hospitable, I will be very generous to suggestions when the amendment comes from the Gentleman, to see to it that this net will really be able to catch whatever social unfairness might accrue to the landowner, para hindi ho siya itapon sa bangin.

Senator Paterno. The next question, Mr. President, has to do with Section 16. Transferability of Awarded Lands. The bill, as it now reads, says that the lands awarded to beneficiaries pursuant to this Act may be sold or transferred to any person whose aggregate land-

holdings shall not exceed the retention limits. I am wondering, Mr. President, whether this carries out the end objective of agrarian reform. If a beneficiary, once he receives the land award, can turn around after having made some payments to the Land Bank or even before, and transfers his landholdings or transfers his rights to someone who ostensibly does not possess land to the maximum of the retention limit, will this not give rise to a reversal of the process that was sought to be started with the agrarian reform program, namely, to a consolidation by certain entities of land up to the retention limit allowed? Would it not be more in keeping with the objectives of the program if the beneficiaries who are awarded lands under this program would be constrained, in the event that they have no further use of the land, to sell it back only to the Land Bank of the Philippines, in order that the Land Bank of the Philippines may then identify other meritorious beneficiaries to whom that land may be transferred instead of encouraging or instead of abetting a consolidation process?

Senator Alvarez. Mr. President, we have envisioned here a certain modicum of freedom of management of property even for the beneficiaries after they have fully paid the value of the land. After all, from his sweat has come the total compensation process for him to be able to command ownership of the land. And we will also have and we shall have, at that point, provided the ceiling of maximum ownership so that within that ceiling we were contemplating of allowing certain marketability of the land, a marketability which will acknowledge the industry of the particular cultivator or beneficiary. If he works out the land that he is able to improve its productivity, introduce improvements, put fruit trees and the like, industry will be rewarded because there is a market for that particular piece of land.

I do not close my mind to the possibility,

perhaps, of restricting this market. However, it is my sense with this particular provision that this market would be healthy for the economy. It encourages economic incentives to be brought upon the productivity of the land or improving the land, so it could be negotiated for a better value.

Senator Paterno. Another possibility that appears to my mind, Mr. President, ay baka iyong matanggap niyang lupa ay puwede nang gamiting pang-subdivision; and so, we have a real estate developer who is buying three hectares of land and consolidating it for the purpose of having a residential subdivision. So that we have a situation where the beneficiary is awarded land, in five years he pays the Land Bank of the Philippines, then because of the growth of the town it becomes residential, so he turns around and sells it. And really, have we achieved the agrarian reform? Have we not just made people possibly bitter about this whole process where the process has enriched someone who has become rich not because he tilled the soil but because he turned around and sold it as a residential land? I was wondering, whether we would not perhaps think through the objectives of the Agrarian Reform Program with respect to the question of whom may beneficiaries transfer lands awarded to them. Should it not be transferred only to other tillers and should not they be transferred, preferably through a government medium like the Land Bank of the Philippines?

So, could it not be a permanent gravamen on the title that it may be held only for purposes of tillage for agriculture and only by beneficiaries who are qualified under the agrarian reform program?

Senator Alvarez. Mr. President, there are already certain legislations which restrict the transfer. We have to get — although that legislation could be improved. But in general economic

principles, I am more of the persuasion that as soon as we have brought down the maximum ceiling of ownership of land even when we have brought it down to the marginal small areas — let us say, three hectares — I am more for providing a market for the ownership of this land for the very reason that I have cited a while ago. The dangers of consolidated land ownership would be already far behind us at that point in time where people will not be able to consolidate these lands. As to the deployment of land, I think we can, of course, provide for more rules so that there will already be some rules before a land can be converted for real estate purposes.

Senator Paterno. I would just like to report, Mr. President, that in the case of Taiwan, I believe, there are restrictions with respect, at least, to the conversion from agricultural to residential or commercial or industrial lands.

Senator Alvarez. This is one restriction which they missed in Japan. The Japanese farmers who were recipients of the agricultural reform have reaped the fruits of a marked increase in real estate value. By converting, they have become millionaires because the agricultural lands they received from the government have become real estate lands. And this is a gap in the legislation of the land reform. They thought that they should have provided for appropriate taxes so that when this conversion is done, the unearned increment does not fall completely into the private pockets of the recipients of agrarian reform program.

Senator Paterno. As a final question, Mr. President, with respect to the terms of payment: Would the Sponsor be willing, during the period of amendments, to consider a provision that the smaller the landowner, the higher would be the down payment that he would receive? In other words, for a landowner who owns 1,000 hectares of land, for him to receive 10 percent down payment on the 1,000 hectares would mean

receiving a substantial amount of money. But if only five hectares is going to be acquired from a small landowner because that is the only excess above the retention limit, then he would get, as down payment, only 10 percent of five hectares or the equivalent of one-half hectare, and this might not be enough to even allow him to explore for any business or even to send a child to school with that down payment. So, would the Sponsor, Mr. President, consider in Section 10, during the period of amendments, a progressive escalation of the down payment depending on the size of the land?

Senator Alvarez. That would be a very perceptive recommendation, Mr. President. But may I offer to the Gentleman from Cavite another social observation?

The retention limit is there in accordance with the guidelines of the Constitution but also in consideration of the fact that if one is a middle-class landowner, he stands really to benefit from this reasonable retention levels. Kung dalawampung ektarya lamang ang lupa ninyo at ang ating retention limit ay 12, iyong 12 ektarya ay pagkilala sa pangangailangan ng isang middle class landowner sa lupa, na siya niyang nakabihansang pinanggagalingan ng kanyang pagkabuhay at maaaring iba pang pangangailangan, katulad ng pagpapa-aral ng anak at sa pagtanda niya, pagpapagamot kung siya ay may karamdaman. Ngunit iyon pong retention limit na iyan ay hindi gaanong makahulugan kung ang ating may-ari ng lupa ay may isang malawak na lupain katulad ng 500 ektarya. Sapagkat kung mayroon kang 500 ektarya, iwanan mo man ako ng lima, sampu o labing-dalawa ay hindi na gaanong makahulugan sapagkat hindi naman ako katulad nuong may 20 ektarya na talagang magsasaka na umaasa sa 20 ektarya na pinanggagalingan ng kabuhayan ko.

And I am suggesting this to the Gentleman because, precisely, we have provided a reasonable retention limit. Because we are thinking of

that set of landowners which now constitute almost a dominant number of existing landowners could be classified as middle class landowners. They are going to be the target of the Land Reform Program. These are landowners who have invested in land with their own funds which they have accumulated and saved like some professionals who have retired, soldiers, teachers, and government bureaucrats.

So, providing them with this retention limit and escalating the level of payment will, in fact, provide them with a double package. It may be an expression of a double concern. But if we diminish, according to the escalating level, the cash payment for those who owned vast tracts of land, I will, at the moment, not be able to show how we have looked in equal fairness with the claims for fair treatment of the big landowners.

Senator Paterno. In any event, Mr. President, that suggestion would be presented during the period of amendments. Perhaps, the Sponsor can give thought to it between now and then.

Senator Alvarez. I always keep an open mind, Mr. President. I am always easily persuaded by the thoughts of the Gentleman from Cavite in many committee gatherings that we have sat together.

Senator Paterno. Thank you, Mr. President.

The President. The Majority Floor Leader.

SUSPENSION OF THE SESSION

Senator Mercado. Mr. President, I move for a short suspension of the session.

The President. The session is suspended, if there is no objection. [*There was none.*]

It was 5:17 p.m.

RESUMPTION OF THE SESSION

At 5:46 p.m., the session was resumed.

The President. The session is resumed.

I understand Senator Saguisag would like to ask some questions.

Senator Saguisag. If I may, Mr. President, I have a few questions to ask.

Senator Alvarez. With pleasure, for the Gentleman.

Senator Saguisag. Thank you. I had not really planned to start my interpellation this afternoon; but it seems that I may be the only one available to interpellate at the moment. I would like to start, at least, on some of the concerns I have about this bill. So, without prejudice to reserving a second round, as it were, I would like to start.

The first has to do with a technical point about appropriation. This has been the subject of a repeated debates in the past as to whether something like Section 37 of this bill satisfies Section 25 (4) of Article VI of the Constitution.

I would hope that the Gentleman would have a copy of the Constitution, because I would like to relate this to Section 10 of Article VII. And to me this is the only instance I have found, so far, that is identified as an exception to the provision I earlier quoted. It says here in terms that in case of the filling of the vacancy in the Office of the President and Vice-President, et cetera, there is a very clear statement which says that the budget for that exercise shall be charged against any current appropriations and shall be exempt from the requirements of paragraph 4, Section 25, Article VI of this Constitution.

The explanation we often hear is that if a bill is not an Appropriations Bill, it is not covered by this provision. Yet, we find in the very Constitution itself a case where clearly it is not an Appropriations Bill because it provides for the election of the highest two officials; and yet, it says that is an instance when we need not have that special certification from the treasurer that

funds are available. There need not be a corresponding revenue proposal accompanying it either. Will this open-ended provision contained in Section 37 run afoul, so to speak, of what I believe is a clear constitutional requirement?

Senator Alvarez. In that particular provision, Mr. President?

Senator Saguisag. Yes. Because I identified here an instance where it says: If this is the intent, then you need not comply with Subsection 4 of Section 25 of Article VI. And this I raise not only in relation to this particular bill but this keeps coming up.

In an earlier debate with Senator Guingona, I already traced the history of the provision going back to the debates of the 1971 Constitutional Convention. The clear intent really was to stop the practice of passing all sort of laws, setting X amounts here, X amounts there, creating false hopes, and then somebody else gets blamed when no money is available.

Senator Alvarez. The Gentleman had raised that question previously on the floor in one particular situation when, I think, Senator Maceda was standing on a particular point here. My perception, of course, or perhaps my position is to conclude that nothing is afoul. But if we so keenly feel strong about this particular possible flaw, well, then we should inquire more into it because it will not only be on this but future legislation that involves the very conduct of this Chamber. In the future, if we perceive, Mr. President, that there is something seriously amiss, which we may be taking for granted here, then, perhaps, we should look more deeply into that, and the whole Chamber must be involved. I do not want to close my mind but my prejudice, of course, my bias is to go along so that we can see this through.

Senator Saguisag. Well, that seems to be fair enough for now, Mr. President, and I will take it on that basis.

The next point that I would like to raise goes into something that may have been "under-debated" so far. I agree with everyone here that perhaps on no other bill is it more important for all of us to be sure that we will be on the right side of history than this one. This is not only an eminent domain problem; it is not only a constitutional law problem. It has an impact or implication, maybe, on our own survival. That is why it is very important to go back in time.

I would like to identify this issue by Chapter 5 in regard to the way that multinationals will be treated. In my copy of the bill, page 16, what is mentioned is the distribution of economic benefits.

I was reading in the last few days a very important speech, delivered in this very Chamber on April 29, 1964 by Senator Lorenzo M. Tañada. At that time, he took the floor to deliver a strong privilege speech against the National Development Corporation, against the Philippine Packing Corporation, and against DOLE Philippines. I wonder if the Gentleman is familiar with the history of these three entities in regard to the manner that they have operated in Mindanao. For instance, Philippine Packing Corporation started operating there in 1926. In 1938, the rental, or whatever it was, the royalty or the payment it made was only ₱1.00 per hectare. This was increased to ₱5.00 in 1956, and then to ₱10.00 in 1963. It was supposed to expire, I think, on August 18 of this year, but was renewed in 1982. Maybe, we will go back to that.

But one of the things that shocked Senator Tañada at the time was that, under the profit sharing agreement, from 1938 to 1964 when he delivered the privilege speech, not even ₱1.00 was ever paid to the Philippine Government because of the very clever way that the contract was phrased. I raise that because I see here an apparent attempt to give it some preferred position. What I am afraid of here is something akin to the military bases. The American Govern-

ment will pamper a few workers in the bases to set them against the rest of us. Another great nationalist, Ka Pepe Diokno, once said he dreamt of "an independent society where public powers are used for the public good of all and not the private gain of some Filipinos and some foreigners only." And this is what we are trying to do here, I am afraid. We will pamper a few Filipinos. We will set a Filipino against a Filipino. The whole government suffers. It is very hard really to improve on the rhetoric of Senator Tañada, if I may have the permission of the Gentleman. These are the things that bother me.

Senator Alvarez. Mr. President, some of the best utterances of the Gentleman in this Chamber are very well appreciated. I think he will do very well on his own.

Senator Saguisag. It is very hard to improve on the very great father of a great son.

Senator Alvarez. The Gentleman is a worthy son of a father, Mr. President.

Senator Saguisag. One of the things Senator Tañada raised in his privilege speech on April 29, 1964 — page 1371 of the *Senate Congressional Record* — is, we open here the argument that we need these multinationals because they help us economically. So what was the point of Senator Tañada in response to a question of Senator Padilla?

... If you are only interested in producing wealth irrespective as to the means, then we might just as well give the foreigners all our lands because they have the means to produce wealth ...

And here he pointed out that some very hard decisions had to be made. It took, he said, the Second World War to rid Davao of the Japanese. I took a leap of faith to rid ourselves of the friar control over the friar lands. And is it not that the kind of approach adopted here will perpetuate the kind of conditions that Senator

Tañada denounced 24 years ago? Is that a concern we should properly address here?

Senator Alvarez. That is a concern we must properly address here, Mr. President. But in putting this legislation on these particular provisions, we knew that this is going to excite national debate. That is why we saw fit that this matter could be handled well in this Chamber. Many contingencies have been taken into account in allowing this provision to be stated here. More or less is the regard for capital formation. We are keenly aware of the need of a country indebted to the tune of \$30 billion for capital formation. That is always the problem of a developing country. So we have not disregarded entirely the function of these enclaves.

However, Mr. President, we do not seek to pad their position, as the Gentleman has pointed out. There are remedial measures. Our political awareness has reached a point where we can put the remedial measure on the question of lease. I think this government should do something about it. But it does not mean to say that when we craft the land reform measure we will not be sensitive to the functions of these enclaves.

Mr. President, there were instances where these formations, as in Taiwan, were subjected to land reform. And they lost their international market. I do not close my mind to the debates that will come out from these considerations that the Gentleman has pointed out. But I would like to offer this provision precisely so that we can have a full expose of the givens and the advantages that may come out on the approach that we will have on these particular entities.

But, Mr. President, may I point out to the Gentleman that perhaps our politics and our people in this Chamber are seasoned enough so that we can draw a bondage from these systems, from these multinational systems, entities or enclaves, and not really unduly fear their negative

impact on our total economy, or on our politics, for that matter.

Senator Saguisag. There is a saying, "Be not afraid of moving slowly. Be afraid only of standing still." Reading the debates or the . . .

Senator Alvarez. Are those from Senator Tañada, Mr. President? It sounds so full of wisdom.

Senator Saguisag. No, not that one. But these were the observations Senator Tañada made 24 years ago.

What a mockery the government has made of the law. What a mockery of the Constitution. What a mockery of the Land Reform Program . . .

Just as fortunate is the effect of these transactions on the people's faith in the government's Land Reform Program.

Because here, he identified what eventually formed the property exploited by these multinationals, and here again, I quote him:

What is tragic, and a sad commentary on the sincerity of the New Era's Land Reform Program is that all of these lands were owned or cultivated by small landowners. The titled lands were mostly free patents and homestead patents while the untitled lands were farm lots allocated by the defunct National Land Settlement Administration and the LASEDECO.

. . . These deals are complete reversal and negation of the declared policy of the State, only so recently . . .

Remember, please, that this was 1964.

. . . and so loudly reiterated during the passage of the Agricultural Land Reform Code, of establishing owner-cultivatorship and economic-family sized farms as the basis of Philippine agriculture.

Does this not give us a sense of *deja vu* that, after 24 years, instead of trying to develop owner-cultivatorship, we are still talking of

benefits to a few employees while the patrimony of the entire nation is being sacrificed?

Senator Alvarez. First, let me point out to the Gentleman, Mr. President, that the Land Reform Program seeks to improve the living conditions or the quality of life either by indirect distribution of landownership or distribution of the land itself. So, this provision will be crafted in such a way that we do not break the advantages from big scale corporations.

In the conditions of 1964 where the Land Reform Program only covered rice and corn, it was frustrating to see how we are not able to effect this in other modes of production where this land reform is now comprehensive. Nonetheless, Mr. President, we feel that in these areas of systematic or well-organized large scale agricultural and marketing activity, we are concerned too with retaining the improved living conditions of the farmer without forgetting that, indeed, the Land Reform Code mandates that he should have a stronger control over his agricultural condition by owning the land. So, we are moving gingerly on this question, Mr. President.

As I pointed out to the Gentleman, it is going to be a subject of debate. But we are not prepared to make that thorough-going conclusion that they have no social function. Later on, during the period of amendments, perhaps, we can discuss this issue more thoroughly. But this Representation, as I have told the Gentleman, is of the persuasion that their social function in the scheme of our program for national development is evident and clear, especially if we are thinking of making some marked improvement over the coming five years. We are now aware of the potency or the capacity of these vast institutions to effect local politics or regional economics. So, the fears that the Gentleman shares while I am concerned over them will not be the same fears that I have now as I had in 1964, if I had participation in legislation.

Senator Saguisag. What concerns me here is also in relation to a fruit company with a remarkable history in South America which has found its way here.

And in another passage, Senator Tañada raised this in 1964:

This policy would mean creating dangerous pockets of alien influence; it would mean perpetuating foreign "economic domination"; and finally, it would mean dooming more and more of our population to complete landlessness.

If we had listened to him in 1964, would it not have been that, maybe, we would have had fewer hewers of stone and carries of water today, 24 years later.

Senator Alvarez. If the Gentleman says that our failure to industrialize is because we have not been able to mount the available human resources and develop them, but instead we have stuck to agriculture, the Gentleman would be correct. But one can argue that if we had enough capital formation, then we could have industrialized.

These political statements, to which I agree, involve a very complex social equation, Mr. President. If we look back into our past, it is very difficult to pinpoint where the cause of our failure lies. If it is in the skies, it is in the stars. I am prone to believe that it is the mismanagement of the previous regime.

Senator Saguisag. But what I am concerned here is whether we are unduly favoring another multinational. Because, in 1963, Senator Tañada pointed out that Philippine Packing Corporation made a profit of ₱9 million. At that time, I recall that I was getting ₱60 a month as my salary as a messenger in a law office. This is just to give an indication how far ₱9 million could go in those times. How much did the Philippine Government get under that profit-sharing agreement reached in prior years? This was his revelation. So shocked was Senator Tañada that

he decided to meet with Mr. Crawford, then manager of the Philippine Packing Corporation, who was accompanied by his accountant and economic adviser. Senator Tañada asked them:

Is it true that the NDC has not obtained even one centavo as profit under the agreement?

Answer:

It is true.

That is why I am really very concerned, that we may be very casual in isolating the entities identified in Chapter 5, without looking at the way that they have long manipulated our country's institutions, our country's laws. They get the maximum profits with very little benefits except to a few Filipinos who, it is only natural, would be torn between their loyalty to an employer and to the rest of the nation at large.

I must admit that I am not sure whether in the last few years or decades or after 1964, as a consequence of this typically edifying and bold speech of Senator Tañada, things have changed all that much.

Senator Alvarez. There have been changes in the landscape. If the Gentleman is referring to banana plantation, there have been changes. A lot of Filipino concerns have come into the picture. That is why it is going to be a healthy field for the day.

Senator Saguisag. I have looked at some of the contracts and the amounts I see are not really all that different. In fact, I am very disturbed that the contract that was supposed to have lapsed, or would have lapsed on August 18, 1988, was renewed for another 25 years in July 1982. That was the period of the snap election. One might construe that, maybe, there was a reading that something might change, and that they had to do something about it before people like the distinguished Gentleman from Isabela might want to look at that kind of contracts.

So, all I am saying is that the history. . .

Senator Alvarez. Yes, Mr. President, I think we should look into those contracts if they indeed remain as lopsided as they are.

Senator Saguisag. Yes, because, again, to quote Senator Tañada — I am really beginning to sound like a mouthpiece of my idol — but this is really what he said, the way he read the contract, that NDC will never, never share in the profits. So I would hope that that was amended. He said that it was shocking and unconscionable. And although there was an adjustment from ₱1.00 to ₱5.00 per hectare in 1956, and the ₱10.00 beginning 1963, still, again to quote Senator Tañada, he called the new rate “exploitative.”

So, all that I am trying to say here is that I would hope that when we frame this very important bill, as I have said, all of us are gambling here; all of us want to be on the right side of history here; there are so many competing claims, constitutional claims. I see this bill as a mixture of eminent domain problems and police power problems, meaning, we either get Land Reform from above or Land Reform from below.

That is one way of presenting the situation: That, in an attempt to benefit a few workers who originally owned those lands, to begin with, before the NDC leased them under terms that Senator Tañada had no hesitation in calling as “unconstitutional,” we all knew that, at that time, no one could lease beyond 1024 hectares; and yet, by using the NDC as the conduit, the Philippine Packing Corporation was able to get several thousand hectares.

That is all I am saying here, that it is rather discouraging, that we may not have moved even ever so slowly since 1964. But if this is the kind of provision we will retain, are we ready to answer the charge that maybe time has stood still? That it is still April 29, 1964, as far as the multinationals in Mindanao are concerned.

Senator Alvarez. There are roughly about

24,000 hectares committed to banana plantation, not clear on their dollar-earning capacity, but there are those that do not entirely participate with the problem of NDC. Perhaps, we can look into more closely and pinpoint where the remedial measures could be applied. It is not the intention to perpetuate this inequitable relationship, neither is it the intention of the Proponent of this legislation to continue, perhaps, even discourage the capacity of that economic resources and surplus that we precisely need.

When we begin to launch this Agrarian Reform Program, Mr. President, over a period of five years, we hope to be able to industrialize. So, I think, we should have the courage to look into those bright areas where we can earn dollar resources and where capital formation could hopefully be even magnified than in the normal course of our economic capacity; and, perhaps, offer opportunities pursuing them, while at the same time reaching out to implement a broad social justice, the scope of our Land Reform Program.

It is really an effort looking at the whole dimension of our effort of national development. For if, indeed, Mr. President, we were able to respond to the problem of capital formation, we are also responding to the problem of poverty which is, I think, the principal concern of every Gentleman of this Chamber. The problem of national development cannot be isolated from the problem of trying to encourage certain dynamic sectors.

These are the general propositions that impelled us in putting through this provision. It is not our intention to encapsulate this economic relationship in the inequitable relationship that this Gentleman has pointed out. And we will be very happy, indeed, if it comes out with some ingenious proposal.

Senator Saguisag. Yes, because I believe there is truth in what has been said that some-

times the greatest enemy of a major reform is a minor one. The term is "co-optation." And in this case, we would want, of course, to look at the behavior of some of the companies concerned; because, again, as B. F. Skinner said, if one rewards bad behavior, he will get more of the same. So here, we are faced with making this very critical decision.

As Senator Tañada pointed out 24 years ago, it took a world war to get alien influence out of Davao. It took a very bold step on the part of the authorities to get the friar lands from their owners. And I just wonder whether here, we are again at another crossroads of history. Maybe what we need to have is another major stroke that could excise this evil influence first identified 24 years ago but which had started in 1926. So maybe, as suggested by the distinguished Sponsor, this is something that we can take up, well, either during the debate or in the period of amendments.

I have many other questions, but maybe there is one point I would want to pursue before I give up the floor for tonight.

The President. With the permission of the Gentleman, the Chair would like to find out whether the contracts in question were, in fact, renewed in January 1980?

Senator Saguisag. It was, Mr. President. I have a copy here. It was renewed. This is another contract. I am speaking of two contracts: one, with Philippine Packing Corporation or Del Monte; the other one, with Dole.

The President. I ask this because just before Martial Law, these contracts were challenged before the Supreme Court. Senator Tañada was the one who handled these cases. With the coming in of the 1973 Constitution, these cases became moot and academic in the Supreme Court.

Senator Saguisag. Originally, because of the pernicious provisions of the 1973 Constitution,

but I do not necessarily concede that that is so, I have before me the extant contracts, Mr. President. They do not even call it a "lease contract" and that is one of the things that annoyed Senator Tañada. He said that they were using such terms as an "amended grower agreement." And that was one of the things that Senator Tañada said he could not agree with. In any case, the contract between the NDC and Dole, Philippines, which is extant today, was renewed on March 4, 1983.

The President. By the way, there is a study on these contracts by the Corporate Information Center of New York in 1974-1975.

Senator Saguisag. That is, I suppose, part of the study that we will have to do when we make this very crucial policy decision, Mr. President.

The contract between the National Development Company and Philippine Packing Corporation, the one that is extant, was signed on July 20, 1982, and I think both are good for 25 years. I have many questions about these contracts; but, maybe this is not the proper forum to raise the same.

So, if I may move on to my last point for tonight, I will just want to pick up something that has been brought to me time and again. In letters I received from my constituents, from people who visit me, a typical sentiment was something that was aired earlier in the evening. I have some constituents from one coconut-producing province of which I am very proud, Quezon, which is my birth place, an honor I share with Senators Tañada and Angara. They were telling me that, from the standpoint of the landlords or rather the owners, the landlords/owners knew that maybe they had some shortcomings in the past, but they were ready to make up for the same. But they were very convincing and persuasive in telling me that, as far as they knew, a good number of those whom we would seek to benefit from this bill actually

would not want to be owners. They would be happy with a more liberal sharing arrangement that would free them from the responsibilities that go with ownership. I was not able to catch very well what the response was, if any, when that was raised earlier in the evening. But what do we do in a case where, in effect, it would be some kind of involuntary servitude to compel that we benefit someone who says that he would be able to live with, and might, in fact, prefer another kind of arrangement to the one that we outlined in the various proposals that I have seen here? There are two here; there are two in the other House; there is the Tavanlar option which is less restrictive.

But, what do we do here it can be established as a matter of bona fide on the part of the parties, because I share with the Gentleman from Isabela his concern that, really, they are not bargaining at arms-length; maybe, the appearance would be there that the farmer would not want full ownership; but maybe it is because he would answer under duress. But where we can really establish that, for valid reasons, a farmer would not want to be the owner? What is the response of this measure to such a situation? Let us assume the good faith of all parties concerned, not that kind of situation outlined by the Gentleman earlier in the evening.

Senator Alvarez. Mr. President, as a remedial measure, we are going to propose a reduction of rent.

Senator Saguisag. Would that open the flood-gates to all kinds of permutations?

Senator Alvarez. Perhaps, we can discuss the level of reduction. It could be reduced to 15 percent in tenancy relationship, Mr. President, 15 percent, perhaps, 10 percent. But, let us not reduce it lower than the taxes which the owner pays.

Senator Saguisag. What will be the structural

mechanism for resolving such problems under the bill?

Senator Alvarez. There will still be the relationship, a tenant relationship; and perhaps, the tenant can look to it as a fallback to this relationship, so that he does not completely make him feel insecure as if he were someone adrift in the world, cut from these traditional ties with the landowner, but with a much reduced rent. There have been situations when we had gone into field investigations where tenants stood out and pointed out that they are not prepared to cut adrift from the landowners. Because, in times of need, a need for basics like medication, the need for even food at certain times, and the education of their children, they are able to go to the landowners and expect a human, instant response. Whereas, if they deal with the bureaucracy of the government, that bureaucracy, no matter how efficiently it is going to turn out, takes time to react. They told us that when we go to the house of the landowner, it only takes not even hours. Then and there they are attended to. But when they go to the banks, they sign volumes of paperwork and it takes months before they get the loan. Perhaps, the loan is not that much needed anymore. This is a given example which we realize is there in the countryside.

Senator Saguisag. Mr. President, I have other questions, but I would like to propound them on another occasion. So, may I just stress for the third time that, really, in my view, there is no bill that has come before us which is really so important for all of us to come down on the right side of history.

Thank you.

Senator Alvarez. Thank you, Mr. President.

The President. Is there any other interpellation?

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Will the distinguished Sponsor yield to a few questions, Mr. President?

Senator Alvarez. Yes, to the Gentleman who was my coauthor in that provision on the declaration of principles and ideology of the Constitution of 1973 . . . 1971, right?

Senator Pimentel. Which is better forgotten than remembered. [*Laughter*]

Senator Alvarez. Because it became the Marcos Constitution. [*Laughter*]

We coauthored the land reform provision of that particular much-lamented Constitution, Mr. President.

Senator Pimentel. Mr. President, I would like to start with the hate mail that some Senators, including myself, have received regarding the proposed bill, so that we can place on record the Gentleman's answer to the various criticisms that have been sent to us.

Senator Alvarez. Hate mail, Mr. President.

Senator Pimentel. Yes. Let us start with the position paper of some people who call themselves the "Sons and Daughters of Landowners, Settlers and Pioneers in Mindanao." I will just read examples, Mr. President.

Senator Alvarez. Which is the Gentleman's ancestral bailiwick?

Senator Pimentel. Yes, where the Gentleman also won more votes than I did, fortunately. [*Laughter*]

There is an observation here, Mr. President, that says: Our Senators want us to be limited to a three-hectare lot. Some say, seven hectares, no retention, no land for their children. Some say only one of their children will be entitled to seven hectares if he tills the land. If the daughter is married to a government employee or a professional, that will deprive him or her of

being entitled to the seven hectares proposed retention limit. Automatically, if we have more than one son or daughter, it will create a family fight to the end, as the law will cause the deprivation of the rest except the one entitled to the seven hectares.

Does the Gentleman have any observation on that, Mr. President?

Senator Alvarez. On the question of the transmission of the awards, Mr. President, that is one of the more serious issues that will have to be addressed, whether we can, as a matter of fact, and it has been brought out in one of the interpellations here by the Gentleman from Cagayan also to make changes in the inheritance rules and prescribe that this can only be handed down to one of the heirs who is going to develop the land, so that we will not have the problem of fragmentation. Mr. President, it is a problem which, I think, the Committee has taken cognizance of.

Senator Pimentel. Yes, but I think, it is better that the rationale for the proposal is spread into the records of the debate.

Mr. President, here is another criticism which says that the land-for-the-tiller theory is expounded as a policy which is a communist theory of the ownership of land. It is tantamount to saying that the carpenter can own the building that he is constructing; the labor and employer can own the factories where they are working; the driver can own the car which he is driving; and owner, unless he drives, will be deprived of his car; the shipowner will surrender his ship to the boat captain, and so forth, and so on. [*Laughter*]

What does the honorable Sponsor say in this observation?

Senator Alvarez. Mr. President, one Senator in this Chamber anchors his argument on his proposal of land reform on that land-to-the-tiller

principle. But he is a democrat; he is far from being a communist. So, that is an unfair allusion.

The principles on land reform have varied from decade to decade. For instance, in earlier years, when we did not have the density of the population that we have now, the slogan was "land to the landless" because there was really a lot of land to go around. Now that the push of population has become so strongly felt, the land-to-the-tiller principle, because of land hunger, has been the marching code or inspiration of many a populace groups — cause oriented groups. However, as in slogans or perhaps even idealistic principles, we cannot take them lock, stock and barrel. We have a very complex society, and I am sure that if we follow this land-to-the-tiller principle to its logical end, there will not be even enough land to distribute. Because the ratio of population to available agricultural land is so lopsided.

There are three million owner cultivators, two million tenants, and about six to seven million landless agricultural workers. At our disposal is a measly five million hectares. Are we not going to abide by this principle with iron-clad exactitude and distribute half a hectare each to everybody who is in need of land because of the land hunger? Or are we going to craft certain rules and guidelines so that we will address this hunger for land and landlessness; accommodate perhaps the landless tenants within the program; emancipate them from the bondage of feudalism; and at the same time, allow for a certain level of ownership so there will be some fallback on our need for productivity?

Mr. President, the response now could not be emblazoned in one single slogan. The demand for reform will have to be responded to with many propositions and principles that respond to the national good, to the common good. Although at the same time, principally, it has to be a social justice measure without impairing the

other considerations for national interest. So, will I abide by the land-to-the-tiller principle, Mr. President? Yes, but with a lot of qualification because we are now living in a complex society and we cannot homogenize the application of certain rules and reduce us perhaps into more difficult straits.

Senator Pimentel. There is this observation, Mr. President, and the position paper states:

We firmly submit and declare that any dispossession and deprivation or confiscation of our private titled lands against our will and consent by force of law or decrees is equivalent and tantamount to fascistic and dictatorial moods worse than Presidential Decree No. 27 of President Marcos.

What does the distinguished Sponsor say to that, Mr President?

Senator Alvarez. Mr. President, since he said there, "by force of law," he submits, therefore, to our responsibility of crafting essential legislation. And if we are regulating their mode of ownership of property, we are doing this in accordance with the mandates of the Constitution — a Constitution which has taken a few steps forward, more progressive perhaps in enunciating the power of the State to intervene in the regulation of property rights for the common good.

Senator Pimentel. Mr President, there is also in this position paper of the so-called "Rubber Planters of Region XII" and among other things, the Proponents of this paper stated that the land reform proposal of the distinguished Sponsor would exempt multinationals from land reform, and this was brought out earlier by Senator Saguigag. Is this not a correct appreciation of the position of the Sponsor?

Senator Alvarez. No, Mr. President. I do not think that we should make unilateral conclusion of that allegation, because there are interim modes of land reform. The intention of land re-

form is to improve the quality of life of the workers. The workers, through land reform measures, without destroying the productive potency of these formations, may be put in a better position; perhaps, in a better position of participation and control through the sharing of the fruits, the participation through stock sharing and participation and control of the corporation itself.

Senator Pimentel. The writers of this position paper, Mr. President, maintain that the Agrarian Reform Bill that is now under consideration would wipe out the middle class; that is what they say. Only corporate farms operated by multinationals like Sime Darby, Goodyear, Dole, Del Monte, et cetera would survive and thrive since small farmers lack the quantity and hardly can come up to the quality needed for export, they would find their operations uneconomical and will be forced to enter into contract-farming with multinationals.

In other words, some perverted minds are pushing; I do not know if they are referring to the distinguished Sponsor, [*Laughter*] which says here, some perverted mind are pushing land reform and would like to transform Philippine agriculture into plantation — agriculture run and dominated by multinational corporations.

Senator Alvarez. Mr. President, the facts and the figures will easily dispel that. Those areas that are referred to do not constitute a great bulk of agricultural land. We will be hitting 50 percent of arable land. Five million hectares are targeted for distribution and we only have nine million hectares, slightly over nine million hectares for distribution. If we look at the percentage of those areas referred to that are being claimed to transform Philippine agriculture into the behemoth of plantations and wipe out the middle class, I do not think that they are even nine percent of total Philippine agriculture.

If we acknowledge the existence of this productive entities it is not to protect the owners as such; but as I was pointing out a while ago, there are certain economic realities that legislators must take bold cognizance of and perhaps, take them for what they are, but without relinquishing the capacity to regulate them.

In this bill, we will acknowledge this prospect within a period of time. Beyond that time perhaps, if the land reform program would have been enforced and implemented without impairing those productive areas and we have targeted for five years, then there is nothing to tap our hands to do the necessary regulatory measures for those kind of entities. But I do not think that name-calling or sweeping statements or emotional sloganeering should affect us or the Members of this Chamber. It will take us some effort of discussion and deliberation for us to come to a full-headed conclusion on these problems.

Senator Pimentel. But, Mr. President, the Sponsor has not really meant to exclude the multinationals, specially those operating in Mindanao today to be exempted from the purview of the Agrarian Reform Bill that he is proposing. Is that not correct, Mr. President?

Senator Alvarez. No, Mr. President. I do not mean to exclude them. I will embrace them in some mode of agrarian reform which seeks to improve the condition of the workers therein. As a matter of fact as we debate on this, I hope that there will be more ideas without impairing the usefulness of these operations as economic operations that can benefit our national effort at development.

Senator Pimentel. Thank you, Mr. President. There is also this observation from landowners. According to this position paper of the "Rubber Planters of Region VII," they are objecting to only a 10 percent down payment for the lands that will be brought under the operation of

bill. According to them, none of us bought our lands paying only 10 percent down payment. We are demanding a 50 percent down payment and they also allude to the fact that the farmworkers and tillers who are gathered in a forum in Davao City had urged that, at least, 25 percent of the value of the land be paid to the landowners. Also, they say, "We will not allow ourselves to be forced to accept or invest in government corporations which are not earning money." In other words, they are referring, I believe, to the NPAs — the non-performing assets of the government.

Will the Gentleman please clarify for us what the Sponsor's stand is on that point?

Senator Alvarez. Mr. President, we conducted some hearing on the problem of the mode of payment, and in one hearing, Mr. Katigbak had pointed out that if we settle more than 10 percent in cash, we will not be too clear on how the economy would be able to take it.

We know that in Japan, when they undertook land reform, they paid 20 percent and they set off a spiralling inflation. If they are asking for a down payment of 50 percent, I am afraid, Mr. President, that many will tell him that we might have capital flight; we might have inflation. The reform is intended to benefit the economy which we want to be able to carry out in a certain time frame. But it might become a source of a great problem which will not only defeat what we want to do for the landowners but might also impair the quality of life which we want to improve for the beneficiaries. In preparing the reform package, Mr. President, we recommended certain calculated measures that relate to the other aspects of the program so that the program could be a viable one — a viable national economic agenda even as we consider it as a social justice proposition in the first place.

Senator Pimentel. Mr. President, here is an observation from somebody who calls himself

Calvin U. Navata, speaking in behalf of other Sulu coconut planters from Jolo, Sulu, and he adds the postscripts, "In case you want to know more about me, I am known to General Magno." I do not know if he intends to be flattered by his association with General Magno or not but he makes that identification here. He says that the inclusion of coconut lands is unfair, unjust, inhuman and heartless especially considering the unrealistic valuation, the very low cash payment and the payment of the balance over several years in the form of near worthless bonds or the like whose value inflation will render less than the value of the paper it is written on. Inclusion of coconut lands and similar lands, as well, will be outrageously unjust and unfair considering that the lands will be given to persons who may not have lifted a finger to help improve the land and who are, in fact, unknown at that time; and yet, he cannot even pass this land to his children who, young as they were at that time, helped him dig the soil, carry the seedlings on their fragile backs and plant them with their bare hand.' There is a lot of emotionalism here, Mr. President. But nevertheless, maybe he should state his position at the amount.

Senator Alvarez. That is why this measure, Mr. President, is a measure that must be approached with considerable latitude of understanding. The feelings of the different sectors will be affected. Because these measures of emotions that the Gentleman has cited here are accumulated through the many years that they have owned the land — many of them will deserve ownership because they have invested time, money, and energy for some generations even as they continue improving the land. That is why, in every step of the way, while this measure is indeed one that will use the coercive power of the State to compel citizens for common social good, we must also, at the same time, try to be very careful, to be considerate to all the sectors, and that includes the landowning

sector. There are many devices, Mr. President — how we will improve the bonds, the payment rates, how we will be able to encourage investment, thus we have made the retention limit reasonable. It is a holistic approach to a very delicate and very serious social problem.

Senator Pimentel. Is it true, Mr. President, that the distinguished Sponsor is advocating that the balance of the payment, so-called just compensation of the land which will be subjected to land reform, will be made in the form of bonds and shares in government-owned corporations, that they, themselves, say are non-performing assets? And I am quoting from a position paper, Mr. President:

A beautiful name for bankrupt corporations. So worthless bonds and shares in exchange for good productive lands, — big deal! And after these bankrupt corporations, respective officers, directors and employees have further bled them dry of whatever assets that still remain, what happens to the bonds and shares in the hands of the now destitute farmer owners — eat them? Will their lands be returned to them?

Senator Alvarez. Mr. President, that is not accurate. What we want to use here are Land Bank bonds, which have been improved because we have pegged the interest rate to market interest rates by aligning it with the 91-day treasury notes — an interest rate that usually floats with the market. We have also shortened the period of redemption; whereas, before it was 25 years, but now, it is going to be 9 years. We have also indicated here a lot of other auxiliary measures in order to make those bonds negotiable, so to speak, in the financial arena, in the financial market. We will allow those bonds to be able to purchase stocks in government-owned corporations or even in private corporations where the government has shares of stocks — if the stocks are being sold. Perhaps, that is what the letter-writer has been used as collateral if they wish to borrow from a bank and go into some kind

of a countryside enterprise. We have not proposed to lock in the assets of the former land-owners into useless or dying enterprises.

Senator Pimentel. Mr. President, along the same tenor, here is a position paper from the Panay Landowners Alliance for Democratic Agrarian Reform. So, from the Island of Panay, and just to focus on the matter of compensation, they say that the CARP has insufficient funding and, therefore, does not assure its successful implementation. They are referring to the fact that under Executive Order No. 229, ₱50 billion is appropriated over a period of five years. And this money is supposed to be realized from the Asset Privatization Trust and from the sale of sequestered properties, as well as from the privatization of the non-performing assets. And I suppose this is the reason the objectors or the critics of the distinguished Sponsor's proposal would focus on the inclusion of the non-performing assets as the source of the funding for the payment of the lands which would be subjected to land reform. Will the distinguished Sponsor state for the record, Mr. President, if he feels that the ₱50 billion that have been set aside is realizable under the set-up that it is being proposed?

Senator Alvarez. The ₱50 billion target trust fund I think, is realizable. And with regard to non-performing assets, the proposal is to monetize a bulk of these non-performing assets, so that it will constitute part of the fund. We have assurances that for the first year, some of these assets shall already be available from the different agencies handling them. We have talked to the heads of the agencies and they think they are realizable targets.

But let me disabuse the mind of the letter-writer, Mr. President. The fund that we wish to be able to raise will not be ₱50 billion. It is much more than that. For the acquisition alone, for the financing of the land acquisition alone, we have targeted in the program that we have

put together about ₱72 billion; and for credit financing, we have also targeted ₱40 billion. In the aggregate, we will have, over a period of 10 years, a spread of about ₱145 billion and the deficit is figured out at about ₱4.5 billion to ₱5 billion per annum starting on the fourth year. This is as much as we can do, but we tried to anticipate the monetary problem. So we hope that we will have sufficiency of funds so that we can go by the schedule.

Senator Pimentel. Thank you very much, Mr. President, for that information; but the funding that we are speaking of here, I suppose, is primarily intended to cover the cost of land acquisition. Is that correct, Mr. President?

Senator Alvarez. No, Mr. President. The funding here is, I believe, intended to make the recipient self-sufficient and able to cope with his new responsibilities as owner. Yes, it is intended to cover the amortization costs, the payment cost of the land; but the idea behind the Comprehensive Agrarian Reform Program is not just land distribution, but to be able to put the necessary auxiliary support system, including credit facilities, extension services, post-harvest facilities and even marketing set-ups and organizations, to have a meaningful opportunity given to the recipient of the land, to be an entrepreneur, the small land farmer. Even the Gentleman's proposal on the cooperative will come in very handy on this.

Senator Pimentel. Yes, I was coming to that, Mr. President; and precisely, I wanted to ask the distinguished Sponsor if he would already be able to state for the record just what portion of the ₱50 billion plus ₱72 billion. Did he say ₱70 billion more?

Senator Alvarez. No, Mr. President. Fifty billion pesos is the targeted amount.

Senator Pimentel. The ₱50 billion would be set aside for the support services of the beneficiaries of the Land Reform Program.

Senator Alvarez. I think they are going to earmark, spread over time, about ₱40 billion, but this is from the Land Bank, Mr. President.

Senator Pimentel. Forty billion pesos, which means, the Gentleman is thinking only of ₱10 billion for land acquisition. Is that correct?

Senator Alvarez. No, ₱72 billion, but spread over 10 years.

Senator Pimentel. Mr. President, just for clarity's sake, what figure are we now using? Is it ₱50 billion or ₱72 billion?

Senator Alvarez. For the trust fund, Mr. President, this is the initial fund, ₱50 billion, or the start of capital of the program.

Senator Pimentel. Which will be added to by ₱72 billion or plus ₱22 billion to make it ₱72 billion?

Senator Alvarez. These are targeted available funds because the targeted expenditure for acquisition is ₱72 billion, but they need not come in one lump sum.

Senator Pimentel. For acquisition?

Senator Alvarez. Yes.

Senator Pimentel. This ₱72 billion and for support services, do we have another ₱50 billion? Or is the ₱50 billion included in his ₱72 billion?

Senator Alvarez. That is the trust fund, Mr. President. It may be included in the ₱72 billion but the idea is to have a starting capital of ₱50 billion.

Senator Pimentel. The reason I asked that point, Mr. President, is to enable us to map out plans for the support services to be extended to the farmers because I am of the firm belief that the land reform program will not succeed unless we get the cooperatives organized, concomitant with the implementation of the program.

Senator Alvarez. I share this observation, Mr. President. As a matter of fact, if we hasten the

extension of the organization of the cooperative movement, we will have a very good conduit which we lack at the present for credit to the countryside. The targeted credit per hectare of land in our programming is ₱5500 per hectare.

Mr. President, we will anticipate, as much as we can, the magnitude of the problem; and we will, as much as we can, target a problem which we can manage. That is why, the auxiliary legislations like the building of the cooperative will help along in solving the problem.

Senator Pimentel. Mr. President, I would like to develop that idea in more detail if this Chamber will allow. And perhaps, considering the time constraint, we can save that for tomorrow.

The President. The Chair would like merely to ask the question whether, by and large, the cooperative movement has been a failure or a success here in the Philippines.

Senator Alvarez. In numerical terms, Mr. President, it would look like it has been a failure. But the failure is not really because of the cooperative movement as such but because there has been no movement. What has happened is, the label of cooperatives have been used on devices that have been imposed from the top, from bureaucracies. They were labelled as cooperatives.

A genuine cooperative movement has sprung from the grassroots in this country, and they have been seen to be a success. What would really be needed is a healthy symbiotic relationship between the private sector and the public sector

in order to encourage this further from-bottom-to-top movement of the cooperatives. This is the intended function of two legislations which we are going to offer before this Chamber.

Mr. President, regarding the question whether it was a failure or a success, the movement as the legitimate movement of people from underneath to manage their own affairs and to really put up genuine cooperative movement. But government-sponsored cooperatives have definitely been a failure in this country to this end, Mr. President.

Senator Pimentel. Yes. And may I add, Mr. President, that there are several notable examples of cooperatives organized by the people themselves which are successful in this country.

The President. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [Silence] Hearing none, the motion is approved.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President I move that we adjourn the session until four o'clock tomorrow afternoon.

The President. Is there any objection? [Silence] Hearing none, the session is adjourned until four o'clock tomorrow afternoon.

It was 6:58 p.m.

The President. The Majority Floor Leader.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive
Agrarian Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249.

We are still in the period of interpellations, Mr. President, and I request that we recognize the Sponsor, Senator Alvarez. The Minority Floor Leader, I believe, wishes to continue with his interpellation. I ask that he be also recognized.

The President. Senator Alvarez and Senator Enrile are recognized.

Senator Enrile. Thank you, Mr. President. This is a continuation of my interpellation and I would like to propound some more questions to the distinguished Proponent of this measure, if he is still in an interesting mood to answer the question.

Senator Alvarez. I will always be in an interesting mood, as long as the Gentleman from my home-region will raise the questions.

Senator Enrile. Thank you.

Now, Mr. President, Section 11 deals with retention limits – seven hectares for rice and corn lands; 12 hectares for coconut lands; 15 hectares for sugar lands; and 12 hectares for other types of land.

Now, my question is this: In the preparation of Senate Bill No. 249, was there a comparative study of the relative yields per hectare of these lands to warrant this definitive provision on retention limits?

Senator Alvarez. Mr. President, I am afraid that I will confess to the Gentleman that the data we have in the field will not give definitive answers, definitive categorical answers on the

basis of the standards he has set.

However, in coming to conclusion on this varied retention limits, we have gone through extensive social investigations and hearings in this Chamber and all over the country. And we have collated the data, the testimonies of farmer's organizations, of technical groups, government agencies, expert individuals, and even landowners. We have dwelt on the reasons underlying our selection for the varied retention levels that we have or we are proposing under this bill – 7 for rice and corn, 12 for coconut, and 15 for sugar lands, 12 as well for other crops. But the constitutional mandate in our social investigation has always been adhered to as the guideline in trying to arrive at this conclusion.

Senator Enrile. Mr. President, while I share the anxiousness and noble intentions of the distinguished Gentleman in proposing this measure intended as it is to respond to a deep social problem in our land, nevertheless, caution dictates that we should take into account the fact that we want the program to be a successful program not just a haphazard program.

And so my question is this: If we require or allow a retention limit of seven hectares for riceland, and I will deal with purely riceland, does the Gentleman not think that we will be creating unfairness or disparities, to say the least, if you make farmer "A" whose riceland is not irrigated to retain seven hectares, and we give the same concession to farmer "B" whose land is irrigated?

Senator Alvarez. Mr. President, all over the phases of this effort at social reforms are a little imperfection which result in unfairness. But we do not have a device. One has yet to be evolved where we can completely approximate what would be fair and just.

Senator Enrile. I think if we recommit this bill and we all work out to write a better bill, maybe we can correct many of these

seeming unfairness. Because a man with seven hectares of irrigated riceland, can harvest five times in two years at an average harvest per hectare of, let us say, 80 cavans of palay, which will give him per harvest about 560 cavans of palay per harvest. Multiply that five times in two years, we can just imagine the enormity of his income.

But the same man if he has unirrigated riceland can harvest only once a year. And his average yield per hectare would be about 40 cavans if he is lucky per hectare or 280 cavans per year compared to more than a thousand cavans per year in the case of the same man with seven hectares of irrigated land. And if our purpose is to, really, level off wealth and make an equitable distribution of wealth, I think that we can see very well the disparity between these two conditions involving the same kind of land.

Now, between a cornland and a riceland, can the Gentleman tell us if there is any effort to study the relative yields of these types of lands.

Senator Alvarez. Yes, Mr. President, but in the models that we have created which had been used by our technical working group, we have adhered to what has been taken in the field. And since the variations, according to the average yield may prove to be an additional nightmare in the implementation, we had gone by accepted practices. That is why the seven hectares retention limit was an assumption of what is there already in the field, although we are aware of what is being suggested by the Gentleman. Another consideration is that the area which is actually irrigated throughout the country is not really that extensive.

Senator Enrile. But precisely, Mr. President, if it is not extensive, the more so that we should consider a different retention limit for those landowners whose lands are not irrigated.

Senator Alvarez. Mr. President, the Gentle-

man is suggesting a train of thoughts shared by a number and as a matter of fact, already anticipated in the extensive investigations done in the Committee. We will have no objections if the Gentleman will test at some point, during the period of amendments, the acceptability of putting that measure for retention. The pre-eminent measure for retention that we took here is one of equity and social consideration among the three measures stated by the Constitution on ecology development and equity.

Senator Enrile. I am not pursuing this further because we will consider this when we consider the amendments, Mr. President. But let us take the case of tobacco farmers, lands used for growing tobacco. A tobacco farmer in Isabela or in my province of Cagayan will be given, perhaps, a chance to retain seven hectares of his land growing native tobacco for cigars and compare that with a tobacco farmer in Ilocos or in La Union who will also be given a chance to retain seven hectares. And yet, there is a disparity in the yields of these two types of crops. In the case of Isabela tobacco, it is less valuable than a Virginia leaf tobacco which is being used by cigarette manufacturers. How would the Gentleman then equalize or use the measurement of equity in these two types of farmers dealing with the same product?

Senator Alvarez. As a matter of fact, within Isabela itself there are already variations, especially when one plants valley tobacco and within Cagayan as well, Mr. President. But these variations are part of the givens when we considered the massive administration machinery that will be implementing these.

Senator Enrile. Thank you, Mr. President.

Senator Alvarez. Again, Mr. President, the Gentleman will be welcome to test this piece of empirical observation, part of the wisdom that he has acquired as a farmer, perhaps, we will adopt it during the period of amendments.

Senator Enrile. I am a Senator, Mr. President, at the moment. I am not a farmer. But, anyway, what strikes me is the fact that there is a higher retention limit given to sugar farmers, to sugarland, than what is given for coconut land and yet, our records will show that a sugarland produces a higher yield than a coconut land. Does the Gentleman agree with this, Mr. President?

Senator Alvarez. That depends on what period of time the Gentleman is talking about. The present price of sugar in the international market may not necessarily be true.

Senator Enrile. Historically, that is.

Senator Alvarez. Yes, Mr. President, historically.

Senator Enrile. In fact, the price of sugar is getting higher. In fact, we are importing sugar because there is less sugar for domestic consumption and the price of sugar has gone up considerably and yet, the price of coconut, copra, is not going up. It is coming down.

Senator Alvarez. The question of the Gentleman shows that there is indeed some complexity when we talk of agricultural problems and field problems which we also came across. But since we had to give one way or the other, we had opted for certain measures which we thought could rationalize the retention limit. If the Gentleman would be interested, at some point I will explain why in spite of this variation which is already an earnest effort at approximating conditions as they are in their complexity, there is a proposal in the Chamber, Mr. President, which will not even interest the Gentleman because it is homogenized across-the-board proposal for retention without regard or sensitivity to the valid empirical data that he is citing. Three hectares across the board — I think, we will be more unhappy with that, and this effort at varying retention levels.

Senator Enrile. Mr. President, my happiness or unhappiness is immaterial. What is material is that we must test the logic and wisdom of these proposals, and that is exactly what I am trying to do — bring out some of the problems that I consider very important and present in the proposed bill.

So, if I may continue, Mr. President, my next question is: Who is going to determine the area to be retained? Will it be the owner or the Government? Because if I am a farmer with 24 hectares of land that I acquired under the Homestead Law and seven hectares of this land is planted to rice with irrigation, should I have the choice of retaining the seven hectares and give to the Government the balance for Land Reform?

Senator Alvarez. Mr. President, usually in the distribution of lands where there are farmers and tenants, the ones that are distributed first, as may be mandated by this bill, are those that are tilled by the tenants. So the choice in given situations, the first shot, so to speak, will have to be with the tenants.

Senator Enrile. No. My question, Mr. President is: Who is going to decide what area is to be retained by the landowner under the retention provision of the Constitution, not the question of who will decide what each beneficiary will get from the acquired land.

Senator Alvarez. That is relevant, Mr. President, because what the beneficiaries will be given, of course, will not be retained. If we have, for instance, 10 hectares of land and three hectares are being cultivated by the tenants, naturally that which he is tilling will be given to said tenants as the beneficiaries, and possibly the logic is that the seven hectares will be retained.

Senator Enrile. How do we determine the value at which the property to be taken by the Government be determined? Will it be on the basis of the value of the entire 24 hectares or will it be on the value of each hectare based on

classification?

Senator Alvarez. If the Gentleman is suggesting that irrigated land would have a higher value of classification, by all means. But I think the convention usually is that the whole segment of agricultural property is evaluated by given standards. There is a certain leeway that the implementing administrative agency would exercise to be able to determine that.

Senator Enrile. Precisely, Mr. President, what we want to do is to have a land reform law that will reduce the possibility of discretion on the part of the implementing institutions so that we will obviate possible conflict which bring about litigation in the end. That is why I am raising these questions that I find to be uncovered by the provision of this proposed measure.

If I may continue, Mr. President.

Senator Alvarez. It may well be true, Mr. President, that discretion could also be helpful in solving the more knotty questions on the field, if the people mandated are given certain instructions because they have direct experience of the requirement in the field.

Senator Enrile. Now, Mr. President, this question on retention is related to the land to be distributed to the beneficiaries, and Section 13 which refers to the awards ceiling to beneficiaries, says not exceeding three hectares. My question is: May such three hectares, that acreage, be sufficient to sustain life, given our climate and condition of terrain?

Senator Alvarez. There have been findings, Mr. President, that three hectares in tropical agriculture could provide for a decent level of existence. New technologies that have been found, diversified agriculture, intensive agriculture, the balancing of crops — all these new devices put into a single package, have shown that a 3-hectare award limit is no longer a marginal target for a family, even of six. These are not only experimentations. Experiences in the

field will show that even a 1.4 hectares, which is the average award limit in PD 27 of rice and corn, is sufficient to sustain family life.

Senator Enrile. Will this apply to flat lands which are not really very rich because they are a mixture of soil and sometimes stones?

Senator Alvarez. I am afraid so, Mr. President, because the proposal of 3 hectares across the board, which is some sort of a compromise arrived at, is done on the assumption that, as experienced, they can sustain life and for administrative neatness.

Senator Enrile. And this is also true whether the land is . . . what is the limit of . . . ?

Senator Alvarez. Eighteen.

Senator Enrile. Eighteen degrees.

Senator Alvarez. Inclined?

Senator Enrile. Inclined.

Senator Alvarez. The slope.

Senator Enrile. Whether the incline is 5 percent, 10 percent, 15 percent or 18 percent?

Senator Alvarez. No, Mr. President. If it is an 18 percent slope, there is a concept of stewardship or agro-forestry, and the acreage will vary and differ as we will go into the amendments.

Senator Enrile. Will these three hectares be true also in the case of a land with a slope of 15 degrees?

Senator Alvarez. If they are not land of the public domain, the alienable and disposable which will be part of this program, because there we intend to make another set of proposals.

Senator Enrile. Now, Section 13, authorizes collective ownership of the land taken by the Government. Is this correct?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. If the land is collectivized, who will manage the land and how may the fruits be divided? What will be the measure to determine the entitlement of each to the resulting fruits?

Senator Alvarez. There are already established assumptions, I believe in the division of fruits of a collective area. And the measures are based on the importance of his contribution proportionate to his labor. So we have not incorporated here how the fruits may have to be divided.

Senator Enrile. Will the fruits be equally divided regardless of the number of hours each worked on the land, or must this be based on the number of hours each used to work on the land? Or, are you using . . . to work on the land? Or is the Gentleman using any different measurement to allocate shares in the resulting fruits of the land?

Senator Alvarez. I appreciate the concern of the Gentleman. But since the collective members will now be the owner of the land, and also the workers on making the land productive, I imagine they can apply their sense of fairness on how to be able to divide the produce of their property according to their labors and according to their claim of ownership.

There are four certain models in this. I think the entrustment of the ownership will somehow bring about the settlement of the distribution of the fruits in a collective.

Senator Enrile. Will the management be rotational and, second, will the managers be entitled to any special compensation as managers of the collectivized property?

Senator Alvarez. I believe that in a collective, the matter that relates to the distribution of the fruits, the benefits or even the management is a matter that is participated in by the members of the collective. They either organize

themselves to be able to form consensus groups or appoint professional manager amongst themselves or may hire a group of manager to run the collective.

Senator Enrile. And will the people within the collective operate on a one-person-one-vote basis, or is there any other manner by which they can express their dissent or consent? And, if there is any conflict within the collective, who will decide the conflict?

Senator Alvarez. The collective, Mr. President, I imagine will evolve its internal rules, including the settlement of conflicts.

Senator Enrile. What recourse will the dissenting people in the collective have if they want to withdraw from the collective? Can they withdraw and ask for a decision of the property so that they themselves will be able to work the land themselves?

Senator Alvarez. I believe, Mr. President, that unless they are able to form a majority and if the land has been so construed to be suitable for collective cultivation in order not to negate the profitability, it will take a majority of the collective to break that.

Senator Enrile. But they cannot sell their land, they cannot sell their rights, they cannot withdraw from the collective, will this not violate the right of these people to free association of their choice? That in effect by law, we are compelling them to become a member of an association which they may not like or may be working against their interest.

Senator Alvarez. I think that in a case like that, they need not necessarily sell their share of a given piece of land. They can share the spiritual participation or the intangible unit which as a member of the collective. . .

Senator Enrile. But they cannot eat the spiritual participation, Mr. President. We have to be realistic. Precisely, we are giving them the

lands as a definite source of livelihood, but if they cannot utilize this bounty, how are they going to survive?

Senator Alvarez. Mr. President, the spiritual share or the intangible share in a collective is not an edible commodity, but it represents value which can be used to purchase edible commodity or commodity survival. I cannot, for instance, chew my paper bills, but I can use that for something else. But at any rate, levity aside, there are going to be accompanying measures here which define the cooperatives. The problems anticipated, hopefully, by the Gentleman, and I say anticipated by the Gentleman, may be confronted. There will be two bills here, one on cooperative authority which I will author and the other one is the code on cooperatives which will be authored by Senator . . .

Senator Enrile. Evidently, Mr. President, the theoretical basis of this proposal is nice but it may work some difficulties in the concrete but, at any rate, we will come to this at the proper time.

I come now to Section 14, and the proposed measure enumerates the beneficiaries — landless tenants, landless lessees, landless regular or landless casual farmworkers, landless seasonal farmworkers. And in addition, under Section 46 of this proposed measure, the Gentleman includes military men, civil servants, including retirees and veterans who may want to be beneficiaries of this land.

My first question on this is: If our purpose is to give land to a tiller, how may a military man in the active service be a tiller of a land while at the same time he is holding a gun as a soldier of the Republic?

Senator Alvarez. Mr. President, a number of the soldiers come from farming families and so if they want to go back to the farm when they get out of the service it is not because they do not directly till a farm.

Senator Enrile. Ah, when they get out of the service.

Senator Alvarez. Yes, Mr. President.

Senator Enrile. Incidentally, I have also a question in the positioning of this provision, Mr. President, why it was separated from Section 14, and made a separate Section 46 in this law. Is there any special reason for this?

Senator Alvarez. Well, several reasons, Mr. President. There is also a mandate in the Constitution that we look after the handicapped, the veterans, et cetera, and the other reason is that we had continuing reports from the field of Agrarian Reform even while we were Ministers then Secretaries, that one of the difficulties in the implementation of agrarian reform is sometimes the foot-dragging on the part of local officials, specially the military, in their support for agrarian reform program.

Senator Enrile. Would the distinguished Sponsor agree that at the proper time we will knock out this section and transpose the text to Section 14?

Senator Alvarez. The distinguished Gentleman is welcome to do that, Mr. President. As a matter of fact, this Representation will be making a lot of proposed changes because this document was worked out by eight representatives of eight Senators. So this is really a compromise version and if we insisted on doing our fine-tuning at the time before it came out of the Committee it will prolong the Committee's agony. And in the light of debates and amendments here, as it is shown now, it has brought about more openness and the debates and the exchange are moving forward.

Senator Enrile. Now, the distinguished Gentleman talks of the landless, these landless as beneficiaries. Suppose a farm worker works in an agricultural project but he has one hectare of coffee land of his own, would the Gen-

tleman now allow him to add to his one hectare an additional two hectares under this program? Would the Gentleman disqualify him simply because he is no longer landless, having one hectare of coffeeland?

Senator Alvarez. Does the Gentleman mean that he is a tenant for additional two hectares?

Senator Enrile. No, I am asking the question. He is a farm worker in a plantation and the plantation is taken under this program, under the Comprehensive Land Reform Program. If we follow the provision as written, since he has already one hectare, he is not landless and he is not qualified as a beneficiary.

Senator Alvarez. I will be constrained to apply the constitutional mandate which is land-to-the-tiller for the land that he tills.

Senator Enrile. Precisely, he is a tiller; he is working in a plantation, and the plantation is taken for land reform purposes. But since this law requires that the beneficiary must be landless and this person is already an owner of a hectare of agricultural land planted with coffee, he cannot say that he is landless. Will the Gentleman deprive him of the right to at least acquire an additional one hectare from the plantation farm that employs him?

Senator Alvarez. In this great problem area, Mr. President, I am prone to limit him to a five-hectare ownership because there is land hunger.

Senator Enrile. Five hectares. No, one hectare only; he has only one hectare of coffee land. But he, at the same time, is working in a plantation to augment his income. Now, the plantation is taken under this land reform program. But since the Gentleman says that only landless tenants or farmworkers or lessees should be beneficiaries of this proposed measure, then therefore, he is disqualified because he is not landless; he already has one hectare. Would the Gentleman apply that definition to this particular farmer?

Senator Alvarez. I will be liberal, Mr. President, in that case. I will allow him the additional augmentation of two hectares if there is enough land available.

Senator Enrile. So that this term "landless" must be qualified by the maximum area that the beneficiary may hold.

Senator Alvarez. I believe so, Mr. President. This matter that has to be implemented here to a considerable degree will be done with enlightened implementation by people who are confronting the problem in the field.

Senator Enrile. Now, Mr. President, I will proceed.

Section 15 speaks of payment, and it says:

Lands awarded pursuant to this Act shall be paid for by the beneficiaries to the Land Bank of the Philippines (LBP) in thirty (30) equal annual payment at 6 percent per annum interest, the first payment of which shall be due two (2) years after the award, in no case shall be due two (2) years after the award, in no case shall the annual amortizations exceed 10 percent of the land's annual value of gross production. . .

This is probably the reason why this law requires a sworn statement of the landowner to state the value of gross production.

Senator Alvarez. The Gentleman is correct.

Senator Enrile. But then, the second sentence says:

Should the amortization exceed 10 percent and the failure to produce accordingly is not due to the beneficiary's fault, the Land Bank of the Philippines shall reduce the interest rate and/or reduce the principal obligation to make the repayment affordable. A two (2 percent) interest rebate for prompt payment shall be granted.

Why does the Gentleman grant this concession, Mr. President, to someone who agreed to pay

more than 10 percent of the gross value of production and does not extend the same concession to the farmer-beneficiary who agreed simply to pay 10 percent of the value of gross production? Why the distinction?

Senator Alvarez. The attempt here, Mr. President, is subsidized financing. It is an effort to be able to put the beneficiary in a stable position to handle his obligations. And through no fault of his own, the beneficiary would not be in a position to discharge that obligation, then adjustments would be made to accommodate him.

Senator Enrile. I agree with that, Mr. President, but the point I am raising is basic. There are two types of farmer-beneficiaries. Here in terms of payment. A farmer-beneficiary who agreed to pay not more than 10 percent or below the value of gross production; and another farmer beneficiary who agreed to pay more than 10 percent of the value of gross production. In the case of a farmer who agreed to pay 10 percent or less of the value of gross production, if there is failure to produce — even if the failure is not through his fault — then we do not grant him a reduction in interest payment or principal amortization which we otherwise, give to the other kind of farmer beneficiary. Why the distinction? Why the discrimination?

Senator Alvarez. What is contemplated here, Mr. President, is that there has been some changes in the level of production. So that the 10 percent of the gross cannot cope with what has originally been targeted as the 10 percent amortization. In which case, some adjustments, some accommodation is going to be entered into by the Land Bank of the Philippines. This contemplates of a failure and the failure is not due to a deliberate act or intended error of the beneficiary.

Senator Enrile. I will make it more concrete,

Mr. President. It seems that my question was not fully understood. There are two farmer beneficiaries whose lands of three hectares each are adjacent and side by side in the same farm area. Farmer A agreed to pay 10 percent of the value of gross production. Farmer B agreed to pay 12 percent of the value of gross production. Both Farmers A and B failed to produce the estimated gross value of production such that they could not afford to pay their amortization. Now, in the case of Farmer B who agreed to pay more than 10 percent of the value of the gross production, he would be given a concession by the Government to reduce his interest payment, to reduce his principal amortization.

Senator Alvarez. To roll over the debt.

Senator Enrile. To roll over the debt. But this will not be extended to Farmer A because he did not agree to transcend the 10 percent limit.

Senator Alvarez. But, Mr. President, the ceiling here is 10 percent. If somebody, for instance, enters into a 12 percent ceiling, that maybe exceeding what is contemplated by the rule.

Senator Enrile. No, but I am referring to page 15, second sentence:

Should the amortization exceed 10 percent and the failure to produce accordingly is not due to the beneficiary's fault, the LBP shall reduce the interest rate and/or reduce the principal obligation to make the repayment affordable.

That is given to Farmer B who agreed to pay 12 percent. But we do not grant the same concession to Farmer A who only agreed to pay 10 percent of the value of gross production.

Senator Alvarez. In this case, Mr. President, what is contemplated is a reduction on the productivity of the land. So that the amortization which has a ceiling at 10 percent would, in fact, exceed 10 percent. That is a failure that

cannot be put on the shoulders of the beneficiary.

Senator Enrile. Now, the point is that two farmers are not treated with the same consideration. And that is the reason why I raised this question, Mr. President. And I think that there must be some missing links somewhere in the treatment of this subject matter, and so, I would like this to be. . .

Senator Alvarez. Let me try to explain, Mr. President. There is a ceiling, but if the production should slump, and then one's obligation will now exceed the ceiling of his production because the total production has gone down, that is what is contemplated here. It will exceed the original agreed upon 10 percent.

Senator Enrile. Yes. The law says that in no case shall the annual amortization exceed 10 percent of the land's annual value of gross production.

Should the amortization exceed 10 percent, ten percent of what?

Senator Alvarez. Yes, Mr. President, but should the amortization exceed 10 percent of the contingency of fluctuation of the production or a depression of the production, because now, we are going to compute on depressed production, and since the amortization has always been pegged at a higher level but the production has gone down, then the percentile relationship of the amortization in relation to the depressed production will be higher than 10 percent.

Senator Enrile. In relation to the base?

Senator Alvarez. Yes, it is not contemplated that the contractual amortization is more than 10 percent.

Senator Enrile. And this is clarified. If that is the sense of this provision, then I will accept, and I hope we can clarify it further in due course.

Senator Alvarez. The Gentleman is very good in clarifying certain points, and I think that is very helpful to this proposal.

Senator Enrile. It is important that we interpret this now, because, just like the Constitution, many of the distinguished legal minds of Malacañang always referred to the records of the constitutional debates. Perhaps, they will also refer to the discussion of the bill by the Members of the Senate when they interpret this law.

Senator Alvarez. But if the Constitution was so clear and lucid and needs no interpretation or clarification, I am afraid the Gentleman will be less helpful to this Chamber.

Senator Enrile. It will be very interesting. Mr. President, if we can fashion a Constitution that reduces the area of doubt and vagueness and contradictions. Anyway, we shall proceed. This proposed measure also says:

The LBP shall have a lien by way of mortgage on the land awarded to the beneficiary and this mortgage may be foreclosed by the Land Bank for non-payment of three successive annual amortizations.

Now, let us say that the farmer-beneficiary has been religiously paying the 10 percent of gross value for the last 15 years; but by some quirk of fate — either he got sick or because nature was not friendly to him — he was unable to pay three successive installments, and the Land Bank will now foreclose. What will happen to the amortizations made by the farmer that we want to benefit, when his rights are foreclosed?

Senator Alvarez. In the spirit of this provision where we seek to be able to put the farmer on his feet, as much as we can, by contriving devices that will enable him to settle his own obligations, then I think the Land Bank can roll-over the debt and make some accommodations in the manner that we have interpreted in the previous paragraph.

Senator Enrile. Would the Gentleman care to accept a proposed amendment to that effect at the proper time?

Senator Alvarez. Yes, at the proper time, Mr. President.

Senator Enrile. Section 16 talks of transferability of awarded lands, and it is required that the land may be transferred to any person whose aggregate landholding shall not exceed the retention limit. Does not the Gentleman think that it would be better to direct that such transfers be made to people who are potential beneficiaries of this land reform program in order to hasten a real redistribution of lands in the country, instead of going back, reconcentrating land into the hands of people even at a lower level simply because they do not exceed the retention limits in the types of land being transferred?

This is also true, Mr. President, in the case of Section 40, page 29.

Senator Alvarez. Mr. President, there is an underlying assumption here. Of course, the one who will buy the land is not necessarily a non-tiller.

Senator Enrile. No, rather than transfer it to somebody who has already three hectares, why not transfer it to somebody who does not have any land, provided he is a potential beneficiary as a priority? If the landowner cannot find a beneficiary who is landless to buy his land, maybe, then only then can we allow that it be sold to somebody who is already a holder of land provided the total landholding of the transferee will not exceed the retention limit.

Senator Alvarez. Mr. President, we will have no objection to that, but our intention in putting this is to be able to afford possible markets, a wider market, for beneficiaries who have faithfully covered their obligations to own the land.

Senator Enrile. Would the Gentleman care to

accept an amendment at the proper time, Mr. President?

Senator Alvarez. Yes, Mr. President, at the proper time.

Senator Enrile. Now, I will move on, Mr. President.

Section 3, paragraph 5, defines agri-business and agri-industrial enterprises to refer to business ventures, activities and operations which involve the following: (1) high technology inputs; (2) capital intensive farm production operations; (3) where agricultural operation is part of an integral process to and/or necessary for the production of basic or raw materials which are subject to further manufacturing or processing to produce a final product which is ready for the market whether domestic or foreign.

The provision mentions certain types of lands or agricultural activities or operations. It mentions sugarlands, coconut oil, copra and other coco-products, abaca fiber, textile, Manila hemp, other abaca products, leaf tobacco for processing into cigar, cigarettes and other tobacco products, bananas, pineapple, prawn-farming and other aquaculture activities, livestock, swine-racing and other large scale food product activities. . .

Mr. President, my question is: Was it the intention of the Proponent not to include ramie production among these types of products?

Senator Alvarez. No, Mr. President. It was not our intention to include ramie production.

Senator Enrile. The enumeration of these types of products is not exclusive of others. Is this correct, Mr. President?

Senator Alvarez. Is it not, Mr. President, but we have seen some ramie production on a small-scale basis. The decorticating process, while crude, could be done on a small-scale farm, and later the fibers are sold to a gathering place which handles the final marketing and export.

Senator Enrile. Does this not exclude, for instance, citrus farms?

Senator Alvarez. Citrus farms would fall under orchards, Mr. President.

Senator Enrile. How about cacao and pepper farms?

Senator Alvarez. Cacao is not specifically mentioned, but it could be within the contemplation of fruit trees and orchard.

Senator Enrile. How about pepper plantation, Mr. President?

Senator Alvarez. I do not remember we discussed that in the Committee, but I see no reason at this point whether it should be included or not. If, in the period of amendments, the distinguished Senator strongly feels about it, he will have to convince the Chamber, Mr. President.

Senator Enrile. I will come to this point, Mr. President.

Section 3 (10) provides:

High technology or capital intensive farm production enterprises shall mean those enterprises whose agricultural land as a component of the production process form less than 35 percent of the total assets of the enterprises.

My question is: What is the meaning of the phrase "agricultural land as a component of the production process?"

Senator Alvarez. The agricultural land would be the area where the agricultural growth will constitute the raw material for the agri-industrial or agri-business. . .

Senator Enrile. Are we referring to the land that was acquired originally without any planting or are we now talking of the land with its standing crops and inseparable improvements?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. Or, are we talking of land as

contradistinguished to labor and capital? Because, it says here, "land as a component of the production." And my understanding of land as a component of production is that, it is distinguished from capital. But I will give the Sponsor, Mr. President, an example:

A project requiring 100 hectares of land was conceived by a farmer. The land was acquired for ₱3,500,000 and the development cost of the entire project required an additional ₱46,500,000, making a total capital investment — both land, capital, including development — of ₱20 million.

Now how would the distinguished Sponsor compute his 35 percent, on the basis of this definition? It says: "... 35 percent of the total assets of the enterprise." The book value of the land, Mr. President, is ₱3,500,000, but the development cost of the entire project is ₱16,500,000.

Senator Alvarez. The land would be valued at ₱3,500,000, Mr. President.

Senator Enrile. Would the Sponsor consider this enterprise to be capital intensive?

Senator Alvarez. Definitely, it is capital intensive, Mr. President.

Senator Enrile. Now Section 18, dealing with other modes of agrarian reform, talks of production sharing plan for the farmworkers. Taking into account the nature of their individual work and contribution to the profitability of the enterprise, my question, is: Is the Gentleman contemplating that this amount that the farmworkers would receive under this provision be measured by their relative pay scales in the enterprise?

Senator Alvarez. I imagine that that would be the most direct and efficient way of figuring it out.

Senator Enrile. Given the philosophy and rationale of this proposed measure, being a land

reform program, would it not be better to just divide the amount equally among all these potential beneficiaries considering the fact that theoretically they are equal owners of the land?

Senator Alvarez. Mr. President, but even the distribution there would not rally work to fair sharing because the bill even contemplates that what will be distributed will not be more than 100 percent of the pay.

Senator Enrile. Precisely, Mr. President, if 3 percent of an "X" amount is segregated and there are 100 workers, including managerial workers in this enterprise, would it not be more reasonable to just divide the amount by 100 persons or units, so that they will equally share, on the theory that each one owns at least a hectare of the entire land? If it is a one 100-hectare property, each one of them theoretically owns one hectare.

Senator Alvarez. What is contemplated here, Mr. President, is a production-sharing scheme. It is in sharing of the fruit.

Senator Enrile. Yes, they share as a collective group three percent of the resulting gross proceeds from the production of the property. But the question is: How must this three percent share be distributed among them? Will it be on the basis of their pay scale or would it be on the theoretical assumption that they own equal shares in the land?

Senator Alvarez. Mr. President, the contemplation of this particular provision is one purely of production sharing. It does not conceive the distribution of the land or the agricultural property to the workers. The scheme of land reform here which we refer to as the other modes of interim agrarian reform, when we come to the amendment proper, is intended to share the benefits or the fruits.

Senator Enrile. Would it not be unfair, for the ordinary laborer to get less than the

manager of the agricultural operation considering the fact that the land reform program was precisely intended for him and it was for that purpose that we are enacting this law and not for the manager?

Senator Alvarez. This provision does not contemplate the distribution of the land, Mr. President.

Senator Enrile. I agree, but we are not touching the distribution of the land. We are talking of the share of the group of people working on the land who otherwise would be the beneficiaries of the land itself if we are to break the land, in the resulting amount, if we apply that three percent on the gross value produced by that land.

Senator Alvarez. Mr. President, there is a grain of considerable equity in the thoughts of the Gentleman, however, this measure was really contemplated as both equity and incentive for production.

Senator Enrile. Mr. President, I can speak here with certain degree of certitude because I know a little bit of agricultural operation. For the benefit of the workers in large plantations, we should divide this equally among the people who are working there regardless of their positions in the company on the theory that they have equal shares of the land itself.

Senator Alvarez. That is a school of thought which is worth pursuing. During the period of amendments, the Gentleman may pursue it further.

Senator Enrile. Because in my opinion, to allow this provision as it is, Mr. President, there will be a lot of conflicts arising from the fact that each one of these workers in this agricultural enterprise would say that he has contributed more into the profitability of the enterprise and, therefore, he should share more out of the proceeds of this three percent than the others.

And in order to obviate all of the possible areas of conflict, it would be best that we will divide the proceeds equally among the people involved.

Senator Alvarez. That is a very egalitarian way of looking at the problem, whereas, what we have suggested here is both egalitarian and an efficiency-oriented way of solving the problem. Perhaps, the Gentleman is slightly more correct, but, of course, that will depend when we begin to amend this particular provision. Fortunately, this Chamber is so structured. . .

Senator Enrile. Mr. President, I am sorry to burden the Chamber with many questions like this. But I would like to proceed, if I may, with a few more questions.

SUSPENSION OF THE SESSION

The President. Why do we not take a brief breathing spell of 10 to 15 minutes, if there is no objection? [*There was none.*]

It was 5:52 p.m.

RESUMPTION OF THE SESSION

At 6:19 p.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. Mr. President, may I proceed with my interpellation?

The President. Please do.

Senator Enrile. Thank you, Mr. President.

Mr. President, in Section 19 — "Employees Stock Ownership Incentive Plans" are authorized. There is a distinction between an agricultural corporation with more than 51 percent of its assets representing 50 percent or more of its total assets representing the value of the land and an agricultural corporation where the value of the land is less than 51 percent of the total asset. Now, paragraph 1 says:

Where the ratio of the land value to total assets is less than 51 percent, the corporate land-

owner shall devise a stock distribution scheme to enable the qualified beneficiaries to earn dividends either individually or collectively. Such stock distribution shall be to the extent of the market value of the land at the time of acquisition.

My question is: What is meant by land value? Does it refer to the historical cost exclusive of development cost or does it refer to the market value of the land?

Senator Alvarez. I think the index here would be the value of the land at the time of acquisition, which means at the time of the acquisition of the land and, therefore, the incremental improvements of the land.

Senator Enrile. The acquisition, by whom, Mr. President?

Senator Alvarez. By the enterprise, Mr. President. This would be the books, indicating the transactions or the value of the land.

Senator Enrile. So, in determining this 51 percent, we have to utilize the value of the land at the time of acquisition by the enterprise.

Senator Alvarez. Yes, Mr. President.

Senator Enrile. In other words, it is the book value of the land because land is not depreciable. We cannot depreciate it. Is this correct?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. So that, in the example that I have given, if the total cost of the project is ₱20 million, ₱3.5 million representing the value of the land at the time of acquisition by the enterprise and the balance is used for development consisting of clearing the land, planting the plants that will produce the product that would be raised, irrigating it and including all the inputs, both labor and material. We will now determine from the books of the corporation the value, the ratio of the land in relation to the whole. If the land is less than 51 percent

of the total assets, then we apply paragraph 1 of Section 19. Is this correct, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. But then the question that arises is this: How can we devise a stock distribution scheme? Are we going to allow the revaluation value of the land as to increase the paid-up capital of the corporation to comply with this stock-distribution scheme?

Let us say that the corporation acquired the land for ₱3.5 million, and that was sometime ago, and the project has been ongoing for the last 10 years and the market value of the land is now, let us say, maybe double or triple — ₱10 million — so that there is a differential between the acquisition cost and the fair market value of the property. Will your proposal authorize the corporation to increase its capital stock and utilize the ₱6.5 million, which is the difference between ₱10 million, the fair market value of the land and the original ₱3.5 million used to acquire it, to be used as to pay an increase in the capital stock of the corporation, so that the beneficiaries, the workers, can receive shares of stock in the corporation?

Senator Alvarez. It is not so indicated here, Mr. President, but that would be a very good scheme.

Senator Enrile. Would the recipients of this value or shares of stock pay for the shares of stock, Mr. President?

It is not so stated in paragraph 1 of Section 19.

Senator Alvarez. The contemplation here, Mr. President, is that the dividend payments, either individually or collectively, will be used. . .

Senator Enrile. . . . will be utilized to retire the price at which the shares of stock will be transferred to the beneficiaries. Is this correct, Mr. President?

Mr. President, before I raise my second question, paragraph 2 deals with a situation where the value of the land is equal to or is in excess of 51 percent. My question is: Why do we have to make this distinction, Mr. President? Why do we not just combine these two provisions and deal with the situation regardless of whether the value of the land is 51 percent or more or less than 51 percent, if the owner of the property would agree to issue shares of stock to its farmworkers on the basis of the scheme presented by paragraph 1 of Section 19?

Senator Alvarez. In that case, there is nothing in this provision that will bar that scheme, Mr. President. But this distinction is done because of the acknowledgment of the dominance of ownership.

Senator Enrile. But, Mr. President, I will posit to you a problem. In the case of paragraph 1 of Section 19 where the ratio of the land value to total asset is less than 51 percent, a stock distribution scheme shall be devised to enable the qualified beneficiaries to earn dividends, and I posited to you a scheme.

Now in the case of paragraph 2 where the ratio of the land value to the total corporate asset exceeds or equals 51 percent, the stock distribution scheme provided in the preceding paragraph may take the form of direct transfer of stock ownership to the farmworkers, and this is the one that complicates it, because it seems that the Gentleman is not authorizing a direct transfer of stock ownership to the farmworkers under paragraph 1.

Senator Alvarez. Not necessarily, Mr. President. Paragraph 1 contemplates where, since the owner of the enterprise is still the dominant and controlling owners of the whole operation, he takes the initiative or fashions out the scheme in order to enable the workers to share in the ownership of the corporation with appropriate stock distribution. In this particular case, since

the ownership would be 51 percent or more, the transfer of stocks would be to the farmworkers directly.

Senator Enrile. If the historical value of the land is equal or more than 51 percent of the total assets of the enterprise.

Senator Alvarez. Yes, Mr. President.

Senator Enrile. My last question on this point is this: Will the scheme contemplated under Section 19 be in addition to the three percent provided in Section 18? In other words, under Section 18, the Gentleman is in effect authorizing the corporation to give three percent of the gross production to its farmworkers which I suggested to be divided equally among them. But then are you suggesting that the corporate enterprise should devise a stock distribution scheme under Section 19, in addition, as a benefit to the beneficiaries? Or is the owner of the enterprise free to select one or the other scheme?

Senator Alvarez. Section 19, Mr. President, is a devise of distributing shares of stocks, without going to land distribution.

Senator Enrile. Correct, but I am asking whether this devise could be adopted and at the same time the enterprise will be paying three percent on the gross, because if that were so, then it will also be detrimental to the enterprise because in addition to the three percent on the gross it will pay dividends to the holder of the shares of the stock who are at the same time the recipient of the three percent of gross.

Senator Alvarez. Mr. President, Section 18 which enumerates specifically the kind of agricultural operation that may take the option of production sharing, livestock, agricultural and orchard. So that, if this option is taken for this specific enterprise, orchard, then the option under Section 19 need not be applicable anymore.

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Senator Enrile. Anymore?

Senator Alvarez. Anymore, yes.

Senator Enrile. But if the owner of the plantation would want to bring in the farm worker as stockholder of the corporation rather than pay three percent from the gross, is that choice available to him?

Senator Alvarez. Yes, under this provision, Mr. President, although this provision in Section 18 is more specific for those particular enterprise: aquaculture, orchard, and livestock.

Senator Enrile. Thank you, Mr. President.

I will now run along. There are certain appointments here that are to be made. Would the Gentleman agree to insert the provision that all appointments here will be subject to the confirmation of the Commission on Appointments?

Senator Alvarez. Happily, Mr. President.

Senator Enrile. But I have a problem with Section 21. The Presidential Agrarian Reform Council is hereby created which shall be composed of the President, et cetera. Does not the Gentleman think that this will collide with the provision of the Constitution against holding positions other than the position allotted to them by the Constitution?

Senator Alvarez. This is not really an independent office, Mr. President. It is like a Cabinet assembly called by the President and the President is the *ex officio* Chairman. There are no emoluments involved here.

Senator Enrile. Anyway, I am just raising this point at this time because others will probably raise it and I will proceed.

The distinguished Gentleman also requires in his proposal the formation of the Barangay Reform Committee in every barangay to be composed of a chairman and not less than 10 or more than 15 members. Mr. President, would this also include barangays composed of

all the members of which all are fishermen, not farmers?

Senator Alvarez. Mr. President, in coastal areas, the fishermen are part-farmers and part-fishermen.

Senator Enrile. Mr. President, in the barangay of Carooan where I grew up, they are all fishermen and there are no farmers. They do not know how to farm. All they know is to fish. So, if we are going to establish a Barangay Agrarian Reform Committee in that barangay there will be no utility for that Barangay Agrarian Reform Committee because there are no arable lands in the area. The area is totally sandy, like the Sahara.

Senator Alvarez. Mr. President, then the Barangay Agrarian Reform Council will be a surplusage in that area.

Senator Enrile. Corect, Mr. President. There are so many barangays in the country of similar nature, and so I would suggest very strongly that we look into this.

There is another point that I would like to raise here, and this is the question of land valuation which is a function of the Barangay Agrarian Reform Council. And, what comes to my mind is the valuation of untitled land, tilled by a farmer-occupant. There are so many of this. In fact, the cadastral surveys and titling of lands under our Homestead Law have not been finished; therefore, the owners of the land which may be subjected to land reform may not have titles to transfer to the Republic of the Philippines because they are untitled. And yet there is already a certificate of — what do we call that under the Homestead Law? — possession given to the occupants? How are we going to value these properties? How are we going to value this land? Will it be valued as if the title has been issued?

Senator Alvarez. I think the market value, Mr. President, which is contemplated here would

be the value in the area. I do not really know whether an issuance of a Torrens Certificate of Title appreciates considerably the value of a given property.

Senator Enrile. Because the title to the land theoretically still belongs to the Republic of the Philippines. It has not been vested yet by a title to the occupant or possessor.

Senator Alvarez. I do not think that should inhibit the transaction over the land because of the infirmity of . . .

Senator Enrile. I agree, Mr. President, but the question is: The Gentlemen require the surrender of TCT, tax declaration, and other documents, and that after the creation of a trust fund, in case of the failure of the possessor-farmer to agree with the valuation of the Government or if he accepts the offer of the Government, the title would pass immediately to the Republic of the Philippines, so that this kind of a land will not be able to comply with that requirement.

Senator Alvarez. There should be some evidence of ownership less than a title, Mr. President.

Senator Enrile. There was an award under the Homestead Law. Would the Gentleman now require that to be the one to be surrendered?

Senator Alvarez. In the absence of a Torrens Certificate of Title, I believe so, Mr. President.

Senator Enrile. Under Section 38, Mr. President, he is requiring assistance to the landowners by the Department of Trade and Industry, Central Bank, Land Bank, and other agencies and find outlets for their newly acquired capital. Does he think that he can convert these landowners who have been farmers all their lives into overnight entrepreneurs and be able to manage business enterprises?

Senator Alvarez. That is why we provided reasonable retention level, as provided in the

Constitution, because those who own 50 hectares of land and have been in the habit of deriving their income from 50 hectares of land are deprived of 50 hectares, and will need to fall back on some, let us say, at least a reasonable retention. In the particular case that we have proposed, it should hover in the vicinity of 12 hectares.

The efforts of the government suggested by this bill to help former landowners would really apply to bigger landowners — to those who own 100 hectares, 200 hectares — who, in all probability, will have the awareness of going into some mode of investments that may be organized by financing institutions, whether of the Government or of some private groups. While it is true that a provincial producer of 30 hectares is deprived of his substantial portion — let us say, 50 hectares — he will have difficulty making sophisticated investments in some instruments of investment that will be arranged by the Government. However, because of the retention level that we have provided, we have not entirely divested him of the opportunity of remaining in the land.

However, these provisions on assistance to landowners by the Department of Trade and Industry, Central Bank, et cetera could be an instrument for the bigger landowners. Assuming that there will be 200, or even 500 hectares of land, and if these different government institutions pool resources and form a mutual fund or a mutual pooling of certain shares of stocks to which they can invest, perhaps, these services would be more meaningful to these landowners. Many of these landowners have access, after all, to business information and could appreciate the investment opportunities that can be arranged by these government institutions.

But it is true, I will admit to him, that if he take somebody from my home province of Isabela who has been cultivating a 24-hectare land and is deprived of 12 hectares, he may not have

the breadth of investment capacity to take that pool of bonds given by the Land Bank and invest it in a corporate scheme prepared for him by the Department of Trade and the Land Bank of the Philippines. He may be able to use that to organize a sawmill, a rice mill or peanut-crushing operation in one barrio in Isabela or establish a simple warehousing system. That is why, I will admit, that this scheme here is intended really to help the bigger landowners shift from agriculture.

Senator Enrile. Mr. President, yesterday, we talked about the unavailability or uncertainty of financial resources to backup this land reform program of the government which all of us would want to have. Would the Gentleman agree to consider the possibility of monetizing the values of these lands so we can possibly print money to buy all of these lands — if that is possible with certain limitations of use of the funds that will be used to acquire these lands?

Senator Alvarez. That would be some form of a hidden taxation. If Congress approves that or dares to approve it with sufficient study so that the intrinsic safeguards will be part of the program, I will really have no. . .

Senator Enrile. If the Central Bank can issue new money to buy gold, why can it not issue new money to acquire valuable lands belonging to the citizens of the Republic?

Senator Alvarez. Because, the gold can be shuttled back and forth into some window of transaction. I do not know whether, having those massive titles after land reform, we can use it in order to create the money supply.

Senator Enrile. Turning the issue around, taking it from another point of view, would the Gentleman consider the possibility of authorizing the use of the yearly receivables of the landowner to pay off his taxes? Instead of the government paying him, he now uses the bonds to pay his taxes due the government. Because if he will pay

the taxes, the government will return that money anyway to him to redeem the bonds.

Senator Alvarez. I think we should make some specific calculations whether this exchange of value would be meaningful because it could be lopsided that it becomes very insignificant.

Senator Enrile. These are nominal amounts. The bondholder can go the Land Bank and deliver his bond and gets the face value of the bond, including accrued interest. On the other hand, the Government will turn around and instead receive these bonds and maybe accrued interest in the payment of obligation to the Government, like taxes, registration fees, et cetera. Would the Gentleman consider this possibility?

Senator Alvarez. I will consider all these financial creative approaches to land reform as long as the program may push through. The very reason for the debates and the amendments of this Chamber is to pull the minds of this august Body so that they can enrich the creation of a bill as serious and as momentous as this. It is the democratic trading place of ideas when we produce a bill and complemented with the sophisticated financial manipulations or suggestions from the Gentlemen of the Chamber. I would be very happy to go along with that, but I have to be educated, Mr. President, on the dangers of possible failure of this financial scheme.

Senator Enrile. Thank you very much, Mr. President.

Senator Rasul. Mr. President.

Senator Tamano. Mr. President.

The President. Senator Rasul is recognized; then Senator Tamano.

Senator Rasul. Thank you, Mr. President.

This is the third week, I believe, of the debates on Senate Bill No. 249, in fact, very exhaustive debates on almost all the provisions, as well

as the implications of the implementation of the various provisions of the Comprehensive Agrarian Land Reform Program, and because of the exhaustiveness of the discussions, I am bothered by the absence of discussion on Section 43 of Senate Bill No. 249, specifically the section on ancestral lands.

The provision on ancestral land is so skimpy, it is contained in only one sentence. And while I have the highest regard for the distinguished Sponsor, and his sincerity and commitment as far as the welfare and interests of the cultural communities are concerned, however, the seeming lack of interest in the cultural communities seems reflective of the national concern of our national cultural communities which, I have come to feel and believe, is more of form rather than of substance.

Earlier this afternoon, the Committee on Civil Service and Government Reorganization conducted a public hearing, and coincidentally, this was quite a revelation, a very revealing piece of information was brought to light when the Undersecretary of Agriculture volunteered the information that, as a result of the reorganization of the Department of Agriculture, a position of Undersecretary for Special Concerns for Cultural Communities is existent. In fact, the person who heads that Office of Undersecretary for Special Concerns of Cultural Communities is an expert on cultural communities who is from Manila. This seems to be the kind of interest and concern that the cultural communities have been having over the past century and decades and up to this day.

And so, it is for this reason that I would like to ask a few questions, if I may.

Senator Alvarez. With pleasure, Mr. President, from the Senator from Muslim Philippines.

Senator Rasul. Thank you, Mr. President.

My first question is: How would you define "ancestral lands"?

Senator Alvarez. Mr. President, we did not mean "ancestral" here, the lands of one's ancestors. We are referring here to lands owned in common by indigenous or tribal groups in the Philippines as early as what they may imagine to have been their right, established by their ancestors. However, during the many hearings that we have had, not only in the Committee on Agrarian Reform but with the Cultural Communities as well, we found out that it is a vastly disputed arena of inquiry. So we thought that to obviate the difficulty of being confronted here, it should become the specific concern of an agency that inquires into what ancestral land is.

In other jurisdictions, the tribal lands are still a continuing dispute and they have not been able to find an adequate definition or solution. That is why we referred to anthropological evidence as evidence for the economic use of the cultural communities and their actual economic requirements; because, precisely, Mr. President, I do not think the nation has really come to a definitive agreement on these ancestral lands. It is not the province of the land reform to define it but to assign it to an agency which will really inquire into the ancestral land.

Senator Rasul. I agree with the distinguished Gentleman, Mr. President. And it is precisely because we are not clear in our minds what is meant by ancestral land, that we might be accused of ambiguity by the Moro National Liberation Front who claims that the whole of Mindanao is an ancestral land. What then will happen to land reform in Mindanao if the interpretation of the MNLF will be the one which will be taken cognizance of — that, in fact, the whole of Mindanao was historically an ancestral land, that it belongs to the Muslims and the cultural communities of Mindanao? We, then, will only have a land reform program in Luzon and Visayas. But, Fr. Balweg and the Cordilleras will also claim that Northern Luzon is also an ancestral land. This will leave only the Visayas as the

area for land reform.

I think we have to be clear and very definitive about these things, Mr. President, because when we implement land reform, we will have to contend with these issues.

And so, Mr. President, I would like to have some kind of an idea, a broad idea, some parameters, if the Senator may, on what should we consider as ancestral land. Would the Gentleman consider, for example, Sabah which is part of the Sulu Sultanate, as an ancestral land or the Sulu Archipelago?

To my mind, these are relevant points that we have to discuss.

Senator Alvarez. That is not the ancestral land which we seek to be able to comprehend within this provision. It is, of course, as our ancestral land as the whole of the Tawi-Tawi Chain, perhaps, is our ancestral land. But when we are talking of indigenous or the ancestral land, we are referring to the claims of indigenous groups for ownership and exploitation of certain areas of land which have been habitually their domain, perhaps, for generations.

And here, we have constrained this by providing that we have to take into account the actual economic requirement of the group.

Senator Rasul. Mr. President, are there any studies made on the extent of ownership of ancestral lands in the various regions of the country? I ask this question because the cultural communities are located not only in Mindanao. Even in the province of the distinguished Senator from Cagayan de Oro, there are quite a number of cultural minorities. In the region of the distinguished Minority Floor Leader, there are also many cultural communities.

So, are there any studies which have, in effect, pinpointed areas owned communally by these tribal communities? We have to be certain, because, in the past, certain privileges given to

cultural communities were also prostituted by the non-cultural communities. Even in the matter, for example, of Civil Service eligibility which was given to members of the cultural minority, the non-cultural minority would get some kind of a confirmation or a certification, in effect, that they are members of the cultural community and they avail themselves of said privileges granted exclusively for the members of this cultural community.

Now, what is to stop other enterprising citizens to say they are members of the cultural community, and say, in effect, that that particular piece of land is cultural community. Now, how do we prove. . .

Senator Alvarez. I remember, we had a hearing here. And Mr. Lopez, who is the head of the Southern Cultural Community, came up with a map. And in this map, he had marked with red portions, segments of the ancestral claims of several tribes in the South. And when I looked at the red portions, practically the whole of the South have been embellished with this broad swath of red.

It is really a debatable demarcation line. And this bill does not seek to be able to say the final word on it. It only gives general injunctions on how this problem should be appreciated. We are confronted with this issue. I think a special government focus should really be made in defining ancestral lands. More of this will be done as the autonomous bodies would begin to operate.

Senator Rasul. Mr. President, granting that we have specified, we know vaguely, perhaps, areas as ancestral lands; but then, the ownership has to be proven by anthropological evidences.

Now what kind of machinery or process do we have which can be availed of to prove ownership? And who will man this machinery? Will it be like this Undersecretary of Agriculture, an expert on cultural community, or a member of

the cultural communities themselves?

Senator Alvarez. Definitely, Mr. President, all the dimensions of acquiring convincing evidence or feasible evidence will have to be resorted to and it can not exclude evidence from the indigenous community themselves. Social investigation may have to reach out into the early years of our history and it may prove to be really an extended investigation. I do not think that allow a delay in the Agrarian Reform Program on account of the difficulty of ascertaining the metes and bounds of this question.

Senator Rasul. Yes, precisely, Mr. President, and I congratulate the Gentleman for this outstanding piece of legislation. But I suggest that we look into this matter that I have brought out; otherwise, we may not find ourselves having a land reform program after all.

Thank you, Mr. President.

Senator Alvarez. Thank you, Mr. President.

Senator Tamano. Mr. President.

The President. Senator Tamano is recognized.

Senator Tamano. Mr. President, I have quite a number of questions which I would like the Honorable Senator from Cagayan to answer for the edification of your humble Representation from Muslim Mindanao and I find that I would be imposing on the time of my Colleague if I were to continue to make this interpellation, and so I propose that I be allowed to make my interpellation in tomorrow's session.

Senator Alvarez. Happily, Mr. President.

The President. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection?
[*Silence*] Hearing none, the motion is approved.

international agreements must be approved by the Senate, whether it is commercial or political. The Constitution mandates to the Senate "must approve" and, therefore, since this is not entirely government-to-government, I think it is out of the question.

But the point, Mr. President, is that under Public Law No. 480, we could have and should have negotiated for donation and if not, donation purchase under the 25-year term agreement subject to conversion later on as donation. Are there strings attached? Yes and no. Strings, if the negotiation proves that we will bend to strings. No, if we negotiate with strength and say we will not succumb to undue impositions. It all depends upon us.

Furthermore, Mr. President, aside from the fact that we have not availed ourselves of this option of purchasing or taking rice from Public Law No. 480, we must scout the possibility of tying up dollar purchases with the debt to equity swap agreements. And if we have to import rice, if we have to extend \$50 million, we must make it a condition to the bidders that they can, under the terms of the secondary market agreement, perhaps, purchase 50 percent of the dollar outflow, plus wiping up at least \$25 million of our debt which is now about \$28 billion.

I think, Mr. President, this kind of importation should be further studied; and it is not good to go into it hastily at the expense of the people. We have to learn from the lessons of the past where importations were characterized by corruption, characterized by overpricing, characterized by inordinate and debatable needs, whether there was shortage or not.

But here, Mr. President, we humbly point to the fact that the government has not availed itself of the avenues. It will, I think, benefit the nation. It must exhaust the avenues under Public

Law No. 480 because there is a program for the nation and it seems criminal that we should expend \$50 million when we can secure the needed rice by way of donation. Apart from that, exhaust and tie up the solution of importing rice if we have to with the debt equity swap agreement and make it mandatory that whoever purchases rice gets paid in pesos here because he or that firm has available secondary market, and the secondary market is already at 52 percent, Mr. President. And so, therefore, if the total purchase is \$50 million, that firm can avail itself of the secondary market at \$25 million or less, therefore, save the country from much outflow of foreign exchange, and also reap the benefits of importation of the needed rice.

I trust that we shall not enter into these transactions hastily but that we shall do so with eyes open to the lessons of the past and to tools available. And, therefore, we ask whoever these authorities are, charged with the task of implementing the importation, to pause and consider the suggestions humbly made.

Thank you, Mr. President.

The President. The Majority Floor Leader.

BILL ON SECOND READING

Senate Bill No. 249 – Comprehensive Agrarian Reform Program (Continuation)

Senator Mercado. Mr. President, I move that we consider Senate Bill No. 249 as reported out under Committee Report No. 103.

The President. Consideration of Senate Bill No. 249 is now in order.

Senator Mercado. We are still in the period of interpellations. I move that we recognize the Sponsor, Senator Alvarez. Senator Letty Ramos-Shahani has indicated her desire to interpellate the Sponsor, and I move that we recognize her as well.

The President. Senator Alvarez and Senator

Shahani.

Senator Shahani. Thank you, Mr. President.

First of all, I should like to commend our Colleague from Isabela for the marathon questioning which he has been able to withstand up to now. And just to let him know, Mr. President, I fully sympathize with his predicament, but as I can see, he is holding up very well.

Mr. President, the first matter which I should like to address to my distinguished Colleague from Isabela is really the matter of the other modes of agrarian reform. I know that this matter has been raised up here several times; but I think, of my own satisfaction, I should like to be clarified on this matter because I believe this is one of the most important matters in Senate Bill No. 249. Section 4 states that this bill affects all public and private lands. On the other side, Section 17 mentions several modes of agrarian reform such as land distribution, the sharing of economic benefits derived from the land and stock ownership and incentive plans.

Mr. President, I wonder whether my Colleague from Isabela is of the view that the sharing of economic benefits derived from the land and stock ownership and incentive plans are substitutes for land distribution.

Senator Alvarez. Yes, Mr. President. In certain agricultural activities or enterprises, although this has been questioned by some participants of the Committee, it is a committee work of eight. This mode that we have proposed here is recommended in order to continue the productive viability of those enterprises, so that we will conform with the mandate of the Constitution that the criteria as well of agrarian reform are developmental, aside from ecological and equity considerations. We do not leave the equity consideration alone because we put a parameter or an increase in the sharing of the fruits.

Senator Shahani. But certainly, there would

be dangers which one can see in this mode of land distribution where those in a more powerful position might want to consolidate their holdings, plantations into corporations, and would, in fact, weaken the aim of land distribution.

Senator Alvarez. Truly, Mr. President, that is why when we specify the areas to which this mode may be availed of, we have limited in fact the areas. We have only specified three areas here — aquaculture, livestock, orchard and the plantation areas where the dynamic form of agri-business and agri-industrial activity is useful to the national life.

Senator Shahani. Coming now to a consequence of this mode of agrarian reform, and that is investing money or stock rights in the process of industrialization: On page 19, where we talk about the Presidential Agrarian Reform Council, the responsibility for mapping our integrated national industrialization program is given to the PARC. And I was quite surprised to see this because I realized for the first time that there is really very little said about the industrial consequences of agrarian land reform.

Could we have the benefit of the thinking of our Colleague from Isabela on how he envisages industrialization since this bill really mentions it only in one sentence or one phrase? Could we have an idea of how he envisages industrialization which is based on the Comprehensive Agrarian Reform Program?

Senator Alvarez. It is envisioned under this bill, Mr. President, that the lethargic nature of our economic activity in the countryside, boosted with considerable resource allocation, would bring about heightened economic activity which could complement the industrialization program of the government. We feel here that we will be creating markets, aside from the fact that the program, which more or less provides incentives for the shift of capital of former landowners,

will also encourage the industrialization process by providing those hospitable arenas for investment; whereas, before, these investment resources have been locked in land. The procedure or the scheme hopefully will bring about a heightened or an escalated economic activity which, side by side with the program of the government to industrialize, would bring about a hospitable development towards more industrialization.

Senator Shahani. Mr. President, the distinguished Gentleman from Isabela keeps referring to the government's industrialization program. May I know whether it exists or not, or is he speaking in theory or speculation?

Senator Alvarez. Mr. President, I think it does exist. As a matter of fact, the program which we have attempted to craft here is contemplated to be part and parcel of the totality of the program that the government wishes to implement; although in the countryside, this system which we are providing in our proposal will be the agricultural segment of this total program.

Senator Shahani. In having a comprehensive land reform program, Mr. President, is it not important also to have a comprehensive industrialization program based really on mass industrialization rather than on just a transfer of capital to more people who have the money, this, maybe, making the industrialization program again a monopoly of capitalists or even dynasties for that matter?

Senator Alvarez. Mr. President, when we talk of industrialization, we talk of accumulation of capital for investment in industrial activities. Whether or not it could be a scheme for distribution is of course one for the debating arena. I do not wish to be able to encounter with you on this point.

If the distinguished Senator is suggesting that industrialization could be accomplished by

creating small-scale industries, that, too, is an aspect of an industrialization program with a redistributive aspect character to it.

Senator Shahani. I am glad to hear that, Mr. President, because this really is not a topic which is unrelated to the comprehensive land reform program. I think the aspect of distribution will come about because of CARP; and since there is not much said and I suppose this is not the place to say it, I hope that the emphasis on industrialization will also be enlightened by the aspect of distribution.

Mr. President, does Section 21 which outlines the duties and functions of PARC, mean that the industrialization program is going to be formulated and implemented by PARC itself? I would have thought that this should be a topic of major legislation.

Senator Alvarez. No, Mr. President. When we mentioned industrialization here, we are simply suggesting that even if we have as we do have a program to industrialize the nation, and unless we have a systematic approach to the deployment of the resources, which is land in the countryside, there would be a yawning gap in the industrialization program.

The Presidential Agrarian Reform Council, of course, as constituted which will husband the implementation of the Comprehensive Agrarian Reform Program would be a very useful avenue in order to coordinate schemes of industrialization together with the Comprehensive Agrarian Reform Program. Precisely, the leadership of the President is provided here together with about eight or nine Members of her Cabinet whose departments will need to have linkages with the Comprehensive Agrarian Reform Program. We do not pretend here to be able to provide the blueprint nor the implementation mechanism for industrialization. But we hope here that because of the breath in the Constitution of this bureaucracy that will husband the Compre-

hensive Agrarian Reform Program, then the interagency linkages is necessary for a total approach to the problem of development, and therefore, industrialization would be better managed. There would be better planning, and therefore better implementation.

Senator Shahani. Do you mean, therefore, Mr. President, that there is no need for a blueprint for industrialization because that already is in place?

Senator Alvarez. There is a need, Mr. President. As a matter of fact, we are saying here that while we address the problem of poverty and development in the countryside, we will not be able to manage it in its entirety under the Comprehensive Agrarian Reform Program. But the Comprehensive Agrarian Reform Program offers a take-off so that ultimately we can only defeat poverty if we are able to industrialize.

There will always be an excess pool of manpower of the unemployed and the underemployed in any agrarian economy no matter how well developed it may be. Until we have an industry which ultimately will have to take the excess pool of manpower from the agricultural sector, the program of development will always be with us.

Senator Shahani. Does not the Gentleman think, Mr. President, that this piece of the industrial blueprint should come from Congress?

Senator Alvarez. I do believe, Mr. President, that Congress side by side with the Executive should have a substantial participation in this plan, in the total industrialization program.

At this point, while we make the policy, unfortunately, we do not have the devices, the outreach which the Executive possesses in order to gather all the necessary information to be able to come up with a policy comprehensive enough to cover such a very difficult area as industrialization. So that even while we should participate in policy, I think the Executive should lead in

the formulation of the policies, because the Executive has the outreach, the information system; whereas, we can participate effectively by providing the parameters and the conceptual framework of this industrialization package.

Perhaps, the difficulty of our system of government begins to become manifest in these problems. It is our mandate to make the policy, but we do not have the wherewithal to make these necessary policies because we do not have the information system. It is in those Executive branches of government, the NEDA, the Finance Department, the Bureau of Customs, and Agriculture that have all the information system. Policy, to be truly effective and perhaps relevant to the problem, would have to be well informed. It is in this arena where the Presidency or Executive is better informed than the supposed policy-making bodies. So that the President actually, or the Executive is in the best position to construct these policies rather than being called upon to formulate these policies and ultimately throwing back the policies for implementation to the Presidency. Sometimes this process of exchange, somehow, Mr. President, dilutes policy considerably. In the process, it loses the decisiveness and the kind of clarity that very serious and very delicate policies must have to be able to carry out the program.

In any case, Mr. President, I had recommended some points here during a debate when I was interpellating the Gentleman from Agusan, the President Pro Tempore of this Chamber. I suggested that perhaps at some future time, this Chamber should organize a competent Body to assist us in the formulation of economic policies as comprehensive and as broad as an industrialization program for the nation. That will mean we will have an economic Body here with sufficient support system of personnel.

Senator Shahani. What I am interested in is — I think the Gentleman has said it — eliciting a reaction from the Gentleman that any compre-

hensive agrarian reform program sooner or later will have to be accompanied by an industrialization strategy which would cover the entire country and benefit the entire population as well.

Senator Alvarez. Yes, Mr. President, I think that is something that I will not dispute with the distinguished Lady Senator from Pangasinan.

Senator Shahani. Mr. President, coming to another topic. Section 13 on page 14, makes a distinction between "cooperatives" and "collectives" which is not quite clear in the text itself. I wonder whether the distinguished Sponsor could clarify these two important words for us.

Senator Alvarez. In the manner that this is used, collective is more generic than cooperative. At some future point, Mr. President, we are going to introduce legislation here and there will be two legislations, one is the creation of the authority which will oversee cooperatives and the other legislation to be sponsored by Senator Pimentel and Senator Aquino will be the Code of Cooperatives which will define the nature and character of cooperatives, and the areas where their activities will spread. So, when we were using the word "collective," we simply meant that aggregate participation in common of individuals. Whereas, perhaps when we used the word collective, as when we pass the rules on collective, we will be more legally and legislatively definite about it.

Senator Shahani. Thank you. I thought the word collective was being used in terms of forced cooperatives which of course, is quite different from the philosophy of the cooperative movement.

Senator Alvarez. Yes.

Senator Shahani. It is possible, Mr. President, that this question has been asked but I may not have been in the Chamber, but at the risk of being repetitive, may I know whether within the time frame of five years and after all of the questions have been addressed to the distin-

guished Colleague from Isabela, is the five-year term a practical one?

Senator Alvarez. Mr. President, I think this is going to be the heart of the inquiry on this bill. Can we within the span of five years complete the operation of this program even as the amortization, the payments support system continue beyond five years?

My answer is, if we plan wisely, if we try to create a program within our means, we can indeed finish this program in five years. We shall be able to deliver an agrarian reform program which is comprehensive in five years covering vital and essential portion of the troubled agrarian reform. However, if we plan beyond the capacity of our resources, both financial and organizational resources, I am afraid that when we come to the fifth year, the end of the term of this government which seeks to make this the centerpiece of this reform program — we may see a lot of loose ends and the program may not be accomplished at all.

Senator Shahani. One last question, Mr. President. Section 46 refers to retired members of Civil Service, members of the military and members of veterans organizations as being able to avail themselves of this land reform program. I can understand the psychological impact of this provision — I wonder whether this is some kind of *consuelo de bobo*. I mean, what really are the actual possibilities of, let us say, retired members of Civil Service who do not own land from actually benefitting from a program where the beneficiaries are so numerous.

Senator Alvarez. The qualifying criterion here is that they should be engaged directly in agriculture; they should participate, because many of those who have gone into the military service actually have come from farmers' families. If a soldier, for instance, stops serving the Armed Forces and he wishes to retire back to the farm as a farmer, then he can avail himself of this opportunity offered by the Comprehen-

sive Agrarian Reform Program.

It is true, Mr. President, that we have taken this opportunity to respond to a social issue raised over the last few months, especially when we started to have rebel returnees' program. And it has been pointed out to us that we are caring for other citizens who have not gone into rebellion — soldiers and veterans who are equally deserving. We thought that perhaps this would be as good an opportunity as any, to be able to respond to this criticism. And I do not know if the mood has changed so that we may need to alter this drastically or perhaps abandon this provision. It is the feeling of this Representation that this will add to the character of comprehensiveness of this agrarian reform measure.

Senator Shahani. Mr. President, I am glad that that provision is there. I think a lingering doubt remains whether they, in fact, will be counted in actual terms as beneficiaries of the Comprehensive Agrarian Reform Program. I hope they will be, anyway.

Thank you.

Senator Alvarez. Thank you.

The President. Thank you.

Senator Angara is recognized.

Senator Angara. Thank you.

Will the Gentleman yield to a few questions, Mr. President?

Senator Alvarez. Happily, to the constitutional authority of the Commission on Appointments and this Chamber, Mr. President.

Senator Angara. Thank you, Mr. President, for my Colleague's kindness.

Mr. President, I would like to ask some questions on topics that I believe have not been touched during the period of interpellations. I have in mind two or three areas. The first is the Presidential Agrarian Reform Council; the second is the dispute settlement machinery of the bill; and the third is the valuation provided

under this bill.

Let me, first of all, take up the machinery for settling disputes under this bill. Under Section 26, any agrarian dispute arising from the implementation of the bill will be decided by a system of agrarian judges, the highest being the Agrarian Reform Adjudication Board, and then the regional adjudicators. Am I right, Mr. President?

Senator Alvarez. That is right, Mr. President. The board consists of nine members and the *ex-officio* Chairman is the Secretary of the Department of Agrarian Reform.

Senator Angara. And this Agrarian Reform Adjudication Board has yet to be established once this bill has been enacted. Am I not right?

Senator Alvarez. Yes, Mr. President.

Senator Angara. Presumably, apart from the Secretary of Agrarian Reform, the members of the Board as well as the Regional Adjudicators have yet to be recruited and trained. Am I right?

Senator Alvarez. Yes, Mr. President.

Senator Angara. In other words, what we are trying to set up here is an entirely new quasi-judicial bureaucracy of people who will adjudicate these agrarian disputes arising from the bill.

Senator Alvarez. Yes, Mr. President, but not entirely. I think in our judicial experience, we have had agrarian courts in the past.

Senator Angara. Will the distinguished Gentleman agree, Mr. President, that perhaps this bill will be one of the most far reaching in our country and, therefore, any dispute that may arise in the implementation of agrarian reform will be so important to the person concerned that he may want a judge to decide and arbitrate the dispute rather than the people who may just have to be trained for the job? What I am saying, is that, perhaps, an ordinary citizen would be more safe and comfortable about his property and his rights if it were a judge who would decide the dispute.

Senator Alvarez. Is the Gentleman suggesting, Mr. President, that we recruit from the Judiciary experienced men to be appointed as Regional Adjudicators?

Senator Angara. That is one possibility, Mr. President. But I was thinking, for instance, that in lieu of a new board — the Agrarian Reform Adjudication Board — perhaps, what we can do is to authorize the Supreme Court to impanel a three or five-member panel in each region coming from the sitting judges who will do nothing but try and decide agrarian cases or agrarian disputes. That way, we have a panel of judges that belong to the regular Judiciary, with judicial training, with judicial objectivity required of judges and perhaps, people will be more secure in their rights. So that is one possibility.

Senator Alvarez. Mr. President, that is one aspect of building credibility for the program that will be most welcome. I hope the Gentleman will craft the necessary proposal to strengthen this process.

Senator Angara. Thank you very much, Mr. President, and I will do that during the period of amendments.

Let me move now to the Presidential Agrarian Reform Council. To me, this Presidential Agrarian Reform Council, Mr. President, would be almost the heart of the implementation of this bill. And as I see it, the Presidential Agrarian Reform Council is given such a wide-ranging power under the bill that, perhaps, we need to clarify some of them. For instance, under Section 22, the Presidential Agrarian Reform Council is mandated to develop and adopt a national strategy for program implementation; it is required to lay down the rules of valuation of property. Under Section 38, it is granted the authority to grant incentives. My concern here, Mr. President, is that we may be giving tremendous powers to this body without setting down criteria or standards for the exercise of power.

And therefore, we may be open to the charge that this is undue delegation of power.

Senator Alvarez. Mr. President, I was hopeful that the bill itself, in its many facets, would provide the standards. I do not, of course, foresee at this point where there will be gaps in these standards. At some opportune time, the Gentleman, seeing the gaps in the grant of delegated power, perhaps, will want to help tighten those gaps or introduce the necessary changes so that what he perceives to be a consequent flaw will be averted.

Senator Angara. For instance, Mr. President, is not the Presidential Agrarian Reform Council, under this bill, granted the authority to decide the order of priority, as well as the timing and classification?

Senator Alvarez. Not entirely, Mr. President. As we have pointed out, the bill contains the order of priority and the one that we have pinpointed here is the social order of priority.

Senator Angara. Yes, but then who will decide whether the land, subject to distribution and purchase would be first, for example, government agricultural lands ahead of private lands? Who in this bill will decide that?

Senator Alvarez. Mr. President, in the bill, what we have targeted as agenda is coverage of all those lands where there is tenancy first, then the regular farm workers, then seasonal farm workers. We are hopeful that priority would address the problem or the heart of the problem of agrarian unrest.

Senator Angara. I understand that, Mr. President, but my question is: Of the different lands mentioned under Section 6, rice and corn, government and private agricultural lands, alienable and disposable lands or agricultural lands under labor administration, et cetera, which body under this bill will determine whether one classification rather than another would go

ahead for distribution? That is my question. Is it not that under this bill, it would be the Presidential Agrarian Reform Council that will determine that?

Senator Alvarez. Yes, to an extent, within parameter and mandate of the law.

Senator Angara. What I am suggesting is, perhaps we are giving too much leeway and freedom to the Presidential Agrarian Reform Council, and perhaps it is better that this Congress itself decide even the order of priority.

Senator Alvarez. Perhaps, at the opportune time, Mr. President, we can go into that detailed approach. This representation does not have an ironclad attitude on the procedural approach to this problem.

Senator Angara. May I move on to another point, Mr. President, on the corporate enterprises. Under Section 19 of this bill, when land represents less than 51 percent of the value of the enterprise, then we issue shares of stocks to the workers. Am I not right, Mr. President?

Senator Angara. Yes, Mr. President.

Senator Angara. Now there is a provision here under Section 16 that authorizes the beneficiary to sell the land allocated to him once he has fully paid the land. My question is: What is the rule for a worker-beneficiary of stocks if he wants to sell or somebody else wants to buy?

Senator Alvarez. The mode of transfer will be determined whether he has already full ownership, not just the possession of the shares of stocks.

Senator Angara. Yes. Assuming that he has fully paid, are you saying, Mr. President, that he can sell freely the share of stocks that has been allocated to him?

Senator Alvarez. Mr. President, if a piece of land has been fully paid and in complete possession and ownership of the transferee, then he can transfer this land to those who are not dis-

qualified under the disqualifying clause. In like manner, I believe that if the share of stocks deriving from land which is the subject of agrarian reform is going to be transferred, it may have to be transferred to those who are qualified to own the shares of stocks.

Senator Angara. So, does that mean that the worker/stockholder is authorized only to sell to a co-worker/stockholder? Or, can he sell it to anybody?

Senator Alvarez. I believe so, Mr. President.

Senator Angara. So is he free to sell to anyone?

Senator Alvarez. No, I believe that the buyer of the shares of stock must be in a position to acquire those shares of stocks as if he were the one originally owning the shares of stocks.

Senator Angara. And in case he sold his stock, would he be able to continue to work in the enterprise or will he be required to resign and give way to the purchaser of stock?

Senator Alvarez. He may continue to work. We do not have specific guidelines on this. These are perceptions, Mr. President. He may continue to work because his work relationship on the land is not fully dependent on the ownership of those shares of stocks. Although his co-worker may own the other shares of stocks, perhaps, it is not beyond or more than what any one single worker may own or share.

Senator Angara. Does not the distinguished Gentleman believe, Mr. President, that perhaps some basic rules ought to be provided regarding sale and purchase of worker's or laborer's shares in the same manner that the Gentleman has provided a rule on the sale of land?

Senator Alvarez. Yes, Mr. President. I believe these things could be done at an opportune time.

Senator Angara. Thank you very much, Mr. President. May I reserve my right to introduce

some amendments when the time comes.

The President. The Chair would like to ask some questions as a result of that interpellation.

Did we not have agrarian courts before, and did we not have an office of the agrarian council before? What happened to these?

Senator Alvarez. I believe so, Mr. President.

Does the distinguished Gentleman want to offer the information, Mr. President, during the judicial reorganization of 1983 or 1981, the agrarian judges or agrarian courts were integrated into the regular judiciary? So, the agrarian judges and agrarian councils became part of the regular judiciary.

The President. The Chair remembers that these were organized during the time of President Magsaysay.

Would it not be a good idea to bring them back to life?

Senator Alvarez. It is a very good idea, Mr. President. It was my experience when I was Secretary of the Department of Agrarian Reform that many of those who had disputes on agrarian matters indicated their hope that the agrarian courts would be restored. They felt that there would have been more confidence of those who were involved in the judicial process if the land problems were handled by judges, as has been pointed out by the Gentleman from Aurora.

The President. How about the Office of Agrarian Council? We used to have that.

Senator Alvarez. I think that, as has been pointed out by the Gentleman, was also obliterated in the process of reorganization.

The President. Under this bill, who will take up the defense of the rights of the agricultural workers or the tillers?

Senator Alvarez. As practiced now, Mr. President, it is undertaken by the Department of Agrarian Reform, through its legal arm.

The President. Would it not be appropriate to recreate the Office of Agrarian Council?

Senator Alvarez. That is not altogether a bad idea, Mr. President.

The President. Is there any additional interpellation? [*Silence*]

Senator Tañada. Mr. President.

The President. Senator Tañada is recognized.

Senator Tañada. Will the distinguished Sponsor please yield to a few questions?

Senator Alvarez. Yes, willingly, Mr. President, to the Gentleman from Quezon and Makati.

Senator Tañada. Mr. President, under Section 4 of the bill being considered, lands actually and exclusively used for parks, wildlife and fish sanctuaries and breeding grounds, watersheds and mangroves, national defense, school sites and campuses, seeds and seedlings research and production centers, government research and quarantine centers are supposed to be exempted from the coverage of this Comprehensive Agrarian Reform Program. Is that correct?

Senator Alvarez. That is right, Mr. President.

Senator Tañada. Would the distinguished Sponsor have any information as to how many hectares are covered by these exemptions? For example, in the case of land supposed to be used for national defense purposes, would we have any information as to how many hectares are covered by this exemption? How about the lands for school sites and campuses, lands for government research and quarantine centers, how many hectares are covered by all of these?

The point in asking this question, Mr. President, is because the area covered by these exemptions would substantially reduce the area to be covered by this program and, thereby, also reduce the number of beneficiaries.

Senator Alvarez. That is quite true, Mr. Pres-

ident. I do not have exact figures at this moment, but we can furnish the Gentleman. However, we feel that except for the lands for national defense, these are areas which presently are not really targetted for agricultural use. They have already been set aside for the particular purposes that these lands have been devoted.

Senator Tañada. I have here a document furnished by my researcher, and she got this from the Bureau of Lands. According to this document, there are around 547,180 hectares that are supposed to be used by the military. Would that be correct?

Senator Alvarez. Five hundred forty-seven thousand?

Senator Tañada. Hectares.

Senator Alvarez. Does that include the military bases, Gentleman from Quezon?

Senator Tañada. I wonder if it does. In the case of Clark Air Base, Mr. President, that is supposed to cover an area of 53,036 hectares. And, according to the information I received, what is actually being used by the US facilities is 4,440 hectares.

So, there would seem to be around 48,596 hectares that is free and which could be availed of and covered by this program. Maybe this matter should be verified, Mr. President.

Senator Alvarez. The area of 546,000 hectares used by the military may not be that extensive, Mr. President, if this refers to the military camps, Bonifacio and the like, and the division of camps where our military installations are now found.

If the Gentleman wants to remedy, perhaps to make more lands available for purposes of this and other programs, then, I think we will have to work on this on a case-to-case basis. It will not be wise for us not to exempt, as they are now, these camps. However, they are not exactly removed from the authority of this

Chamber at some future date to reach unto them and to look at the excess, perhaps, and in the wide deployment of our military forces to set aside portions of this land for agricultural production and distribution.

Senator Tañada. It is also appearing in this document, Mr. President, that there have been reserved for settlement or resettlement purposes 2,373,667 hectares. Now I am just wondering if this area has been included in the total area of agricultural land that has been determined to be subject to this program.

Senator Alvarez. Many of the resettlement areas fall on the alienable and disposable portion of the public domain. I believe that they will have to be included. I think that those are target areas. Some of those areas are intended for rebel returnees as well, Mr. President.

Senator Tañada. So if this will be added to what the Gentleman has already determined as the area to be covered by this program, this would mean more beneficiaries.

Senator Alvarez. I think that is the largest portion, the portion from the public domain. It is about 3.5 million hectares.

Senator Tañada. So, is this already included in the area that the Gentleman has determined to be covered by this measure?

Senator Alvarez. Yes, I believe so, Mr. President, because that is part of the public land contemplated also for distribution.

Senator Tañada. Now, there is another classification here under the item "Other Uses" and the area indicated covers 1,367,573 hectares. I still have to verify what they mean by "Other Uses." Would the Gentleman have any information about this matter?

Senator Alvarez. Which area is the Gentleman referring to, Mr. President?

Senator Tañada; This is supposed to be a document which my researcher got from the

Bureau of Lands, and they are supposed to cover the lands that have been the subject of proclamations and executive orders. So, as I said, for the military, there were 197 proclamations and these covered an area of 2,373,667 hectares. Now for "Other Uses," which is supposed to be covered by 637 proclamations, this involves 1,367,573 hectares. So, again I ask, would these have been included in the total area that the Gentleman has determined to be covered by this Comprehensive Agrarian Reform Program?

Senator Alvarez. I can not categorically tell the Senator but I am sure that there is a duplication in the statistics reporting of this because the lands that have been mapped out by both the Bureau of Lands and the Department of Agrarian Reform are those public lands, lands in the public domain which are alienable and disposable. Some of them are reported to be forest lands but are now occupied by settlers. So it is possible that when they were setting aside certain portions of the land in the public domain, they referred to it as public uses; but in mapping out what may be made available, they could have also encroached on those portions.

What, perhaps, can be understood here at this point is that we can not help but exempt — these lands actually used by the military; and at some future point, when we find that there is an excess of the area beyond their need, then we can have the appropriate legislation to cover it for further distribution.

Senator Tañada. But, does not the Gentleman believe that a review should be made at this stage, precisely, because it may turn out that many of these exceptions are not actually needed for the purposes that they are supposed meet?

Senator Alvarez. Definitely.

Senator Tañada. — so we can expand and add to the area to be covered by this program and have more beneficiaries.

Senator Alvarez. Yes, I think we can do that. We can have a provision which indicates a review of those that are exempted, so that, in excess of the need for exemption, we can incorporate them into the program.

The Gentleman will be wary, however, to make a general statement since the problem is more on a case-to-case basis. I am afraid we do not really know how much they need in Central Luzon and in Northern Luzon, not only for their encampments but for certain training and maneuver purposes.

Senator Tañada. Now, with respect to the seeds and seedling research-exempted land, does the Gentleman not believe that this would provide a loophole for agri-business to maintain ownership over a large area of land? Would it not be better if this would be limited and as well as contracted out to small farmers who would be the beneficiaries of this program? I believe, if they were given the necessary support, the farmers could undertake the work necessary for this purpose.

Senator Alvarez. We find some needs; as a matter of fact, we did some consultations on this of allowing these operations because they, in fact, would be very useful for our agricultural activity, and to allow them a certain level of large-scale production.

We do not conceive that the seeds and seedlings research and production centers would cover hundreds of thousands of hectares. An optimum scale, however, is dictated on the needs of the research operation itself. And from what we found out, there had not been centers of more than 300 hectares.

Senator Tañada. Now going to another point, this is on page 17 of the bill, Section 19. Section 19 refers to employee stock ownership incentive plans, and it says that in cases where the enterprise is the owner of the land the following options may be availed of: 1) when the

ratio of the land value to total assets is less than 51 percent; and so, on and so forth.

Now my question is: Could the Gentleman please inform us what he has in mind when he refers to the land value of the total asset? Is there any specific period or date that he has in mind when this land value should be determined?

Senator Alvarez. This has been an arena of a lot of inquiry, Mr. President. What we have in mind here is the valuation of the land at the time the land was acquired or what we might call the raw land. Because, ultimately, when there are subsequent improvements on the land, that means the land has been subsequently developed and capital has been invested. So, the value of the land will be the original acquisition value of the land.

Senator Tañada. So, it will not be the value of the land at the time of the transfer.

Senator Alvarez. At the time of the transfer yes.

Senator Tañada. So, not at the time of the acquisition.

Senator Alvarez. That is what I meant, Mr. President: the time of the transfer which is the time of acquisition.

Senator Tañada. Do you mean acquisition by the enterprise?

Senator Alvarez. By the enterprise, yes.

Senator Tañada. Which is which now, Mr. President? Is it at the time of the acquisition of the enterprise or at the time of the transfer to the beneficiaries.

Senator Alvarez. The transfer, you mean, to the beneficiaries?

Senator Tañada. Yes.

Senator Alvarez. Yes. When that matter was taken up here — I think it was the day before yesterday — the Gentleman from Cagayan had

raised the issue.

Senator Tañada. Yes.

Senator Alvarez. Then the book value may be much less than the actual value at the time of the transfer. And one of the recommendations here was perhaps the appreciated value could be applied for the transfer of the ownership of this land to the workers so that there is a marked difference from the original purchase value to the time that the land is acquired for distribution in terms of the representative shares of stock.

Senator Tañada. Would the Gentleman be willing to consider a specific date, to put a specific date as to when really the land value should be determined?

Senator Alvarez. Sure, Mr. President. I have no specific objection to anything that will strengthen the position of the working class as protected or embodied in this provision. At the specific time, the Gentleman will be welcome to make his contribution to this.

Senator Tañada. Thank you. Now my last question, Mr. President, is whether there is in this bill any provision for a cutoff date regarding the sale, disposition, lease, and transfer of possession of the private lands that are supposed to be covered by this program.

Senator Alvarez. We have indicated here, June 1, Mr. President, but that is something again that I would want to refine at the opportune time. I would want to take a second hard look on that because some members of the Chamber have pointed out that that is precisely an area of loopholes.

Senator Tañada. Yes. So the Gentleman is not yet . . .

Senator Alvarez. Mr. President, I think, the character of the employment of the land over the last season should determine the character of the land of the last planting season; otherwise, by the time that they register, they

can already violate the provisions or many points of this legislation so that, for instance, the sugarland that has been historically devoted to sugar, let us say, for the last five milling seasons could not suddenly become, at the time of the registration, rice land; or, rice land could not suddenly become, at the time of registration, a sugar land, therefore effecting some effort or effecting an opportunity for violation. Although the difference between the two may only be, let us say, eight hectares, the temptation would be possible, and be very strong to seek to circumvent precisely what we seek to avoid here in this legislation.

Senator Tañada. Would the Gentleman be amenable to consider providing for a cutoff date; let us say, the day when the President came out with Executive Order No. 229?

Senator Alvarez. Yes, Mr. President. Those are points which are, I think, valid control points, but how the Chamber will appreciate when that will be applied is something I will be very happy to welcome.

Senator Tañada. So, perhaps in the period of amendments we can bring this out.

Senator Alvarez. Yes, Mr. President.

Senator Tañada. Thank you, Mr. President.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, just one question as I will conduct my major interpellation a few days from now.

It is only in connection with the National Defense Exemption Military Lands. To begin with, I think that about 200,000 hectares would be the maximum figure. There are, as we know, about 160,000 members of the military, and there are 50,000 at most in the Integrated National Police. In our dialogue with these people, one of the subjects that always come up is also the question of lands, housing and the

like, especially in the light of the complaint that when the rebels come down and surrender they are given several hectares of lands, or at least farm lots. "Now, how about us military and police personnel? There is no program to give us any hectares or parcels of land," they complain.

In that connection, Mr. Sponsor, while I know that the Land Reform Program, basically, according to the bill, is aimed at giving lands to the farmers or the landless farm workers, would the Gentleman agree that, in relation to the question of the Senator from Quezon, if and when there would be a consideration of reducing these exemptions, could they be reserved for other classes? Like in this particular case, if the Gentleman will reduce the hectarage that is reserved for National Defense purposes and we have such things as maybe 50,000 hectares for Camp Hamindan, we have Fort Magsaysay, which is quite big, would the Gentleman have any objections to considering soldiers and policemen as possible farmers also or qualified beneficiaries?

Senator Alvarez. I will have no objection, Mr. President. As a matter of fact, this problem was something that we tried to anticipate with Section 46, on the provision of other beneficiaries, and we referred to the military and the civil service or the retirees, which the Lady from Pangasinan had raised in her interpellation, and also left us with her hope that indeed this provision should remain intact. I think many in this Chamber will share the sentiment of the Gentleman.

Senator Tañada. Mr. President, if the two Gentlemen will allow, I was just given this information that as far as Fort Magsaysay is concerned, that camp covers 57,500 hectares.

Senator Maceda. Thank you.

Senator Alvarez. Mr. President, with a vast area like that, it would seem on first impression

that it is susceptible to agricultural exploitation. But we have to know a very specific understanding of the terrain, whether these areas have been set aside for encampment or for training grounds. I think Fort Magsaysay is a bivouac training ground area where Mr. Honasan, at some point, has trained some of our soldiers.

So the approach to these specific areas will have to go on a case-to-case basis, so that we can really segregate arable land for distribution to beneficiaries, be they members of the Armed Forces or members of the National Police, as has been recommended by the Gentleman from Manila and Ilocos Sur, The Chairman of the Senate Committee on National Defense and Security.

SUSPENSION OF THE SESSION

The President. Let us have a brief breathing spell, if there is no objection. [*There was none.*]

It was 5:46 p.m.

RESUMPTION OF THE SESSION

At 6:18 p.m., the session was resumed.

The President. The session is resumed.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader.

Senator Mercado. Senator Guingona wishes to interpellate the Sponsor.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, will the distinguished Sponsor yield to a few questions?

Senator Alvarez. Willingly to the Gentleman from Mindanao and Cosmopolitan Manila area, Mr. President.

Senator Guingona. Mr. President, the last time we asked the distinguished Gentleman whether the intent of this bill is to abolish

tenancy, the answer was yes. However, he admitted that in certain instances, tenancy would have to remain such as those within the retention limits.

My first question, therefore, is: Would this not be against the specific provision of the Constitution which mandates that the State shall undertake an Agrarian Reform Program founded on the rights of farmers and regular farm workers who are landless to own directly, whether personally or collectively, the lands they till? In other words, if the tenants are within the seven hectares, should this not mean that they will be given lands outside of the seven hectares so that in principle at least the land to the tiller which seems to be implied under the first portion of the constitutional mandate be adhered to?

Senator Alvarez. That is one way of approaching it, Mr. President. Another way of approaching it would be to reduce the rent in order to improve the living condition of the tenants in those retained areas. And also perhaps to prescribe that the tenancy relationship will only subsist during the lifetime of the original landowner.

Senator Guingona. If the intent of the distinguished Sponsor is to reduce rent, will the Gentleman kindly point out where in the provisions of his proposed bill that mandate is mentioned or included?

Senator Alvarez. It is not yet in the bill, Mr. President. But we had intended to introduce that during the period of amendments.

There are quite a number of concepts, improvements, that we will seek in this bill. As the Gentleman is fully aware of, this is the collective participation of eight representatives of the Members of this Chamber. It is a Committee Report Bill. Ultimately, Mr. President, we want to subserve the idea that the Agrarian Reform Bill is meant to improve the quality of life of the landless tenants, and the reduction in rent

definitely would be a welcome improvement in the quality of their lives.

Senator Guingona. Would the distinguished Sponsor care to enlighten us now as to how much his proposed reduction in rent would be? Let us assume that the landowner has retained seven hectares and he has two tenants with a sharing of 50-50, how much rent reduction then would the distinguished Sponsor propose?

Senator Alvarez. From the current level of 25, Mr. President, I am prepared to reduce it by 10 percent. So we will have 15.

Senator Guingona. So that the landowner would receive only how much?

Senator Alvarez. Fifteen percent, Mr. President.

Senator Guingona. Fifteen percent of the gross produce.

Senator Alvarez. Gross, yes.

Senator Guingona. Would it not be better to transfer the tenants and leave to the landowner the seven hectares for him to till?

Senator Alvarez. That is one way of approaching the problem, Mr. President. However, in a situation like this, the tiller of the land is not really prone to move out from their habitual community where their relatives and their friends are. So, we may encounter a problem. It is a matter of choice for the tenants whether they will want to be relocated. Usually the areas are not as fully developed as those that they are presently handling or cultivating.

Senator Guingona. Does the distinguished Sponsor there mean that the choice will be left to the tenant or to the landlord or both? In other words, if there are some tenants who are left in the retained area, would they have the choice to remain as tenants or to be given lands outside of the seven hectares?

Senator Alvarez. By all means, Mr. President, I think we should give the tenants a free choice.

I was just anticipating some difficulty if this choice is not exercised.

Senator Guingona. Should the land owner who has been given a retention limit of seven hectares choose to industrialize the seven hectares or to convert it into some other form other than agriculture and the CARP says, "Yes, that is a possible solution", would the tenants be ejected or would the tenancy relationship be cut?

Senator Alvarez. Under present rules, Mr. President, the tenants would be entitled to disturbance compensation and when some form of industry is organized in the original site they are given preferential option for the available employment.

Senator Guingona. Therefore, the relationship is terminated.

Senator Alvarez. It is terminated, not terminated to the prejudice of the tenant. So that certain safeguards have to be done like a disturbance compensation for the tenant before the relationship is fully terminated.

Senator Guingona. Supposing the tenant does not want to be disturbed and wishes to continue with the relationship and continue working on the land specially since the rent has been reduced and he gets 85 percent of the produce from the gross proceeds.

Senator Alvarez. In this particular case, I think, Mr. President, we should respect the wishes of the tenants.

Senator Guingona. So, therefore, the landowner can not convert the land into industry?

Senator Alvarez. He can not convert the land, Mr. President, if it has to be bound to the right of the tenant to continue cultivating the land where he derives his livelihood.

Senator Guingona. But we understand from the distinguished Sponsor that industrialization was also one of the main objectives of this bill.

Senator Alvarez. Yes, Mr. President, but industrialization need not necessarily be achieved by the deployment of specific lands to industrial use. Industrialization here is promoted because we are able to improve the living conditions of a segment of the community and that includes most specially the landless tenant community who will then become appropriate markets for the produce of an emerging industry.

Senator Guingona. Mr. President, during the last interpellation, the distinguished Sponsor said that he would furnish us with information concerning certain aspects of the production cost. I understand that during the interpellation of the distinguished Senator from Cagayan, the price of coconut was discussed. Would the distinguished Sponsor kindly tell us how much is the production cost of sugar?

SUSPENSION OF THE SESSION

The President. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 6:30 p.m.

RESUMPTION OF THE SESSION

At 6:31 p.m., the session was resumed.

The President. The session is resumed.

Senator Alvarez. Mr. President.

The President. Senator Alvarez is recognized.

Senator Alvarez. We have finally retrieved from the stack of documents the production cost of sugar. We have here a range, Mr. President, from ₱8,788 to ₱22,887.

Senator Guingona. Production cost per hectare?

Senator Alvarez. Yes, Mr. President.

Senator Guingona. Would that be yearly? Because there are two planting seasons, I under-

stand.

Senator Alvarez. I imagine this would be per initial planting, unless they are ratoon. This is the initial planting, Mr. President, but they used the original cuttings.

Senator Guingona. And how much then for the entire year?

Senator Alvarez. I think we have to average this. If we average it to from eight to 22, it would be somewhere around 10.

Senator Guingona. So the sugar worker would have to spend about ₱8,000 or ₱10,000 per hectare as production cost a year.

Senator Alvarez. Yes, Mr. President.

Senator Guingona. And under the distinguished Gentleman's own computation, the support services would come up to a little over ₱1000 a year.

Senator Alvarez. Mr. President, may I correct the Gentleman? It gets to about ₱8,000 although we targeted an average of ₱5,500 per hectare. I think when the Gentleman started to input the data into his computer, he divided 40 billion by five million hectares, and the resulting figure would be somewhere in the vicinity of eight.

Senator Guingona. If it is by hectare, Mr. President, our computation is ₱776 per hectare of support service which is less than the computation if we divide it by the number of farmers.

At any rate, what we would like to emphasize is whether the computation is per person or by the hectare. I think the Gentleman will agree that the support services, as is, will be inadequate, and therefore, we would like to avoid the spectacle of having to repeat all over again the failure of the last land reform program. And in the nature of things, will the Gentleman not consider allocating the resources so that the implementation of this program would ensure adequate support services rather than

simultaneously try to implement the land reform program across the land, and as it were, spread too thin, Mr. President, especially because the funds are not yet at hand and they are still forthcoming — from the PCGG, the APT, and the budgetary aids. All of these are still forthcoming. We would not only destroy the chances of a successful land reform program; we may be giving false hopes to the people.

Mr. President, I remember that the distinguished Gentleman himself said that we want a realistic agrarian reform program and he himself does not wish to give false hopes to the people.

Senator Alvarez. Mr. President, from the overall calculations that we have done, with the assistance of technical working groups, and with the participation of government agencies, it seems that within the target that we indicated, it is a feasible and a wise program to undertake within a period of five years the targeted areas for agrarian reform. Our worry, here, Mr. President, is that if we do not undertake this and put the political will of one government or administration behind the program, we may never see the fulfillment of such a program. This government can throw the blame on the successor government; and the successor government, if it will inherit a political program, may not have the enthusiasm or the political energy to implement that program. But we feel that the program and its accomplishment is a race against time. We are racing against time. And so we feel that while there are some compelling constraints in the implementation of the program, it is something that this administration can undertake. More specially so because not only a few lives have been sacrificed in the demand for a speedy and comprehensive agrarian reform program.

I think this government, from the time of its emergency into power, has been expected to deliver an agrarian reform program. If we are

going to stretch this for another generation, I am afraid that the disenchantment in the countryside is going to be deeply aggravated.

Senator Guingona. Mr. President, may I go to the retention limit? There is no economic bias or prejudice for a retention limit of seven hectares; there is none for three hectares; there is none for 15. In other words, economically speaking, a three-hectare land would be viable, in the same manner that the seven-hectare would be viable, a 15-hectare would be viable.

Senator Alvarez. Mr. President, may I clarify this? While it is true that we do not have hard and fast indicators on the economic viability of this variable retention limit, we feel that when we distribute land on the level to which the beneficiaries would be recipients to these lands, we are really creating here a level of mere marginal agriculture; mere marginal, in the sense that what they will produce will be for their use and for their consumption. While it is true that it is possible now before the two-hectare holder could really produce surplus for the nation, the reason why we have, — but this is not entirely the reason but this is a subsidiary reason — at the same time wanted to set aside a higher margin for retention, 7, 12, 15, so that in those areas which will allow somehow the use of higher inputs or perhaps the use of machine for agriculture, we have a certain segment of our agricultural community that is able, by tradition, to exploit well the productivity of land. They have a proven track record, so to speak, of producing. We are going into an experiment of reducing the productive land into mere marginal sizes, and there could be a marked decrease, especially in the first two years of production when the new owners would be acquiring the skill and perhaps the predisposition to exploit effectively their small parcels of land. There could be a drop in production. It is a price that we pay for a massive social justice program.

The retention levels therefore, may be looked upon as a buffer area of our agricultural life.

Senator Guingona. Is the Gentleman therefore, saying that 15 hectares are sufficient for tractors? In other words, would it warrant having a tractor on the 15-hectare farm?

Senator Alvarez. That is provided for in sugar lands, Mr. President; and if we are going to subject to agrarian reform these vast tracts of land, there would be some equipment available within the area. Definitely, 15-hectare land would be more suitable for, let us say, 25-horsepower tractor cultivation than a three-hectare piece of land which would be uneconomical, indeed.

Senator Guingona. But apart from the tractor-mechanization inputs, I have heard Senator Aquino repeat that the smaller the land, the more productive the farmer can be because he utilizes every inch of the land; whereas, a big landowner would lead to waste much of the areas because of the size.

Senator Alvarez. That is yes and no, Mr. President.

Usually, if we have a former landowner who has left 12 hectares or 15 hectares of his land, that landowner has the surplus to be able to fully utilize the land. For instance, in sugar lands, we need about 14 bags of urea. If this is capitalization, perhaps, which would be very difficult if we were to give it to a new landowner, so certain advantages that bring about efficiency is possible in the retention levels.

Senator Guingona. Mr. President, therefore, on the retention area, apart from the inputs, is there no economic justification for limiting it to three hectares or seven hectares or 15, apart from the observations that we already mentioned?

Senator Alvarez. The retention levels that we are targeting here, for instance, seven hectares in

rice land, is proven producer of surplus. That is one justification that we must take into account; consider.

Senator Guingona. How much land therefore would be covered by this kind of retention limit — 7, 12, 15?

Senator Alvarez. I have to refer back to the figures.

Senator Guingona. More or less.

Senator Alvarez. Seven, 12, 15, we have about three million that will be benefited by this.

Senator Guingona. In hectares.

Senator Alvarez. In hectares, we will have to aggregate the different areas, Mr. President.

Senator Guingona. It is all right. We can get the figures later.

Senator Alvarez. May I read them, Mr. President:

In the affected areas, for rice, it would be 853,000; for corn, it would be roughly about 396,000; for coconut, it would be 411,000 hectares. Mr. President, that is, because, even if the coconut area is a vast area, so much of the coconut land is already distributed to small holders.

Senator Guingona. Yes, and the distinguished Gentleman's bill would like to distribute the small lands even of coconuts; whereas, the big farms of, let us say, DOLE and Del Monte, are not subject to distribution under this proposed bill.

Senator Alvarez. We have a cutoff point of five years for those lands which are susceptible to distribution. But we feel that that is a reasonably short period. Because even while we undertake this social justice measure, we have to take into account also the ability of the nation to produce. If we are interested in capital formation, we will be able to produce precisely

for export. But it does not mean to say that these modes of agricultural export will be eternally removed from policy measures of bringing them under the control of the tillers or the workers of the soil.

Senator Guingona. Mr. President, we just would like to be clarified, because the last time the Chair asked whether corporate farming, which was practiced in the past, would be discouraged under this bill, the answer of the distinguished Sponsor was yes. It intends to stop or discourage corporate farming of the past. And yet, we see nothing in this bill which would discourage or stop this corporate farming. As a matter of fact, I think the more than 60,000 hectares of corporate farming in the past, plus the holdings of such big plantations as DOLE and Del Monte, would be excluded from the heart and the provisions of this Agrarian Reform Program because they would be classified as agro-industrial enterprises.

Senator Alvarez. It only covers specific targeted agri-industrial or agri-business enterprises needed for capital formation especially for earning foreign exchange. We have specified this, Mr. President: not corporate farming *per se*. What happened in the past is that even banks went into agriculture to be able to provide its employees with buffer supply of rice and that has proliferated many of these businesses in Manila which now have its own farming operations. We do not intend to perpetuate that nor do we encourage it, Mr. President.

Senator Guingona. Mr. President, some of the owners of these big plantations do not own the land themselves. Many of them, as a matter of fact, are leasing the land from the Government at very low rates, sometimes ₱800 per hectare; sometimes ₱500 per hectare, and many of them have also agreements with growers who, from distribution, own the land. And yet these big plantations would be exempted and now be subjected to distribution under the

Land Reform measure to the distinguished Sponsor.

Senator Alvarez. We do not conceive it in that fashion, Mr. President.

Senator Guingona. In Mindanao, Mr. President, which was made the concentration of corporate farming and big plantations, there are many small owners of 12 hectares, 15 hectares, 20 hectares. And under the bill, they would be mandated to have a retention limit; if it is rice and corn, of seven hectares only. But for the big corporation which does not own the land but which has the leases and the right over the utilization of the land, they are not mandated to distribute nor retain. They are allowed to go ahead, encouraged, as a matter of fact, without limit, to perpetuate themselves as corporate farmers in agro-industrial business. And there is no limitation that we see here as to when the farmers working therein will eventually own the land. There is no provision as to when the farmers will learn the technology. There is no provision as to when they will know the marketing and, therefore, eventually manage or own these lands.

Senator Alvarez. Mr. President, it is not for any love of these corporations that we make these provisions. But we feel that if they are efficient centers of production and we give them certain concessions, they are good for the national economy. Therefore, they address the problem of poverty.

However, in our deliberations in the Committee, at some point, the Senator from Tarlac asked me whether I would be willing to restrict the viability of these corporations within a span of five years. And I said that five years is too short. Perhaps, we can begin to discuss from 10 years to 15 years, although he remembers that I told him 10 years. So that is an open-ended question at this point.

However, I feel that the program of distri-

bution of fruits would be a suitable response to the need for providing the upliftment of the conditions of those who worked in these centers of large-scale dollar earning and efficient agri-industrial for agri-business.

That is how we respond to the agrarian reform measure that we would like to be able to implement for these centers of production, for these areas of agricultural production.

The President. The Chair would like to find out from the Sponsor what is the policy that the Sponsor advocates with respect to multinational corporations in agri-business?

Senator Alvarez. Our policy here, Mr. President, would be to allow the sharing of the fruits to have more participation from the benefits. Because we see from these operations, not just from the multinationals but some of these operations already in the hands of Filipino investors, the combination of technology and management skills that have brought about efficiency and big scale.

The President. Should we, therefore, encourage the growth of multinational corporations in agri-business?

Senator Alvarez. There is no provision here that we should encourage it, Mr. President.

The President. Should we discourage the growth?

Senator Alvarez. The time element was something that I was debating with the Gentleman from Tarlac. Perhaps, at a given point, we can debate the time where we can look or focus into this problem.

But it is my concern, Mr. President, that at this given point, when we are so concerned with capital formation, the accumulation of foreign exchange deeds for many obligations, and importations that the country needs, a mode of agrarian reform where the conditions and the benefits of the workers of the land will be en-

hanced would at the same time protect our programs or expectations for national development.

The President. Should we not make a distinction between ordinary corporations and multinational corporations or should they be treated on the same level?

Senator Alvarez. I have not given any considerable thought to treating them apart from each other. My consideration here, Mr. President, is that that which contributes to the economy, and a measure is introduced in order to increase or improve the living condition of the farmers in those areas or the tillers in those corporate agri-business operations.

The President. The experience of Central American countries with respect to multinational corporations in those countries has not been very happy, and I am referring to United Fruit, for example; even to Del Monte.

Senator Alvarez. I think that in the case of the United Fruit in Honduras, Mr. President, the whole country was a banana plantation. It was a monoculture. So the danger really to the political structure was clear and present, whereas, here there are only about 24,000 hectares of banana plantation. It is not altogether farfetched that if conditions will not be right for these plantations to stay here, they could either fail or could move to places like Malaysia or Thailand. They experimented with subjecting the banana plantation economy in Taiwan and they broke it into small units so that the small plant owners brought their bananas to the place with these scattered bicycles, and all and the whole organizational technology.

Mr. President, the banana is a delicate fruit. It ripens within a certain span of time. It has to be yellow and luscious of uniform size, and they have to be brought at a given time to the pier for exportation. Sometimes, they have to control the production so they can assure them-

selves of profits in those international markets.

There are many components in marketing technology and financing that the big-scale operation somehow guarantees for us the profits which we need to help in the economy. So I thought, perhaps, that improving the lot of the farmers that work in these areas through the distribution of more benefits would be at this point an interim measure that responds to our need for land reform and at the same time to the need for the economy to continue to grow. It is a sizeable industry and in the vicinity of about ₱4 billion export, Mr. President. So I think that, especially at these stages, we should move on this arena with even-handed caution even while we capture the many landless who must be given land in the countryside.

In the program, we seek to distribute to three million and try to see to it that in these areas where the economy may still be in dire need of this productive capacity, we do not exactly disregard them in the program; but, nonetheless, we do not hastily embrace them in the program in the manner that might endanger their economic usefulness to us. It is not for any love of these giant operations that we do this but because we, as Legislators, must as well be concerned with the economic health of the national community.

Senator Guingona. Mr. President, the distinguished Sponsor has mentioned that in lieu of distribution he would seek to alleviate the plight of the workers in that plantation. However, in the proposed bill, we do not see the concrete measures that would lead to this, other than increase, perhaps, in wages. There is no mandate of technology transfer to the workers. There is no mandate for eventual management by the workers. There is no mandate for eventual ownership by the workers of either the land or the corporation.

In other words, it is an open-ended thing that

can last and perpetuate this kind of system here which is controversial; and secondly, there seems to be some sort of injustice where the owner of 50 hectares is mandated to distribute his land, whereas the plantation owner, the corporation, having control over 20,000 hectares, is not mandated at all to distribute, but allowed to continue, merely with some trickles of beneficence granted to workers. Perhaps, the distinguished Sponsor will reconsider, and if the intent is really to have more benefits, perhaps, we should spell it out in the bill itself.

Senator Alvarez. At the opportune time, Mr. President, when we focus on the specific provisions, I will be every happy to debate on this issue with the Gentleman, perhaps, when he makes his proposals for amendments.

Senator Guingona. I will be happy also, Mr. President.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader is recognized.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President, I move that we adjourn the session until ten o'clock tomorrow morning.

The President. If there is no objection, the session is adjourned until ten o'clock tomorrow morning.

It was 7:02 p.m.

The President. Referred to the Committee on Accountability of Public Officers and Investigations; and the Committee on Ethics and Privileges.

The Secretary. Senate No. 289, entitled AN ACT TRANSFERRING THE BUREAU OF LANDS TO THE DEPARTMENT OF AGRARIAN REFORM, SUSPENDING THE ONGOING REORGANIZATION THEREON AND FOR OTHER PURPOSES.

Introduced by Senators Maceda and Aquino.

The President. Referred to the Committee on Civil Service and Government Reorganization.

The Secretary. Senate Bill No. 290, entitled AN ACT ESTABLISHING A TWO-YEAR INTEGRATED PRE-SCHOOLS AND FOR OTHER PURPOSES.

Introduced by Senator Maceda.

The President. Referred to the Committees on Education, Arts and Culture; and Finance.

COMMITTEE REPORT

The Secretary. Committee Report No. 117, submitted by the Committee on Justice and Human Rights, on Proposed Senate Resolution No. 97, introduced by Senators Saguisag and Mercado entitled

RESOLUTION URGING THE JUDICIAL AND BAR COUNCIL TO NOMINATE CANDIDATES, AND THE PRESIDENT OF THE PHILIPPINES TO APPOINT, WITHOUT ANY FURTHER DELAY, THE OMBUDSMAN (TANODBAYAN) AND THE DEPUTY OMBUDSMAN,

recommending its approval in consolidation with Proposed Senate Resolution Nos. 83 and 86.

Sponsors: Senators Saguisag and Mercado

The President. Referred to the Calendar for Ordinary Business.

Let us now take up the motion to refer the privilege speech of Senator Maceda to the Committee on Agriculture.

Is there any objection? [*Silence*] Hearing none, the same is approved.

MOTION OF SENATOR MERCADO
(Referral of Speech of Senator Guingona on Rice Importation to the Agriculture Committee)

Senator Mercado. Mr. President, we would like to move that the speech of Senator Guingona yesterday be likewise referred to the appropriate committee, the Committee on Agriculture.

The President. The same is referred to the Committee on Agriculture. Is there any objection? [*Silence*] Hearing none, the motion is approved.

BILL ON SECOND READING Senate Bill No. 249 – Comprehensive Agrarian Reform Program (Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249.

We are still in the period of interpellations and I ask that we recognize the Sponsor. Last night, as we adjourned, Senator Guingona was interpellating, and I ask that he likewise be recognized.

The President. Senators Alvarez and Guingona are recognized.

Senator Guingona. Mr. President, will the distinguished Sponsor yield to further questions?

Senator Alvarez. Gladly, Mr. President, to the Gentleman from Mindanao and Iloilo.

Senator Guingona. Mr. President, last night we asked the distinguished Sponsor concerning the landholdings of certain plantations which

would fall under agri-business and the answer of the distinguished Sponsor was that these lands will not be distributed but the bill would intend to enhance the earnings of the workers therein.

May I refer, Mr. President, to Section 4 of Article XIII of the Constitution which mandates that:

The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till . . .

Would the farmers who till the land in the plantation or agri-business corporations not fall within the mandate of this constitutional provision, Mr. President?

Senator Alvarez. Mr. President, we have provided for another interim mode of agrarian reform whereby it would be possible by sharing in the sale on the gross or the produce, or by stock sharing program depending on the worth or the value in relation to the total agri or agri-industrial operation of the land.

Senator Guingona. Yes, but the question, Mr. President, is: Would not the farmers who are regular workers, who are tilling the land and who do not have land fall within this constitutional provision?

Senator Alvarez. Yes, Mr. President, they would, but we did not read the Constitution as the Gentleman has read it. We read the provision in its entirety and we feel that other regimes of Agrarian Reform, an interim regime, would be feasible.

Senator Guingona. May we know the interpretation of the distinguished Sponsor, when the Constitution refers to "in the case of other farm workers, to receive a just share of the fruits thereof?" What does the Constitution envision when it says "In the case of other farm workers"? Would this refer to the *sacadas*, for

example? Would this refer to the *pakyaw* workers who go seasonally to farmers to help in the harvest?

Senator Alvarez. Yes, Mr. President, it could refer to seasonal farm workers as well.

Senator Guingona. And, therefore, it would not refer to the regular farm workers who are directly working in the plantations and who, therefore, because they do not have land, they are not the "other farm workers" referred to in the Constitution?

Senator Alvarez. Does the Gentleman mean the farm workers in the plantation that he is referring to, Mr. President?

Senator Guingona. Yes, are they not the other farm workers?

Senator Alvarez. No, they are not.

Senator Guingona. Therefore, under this Constitution, they should really belong to those who should be beneficiaries of the distribution scheme under the Comprehensive Land Reform Program?

Senator Alvarez. Yes, they could be. But the program which we envisioned for these plantations in an Interim Agrarian Reform Program because we thought, perhaps, that at this point in time, we are undertaking a massive social justice realignment. Certain signals must be kept to the investment community because that is as much a concern of a Legislative Body such as ours when we are so concerned with capital formation, and inviting foreign capitals. We are moving gingerly on this problem, Mr. President. At the appropriate time for the amendment, we would like to tell the Gentleman that this interim mode of Agrarian Reform would be attended to.

Senator Guingona. Yes, Mr. President. According to our studies, there are more than 60,000 hectares of corporate farms and these do not include the additional 40,000 hectares that are either owned by the Government or

other farmworkers comprising the big plantations in Mindanao. Would the distinguished Sponsor know the number of farmers within those corporate farms or those plantations?

Senator Alvarez. In banana plantations which consist of about 20,000 hectares, there are about 33,000 workers. In pineapple plantations, which consist of about nearly the same magnitude, 20,000 to 24,000 hectares, we have roughly about 40,000 workers, as well.

Senator Guingona. All right. Considering the lofty objectives of the distinguished Sponsor, would he agree to an amendment at the proper time to limit and phase out a transition period so that over a certain number of years, the farmworkers would have technology transfer concerning management, concerning exports of products, concerning the financing. And then, after another period of transition, they will eventually own either the land individually or collectively under some sort of mechanism, whether a corporation or by cooperatives.

Senator Alvarez. This Representation has looked into that, Mr. President. The one consideration which I have to suggest and which must be taken into account here is how to be able to strike the balance, especially in this transition of five years or even more so that these productive components, a small segment of our national economy, would continue to discharge their function for capital formation and accumulation of the necessary foreign exchange without necessarily blunting our direction towards social justice for the workers. Now, how to strike the balance is going to be the delicate issue when we do the amendments. I keep my mind open to that, Mr. President.

Senator Guingona. Yes, and during that period of transition, the corporate owners who are going to get paid at any rate for their withdrawal would transfer their funds to industrialization or an industrial project to be specified under that amendment?

Senator Alvarez. Yes, Mr. President. But the problem in a scheme like this could be the time that we are going to accomplish it. The time gap is going to be two years after the approval of our Comprehensive Agrarian Reform Program. Well, for all intents and purposes, it will send signals which may not be well received by the investment community which we are trying to encourage to come in or at least to stay. These corporate arrangements that we have are almost movable. We can move them to neighboring countries. Now, for instance, the banana market in Japan is supplied 70 percent from here. We should be very careful that we continue to keep at least that amount of supply because we want to have that economic activity continue in this country. But if we are going to propose, let us say, for ten years' transition, that may look reasonable; or five years' transition for certain aspects of the transfer.

Senator Guingona. Yes. The transition period envisioned would be between five to 10 years, but there should be a cut-off date. And, I think, the multinationals themselves would understand, since this is a social justice provision intended for the benefit of the country; and since they are not going to be confiscated of their properties anyway, they should be among the first to cooperate with some social beneficial provisions like these. So, the signals should not be signals. They should be forthright, and we should tell them that this is what we intend to do.

Senator Alvarez. Mr. President, when we are touching on a sensitive segment of our national economic life, like the need for capital formation, sometimes it is not that easy, as the Gentleman very well understands, to come with a hard-and-fast rule. That is why the need for inquiring, perhaps in debating more on this when the appropriate time comes so that we can be enlightened with the viewpoint of other Members of the Chamber and nationalist Members

of the Chamber, like the Gentleman, perhaps, and others, to include myself. I cannot categorically tell the Gentleman what should be that hard-and-fast rule at this point, but I am prepared to open up my mind to the Gentleman's arguments.

Senator Guingona. Thank you, Mr. President. Now, may I go to the just compensation. The basis for the compensation is the declaration of the landowner, is it not?

Senator Alvarez. Among others, Mr. President, there is also a finding on Government records on taxes that have been paid.

Senator Guingona. May we clarify if the declaration of a landowner does not meet with the approval of the PARC. Can they reject the amount declared by the owner?

Senator Alvarez. Yes, Mr. President. As a matter of fact, we will mandate the PARC to adopt the system as we do in the need of arriving at a just compensation.

Senator Guingona. This will be arrived at in accordance with the rules and regulations to be issued by the PARC.

Senator Alvarez. Yes. Right now, they are on the process, through the Department of Agrarian Reform, of engaging even the services of professional appraisers.

Senator Guingona. Since this is a very touchy issue and since it affects the extensive number of landowners, and the concern has been expressed by Senator Angara that there may be an undue delegation of legislative power, would the distinguished Sponsor not object to having the rules and regulations appended to the law itself, so that we in the Senate can look at the proposed rules and regulations and see whether they are just or not? Because, according to the distinguished Sponsor, if the landowner declares that this is the fair market value, that can be disregarded by the PARC.

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Senator Alvarez. At this point, Mr. President, I see nothing objectionable to that.

As a matter of fact, the administrative process, which we will mandate, may already be in operation because the Department of Agrarian Reform is not without a tradition on this. But if the distinguished Senator feels that we need to strengthen this, we need to tighten it, except for paperwork that will entail on the part of this Chamber, I will have no objection.

Senator Guingona. Yes, because, the basis for the declarations is that it is fair market value or the taxes paid, and the taxes could be nominal and, therefore, the landowner could declare a higher value.

On the other hand, the PARC may be arbitrary and disregard it. But we would like to know the rules and regulations, the basis for disregarding the same.

Senator Alvarez. There are already established conventions which have been used in settling many of these questions in previous land reform measures. But as I see it, there is really nothing objectionable in the thought of the Gentleman even as we move into some kind of a judicial body to undertake an appeal of these sorts.

Senator Guingona. May I just go back to Section 4, Article XIII of the Constitution?

Section 4 speaks of priorities and reasonable retention limits. What priorities does the distinguished Sponsor have in mind in this bill?

Senator Alvarez. Our priorities are based on a social scheme of priorities, not just physical priorities of the targeted land, so that we feel that where there is tenancy, that should be the priority.

Senator Guingona. May we have that again, please?

Senator Alvarez. The priority that we have targeted here is a social priority, so that in areas

where there is tenancy, that should be the priority.

Senator Guingona. Yes, but according to the distinguished Gentleman, tenancy is not going to be removed in areas where the retention limit allows them seven, 12, 15 hectares. So, it does not seem to be a priority at all.

Senator Alvarez. Mr. President, this is in conformity with the constitutional provision that there should be a reasonable retention limit. So when we say we will try to undertake the liquidation of tenancy, we mean to say here that we will at the same time observe the mandate of the Constitution. But we are not saying in absolute terms that observing the mandate of the Constitution will, in fact, altogether obliterate the tenancy problem. There are interim or auxiliary measures whereby we will respond to the problem of improving the condition of those who till the land by reducing the rent, for instance, as we were discussing yesterday, or providing that the relationship may subsist during the lifetime of the one who is the original retainer or landowner.

Senator Guingona. Is that the constitutional intent, Mr. President, that the priorities mentioned in the Constitution is a priority of social values rather than physical priorities of attacking first the public lands and then the private lands?

Senator Alvarez. That is the way that this Representation looks at it, because, in truth and in fact, the first portion of this constitutional mandate which has been cited by the distinguished Gentleman points out to the fact that the heart of agrarian reform is the distribution of land to farmers and regular farmworkers who are landless. But it seems that the heart of the social justice provision is precisely to undo the inequitable tenancy relationship, so that if we look into this provision, I think the mandate really is to give priority to the social problem of

providing land for those who have no land and for the land that they till.

Senator Guingona. But considering the resources of the Government, and considering the fact that the distinguished Sponsor himself has said that the support services is about 8000 per hectare over 10 years, should not logically the considered limitation of monetary resources take into consideration the priorities that the Government should implement in this kind of program?

Senator Alvarez. Yes, but within that social priority, which is the essence of our approach to this program, we have already designed, in conjunction with the efforts of other government agencies like the Land Bank, the Department of Finance, and even the Department of Agrarian Reform, a program which, to us, is feasible within the available and scarce resources, perhaps, that Government may deploy. We are not really implementing a social program without going into the quantitative problem of finding out how to be able to allocate.

Senator Guingona. Just for clarity, Mr. President. Would the distinguished Gentleman tell us first what is the first priority?

Senator Alvarez. The first priority will have to be private agricultural land. It is not, as suggested by a number of proponents, that we should go first into public lands where there are about 3 million hectares.

Senator Guingona. So the first priority is to tackle the implementation of the private agricultural land first?

Senator Alvarez. Yes, in corn, in coconut, and in sugar lands.

Senator Guingona. And the second priority is public agricultural land?

Senator Alvarez. No, Mr. President, we do not even need the comprehensive agrarian re-

form to distribute the public agricultural land. It is being done now.

Senator Guingona. So what is the second priority?

Senator Alvarez. The first priority, Mr. President, is the distribution of private agricultural land, and the priority here would be those that are tenanted, those that are farmed by people who do not own the land.

Senator Guingona. In that case, then we should include the plantations, the multinationals' holdings.

Senator Alvarez. Mr. President, we have specific injunctions on how to be able to handle that. Because when we speak of priority in the Constitution to this end, there are guidelines, ecological, developmental and equity considerations. That is why, Mr. President, we will give certain leeway to the President Agrarian Reform Council in implementing this within the framework of five years.

Senator Guingona. According to the bill itself, there is no priority insofar as private lands and government lands are concerned, and yet, I am surprised that the answer of the distinguished Sponsor is that now the priority is on private agricultural land.

Senator Alvarez. Yes, Mr. President, because when we are talking of targeting lands which have farmers or regular farmworkers, in effect, we are talking of private agricultural lands which are tenanted.

Senator Guingona. May I go now to the compensation, Mr. President?

The landowner who has 50 hectares of land is supposed to be compensated for ₱100,000,00; he receives ten percent in cash and the rest in bonds. May he go to the Assets Privatization Trust and negotiate his bonds to purchase some lands in the privatization trust?

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Senator Alvarez. If they are agricultural lands, Mr. President, it would not make sense. Precisely, we are shifting his investment capital from agriculture for some other kind of corporate activity.

Senator Guingona. Could he shift that to purchase a hotel?

Senator Alvarez. That may be possible, Mr. President. But the bulk of his investment will have to form a pool which we hope could be created in accordance with the mandate of the bill.

Senator Guingona. Is it mandatory that the Assets Privatization Trust would accept these bonds?

Senator Alvarez. We hope to be able to create such a program; so that, if the bond holder wishes to shift and a pool of investment bonds is created by the Government, then he can go into it.

Senator Guingona. He does not want the pool. He wants to go singly, and there is a hotel that he likes to purchase with the bonds.

Senator Alvarez. If it is a Government hotel, it is owned and controlled by the Government and the Government is opening the sale of the shares of stocks to the market, according to the bill that we are proposing, the Government may not discriminate against the bond holder.

Senator Guingona. Yes, it is a mandatory thing that if he intends to purchase and among others he is qualified, the Assets Privatization Trust would accommodate him?

Senator Alvarez. Yes, Mr. President, all things being equal.

Senator Guingona. And if this is being done by a number of farmers, eventually the holdings of the Assets Privatization Trust would be held by individual farmers across the land, and what would happen to the financing scheme of the government because the proceeds of the

APT is supposed to finance the land reform program? In other words, it may be a vicious cycle, Mr. President.

Senator Alvarez. We know the APT is supposed to monetize. Those monetized portion in the administration and control of APT naturally will be shifted. But there are still government assets which may not have been monetized if we start considering their viable assets. Like Petron, if the government decides to unload Petron, if it decides to unload the Manila Hotel, Plaza. . .

Senator Guingona. Now, I am talking of the assets at present. If a number of landholders would go to the Assets Privatization Trust and negotiate, they would, in effect, own the assets of APT. And APT is mandated to monetize this. I wonder how they can do so and finance the land reform program in a vicious cycle where the landowners negotiate their bonds to acquire the very holdings that were supposed to be sold at market value.

Senator Alvarez. That will short circuit the need of monetizing it, Mr. President. If a substantial number of landowners would like to transform their assets into the APT shares of stocks, then we will not need to monetize the APT shares of stocks into the market and use the money for land acquisition.

Senator Guingona. Yes, but the monetization is supposed to finance the social support system of the beneficiary holders. Is it not?

Senator Alvarez. Then, precisely, Mr. President, for instance, on land acquisition there is an allocated targeted sum of P72 billion. Conceivably, some of this money will come from monetized assets of the APT. But if a substantial number of landowners would want to shift directly to APT assets, then the monetized amount that is coming from APT is translated directly into assets of landholders. We may not need the money in certain instances. There

is going to be an asset exchange or a swap. We do not have to go to the circuit of . . .

Senator Guingona. Supposing that the bond holders sell their bonds in the secondary market and negotiate for a discount of 10 or 20 percent. Would this be possible, since this is a negotiable instrument, Mr. President?

Senator Alvarez. In the strictest sense of the word, it is not.

Senator Guingona. But is it possible, Mr. President?

Senator Alvarez. Yes, it is possible because the of idea of aligning the interest rates to market levels with 91-day treasury notes.

Senator Guingona. And since it is possible, it is also possible that the majority of the landowners would do that. And, therefore, would this not be inflationary and defeat the very purpose of the distinguished Gentleman's trying to make this program non-inflationary?

Senator Alvarez. I do not believe that it is inflationary as much as it will be inflationary to pay them directly with cash. Because this will only be an exchange of value. We do not really add bulk to the available money supply.

Senator Guingona. Do we not print money?

Senator Alvarez. We do not, Mr. President.

Senator Guingona. But at the same time we defeat the purpose of industrialization, since according to the distinguished Sponsor, one of the main objectives of the land reform scheme is industrialization to divert or to redirect the resources from agriculture to industry.

Senator Alvarez. In effect, Mr. President, we do help by shifting the capital formation from the countryside into commercial or corporate activities.

Senator Guingona. Yes, but how will this happen if the landowners sell their notes at a discount? Where is the industrialization then?

Senator Alvarez. If they are going to rediscount their notes, that means that they have shifted value away from land and since they have monetized or have transformed their values into some other commercial values, then these values will be in the urban areas where capital formation is needed for industry. I conceivably can imagine that this may be kept in banks, use to buy other shares of stocks, perhaps, put up small-scale industries.

Senator Guingona. That is why, Mr. President, we are also concerned with direct cash payment of more than 10 percent. The pressure of inflation is not the only danger. Danger will also be there when we put a bulk of sum of money for a particular group, and there might be capital flight.

Senator Guingona. Mr. President, there is nothing in the bill which we see that would redirect the agricultural resources received from this program to industrialization. I hope that the distinguished Sponsor will accept amendments at the proper time to make sure that there are investments that would be redirected.

Senator Alvarez. No, Mr. President. There are incentives in the bill in order to redirect the resources, but we will welcome the amendments of the Gentleman at the proper time.

Senator Guingona. Thank you, Mr. President.

The President. Any other interpellation?

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President.

I had asked that I be allowed now, if the Gentleman will yield, because this follows up the line of questioning of Senator Guingona, Senator Pimentel, as well as the questions propounded by the Chair regarding the multi-

nationals. Will the distinguished Gentleman yield?

Senator Alvarez. Yes, Mr. President, willingly to the Gentleman from Pasig.

Senator Saguisag. Thank you. One of the points raised by Senator Guingona had to do with the time frame. I have copies of three of the contracts involving Del Monte and Dole and all of these contracts go well into the next century. So, as an initial thought, would the Gentleman consider whether it might be best for all concerned if, in this bill, there will be a provision that will no longer allow any renewal of those lease contracts that will end in 2007, 2008 and 2011, to serve as a fair warning?

Senator Alvarez. Yes. Is this the 8000-hectare Philippine Packing?

Senator Saguisag. Yes, Philippine Packing and two contracts with Dole. Because these two companies now exploit almost 10,000 hectares each, despite the very clear injunction in the Constitution that no such arrangements should involve more than a thousand hectares. So, I am limiting for now my question in regard to these two companies.

Senator Alvarez. Mr. President, at the opportune time, we will welcome his ideas on this.

The President. But the Chair would like to ask the question: Will not such a provision, unless carefully drafted, imply congressional ratification of these contracts?

Senator Saguisag. That is just a basis for the next question I would like to ask, Mr. President, because, in previous debates here — I think it involved Senator Maceda and myself regarding the foreign debt — I asked whether it would be possible for our people, by passing the necessary constitutional amendment, to extricate ourselves out of a bad contract. This also is relevant because of the agitation regarding the nuclear-free provision.

Is it possible for a country internally and unilaterally to put something in its Constitution to enable to get out of what may be argued as a binding international agreement? And I say that because under Article XII, Section 3, it says in part:

Private corporations or associations may not hold such alienable lands of the public domain except by lease for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and not to exceed one thousand hectares in area.

And then, it goes on:

Taking into account the requirements of conservation, ecology, and development, and subject to the requirements of agrarian reform . . .

So, I really have my doubts. I stated earlier that I respect the principle of *pacta sunt servanda*. But if we will argue that we can change our debt-burden requirements by statute or even by a constitutional amendment or that the intent of our friends here who have filed a bill saying that, because of the Nuclear-Free Provision, we can get out of what can be argued as a binding international agreement, then, by parity of reasoning, can we also say — invoking Section 3 of Article XII — that we can, in fact, shorten those leases? So that, if I understood the Chair correctly, since I am equally concerned that we do nothing here that may be construed as congressional ratification of a questionable agreement, I would like to ask the Gentleman: Would it be possible for this Body to insert a clause in the bill invoking the spirit of Section 3, Article XII that may, in fact, modify, for the benefit of the nation, certain of the iniquitous contracts that are now said to be binding upon the Filipino people?

Senator Alvarez. Mr. President, the Gentleman can use this legislation because it partakes of the exercise of police power to impair your obligation of contracts. However, when we came

across this question, we thought that, perhaps, this may not be — as the President has put it — the legislative forum to undertake those problems. Because, they have complexities of their own and they have implications on the investment atmosphere. I would rather that the Government take the bull by the horns and confront these problems as they are. Perhaps, when the distinguished Gentleman introduces his amendments, he will be able to clarify the point further; because, sometimes, we can make very neat rules here. We can pass out the laws that we perceive to be consistent with our fundamental laws and the exercise of administrative power. But what are the implications of these?

The President. The Chair would like to find out if there are any pending suits today challenging the legality of these contracts. I am referring to the Del Monte and the Dole contracts.

Senator Saguisag. Not of my personal knowledge. I was conversing with Senator Tañada the other night, precisely because before Martial Law was inflicted upon the Filipino people, there was a suit that had been filed. And I think the Gentleman is here and he can speak for himself. I think it was his father who filed it and, maybe, he can edify the Body as to the status of that litigation.

The President. Senator Tañada.

STATEMENT OF SENATOR TAÑADA
(On the Cases Filed Against Dole and
Philippine Packing Corporation)

Senator Tañada. Yes, Mr. President. The cases that my father filed against Dole and Philippine Packing are still pending with the Supreme Court. In fact, he has been waiting for the Supreme Court to decide those cases. But, unfortunately, up to now, the Supreme Court has not decided the same.

The President. Those cases were pending at the time of the imposition of Martial Law.

Senator Tañada. Yes, Mr. President.

The President. Is there no time limit within which these cases must be disposed of?

Senator Tañada. There is such a time limit, Mr. President. And my father has filed several motions already for the early decision of these cases; but, unfortunately, the Supreme Court has not yet come out with its decision.

The President. Thank you.

Senator Saguisag. Thank you, Mr. President.

Senator Alvarez. In that light, Mr. President, perhaps, a clearer mandate of the Constitution, perhaps, this area is more a judicial problem if it can be taken to the attention of the Supreme Court by whatever legal device, instead of attacking it through the Land Reform measure. We are wary that we will be hooking into this Land Reform measure a more complex judicial legal problem than we may need to face.

Senator Saguisag. But, Mr. President, more than a legal problem, this involves very serious policy considerations; that is why, maybe, one approach is that if a contract that is extant today, that is, on its face, valid up to 2011, what is to stop us from saying that these contracts will lapse up to the end of the century or whenever to accommodate everybody?

What are these policy considerations? How can we allow, after 24 years following the denunciation of Senator Lorenzo Tañada, a situation where these multinationals enjoy the use of the most fertile, best irrigated and typhoon-free lands in this country? How can we tolerate a situation where, in 1986, the gross revenues of Philippine Packing Corporation was ₱2,109,937,000; the net profit before tax was ₱633,127,000, and the net profit after tax was ₱418,236,000? From the figures available to me — I do not have the corresponding figure yet for 1986 — the rental that was paid the Government for 1987, and assuming that the profit remained the same or even improved, it was

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only ₱3.95 million, less than one percent of the net profit.

We want to respect contracts; we want predictability; we want stability; we want coherence in our legal system, but how can we, 24 years after Senator Tañada stood in this very hall, denouncing an exploitative, shocking, and unconscionable contract, allow it to continue? So I am saying that maybe in the period of amendments, I might suggest . . .

Senator Alvarez. Mr. President, in principle, I have no disagreement with the appreciation of the problem by the Gentleman from Pasig. What I am trying to say here is: Is this really the direct assault on the problem, by going through, perhaps, the available police powers if they are, to the Land Reform Program in order to terminate these contractual obligations? Or are there available avenues for this Government and, perhaps, this Chamber to confront this and hold the bull by the horns and question these contracts? Perhaps the public education benefits that we get by raising this question and looking into its detailed refinement would be more beneficial if we confront these contracts.

Since it is up for judicial review and there has been no forthcoming decision, is there anything to restrain us from stepping forward and quicken the process, the judicial process, under the auspices of the New Constitution especially?

Senator Saguisag. I am afraid, Mr. President, that no matter what resolution the Supreme Court comes up with, it is not going to be very tidy. Assuming that it invalidates those contracts, there will be a mess anyway. I mean, what will be the consequences of such a resolution? And assuming that the Supreme Court would validate that arrangement, again, very serious policy questions will have to be addressed by the political departments of Government, both the Executive and the Legislative.

That is why I am suggesting that the better forum, perhaps, is for us to consider all these problems before us now and make the corresponding suggestions. There have been many approaches that have been identified, and I would hope that at the end of the day, so to speak, we could find some arrangement that could be congenial to all concerned. So I would prefer a policy decision made in this Chamber than a judicial decision from people who were not elected. In theory, they are not as keen and sensitive as the elected representatives of the people when it comes to weighing the different competing claims of the various sectors and interests concerned.

So I would suggest that we tackle it, take the bull by the horns here, as it were, and not leave it to the Supreme Court which, I think, after two decades has not been able to decide that very complicated problem.

Senator Alvarez. I am very sympathetic with the position of the Gentleman, Mr. President. We have come across this problem. My only concern is that I do hope that, confronted with these complexities, it will not add to the difficulty of the passage of this program, of this legislation. The nation is waiting for us to be able to pass this in the most expeditious way, if possible. So at the opportune time, the Gentleman may propose his amendments, then perhaps the Chamber will be in a position to debate on it extensively.

Senator Saguisag. I have other questions and other points, Mr. President, but I will not ask them now because I just do not want to drop this point while it is being pursued.

In regard to that, Mr. President, I just would want to call attention again to Section 3 of Article XII. Thereunder, I think those concerns cannot be a bar to our considering the thrust of the points being pressed by at least four of us during the last three days.

At this point, Mr. President, may I read into the record:

Taking into account the requirements of conservation, ecology, and development, and subject to the requirements of agrarian reform, the Congress shall determine by law, the size of lands of the public domain which may be acquired, developed, held, or leased and the conditions therefor.

So I think there is no escaping our responsibility, Mr. President, considering that in the Constitution in force now, there is an explicit specific mandate that we address the requirements of agrarian reform in relation to these plantations.

Thank you very much, Mr. President.

Senator Alvarez. The position of the Gentleman, Mr. President, is well-taken.

SUSPENSION OF THE SESSION

The President. Shall we have a brief recess, if there is no objection? [*There was none.*]

It was 11:12 a.m.

RESUMPTION OF THE SESSION

At 11:24 a.m., the session was resumed with the Honorable Senator Sotero H. Laurel, presiding.

The Presiding Officer [Senator Laurel]. The session is resumed.

The Majority Floor Leader.

Senator Mercado. Mr. President, the Minority Floor Leader, Senator Enrile wishes to propound more questions to the Sponsor of the bill.

The Presiding Officer [Senator Laurel]. The Minority Floor Leader is recognized.

Senator Enrile. Thank you, Mr. President. I thought I was finished with my interpellation, but I would like to test my understanding of some of the provisions with the idea of the

proponent; and so, I have requested to take the floor again.

Mr. President, on page 4, line 22, on the definition of idle lands of this proposed measure, the Gentleman said:

Idle Lands — shall mean lands not directly cultivated, tilled or developed to produce any crop nor devoted directly to any definite economic purpose. . .

What is meant by "directly cultivated"? Directly in terms of the owner, or directly in terms of the land itself being cultivated?

Senator Alvarez. Mr. President, that means that the land is not really intended to produce by farming or agrarian devices sometimes . . .

Senator Enrile. In other words, the land is not cultivated at all. Or suppose one has 24 hectares, Mr. President, but only one hectare has been cleared and cultivated; the rest was allowed to remain covered with maybe some kind of trees or other growth. Would the Gentleman consider the land to be not directly cultivated?

Senator Alvarez. Yes, Mr. President, for instance, the land is just allowed to serve as a source of firewood for which the owner has not really invested effort or attention.

Senator Enrile. Suppose the land was totally cleared and cultivated by the owner, but then, because of lack of water they could not make a go of it. They abandoned farming for a while and it is covered by cogon. Is this also a land coming under the definition of "not directly cultivated"?

Senator Alvarez. In this case, Mr. President, since it is not within the will of the owner, I do not think it should be considered as abandoned land, be it by *force majeure*, or . . .

Senator Enrile. I am talking of idle lands, Mr. President.

Senator Alvarez. Yes, if by *force majeure*, or fortuitous event, the land becomes idle.

Senator Enrile. Yes. And suppose the land is intended for farming, but instead, the owner decided not to cultivate it, but use it to pasture goats because it was more profitable for the owner to pasture goats instead of planting tobacco or corn or *linga*. What is the English term for *linga* Mr. Senator?

Senator Alvarez. *Linga* is — do we have any word for *linga* in Ibanag, distinguished Gentleman?

Senator Enrile. *Linga*.

Senator Alvarez. *Linga* also. This is devoted to an economic purpose.

Senator Enrile. That will be considered as devoted to economic purpose. Well, anyway, I am happy for that.

Now, I will come back to this definition of high technology or capital-intensive farm production enterprises, and the Gentleman's gauge is the agricultural land as a component of the production process which forms less than 35 percent of the total assets. I imagine that when we talk of component of production process or we are talking here of the traditional concept of land, labor, and capital. Is this correct, Mr. President?

Senator Alvarez. Yes, Mr. President.

Senator Enrile. Land, labor, and capital. So that, when we put land, labor, and capital we are actually engaged in the economic activity, one of the components of production being land itself; and that this land, being a component of the entire production process, is given a certain magnitude and if that value of the land, as a component of the total production process, does not exceed 35 percent of the total asset of the production process, then we would consider the production process or enterprise

as a capital intensive agricultural activity or operation.

Senator Alvarez. That is right, Mr. President.

Senator Enrile. Thank you. I will come back now, Mr. President, to the question of ownership of the land to be taken by the Government as far as the beneficiaries are concerned. And this land could either be individually or collectively owned.

If one has, for instance, 3300 hectares of land taken by the Government from a landowner and he divides it into 100 lots of three hectares each, he assumes three 100-lot owners individually, and awardees granted a certificate of land ownership award. And then there would be no question as to this. The only question as I see it would be the problem that would occur if the beneficiary dies, because then he will have the problem of who gets the three hectares among his children, if he has several children. If he has none, I suppose that we will follow the rule of succession if that is possible without colliding with the provision of this law; in which case, the nearest next kin would get the right to the property. And if there be no next of kin, it will escheat to the State.

But I will be bothered, Mr. President, to be frank, when the 300 hectares is owned by a collective or cooperative, the title to the land will go to the cooperative.

The question then would be: How would the members of the cooperative manage the property? How will they divide the resulting profit out of production? How will they contribute to the productive effort? How would they share in the capital requirement for that effort? They will not be of the same economic circumstance. I suppose, even physical circumstances would differ. And so, there will be a lot of details that must be worked out here.

And so, my question is: How does the Gentleman visualize, Mr. President, the manner by which this collective or cooperative would be managed? How would they select the manager and how may such act of selecting be exercised? And in the event that one or more of the members of the collective should die, who should replace him as a member of the collective?

Senator Alvarez. Mr. President, there is going to be a proposed legislation in this Chamber that will define more or less the rules on the collective. There will be two legislations, as a matter of fact. But in the particular case of the question of the Gentleman, he has anticipated the complexity of how to acknowledge and give due share to the members of the collective, including the successional rights of those who will inherit the rights of the member of the collective. In a collective, Mr. President, as it will be proposed, one will have to qualify for membership. If the successor-in-interest will become himself a farmer, then he can step into the shoes of the one from whom he is succeeding. In which case, the collective may have to pay off or buy out the rights or the assets that is due the successor-in interest. And in a situation like that where it is paid out from the collective fund, the benefits will, therefore, accrue to the collective as a whole after paying off a successor-in-interest who is not qualified.

Senator Enrile. But would that not mean a retrogression, Mr. President, if I may use his term, an atavism? The Gentleman is actually turning back the clock, so to speak. Because, he is, in effect, asking the collective to become bigger and bigger as a landowner instead of allowing the land to be divided among the members so that they can, by themselves, decide their own destiny individually or as a family unit. That is one question that I pose.

The second question that I would pose, Mr. President, would be this: If the member of

the collective has a family and he has several children who are depending upon his membership in that collective for their livelihood or for their education, how are we going to solve this problem if one of them would qualify as a member of the collective?

Senator Alvarez. We will have to assume, Mr. President, that the governing body of the collective, which is participated in by the members of the collective, will go by democratic rules. So that they will welcome the entry also of those who will be qualified to participate in the collective. I do not see how there will be a continuing concentration of ownership within the collective. As the Gentleman has shown, perhaps, even second generation members of the family of a collective member would be brought into the collective. The collective experience, is an evolving experience in the country. But we hope that in confronting this problem, certain democratic principles would be the abiding guideline.

Senator Enrile. Therefore, we are not ready to write into this law the manner by which those things must be dealt. We will have to propose a companion legislation, is that it, Mr. President?

Senator Alvarez. Yes, Mr. President. The companion legislation on the collective, on the cooperative, is being worked out. There are two pieces of legislation on the collective.

Senator Enrile. In the case of lands that are now held as plantations, Mr. President, we know very well that they are planted with different crops. For instance, in the case of coconut, the ages of coconut planted throughout the country differ, depending upon the establishment of the plantation. Some are, maybe, young, as young as one year old; some are as old as a hundred years old. And at a certain point in the life of the plantation, for instance, a government plantation, the owner will have

either to kill or destroy all the trees and devote the land to some other crops or continue with his coconut plantation by replanting. How are we going to deal with the problem of this unproductive, uneconomical coconut plants that must be replanted, most especially the question of the financial support of the new landowner during the period that he is waiting for the coconut trees to bear fruits?

I read through this proposed measure and there seems to be no answer to this question, Mr. President. It does not provide a means of addressing that problem of the new landowner from the time he acquires the land up to the time that land starts producing sufficiently to sustain life for him.

Senator Alvarez. Mr. President, we need some planning on the financial component needs of the program. And as we have been pointing out here, the credit financing is to the tune of ₱40 billion for the intended target beneficiaries and the area contemplated in the program. However, in those particular circumstances the Gentleman has pointed out, we have not planned for them. Hopefully, that situation could be handled on the extension services level.

Senator Enrile. But, Mr. President, this land reform program might fail if we are going to visualize the situation and provide the necessary legal limitations or rules to govern the manner by which the farmer-beneficiary would be treated by a financial institution. Because while we will provide a credit support for him of some ₱40 billion, if I remember the Gentleman's figure, still the cost of money might not be affordable by him, given the productive circumstance of this land.

Senator Alvarez. What I am trying to say, Mr. President, is that it is also contemplated in the program that extension services will be expanded, including extension services to help the credit needs of beneficiaries. In this parti-

cular case, the program has not really anticipated the elimination of aged coconut trees and the replanting of the coconuts.

Senator Enrile. I am only dealing, Mr. President, with the question of the coconut industry. But this is also true in the case of the rice industry, or the corn industry, or the sugar industry, because in these areas, most especially, we do not plant only once. We plant every year, and sometimes in irrigated areas we plant twice a year, and sometimes we need financing. So, therefore, if that farmer-beneficiary of the Gentleman's land reform is going to the market to borrow money on the basis of available interest rates, then without any special concession to him, I do not think he can make a go because he will be working for the man instead of working for himself.

Senator Alvarez. Those concerns have been addressed, Mr. President. Precisely, we would like to have a target program which would be manageable within the capacity of our growing economy to handle in the period of five years; otherwise, even retention limit and the target of the program would not have been pinpointed in this proposal.

Senator Enrile. May I posit a concrete example, Mr. President. Farmer "A" is awarded three hectares of land. It is suited for corn or rice but unirrigated. So, I supposed that when this Land Reform Program was studied, the proponent including the Government must have had an idea of how much would be the acquisition cost of that raw land by the Government. Let us assume that the land would cost the farmer on the average ₱15,000 per hectare, raw land. So that is ₱45,000 of which the Government has paid 10 percent down payment, the balance in . . .

Senator Alvarez. In nine equal annual installments.

Senator Enrile. Nine equal annual installments. All right. On the side of the farmer, he

is given 30 years to pay this value at six percent interest.

Senator Alvarez. That is right, Mr. President.

Senator Enrile. So every year, he will have to, at least, provide ₱1,500 on principal amount. Am I correct?

Senator Alvarez. The amount of the land for 45 years.

Senator Enrile. Forty-five thousand.

Senator Alvarez. Plus interest rates.

Senator Enrile. Now, six percent interest.

Senator Alvarez. Assuming that that is the rate.

Senator Enrile. So at least we can calculate that annually he will have to be sure that he has ₱2,500 to pay his obligation to the Government for the next 10 years. Then we take into account the inputs on the land: the fertilizer, pesticide, the cost of labor, because he will probably ask some people to help him carry the water to water his land if he wants to survive unless he depends on the weather alone. The question is, if he will borrow money, he is taking a very major risk, because his payment to the Government, provide for his family. Does the Gentleman, Mr. President, think that out of these he will survive on his calculation in a situation like this?

Senator Alvarez. Our calculations also have certain considerations, like subsidized prepayment scheme, because we will not collect more than 10 percent of the gross of his harvest. In this particular case, of course, some computation will have to be done on what would be his gross harvest. And if through no fault of his own he is unable to fulfill 10 percent of the amortization from the gross harvest, then adjustment will still be made. Because, Mr. President, the amortization package is really a subsidized package. It is intended to enable the farmer to be able to amortize the land within what would be possible

considering technology, his ability of cultivation and perhaps credit. Now the credit target that we have pinpointed here is borne out from experiences in the field. They may not be accurately four square, however, it gives a certain leeway based on the experiences of the Department of Agriculture and the Department of Agrarian Reform.

So that we are hopeful, Mr. President, that all things being equal, the system which we want to be able to install will put the small cultivator on his feet and be able to satisfy his obligations and fulfill for himself the needs of creating a decent family life, decent life standards of the countryside. The number that we have arrived at, while it is not ideal, is neither arbitrary.

Senator Enrile. Because I was thinking, Mr. President, in the situation that I have posited, three hectares on an average of 40 cavans of palay per annum production, that will mean 120 cavans of palay. What is the present market price of a cavan of palay now? Does the Gentleman have any idea, Mr. President, as a former Department of Land Reform Secretary?

Senator Alvarez. A cavan of rice is — husked rice, Mr. President, is about . . .

Senator Enrile. Husked?

Senator Alvarez. Yes, husked rice, not palay.

Senator Enrile. Unhusked.

Senator Alvarez. I do not know the current market value, Mr. President, but husked rice, a cavan of rice is about ₱280 in Isabela.

Senator Enrile. Let us say that the unhusked rice is about ₱150 or ₱160. If one has 120 cavans of palay at ₱150, that is about ₱15,000 more or less for three hectares, gross income per year for that farmer.

Does the Gentleman think he will be able to survive, Mr. President, with three hectares?

Senator Alvarez. Mr. President, in that particular situation which the Gentleman has cited, the reality in the countryside tells us that rice cultivation may not be the only source of his livelihood, he may supplement it with other off-season activities. He may be doing work in some other parts of the community — carpentry or even helping in the cultivation and the other farming activities of neighboring farms.

There are certain social realities in the countryside, Mr. President, that we could not entirely capture in the quantitative program. However, by allowing him to have these three hectares — the hypothetical three hectares as the Gentleman has pointed out — he strengthens that portion of his means of livelihood, but it may not be entirely his means of livelihood. He may be at times a tricycle driver or perhaps a small-time fisherman. So if we have a typical case, it turns out that our program does not respond to their ideals. Indeed, I will confess that in my given basis, it cannot really respond to their ideals. But I dare say that it will be helping the farmer's life.

Senator Enrile. If we think of the gauge of the same farmer beneficiary and his crop will be coconut, does the Gentleman think he will be better off than a fellow who plant rice on a three-hectare unirrigated land?

Senator Alvarez. When the average is three hectares, according to the Gentleman, at 140 nuts maximum he will earn about ₱4,000.

Senator Enrile. Forty nuts per tree per annum, 140 trees, we have an average of 100 trees only per hectare. That is about 400.

Senator Alvarez. Then, roughly, he will be earning about ₱4,000 to ₱4,500?

Senator Enrile. ₱4,000, yes.

Senator Alvarez. That would be 12,000 to 13,000 plus.

Senator Enrile. Close to that.

Senator Alvarez. Close to that area, Mr. President. However, there are again hidden economic components when we measure up his means of livelihood. He may be planting something in between the rows of coconut.

Senator Enrile. In fact, if he has lanzones, Mr. President, between his coconuts, I am sure he will be a rich man with three hectares. But a very few people would have lanzones under their coconut trees.

Senator Alvarez. Yes, Mr. President, there are a number of social and economic components that we capture. These are details that we cannot capture in a program like this or in a proposed program. We know that if we give him the three hectares, he can make wonders, he can do lanzones. He can do, perhaps, even a pepper farm. He will cut one-fourth of his coconut plantation and then put some pepper there.

Senator Enrile. Mr. President, before I close, I will ask this question, if the distinguished proponent of the measure has ever visited Cavite and Laguna or Quezon to find out how the farmers there cultivate their lands in comparison with the manner of cultivation of people in Isabela and Cagayan?

Senator Alvarez. Yes, Mr. President, in these areas, there is a multi-tiered use of the land.

Senator Enrile. Or Batangas for that matter, I think we should visit Batangas.

Senator Alvarez. I have visited a number of these places, Mr. President, when I was Minister and Secretary of Agrarian Reform. They call it the multi-storey agricultural development of the land because they have the coconut trees. They have the cacao. They have other plants, perhaps, vegetables.

Senator Enrile. They have the camote, coffee, they have the banana, they have the papaya, they have the eggplant, sili.

Senator Alvarez. Yes. So the complexity of the countryside cannot really be encoded in a proposal like this. But I understand the anticipation being offered here by the Gentleman from Cagayan with his detailed information of countryside life. But the bill should be appreciated on its thrust. While it will not have the refinements of his well-informed observation, I do think that if it approximates a target, then we should be bold enough to do the social experiment which we seek to carry out with this bill, Mr. President. And if we do this calculated risk by providing the necessary support system while we may have misgivings, because whatever legislation we have here, we will always have some misgivings. We cannot really anticipate all the contingencies. All in all, I think, we may be on target.

The Presiding Officer [Senator Laurel]. Excuse me. May the Chair interrupt this with a question. It is now twelve o'clock and the Chair understands that there are some Members of the Senate who are members of committees in the Commission on Appointments and meeting is set at one o'clock this afternoon. May the Chair know how much longer is the Minority Floor Leader to continue?

Senator Enrile. Mr. President, I will now most respectfully cut short my interpellation and reserve further questions in the next session.

Thank you.

Senator Alvarez. Thank you.

The Presiding Officer [Senator Laurel]. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION
OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The Presiding Officer [Senator Laurel]. is there any objection? [*Silence*] Hearing none,

consideration of Senate Bill No. 249 is suspended.

**COMMITTEE MEMBERSHIP
(Public Works Committee)**

Senator Mercado. Mr. President, before we adjourn, may I just make a few motions as regards committees. I move that we include the name of Senator Joseph Estrada in the Committee on Public Works with the concurrence of the Chairman, Senator Ziga.

The Presiding Officer [Senator Laurel]. Is there any objection? [*Silence*] Hearing none, the same is approved.

SPECIAL ORDERS

Senator Mercado. Mr. President, I move that Committee Report No. 99 on House Bill No. 2528, entitled

AN ACT ESTABLISHING AND PROVIDING FOR A FREE PUBLIC SECONDARY EDUCATION AND FOR OTHER PURPOSES,

be placed on the Calendar for Special Orders.

The Presiding Officer [Senator Laurel]. Is there any objection? [*Silence*] Hearing none, the motion is approved.

Senator Mercado. Mr. President, I move that Committee Report No. 11 on Senate Bill No. 108, entitled

AN ACT REQUIRING ALL PRIMARY AND SECONDARY SCHOOLS TO INTEGRATE IN THEIR CURRICULA THE TEACHING

OF THE DANGERS AND EVIL EFFECTS OF DRUG DEPENDENCY, DRUG ADDICTION, AND DRUG ABUSE,

be placed on the Calendar for Special Orders.

The Presiding Officer [Senator Laurel]. Is there any objection? [*Silence*] Hearing none, the motion is approved.

**MOTION OF SENATOR MERCADO
(Recommittal of House Bill No. 2601)**

Senator Mercado. Mr. President, I move that House Bill No. 2601, entitled

AN ACT TO DEFER THE EFFECTIVITY OF EXECUTIVE ORDER NO. 273,

be retrieved from the Archives and recommitted to the Committee on Ways and Means in order to consolidate it with Senate Bill No. 262 and Senate Bill No. 263. Mr. President, this is the House Bill on Value Added Tax.

The Presiding Officer [Senator Laurel]. Is there any objection? [*Silence*] Hearing none, the motion is approved.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President, I move that we adjourn the session until four o'clock, Monday afternoon.

The Presiding Officer [Senator Laurel]. The session of the Senate is adjourned until Monday at four o'clock, if there is no objection. [*There was none.*]

It was 12:03 p.m.

justice measures, and as soon as this is done, the Executive then should implement this with dispatch or with immediacy. I refer to what have been discussed here, -- the foreign debt, the Agrarian Reform Program, and many others.

Thank you, Mr. President.

Senator Pimentel. Thank you very much, Mr. President.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive Agrarian Reform Program
(Continuation)

The President. The Majority Floor Leader.

Senator Mercado. Mr. President, the time for the Privilege Hour has lapsed, and I move that we now consider Committee Report No. 103 on Senate Bill No. 249, entitled

AN ACT INSTITUTING A COMPREHENSIVE
AGRARIAN REFORM PROGRAM TO
PROMOTE SOCIAL JUSTICE AND IN-
DUSTRIALIZATION, PROVIDING THE
MECHANISM FOR ITS IMPLEMENTA-
TION, AND FOR OTHER PURPOSES.

We are still in the period of interpellations, Mr. President. I move that we recognize the Sponsor, Senator Alvarez, and Senator Lina who wishes to interpellate the Sponsor.

The President. Just a moment. I think Senator Lina wishes to say something.

MOTION OF SENATOR LINA
(Referral of Pimentel Privilege Speech to National Defense And Security Committee)

Senator Lina. Yes, Mr. President. Although I am almost sure that the Committee on National Defense and Security will take up the speech of Senator Aquilino Pimentel, just the same, I would like to submit a motion to refer the said speech to the Committee on National Defense and Security and for the said Committee to invite the personalities mentioned in the speech

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of Senator Pimentel, namely, General Isleta and Secretary Ramos, so that they can explain their proposal, if indeed they submitted that proposal to impose martial rule or to restore the death penalty.

The President. How about the Committee on Justice and Human Rights?

Senator Lina. I agree to refer the same to that Committee, Mr. President.

The President. Is there any objection? [Silence] Hearing none, the motion is approved.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

REMARKS OF SENATOR MACEDA
(On the Non-Receipt of Public Safety Bill)

Senator Maceda. Mr. President, just for information.

The records of the Committee on National Defense and Security, which we have checked last week, do not show that there has been any actual bill filed in the matter of the Department of Public Safety or any related matter. However, what happened was that Secretary, then Senator, Manglapus called a series of hearings to determine precisely what bill should be adopted by the Committee. There are three versions; one was submitted by then Chief of Staff, General Ramos, which was the first real indication, although we kept quiet about it, of a conflict between General Ramos and Secretary Ileta when they submitted two separate bills on this matter; the other one was a bill submitted by the National Police Commission.

Senator Pimentel and this humble Representation are now preparing the draft of a bill on this matter.

However, for record purposes, we did receive the representation of then General Ramos, that, so as not to upset the Anti-Insurgency

Program, this bill to separate the PC from the Armed Forces or to put up a Philippine National Police should be paced from the viewpoint of time because separating them last year would affect their Anti-Insurgency Programs.

So we did make a commitment that, if ever this bill would be recommended, it would be on a time phase out basis to begin by January 1989.

So the schedule of the Committee now calls for hearings on this matter within the next few months. For the information, however, of the Gentleman from Manila, he is correct. We have already invited General Isleta to appear tomorrow in the hearing of the Senate Committee on National Defense and Security. After that, if necessary, we will invite Secretary Ramos.

However, we are trying to coordinate with the Chairman of the Committee on National Defense and Security because there has also been a suggestion that with this stance, the matter could be properly taken up by the hearings of the Tamano Committee on the confirmation proceedings of Secretary Ramos. But should there be no conflict with Senator Tamano's Committee, then we intend to invite Secretary Ramos, as suggested.

That is the reason why I did not interpellate the Gentleman from Cagayan de Oro, even if Senator Shahani were not here today. Because, as the Chairman of the Committee that will hear these matters, I wanted to be objective about it, pending the testimony of these generals and officials involved.

Thank you, Mr. President.

The President. All right. The Majority Floor Leader.

Senator Mercado. Mr. President, I move that we recognize the Sponsor of Senate Bill No. 249,

Senator Alvarez, and our first interpellator for today, Senator Lina.

The President. Senator Alvarez and Senator Lina are recognized.

Senator Lina. Will the Gentleman yield to a few questions, Mr. President?

Senator Alvarez. Yes, Mr. President, to the Benjamin of this Chamber.

Senator Lina. Thank you. May I refer the Author of this Bill to Section 4, line 6, page 6 which states that "public forests and mineral lands that are found to be suitable for agriculture are covered by this Comprehensive Agrarian Reform Program."

May we ask the Author to define the words "public forests," Mr. President.

Senator Alvarez. Public forests are those areas of the public domain which are reserved for forests and are not alienable and disposable.

Unfortunately, we have seen the phenomenon of portions of the public forests which are almost completely denuded of a certain degree of incline, more than 80 degrees that have already been occupied by our exploding population. We have embraced this in the proposal because this is also part of an ongoing target program.

If those who are there now in those classified public forests are given the motivation and the incentive, they may be encouraged to take care of the landscape. If they are made stewards through Land Reform Program, then they may be encouraged to participate in the reforestation program.

In this particular program, occupants of those present sites of public forest are embraced in what we call Agro-Forestry Program. They plant certain varieties of trees in order that the contour which is only suitable for forest cultivation, which would otherwise be denuded, will be gradually devoted completely to agriculture.

The usual agricultural cultivation of crops is put to best use with the Forest Development Program. At the same time, it also becomes a conservation program, a Forest Conservation Program, and a way of redressing the needs of those who are landless and who, out of desperation, have sought to cultivate these areas.

Senator Lina. In other words, in the bill the distinguished Sponsor would now desire that public lands, public forests, which form part of the public domain, can now be alienated as long as they are suitable for agriculture. Is that correct, Mr. President?

Senator Alvarez. In certain areas, yes, but in many of these areas, a new concept of granting the right for exploitation has been worked out. This is the stewardship concept. They take possession of the land, exploit and develop it, and plant trees suitable to these areas; but because the stewardship is given for a length of time, let us say, 20 years, it is an incentive for those who occupied the area not to abuse but to conserve it.

Senator Lina. How will the distinguished Senator reconcile this with Section 3 Article XIII, of the Constitution, which provides that alienable lands of the public domain shall be limited to agricultural lands?

Senator Alvarez. Mr. President, we do not seek the alienation of those portions of public forests. In stewardship— —to public forests, is the stewardship concept which does not vest dominion for them over those areas.

Mr. President, it is like a lease, when one has a pastureland or lease of the exploitation over mineral lands which are not alienable, because they belong to the State.

Senator Lina. The inclusion of public forests in the enumeration of public and private lands covered by this Comprehensive Agrarian Reform Program does not make any distinction nor are public forests excluded for a mere

stewardship; on the contrary, the public forests are ownership. Nowhere in the bill does it state that public forests suitable for agriculture which are covered under the CARP -- the Gentleman's version of the CARP -- will be leased; the bill provides that these public forests can be alienated because they are subject of this Agrarian Reform Program. Is there any portion of the bill that provides for lease of public forests?

Senator Alvarez. Yes, that is one portion which the technical working group has not fully discussed. That is one portion where we intended to bring in the measures and the dimensions. There is, as a matter of fact, already an ongoing program along that line being conducted by the Department of Environment and Natural Resources.

Senator Lina. Mr. President, the Philippine Development Plan for 1988 to 1992 states that, in forestry, more drastic measures need to be implemented to conserve public forests, more particularly the virgin or old-growth forest which is presently estimated at only 1.2 million hectares, and to slow down the rate of forest loss which averaged from 100,000 to 125,000 hectares annually during the period 1976 to 1983. The annual average rate of 57,200 hectares reforested during the last 10 years is still inadequate, compared with the estimated five million hectares of open or denuded forest lands which have to be reforested.

Senator Lina. The present plan to reforest 100,000 hectares of the 200,000 to 225,000 annual loss is obviously inadequate. We need to rehabilitate the degraded and denuded forest areas and to restore their productivity and maintain favorable ecological balance.

Now, the approved national plan is to expand forest lands, not to open more lands to logging and now to agrarian reform. That is why I brought this matter up because five million

hectares under concession right now are in danger and must be rehabilitated. This is already some five times the remaining virgin forests. Denudation will erode and endanger agricultural land which is the focus of this measure.

Mr. President, on behalf of the youth, this Representation has consulted people all over the country whose legitimate concern is the rational preservation and conservation of our patrimony, especially our forests. And in the light of the recent statement of the Catholic Bishops Conference warning the nation that we might be losing the country's heritage through misuse of our resources, my question, is: Will the Honorable Sponsor consider the deletion of public forests from the coverage of Agrarian Reform?

Senator Alvarez. Mr. President, that may not be necessary because precisely in the spirit of the defense of our environment, this provision had been inserted. The Gentleman is concerned and I think that concern is shared by this Representation. That is why when I pointed out that when public forests are included or certain portions of it are included, they are not going to be exploited as it were in the usual agricultural fashion. As a matter of fact, it is an attempt to help in the conservation of these forest areas through the introduction of agro-forestry programs. Certain varieties of trees could now be raised in parts which are called public forests but have, in fact, been denuded or cut or dispossessed of their timber cover. As a matter of fact, the statistics cited by the Gentleman is something that we have dealt with and we are concerned with the alarming loss in our forests. Out of the forest cover of originally six million hectares, only 1.2 million hectares remain. And unless we are able to conserve 4 million hectares, we will not be able to balance the ecology between the farm lands and the forest lands which is vital in order to be able to continue the level of

topsoil fertility and the capacity for sustaining irrigation that will be needed by our farms.

May I invite the Gentleman to line 8 of the same section where we have expressed our concern for his concern for conservation. Line 8 says, "Lands actually and exclusively used as, and those which the Presidential Agrarian Reform Council as herein provided may determine to be necessary for parks, wildlife, and fish sanctuaries," so that the idea for putting portions of the public forests which are now being exploited for *kaingin* use is really also preventive, in the same manner that we conceived some conservations, but directing the efforts and the mode of exploitation of these areas in order that they do not end up in the complete destruction of these forest zones.

Senator Lina. Since the Gentleman from Isabela has already stated quite explicitly that public forests, in this case will actually not be covered, although as I stated earlier, is found in lines 6 and 7, and that he has a different idea as far as the exploitation of public forests is concerned; therefore, I will leave the matter as that and will introduce the necessary amendments during the period of amendments on what to do with public forests.

The second point that we would like to bring up is still on page 6, in Section 4, lines 8 to 15: "Lands which are not covered by this measure are enumerated, such as "parks, wildlife and fish sanctuaries and breeding grounds, watersheds and mangroves, national defense, school sites and campuses, seeds and seedlings research and production centers, government research and quarantine centers."

Mr. President, due to the need for ecological balance, would the Sponsor agree to create a buffer area between lands that need to be preserved from the potentially destructive effects of cultivation and those that need protection and conservation due to the delicate ecological

balance needed in the environment? In other words, between the areas that will be cultivated and will be open for cultivation, we are suggesting a buffer area so that we can maintain the ecological balance in our environment.

Senator Alvarez. Mr. President, we will have no objection to that at the opportune time, especially if the proposal will be supported with technical arguments.

Senator Lina. Thank you, Mr. President.

Now I think this matter has been brought up in the past interpellations concerning the homestead and homestead patents which were originally set at 24 hectares in the 1935 and 1973 Constitutions. I noticed that there are still areas where the titles to said homestead lots have not yet been perfected by the Government. It was the homestead lands that have been applied for based on the 1935 and 1973 Constitutions, but the titles have not yet been perfected. Now, what will happen to these areas of homestead lots if this bill is enacted into law? Will that 24 hectares now be limited to 12, even though the homestead patent has not yet been perfected on the original 24 hectares?

Senator Alvarez. I believe so, because the coverage is comprehensive and it will embrace all agricultural lands. So that, precisely because of our concern for those homestead settlers in Mindanao and some parts of Luzon like Cagayan Valley, we had taken special care to target a 12-hectare retention limit. We find that the Constitution mandates this and there are other extraneous reasons which we had gathered during our social inquiry and investigation when we were preparing this bill.

Senator Lina. Will the Honorable Sponsor make an exception for homesteaders and provide a retention limit of at least equal to what was granted them during the past decades by the Government which will now be taken

away from these pioneers as a consequence of this proposed measure? Is it not too harsh and unfair that after our brother Filipinos called homesteaders literally carved out of the wilderness of cogon lands, clumps of trees, and faced other dangers to life and property to make the homestead operational? And now we are coming in with the law that will further delimit the area which they have called their home. After travelling from Luzon, they went as far as Cotabato; and from the wilderness, they were able to carve a land for agriculture. Would not the Sponsor respect the original area of their homestead land?

Senator Alvarez. Yes, Mr. President. As a matter of fact, a considerable degree of respect and sensibility for the situation of those homesteaders is behind the proposal to reduce it to 12 hectares. Under the New Constitution, the ceiling is 12 hectares. So we thought to peg it also to 12, taking into account the considerable number of landless now in the country. When they granted the 24-hectare homestead, there were still plenty of virgin unsettled lands, not only in Mindanao but in certain parts of Northern Luzon, as in Cagayan Valley. Now there is a pressure on the limited available arable land. We are about to seal our agricultural frontier. There are practically no more virgin lands to be exploited.

That school of thought, allowing a retention limit of 24 hectares, as a matter of fact, is shared by a few. Senator Paterno, I think, is contemplating it. There is another group in the House that recommended 24 hectares as a retention limit.

I am concerned, that if we take 24 hectares as the retention limit, even if it were only for the original homestead owners, the ceiling would be indicating maybe a little high, and it might encourage another groups as well to reach out for such a higher ceiling, aside from the fact that it will seriously reduce the number of avail-

able marginal lots or small lots which we will have to distribute to beneficiaries.

So I will listen to the Gentleman's argument; I am afraid I will have to ask the distinguished Gentleman to abide by our proposal, if possible, on 12 hectares for homesteaders.

Senator Lina. Mr. President, can we not interpret the Constitution as to apply prospectively, and that those lands acquired under the Homestead Law for the past years, under the 1935 and 1973 Constitutions, be protected and given the right to their homestead lot under the old law, and make this 12-hectare for homestead as prospective and not retroactive, Mr. President?

Senator Alvarez. At this point, Mr. President, I am not predisposed to increase the retention limit. There may only be one situation where I can be encouraged by the Gentleman; that is, if we are able to get some data and statistics which show that despite the limitation of former homesteaders, if we can figure out precisely how much more will be taken from the area that can be distributed, perhaps, the Chamber would benefit from the arguments or the suggested ideas of the Gentleman.

Senator Lina. Yes, I will do that, Mr. President.

In the development plan from 1988 to 1992, the resettlement program of the Government as of 1985 shows that 837,910 hectares are covered by homestead and patents. The number of beneficiaries totalled 58,662. The number of homestead lots is 20,708. The area granted by homestead is 94,976 as of 1985, and an estimated 3000 lots with 15,000 hectares as of 1988. The point is that the area is not really that big. In other words, it will not really eat up the area that can be utilized for agrarian reform, and therefore the parties that will be affected are quite few. Therefore, the invocation of this Representation is for us to respect the

old homestead patents which were, after all, granted under the 1935 and 1973 Constitutions, a bigger area for homestead grantee.

Senator Alvarez. At the opportune time, perhaps, we can take a second hard look on this issue and listen further to the arguments of the Gentleman.

Senator Lina. On the matter of the tiller-heir, the question is: Will the Gentleman give us the necessary clarification on how the lands granted under the agrarian reform proposal will be disposed of or transferred upon the death of the original grantee of the land, and how will the grantee bequeath the land to his heir or heirs?

Senator Alvarez. Mr. President, there are two contending schools of thought to this. After the grantee or beneficiary shall have acquired full dominion, having paid his amortization, then the land can be transmitted like any other legacy or piece of inheritance. However, since the frontier in agriculture is fast diminishing, and we do not want to see the marginalization and further fragmentation of land, there is a school of thought which suggests that the land may only be transmitted to somebody who will himself be the cultivator, to insure that that parcel of land may be kept intact and not further fragmented. So at the opportune time when we introduce the refinement to this, that is intended as one of our amendments.

Senator Lina. Who and how will that tiller-heir be determined, Mr. President? It cannot just be transferred, assuming that the land has been paid, and as the Gentleman said, ownership is complete and therefore the land can be alienated or transferred to another party. Are there no safeguards that the Gentleman can introduce in order that the original purpose of the law is fully protected or attained?

Senator Alvarez. Mr. President, the grantee or the recipient or the successor-in-interest to the grantee must have to be a cultivator himself, and he must have to compensate in a situation like that, if there are several heirs, the other heirs who are entitled to the legitime or to the inheritance.

Senator Lina. With regard to the provision for grantees who will be given lands in the areas relatively remote from developed settlements and who will need to be provided with assistance until the land is productive and able to support their families, the beneficiaries in the order of priority are listed down in Section 14. The lists include only those who are already in the capacity of tenants, lessees, farm workers whether regular or seasonal. The question is: Are we to understand that only lands actually under cultivation are covered by this proposal? If lands not under cultivation will not be covered, why are public lands included in the scope of this measure under Section 4?

Senator Alvarez. Mr. President, as I have told the Gentleman, that is one of the measures that we intend to introduce during the period of amendments. In the technical working group, the issue was not settled. There are many issues here that have not been put to final rest in the technical working group deliberations.

Senator Lina. When will that be introduced, Mr. President?

Senator Alvarez. During the period of amendments, Mr. President.

Senator Lina. Now if new areas, such as public agricultural lands in penal colonies not under cultivation or mineral lands are to be opened and families will be resettled thereon, what provisions will be made while they have no income and the land is under cultivation and have not yet produced the crops or the animals

are not yet marketable? Are there provisions that will also assist these families, who will venture into these not yet cultivated lands?

Senator Alvarez. Of course, these are details of administration, and we are mandating the Presidential Agrarian Reform Council in carrying out these details.

Senator Lina. Mr. President, how about on the relationship of agrarian reform to urban land reform? May we know the position of the distinguished Sponsor with respect to agricultural lands which are located within a metropolitan area, such as Metropolitan Manila, Cagayan de Oro, Cebu, Davao, Baguio, or Iligan? In these areas, there are agricultural lands still under cultivation. May we know the position of the distinguished Sponsor with regard to these agricultural lands found in metropolitan areas?

Senator Alvarez. Mr. President, in these areas, the conversion to urban land will have to undergo a process of certification. Right now, one gets the certification from a particular government office, the Urban Planning Office. I do not know the exact name. It has also to be certified by the Department of Agrarian Reform that, indeed, these lands are not suitable for agriculture but for real estate development. However, our position here is to protect the right of tenants so that it does not become an opportunity for dispossessing them from the land that they are cultivating. There may also be a necessity for declaring certain lands as agricultural, and as such may not be converted wantonly into urban development areas, so that we may reach a point where we will not have enough agricultural land, or we may not have the balance between the need for agricultural and urban lands suitably managed.

Senator Lina. Mr. President, this is, I believe, of paramount importance. We have to classify also certain land as urban land for purposes of the

Urban Land Reform Program, also enunciated in the new Constitution.

There is a rapid urbanization going on in this country, and this is not a phenomenon only peculiar to the country. It is a world-wide phenomenon; and by the year 2000, most of the people or majority of the people in the world will be living in urban centers; the same is true for our country.

Therefore, if we at this point in time will place under Agrarian Reform Program lands that can be classified as urban lands because they are found in metropolitan areas and consequently will be distributed according to the retention limit under the proposal of the Gentleman, then we will see a situation in the urban centers like Metro Manila whereby there will be no more lands suitable for parks, for greeneries which are necessary to maintain a healthy ecological balance in our urban centers.

Will the Gentleman consider such delineation or dichotomy in order to protect our urban centers or cities for the sake of the future and for our children too?

Senator Alvarez. We have no objection to that. However, let me point out that the Government or the State will not be wanting in the available authority and power necessary to be able to bring about this balance on land usage. There can be, in the future, some legislations and powers of expropriation and eminent domain, regardless of the present usage of the land which could be used.

I share the concern of the Gentleman. However, even as we shall address a very vital problem of agrarian reform and commit certain lands to the program, nothing in the future really ties us eternally to any specific usage of the land. If it should be found necessary by the State, then a reclassification can always be affected and the necessary authority of Government may be exercised to redeploy the usage

of these parcels of land even if they are currently being used for agriculture.

Senator Lina. Thank you very much, Mr. President. We are in favor of agrarian reform, but we shall be introducing the appropriate amendments during the period of amendments based on the points that we raised in this period of interpellations.

Thank you, Mr. President.

The President. The Majority Floor Leader.

Senator Mercado. Mr. President, for the second interpellation, we would like to request that Senator Laurel be recognized.

SUSPENSION OF THE SESSION

Mr. President, before the Chair recognizes Senator Laurel, can we have a short break? I move that we have a short recess.

The President. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 5:42 p.m.

RESUMPTION OF THE SESSION

At 6:12 p.m., the session was resumed.

The President. The session is resumed.

Senator Alvarez and Senator Laurel, interpellating.

Senator Enrile. Mr. President, before the distinguished Gentleman from Batangas starts his interpellation, may I just address a few questions to the distinguished Sponsor?

The President. If he so desires.

Senator Laurel. I agree, Mr. President.

The President. All right. Senator Enrile.

Senator Enrile. Thank you, Mr. President.

Mr. President, in this proposed measure, we have always been talking of agricultural lands. My question is this: Does the Gentleman's proposal

include the areas covered by fishponds now operating in Laguna Lake?

Senator Alvarez. Technically speaking, Mr. President, agricultural lands embrace fishponds as well. I think it should. I see no reason why we are embracing within agrarian reform prawn farms but with another mode of sharing.

Senator Enrile. I posed this question, Mr. President, because I know for a fact that we have many lakes in the country that are now producing agricultural products in the form of fish. Let us take the case of Laguna Lake, the lakes in San Pablo, the lakes in Naujan, Mindoro, even lake Sebu in Lake Mainit in Surigao del Norte, and the Liguasan Marsh in Maguindanao. I wonder whether the proposed measure will cover all of these areas.

Senator Alvarez. Mr. President, in the discussion of this bill within the Committee, that was discussed. But the attention of the Committee was focused on aquaculture in the prawn-farm area because the concern there was whether there would be fragmentation distribution of this prawn-farm area similar as in the word "agriculture". However, there has not been much focus on those vast lake areas that he has mentioned.

Senator Enrile. I raised this question, because, for those fishermen who are now earning their livelihood from occupying certain areas of these lakes, both small fishermen and large-fishing organizations, it would be rather unfair first, if we do not include the large-fishing organizations occupying these natural resources which are really agricultural in nature. And for the small fishermen, it would also be an undue advantage to them to have a livelihood in these agricultural areas, and at the same time, be given free land or a portion of the dry lands as contemplated in the proposed measure. I am just posing this question for the consideration of the distinguished Sponsor.

Thank you, Mr. President.

Senator Alvarez. Thank you, Mr. President.

The President. Senator Laurel.

Senator Laurel. Mr. President, I would like to propound just a few questions to the distinguished Sponsor of this bill.

In the Gentleman's bill, Mr. President, he has a definition of the beneficiaries who are entitled to the agrarian reform program that he is sponsoring on the floor. I would like to ask if people who are there tilling the soil through tolerance or sufferance of the owner are considered beneficiaries under the bill of the distinguished Senator.

Senator Alvarez. Mr. President, as enunciated in the Constitution, if they are landless and they do not own land that exceeds or measures up to the ceiling for the beneficiaries, they could be considered beneficiaries.

Senator Laurel. In other words, Mr. President, here is a case of a landowner who has a piece of land in a province. And through tolerance, he just allows people to use the property. He does not get anything from it; he does not till the property himself; it is not idle because it is being used by other people, and he suffers the situation just probably out of a feeling of humanity for the poor people, some of whom he knows, but their number seems to increase from year to year. Is everyone on that land, working on the property without any special arrangement, qualified to be beneficiaries under the proposed bill?

Senator Alvarez. Yes, Mr. President, it is one situation where we see the hard side of the law; but that is the law. That may have to be the public policy, because, as the social policy which one has to carry out in this program, there will be those who will suffer the consequences of it, even men with good heart who tolerate the occupancy of the land for no favor or economic benefit.

Senator Laurel. I am in favor of the thrust of this bill, Mr. President. I just want to call attention to which is a basic provision on agrarian reform. Section 4 reads:

The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till . . .

Then, there is an "or"

. . . or, in the case of other farmworkers, to receive a just share of the fruits thereof.

In other words, the State is mandated to undertake an Agrarian Reform Program founded on the right of farmers and regular farmworkers—only "farmers and regular farmworkers"—that is the wording of the provision; meaning, all those who are not farmers and regular farmworkers are merely entitled to receive a just share of the fruits thereof.

Under the bill, Mr. President, are the following beneficiaries: regular farmworkers, casual farmworkers, and then seasonal workers. The latter two are not beneficiaries under the Constitution because they fall under the latter part of Section 4.

My question, Mr. President, is: Can Congress pass a law that would go beyond this mandate? Because the mandate is quite clear that the State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers only. And in the case of those who are not such, the State is mandated to provide merely for their just share of the fruits of their labor.

I am just wondering whether the distinguished Sponsor has considered that constitutional provision. I am in favor of everybody getting as much as he can as long as the State can provide. That is my personal feeling, Mr. President. But here is a mandate and the Con-

stitution is our bible. It is something to think about.

May I now go to another point, Mr. President.

Senator Alvarez. Mr. President, in pursuit of this provision of the Constitution, we have as much as possible adhered to the principle of the distribution of land to the tillers, and if we proceed further on this provision, Section 4 which says:

To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities, retention limits as Congress may prescribe, taking into account the ecological development of equity consideration.

We feel that the provision is liberal and broad enough to enable anybody who tills the land to be part of the land distribution program, when and if there is land available for distribution.

Senator Laurel. Mr. President, I would like to pursue that point. I would like to ask whether a mechanic working once in a while in a farm would be considered a beneficiary under the bill. Would a mechanic who drives the truck, or who fixes the truck when it gets out of order, be considered a beneficiary?

Senator Alvarez. Mr. President, if we contemplate the situation of an agribusiness where the mechanic is an integral part of the total farm operation, he could be entitled as a beneficiary to own indirectly a portion of the farm if the farm should, as a collective, be part of the Agrarian Reform Program. If this is the situation contemplated by the Gentleman where perhaps the land is a proprietorship and the mechanic occasionally goes to the land to drive a tractor for cultivating the property, will he be considered a beneficiary? I think, if there is sufficient land to distribute and the mechanic applies for it, being also an integral part of the total operation, Mr. President, then he can be considered.

Senator Laurel. How about a security guard? Would he also be entitled as a beneficiary?

Senator Alvarez. In a particular case like that, since his relationship with the agricultural enterprise may be too far remote, I do not think he is considered an agricultural worker. I am sure that his regular employment is that of security guard, neither seasonal worker nor regular farmworker.

Senator Laurel. The bill defines a farmworker as a farm laborer in an activity devoted to agriculture. I would like to find out if, as defined this would include a security guard or a mechanic, a handyman or an assistant driver or the one who loads the sugar cane on a truck or even the one who gathers the sap of the rubber in a rubber plantation or who treats the saps collected to prevent it from spoiling.

Senator Alvarez. Conceivably, those kinds of activities are directly linked to the production mode of agriculture, Mr. President.

Senator Laurel. Should the farmworker, Mr. President, be directly involved in an activity devoted to agriculture?

Senator Laurel. If the distinguished Gentleman is talking of a security guard, he is already posing a situation of an agricultural enterprise of more or less widespread and sophisticated magnitude. In situations like those, the opportunity may still be availed of for the collective ownership of the land, or perhaps even the sharing of the fruits. These modes of benefitting the workers can also accrue perhaps even to a security guard who is an integral part of the total farm operation.

Senator Laurel. Mr. President, would not the definition of farmworker here include so many people within the farm or agri-business enterprise and even people outside of it? It could, really, the way I read it.

Senator Alvarez. Mr. President, while it is true we can be very liberal in the application of

these rules, we do not really want to reduce the application of the rule to absurdity where anybody who is remotely related to the operation would be considered a beneficiary.

Senator Laurel. That is why I started with the citation of Section 4 of Article XIII which mandates the State to enact an Agrarian Reform Program but only with respect to farmers and regular workers. Because, really, to interpret it otherwise could lead to even some absurdities, as stated by the distinguished Sponsor of the bill.

May I now move on to another point. That is with respect to just compensation, which has been touched already in previous interpellations. I would like to go further because this is very important.

It says here in the bill "subject to payment of just compensation," I am just wondering, whether the term "just compensation" has the same meaning as the same term "just compensation" that is used in the Bill of Rights "that private property shall not be taken for public use without just compensation."

If the answer is, "yes, it has the same meaning," then I think we have to refer to established jurisprudence which holds that trust compensation cannot be left to the assessor where the owner fails to register or to accept an officer. The determination of just compensation cannot be left to the assessor even in a case where the owner somehow places in the registration form a value that is low. In a case where a landowner has declared a low value for his property, and then after a while the Government expropriates or places his property under the Comprehensive Agrarian Reform Program, can he submit a new value that is more in keeping with the current market value? If the answer is "yes," I think it has the same meaning. Then I think we will have to follow the same interpretation, the understanding, and the meaning even of the

term "just compensation" is not a matter for any administrative official, not even the Presidential Agrarian Reform Council, nor even the assessor to decide for the matter belongs to the courts. That is my only point, Mr. President.

Probably, this is something that has to be looked into. And I am making this interpellation by way merely of a suggestion and without any intention, to question even the sense of urgency of this particular bill. I believe in it. But I think it should be subjected to as much scrutiny as possible to make it a law that is unassailable enough for any questioning later in a court of law.

Senator Alvarez. Mr. President, may I give my views on this? We did inquire into the jurisprudence of this. There is a view that just compensation is fair market value. Therefore, fair market value was established. Jurisprudence is a judicial or discussible matter.

However, this is a social legislation. It partakes of certain authority of the State to regulate property. The attempt of the Government to offer just compensation is an effort as much as possible to proximate what is fair market value.

I think, when the assessment is made, that is when the State authority steps in and the assessment is made when the landowner does not cooperate.

However, in the approximation of the total valuation, the party is not inhibited from reaching out to the courts for a settlement of what he may perceive to be a just compensation.

Senator Laurel. Yes, Mr. President. I would like to make reference to a decision of the Supreme Court in the *Export Processing Zone Authority vs. Dulay*, where the Court struck down Presidential Decree No. 1533 as unconstitutional for two basic reasons. Said case declared in very clear terms that the determination of just compensation is a judicial function and, second,

that the owner shall be given the opportunity to prove the real value of the land. Otherwise, it violates the due process clause of the Constitution. That is something to be studied.

The President. May the Chair know what Constitution that case was decided.

Senator Laurel. This was decided Excuse me.

Senator Alvarez. The fair market value doctrines were settled mostly under the 1935 Constitution. That is why we are confident that with the new mandates, especially the mandates on even massive intervention on the use and disposition of property under this new Constitution, the jurisprudence could turn out to be different.

Senator Laurel. At any rate, I am inclined to concur with the position that the determination of just compensation falls under the domain of the courts of justice for the simple reason that there is no distinction between the just compensation as contained or written in the Bill of Rights and the pertinent section of the Constitution with respect to Agrarian Reform. The debates in the Constitutional Commission state quite clearly, Mr. President, that just compensation has meaning as expropriation through eminent domain, and the determination of just compensation is a matter that cannot be left to the assessor, as stated in this bill.

This is something I just raised for purposes of verification, Mr. President.

May I come to another point, Mr. President.

In Section 10 of the bill, page 13, Presidential Agrarian Reform Council is given the authority to adopt other modes of payment. In other words, the bill itself states the modes of payment to an owner whose land has been subjected under the Comprehensive Agrarian Reform Program. This Section 10(b) provides that the

Presidential Agrarian Reform Council may adopt other measures of payment to the landowner. This might raise the question of undue delegation of power and I was wondering whether the good Sponsor has considered that point. The law provides that the Presidential Agrarian Reform Council may prescribe and/or approve other modes of payment by the Government. Is that not undue delegation of legislative power? What is the standard? What is the limit of this grant?

This is for the purpose of merely suggesting a closer study of that particular provision.

Another point is Section 13(2) of the bill which pertains to collective ownership

Senator Alvarez. Mr. President, can we comment on the previous statement of the Gentleman?

The President. Yes.

Senator Laurel. Oh, I am sorry.

Senator Alvarez. This portion during the deliberations had in mind swaps of property, if this should be arranged by the government. There are certain properties which former landowners want to exchange for government properties. But, of course, the principal mode of payment is as provided. This will have to be undertaken only with the full consent of the parties. In other words, this mode of payment will have to be negotiated. It is not necessarily the mandatory mode of payment as we have provided in Section 10(b).

Senator Laurel. Probably, Mr. President, this needs a little refinement in order to get away from the charge of undue delegation of legislative power.

Senator Alvarez. I have no objection, Mr. President, to make the provision more vigorous.

Senator Laurel. Thank you. Now there is also a provision in this bill relative to collective ownership. In other words, a piece of land being parcelled out may not be productive, but to

maintain the productivity of the land, the property is separated, given or turned over either to a cooperative or collective ownership. I would just like to raise this point. The proposed legislation provides for collective ownership when the subdivision of a covered land will negate its usefulness or profitability. One of the modes given how to do it is through co-ownership. I think our general law frowns upon co-ownership, so that at any time a co-owner may ask for partition or separation. Now I would like to ask the good Sponsor of the bill what will happen in such a case when a co-owner comes forward and says, "I would like my piece of land to be separated from the collective ownership." And that same right apparently is encouraged under our Civil Code.

Senator Lina. Mr. President, we are setting here public policy. The intent of the Agrarian Reform Law is to improve the condition of the farmers. That is why we take cognizance of the fact that if certain economies of scale would be broken and would redound to the disadvantage of the farmers, we have to keep intact that economy of scale. Pursuant to that logic, the individual co-owners in that kind of relationship in production will just have to subordinate the individual interest to the bigger collective interest. I do not conceive of a situation of co-ownership where he will have the absolute right to demand the dismemberment precisely of the collective which protects the interest of the other members of the group.

Senator Laurel. Under the general law, a co-owner may ask for partition at any time subject to a very few exceptions. My question is what happens now if a co-owner comes forward and says, "I would like to get out of that collective ownership." Is there any provision in the bill which says he may not? In the first place, can we prevent anyone from taking such a step?

Senator Lina. In pursuit of certain public policy, I believe so. Yes, Mr. President.

Senator Laurel. Then, relative to Section 16 of the bill which, I think is on transferability. The last sentence of the bill says, and I quote:

If the land is not yet fully paid for, the rights to the land may either be assigned or transferred by the beneficiary to any heir, immediate farm household or other qualified beneficiary with due notice to Department of Agrarian Reform.

I am just wondering whether "any heir" means intestate force or voluntary heir, Number 1. Number 2, could any heir who has already been an original awardee, shall we say, still claim if he has less than the minimum that we fixed or agreed upon here as far as retention limits is concerned? Because if we say "any heir," may I, as a land owner, execute a will now and designate one of my relatives or a group of relatives to be my heir to the land I possess and covered by Comprehensive Agrarian Reform Program?

Thank you.

The President. The Chair would like to find out: is it only the rights that are transferred or the rights together with the corresponding obligations?

Senator Alvarez. I think the President is right, it should be with the corresponding obligations.

The President. That makes it a little different.

Senator Laurel. With respect to the point raised by the President, I agree that obligations are included. As a matter of fact, I would like to ask the distinguished Sponsor whether in case where the full payment has not been made by an awardee or beneficiary, in a case where the bank forecloses on that property, does the foreclosing bank receive the land in the concept of owner? I ask because the bill provides for title being awarded to the bank or financing institution. In such a case where the land has not been paid

for by the beneficiary, and the bank has loaned out to him a certain amount, who defaults? Can the bank sell to anybody? I mean, the bank has to assume the rights of the beneficiary together with the obligations. I would like to ask the question whether the bank can sell that property to anybody who participates in the payment. Because it has five years to hold that property and to dispose of it under our law.

So in a bidding, can the bank, which has foreclosed a piece of property and assumed the corresponding obligations, sell that property to the highest bidder?

Senator Alvarez. Obviously, the one who will be the successor-in-interest will have to qualify; otherwise, we will defeat the very provision and the general intention of the law which is the redistributive allocation of scarce, limited agriculture land.

Senator Laurel. In other words, are we amending now our banking laws? Because there are serious consequences, Mr. President. A bank loans or lends money on the security of a piece of property that is subject to CARP, but the bank will not get any title or right. Even if it gets the title, it will be so limited that no bank, will lend out money on a collateral covered by CARP. Probably, that is another point that might have to be studied.

Senator Alvarez. It will definitely have some impact on the commercial behavior of the bank. They may have to protect their interest, and naturally, the definition which will be set on the limitations of property under this legislation will also decide the relationship that the banks will establish with its market or clientele.

Senator Laurel. Probably, we should define what is the character of the ownership of the bank that forecloses on the property. Is the foreclosing bank subject to retention limit under this bill?

Senator Alvarez. I am sure, Mr. President, there are endless instances where the courts may be called upon to interpret the provisions of this bill as we pursue the ends of this social legislation.

Senator Laurel. Thank you. During the five year period that a bank may hold the property, may it recover the property? In other words, may it, under the bill, convert from one crop to another to make it more profitable?

Senator Alvarez. That contingency, Mr. President, which is a by-product of the Gentleman's creative inquiry, has not been anticipated in the bill. I am sure there are many more instances for fertile imagining that will not be anticipated by this bill or any bill for that matter. The possibilities in nature and in human relationship are so infinite that no legislation will have the sufficient wisdom to embrace all of them. However, it is always good that we are able to inquire into it to see, perhaps, the infirmities of our proposed legislation. I am beginning to see that, indeed, the inquiries of the Gentleman may help strengthen this at the appropriate time for amendment.

Senator Laurel. It is in that spirit, that I am propounding some of the questions here. I would like to go to Chapter 6 of the bill, on page 18, relative to another matter, and that is the Presidential Agrarian Reform Council which will be composed of 17 members, with the President no less as *ex-officio* Chairman. Then all of the members practically are department secretaries. The one that I noticed here who is not a department secretary and may be drawn from. . .

Senator Alvarez. President of the Land Bank.

Senator Laurel. Yes, President of the Land Bank, and the secretary-general.

What I would like to ask is: Is the secretary-general appointed? Who designates the secre-

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tary-general, Mr. President? He is a very important person, I understand, in this setup.

It just says here that the Presidential Agrarian Reform Council is hereby created. I was just wondering who appoints the members. In the case of the secretary-general, I was wondering whether the confirmation by the Commission on Appointments is provided for.

Senator Alvarez. Mr. President, the Gentleman was racing fast through the bill, but we have in Section 24 the coverage for his inquiries. Of course, we have not indicated whether — perhaps, we would want to indicate that — he is going to be confirmed by the Commission on Appointments.

I hope the Gentleman is satisfied. We are in Section 24.

Senator Laurel. In Section 23, Mr. President, on page 20 of the bill, I am counting the members of the Executive Committee of the Presidential Agrarian Reform Council. There are six members. I am just wondering why it is an even number; usually, it is an odd number. The idea in an odd-number committee is to prevent deadlock. I am just wondering whether there was special intention to name six members only of the Executive Committee of the PARC.

Senator Alvarez. Mr. President, what we took into account here is the presence of those institutions and agencies that have relatively more important impact on the implementation of the program. We have not provided for these institutions and anticipated the deadlock. But taking into account that it is a presidential arm almost, we do not contemplate that the deadlocks are such that they will not be settled with the intervention of the President because these are her Cabinet Secretaries. These are not really independent men and women like Senators, who could not be budged from their assumed positions. I imagine the way that decisions will be arrived at here is, more or less,

like a consensus; and when difficult issues are arrived at, consensus would be developed further on until some kind of a general agreement is achieved. But if the Gentleman will have a remedial proposal to make the number odd, this Representation will not find it difficult to follow by the directions of the worthy Gentleman from Batangas.

Senator Laurel. At the proper time, Mr. President, I shall make some proposals for amendments.

On page 24, I just noticed that the word "Commission" appears. I was just wondering what is this "Commission" on line 6, for instance the phrase "may appeal to the Commission"; and then on line 10, "judgment of the Commission".

Senator Alvarez. That is the Board, Mr. President.

Senator Laurel. Or is it the Labor?

Senator Alvarez. That refers to the Board.

Senator Laurel. There is no reference in the preceding sections or part of the bill. Because this is with respect to the powers of the Board, and then the term or word "Commission" appears under "contempt", paragraph (e) — "To hold any person in contempt". And so, I suppose, what follows is the appeal after somebody is declared in contempt, but here, suddenly he may "appeal to the Commission". I was just wondering, if this referred to the Labor Commission.

Senator Alvarez. This is the Agrarian Reform Adjudication Board. I think that was a clerical slip. In any case, this is the intended arena for amendment by one of the Members of this Chamber. And I am sure that in due time, this typographical slip, with the substantial proposed changes to put this and make it part of the judicial network, will not be difficult to undo.

Senator Laurel. Mr. President, I have some more questions, but I would like to give opportunity to other Colleagues of ours who might wish to continue with their interpellation which they have made reservation of, and I make the same reservation to continue with my interpellation at a later time.

Thank you very much.

Senato Mercado. Mr. President.

The President. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

SPECIAL ORDERS

Senator Mercado. Mr. President, as regards Committee Report No. 114 on Senate Bill No. 162,

AN ACT CREATING THE REGIONAL CONSULTATIVE COMMISSION, DESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES,

I move that the same be transferred to the Calendar for Special Orders as it has been certified by the President as an urgent measure.

The President. Is there any objection? [*Silence*] Hearing none, the motion is approved.

Senator Mercado. I would like to announce to the Body that we may consider tomorrow Senate Bill No. 162 on the Regional Consultative Commission.

ADJOURNMENT OF THE SESSION

Mr. President, I move that we adjourn the session until four o'clock tomorrow afternoon.

is concerned, I do not recall any request that they have submitted since June or July that we have not accommodated.

We have even accommodated the request of General Ramos that we go slow on certain legislation, like the establishment of the Philippine National Police. So we have accommodated them both ways, in terms of legislation and in terms of being very deliberate in discussing legislations which they were not in full agreement with at this time.

Senator Guingona. And yet, when the Armed Forces of the Philippines, in the view of former Secretary Ileto, does not pursue the right course and results in failure of coping with the insurgency problem, the military often says that it is not the fault of the military, that it is the fault of the civilians, and that it is the fault of the local government officials because insurgency is the concern of all. In other words, there is always a seeming whipping boy. I seem to have read, I think in the *Philippine Daily Inquirer*, where a distinguished Member of the Senate has said that the military is blackmailing the Government in many instances. I do not know if the distinguished Gentleman has read such an item.

Senator Maceda. I have read the usual colorful language of a great Member of this Chamber, Mr. President, whose views I have always respected to the highest degree, the Gentleman from Mauban, Pasig, and Pangasinan.

Senator Guingona. Does the distinguished Gentleman agree not only with the colorful language, but also with the substance of that language?

Senator Maceda. Certainly, not only with the substance of the language, Mr. President, but with the substance of the person who made the language. [*Laughter*]

Senator Guingona. We must, therefore, look not only into this colorful language but

also with the substance, not only with the substance but of the personality of he who made that substance.

Senator Maceda. By the same token, Mr. President, that is why we are looking into the substance of the bodies in uniform that have been making these particular statements these last few days related to the substance of the language of the Constitution of civilian supremacy over military.

That is, in that context, why this is a very critical matter that must be discussed over and over again, no matter how often, until we finally get a definitive resolution that the substance of these bodies in uniform does accept that martial law and any form of it has been banished from this land, and should not be resurrected again in any form.

Senator Guingona. Mr. President, there is supposedly a counterinsurgency policy. But may we know from the distinguished Chairman of the Committee on National Defense and Security whether there is a policy on loose firearms. Because this has resulted, not only in killings but in the dreaded fear that those who abide by the law are the ones who do not have firearms, and those who do not abide by the law — those who are insurgents, those who are bandits, those who are bank robbers — are the ones who have the guns and the bullets.

Therefore, in this dreaded society, the loose firearms are proliferating. Does the Armed Forces of the Philippine have a policy on how to resolve or stem these firearms' proliferation?

Senator Maceda. Well, in all their briefings and reports, they always report about the number of firearms that they have seized or confiscated or captured for the period. But certainly, for 1986-1987, if my figures are still correct, I do not think they went over 10,000 firearms. I remember that after the declaration of martial law by Mr. Marcos in Septem-

ber 1972, within three months, they collected over 500,000 firearms at that time.

This is really a problem. It seems that up to now, the military has not found the right solution. Of course, the question of smuggling and the question of landings are there.

As many of us in this Chamber know, if one wants to buy a firearm whether it is an UZI or a pistol, he just asks around and somebody will come to sell him an UZI. Of course, it has gone up to ₱60,000 or ₱70,000 now. And, the trade in firearms seems to be flourishing more than ever.

Senator Guingona. So, with the budget of ₱14 billion, there is no clear-cut policy on how to stem the tide of firearms proliferation or how to get back the firearms that are illegally in the hands of many?

Senator Maceda. Well, there is supposed to be an existing policy which even allows them to buy from their present budget firearms that are voluntarily offered for surrender or for sale to the Government. Of course, as I said, there has been a policy that they must go all-out in ferreting and confiscating loose firearms; but what I am saying is: the implementation apparently has not been outstandingly successful, to say the least, up to this point and time.

Senator Guingona. The policy of purchasing loose firearms, Mr. President, is unrealistic because the price offered is less than 50 percent of the going rate, and I think the same has not been at all successful; the people who hold on to the firearms will not part with their possession at that rate. So, could we interest the distinguished Chairman of the Committee on National Defense to please help formulate a more realistic policy, and also to look into the black-mail situation, so that for every statement that responsible officials of the Armed Forces make we will react accordingly and knowingly?

Thank you, Mr. President.

Senator Maceda. Well, we would like to invite the Gentleman and all the others to attend tomorrow's meeting of the Committee on National Defense and Security. It should be an interesting meeting. Secretary Ramos has confirmed his appearance; and as of yesterday, former Secretary Ileta also confirmed his appearance. That is at nine o'clock tomorrow morning.

The President. The Majority Floor Leader.

BILL ON SECOND READING
Senate Bill No. 249 – Comprehensive Agrarian
Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we resume consideration of Senate Bill No. 249 as reported out under Committee Report No. 103.

The President. Resumption of consideration of Senate Bill No. 249 is now in order.

Senator Mercado. Mr. President, we are still in the period of interpellations; and on the floor, before we suspended consideration of this measure, were the Sponsor and Senator Laurel. I move that we recognize them both.

The President. Senator Alvarez and Senator Laurel are recognized.

Senator Laurel. Mr. President, by way of continuation of my interpellation of the distinguished Sponsor of the pending Senate Bill No. 249, embodied in Committee Report No. 103, with his permission and with the permission of the Chair, I would like to concentrate on Section 4 of Article XIII of the Constitution. This section, in my opinion, is the chief provision that governs agrarian and natural resources reform embodied in the bill under consideration, taken in the light of Section 1 of Article XIII which says that the Congress shall give the highest priority to the enactment of measures that protect and enhance the right

of the people to human dignity, reduce social, economic and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good. Another very pertinent provision is Section 1 which is contained in the National Economy and Patrimony provision of the Constitution. Section 1 of said Article XII provides:

The goals of national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raise the quality of life for all, especially the underprivileged.

I cited those two principal provisions just to emphasize the fact that this particular provision on Agrarian Reform and other natural resources reform is merely the instrument, the means to attain the basic objectives contained in the last two articles I have mentioned.

So I will concentrate, I said, Mr. President, on Section 4 of Article XIII, Agrarian and Natural Resources Reform. I would like, Mr. President, at this stage of my interpellation, to go back to the words or term "just compensation" because that term, as I said last night has the same meaning as the term "just compensation" used in the Bill of Rights which says: "private property shall not be taken for public use without just compensation." And I referred, Mr. President, not only to the case of *Export Processing Zone Authority versus Dulay*, but also to the pertinent proceedings of the Constitutional Convention on the very topic of just compensation.

I have here in my possession, Mr. President, the case of *EPZA versus Dulay*. This is a decision rendered by the Supreme Court in April 1987. In that case, the only question was this: In an expropriation case, private property, the Bill of Rights provides, cannot be taken for public

use without just compensation. It is also said here that in determining just compensation for a property in an expropriation case the only basis should be its market value as declared by the owner or as determined by the assessor, whichever is lower. That was the only issue. A certain presidential decree issued during the time of the previous regime, provided that the assessor's determination shall be final, if it is lower. And I think it is the very thing that is at issue in this interpellation.

Last night also I presented, whether the good Gentleman, the Sponsor of the bill, has considered "just compensation," which is the term he has used here for the purpose of compensating a landowner, as the same "just compensation" that is provided for in the Bill of Rights. Just to settle the matter aright, I secured this copy, Mr. President, for the information of the Chamber. This is the majority opinion, Mr. President, and I quote:

The method of ascertaining just compensation under the aforesaid decree constitutes impermissible encroachment on judicial prerogatives. It tends to render this Court —

meaning, the Supreme Court —

inutile in a matter which under the Constitution is reserved to it for final determination.

It is also said in another part, and I quote, Mr. President:

It is violative of due process to deny to the owner the opportunity to prove that the valuation in the tax document is unfair or wrong.

And I quote another portion, Mr. President:

Just compensation means the value of the property at the time of the taking.

Not even at the time of declaration in the registry as contained in the bill because the time of expropriation may come later after the date of registration by the owner. It is the time of the expropriation itself that is the determinative

period when fair market value or just compensation shall be decisive.

Further, Mr. President, I was able to dig up the pertinent proceedings of the 1986 Constitutional Commission when this very issue was being discussed, and I quote, Mr. President, first, the statement of Father Bernas on the matter of just compensation:

My thinking is that there is no incompatibility between what the Bill of Rights says and what this provision says when it defines compensation as a fair and progressive system.

And then, the statement of former Chief Justice Roberto Concepcion which I quote:

I think that the thrust of the amendment of Commissioner Bernas is that the term "just compensation" is used in several parts of the Constitution, and therefore, it must have a uniform meaning. It cannot have in one part a meaning different from that which appears in the other portion. If after all, the party whose property is taken will receive the real value of the property on just compensation, that is good enough. Any other qualification will lead to the impression that something else other than that meaning of "just compensation" is used in other parts of the Constitution.

And I would like to call attention, Mr. President, to the fact that there was a time in the Constitutional Commission when the word "progressive" was being introduced as an adjective to describe just compensation. "Progressive just compensation" was the wording contained in an amendment. The word "progressive" was rejected, Mr. President, when submitted on the floor for consideration. So, Mr. President, the term "just compensation" was adopted in the Constitutional Convention, the same term as used in the Bill of Rights. And that means just compensation has to be determined by the Supreme Court, by our Court of Justice; and second, that there must be a hearing, an oppor-

tunity for the owner to prove exactly the just compensation.

Now, Mr. President, I was just wondering if this had been considered by the Committee and by the Sponsor of the bill under consideration.

Senator Alvarez. Mr. President, that has been extensively the subject of inquiry both by this Representation and by the technical working group that finally came to draft this proposed Committee bill. I think that the fair understanding of just compensation is fair compensation, as alluded to by the Gentleman. We have felt initially that the just compensation referred to here is social compensation or an approximation of what is just and fair compensation. However, considering the citations pointed out by the Gentleman, I think it has been the consensus that just compensation is fair compensation according to the jurisprudence which the Gentleman has pointed out. I see no reason why the judicial process, as alluded to by the Gentleman to finally determine just compensation, will not likewise be a measuring rod in cases where there are disputed levels of compensation under the bill.

Senator Laurel. Thank you very much. The only other observation I would like to make in that regard is that there is no expressed provision in the bill providing for appeal. It is silent. I assume it can be done even if the bill is silent. But I suppose to avoid any misinterpretation in case an appeal is submitted, a provision for appeal should be inclined. When the proper time comes, a provision for appeal could probably be introduced.

Thank you very much.

Now, the same Section IV, and I mentioned this but not clearly enough, has this provision which says:

The State shall by law undertake an agrarian reform founded on the right of farmers and

regular farm workers who are landless to own directly or collectively the land they till . . .

and then the word "or" immediately follows:

or in the case of other farm workers to receive a just share of the fruits thereof.

In other words, as I said last night, Mr. President, this "or" is a very important word because the meaning of "or", as it is followed by the phrase "in the case of other farm workers" means that those who follow after the word "or" do not fall under the first category. It further means that if they are other than farmers and regular farm workers they are not entitled to the land they do not till, but only the farmers and the regular farm workers. So that if they are casual workers or workers in something incidental to the operation of the enterprise, then under this Section IV, Article 13 of the Constitution they are not beneficiaries and they are not entitled to the land. What are they entitled to, Mr. President? They would be entitled only to a just share of the fruits thereof.

Regarding this provision, Mr. President, I would like to ask about the sharing of the fruits of the land. Is it true, Mr. President, that the bill in Section 18 and Section 19 on pages 16 and 17, respectively, takes care of production sharing, as it says? So here, workers who are not farmers, and regular farm workers who are called "other farm workers," by this provision of the Constitution, may be given their just share of the fruits of production, and this is the attempt to fulfill that particular provision of the Constitution. How? Through production sharing. I think the purpose of the bill is embodied in this particular provision to satisfy that mandate of the Constitution. Is it true, Mr. President, that the purpose of Section 18 here is largely to satisfy the mandate of the Constitution, in the case of other farm workers, to receive a just share of the fruits thereof?

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Senator Alvarez. Yes, Mr. President.

Senator Laurel. If that is so, Mr. President, may I ask the distinguished Sponsor how he arrived at the share of at least three per cent of gross sales?

Senator Alvarez. This is a recommended level after a study by the technical working group and borne out of the hearings that we had here. We took in testimonies from many expert witnesses, and the technical working group had recommended that level. There was a suggestion from 2.5 percent; there was a suggestion for two percent. We have recommended here three percent.

Senator Laurel. Mr. President, does this mean that the share of the other farm workers would depend upon their number? So that if there were ten other workers — the Constitution says other farm workers — then their share would be much bigger; whereas, if there were 1,000 of them or 100, their share would be much smaller, is that correct, Mr. President?

Senator Alvarez. This does not depend on categorical number of workers, Mr. President. This is based on the gross.

Senator Laurel. No. But even three per cent of the gross has to be divided. That is the share of the workers. Let us assume three percent of one million, which is the gross income of the enterprise. Three per cent of one million is 30,000. Thirty thousand divided by 100 people — other farm workers — would be about 300.

Senator Alvarez. Anyway, it should not be more than 100 per cent of the regular annual compensation of the farm workers.

Senator Laurel. And if there were only five — and there are cases where there are only five because it is a highly mechanized and high technology operation, 30,000 divided by five, not too bad, 6000. But if there were 100, their shares will be too small. I do not know

that that is the purpose of this provision of the Constitution. Neither does Section 18 adequately comply or satisfy the spirit and purpose and letter of the Constitution. I think we should take into consideration the number of workers aside from the kind of work they discharge.

Mr. President, may I now go to Section 19 on page 17 — “*Employees Stock Ownership Incentive Plans.*” Mr. President, this, I think, applies to cases where the enterprise is owned by the operator, and that is, an incentive plan for the employees. What kind of incentive? Provide them with the opportunity to subscribe to shares of stock in the enterprise.

Now, I am just wondering, Mr. President, what really is the meaning of the last sentence of Section 9 paragraph 1. I will read the entire paragraph 1:

Where the ratio of the land value to total assets is LESS THAN 51%, the corporate landowner shall devise a stock distribution scheme to enable the qualified beneficiaries to earn dividends either individually or collectively.

Then, and this is the last sentence:

Such stock distribution shall be to the extent of the market value of the land at the time of acquisition.

I would like to ask the distinguished Gentleman, Mr. President. Why is it that the stock distribution shall be to the extent of the market value of the land at the time of acquisition? Hindi po ba malulugi o agrabiyado ang worker?

Senator Alvarez. Nagtanong po ako roon sa mga member ng technical committee upang linawin ang aking pagkakaunawa rito, sapagkat magiging balintuna ang magiging labas nito, katulad ng pag-uusap nating kung we will mean this to be the book value or the value that the land has been paid for when it was in its raw form. It seems that the intendment of this

provision is at the time of the acquisition by the beneficiary, so that it will not bring about, precisely, the consequences that the Gentleman has anticipated, namely, that the ratio or the intended equity which we have wanted to provide for the worker in the sharing system will really be protected. So, it is the time of the acquisition by the beneficiary.

Senator Laurel. It is fairer.

Senator Alvarez. It sounds fairer, Mr. President. I think, that should answer the Gentleman's concern for the working class in this social legislation.

Senator Laurel. The meaning, Mr. President, is that the good Sponsor agrees with me that it would be fairer to the farm workers to be allowed to subscribe to shares of stock to the extent of the value of the land at the time of their subscription. The simple reason is that the value of the enterprise — machinery, production technology — the value of all those things go up. And the value of land should also go up. But here, it is being kept at a fixed level so that if the poor worker would be able to subscribe only to a few shares even if he could afford to buy more at the time of declaration of dividend, naturally, because he has fewer shares, the shares to be turned over to him for sale will naturally be less, because it is pegged to the value of the land at the time of acquisition. So that at the time of acquisition the cost of one hectare of land was ₱1; now, it is ₱50,000. His shareholdings will be limited to the value of ₱1 per hectare. That is unfair. And after all, whatever dividends he will get as a stockholder will depend upon the number of these shareholdings.

Thank you, Mr. President.

Senator Alvarez. We are grateful to the observations of the Gentleman from Batangas over the seemingly innocuous details, but we have very far-reaching impact on the imple-

mentation of this program, Mr. President.

May we furnish the information from the initial inquiry of the Gentleman that in fact there is judicial appeal for questions of fact in law as provided in this bill. So ultimately we may be able to satisfy the Gentleman on the question of just compensation, because the matter of judicial appeal is provided for in questions and fact in law in the bill.

Senator Laurel. Now, I just would like to go to the last sentence of Section 4. It reads:

In determining retention limits, the State shall respect the right of small landowners.

Could the Sponsor of the bill enlighten this Representation as to the meaning of small landowners? How small is small?

Senator Alvarez. Mr. President, the Gentleman has come upon another issue which has been the interesting subject of disposition, not only by this Representation when we were preparing to address the problem on this bill but also in the Committee because, really, there is no hard definition of "small." There have been a series of decisions which suggest that 24 hectares and below may be considered small landholdings. However, that even did not categorically state that 24 hectares and below is small landholding. The Constitution had provided that the grant for public domain is not more than 12 hectares. So it seems to point to the direction of a smaller perception of what is small landholding.

However, in previous decisions on the problem of what is small, it seems that, qualitatively speaking, what they meant by small landowners are middle-class landholders in the countryside. And what would be the middle-class landholder, Mr. President, again, they did not provide us with very clear-cut guidelines on this. A middle-class landholding will depend on the soil and the climate, and that such landholding will afford a decent level of living for

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the middle-class in the countryside.

It seems, Mr. President, that this matter of small landholding or small landholder is something that we will have to provide with finality in this Chamber. However, this Proponent felt that what is "small" can be guided by certain indicators. And I go by the indicators which we have previously referred to in certain cases which is small — anything that is less than 24 hectares or currently as provided in the Constitution, small holder in the vicinity of 12 hectares.

Senator Laurel. Well, I would just like to make mention of a certain figure I came across. This Representation, Mr. President, has been told that about 68 percent of our people own three hectares and less. I do not know if that is correct — 68 percent. And that about 32 percent own more than that, more than 3.5 hectares, not necessarily 1000 hectares. It might be 3.5, 3.8, maybe, four, five, or six hectares.

Now, I was wondering whether the bill has considered that particular fact for statistics in the setting of the retention limit or the area to be awarded to beneficiaries.

Senator Alvarez. Yes, Mr. President, we have considered the many dimensions that have been alluded to, not only the specific jurisprudence on specific cases. The case, incidentally, which we had cited was the *Gonzales versus GSIS* which pointed out that small landholdings is meant 24 hectares and less than 24 hectares. However, it does not give us in very specific terms what is really "small landholdings" because, in antecedent decisions, "small landholdings" is that which sustains the middle class in the countryside. But what sustains the middle class in the countryside is determined by certain diverse conditions here. Even the fertility of the soil is cited.

So that, when we say "small" I think, finally, "small" will be left to the perception

of this Chamber, considering these landmarks left to us.

I am guided by the provisions of the Constitution when it says that the ceiling for the grant of public land is 12 hectares, not more; and, of course, plus court decisions making references or allusions to the size of 24 hectares and below, as small landholder.

The numbers mentioned or the statistics cited by the Gentleman from Batangas as the preponderance of very small landholdings is true. But then, Mr. President, we are not talking of small landholdings. We are really talking of a very small and very numerous landholdings in the countryside.

Senator Laurel. Thank you, Mr. President. Now, may I ask a few more questions that I think are basic also: I think in the Gentleman's bill, Mr. President, in Section 37 thereof, there is a provision to the effect that a special fund to be known as the "Agrarian Reform Fund" with an initial amount of ₱50 billion is to be appropriated from all proceeds of the receipts of the sale of assets of the Asset Privatization Trust, and all receipts from assets recovered through the Presidential Commission on Good Government. Now, does this mean, Mr. President, that there will be no need of any appropriation for this agrarian program of the good Sponsor, once approved?

Senator Alvarez. No, Mr. President, on the contrary, this is a start of fund. We would like to see this program take off to a good start and we have taken government calculations on the capacity of our economy to provide for this reserve. As a matter of fact, the said funds, which are intended to be the initial start of fund which we called the Reform Fund or the Trust Fund, have been, to the judgment of the agencies who will accumulate this, achievable.

This is only an initial fund, Mr. President. We did have extensive funding and financing

studies of this. Definitely, ₱50 billion will not be sufficient to cover the entire program.

Senator Laurel. In other words, all this money, ₱50 billion, will not be appropriated by the Government because it is earmarked directly for the CARP. May I ask, if that is so, Mr. President, if that would not violate the provisions of the Constitution which mandate that the State shall assign the highest budgetary priority to education? That is a mandate, Mr. President, contained in paragraph 5 of Section 5 of Article XIV. Would that not in effect be a circumvention of the constitutional provision that the highest priority in the budget shall be given to education?

Senator Alvarez. Well, Mr. President, if land reform becomes the central concern for social reform, I do not think it must be or could be interpreted in collision with the usual budgetary operations of Government. That particular mandate could most likely refer to the regular appropriations that we do to the normal and regular operations and functions of Government. Land reform or agrarian reform, which is perhaps historic and could never be interpreted as a regular ongoing annual budgetary allocation, may not be in collision with this constitutional mandate. Of course, the budget for education for this year which is ₱13 billion, will have always priority over military, over tourism, over agriculture, which are the basic operational concerns of the Government.

Senator Laurel. I have my doubts, Mr. President, whether that would be enough justification to violate or to sidetrack the mandate of the Constitution with respect to its preference to give the highest budgetary allocation to education.

Senator Alvarez. From a point of view of looking at the constitutional mandate, Mr. President, I am sure that the constitutional fathers, those who crafted this Constitution,

could not have meant that we arrive at some impossible solution of social problems when they, at the same breath, mandate that we carry out a comprehensive agrarian reform, and yet constrain us from fulfilling that mandate with the injunction that the necessary allocation of resources will not be obtainable precisely because there is a contrary mandate on how the normal and regular appropriations for Government should be carried out.

Senator Laurel. Mr. President, would that not also be somehow out of tune with the one-fund budgeting system that has been, I think, agreed upon in principle by both the Executive and Legislative Departments of our Government, that everything should be sourced to a general fund, and from that general fund the Legislature, more particularly, starting with the House of Representatives, should be able to determine which projects are entitled to priority?

Senator Alvarez. I do agree with the Gentleman that we are confronted with a system of prioritizing and that if and when confronted with an exceptional problem or concern for social reform, I think that the injunction of the Constitution on the highest priority to be given to education may have to yield. If we were, for instance, in state of war, even that constitutional injunction will have to yield to the exigencies providing for military or a greater military expenditure. That would be an exceptional situation, may I say, Mr. President. And here, we are confronting something similar on the social arena. It is an exceptional situation; it is a historic challenge that the Government is confronting with no less than the mandate of the Constitution. So the provision of the Constitution may have to be interpreted in that light.

Senator Laurel. Mr. President, I have a letter here from the Secretary of the Budget addressed to me as Chairman of the Committee on Govern-

ment Corporations and Public Enterprises dated January 7, 1987, with regard to my request for his opinion on a bill that seeks to revert to the General Fund all proceeds from the sale of Government assets — performing as well as non-performing — under the privatization policy of the Government. I just would like to read the pertinent portion thereof, Mr. President:

In view of the emerging agreement between the Legislative and Executive Branches that a one-fund concept in budgeting should be adopted, we recommend that Section 20 of Chapter V of Executive Order No. 229 be revised to remove the provision earmarking the APT and the PCGG proceeds solely for CARP. While we recognize the CARP as the cornerstone program of our Government strategy, there may be a need to determine the real annual funding requirements of CARP which shall guide the appropriation of expenditures in conjunction with the other spending priorities of the Government. This way, the use of the APT and the PCGG proceeds will be maximized among the competing goals of the Government and we will achieve flexibility in budgeting resources.

Mr. President, in order to afford time and opportunity for the others who might wish to interpellate or continue interpellating, I would like to close now, reserving once again another opportunity for myself to interpellate.

Senator Alvarez. Mr. President, may I express the position of this Representation that that is the opinion of the Office of the Budget and perhaps the Minister himself, seeking to clarify his responsibilities, not broaden it; but may I reiterate an opinion here that, in truth and in fact, because of the magnitude of the historic social responsibility of this reform, it cannot be considered as part of those normal processes when we undertake governmental budgetary allocations. And even the fact that we have targeted possible sources from abroad may be an indication of the depth of the need for a

special focus on the necessary resource need of this program, not to be confined to the daily routine performance of government functions and budgets.

Thank you, Mr. President, and thank you to the Gentleman from Batangas for his most perceptive observations on the bill which I am sure is very helpful in the implementation.

Senator Laurel. Thank you, Mr. President. In my interpellation, I would like just to stress once again the fact that this is a very monumental problem that we are facing, and as stated by the President in his prayer, we, here, are being pressed, but still there should be as little emotionalism as possible because, even under pressure, we should be able to raise questions just for purposes of clarification and for the purpose of finally formulating a bill that will be as good and practicable for our people.

Thank you very much.

Senator Alvarez. Thank you, Gentleman from Batangas.

SUSPENSION OF THE SESSION

Senator Mercado. Mr. President, I move for a short suspension of the session.

The President. The session is suspended, if there is no objection. [*There was none.*]

It was 5:36 p.m.

RESUMPTION OF THE SESSION

At 6:06 p.m., the session was resumed.

The President. The session is resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

BILL ON SECOND READING

Senate Bill No. 162 – Regional Consultative Commission (Continuation)

Senator Mercado. Mr. President, I move that we resume consideration of Senate Bill No. 162 as reported out under Committee Report No. 114.

The President. Resumption of consideration of Senate Bill No. 162 is now in order.

Senator Mercado. Mr. President, previously, we closed the period of interpellations. However, some Members in the Chamber have manifested their interest in interpellating the Sponsor, Senator Pimentel. I move that we reopen the period of interpellations.

The President. Senator Pimentel is recognized.

Senator Pimentel. Thank you very much, Mr. President.

The President. Is there any interpellation on the Regional Consultative Commission?

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President. Will the distinguished Sponsor yield to a few questions?

Senator Pimentel. Certainly, Mr. President, with pleasure.

Senator Saguisag. On page 2, line 9, I would just want some clarification whether the requirement of residence of five years should be continuous and immediately before the appointments. Or, could it be any number of five years? For example, someone has been away from the place for 20 years just before the appointment. Would such a person qualify?

Senator Pimentel. The point of the Senator,

that however imperfect this bill must be, at this preliminary stage, we should take a definite position on how we look at the position of our Muslim brothers and sisters within the territory of our Republic. And, this is why, Mr. President, I would plead for an understanding, not only of the domestic requirements of the issue but also the international implications of neglecting for so long the issue of autonomy for our Muslim brothers and sisters. And, this is why my position on this bill, Mr. President, is *yes*.

Thank you.

QUESTION OF PRIVILEGE OF
SENATOR LINA

(On the Recommitment of the MMA Bill)

Senator Mercado. Mr. President, on a matter of personal privilege, I move that we recognize Senator Lina.

The President. Senator Lina is recognized.

Senator Lina. Thank you, Mr. President.

When I was presenting the MMA bill, questions as to whether it is a bill of local application or not were raised, Mr. President. This Representation agreed to recommit the bill to the Committee on Local Government, because I thought that that would be the safest way of doing it to insure its early passage. Rarely would I invoke my lawyers' oath, Mr. President, and even my Senator's oath. If the Gentleman would remember, when I agreed to recommit the bill, I said that I conducted an informal survey, and that the opinion of the majority of the Senators is that the MMA bill is not a bill of local application. And I said I am standing on this on my lawyer's oath. And, my Colleagues even suggested: "Why don't you invoke your oath as a Senator?" And I did so.

I have to rise, Mr. President, because it is very clear on the record that I did invoke my oath as a Senator and my oath as a lawyer. A statement was raised a little while ago that

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we did recommit the MMA bill to the Committee on Local Government because it was a consensus of the Senators that the MMA bill is a bill of local application.

Senator Saguisag may have his own reason for making that statement. I will not dispute that, Mr. President. I just would like to put it on the record. And, I am standing pat on that statement and on the oath, that a majority of the Senators were of the opinion that the MMA bill is not a bill of local application.

Thank you, Mr. President.

The President. The Majority Floor Leader.

REMARKS OF SENATOR MERCADO

Senator Mercado. Mr. President, may I make just a short comment on the statement of Senator Lina.

I just would like to remind the Senate that it was after the Senate President, who called our attention to a House Bill that has been passed, that the Senate Bill was recommitted to the Committee. And, as of the moment, we are awaiting the reporting out of said bill, and we shall take it up just as soon as it is reported out in the Committee.

BILL ON SECOND READING

Senate Bill No. 249 – Comprehensive Agrarian
Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249, entitled

AN ACT INSTITUTING A COMPREHENSIVE
AGRARIAN REFORM TO PROMOTE
SOCIAL JUSTICE AND INDUSTRIALIZA-
TION, PROVIDING THE MECHANISM FOR
ITS IMPLEMENTATION, AND FOR OTHER
PURPOSES.

We are still in the period of interpellations.

I move that we recognize the Sponsor, Senator Alvarez.

The President. Senator Alvarez is recognized.

Senator Mercado. Mr. President, Senator Pimentel would like to interpellate the Sponsor.

The President. Senator Pimentel is recognized.

Senator Pimentel. Will the distinguished Sponsor, Mr. President, yield to a few questions.

Senator Alvarez. Mr. President, gladly to the Gentleman from Mindanao.

Senator Pimentel. Senate Bill No. 249, Mr. President, provides for some exemptions from the operation of the Agrarian Reform proposal, and that agri-business and agro-industrial enterprises may not necessarily be parcelled out to beneficiaries. That is correct, is it not, Mr. President?

Senator Alvarez. The terminology ultimately which we seek to employ here may not be one of exemption. It may only be one of postponement. This is an interim mode of agrarian reform, Mr. President.

Senator Pimentel. At any rate, the agri-business and agro-industrial enterprises actually may be classified into two:

The first kind is the agri-business that is only leasing land; and the second kind is the agri-business that actually owns land.

Senator Alvarez. That is correct, Mr. President.

Senator Pimentel. And, insofar as the agri-business that is leasing land is concerned, the proposal as it is presently worded, is to distribute three per cent of its annual gross sales to the workers?

Senator Alvarez. That is correct, Mr. President. In the case of multinationals, we have also provided for a period where the leased lands which are now under the control of the

NDC may be subjected to land reform within the period of five years.

Senator Pimentel. Yes, and that particular point, Mr. President, has to be emphasized over and over again so that the people will understand that the Gentleman, the Sponsor, is not actually trying to exempt these multinational lands.

Senator Alvarez. That is correct, Mr. President.

Senator Pimentel. At any rate, we would like to emphasize that I think the Sponsor and I both agree that where there is no land distribution, there is no real distribution either of power and wealth and which I think is what basically the agrarian reform program of the Gentleman is trying to do to distribute power and wealth among the people.

Senator Alvarez. That is correct, Mr. President. Ultimately, the idea is to improve the quality of life of those who are directly involved in the tillage of the soil.

Senator Pimentel. Yes, and I think it is well also to emphasize on the records of these proceedings that we would certainly urge the Sponsor to consider actual distribution of land even as regards agri-business or agro-industrial enterprises because it is very difficult to verify the share of the workers if their participation in the profits of the agri-business is dependent upon the annual gross sales as will be reported by the agri-business concerned. Furthermore, Mr. President, in agri-business the landowner is not only an absentee landowner because the agri-business is not owned by the persons who are directly doing the agricultural work but would normally be some faceless stockholders, Mr. President, and therefore, the relationship between the actual landowner and the land is very impersonal. And I think it is important that we underscore that one of the reasons why we want a land reform program in this country is

to make the relationship between the landowner and the land that he is holding very personal so that it can give him a living that is dignified, Mr. President, and worthy of a human being.

Senator Alvarez. May I make a comment on that worthy observation, Mr. President, so that we will be able to clarify on the record where the Gentleman and I may agree or differ on this particular point.

While it is indeed true that a sense of direct control and participation is needed for a sense of full dignity of the tiller of the soil, Mr. President, there are situations in this modern age and times where there is an element of impersonality necessary in order to bring about a high level of yielded productivity which high level of yielded productivity brings down to the ultimate benefit of the tiller of the soil. That means that it may be possible for him not to be able to indicate the particular segment that he owns in the vast system where he is a participant in the tilling.

However, if as a participant in this ownership he shares an equitable share or he is afforded a fair share of the total net benefits, it redounds to the improvement of the quality of life of the tiller. In which case, Mr. President, the goals of land reform are also served although that particular personal relationship, the one-to-one relationship, of the tiller of the soil may not be necessarily obtained.

This is the rational why we have opted for a collective ownership and not necessarily a direct relationship of a one-to-one ownership in certain cases.

Senator Pimentel. Which in fact brings us to another problem, Mr. President. A corporation can easily understate profits through under-invoicing of exports, over-invoicing of imports and bloating the value of their corporate assets, so that the worker will not be able to trace

really just exactly what is the basis for any share which he can get out of the profits of the corporation, if and when the corporate enterprise will declare dividends because dividends are a matter for the board of directors to decide, Mr. President.

Senator Alvarez. That is quite true. The danger is always there, although I think that some mechanisms could be devised to protect the rights of the worker-owner.

Senator Pimentel. Then of course, Mr. President, there are also agri-businesses that do not employ workers directly. In other words, they get some kind of a labor contractor to supply them workers, and the workers do not become their employees. And so, what do we intend to do about that, Mr. President?

Senator Alvarez. Well, in that particular case, Mr. President, I think an equitable sharing of the fruits would be the solution to the problem. Since they are not regular workers, it would be too special a solution to consider them as sharer or participant in the sharing process plan reform.

Senator Pimentel. Earlier, Mr. President, or I think it was last week, Senator Saguisag brought the matter of the Philippine Packing Corporation, and Dole Philippines into the discussion. I think it is important for our Chamber to consider that there are other modes of maintaining corporate business without the company's retaining the parcels of land under the direct control of the corporation engaged in farming, like Philippine Packing or Dole Philippines.

I would suggest, Mr. President, that we can do that by organizing the workers in a given locality into cooperatives even as they would be entitled to certain portions of the land or of the plantation, but which portions may not be actually segregated and delivered to the particular

beneficiary except through the cooperative, Mr. President.

I would like to state that there are certain corporations that are already doing that. In other words, they are engaged in a plantation type of agricultural ventures; but, they do not necessarily lease huge plantations or wide hectareage for purposes of their plantation. They go into what is known as "contract-growing schemes."

Stanfilco, Mr. President, is an example of a corporation right here in the Philippines. Stanfilco is growing bananas, packaging, and marketing them abroad but does not necessarily own huge tracts of land. They contract from small farm owners various kinds of land which are devoted to banana-growing, Mr. President. And there are others — Davao Agricultural Venture, Crown Food and Cannery Corp., and even in Thailand, I understand that Dole has a huge cannery of pineapple. But Dole — again, I must emphasize — does not own or lease huge tracts of land for purposes of their pineapple factory, but has gone into a contract-growing scheme. Therefore, the small landowners still retain ownership of the land and they grow the pineapples which will be sold at guaranteed farm prices to the corporation which will now process and market them. So that is the kind of a setup which we can adopt in our country; and perhaps, make more meaningful the intention of the agrarian reform proposal by the honorable Sponsor.

Senator Alvarez. That is correct, Mr. President. As a matter of fact, in this banana export industry, that is already an operative phenomenon.

Senator Pimentel. And, Mr. President, I would also like to seek the opinion of the Gentleman if he would, for example, agree with us in our proposal to make the cooperatives the number-one vehicle for collective ownership by

the small beneficiaries of the land reform program.

Senator Alvarez. Definitely, Mr. President. As a matter of fact, we will participate. We also seek to be coauthors of that cooperative bill which the Gentleman will be sponsoring here after this agrarian reform bill. We are also authoring the cooperative authority bill here.

Senator Pimentel. Thank you very much, Mr. President. May I now go to the compensation basis for the acquisition of land subjected to land reform.

As of now, the Gentleman's proposal is 10 per cent in cash and 90 per cent in Land Bank bonds.

Senator Alvarez. Yes, Mr. President, pegged to the 91-day security notes which would guarantee a market level of interest.

Senator Pimentel. I think, Mr. President, that the Gentleman's proposal should be well-explained in that our people should know that the Land Bank bonds have a shorter maturity of 10 years, as compared to the previous setup which required 25 years, and that every year, these bonds can be encashed for 10 per cent of their value.

Senator Alvarez. Yes.

Senator Pimentel. While under the old setup, the bonds are redeemable only at maturity, Mr. President. Also, the Land Bank bonds may be used to acquire shares of stocks, I think, in government businesses or investments. So, would it not be possible for the compensation to be paid in the form of stocks of viable corporations?

Senator Alvarez. Well, Mr. President, we have been exploring that. As a matter of fact, that particular provision which stipulates that if Land Bank bonds could be used to acquire stocks of government corporations, whether they are in private investments or in govern-

ment-controlled corporations, was a device to enable us to reach government-held assets, principally those that are being transacted now. But the question of a direct swap of assets between landowners on the one hand and the assets of the government on the other hand may be too technical a problem at this point that we did not incorporate it. If anyone of the Members of this Chamber would come up with, perhaps, a neat solution so it will not further complicate this measure, then we will be open to that suggestion, Mr. President.

Senator Pimentel. I think, Mr. President, that we can learn from the experience of Taiwan which allowed payments by way of stocks at the Taiwan Agricultural and Forestry Development Corporation or the Taiwan Pulp and Paper Corporation, the Taiwan Cement Corporation which are corporations and were corporations that were really viable and earning at the time of the start of the Land Reform Program in Taiwan. Maybe, Mr. President, we can introduce the necessary amendment at the proper time.

Senator Alvarez. It will be welcomed by this Representation, Mr. President.

Senator Pimentel. Can we now go, Mr. President, to another matter? That is on Chapter 6, Section 21 which relates to the Presidential Agrarian Reform Council (PARC). Our observation here is that the composition of the PARC is lopsided in favor of government officials and it is not really reflective of its intention to safeguard the new farm owners. So that at the proper time, I would like to introduce an amendment, perhaps, increasing the representatives of the agrarian reform beneficiaries which may be regionally distributed as follows: Three from Luzon; three from the Visayas; and three from Mindanao and to be accredited by the Department of Agrarian Reform.

Senator Alvarez. Well, at the appropriate

time, Mr. President, we will be prepared to open our mind to the Gentleman's recommendation. We do not really see anything inimical in the Gentleman's viewpoint. The idea here of having the major agencies of Government participating is to ensure the easy and, perhaps, systematic handling of that awesome responsibility of doing land reform.

Senator Pimentel. Also, Mr. President, insofar as the Barrio Agrarian Reform Committee representation is concerned, we would like to propose that the Government representation be reduced — as of now, Mr. President, there are six out of twelve BARC Members who come from the Government sector — and more agrarian reform beneficiaries be included in the BARC. So that, perhaps, eight out of 15 would be a good number and the Government will have five and the landowner will have two. At the proper time again, Mr. President, with the permission of the Sponsor, we will be making the necessary amendments.

Senator Alvarez. We understand the sentiments of the Gentleman and his viewpoints will always be welcome at the proper time, Mr. President.

Senator Pimentel. Thank you, Mr. President.

The President. Is there any other interpellation?

Senator Mercado. Mr. President, I move for the suspension of the session.

Senator Pimentel. Mr. President.

Senator Mercado. I would like to withdraw my motion, Mr. President.

Senator Pimentel. Mr. President, there is just one other point that we want to bring out this matter of prioritization of the areas to be subjected in the Agrarian Reform Program.

As a backgrounder, Mr. President, let me advert to the fact that there are provinces in

this country where there are practically no public land available for taking over by the Agrarian Reform Program. Would it not be feasible, perhaps, to allow the provinces to have their own prioritizing of the land that may be subjected to land reform or to the Agrarian Reform Program, Mr. President?

Senator Alvarez. There are a number of viewpoints on the difficult problem of prioritizing which is essentially a legislative responsibility. One of them, Mr. President, is the viewpoint that the Gentleman is raising now which was also raised in the bigger Chamber, in the House. But in this Chamber, the alternatives for prioritization are: one, prioritization according to physical targets which are the targets recommended by the government; the lands which are covered under the program of rice and corn, idle and abandoned lands and foreclosed lands; and subsequently two as a later-priority schedule—the alienable and disposable lands of the public domain; and the third priority, as indicated in the program that has been suggested here, would be the private agricultural lands.

In our own suggestion, Mr. President, we wanted, firstly, to set as a priority all lands where there is a tenancy relationship and secondly, where there are regular workers. That, of course, Mr. President, is something that the Chamber may want to recast in the process of amending this legislation.

Senator Pimentel. Yes, certainly, Mr. President, at the proper time we will present such a motion.

The President. The Chair would like to find out: Is there any reliable inventory of all of the public lands that may be available for the Agrarian Reform Program?

Senator Alvarez. We have only depended on the data furnished us by the Department of Natural Resources and that of the Department of Agriculture, Mr. President. Some of these

data sometimes fluctuate in certain magnitudes so that when we say there are 3.5 million areas of public land available, what they are trying to say is that there are 3.5 million but a considerable part, if not all of the lands have already been occupied and the Land Reform Program would be there to firm up a system of recognizing the prior rights of the occupants in order to give incentives for the appropriate exploitation and usage of these lands. So the data are there, Mr. President, but in exact scientific clinical term, some of these data are open to question.

The President. Has there been an attempt to make an independent verification of these data?

Senator Alvarez. A technical working group in the Senate, Mr. President, tried to reconcile the data. Different study centers were approached for the reconciliation of these data from the Land Bank data to the Agriculture data, data in Los Baños and we have not, of course, attempted to do some field data reconciliation effort because that could have been a difficult enterprise, if not a costly one, something that a Committee or a combination of Committees in the Senate would not have been able to undertake.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. Mr. President, I had not intended to interpellate again but it seems to me that the question of priorities is quite important. So will the Gentleman yield to some questions?

Senator Alvarez. Certainly to the Gentleman from Cavite, Mr. President.

Senator Paterno. Mr. President, the program of the Department of Agrarian Reform, as I understand it, contemplates that private agricultu-

ral lands under Program C shall be distributed over a ten-year period with landed estates having the priority for distribution in the first five years of the program and then the rest for the next five years. Would the Sponsor, Mr. President, agree with such a programming for distribution of land?

Senator Alvarez. Yes, Mr. President. As a matter of fact, we will welcome this if we take into account the primary mandate of the Constitution which means that we have to focus, first and foremost, on settling the problem of tenancy ownership. So that, if we can, for instance, focus on privately-owned agricultural land and from there do a more refined rescheduling, this Representation will have no objection at all. This Representation is concerned that when we speak of priority, certain segments of those who are not too keenly sensitive to the problem of agrarian reform would like to put priority on implementation over the alienable and disposable portions of the public domain. If we spread it over a period of ten years and thereafter look into the distribution or subjecting the privately-owned land to the mandate of this legislation, in effect, would circumvent the very letter and the spirit of the Constitution which is mainly addressing the problem of inequitable distribution of land. We find this most sharply in the private land ownership sector.

So, Mr. President, I will be very happy to look into the refinement of the Senator's suggestion in that context.

Senator Paterno. Maybe, I should clarify my suggestion, Mr. President.

The program for distribution of private lands by the Department of Agrarian Reform, as I understand it, is for the distribution of private lands to take place over a ten-year period, with the first five years being the distribution of what they call landed estates. The landed estates are

defined as those parcels of land which are larger than 25 hectares. So that, in the first five years, the distribution of the parcels larger than 25 hectares will first be completed, and in the second five years will occur the distribution of parcels less than 25 hectares.

This is the program of the Department of Agrarian Reform, as I understood it when it was presented, so that the distribution of private land will take place over a ten-year period with the larger parcels of land having the priority for distribution.

Senator Alvarez. The Gentleman is right, Mr. President. That is the latest program that they are contemplating. At the time when we were doing our programming, they had not yet refined the program. They thought of moving into privately-held land after the second year, after the full implementation of rice and corn.

This program that the Gentleman is telling us now had been evolved during the full reorganization under the current Secretary of the Department.

Senator Paterno. Now, Mr. President, the situation, province by province differs. There will be provinces where there is a large amount of idle and abandoned land, and it would seem unfair for private lands under Program C to be distributed ahead of idle and abandoned lands.

Now, would the Sponsor, Mr. President, be willing to provide a priority on a province-by-province basis? Because, in some provinces, as I said, there may be a large amount of idle and abandoned land, and there may be a large amount of lands which are foreclosed by the Government and available for distribution, and it would seem natural to distribute these ahead of the private lands. Well, not necessarily ahead but, at least, *pari passu* with private lands.

Would the Sponsor be agreeable to such a prioritization on a province-by-province basis?

Senator Alvarez. I will keep my mind open to that, Mr. President. My only concern is that this effort to distribute other lands, other than lands owned in the private sector would be a way of postponing the distribution of privately-owned lands. And, it is the feeling of this Representation that, precisely, the heart of the social problem of land reform is found in privately-owned lands. It is there where the inequitable distribution of land is clearly and keenly felt. It is there where we have tenants.

If the fact that idle and abandoned lands are there and could be distributed, I would welcome this opportunity, Mr. President. But I do not know whether I am reflecting it accurately. The estimate was that we have about 200,000 hectares only of idle and abandoned lands, including those that would have been foreclosed by our public financing institutions. So that the magnitude of idle and abandoned lands, including those which are foreclosed, may not really be that wide.

Senator Paterno. Well, I am looking at it on a province-by-province basis, Mr. President, and not on a national basis. And following up the question of Senator Pimentel, the setting of priorities for distribution to beneficiaries on a province-by-province basis would, probably, be more practical than trying to set the priorities on a national basis, because the situation in each province will be different from the other provinces. It is, for example, probably not far-fetched to say that the amount of idle and abandoned lands in places like Bicol and Samar will be larger than idle and abandoned lands in the Province of Rizal or in the Province of Bulacan where the land pressure is greater. There is likely also to be more public lands in some provinces than there are in others, and, therefore, perhaps a setting of priorities to be ob-

served on a province-by-province basis would be helpful.

By setting priorities, I do not mean to say that all public lands must first be exhausted before private lands could be distributed. But, I am saying, let us set certain priorities so that an order of priority of distribution may be made. I am saying, for example, that if a person owning 15 hectares of land would have half of that expropriated ahead of somebody with 500 hectares of land there is a feeling that 'yon lamang mga maliliit na landowner ang kaya ninyo at ang mga malalaki ay hindi ninyo kaya na kunan ng lupa. So that there is a certain natural order which is felt to be fair and just by the owners of land that should be observed in the distribution; the larger parcels perhaps, Mr. President, should be given a priority of distribution so that the small landowner will not feel that he is being imposed upon ahead of those who might he thinks be able to protect themselves better from the distribution activities of the Department of Agrarian Reform.

Senator Alvarez. So that the proposal of the Gentleman is that we go by size and by province as well.

Senator Paterno. For each province, not on a national basis, because in certain provinces there may be very large parcels which should be given a priority of distribution ahead of the small ones.

Senator Alvarez. Would the Gentleman agree that if that is the procedure, there would be a national time frame mandated upon Government to finish this, otherwise, the province-by-province basis probably will take us one year in one province and that will be 72 years.

Senator Paterno. No. This would take place simultaneously in all provinces but the orders of priority will be perhaps set on a province-by-province basis. There would be a national order but province by province the

time within which each of these priorities will be executed would be different because the situation is different.

Senator Alvarez. Perhaps we can discuss that, Mr. President. It is a feasible administrative approach. It might help simplify or it might help complicate. My only problem is it might prolong.

Senator Paterno. Well, one of the problems that I have, Mr. President, is that we seem to be leaving so much to the discretion of the Department of Agrarian Reform. If we do not set such items as priorities and major mechanics, we may be abdicating our responsibility as lawmakers if we leave up to the Department of Agrarian Reform to establish a regulation which should really be provided in law.

Thank you, Mr. President.

Senator Alvarez. Mr. President, we are very appreciative of the observation of the Gentleman from Cavite. We are not really deep-seated on any one mode of approach. We know that the debate and exchange of ideas here will enrich the information. We only have one concern that we do address the problem, which is social, in those tenanted areas.

SUSPENSION OF THE SESSION

The President. Shall we have a recess, if there is no objection. [*There was none.*]

It was 5:46 p.m.

RESUMPTION OF THE SESSION

At 6:12 p.m., the session was resumed.

The President. The session is resumed.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that

we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] The Chair hears none; the same is approved.

CONFERENCE COMMITTEE REPORT ON SENATE BILL NO. 52 AND HOUSE BILL NO. 2852

(Franking Privilege for Members of Congress)

Senator Mercado. Mr. President, the Conference on Senate Bill No. 52 entitled

AN ACT TO EXTEND THE FRANKING
PRIVILEGE OF THE MEMBERS OF
CONGRESS BEYOND AUGUST 30, 1987
and House Bill No. 2852, entitled

AN ACT TO GRANT FRANKING PRIVI-
LEGE TO MEMBERS OF CONGRESS,

have submitted their Conference Committee Report, copies of which have been distributed to the Members of the Senate.

I move that we recognize Senator Saguisag who is the Sponsor of this said Report.

The President. Senator Saguisag is recognized.

SPONSORSHIP BY SENATOR SAGUISAG

Senator Saguisag. Thank you, Mr. President.

We met with our counterparts from the other House last Friday. There is virtually no substantial disagreement between them and ourselves. We decided to extend the franking privilege to be enjoyed by the surviving spouse to six months. We caused to be circulated copies of the Conference Committee Report signed by Senator Osmeña, Senator Enrile, and myself, and our counterparts in the other House. If our Colleagues here have read the same, and have no objections, we are formally moving for its approval, Mr. President.

for a search for peace. The MNLF demanded that the Tripoli Agreement be implemented and for reasons cited, we already said that that could not be done. And so we are only going as far as the spirit of the Tripoli Agreement is concerned, not with the letter.

Senator Rasul. Mr. President, while it is true that the previous administration had its faults, its failings, we could not accuse it of being unpatriotic by agreeing to the Tripoli Agreement because what we have in the country today, the two autonomous regions, Region IX and Region XII, are in effect administrative solutions to a political problem, and they have continued to this day, Mr. President.

If one examines the composition of the Executive Council and the Regional Pampook, one will see that the different groups, ethnic groups in Mindanao, are represented in this region of autonomy. So by saying that this Tripoli Agreement would not solve the problem would not be an accurate statement, because what we have in effect today is a partial implementation of the Tripoli Agreement.

I would surmise that, perhaps, if more consultations were conducted with other sectors in Mindanao, there would have been other options besides the Regional Consultative Commission. Another option would have been to strengthen the existing Region IX and Region XII, which in effect could be used by our Government as an argument that this Government is sincere because we, in effect, are already implementing the Tripoli Agreement; but, we have gone further than the previous administration by granting more powers to the region of autonomy.

It seems that this has always been the the problem in the past, that leaders in the National Government have always felt that they could formulate policies for the people in Min-

danao, forgetting the fact that the people in Mindanao have also their own aspirations, and they in fact can better see what policies and programs they want to implement because they are the ones who know their problems and know them better than the people in Luzon.

Thank you, Mr. President.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader is recognized.

BILL ON SECOND READING
Senate Bill No. 249 — Comprehensive Agrarian Reform Program
(Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249, entitled

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION AND FOR OTHER PURPOSES.

We are still in the period of interpellations. I move that we recognize Senator Alvarez, the Sponsor, and we have a reservation from Senator Maceda to interpellate. I move that we recognize him as well.

The President. Senator Alvarez and Senator Maceda are recognized.

Senator Maceda. Mr. President, first of all, I would like to congratulate the distinguished Sponsor for the 22¼ pages of the sponsorship speech that he delivered, 12¾ of which had some of the most eloquent passages I have ever seen on agrarian reform.

Senator Alvarez. Thank you very much, Mr. President. That is very heartwarming from the seasoned and many-splendored Gentleman of Manila and the Ilocos.

Senator Maceda. However, Mr. President . . .

The President. Is it possible to request one of the two Gentlemen to take the other rostrum so that there will be no unnecessary straining of muscles? [Laughter]

Senator Alvarez. I will oblige, Mr. President.

Senator Maceda. I would like to thank the Gentleman, Mr. President. My muscles are sufficiently strained today. [Laughter]

However, Mr. President, on page 13 of his sponsorship speech which was distributed, I quote: "Nothing could be more disastrous than the doctrinaire and literal interpretation and execution of the land-to-the-tiller principle."

Is that an accurate quotation on page 13 of the speech of the Gentleman from Isabela?

Senator Alvarez. I am afraid so, Mr. President. That is an accurate quotation of my speech.

Senator Maceda. Some of my friends have pointed out this quotation from the Gentleman's speech, something that, in effect, seems to dismiss the whole essence of an agrarian reform program.

Of course, I have gone through the interpellations, and in answer to the Minority Floor Leader, the Gentleman from Cagayan, I think the Gentleman reiterated somehow the doctrine of "land to the tiller" principle. But, apparently, the Gentleman has come to a conclusion that in this particular proposal of his, it has to be relaxed and in some cases sacrificed. In some cases, too, under the flag of reasonableness which sometimes translates into affordability, the Gentleman in effect was saying here that we can not really fully implement the constitutional mandate of "land to the tiller" principle.

Senator Alvarez. I am a believer of the "land to the tiller" principle, Mr. President. However, in making a judicious application of this prin-

ciple and seeking its logical application to the social scene, we have to take into account the many dimensions of the problem. Therefore, in the light of the application of this principle, Mr. President, we will have to be constrained by constitutional mandates and the actual fulfillment of this principle as it is seen on the field.

If we look at the availability of resources that will have to be distributed to those who fully deserve it, we will see that in the countryside we have about three million owner-cultivators. We have about two million tenants, and if the figures will bear us out, we still have roughly about 6.5 million landless tillers. There is a very limited five million or so, 5.4 million in some figures, available arable land that could be distributed. We are closing in on our agricultural frontier.

Logically, Mr. President, if we have to be inflexible in the application of this principle, we have to satisfy the land-hungry, equitably and equally. However, we know that we can not do this because there are just not enough lands to distribute. We have to be able to optimize the distribution process, while at the same time fulfilling the social justice mandate of our Constitution, aside from many other mandates on how to satisfy those from whom we will take the land. I have already pointed out here the mandate on reasonable retention limit which, I am sure, the worthy Gentleman from Ilocos will touch upon in some portions of his interpellation.

Senator Maceda. Yes, Mr. President.

Senator Alvarez. I am saying here, Mr. President, that I am not negating the principle. The principle of land to the tiller is a worthy guideline. However, it is not an inflexible guideline that must be applied with doctrinaire precision.

Senator Maceda. Yes. Following the speech of the distinguished Sponsor, Mr. President,

if I may try to summarize, he says that, first, over the years, the Filipino nation has grown in number, and its economy became more complex and interdependent. Second, he says, as he has just mentioned, we have a ratio of almost two landless-agricultural workers for every hectare of available land for distribution. And, third, he says that only industrialization can absorb excess manpower. Industrialization, not slogans, can set aside poverty and unemployment.

On the bases of those three premises, he came to these conclusions: First, therefore, let us not be lured into adopting a land-to-the-tiller policy, at least, not absolutely. That would be allowing ourselves to be seduced by a doctrine and a principle.

Second, he concluded that pursuant to Section 4, Article XIII of the Constitution, he underlined the word "reasonable"; but in the so many interpellations, he takes the term to mean "not with reason" in the sense of with factual and logical grounds, but moderate in the sense of not being too radical or extreme.

Third, that the reasonableness, in the sense of moderation, has become the whole basis for setting up this real, substantive provision of this bill — the retention-limit problem — not the slogan of motivating the tiller by giving him ownership, but reasonableness, a limit that does not strain the resources of Government; reasonableness, a limit that the Government can afford at this time; reasonableness, a limit that will not unnecessarily hunger the landlords; reasonableness, a limit that will not alarm plantation owners; and, reasonableness, a limit that will not generate too much opposition all around.

Am I correct in reading the distinguished Senator's sponsorship speech and the answers to these so many interpellations heretofore?

Senator Alvarez. Perhaps, Mr. President, I will concede to the Gentleman's efforts to flesh out the meaning of my sponsorship speech,

except for some colored words which he had added with some mischief in interpreting that speech. Because it is not our intention to pacify sectors but to discover the workable formula within the context of constitutional and democratic change, managed change, if I may say, but change, nonetheless, addressing ourselves to the vitals and the substances of social justice, if possible, under the auspices of a democratic compromise.

Senator Maceda. Mr. President, I will leave that point with a statement that I have derived from the fertile records of Senator Saguisag. And this is T.S. Eliot's quotation that the arguments of the Gentleman from Isabela are like streets that follow like a tedious argument of insidious intent to lead us to an overwhelming question that can not be answered.

Mr. President, let us now go to the declaration of policies, at kung maaari ay magsalita tayo ng kaunting Tagalog.

Hindi po ba kaya mayroon tayong mga Constitutional provisions, at iyan nga ay inilagay ninyo sa Section 2 ng inyong bill, humigit-kumulang, ay upang ating matulungan ang nakararami, maging ito ay 70 porsiyento, maging ito ay 90 porsiyento, depende sa ating standards, ang mga mahihirap at walang lupa. As a general rule iyon po ang talagang intensiyon ng Agrarian Reform Program. Hindi upang tulungan ang mga mayayaman at mga landlords kundi upang tulungan ang mga magsasaka at mahihirap. At para sa mga landlords, ang iniwanan lamang natin ay huwag naman silang maagrabiado. Pero ang talagang intensiyon ng panukalang batas na ito ay upang tulungang magkaroon ng magandang kinabukasan at magandang buhay ang mahihirap na magsasakang walang lupa.

Senator Alvarez. Tumpak po ang inyong pag-unawa sa ating Saligang-Batas. At iyan nga po ang kaisipan at ang paninindigang aming niyakap sa pagtataguyod nitong reporma sa lupa. Wala

po naman kaming ipinagtatangol na landlord dito. Ang magiging batayan natin sa retention limit ay para sa mga maliliit na may-ari ng lupa. Maaaring masabi na ang malaking kasalanang nagawa natin dito ay ang pagbibigay ng mga kabukiran sa middle class. Wala na pong mga landlords na magkakaroon ng 50 ektarya. Wala na pong mga landlords na magkakaroon ng 100 ektarya. Ito pong ating mga bibigyan ay mga magsasaka rin at mga taong nag-aalaga at nagbungkal ng sarili nilang aring lupa. At ang gusto nating makitang matira sa kanilang pag-aalaga at pag-aaruga ay 12 ektarya lamang, at maaaring maging 15 ektarya pa, o may pagkakataong bumaba pa sa pitong ektarya. Hindi ko po maubos-maisip kung paanong ang ganiyang may kalawak na lupang pag-aari ng isang asinderong manggagawa sa lupa. Ang akin pong pag-unawa sa landlord ay iyong mga taong hindi marunong magbanat ng buto ngunit may mga taong inuutusing gumawa para sa kanila sa pag-aalaga ng kanilang malalawak na lupain.

Senator Maceda. Salamat po sa bagay na iyan ay nagkakasundo tayo. Ang katotohanan, tayong dalawa ay nagkakasundo lamang sa mga probisyon ng Konstitusyon, lalung-lalo na sa isinasaad ng seksiyon ukol sa Agrarian and Natural Resources Reform. Lahat ng mga seksiyong ito ay talagang inilagay dito, with the exception of one phrase and one section, para sa mga magsasaka — rights of farmers and regular farmworkers or landless. At Section 8 lamang and diretsong nagsasabi dito ng “provide incentives to landowners.” At sa Section 4, ang sinasabi lamang dito tungkol sa landowners ay iyong subject to the payment of just compensation. Pero ang talagang thrust ng lahat ng seksiyong ito, ang talagang layunin, at karapatdapat naman, ay tulungan ang mga magsasaka o iyong mga walang lupa.

Ngayon, dito naman sa tinatawag na “declaration of policies.” Binasa ko na ito ng ilang beses at sa palagay po naman ay nabasa na rin

ng mga naunang nagtanong. Simulan natin sa unang linya, iyong instrument of social justice to promote rural development towards industrialization. Sa aking pagkakaintindi po, iyong pagkahalo ng “towards industrialization,” ang inisip na naman natin dito ay hindi iyong mga magsasaka kundi iyong mga mayayamang landowners.

Pangalawang sentence: It is envisioned that the Agrarian Reform Program will channel landowners' assets to more productive and pioneering ventures,” et cetera. Binanggit na naman natin diyan, unang-una, iyong landowner. “It is a social measure that requires the belonging of all affected interacting forces of the nation's economic life.” Ito pong “balancing,” ang ibig sabihin babalansihin mo iyong landowner at saka iyong magsasaka. Sa pagkakabasa ko po, hindi iyan ang itinatakda ng Konstitusyon. . .

Senator Maceda. . . hindi po iyon ang itinatakda ng Konstitusyon, huwag nating balansihin. Ibigay natin ang ating tilt in favor of the magsasaka.

. . . It is, therefore, the policy of the State to undertake a Comprehensive Agrarian Reform Program as a principal priority with the highest consideration for equity development and ecological needs of the nation, and the property rights of its citizens.

Pag sinabi mong, “property rights”, ang inalaala mo na naman ay iyong landowner. So, dito po sa buong Section 2 na ito ang itinata-nong ko, saan po nandito iyong maliwanag na intensyon o layunin, as a declaration of policy, na hinahanap ko rito na tutulungan natin ang magsasaka, at huwag panay landowner, huwag panay property rights, huwag panay industrialization, huwag panay balancing ang inilalagay natin dito; na tayo ay masyadong aburido at masyadong worried, at masyadong takot na kung ano ang mangyayari sa landowner at hindi natin binigyan ng diin ang karapatan ng magsasaka.

Senator Alvarez. Maaaring ang nabasa po ng Kgg. na Ginoong mula sa Maynila at sa Ilokos ay iyong kanyang mga pangamba, ngunit pag sinabi po nating karapatan ng mamamayan sa pag-aari, iyan po ay pagkilala rin ng karapatan ng maliliit na magkaroon din ng sariling lupa sapagkat wala silang lupa. Kinikilala natin ang pagkakaroon nila ng lupa sapagkat kinikilala rin natin ang pagkakaroon nila ng pag-aari.

Ang pagbabalanse po ay hindi nangangahulugang pagpipikit sa kanilang mga pangangailangan sapagkat sila ay talagang api. Kung mabalanse nga lang natin sila ay malaki nang pangyayari iyan upang mabigyan sila ng tinatawag na "equity" na prinsipyong ibinabangon natin sa ating Konstitusyon.

Maaaring may kaunting kakulangan, maaaring dagdagan ng Ginoong mula sa Maynila ang mga deklarasyong ito, ngunit ang reporma sa lupa ay hindi natin maaaring ipaglahim na ito ay tumutugon at isang instrumentong ginagamit upang hanguin ang mga naghihirap sa kabukiran. Anumang deklarasyon ang sabihin natin dito, kung ang mga operational principles na ating ipagsasagawa dito ay hindi magbabangon sa kanilang kahirapan ay wala ring mahusay na magiging kahulugan. Kayat maaaring nagkulang ng deklarasyon, at hindi ko sinasabing nagkukulang sapagkat ang tuon ng pansin ng reporma sa lupa ay tunay na iyong mga manggagawa sa lupa na walang sariling lupa.

Ang kasalanan marahil, kung sakali man, ay nandodoon sa pagbabangon ng mga operational principles, at sa operational principles na aming inilahad dito sa Senado ay kumikilala, higit sa lahat, at unang-una, sa karapatan ng mga maliliit o walang lupa.

Senator Maceda. Tinatanggap ko po ang paliwanag ng magiting na Sponsor na taga-Isabela, ngunit sinimulan ko po diyan sa declaration of principles, sapagkat gaya ng nabanggit na sa mga pagtatanong dito at sa maraming probis-

yon na ito, ay dito nga po nanggagaling ang aking pangamba, kung iyon ang salita ninyo, na tila baga itong Senate bill No. 249, ay talagang gaya ng nasabi na ninyo rin sa television at sa inyong mga interview, that in the Gentleman's opinion, and I believe of the Gentleman's sincerity, this is the most acceptable compromise. This is something that will be acceptable to the farmers, to the Government in terms of resources, acceptable in terms of the Department of Agrarian Reform or PARC as far as their capacity to implement, acceptable, of course, to the landowners.

Ang ibig ko pong sabihin, ang gusto ko sanang makita rito at hinihintay ng ating taong-bayan ay hindi iyong compromise na para lahat ay matuwa, kundi iyong isang bill na kung maaari, ang matutuwa nang husto ay iyong magsasaka, kahit na medyo magalit na ng kaunti iyong landlord, iyong may-ari ng lupa.

This bill is certainly, to my mind, not in any way pro-farmer, to say the least.

Ano po ang ating reaction doon sa aking basa sa inyong bill na ito?

Senator Alvarez. Kayo po ay maaring magpataw ng bintang at maaari ninyong sabihin at taguriang ang bill na ito ay hindi lamang hindi maka-magsasaka kundi laban pa sa interes ng mga magsasaka. Ngunit sa dakong huli ang mahalaga rito ay kung ano ang magagawa nito sa ating mga magsasaka. Hindi po ba mahusay na pagkatapos ng ilang siglong gusto nating magkaroon ng pagbabago ay tatlong milyon sa kanila ang magkakaroon ng sariling lupa. Kalahating milyong ektarya ng lupa ang maipagkakalat at ₱145 bilyon ang gagamitin upang mapaigi ang kanilang katayuan, isang pamahalaang humuhugot sa misteryo upang mabigyan ng kahulugan ang ganitong reporma sapagkat wala naman tayong pambihirang yaman.

Ang ipinangangamba ko lamang ay ang gumawa tayo ng bill dito, idineklara natin sa ating

declaration of principle na ibibigay namin sa iyo ang buwan, ito na ang rebolusyong bill na pagbabago, ngunit ang pag-asa ng mga maralita ay masisiphayong muli. Iyan ay lalong masakit at mahapding pangyayari. Ito ay isang bill na ating pinagtuunan ng malalim at masusing pag-aaral, na makapagbibigay ng isang makahulugan at maaaring maipangakong pagbabago — iyan po ang aking paninindigan. Kung inyong babansagan itong kulang, huwag naman sana ninyong bansagan itong laban sa kapakanan ng mga magsasakang gusto nating lahat na pagsilbihan.

Senator Maceda. Hindi ko po sinabing laban. Ang sinabi ko po ay hindi pro-farmer.

Senator Alvarez. Iyan po ay pro-farmer. Ang lahat ng pagsalag at pagsanggang ginagawa ko ay hindi para sa mga may-ari ng lupa kundi ginagawa ko po iyan upang makapagbigay tayo ng makatotohanang pagbabago sa mga magsasakang nangangailangan ng pagbabago.

Senator Maceda. Kasi po, sa maraming interpellation ditong ginawa bago nagkaroon ng pagkakataon ang inyong lingkod, wika nga, huli man at magaling ay naihabol pa rin.

Senator Alvarez. Natutuwa po ako at tayong dalawang Ilokano ay nag-uusap sa wikang Pilipino ngunit kung maaari ay ibalik na ninyo sa wikang Ingles upang madalian tayong dalawa.

Senator Maceda. Apo Presidente, no didiay iti cayat daytoy gayyem ko nga taga Isabela, agsaritaac ngaruden iti English.

Senator Alvarez. Wen, Apo.

Senator Maceda. Mr. President, I said that if that is the desire of the Colleague from Isabela, then I am going to go back to English.

Now, I am glad that the Gentleman mentioned it again because he has mentioned it several times, the figure of ₱145 or ₱146 million. And even in his sponsorship speech where he, in effect, tore down the bill of Senator

Aquino, he mentioned that the difference in cost is 123% which makes it impossible to deliver the program. And in three or four other parts of the record of interpellations, frankly speaking, he forced me to stay home on Saturdays and Sundays just to read all of these . . .

Senator Alvarez. Mr. President, I am very grateful for the questions of the Gentleman. They are very penetrating and they involved precisely the anguished thoughts which I had been seeking for, what he calls balanced legislation on this issue.

Senator Maceda. It seems to me, Mr. President, very clearly in all the passages that I have underlined here, which I need not repeat because they are in the record, that the main thrust of his argument has been that it is only seven hectares, that we can only give two years of credit to the farmers, that we can only assure a certain package of supervised credit and other services, because that is the only amount we can afford. And as he said earlier in Tagalog that if we offered something bigger or more and it would cost more, we run the risk of not being able to implement it; and, therefore, frustrate the aspiration of the farmers. What I am trying to say is: Does not the Gentleman agree that the better procedure should have been to find out what is best for the farmers independent of the cost; and then, once we have come to a decision that this is best for the farmers, then, we discuss how we can cover the cost. Because, after all, is not the ₱146 billion by itself just a speculative amount?

Can the Gentleman from Isabela tell me at this moment if he is sure he can raise ₱146 billion over the next five years for this program?

Senator Alvarez. Not even with that modest estimate, Mr. President, can I make assurances with the Gentleman from Ilocos, precisely because of the inability of this representation to make assurances, much less so for a bigger

amount that we have made a calculation within the capacity of the system to perform and deliver.

Senator Maceda. Yes. Precisely, Mr. President, we can raise the ₱146 billion. Maybe, we cannot raise it; maybe, we can raise the \$500 billion. If we get \$5 billion from Switzerland, then that comes into play. The point is: Does not the Gentleman think that it is basically not a good approach that the highest weight that he has accorded to the decisions for retention limits, compensation schemes, credit schemes, is based principally on the principle of affordability which nowhere is in the Constitution, as far as I am concerned? I will refuse to equate, Mr. President, reasonableness with the doctrine of affordability that the Gentleman has espoused in this bill, in his privilege speech and in all his answers to the different interpellations.

Others say, why seven hectares?, that is too little a retention limit. My stand is — and I join the Senator from Tarlac in this respect why seven hectares? That is too much a retention limit, especially when the Gentleman admits that he has only 5.4 million hectares under this program when he wants to cover 2 million with 3 hectares each, when he wants to cover, if possible, part, if not all of this six and 2 half million, those landless workers that he wants to cover.

What we need, Mr. President, is impact. Probably, the Gentleman and some of the Members of this Chamber, including CPAR, have been wondering why this representation has suddenly taken this radical position on land reform. I will tell the Gentleman the reason why, Mr. President.

In the three months that I have been Chairman of the Committee on National Defense, I have been to the provinces, and I have seen that the insurgency is bad, the insurgency is serious, the insurgency is critical, and the principal selling line of the communists and

the NPA is the neglect of the farmer, the lack of land, the refusal to implement a land-to-the-landless policy, and if we have to give it an impact, if we have to have any chance of fighting and defeating that insurgency, we have to give a program that will give as much land as possible, even with a zero-retention limit to the landlords, Mr. President.

Does not the Gentleman think that the situation is so serious that we have to think now in terms of really showing the mass-base that is now going to the insurgency; that we have to give them this piece of land no matter who gets hurt?

Senator Alvarez. I agree with the Gentleman, Mr. President, and I do think that we should take the unusual step of taking bold measures with agrarian reform. Even while we implement this at the fastest possible time, Congress should not relinquish the final control on possible additional changes if or when the system would be capable of undertaking it. But with what the Gentleman has observed, that the basis for the proposed program is one of affordability, while that may be true, Mr. President, since this is a program approached to the problem that indeed we have to have our foot on the ground, and we must take into account the capacity of the system to allocate scarce and very limited resources, we have not disregarded the mandates of the Constitution, we have not disregarded the gravity of the social problem in the countryside. And, I think that if we respond, as we are proposing under this bill to respond sensibly, wisely, and democratically, the problem of the inequity or the sharing of the resources in the countryside will find its just measure of the solution. I agree, though, with the observation of the Gentleman that the situation is grave. For that reason, Mr. President, I think, we should indeed make speedy efforts to come up with this agrarian reform program.

Senator Maceda. Mr. President, for the

record and in support of my question and stance, may I just read three paragraphs from this Editorial of the *Institute on Charts and Social Issues*:

Studies have shown that if the retention limit is set at 24 hectares, only one percent of the total number of farms would be affected, which would cover only 11 percent of the farm area.

A seven-hectare retention limit would affect only six percent of the total number of farms comprising 32 percent of the total farm area. With a three-hectare retention limit, and this the Gentleman from Tarlac has already mentioned, but for emphasis I will read it again:

31 percent of the farm could be affected with 70 percent of the total area covered under the program. Thus, higher retention limit would in effect limit considerably the amount of potential land transferred to the target beneficiaries, while a lower retention limit would allow more workers to own their own lands.

Were we to allow a higher retention limit or the retention of land by absentee landowners or the exemption of certain key crops, landlordism would continue.

I think this is basic, Mr. President. And certainly, I was wondering if we can get over the question of funding. Would the Gentleman therefore be willing to consider, at the appropriate time, that a retention limit for rice and corn lands, to begin with, not less than seven hectares, would be considered by this Body?

Senator Alvarez. It has always been my position, Mr. President, that, before this Chamber, I keep an open mind, although I hold on to certain basics. At the opportune time, the Gentleman would be free to argue me out of my arguments.

Senator Maceda. That still sounds to me like the basics to the Gentleman that it be seven hectares, and he is not really open to a reduction from seven hectares.

Senator Alvarez. That is an initial position, Mr. President. I do not think that any Member of this Chamber should come with inflexible position. I am not inflexible as to that. I have stated the reason why I have offered that before the Chamber. If the Chamber finds that reasonable, I will be happy with the decision of the Chamber. But if there should be more compelling reasons to be cited by the Gentleman, this humble Representation would definitely yield to his position.

Senator Maceda. May we request the Gentleman from Isabela to react to this?

It has already been documented in numerous studies that small farms are in general more productive than larger farms due to the more intensive agricultural practices in the use of family labor. As a matter of fact, in 1985, NEDA Report analyzing the operations of sugar farms in the country, the sprawling haciendas in Negros, were found to be the most inefficient."

So, contrary to what those on the side of the landlords have been arguing that small farms or small sizes would affect our agricultural productivity, this document states that studies have shown, and I can believe the studies because the Gentleman has already said that now the average farm size has gone down to about 1.6 hectares.

Senator Alvarez. One and six-tenths to 1.4 in rice and corn.

Senator Maceda. If that is so, Gentleman from Isabela, why insist on a seven-hectare retention limit when the Gentleman is saying, and he has admitted, that 1.6 hectares, which is the average farm area, has been found to be manageable and productive enough for family-owner cultivators?

Senator Alvarez. I do not have any bias, especially in rice and corn against small farms, if the Gentleman is suggesting that I am opposing

the parcelization into optimum sizes of 1.4 or 1.6, I am not, Mr. President. I have gone through enormous literature which suggests that a well-motivated farmer, because he owns the land he tills, will do wonders with a smaller parcel. And the so-called economy of scale is not really a position that I dearly support. As a matter of fact, our proposal of 15 hectares would be a break from tradition when it comes to the sugar land-cultivation sizes. This is not just a question of productivity, Mr. President. We were adhering very close to other considerations as well. There are many dimensions for having retained 15 hectares, or for that matter 12 and seven.

Senator Maceda. Probably, the better question, precisely, to put it in another way is: this has been discussed over and over again; but for purposes of wrapping up, if the award limit is only three or even lower which amounts to a representation and admission on the Gentleman's part that three hectares is a reasonable, livable size, is the reason for seven hectares only because that at seven hectares — again following the theory of affordability — we only have to allocate so much to pay the landowners? Or is the reason for seven hectares either that or in addition to that also, according to the Gentleman's words, because of social investigation, something that the landowners would be less unhappy about and, therefore, does not have really anything to do with saying that landowners if they are limited to three or five can still live on that, which is really to me not even a principal question in point because, presumably, all of these landowners have already derived so much benefit from that land through the decades, if not through the centuries? So for one thing, I am also wondering why we can not have a common retention limit and an award size to beneficiaries when the principal reason for the award size should be the principal reason for the landowners, is what size is enough to make that a useful farm and a farm that is good

enough for the remaining owner whether he is a beneficiary or a former landowner.

Senator Alvarez. Mr. President, the basis for the retention is found in the constitutional mandate. It mandates a reasonable retention limit. We tried to investigate what would be the retention under the social circumstances in which we are legislating. While it is true we have a different level for beneficiaries, the reason for that may not be the same for landowners as well. We pointed out that in the case of rice and corn; it may only be a matter of time when the seven hectares may have to be broken up since that program was inaugurated about 15 years ago.

So in coming to certain decisions on this complex legislation, we took into account the many dimensions of the social problem. We have resorted to not just one standard or measure, but we have considered the varying degrees and demand on us as legislators to take into account the different sectors that will be affected by society. One among them is also funding, Mr. President, and the Gentleman admits that, as he has pointed out in a number of occasions, there are other services to be fulfilled in the Government. We still have to deliver education, our defense and the multiple responsibilities of keeping the society in this community together.

So, if the Gentleman is asking me to pinpoint in an oversimplified fashion how I have come to a decision on one particular point in this proposed legislation, I can only tell him that the considerations we have taken into account are as multiple and as complex as the problem itself, and the standards which he has pointed out. We have also shared the concern for an equitable distribution of land, and making lands available to as many as there are within the circumstances allowable to us.

Senator Maceda. My point, Mr. President, is outside of the practical problem of

funds, and the principle of affordability. In all the questions on this matter that has been asked of the Sponsor, he falls back on the word of the Constitution, "reasonableness," and then falls back on the second favorite phrase that he has given to so many questions of his social investigations of social research. But, there has been really any specifics and he has admitted it, at least, once, that there has been no thorough basis that has been brought to him.

So, to answer the question outside of the affordability question, why seven hectares, why not 10? why not five? why not three? He keeps insisting that, based on the general principles of reasonableness, equity considerations, social investigation, ecological principle, protection of property rights, that seven hectares it is; that is it.

And I think almost everybody who has stood up here has not been satisfied up to this point, Mr. President. I can not get myself to accept that seven-hectares retention limit initially as far as rice and corn is concerned, because there has been no real support for that figure that has been given by the distinguished Sponsor other than those generalities.

Senator Alvarez. Mr. President, I doubt if any other argument could convince the Gentleman, since the Gentleman has taken a position himself. However, I think that when he cited the fact that the Chamber has already made up that seven hectares, is an acceptable figure, maybe his own judgment on the issue. I assure that if he will fall on the people who are implementing this program, he may find consolation in the fact that there are those who may agree with us.

Senator Maceda. The Gentleman said, in answer to Senator Enrile, I think - no, in answer to Senator Paterno, excuse me, on February 2, page 29 of the *Journal*, "he" - referring to the Gentleman - "added that there is the higher goal of land reform than the concerns of the individual for property ownership."

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This is one statement that those against . . . In all the other statements, the Gentleman was always very conscious of protecting the property rights of landowners. In this statement, the question from Senator Paterno was on whether it would serve the purpose if a photocopy of the Certificate of Title is submitted or whether it would be safer to submit the original certificate after the landowner has received a document of payment, promissory note or bonds, Senator Alvarez underscored that when a landowner enters into such a transaction, he is bound by it, and can no longer use such document for other purposes; therefore, there is no reason why the landowner should not submit the original certificate. He added that there is the higher goal of land reform than the concerns of the individual for property ownership.

Meaning to say, if the Gentleman had only adopted this attitude in answer to Senator Paterno of not being too worried about the concerns and the rights of the landowners or the title holders, then I think we will have no discussion tonight. But, at least, there is hope here that, somewhere, maybe in the Gentleman's heart of hearts, the Gentleman just thought that, maybe, this bill is a good compromise bill, so that it would displease a lesser number of people. And so the question is, as we now see, no bill can really satisfy everybody. And so, can the Gentleman now go along with us? But that being the case, we just have to fall back on one basic principle; and that is, the principle of the greatest good to the greatest number.

Senator Alvarez. That principle is so all-embracing, Mr. President. I am almost reminded of what they say about the Bible. Anybody who is against that principle may quote that principle as well, about the Scriptures being quoted by the devil himself.

But what I am trying to say here, Mr. President, is that the higher goal of land reform is more than protecting the property rights of indi-

viduals, because this is an act of redistribution, this is acknowledging the property rights of the underclass in the countryside. We are vesting him the ownership and, with that responsibility of becoming a property owner. And if we do not protect the cornerstone and the basis for that grant and recognition of his right to private property, we might end up building a system here, Mr. President, for the grant of the right, that we will not find fulfillment in the long run. We are creating new property owners. And when I say property rights, I do not mean it for the big landlords, whose property rights, as a matter of fact, we have already conceded in this formula for social reform as something that can be subjected to the intervention of the State; namely, to regulate that right of his to accumulate vast tracts of land and these tracts of land must be redistributed to the landless in the countryside. That is the property right that I refer to. I do not refer to the property rights of landlords.

Thank you, Mr. President.

SUSPENSION OF THE SESSION

The President. With the permission of the Gentlemen, shall we have a brief recess, if there is no objection? [*There was none.*]

It was 6:17 p.m.

RESUMPTION OF THE SESSION

At 7:37 p.m., the session was resumed.

The President. The session is resumed. Senator Maceda is recognized.

Senator Maceda. Mr. President, I will just ask one or two questions and then reserve the rest of my interpellations for tomorrow.

Senator Alvarez. Willingly, Mr. President.

Senator Maceda. Now, in answer to Senator Aquino on the initial day of the Gentleman's sponsorship, again quoting from the *Journal*:

As to the scientific and economic basis of the proposed seven hectare retention limit, he — referring to you, Sir — explained that based on the sociological and political conditions of the farmers, giving the farmer —

In this context, I think, the Gentleman was referring to the landlord — farmer who would be deprived or reduced, giving the landlord-farmer —

only less than seven hectares would be too much deprivation. He affirmed, however, that less than seven hectares would still be feasible for cultivation and a seven-hectare farm is more susceptible to machine agriculture.

So, in this particular answer, the Gentleman from Isabela is speaking that less than seven hectares would be too much deprivation. So again this is the context in which the Gentleman from Isabela has always emphasized that we are keeping seven hectares because that is the thing that would be acceptable to the landlords.

Senator Alvarez. Yes, Mr. President. We are hewing very closely to the constitutional mandate in this particular case.

Senator Maceda. Now, one last point. Is the Gentleman serious — I presume he is, but for the record I have to ask it — in his answer again to Senator Enrile and one or two others that the credit plan calls for only two years of assistance to the beneficiaries and after that, the Gentleman said that he expects them to be able to pay the roll over and so that the loan funds of about ₱40 billion or ₱40 million would roll over, and because of that belief, the Gentleman has also put in one of the sessions that on the third year they would start to pay the Land Bank. Is the Gentleman open to suggestions, very strong suggestions, based on the strongest of reservations, that certainly whether it is based on pre-war, post-war, PD 27, before or after PD 27, there is no way by which any farmer-beneficiary

can immediately get himself out of bondage and poverty in two years time to be able to negotiate for credit on his own and not through the agrarian reform program and for him to be able to start paying at that time?

Senator Alvarez. Mr. President, the first two years are the crucial times of adjustment. We are not saying that after two borrowing seasons, the farmer will not need any more credit facility. As a matter of fact, even in more developed communities, there is a continuing need for credit availability.

The two-year period that we have provided for here, especially in the payment of amortization, when he does not become answerable for the amortization until after two years, is a period which we hope would be enough for him to be able to adjust to his new responsibilities of ownership.

As to credit, Mr. President, the concern of the Gentleman that credit must be continuing facility, available in the countryside, is a fact not only here but in all other agricultural communities in the world, even in the first world countries.

Senator Maceda. Yes, Mr. President. What I am saying is, in my humble estimation, outside of the question of retention limits, this is the weakest point in the proposal of the Gentleman from Isabela. And he used the words, "we hope" and that is indicative of the uncertainty, if not the lack of sufficient study of what has been the unfortunate experience with the agricultural credit in the past.

My humble representation at this point, Mr. Sponsor, is that this has got to be recast substantially to at least a guarantee of five years assured, supervised credit and that the farmer be made to pay if ever he is made to start paying his installments, only after five years. For the realities, Gentleman from Isabela, I guess he does not have to go far. Go to any farm nearby,

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whether it is Bulacan or Rizal. I would say that all our two million farmer-beneficiaries are all deeply in debt.

Based on three hectares, they will have a net of about, if they are lucky, forty cavans a year. All the rice and corn production programs in the past have failed; PD 27 has not been successful. It is really how to look for that secret formula to assure credit to the farmer and to assure that we will not run out of capital for that credit by somehow getting the farmer to repay his obligation. So is the Gentleman from Isabela, willing to consider a substantial amendment in this regard, first, that we provide in the law for a five-year guaranteed, supervised credit and defer any installments for the farmers to repay from two years to five years; and of course, he has already agreed upon interpellation previously, that he will consider reducing the interest rates for the farmers?

Senator Alvarez. The interest rates are not the same interest rates that we used for the payment of the landowners, Mr. President. The total package for the farmers is a subsidized package. Five years may be debated but I do have my misgivings. I think we have to fall back on the capacity of our financial institutions to be able to manage this. We have to understand the implication of this, and for that matter again, it is a number's worth. We would like to extend this subsidy program as much as we can but a five-year subsidy at this moment is very difficult for me to contemplate. Two years or slightly more perhaps to put the farmer on an even balance to enable him to respond to his new responsibilities would be reasonable. And also perhaps, a mandate that in case he falters through no fault of his own, then, the government institution supervising the credit system would be more understanding in applying the rules for liquidation of foreclosures. As a matter of fact, under the proposed legislation, it takes three continued lapses in installment before the gov-

ernment would move in to collect its credit or compel fulfillment of the beneficiary's obligation. And even then, there would still be an inquiry whether it was something beyond the capacity of the farmer to avoid or remedy it. So, I will be open, but I do not know whether it is wise to prescribe that the given period of five years should be the cut-off period. Again, Mr. President, we may have to look at the figures on this.

Senator Maceda. Mr. President, I highlighted that point next to the retention limit, because I would like to recommend to each and every Member of this Chamber to focus on that point. I sincerely believe that the success or failure of this program depends on that question of credit based on my humble experience with the PACD, et cetera. And certainly, there is no doubt in my mind that on the admitted plan of the Sponsor that credit will only be assured from the ₱146 billion or whatever part of it is allocated for only two years, and after that, the farmer will have to resort to other sources of credit, which I think is a sure failure.

Senator Alvarez. May I correct the misimpression of the Gentleman? When I said two years, we were referring to the start of the collection of the amortization due from the farmers—two years from the time that the award is given when the 30-year period for amortization begins. However, we hope that through other legislations here, there would be accompanying legislations and I am proposing other bills; we will really open up the countryside credit. What we have targetted is ₱40 billion and we hope to, under this program, be able to collect something like 80 percent of that. So, it is going to be a rolling credit. And if there will be more funds available as we develop the conduits in the countryside, the credit system hopefully, will grow.

Senator Maceda. That is what I am trying to

say, Mr. President. He has accepted the figure; he said ₱40 billion and after two years, 80 percent of it will be collected. My point is: in two years time, even if the farmer should be successful in his crop, he is just too much in debt to immediately start any repayments scheme. And I am glad if I had misread the Gentleman from Isabela, but the Gentleman from Tarlac seems to agree with my observations that, according to how we read his explanation.

Senator Alvarez. May I clarify this, Mr. President? Is the Gentleman going to propose that from the time of award, only five years hence would he be due with his amortization?

Senator Maceda. That is the end part of it. What I am saying is in the Gentleman's estimate of costs which he is appropriately concerned with, that if ₱40 billion is on the basis that we can provide two years credit to the beneficiaries and, therefore, no additional capital will be added to the ₱40 billion because the continuation of the credit program will depend on the repayment after the start of the repayment up to the second year, I am saying that on the third year, if we do not provide additional funds to that ₱40 billion, we will have no more funds to lend. Certainly, if we expect the farmers because of two years of being a landowner to earn so much to start repaying part of that loan and not repaying the loans that he had to the usurers and the expenses for schooling and everything that comes into play, I think that the credit will stop; the ₱40 billion will be consumed after the second year and if he does not provide for a replenishment for that, he is not going to get 80 percent, not even 50 percent his best bet is he will get about 20 to 30 percent repayment. And so, the Gentleman might as well, as I said, plan on a ₱40 billion for two years; then he might as well plan on another ₱40 billion for four years; or another ₱100 billion for five years, assured availability of funds for the farmers to borrow.

Senator Alvarez. I will have no objection if in the eventuality that we will give more credits, the Gentleman will vote with me in providing more credits for the countryside.

Senator Maceda. Certainly, Mr. President. Because as I repeat, the failure or success will depend on that particular point. I will reserve until tomorrow, Mr. President.

Senator Mercado. Mr. President, we have some questions from Senator Lina who would like to interpellate.

The President. Senator Lina is recognized.

Senator Lina. Just a few questions if the indefatigable Gentleman from Isabela will yield?

Senator Alvarez. Surely to the youngest Member of the Chamber, Mr. President.

Senator Lina. That may still be under contest by Senator Saguisag, Mr. President. [Laughter]

Mr. President, Article XIII, Section 4 of the Constitution states that:

... the State shall encourage and undertake the just distribution of all agricultural lands, xxx taking into account ecological, developmental, or equity considerations ...

Mr. President, may we be clarified as to what specific ecological considerations have been taken into account in this proposal?

Senator Alvarez. Mr. President, there are several ecological measures mentioned there — ecological, developmental and equity considerations.

Senator Lina. Can the Gentleman mention some of them, Mr. President? I went over the proposal and this is not clearly reflected in the proposed bill. I assume that the Constitutional mandate of "taking into account ecological considerations" should be taken up when we discuss this proposed bill.

Senator Alvarez. There are portions there

which will seek to distribute forest lands. However, this responsibility will be left in the hands of the Department of Environment and Natural Resources since this land of particular gradient or slope and they will require agro-forestry methods of exploitation. During the period of amendments, Mr. President, these measures will be introduced but the appropriate mandate will be done in close consultation with the technology that is now being used in these particular kind of lands.

Senator Lina. Will the Sponsor agree to ecological guidelines such that Congress may prescribe the legislative criteria which the implementing mechanisms of the program will follow in the promulgation of rules and regulations and in the implementation of the program? This Representation, Mr. President, is an environmentalist, a new convert into this movement to preserve our environment. Therefore, I take special interest in this regard, that we can not just implement an Agrarian Reform Program that does not take into consideration the ecology of this country. Therefore, will the Gentleman agree that such ecological guidelines be spelled out so that the necessary criteria will be included in the proposed bill?

Senator Alvarez. Definitely, Mr. President. In the distribution of certain forest lands suitable for cultivation and exploitation, the underlying principles should be the conservation of those forest lands for purposes suitable for exploitation.

Senator Lina. In the first place, Mr. President, these ecological considerations are also intended for the protection of the farmer-grantees themselves. Without environmental safeguards and the protection of the environment, the land to be tilled will be subject to erosion, depletion or loss of fertility, and soil degradation due to pollution and other hazards. So, if we are going to extend the benefit to our

farmers, we might as well give them the necessary protection from the point of view of ecological balance.

Senator Alvarez. That is correct, Mr. President.

Senator Lina. The second question, Mr. President, is on the definition of the word "landless." I think this is very important considering that Article 13, Section IV of the Constitution provides that the Agrarian Reform Program shall be founded, and I quote, "on the rights of farmers and regular farm workers who are landless." May we be clarified, Mr. President as to how "landless" shall the landless farmers or farm workers be to qualify as a beneficiary under this proposal. Let me give an example.

Suppose a farmer by inheritance owns a non-agricultural land used for a store or an animal-raising project. Is he landless since what he owns is not agricultural land? I am quite unsure of this, Mr. President. I think the word "landless" has not adequately been defined.

Senator Alvarez. May I offer the Gentleman some efforts at clarification. The word "landless" may not be interpreted as absolutely landless. It should be to the level or to the measure of the award ceiling, the balance of which will be his level of entitlement. And as to what he has cited, if the land is devoted to poultry and swine, if it is not for tillage, I am afraid that this falls under what may be construed as "agricultural." Technically, if he has half a hectare and he is cultivating a portion of riceland which is 2.5 hectares, he may still claim but not beyond 2.5 hectares, an entitlement as a beneficiary.

Senator Lina. How will that formula be arrived at, kung kalahating ektarya lamang ang pag-aari, which is not sufficient to support a family?

How will he be benefited by this program and what is the formula?

Senator Alvarez. Sapagkat ang ceiling ng ating award ay tatlong hektarya. Nagbabakasakali lamang tayo ng hypothetical case.

Senator Lina. Marami pong mga magsasaka na ang sinasakang pag-aari ay kalahating ektarya o maliit pa rito. Kaya kung sila ay may sinasakang kalahating ektarya masasabi ba natin na sila ay may lupa o walang lupa para maqualify sa ating Agrarian Reform Program?

Senator Alvarez. Sa aking palagay, ang isang magsasakang mayroon nang kalahating ektarya, at sapagkat ang award ceiling natin ay tatlong ektarya kung mayroon pa siyang masasakang dalawa at kalahating ektarya, ay maaari siyang mapasama roon sa ibinibigay ng batas na karagdagang lupang sasakahin.

Senator Lina. Marahil ito ay dapat nating linawin. Kaya sa panahon ng amendment ay magsususog o maghahain po tayo ng kaukulang susog. Iyan po ba ay tatanggapin ng mabunying Senador mula sa Isabela?

Senator Alvarez. Bukas po ang aking puso sa lahat ng inyong isususog na sukat na makapagpapaganda sa ating panukalang-batas.

Senator Lina. Kami po ay kakatok sa inyong puso sa tamang panahon. [*Laughter*]

G. Pangulo, tungkol po naman sa papel ng mga kabataan sa programang ito — tatapusin ko na po at alas siyete na — under Article II, Section 13 of the Constitution, sinasabi na: "The State recognizes the vital role of the youth in nation-building." Certainly, Mr. President, the formulation and eventual implementation of the Agrarian Reform Program within the meaning of the Constitution is a significant part of building this nation.

The Constitution also provides, Mr. President, that science and technology are essential for national development and progress.

Ang tanong ko po ay ganito: Maaari po bang maglagay tayo ng provision sa panukalang batas

na ito na maghihikayat sa ating mga kabataang nakakaintindi ng mga kaukulang teknolohiya at progresibong teknolohiya na mabigyan ng prayoridad sa ilalim ng Agrarian Reform Program?

Senator Alvarez. Sa papaano pong paraan? Sa pagpapamudmod ng lupa, sa pagtulong sa pagpapamudmod ng lupa?

Senator Lina. Sa panahon po ng amendments, akin pong hihingin ang konsepto o prinsipyo para sa mga kabataang nakakaintindi ng makabagong farm technology. Sapagkat ang bagay na ito ay isasaalang-alang ng ating Saligang Batas, na ang mga kabataan ay dapat magkaroon ng papel tungo sa pag-unlad ng ating bayan, sa pamamagitan ng pagbibigay sa kanila ng makabagong teknolohiya at kaalaman sa pagsasaka sa ilalim ng Agrarian Reform Program. Sa takdang panahon ng pagsususog, ito po ay ihahain ng Representasyong ito.

Senator Alvarez. Iyon po ay magandang kaisipan at kinakailangang palaganapin. Kaya pagdating ng panahon na kayo ay magbibigay ng susog sa panukalang-batas na ito, ang inyong abang lingkod ay magiging katulong ninyo sa pagbibigay ng susog na iyan.

Senator Lina. Kahuli-hulihang katanungan po, G. Pangulo. Iyon pong mga penal colonies sa Palawan, sa Zamboanga City, sa Davao, sa Leyte, at sa Mindoro, sa ilalim ng inyong programa ay kasama ang mga ito. Iyong mga penal colonies ay isasama rito sa Agrarian Reform Program. Sa pagkakaalam ko po, ang mga lupain sa penal colonies ay ginagamit sa pagtanim ng mga preso at ng mga nare-release doon bilang pantawid-gutom at bilang rehabilitation part of their program. Kung isasama natin ang mga penal colonies na ito sa ating programa, ano ngayon ang mangyayari sa buhay ng ating mga preso doon? Nabasa ko po kanina iyong sinabi ng Director of Prisons na puwede raw bang alisin ang mga penal colonies doon sa sakop ng panukalang-batas na ito sa agrarian reform?

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Ano po ba ang inyong palagay tungkol rito?

Senator Alvarez. Lahat po ng lupang nasa kamay ng Pamahalaan, ang mga pribadong lupa, ay mapapasailalim ng agrarian reform. Ngunit hindi po naman yata ito magiging isang kautusang hindi mababali sa mga pagkakataong may mahigpit na pangangailangan ang Pamahalaan, na ang mga pangangailangang ito ay mabigyan ng matalinong solusyon. Ang iba po sa mga lupa ng mga penal colonies ngayon ay naka-lease sa malalaking kompanya. Bagamat nataguriang mga lupa ng penal colonies, ang mga ito ay Government lands, at sapagkat kalabisan na marahil sa pangangailangan ng mga penal colonies, na kanilang inili-lease ang mga lupang ito. Ngunit ako po ay hindi tutol na ito ay bigyan natin ng pangalawang dalaw at tingnan natin kung ano ang mahigpit na pangangailangan ng Pamahalaan o ng bayan.

Senator Lina. Marami pong salamat sa pagbibigay ninyo ng pagkakataon sa akin na makapagsalita tungkol sa bagay na ito.

Mayroon pa ho akong tanong, G. Pangulo. Ang sabi po ng Majority Floor Leader ay itanong ko na ang lahat para ma-discuss na ang Metro Manila Authority Bill bukas. [*Laughter*]

Senator Alvarez. Lubus-lubusin na po ninyo at ituloy na natin itong pagkagutom ng ating mga kasamahan sa Senado.

Senator Lina. Doon po sa Republic of Zimbabwe, G. Pangulo, — hindi po tayo pupunta roon — it was formerly Rhodesia, this country attained an increase of production despite the drought in the continent of Africa, largely through the efforts of small-scale farmers.

The question is: Would the distinguished Sponsor consider in the amendments these measures which were cited by the Ministry of Agriculture of Zimbabwe: (1) Expanded credit to small-scale farmers. I think, natanong din po ng ating kasamahang Senador. That is number one.

(2) Marketing depot-servicing, agricultural, commercial farmers and communal farmers serviced by a nationwide marketing assistance program.

(3) On-site direct benefits through re-oriented research such as assistance in soil samples for adaptability to certain crops.

(4) Farming systems research where the small-scale farmer is provided on the farm assistance by the researcher-farm assistance worker, who, not only takes data from what is going on but provides on-the-spot assistance.

(5) A revolving fund for irrigation which undertakes small-scale communal farm irrigation on a revolving fund basis. Thus, large-scale irrigation project which requires large funding is avoided, instead scale projects suited to the number of small farms and the source of the water is funded on a case-to-case basis.

(6) Small-scale farming assisted with forestry conservation and animal raising. For firewood, they introduced community wood lots or community-shared wood gathering for dairying; then readopted bulk milk collection from small dairy farms.

(7) Return to traditional crops, and this is quite important, Mr. President, which were basically resistant to the local conditions; instead of relying on high-yield varieties — such as what we are doing through IRRI — but had large negative effects from high fertilizer and pesticide inputs, or crop failure due to drought.

In short, return to the crops traditionally suited to local conditions and hazards meant that they could fight the drought because traditional varieties were drought resistant and native pests resistant.

(8) And lastly, a strong emphasis on environmental protection as an integral part of the small-scale farm program.

These may sound to be detailed proposals but this Representation believes, Mr. President, that these can be introduced as amendments or addition to the program being proposed.

Will the Gentleman accept such amendments at the proper time?

Senator Alvarez. Mr. President, if we can cull these into a brief mandate, so that it becomes an injunction for our prospective beneficiaries; otherwise, this whole observation proven successfully in Zimbabwe would be more useful if put in the hands of the Secretary of Agriculture. I think they are very informative pieces. I really have no objections to these. I welcome them.

Senator Lina. Thank you very much, Mr. President. Those are policies by themselves which can be incorporated except for the detailed proposal. Some of the seven or eight measures are policy measures which can be incorporated in the program.

Senator Alvarez. Thank you, Mr. President.
The President The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President I move for the suspension of consideration of Senate Bill No. 249.

Mr. President. Is there no objection? [*Silence*] Hearing none, the motion is approved.

ADDITIONAL REFERENCE OF BUSINESS

Senator Mercado. Mr. President, we have additional Reference of Business.

May I request the Secretary to read it.

The Secretary. Additional Reference of Business.

Committee Report No. 124, submitted by Committee on Local Government, on House Bill No. 40, introduced by Congressmen

The President. Is there any objection? [*Silence*] Hearing none, the amendment is approved.

Senator Aquino. Mr. President.

The President. Senator Aquino is recognized.

Senator Aquino. Mr. President, may I suggest something in line with what Senator Saguisag said? In cases like these, I have no objection to the investigation. But can we have a preliminary investigation before we go into formal investigation? Which means that if we can assign one Senator to investigate this matter and maybe report after two or three days and maybe he can recommend whether there should be a full-blown investigation; or, if the investigation can end right there, that is just a suggestion, Mr. President. Since there is no mechanism, maybe some kind of a preliminary investigation is in order.

The President. That is usually done in the United States and it can be done by the appropriate committee. Is there any other proposal? Senator Estrada.

Senator Estrada. Kung maaari lang po, G. Pangulo, ay mayroon po sana akong gustong mairagdag kung papayag po iyong idol kong si Senador Maceda, sapagkat tila po yata kinakalimutan iyong ating mga mahihirap na manggagawang namatay. Kaya po sana, kung papayag po, mairagdag Ko po sana ang:

RESOLVED FURTHER, THAT THE SENATE EXPRESS ITS CONCERN ON THE DEATH OF THE THREE LABORERS IN THE DIGGINGS.

Senator Maceda. The amendment is accepted, Mr. President.

Senator Estrada. Thank you.

The President. All right. Is there any other amendment? Is there any other proposal? If

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there is none, subject to refinement in style. Is there any objection to this resolution?

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President.

For the reasons I stated earlier, I have to abstain.

ADOPTION OF SENATE RESOLUTION NO. III

The President. The abstention is registered. Is there any other objection? [*Silence*] Hearing none, Senate Resolution No. 111 is approved.

SUSPENSION OF THE SESSION

The President. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 5:44 p.m.

RESUMPTION OF THE SESSION

At 6:15 p.m., the session was resumed.

The President. The session is resumed.

BILL ON SECOND READING Senate Bill No. 249 – Comprehensive Agrarian Reform Program (Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249, entitled

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES.

We are still in the period of interpellations. I move that we recognize the Sponsor, Senator Alvarez and the first interpellator in this evening's session is Senator Romulo.

The President. Senator Romulo; Senator Alvarez.

Senator Romulo. Mr. President, with the permission of the distinguished Sponsor, may this Representation be permitted to direct a few questions?

Senator Alvarez. Yes, Mr. President, to the Gentleman from Tarlac and Quezon City.

Senator Romulo. But before I do that, Mr. President, I would just like to take this opportunity to commend the distinguished Sponsor for his vision and brilliance manifested in this Senate Bill. And because of that vision, once this bill is passed, we would be able to answer the needs of our farmers and the tillers. And that is the reason why I commend the distinguished Gentleman, Mr. President.

Senator Alvarez. Thank you very much, Mr. President. That is a commendation that I shall honorably carry to my grave.

Senator Romulo. In fact, Mr. President, persons of lesser credentials have been able to parley a bill of this momentous import to higher office. And I am sure that once this is passed, then the distinguished Gentleman rightly can reap the blessings and fruits of this bill, Mr. President.

Senator Alvarez. Thank you very much, Mr. President. But I am sure that the public is fickle come 1992 and it may have forgotten the debates we have had here. But if the Gentleman will help me remind the public, I will be very grateful for that as well.

Senator Romulo. Mr. President, before I start some of my questions, may I just take this opportunity to read a telegram which I am sure each of the Senators has received.

This is a telegram from the Bishop Businessmen's Conference for Human Development. Let me read this telegram, Mr. President.

It is dated February 26, 1988, to quote:

The Bishop Businessmen's Conference for Human Development appeals to our Senators to act favorably and expeditiously on a truly Comprehensive Agrarian Reform Program, based on the following principles:

1. Respect for the land-to-the land-to-the tiller mandate of the Constitution;

2. Adherence to equity and social justice as the prime motivation for agrarian reform;

3. Adoption of a retention limit which permits as many tillers as possible to become beneficiaries;

4. Above the retention limit, inclusion in the program of all crops, agricultural technologies, forms of land tenure and landowners, including the Government and religious sectors;

5. Priority of redistribution of larger landholdings before proceeding to the smaller ones;

6. For non-tenanted lands, priority of redistribution to tillers collectively, instead of individually;

7. Provision of adequate support services in order to protect agricultural productivity;

8. Allowance of voluntary systems of land sharing, such as corporate stock-sharing if they genuinely transfer control over the land to the tillers over a reasonable period;

9. Payment of market value as just compensation with alternative modes of payment and with a market rate of interest on unpaid balances, provided that the value of property is the same for both tax and compensation purposes;

10. Mobilization of Government resources to finance the difference between the landowner compensation price and the selling price to the

tillers, as well as the provision of incentives to and opportunities for investment by landowners.

And then it says,

With our prayers and appreciation for your kind attention and consideration.

The National Executive Council

Signed by Archbishop Orland Quevedo and Christian Monsod as co-chairman. Members: Bishop Teodoro Bacani, Bishop Nestor Cariño, Bishop Francisco Claver, Bishop Federico Escaler, Mr. Ernesto Aboitiz, Conchita Benitez, Ernesto Escaler and Dante Santos.

May I ask the distinguished Gentleman if he would like to comment on this telegram addressed to the Senator and, I am sure, addressed to every Senator in this Chamber.

Senator Alvarez. If that is signed by bishops, I must express my admiration for the concise and precise expression of their thoughts, Mr. President. I think it very well capsulizes the hopes and aspirations of the Members of this Chamber, to be able to respond to the complex challenge of land reform so that everybody is going to be better off after this legislation and nobody is going to be worse off, for indeed, as has been pointed out by the President of this Chamber himself, the difficulty in legislating land reform in a democratic polity is the multiple dimensions that we must address and I think the bishops have expressed concern that we do not only address all these dimensions of the problem but we should also be able to address it expeditiously as well.

Mr. President, I think this Chamber will in due time prove worthy of the hopes and aspirations of our bishops and those who have co-signed with them that telegram.

Senator Romulo. Thank you, Mr. President.

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Mr. President, I feel that we also want this land reform because there is an urgent need for this. It is a social justice issue and I am happy that the distinguished Sponsor supports this, not only now but in the various interpellations and in his sponsorship speech. In fact, if I may state the provision citing this social justice provision, that is Section 1 which states that Congress shall give the highest priority to the enactment of measures that protect and enhance the right of all people to human dignity, reduce social, economic and political inequalities and remove cultural inequities by equitably diffusing political power for the common good. To this end, the State shall regulate the acquisition, ownership, use and disposition of property and its increments.

Then, of course, there is the specific provision on Agrarian and Natural Resources Reform found in Section 8 to which we all adhere and the distinguished Sponsor is the prime mover to implement the social justice and human rights provision.

In addition to this, of course, Mr. President, is not only a social justice issue and I think I recall rightly that in the caucus, the distinguished Gentleman stated that we must address ourselves to this issue because part of this issue is the resolution of the insurgency problem, is that not correct, Mr. President?

Senator Alvarez. That is correct, Mr. President, but underneath that statement is an observation that the root of the insurgency is one of poverty. We do not hope or we do not want to see this used as a weapon but we want this social reform measure to address the root cause of insurgency which is the inequitable distribution of wealth and the nagging poverty in the countryside.

Senator Romulo. That is why, Mr. President, it is good that the distinguished Senator and Sponsor stated that the root of this insurgency,

the root of our problems, is poverty because we can not take the agrarian reform isolated from the other provisions of the Constitution.

And right in Section 9 of Article II on the State Policies, I think it covers that provision which says that the State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life.

Therefore, when we look at the agrarian reform issue, we must look at the totality of the poverty issue of which agrarian reform is one way by which we can find a solution to the alleviation of poverty.

And so, these are the tenets and the policies that I feel will guide us in considering this agrarian reform.

Is that not correct, Mr. President?

Senator Alvarez. Indeed, Mr. President, throughout the provisions of the Constitution, the political democracy that we have enshrined therein will not have much meaning unless we are able to accomplish through our social justice reform.

Senator Romulo. And under Article XII, on the National Economy and Patrimony, Mr. President, it states very clearly the goals of the national economy which are: equity, productivity, and productivity growth.

Furthermore, Mr. President, it says that the State shall promote industrialization and full employment based on sound agricultural development and agrarian reform.

Again, here, Mr. President, the mandate to us is a totality of economic development which goes from equity, productivity and productivity growth based on industrialization and full employment with agrarian and agricultural reforms.

Is that not correct, Mr. President?

Senator Alvarez. That is correct, Mr. President. Indeed, this measure is a measure that must respond to many problems of the country. Although it is principally a social justice measure, there are other goals that we must serve as well for the problems are social justice and poverty. So we have to address the problem of development as well.

Senator Romulo. And, therefore, if we are addressing the problem of development, Mr. President, it is not enough or sufficient that we transfer lands to the landless or those who are tilling the land; we must also see to it that the landlords are compensated adequately and properly.

More than that, Mr. President, the assets of the landlords are transferred to beneficial use to benefit the economy of the country. Is that not correct, Mr. President?

Senator Alvarez. Yes it is, Mr. President. We must provide for some ingenious ways of stimulating the economy by encouraging a shift of investment in the countryside to the other sectors of the economy and from the other sectors of the economy into the countryside.

This could be done within the comprehensive program that we hope to be able to undertake under this legislation.

Senator Romulo. In fact, Mr. President, there is a specific Constitutional mandate with regard to compensation and that is stated under Section 8 of Article XIII, which says that: "the State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment creation, and privatization of public sector enterprises."

Senator Romulo. Yes, Mr. President. In fact, I was reading the report of the Department of Agrarian Reform and I think it has based

its computation on the award to two hectares. Is that not correct? At least, in programs A, B, and I think even C.

Senator Alvarez. Three hectares is the sharing limit, Mr. President; but on the whole, as this is put into operation in the field on rice and corn, the word "level" has been on the average, about 1.4 hectares.

Senator Romulo. So, it is even smaller, 1.4 hectares.

Senator Alvarez. Yes, because of the limitations of available land and the parcelization of land in rice and corn.

Senator Romulo. Yes. In other words, the award limit or ceiling is 1.4 hectares per family in rice and corn in programs A, B and D.

Senator Alvarez. I am referring to the social experience which we have accumulated in implementing PD No. 27, which is the Agrarian Reform Program on rice and corn.

Senator Romulo. And therefore, on the basis of 1.4 hectares, this could be family operated and it would be productive.

Senator Alvarez. Somehow, it meets the optimum needs of a single farmer-operator with the assistance of his family. Although there are pilot projects which show that indeed, a three-hectare area, with new technologies of diversified farming, would be able to serve the needs of a family of six in the rural areas, and may even produce a little surplus on the side.

Senator Romulo. So that then the Gentleman is stating that a level of 1.4 to 3 hectares would probably be a safe award limit, perhaps give or take 50 percent depending on the nature of the soil and the terrain.

Senator Alvarez. That is correct, Mr. President.

Senator Romulo. And in fact, Mr. President,

this is based on the principle that it is intensive agriculture.

Senator Alvarez. That is right, Mr. President.

Senator Romulo. Which means, Mr. President, that there will be intercropping.

Senator Alvarez. Yes. What we find is that when the small parcels of land are cultivated by owner-tillers, there is usually intensive agriculture because as much time as would be available to the owner-farmer would be devoted to the land.

Senator Romulo. Yes. In addition to that, it also conceives a situation where there will also be poultry, hogs and biomass activities?

Senator Alvarez. Yes. I think in the most sensible management of a three-hectare lot or slightly less, there should be a diversified deployment of the available opportunities, not only for tillage but perhaps a little fishpond on the side, a little animal husbandry, some fruit trees, and some papaya groves. This diversification process completes the whole productive machinery for a small piece of land.

Senator Romulo. Yes. In addition to that, of course, Mr. President, that only refers to the raw product of the land. But that in order for the entire economy to really get off and head for recovery in that same area or region, there must be sufficient agro-industry in order to take care of the other economic activities to supplement the produce of the land. Is that not correct, Mr. President?

Senator Alvarez. Yes, that is right, Mr. President.

Senator Romulo. And this is where we can again use as a model or other models the economic zones that are being proposed by the Senate President Pro Tempore or other similar undertaking because if we do not have this program, in other words intensive agriculture of family size, owner-operated based on agro-industry

and with appropriate infrastructure, the program is not complete. With all of these, that is the program that we are looking forward to.

Senator Alvarez. Yes, Mr. President. As a matter of fact, if we do not integrate in many situations this small-scale ownership of land into some kind of a marketing system or some kind of both scale productive system, we may be missing out on the advantages of the economy of scale.

It is possible that in one given area, let us say, a hundred thousand hectare area, while the ownership may be parcelized or divided to three hectares or less pieces, that a suitable crop would be planted over the area, and with government assistance some kind of a marketing arrangement would be made so that the crops over these vast areas could be exploited in massive and collective scale for the mutual advantage of the farmers and the national community. This way, when we cut parcels of land into family-size cultivation, it does not mean that we would have closed altogether the opportunities for big scale operation — big scale marketing for that matter, Mr. President.

Senator Romulo. I am happy to hear that from the distinguished Sponsor, and therefore I will not refer anymore to the previous interpellation on this subject matter, because I think the distinguished Sponsor has stated very clearly that, in his view, there is need to look up to the totality of the economic program, and that one part without the other parts will not provide the workability, the success that we are all looking forward to in this type of undertaking. And in fact, Mr. President, I have here the issue of the *Far Eastern Economic Review* of March 3, 1988, and it cites precisely one such example of an agro-industry that has provided the means of livelihood to the people of Thailand. And not only that it has provided this agro-industry that has therefore, made their land reform or land tenure there

meaningful, fruitful and profitable for all. Let me just state that this refers to the Charon-Pocam group.

In other words, Mr. President, we are mandated to provide incentives so that payment will not merely stop there but that such payment through incentives are used or utilized and maximized to promote industrialization, create employment, and privatize public sector enterprises.

So this is the whole economic program, Mr. President, of which agrarian reform is part; of which the solution to the insurgency problem is part; of which the alleviation of poverty, the provision of full employment is part; of which industrialization and full employment is part.

Does the distinguished Sponsor agree with me on this, Mr. President?

Senator Alvarez. Indeed, Mr. President, the Agrarian Reform Program is a many-splendored thing.

Senator Romulo. Therefore, Mr. President, we must, from the very beginning, have a program. From the very beginning, Mr. President, we must assure ourselves that this is a program that has a beginning, that has continuity, and that has an end. And, that end, Mr. President, is full employment; that end is industrialization; that end is the satisfaction of the social justice aspect. In other words, Mr. President, that end is to free our people from poverty and provide them with gainful means of employment either through the land or other related agro-industry or other such industry. Is that not correct, Mr. President?

Senator Alvarez. That is correct, Mr. President. The Comprehensive Agrarian Reform Program is a vehicle for a good society.

Senator Romulo. So Mr. President, what this Representation would like to ask is that if the distinguished Gentleman has discussed this

with the Presidential Agrarian Reform Council, with the Board of Investments, has discussed this with the Department of Trade and Industry, has discussed this with the other institutions which will, together, form this economic program of which the proposal of the Senate President Pro Tempore for an economic zone may even be an important, essential part.

This is the question which I would like to propound because this is very important. It is not enough that we start the ball rolling. We must assure ourselves with some degree of certainty that, within the next few years, this program will get on and on. And, ultimately, after the 10-year period, we will see perhaps at the end that instead of 70 percent of the people in the rural areas falling below the poverty level, we would be able to reverse that course; and at the end of the 10-year period 70 percent will be above the poverty level.

In other words, they will not only have enough to eat in the rural areas, but they will also have steady incomes that will provide them with the needs and necessities of life; that the sorry and sad statistics now which show that 70 percent of our people live below the poverty level, will be reversed. For after all, Mr. President, the GNP, in its true meaning, should touch the lives and improve the quality of life of every single citizen. We are talking, therefore, of the 70 percent of our population, who are living below the poverty level.

The program here, Mr. President, is very important, and that program must enmesh one with the other so that agrarian reform by itself should not be allowed to go if the other parts of the program will not be in place within the next five to 10 years. May I get the reaction of the distinguished Sponsor?

Senator Alvarez. I agree with the Gentleman, Mr. President. Even after we would have passed this legislation and all the creative and

ingenuous devices have been put in place in order to guarantee its effective implementation, this Chamber will still be called upon to continue to monitor the progress of this program. There will be contingencies, but none of those contingencies should be allowed to defeat or set aside this program.

I do agree with the Gentleman that this program may spell for us the difference between a happy and a good society and perhaps an impoverished and an unhappy society.

Senator Romulo. Mr. President, if we start with this program without, more or less, fairly knowing what the program is and where we are leading to, it may lead us to an even greater disaster than if we did not start at all. Is that not correct, Mr. President?

At this juncture, the Senate President relinquished the Chair to the President Pro Tempore, Hon. Teofisto T. Guingona, Jr.

Senator Alvarez. Again it is correct, Mr. President. This is a program where we want to be able to fulfill our dreams for a good society but where we are also called upon to have our feet firmly planted on the ground; so that, in effect, we will be achieving here a feat of social engineering and the goals that we set are indeed tenable, implementable and feasible, in order that the program will become a reality.

Senator Romulo. I am happy to hear that, Mr. President, and I have all the confidence in the distinguished Sponsor. And also, I am gladdened by the results of our caucus because in that caucus certain assignments were given to certain Senators in order to strengthen this bill because this bill has divisions. This bill, I think will bring us to the Promised Land that it suggests, but that we need to strengthen it; and so, it is important that the various assignments of the various Senators should be really accomplished so that we can, in this regard, strengthen this bill. And so, until this

is done, I think we should wait until the reports of all the Senators are in because if we move forward now without those reports fully studied and reported, we may be rushing it to our everlasting sorrow and agony, and I do not think that is what we want.

Mr. President, let me direct myself to a few questions, particularly, since when I signed this Senate Bill, reporting out this bill to the Committee, I signed it with certain reservations. So let me direct my questions, therefore, to some of these reservations. It is because we all agree that this is so vital a bill that we can not afford to leave any stone unturned. In other words, Mr. President, when we pass this bill, we must see to it that this bill will work because that is the essence of what we are doing now. That is how momentous our decision is here that this bill must work; and, therefore, may I direct some of my questions on the matters that I have reservations on and those are the retention limits, the compensation scheme, the exemptions, and some others.

Let me start, Mr. President, with the retention limit and the award. These are two different things, are they not?

Senator Alvarez. Yes, and we tried to establish an equitable basis for both. I think that in this Chamber, with regard to the word "level," there was no disagreement. There have been some differences of viewpoints on the retention limit.

Senator Romulo. Mr. President, is it correct to state that in the award level or limit — is that the correct word — we have considered that the farm to be awarded must be family-size-owner operated?

Senator Alvarez. That is right, Mr. President.

Senator Romulo. In other words, Mr. President, when we award a certain size of property to a tiller or a farmer, that farmer, with his family, will be able to operate that farm without

hiring any additional personnel outside of his family. Is that correct?

Senator Alvarez. That is right, Mr. President, and also that the level of award will be economically sustainable for the needs of the family.

This group produces about six million day-old chicks a week, of which this group accounts for about a third. And because of this agro-industry, Mr. President, this group is able to handle 25 percent of the country's chicken export. In addition to that, it has provided an animal feed industry, with seven feedmills around Thailand, producing some 500,000 tons of feed a year. And this has brought down the cost of production by 30 percent. And this group has been able to provide production techniques and aggressive marketing, so that they are able to supply day-old chicks, technology for raising them, pesticide and feeds to a combination of farmers. And therefore, it states here that the executives often emphasize that since the group deals directly with the Thai farmers, it will not be able to survive in the long run unless the farmers' well-being is improved.

So this is a Thai act, Mr. President, between the agro-industry which has been developed, which has grown in that area, to the land production, in this case, chicken, one of the biomass productions of this area. And therefore, I have cited this, because this shows how important it is that we must develop this agro industry. Perhaps the President Pro Tempore's proposal for economic zones can be dovetailed with this. And these are the kinds of activities that must be pursued, so that we do not leave our farmers in the lurch. Of course, in addition to this private sector activity, we of course, need appropriate infrastructure, which is what pertains to the Government.

And so, Mr. President, I would like to cite this in support of what the distinguished Sponsor has stated earlier, that there is need for a totality

of approach — the land reform, the agrarian reform, the agro-industry — so that this agrarian reform will work. We have spoken about the award limits.

Now let us go to the retention limit. If, in the award limits we use as a basis the fact that 1.4 up to 3 hectares, or perhaps give and take 50 percent depending on the fertility and other conditions of the soil, that is a productive unit. Therefore, Mr. President, should that not also be, because of the scarcity of land, the basis of the retention limit? We have scarce property, Mr. President.

Senator Alvarez. Perhaps, Mr. President, in the most ideal of situation there would have been parity of classes. Unfortunately, we are living under circumstances where we have to accept social reality. Those to whom we have given land we put a standard which we think is equitable, and those from whom we take away land we go by the mandate of the Constitution which says that we should have a reasonable retention limit. These, as legislators, I think command us to behave in a particular way so that our legislation will be wisely formed. Other considerations have to come into play and I think this Chamber has wisely taken that into account.

Senator Romulo. Mr. President, when we are talking of realities, when we are talking of reasonable limits, is it not a fact that a certain size of land is sufficient to make it economically productive? Is that not reasonable? Is that not a reality? And especially if we consider that precisely our problem is scarcity of land, therefore, it seems to me, Mr. President, meeting the standards of reasonableness and reality, we should also have a retention limit which is at least coequal with the award limit. Because that is reasonable, that is reality, because on that portion of property, family size owner-operated,

a family of six, can make that a productive piece of land.

In other words, by using intensive agriculture based on family size owner-operated unit with appropriate infrastructure and on the basis of an agro-industry which we all agree is the lead for a total economic development program, then it seems to me, Mr. President, that it is valid to equate the award limit to the retention limit. And by the way, Mr. President, that retention limit, only if that family will operate that property. Otherwise, because of the scarcity of land, there should be no retention limit at all, Mr. President.

Senator Alvarez. Mr. President, we are legislating for a society in transition. Here and now at this point in time, there is a reality which we want to fulfill, a reality of providing land for the landless. But also because we are in transition, we have to address the reality as they happen now, as it is now for those from whom we are going to take away land, hoping that in the future this reality will evolve into the final reality of equitable and, perhaps, equal distribution of all lands. Since we have not reached the stage of reality, let us hope that this measure will indeed bring us to the happy land, where there is going to be the fullness of equality, where we will be able to create a classless society. Unfortunately, Mr. President, we are only a liberal democracy. We have not achieved that dream of all political dreamers of creating a just, equitable and perhaps classless society because we have to contend with the realities.

And, therefore, the legislation will not entirely meet squarely the ideal standards that all of us in this Chamber hope to fulfill. But since the mandate of the Constitution is social justice, we do not have yet absolute justice, we have approximated the ideal standard of justice with the measures that we will put out on the retention level. I do not know yet. I have

not found yet the explanation on how to respond to the searching questions such as the light that brought this Chamber to many hours of disquisition and debate. The question being brought now by the Gentleman is a classic, and I have not yet found the classic answer to that question.

Mr. President, I have other questions but I promised the others that I will not take too much time. So perhaps if I can be allowed to continue this tomorrow, then we can give the others the opportunity to ask their questions. May I reserve the right to continue this interpellation at a later time tomorrow?

Thank you, Mr. President.

The President Pro Tempore. The reservation is recorded.

Senator Alvarez. Mr. President, I will be very happy to join the Gentleman from Tarlac in his conceptual and even philosophical exploration of land reform.

The President Pro Tempore. The reservation

is made. Is there any other interpellator? [Silence] The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF
SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President Pro Tempore. Is there any objection? [Silence] Hearing none, the motion is approved.

ADJOURNMENT OF THE SESSION

Senator Mercado. Mr. President, I move that we adjourn the session until four o'clock tomorrow afternoon.

The President Pro Tempore. Is there any objection? [Silence] Hearing none, the session is adjourned until four o'clock tomorrow afternoon.

It was 7:02 p.m.

O

on Education, Arts and Culture.

The Secretary. Senate Bill No. 320, entitled
AN ACT RECOGNIZING ANNULMENT OF
MARRIAGES BY RELIGIOUS SECTS OR
DENOMINATIONS.

Introduced by Senator Pimentel, Jr.

The President. Referred to the Committee on Women and Family Relations and to the Committee on Codes and Revision of Laws.

COMMITTEE REPORTS

The Secretary. Committee Report No. 127, submitted by the Committee on Ways and Means, on Senate Bill No. 258, introduced by Senator Maceda, entitled

AN ACT PROVIDING THAT DUTIES ON IMPORTS NOT EXCEEDING FIFTY THOUSAND DOLLARS SHALL BE PAID ONLY UPON FILING THE IMPORT ENTRY THEREFOR, BY AMENDING SECTION ONE OF PRESIDENTIAL DECREE NUMBERED EIGHTEEN HUNDRED AND FIFTY-THREE,

recommending its approval without amendment.

Sponsor: Senator Maceda

The President. Referred to the Calendar for Ordinary Business.

The Secretary. Committee Report No. 128, submitted by the Committee on Ways and Means, on Senate Bill No. 116, introduced by Senator Tamano, entitled

AN ACT AMENDING SUBPARAGRAPH (a), SECTION 3 OF BATAS PAMBANSA BLG. 73, AS AMENDED, BY ALLOWING THE ENTRY OF HEAVY VEHICLES INTO THE PHILIPPINES UNDER CERTAIN CONDITIONS,

recommending its approval without amendment.

Sponsor: Senator Tamano

The President. Referred to the Calendar for Ordinary Business.

The Secretary. Committee Report No. 129, submitted by the Committee on Economic Affairs, on Senate Bill No. 145, introduced by Senator Laurel, entitled

AN ACT REVERTING ALL NET PROCEEDS OF THE GOVERNMENT ASSETS AND CORPORATION PRIVATIZATION TO THE GENERAL FUND AND AMENDING SECTION 34, ARTICLE IV, OF PROCLAMATION NO. 50, AS AMENDED, FOR THE PURPOSE,

recommending its approval with amendments.

Sponsor: Senator Laurel

The President. Referred to the Calendar for Ordinary Business.

Senator Mercado. Mr. President, in the *Order of Business* of the 23rd of February, proposed Senate Resolution No. 105, entitled

RESOLUTION DIRECTING THE COMMITTEE ON SCIENCE AND TECHNOLOGY TO FORMULATE NATIONAL GUIDELINES ON FOREIGN-FUNDED RESEARCH ACTIVITIES IN ALL DISCIPLINES,

was erroneously referred to the Committee on Rules.

I move that the referral be rectified and the said resolution be referred to the Committee on Science and Technology.

The President. Is there any objection? [*Silence*] The Chair hears none; the motion is approved.

BILL ON SECOND READING

Senate Bill No. 249 – Comprehensive Agrarian Reform Program
[*Continuation*]

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249. We are still in the period of interpellations.

I move that we recognize the Sponsor, Sen-

ator Alvarez and the Interpellator for today, Senator John Osmeña.

The President. Senator Alvarez and Senator Osmeña.

Senator Osmeña. Will the Sponsor kindly yield to a few questions? I see that he has no notes.

Senator Alvarez. Happily, Mr. President.

Senator Osmeña. I would want to ask the patience of the Gentleman as we have done over the last month and ask him a few details which I know he has already laid out before this Chamber. But I am doing this to lay down the premise for my question.

A very simple question first, Mr. President. Is it correct to say that the number of agricultural families in this country total about 10 million?

Senator Alvarez. Actually, Mr. President, it could be less than that because when they say, "agricultural families," they do live in agricultural areas or zones, but quite a number of them are engaged in commercial activities. They are already into some kind of activities, like small countryside business, even pedicab driving, but we will classify them as agricultural families. Give or take perhaps, about, half a million less, Mr. President.

Senator Osmeña. So the Gentleman would say nine and a half million?

Senator Alvarez. Yes, roughly.

Senator Osmeña. And of these agricultural families of nine and a half million, Mr. President, about how many are landless?

Senator Alvarez. Of the figures that we have been receiving both from the Department of Agrarian Reform and the Department of Agriculture, the target number is somewhere at 6.5 million.

Senator Osmeña. Are landless?

Senator Alvarez. Landless workers and two million tenants. So it is about 8.5, yes.

Senator Osmeña. At two million tenants?

Senator Alvarez. Two million tenants.

Senator Osmeña. That will be my next question, Mr. President.

Now, assuming that the retention limit is five hectares, how many of our tenants and how many of our landless would be recipients in a successful redistribution of lands?

Senator Alvarez. We have not refined the figures actually here, but our educated estimate is something like 3.2 million. It could be 3.2 to 3.3 million, thereabouts, Mr. President.

Senator Osmeña. Mr. President, with all due respect, I am sort of alarmed that we have not, even at this stage, arrived at a target figure of beneficiaries for land reform. But assuming that we accept a target of 3.2 million, we are in effect saying that out of the six and a half million landless and the two million tenants, or a total of eight and a half million people, only three and a quarter million will benefit from this Comprehensive Agrarian Reform Program. In effect, in simple arithmetic, we will still have, assuming successful implementation, five million landless families in this country. Is that correct, Gentleman?

Senator Alvarez. That is accurate, Mr. President. We have no pretension that the Comprehensive Agrarian Reform Program will do away with the problem of unemployment and poverty in the countryside. It is our hope that by addressing substantially the problem of landlessness and unemployment with an agrarian reform program, we might be able to boost our movement towards an industrialization program that will ultimately take the pool of excess manpower, characteristic of any agrarian economy and system, towards industry. We are saying here that no agrarian reform program will ultimately solve that problem of excess manpower

in the countryside on available and scarce resource of land.

Senator Osmeña. And the fifth note that alarms me, Mr. President, is that we are raising the expectations of our people. We are using language or terms on this floor like what I heard the other night, "This act is the difference between a prosperous nation and an impoverished nation. And this act will bring about delivery of the promise land." This is rhetoric that, shall we say, tends to raise the level of expectation. And I am apprehensive as to the reaction of the five million who will not be satisfied after we have enacted this measure. Has the Committee considered this particular aspect?

Senator Alvarez. With regard to an effort at public education, Mr. President, I think the Government as a whole will have to deal with that. The Committee has always taken the position that a well conceived and a wisely planned program within limited and scarce resources would respond to the problem of underdevelopment in the countryside, but it cannot bring about the dramatic changes that we hope will lick poverty.

Senator Osmeña. I just wanted to go on record, Mr. President, because we will most likely be campaigning again in 1992 for another term in the Senate, and I would hate to face these five million landless people saying, "Nangako kayo ngunit wala pa akong lupa hanggang ngayon." So I would like to go on record not only for that political reason, but more important, for the credibility of this Government and even for the question of insurgency. That is the reason, obvious as the answer may be, why I wanted to stand here this evening to go on record as putting up a warning about overpromising.

Senator Alvarez. Perhaps the Gentleman's sensitivity to this problem, Mr. President, should inform the Government that in the prosecution

of the program on agrarian reform we should have an information system of not promising the moon, so that in 1992 the Gentleman's problem and mine will be much less.

Senator Osmeña. Mr. President, unfortunately, we have already been promising the moon since July of last year.

Now, to go to another question on this. Assuming that the retention limit is five hectares, how much money will be needed? Because from all the discussions that have been going on since last month, we have been able to determine that a change in the retention limit also changes the amount of money needed. I recall there were figures given like ₱250 million for a three-hectare limit; there was a billion; and there were talks of ₱146 billion for the Gentleman's original bill. Now, if the retention limit is five hectares, how much money will be needed to fully implement this measure?

Senator Alvarez. Mr. President, it will have to be far from an average of a retention limit of seven, so that my estimate of expenditures will have to be in the vicinity of ₱160 billion or thereabout. We have not yet gone to the technical working group to be able to refine this because as we increase the number of beneficiaries we will have to expand the available resources for credit and, of course, the titling expenditures which go along with the process, will have to grow. So we estimate that off the bat; I mean, this is an educated estimate, it may not be that accurate, but it should be in the vicinity of ₱160 billion.

Senator Osmeña. And of that ₱160 billion, Mr. President, what are the sources?

Senator Alvarez. The usual target sources are PCGG funds, the APT funds. We have some borrowings from abroad and, if need be, we may have to fall back on some form of taxation to be able to augment further needs to cover this program.

Senator Osmeña. Again, Mr. President, I would like to go on record on this point that, from the debates in this Chamber in the last months, there had been no definitive and no clear-cut identification or even a credible assurance that the money needed, be it ₱146 billion or ₱160 billion, will be available to implement this program.

Now, there are two main concerns here, Mr. President: one concern again goes back to raising the expectations of people. The other concern, is even more profound – if we institute a land reform program, has the Committee considered the effect upon such a program being enacted upon the landowner? Will the landowner not hold back on investments because his land is going to be land reformed anyway? Will he not hold back on fertilizers? Will he not hold back on irrigation? Will he not disinvest in the land? So, would this not, in effect, result in a decline in production, so we may have to import more rice than we are talking about now, more corn that are talking about now, and more sugar?

Senator Alvarez. That is already happening in certain sectors. For instance, in the prawn industry, there has been a holding back of investment because they are awaiting the results of our deliberations here. I imagine, Mr. President, that when we undertake a massive social program like this, it will have its negative effects. Hopefully, we should be able to launch this soon enough and the program should be underway. So all these developments may be responded to in one way or the other.

Senator Osmeña. So, Mr. President, for the record, there will be costs to the economy in the form of decline in agricultural production, in addition to the costs of the program itself.

Senator Alvarez. There could be, Mr. President. A viewpoint asserts that with the fragmentation or division of land privately held and the new owners meeting the responsibility of being

owners and managers, we will find some difficulty in the process of adjustment and this difficulty will translate themselves into underproductivity. Hopefully, within a period of time – one or two seasons thereafter – the incentive or the motivation of new ownership will more than make up for the decrease in production.

Senator Osmeña. Mr. President, without even trying to go far into the future like three years, in the budget that we have approved for this fiscal year or calendar year '88, how much money is allocated for land reforms?

Senator Alvarez. We have funds allocated for the department. But the funds specified for the launching of this new program will be what we will create under the bill which is a ₱50 billion trust fund, and that is expected to be sourced from PCGG funds and the APT funds of which we only have about ₱7 billion. The target is ₱50 billion. There are some funds from foreign sources which, I think, will be earmarked for this. From the US, we just had confirmation that there is already a \$15-million fund available for this purpose, but not for the acquisition of the land.

Senator Osmeña. Fifteen million dollars?

Senator Alvarez. Yes, Mr. President.

Senator Osmeña. So that is ₱300 million.

Senator Alvarez. Fifty billion pesos is our target.

Senator Osmeña. But even granting ₱1 billion from US, and we get ₱4 billion from the PCGG, I think from APT now it is only about ₱2.5 billion.

Senator Alvarez. About ₱7 billion overall.

Senator Osmeña. Six plus two and a half or let us say, ₱7 billion. We are only talking about ₱8 billion of the ₱50 billion that the Gentleman wants to set aside for 1988 alone. So, just the immediate year, without even trying to project into the more uncertain future, the uncertainty

of having the ₱42 billion more within the next nine months, in effect, tells us that there might be no money even this year to put together the program that is needed for the year.

Senator Alvarez. We are talking to our money managers again in the Government, Mr. President, so that we will not be legislating as if we were building air castles; but it is our expectation that once we have this in place, we shall also have the resources available as they will be called upon in demand. Because this big lump sum of money will not actually be called for on the first day of implementation, we will need the gradual momentum to build up. And I think the money that we have on hand can see us through, at least, on the first month of implementation; and within the first month, we can have an aggregate sum until we reach that target for the first year of ₱50 billion in trust funds.

But, indeed, the Gentleman is correct, Mr. President, in being very concerned because this is a gigantic enterprise, and the sum involved is awesome for our economy, at least.

Senator Osmeña. That brings me, Mr. President, to a question as to whether the Gentleman would consider in the period of amendments an amendment wherein the Presidential Agrarian Reform Commission or the PARC, at the beginning of the fiscal year, would be forced to prepare a program, or a plan, or a schedule of activities that would be anchored on its realistic expectation of the revenues that will be available for that year. And having identified and quantified the available revenues, therefore, it would identify also the tasks that it intends to undertake. It would pinpoint the regions in the country that it would seek to undertake these tasks and even identify the lands that it will target for redistribution.

The effect of all of these, is: one, a very wise business practice of budgeting and planning with-

in one's resources, and second, it will tell the farmers and the landowners in the other regions of the country that for at least that year, they will not be affected. So, maybe, they can undertake certain improvements on their lands because they are going to have a respite of one year.

Would the Gentleman accept such a provision which would compel the PARC to program its activities on a year-to-year basis?

Senator Alvarez. My mind would be open to that possibility, Mr. President, although I would rather think of setting targets. And from those targets, we will raise the resources that may be needed to accomplish them. If we are going to make the program dependent on what could be the available funds for it, then the program may not be carried out at all. Because our Government, short of resources as it is, may always be falling short of resources to implement the program. But we do want to undertake here some measure of change, some planning, whereby we plan and hope to accomplish this plan and raise the resources needed in order to carry out the program or the plan.

Senator Osmeña. I agree even with that optimistic point of view. But the question is: How far-reaching is that plan going to be? Is that going to be for two years or three years, so that a whole section of the country is put in a state of suspended animation? And then, at the end of that period, there would have been no accomplishment because of an absence of resources. There is no doubt that no matter how ambitious the Gentleman's targets are, if he cannot meet the resources, then he cannot achieve his targets.

Senator Alvarez. That is correct, Mr. President. But I will not put the Land Reform Program at the mercy of "subject to availability of funds." I would rather that this Chamber and this nation or this Government, if the Gentleman will, develop the will, the political will to target the accomplishment of this program, and

having defined this program, seek to raise the funds available. For instance, over a period of 10 years, if we know that our target would be somewhere in the vicinity of ₱150 billion, then the Government and its financial machineries would be mobilized, or form other schemes and financial managements. We should attain to raise the funds. It would be a very weak plan if we should subject it to the availability of funds each year. I am suggesting that the budgeting method should not be the other way around, but let us have the plan and decide really to carry out the plan by obtaining the sums of money or exhausting all possibilities of raising the funds. That way, we will be able to mount a determined Agrarian Reform Program.

Senator Osmeña. Mr. President, one point aside, before we proceed with the basic question here. The Gentleman mentioned 10 years, but his bill provides for five. Is the Gentleman saying that he is amenable to a 10-year program?

Senator Alvarez. Mr. President, I always yield to the wisdom of the Chamber. In the caucus that we had, there were many permutations on the program. I wanted to make this into a period of five years because I was hoping that the political will of this Government, the Aquino Government, could be harnessed behind the program.

Senator Osmeña. Mr. President, assuming that it is 10 years, and that we take the Gentleman's approach; that we say that we are going to complete this program in 10 years, and therefore we can reduce it into 10 yearly slices; would the Gentleman be amenable to an amendment which would require the PARC to identify the regions in the country that are going to be targetted on a year-to-year basis so that the people who are on Year Nine can at least breathe for nine years and even put up irrigation ditches without being kept in suspended animation, not knowing when they will get

hit?

Senator Alvarez. That is a sensible suggestion, Mr. President. I do not intend to disregard it entirely.

Senator Osmeña. I hope Senator Paterno, who is tasked with that, can .

Mr. President, another point and I have only two left, The other thing that I would like to dwell in is that it is disturbing that in Section 14, where the Gentleman identifies the qualified beneficiaries — A, B, C, none of these identify the children of the landowner as a beneficiary. Is it the Gentleman's intention to make landless out of the children of landowners?

Senator Alvarez. Mr. President, we hope that after this generation of landowners, we will have people who will be owning land and tilling the land. We would have seen the fullest implementation of the land-to-the-tiller program.

Senator Osmeña. Mr. President, the very basic question is: If I am a landowner with 30 hectares and I have three sons and I am allowed a retention limit of only five hectares. Therefore the other area, the other 25 hectares, would be subject to land reform, and my children would not qualify as beneficiaries. Is the Gentleman saying that the 25 hectares will be divided among the landless tenants so that they become landowners and my three sons are going to be landless? Is that the theory of the bill, Mr. President?

Senator Alvarez. The assumption here, Mr. President, is that, those who are in landed families, on the whole, do not end up inheriting land that they will till.

Senator Osmeña. Mr. President, that assumption may not be valid in Mindanao. Mindanao, think, is a completely different society from Negros Occidental which is our historic *hacienda* type society. In Mindanao, the sons are already tilling the lands with their parents.

I will not belabor this point, Mr. President. I am not here to make long perorations. But my point is, perhaps, at the period of amendments, we can consider an amendment wherein a son or the children who are going to work the land will be also listed among the beneficiaries so that they will not become landless children after we have taken off the balance of the land from their parents.

Senator Alvarez. That would be a wise and equitable approach to the problem. I think we will welcome that amendment if the heir himself will be the tiller.

Senator Osmeña. That is generally the situation in Mindanao, Mr. President. The children are tilling the land themselves.

Another Mindanao problem, Mr. President, which concerns me very, very deeply is the question of the retention limit for homesteaders because most of these people affected were moved to Mindanao by my grandfather and friends from Cebu. Mindanao was brought to its prosperity by Cebuanos, Ilongos, Visayans, Ilocanos, Kapampangans, Bicolanos and Tagalogs, who went to Mindanao and under the Homestead Act, cut out 24 hectares of land from the forest. Some of them who labored there got sick of malaria. Therefore, Mr. President, we would like to show on the record that there is an agreement that a homesteader who has received 24 hectares of land as a homestead and is still cultivating the land today will be allowed to retain that land until the time of his death.

Are we agreed on that, my distinguished Senator?

Senator Alvarez. I think that was agreed upon in the caucus, Mr. President.

Senator Osmeña. It has not been brought up on the floor and there are no records of the caucus. Many years from now, Mr. President, they will be saying: "Senator Alvarez said this,

and Senator Aquino said that," and they will be interpreting this law. So, it is better that we set things straight.

Another problem, Mr. President, is the question of coverage, and that is found on page 6. Section 4, *Scope*, states:

The Comprehensive Agrarian Reform Program shall cover all public and private lands utilized for agriculture and lands of the public domain even though presently devoted to other principal uses like pasture lands leased from the government, penal colonies established on public lands, public forests . . .

Mr. President, the question is: Is a public area which used to be a public forest but is no longer a forest because the trees have been cut, and it is being cultivated by people, but the classification of that land in the Bureau of Lands and in the Department of Natural Resources is still that of a public forest, would that still be covered by land reform?

Senator Alvarez. Mr. President, technically, quite a vast area in the public domain is classified as forest. But in point of fact, a great part of these land areas is already occupied by impermanent or tiller-cultivators who have no titles to these lands.

That is why we have put that particular phrase. However, on the deliberations that we had here, there was some caution given that we should look after the environment, and I think that particular provision, in due time, will need some refinement. I think that was agreed upon in the caucus, Mr. President.

It is true, that we will find in the maps of our forest lands indications that a vast area is still classified as forest. But, according to statistics which we have gone through, there are at least about 40 million Filipinos now settled in the so-called forest zones which are actually logged-covered areas. If we are going to recognize or award them titles, whether of stewardship or

some new technology of cultivating sloping and rolling lands, it would be an opportunity for the Government to introduce land exploitation which will, in fact, protect or conserve the environment, because the incentive given to those who are settled in those areas now will enable them to cultivate the land in such a fashion as to protect and conserve the land, perhaps with a new technology of cultivation or with some agro-forestry programs.

Senator Osmeña. But going back to the point, Mr. President, would the distinguished Sponsor consider an amendment which would clearly state that forest lands that are now being tilled and occupied will *ipso facto* be classified as alienable and disposable and, therefore, be distributed under the Land Reform Program? Because, if the distinguished Sponsor will allow me to go a little farther, it is clear that in many places of this country, there are even families with tax declarations going over many years on lands that they really do not own, that are still part of forest lands.

It is also my experience, that one of the hardest things is to get the Bureau of Forest Development to release forest lands as alienable and disposable. The main reason is that the Bureau of Forest Development, not for ecological reasons but of protecting its domain, because the Government allows it to have a big budget, does not want to see lands reclassified.

So, Mr. President, if we are going to take land away from private landowners, if we are going to take land away from families who have owned their lands for generations, I see no reason why we should be protecting the bureaucracy of the Bureau of Forest Development, so that it can continue to have a fat budget, and it can continue to have lands that should be classified as alienable and disposable remaining in its domain.

Senator Alvarez. That is correct, Mr. President, although I caution the use of the words

ipso facto, because it is possible that certain areas, which are now occupied for cultivation by temporary holders of the land, are really areas that should be more appropriately set aside for conservation purposes. In order to protect our farm lands, we should declare certain zones as watershed areas. And even if we find people settled there now, we may have to relocate them. Perhaps, with the further amendment that unless it should be found that those areas are needed for conservation purposes, then I will agree with the distinguished Senator.

Senator Osmeña. Mr. President, going back to the mechanical problem: Who is going to be the arbiter for conservation because the Bureau of Forest Development will sink in its ills and it will not allow that?

Senator Alvarez. We have not been very conscious of doing an inventory of our resources and classifying our resources according to best use, but there are already steps that have been undertaken. For instance, Surigao has been surveyed. Some parts of Zamboanga has been surveyed with foreign assistance.

When I was the Minister of Agrarian Reform there was a proposal from a World Bank group to do an inventory of our resources and undertake a systematic countrywide land classification program.

So that, if and when we do undertake this and get to be known to us that certain land which we have marked for agricultural exploitation are actually lands that should be set aside for watersheds or park lands, then we should be prepared to reclassify those lands, even to the extent of uprooting farmers and transferring them to other areas.

Senator Osmeña. Would the distinguished Gentleman, therefore, be amenable to an amendment which would create a mechanism that the tillers of public forests, upon petition to the PARC and verification by the PARC that the

lands have been tilled for a number of years and that they are not essential for public forests or watershed purposes, would be, upon proclamation by the PARC, declared alienable and disposable? In other words, let us get the bureaucracy of the Bureau of Forestry Development out of the picture of declaring lands alienable and disposable, because they will always resist that.

Senator Alvarez. Yes, distinguished Colleague, that would be a very helpful improvement of the proposed legislation.

Senator Osmeña. Thank you very much. Now, final to one area before I sit down, and that is the question on salt beds, prawn farms and fishponds. Salt beds, are not agricultural enterprises. Actually, these are manufacturing ventures; these are manufacturing processes. In a salt bed, the raw material is the sea water and the process is the process of exposing the sea water to the heat of the sun causing the evaporation of the water and the collection of the residual chemical, which is sodium chloride. There is no farming in this except that perhaps, the surface of the land, made impervious, is used to contain the water.

In the case of agriculture, Mr. President, there is a process wherein there is a conversion by growth. In other words, a plant takes nutrients from the soil, water from the soil, takes sunlight, and through the process of photosynthesis converts all of this into plant life. It creates cells of a plant.

In the process, of breeding cattle, we have the same thing. Cattle convert the feeds into meat, which is unlike the process of salt beds.

Would the distinguished Sponsor, therefore, say that salt beds should be considered as land-reform areas and be included?

Senator Alvarez. In the traditional conception of what is embraced in agricultural land, aquaculture, salt beds, and I imagine even poul-

try and swine, would be traditionally classified as agricultural. However, Mr. President, I do not see any reason why we should be straitjacketed to this conceptual definition. In the emergence of new perceptions and the ability of legislators, like the distinguished Colleague, who can really see and cut through the problem, classifying salt manufacture as an entirely different process from the germination of living things and plants, I think we can take a more enlightened view of this. Perhaps, as has been suggested, set aside this portion of agriculturally derived activity and remove it from the purview of the Agrarian Reform Program, or if we find that the provision of the Constitution is really restrictive, then, perhaps, provide for an interim application of the rules so that we suspend application according to what we think would be the suitable length of time for these agriculturally derived activities.

Senator Osmeña. And would the distinguished Sponsor include prawn-growing, fishponds, salt beds, poultry and swine in what he considers agriculturally derived activities?

Senator Alvarez. Yes, if we go by traditional definitions, because there are Supreme Court decisions to that effect; but I think we are now marching to a different social necessity, and those decisions were in the past. So we have to redefine, as they did define during their time the meaning of these things.

Senator Osmeña. Thank you very much distinguished Sponsor. Thank you very much, Mr. President.

Senator Alvarez. Thank you, Mr. President.

The President. Is there any other interpellation?

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. With the permission of the distinguished Sponsor.

Senator Alvarez. Happily, Mr. President, to the hardworking Gentleman from Tarlac and Quezon City whose exhaustive interpellation the other day has really sent me inquiring deeper and deeper into this awesome problem of agrarian reform.

Senator Romulo. On the other hand, Mr. President, I would like again to congratulate the distinguished Gentleman for articulating the aspiration of the peasants and the poor; and therefore, I truly believe that he spouses the pro-farmer position in the agrarian reform program.

Senator Alvarez. Thank you very much, Mr. President, for trusting me with that commendation. I will say again as I have said before, that these phrases, indeed, I will happily carry to my grave.

Senator Romulo. Mr. President, pursuant to the interpellation that we had been conducting the other day, may I just restate some of the points that we have raised before I go to the next point in my interpellation; and that is, we had suggested that precisely because of the scarcity of land and the innumerable poor farmers, and farm workers who would like to own land, perhaps we should consider the retention limit as equivalent to what we now call the award ceiling.

We had also stated that, on the other side of the coin, we should consider just compensation as almost full and immediate payment. However, inasmuch as we did not want to monetize the entire compensation, we had suggested that perhaps, 10-20 percent in accordance with the formula given should be in cash, and the rest should be in the form of assets or shares available under the APT and the PCGG. And in fact, we had stated that roughly, in broad terms, the assets covered by the APT and the PCGG could cover the 80 to 90 percent.

We had also stated during the discussion and

interpellation, that land reform or the transfer of land itself is not the answer to the problem of national development, but agrarian reform must go hand-in-hand with the agro-industrial development in each region, including industrialization for total development.

And this is especially so, because as has been pointed out here several times, there are not really enough lands to accommodate all. That is why even if we maximize intensive agriculture and provide minimum retention in order to give as many lands as possible to those who need, still we will not solve the problem. We will not be able to achieve the national development goal unless the other components, the agro industrial development becomes part and parcel of it.

And that is why when we talk of "roughly," I was listening to the interpellation about the 9.5 million who probably would need lands in order to benefit from this program; we learned that, in fact, only about 3.5 million would be eligible. And there is another 6 to 6.5 million that is out there, and even if we wanted to we would not be able to provide lands for them.

The answer to this, of course, is precisely what we have pointed out, and these are, national total development program, agrarian reform, agro-industrial development, industrialization and therefore, these together will be the answer to the problem of our peasants our poor people our insurgents.

We would just like to restate those principles. Mr. President, so that we will not be misunderstood, so that it is clear that in this Agrarian Reform Program we need other things, agro industrial development, national development program, industrialization, in order to provide full employment and livelihood opportunities.

In view of that, may I then proceed with the interpellation. This has something to do now with what we also stated at the beginning.

and that is, if we have to have an agrarian reform program, a national development program, an agro-industrial development program, then it must be a program that will work out. And we have stated that we are not concerned merely with the beginning; we are concerned with the continuing, the follow-through and we are concerned certainly with the end of the program or with a certain period — that if we have agreed that the period would be a 10-year program, then at the end of that program we would have reversed the 70 percent of our people living below the poverty level, we would have reversed that, that at least 70 percent of our people would be living above the poverty level.

So these are the barometers that we should be concerned of. And so we would address ourselves now to the issues that will make this Agrarian Reform Program, together with the other national development goals, work.

Now, several matters have been discussed here already in regard to this objective. Perhaps I would like to go back to some of them. I would like to start with the funding because I do not know if I heard it right, but certainly we cannot leave funding up in the air. At every aspect of the program we must be sure that we have the funds and we should try our best to provide the funds. But we should never over-extend our targets or our goals beyond the funds available.

In that regard, may I ask the distinguished Sponsor if he agrees with this?

Senator Alvarez. I agree with the holistic appreciation of the problem of development and the very crucial role that land reform must play in this development process. And also the far-ranging observation of the Gentleman on the component development panorama for which land reform is the most if not the first essential step towards development. And also his consideration of the fact that funding plays a crucial and a key role in this whole planning mechanism.

Senator Romulo. Thank you, Mr. President. I am in possession of the Comprehensive Agrarian Reform Program on funding. And under Section C of said program, the total requirements for this program is a total cash outflow of ₱150 billion. That, of course, is on the basis of seven hectares retention limit. I think this was computed on the basis of a seven-hectare program. As discussed earlier, I suppose that this ₱150 billion will increase if we move it back to five hectares retention program or perhaps even less. At any rate, we used the ₱150 billion. . .

Senator Alvarez. Excuse me, Mr. President. If we decrease the retention limit to five hectares we will increase the cost.

Senator Romulo. That is right. That is why the cash outflow will be more. And that is why I suppose that the distinguished Gentleman's staff is busy going over these figures so that at a certain point when the report of the task force is made available we will have a more updated figure on the funding.

But included in the ₱150 billion funding, we have here two cash inflows: one, ₱48 billion and another, ₱43 billion, or a total of ₱91 billion. So that even if all these cash inflows come in, still there would be a deficit of approximately ₱60 billion for the duration of the program, more or less.

Senator Alvarez. More or less, or per annum, we would have roughly about ₱5 billion plus or so.

Senator Romulo. Now, Mr. President, in this computation of the funding, we start, of course, with the APT and the PCGG proceeds, which in fact are those that are projected for the first year of operation, 1987-1988. And here there is a projection of about ₱44 billion from APT and PCGG. Of course, if we use this for the compensation, therefore, we would not be able to make use of this for the operation. But we will be able to use this for the land transfer

costs and all of that.

Now, this ₱43 billion, Mr. President, is such a big figure that I wonder if enough study has been made so that a determination can be made whether this computation is high, medium or low figure.

May I direct that question to the distinguished Sponsor, Mr. President.

Senator Alvarez. Actually, we were in consultation with the managers of those economic undertakings, and we have not quantified whether they were low, medium or high. However, we had assurances or we had their expectations that those targets are moderate targets and realizable targets. That was before the APT started to encounter so many bottlenecks and difficulties in its transactions.

With regards to the PCGG, I have talked with the Gentleman who had succeeded the President of this Chamber, and they think that the targets are realizable targets. Although we do not have the funds on hand, it will be possible that those targets can actually be met.

Senator Romulo. Mr. President, this Representation has directed that question because, certainly, the 1987 target was not met. In fact, the figures here reveal that for 1987, APT and PCGG realized a total of only ₱1.177 billion. Most of it are APT proceeds.

Therefore, in the light of this performance where, for instance, we are targetting this projection for this year, 1988, — and by the way, this year is almost a quarter through — ₱10.822 billion. The APT is supposed to realize roughly ₱7 billion and the PCGG about ₱3.7 billion. These are staggering figures, particularly since the performance in 1987 was quite unimpressive.

Now, I realized, of course, that 1987 was a period where many of the kinks were ironed out. Therefore, they are now ready to zoom, and that the 1988 program is now ongoing. Yet,

Mr. President, the first quarter of 1988 is almost through and my own humble checkings indicate that this ₱10.8 billion probably is not chimeric but it is certainly a very tall order. Perhaps, if we achieve one-half of that, it is already the goal. Now, I may be mistaken. My informants may be too conservative, but nevertheless, these are some of the soundings that I have been able to get. And compared especially with the performance in 1987, I think we have to take a stock. As we have agreed, all these targets must be met, among other things, with the funds that are made available to us.

Mr. President, may we therefore ask the distinguished Sponsor to comment on this?

Senator Alvarez. I think we are not too far out of target for 1988, Mr. President. I had a conference over the weekend with the Secretary of the Department of Agrarian Reform and he indicated to us that we have already assembled about ₱7 billion for the year, and some more funds are coming in from foreign assistance program. We have not imputed there the forthcoming \$50 million which will be part of the US-package assistance, specifically for land reform. And of course, I do not want to sound overly optimistic, but it seems that from reliable sources, I heard that our claims for the ill-gotten wealth outside the country seem to be moving ahead. It is not exactly in the category of treasure hunt in Frot Santiago. There is reason to be cautious, but there is reason to be optimistic, and there is reason for us to move ahead with the Agrarian Reform Program.

Senator Romulo. Mr. President, we should not be misunderstood. In fact, we believe that this is the lynchpin to the many problems that we have. That is why it must succeed. That is why it must work, and that is why we are trying to help each other here so that we would know our parameters; we would know what we should do in order to make it succeed.

But in relation to foreign fundings, my understanding is that this will not be available for land transfer, for cost. It would be available for other phase operations and administration — but we cannot depend on any foreign funding. In fact, there are no available foreign funding, as I understand it, for the purpose of paying for the land. As far as the other collections are concerned, Mr. President, I am limiting myself to the performance of the APT and PCGG on which this ₱10.800 billion is involved. I will go later on to the other possible cash inflows included here. But I am now zeroing in on the APT and PCGG.

Did I get it right that the distinguished Sponsor was assured by the Secretary of the Department of Agrarian Reform that the almost ₱7 billion of the APT and the almost ₱3.7 billion of the PCGG, about ₱7 billion are already available? And if they are available, does the Sponsor know whether they are already in the National Treasury? It has been my experience when I was the Budget Minister that many funds were supposed to be made available, but until they are deposited in the National Treasury and therefore made available as general funds or as special funds for this purpose, then it is like counting the chicks before the eggs are hatched. They might come in 1989, but we are talking of 1988, Mr. President.

Senator Alvarez. I have not inquired where they are deposited, Mr. President. They are either held in trust for a specific purpose, or they could in fact have been deposited in the National Treasury, because parts of it have already been set aside for the activities of the Department of Agrarian Reform. But they are available in the sense that they can already be allocated, as parts of it have already been used for the purpose.

The President. The Chair would like to suggest that, maybe, it would be better for the

Chairman of the Committee to sit down with the head of the PCGG, and I would like to sit down with the Gentleman, so we can be sure about what we are really talking about.

Senator Alvarez. I think we will do that, Mr. President, as we have just a few hours ago sent the appropriate communications to the different departments of the Government, principally to the Department of Finance to clarify this problem of expected available funds for the program.

Senator Romulo. Thank you, Mr. President. If this Representation would suggest, perhaps also with the Department of Finance, and even the Department of the Budget and Management.

Mr. President, going to the other cash inflow, in 1988, there is a projection here of administrative fees from Program D which is about ₱4,980,000. But then, as we go on in 1989, the cash inflow projection of ₱2,167,000,000, which is a collection from production loan would be the bulk of that other inflow. These depend, of course, on the collection, on the production loan disbursement that is supposed to be given yearly. And I noticed here that the collection would be coming from what would be lent this year which is about ₱2.7 billion, and the projection is that by next year, we would be able to collect four-fifths of that. Mr. President, that again may be a tall order, collecting four-fifths from the production loan of ₱2,700,000,000. Of course, all of these would depend on the administrative capability, which I will touch later on as another parameter that we must consider in addition to the funding. But just going on the funding, Mr. President, that is the projection. And, of course, as the years go by, we put a lot of faith in the collection of this production loan disbursement, because in the cash inflow this forms the bulk of the collection, in fact, up to the year 1997. So, again, this is an area that must really be fine-tuned and really re-

fined. The objective, as we all agreed here, is that we must be sure that we have the funds, and then put the targets within those funds.

Senator Alvarez. Yes. But, Mr. President, would not the Gentleman agree with me that these are permissible planning devices? The Gentleman based from the history of certain experiences, and the expectation of a return of 80 percent from funds that have been loaned out is drawn from the capacity of our bureaucracy. The experience of our bureaucracy enabled to effect collection, precisely, to that level. We have used the social experience, this history of the mode of return in doing this planning mechanism. And the Gentleman, of course, who has been engaged in planning himself, will certainly allow us this elbow room, because it will really be difficult to pinpoint precisely in metes and bounds the sums of money without allowing for certain margins of permissible error.

Senator Romulo. Definitely, Mr. President. In fact, I would like to join the optimism of the distinguished Sponsor that the optimism, should always be tempered by reality; and precisely tempered by experience, because it has been mentioned here time and again that we should not raise false hopes. We have the vision, Mr. President. The distinguished Sponsor should be credited with a vision, because there is a vision here, and this is the answer that we have been all looking forward to; but this must be tempered by reality and experience, so that, that vision will become meaningful reality and a fruitful reality. And that is the reason that while I join in the optimism, yet experience tells me that we must have on the other side of the ledger the realism and experience to look up these figures.

What I am saying, Mr. President, is that we cannot leave this to chance. What I am saying, is that this must be studied very thoroughly. The program must be studied thoroughly so that we can provide.

Mr. President, it just occurs to me — I have a suggestion, to provide for funding. We always talk of automatic appropriation for the debt service. Now, the President knows our views there; in fact, we have a bill to repeal the automatic appropriation for debt service. Because we said that our priority should be growth, equity and social justice, and then only then we pay the debt.

Now, Mr. President, this Agrarian Reform, it seems to me, fits into that priority that this Chamber is considering, and that is growth, equity and social justice. And therefore, I would suggest that if there is a need for automatic appropriation and therefore for priority, this is where we should put that priority. This is where we should put that automatic appropriation.

When we discuss the General Appropriations Bill, this was not even considered in the budget, Mr. President. The funding for this is in a separate bill. The reason for that is because the debt service crowds out about 40 percent. Now I suggest, Mr. President, that instead of that debt service we should put the priority if not the automatic appropriation to equity and social justice.

Therefore, May I ask the distinguished Sponsor if he agrees with this view?

Senator Alvarez. I am jubilant with that suggestion, Mr. President. *[Laughter]*

Senator Romulo. Can we move then to the next topic?

Senator Alvarez. Yes, Mr. President. This exchange with the distinguished Gentleman has been most enriching for the program and for this Representation.

Senator Romulo. The next topic that we would like to touch is precisely the topic of national development goals. We have all agreed that agrarian reform by itself providing for ₱3.25 million will not suffice; that we have to provide

for the other ₱6.5 million, or whatever the number is.

And that is why the national development goal is important. That is why the agro-industrial activities are important. And that is why we had directed this question to the distinguished Sponsor previously if there is a program being evolved by the PARC.

As I understand, the PARC is composed of almost all the agencies and departments of Government. And when we are talking of the national development goals of jobs, particularly on livelihood opportunities, there must be a program to answer this, including the industrialization program, including small- and -medium-scale industries, and all of these, Mr. President.

Now, the distinguished Sponsor had given a tentative answer to this in the previous interpellation. May we then ask him if he does not feel that this is as important as the program that we are discussing that should be considered either in the PARC or in a larger body, but that the Government must come up with a program that provides for this other component.

Senator Alvarez. Definitely, Mr. President, and I think that in this Chamber, as well, we should have a clear view on our direction with regard to the program on industrialization.

Senator Romulo. In fact, Mr. President, perhaps we should read again, although I think he is in a better position to sponsor his bill — the economic zone proposal of the distinguished Senate President Pro Tempore. As I understand it, that is on a regional, even provincial basis; also, the decentralization and regionalization program that is being championed by the Chairman of the Committee on Economic Affairs.

I think these are all part and parcel of this program, Mr. President; because, unless we have this holistic socio-economic program, then I am afraid that some of the fears that are being expressed here, where we raised false hopes, hope-

fully, may not materialize; but unless we address ourselves to this problem, unless we bring this to the attention of the Executive so that it can also look at these other important components — because when we come to think of it, Mr. President, if the figures are correct and we are concerned with about 9.5 million people and agrarian reform *per se* will only cover 3.5 million — then certainly, that 6 million is almost double the figure, that we must also consider. And, therefore, again, that should be part of the program. That should be part of the funding. That should be part of our schedule. So that all of these will go hand in hand; and perhaps we can devise a system which we will discuss later on by which we can proceed with this.

Does the Gentleman agree with this, Mr. President?

Senator Alvarez. What I can tell the Gentleman, Mr. President, is that we have the architectural plan for this development program, but only the engineering blueprint is available for land reform. The rest of the industrialization program is still a hope and expectation, but soon we will be able to put into print the engineering blueprint, as well for industrialization.

Senator Romulo. Therefore, Mr. President, perhaps this is the opportune time to consider the regionalization, the economic zones, the involvement of the private sector in each region and in each province, so that these forces can provide what is called the “engines of economic growth.” It is not only the intensive agricultural operation of that particular portion of land that is allotted to the recipients, but also the full potential of agro-industry, like meat-packing, food-processing, chicken-processing, including the example I cited in Thailand, where, because of this intensive agro-industry, chicken industry, Thailand is able to augment the income of the farmers; is able to provide markets for the produce of the farmers; and, is able to reduce the cost of the market.

Mr. President, may we ask the distinguished Sponsor if he does not feel that this should be part and parcel of what should be done when we launch the Agrarian Reform Program?

Senator Alvarez. Yes, indeed, Mr. President. While the Agrarian Reform Program is a massive social-justice undertaking and will improve the quality of life in the countryside, by itself, it will not stand. It will have to be accompanied by a broad program of industrialization in order to achieve the fullest development of the nation. I agree fully with the perceptions of the Gentleman; and I think, at the opportune time when the plans will be worked out, I will be in support of his proposals.

Senator Romulo. Therefore, Mr. President, we would like to suggest that this subject matter be opened up with the Executive, because it may be that it has already such a program; it may be that it has already such a plan. It seems to me that when we approved this historic Agrarian Reform Bill, such a program for agro-industrial national development should also be at the same time taking off.

Senator Alvarez. I agree, Mr. President, and I share the observations of the Gentleman that it may be that they already have such a plan. But it may also be that they do not have any such plan; and with more reason, I am very supportive of the position of the Gentleman.

Senator Romulo. Mr. President, it is imperative that we determine, and perhaps through the distinguished Sponsor, we can determine what the plans of the National Government are, because if, as he says, they do not have, then we might be going half-cooked. It might be a disastrous program all around. But I am hopeful and optimistic that it is the other way around, that such a program is already being evolved, and that it only remains for us and the distinguished Sponsor to inquire, and that once we enact, this will be revealed to us and, therefore,

happily, we will be able to have this national development program.

But in doing this also, may I ask the distinguished Sponsor: We have spoken here of Gentleman's original five-year program. And then in the previous interpellation, he had stated that in accordance with the consensus in caucus, this program is now a 10-year program. Therefore, within this 10-year program, Mr. President, and in accordance with the studies that are being undertaken by one of the task forces, does the distinguished Sponsor agree and believe that it is necessary, especially during the initial period, to go on certain pilot projects instead of going full blast on every front? In other words, instead of having one front, several fronts, we have several fronts. But, instead of that, we will go on with well-chosen pilot projects anywhere from, say, five to seven or more in each region.

Would the Gentleman agree on such a program, Mr. President?

Senator Alvarez. I think that has already been considered in the caucus, Mr. President, and will not have any objections to piloting certain areas especially if we will, as a matter of fact, expedite the full prosecution down the line of the whole program.

Senator Romulo. Because through a pilot program, Mr. President, we will be able to test our resources, both in funding and in the administrative capability of the people who are in charge. We would also be able to test the industrial activities in the area, what we call agents of economic growth.

I recall when the distinguished Gentleman from Cagayan was interpellating the distinguished Sponsor, mention was made of the Marikina Valley where there are no industries up to now. And so this is precisely what we are saying, that is true, that there must be pilot projects in order to put in place some of these agents

economic growth, so that it would harmonize and reconcile and complement each other; as we stated, this is a national development program. And therefore, I am happy, that distinguished Sponsor believes in this pilot-project concept to test whether we have the funding, to test whether we have the administrative capability, and to test how the private sector is responding in the agro-industrial activity, in the agents of growth.

And, therefore, Mr. President, this gladdens us because we feel that, with this right thrust, with the macro and micro thrusts, that the Sponsor is pursuing, we will certainly ensure better the success and the viability of this program.

Senator Alvarez. Yes, Mr. President, especially if these pilot programs do not stand in the way of an expeditious implementation. Sometimes, not only sometimes, and not all the time, pilot programs have to prove themselves before the whole program is undertaken. And pilot programs are usually employed or devised to approximate a most ideal assembly of resources. And we wait for the time before the complete gestation period of the pilot, to teach us how to be able to undertake the whole program.

There is a saying, Mr. President, that if we want to teach a man to swim, go ahead and let him swim. And this is how I feel about the Agrarian Reform Program. We can really plan well for it, and then swim through it. But if the pilot program will help us find many new areas in the problem without undue delay, surely, I think the piloting conception of implementing the program by the Gentleman will be very helpful.

Senator Romulo. Yes, Mr. President, because I think what we should have is the target that we have, and that is a 10-year perspective plan. And then, we have a five-year program of action and an annual program that we have talked about. This is where we can fit in this pilot program.

And let us face it, Mr. President. It involves the political will; we must have that political will. And, as long as that vision is also before us, I think the pilot projects would avoid the many pitfalls; but at the same time we must hone the various forces that are necessary in order to make it a success. But I agree with the distinguished Sponsor: the pilot project must not be made as an excuse in order to drag the implementation of this program.

So, Mr. President, may I go now to the last topic, and that is the administrative capability. The administrative capability would fall on the shoulders primarily of the Department of Agrarian Reform. Is that not correct?

Senator Alvarez. That is correct, Mr. President.

Senator Romulo. But in addition to that, of course, we also need the administrative machinery of the entire membership of the PARC.

Senator Alvarez. That is right, Mr. President.

Senator Romulo. In fact, Mr. President, if we are to leave to the judicial processes the determination of what is just compensation, we must also be assured of the administrative workings and machinery of the judicial system; otherwise, if we cannot get a decision as speedily as possible within the context of due process, then it might bog down the whole system. That is why these are the administrative machineries that we should be concerned about.

Now, again, there is a task force that is looking into this, but we just feel that we should put this on record because this is the other important factor that we should consider. We are considering the funding, the total development, and the engines of growth. But we should also consider the administrative capacity.

For instance, it is only now that the Agrarian

Reform is getting organized. Of course, they have already increased their personnel or they are supposed to increase their personal from nine to 15,000.

But there are still many complaints. And I think, I was listening to the magnificent performance of the distinguished Sponsor yesterday on PTV-4. There are certain complaints that cannot be ignored, and these complaints pertain to certain administrative factors which, unless they are cured, rectified, and improved, will prove a big hindrance to the speedy and the successful implementation of the Agrarian Reform Program.

Mr. President, may I ask the distinguished Sponsor if he has satisfied himself that, primarily, with the Department of Agrarian Reform and then with the other administrative departments and agencies, they will be able to respond even on the pilot basis that we have mentioned. Perhaps that is another reason why it is necessary to go into some pilot scheme at the beginning because of the administrative machinery.

Senator Alvarez. That is correct, Mr. President. That is an area of principal concern by this Representation because there is going to be a lot of interfacing of agencies. We had limited experience on this for over a year when we were the Minister and then Secretary of Agrarian Reform. We were interfacing with the Bureau of Lands and other agencies, and the process was really tedious, if not altogether difficult. There is going to be an inter-department system of linking activities. Perhaps this will help, and the lower levels would be able to perform better. With the leadership of the President, as the ex-officio Chairman of the Presidential Agrarian Reform Council, many of these problems, I hope, can be obviated. However, any new undertaking by a combination of many segments of the bureaucracy is really a very difficult undertaking in organization. The Gentleman pointed out that the Department of Agrarian

Reform had expanded its capacity. In terms of increasing personnel, the learning curve problem is always there, and we have to implement land reform if we finish this bill, hopefully by May or June. So let us hope that we have a learning curve that is going to be helpful, not a hump.

Senator Romulo. Of course, Mr. President, let us hope- in fact, we should even add prayers. But, in addition to that, we should see to it that the proper program is in place. And I refer, for instance, to the screening process, to a training program, to a seminar, but the most important is that these men and women who will man the ramparts of this agrarian reform program should be imbued with the same noble vision that the distinguished Sponsor has.

Senator Alvarez. Thank you very much, Mr. President. With this informed approach to legislation, I think that no one will say that we are legislating here in the abstract, that we do indeed take into account the nitty-gritty of the problem of implementation. Looking at details, and as the Germans say: The devil is usually in the detail. Now, I am glad that the Gentleman is anticipating all possible details in confronting this problem of agrarian reform.

Senator Romulo. Of course, we are not equating that one with this Gentleman, Mr. President.

Senator Alvarez. Not at all, Mr. President.

Senator Romulo. Now, Mr. President, one last point on the administrative setup.

In this administrative setup, there is also envisioned, I understand, national, provincial, municipal and even barangay agrarian reform teams; or in the barangay it is called BARC (Barangay Agrarian Reform Council). Now, this is a tall order again, Mr. President. The national — perhaps it is there already — but how about the regional, how about the provincial, and how about the BARC, the Barangay Agra-

rian Reform Council? These should also be in place, properly manned, properly trained, properly selected. These are the other things that must be taken into account, particularly the BARC; correct me if I am wrong, but as I understand it, the BARC would be there. They would form the frontlines. They would be there listening, meeting, confronting all the issues and the problems that will be brought up when we talk of the nitty-gritty of the Agrarian Reform Program.

Are they in place now, and to what extent, Mr. President?

Senator Alvarez. There are representatives of the Department of Agrarian Reform in these areas, but the BARC has not yet been organized. As a matter of fact, we are still going to await the amendment of the Gentleman from Cagayan de Oro, where he wants the fullest representation for the underclass in the countryside for the BARC.

Senator Romulo. Mr. President, we have covered what we felt are the specific critical areas that we must address to because, as we stated, this program must work. We cannot afford to make this program fail. And that is the reason why we have taken pains and time in order to traverse this difficult terrain; it is with the objective that, hopefully, what we see at the beginning, we will see at the end. And, in fact, Mr. President, let me just read to you the Pastoral Letter which was issued by Cardinal Vidal, parts of it. And, he says:

Alas, there is no peace in our land today, though we all long for peace. And there is no peace because we have not yet attained the justice that brings about peace. Where 70 percent of the people live below the poverty line, we see the hand of injustice. Poverty and inequity are scandals of the first order for any national community, more so for one that calls itself Christian.

Today, we are in danger of being torn apart as a nation on a problem that springs precisely from that universal thirst for justice, the problem of agrarian reform, and the government's desire to meet it in a truly comprehensive manner. We are for as comprehensive a program of agrarian reform as possible, one that will make it possible for all — the 70 percent who live below the poverty line especially to have more in order to be more.

We live furthermore that a genuine agrarian reform program must be realistic. No program can be successful if it transcends the capabilities of Government to manage and finance.

With that, may I thank the distinguished Sponsor for his patience and understanding.

Thank you, Mr. President.

Senator Alvarez. I would like to thank the Gentleman for his extensive contribution to the available pool of ideas in carrying out this legislation. I agree with him that this program must be fulfilled, must be delivered. Unless this Government and this group of men that made possible that political reforms which we are now undertaking shall fulfill this program, then future generations, might say that we have failed the revolution at EDSA.

Thank you, Mr. President.

SUSPENSION OF THE SESSION

The President. Shall we have a recess for a few minutes if there is no objection? [*There was none.*]

The session is suspended for a few minutes.

It was 5:51 p.m.

RESUMPTION OF THE SESSION

At 6:30 p.m., the session was resumed.

The President. The session is resumed.

Senator Alvarez and Senator Saguisag are recognized.

Senator Saguisag. Thank you, Mr. President. We have a little time, and we are here; so I have decided to pursue a point, if I may, as it seems too early to adjourn. That was the last point raised by Senator Osmeña. This had something to do with what we took up the other day in caucus. The way it came out in the papers was that some tentative decision had been taken regarding the coverage relative to fishponds and saltbeds.

Even at that time, Mr. President, I had my reservations; so, if the Gentleman would yield to a few questions on the point, I would be grateful.

Senator Alvarez. Yes, Mr. President, willingly, to the Gentleman.

Senator Saguisag. I contended even the other day, Mr. President, that it is not possible for us to exclude salt beds and fishponds because of the settled law case on the point. I would argue that that was really the assumption when the Constitutional Commission was debating the point.

For instance, Mr. President, in Section 166 of Republic Act No. 3844, this was the Agricultural Land Reform Code of 1963, this was the definition of "agricultural land:"

It is land devoted to any growth including, but not limited to crop lands, salt beds, fishponds, idle land and abandoned land.

As early as 1909, the Supreme Court, in the case of *Santiago vs. Insular Government*, 12 Phil. 593 (1909) defined "fishponds" as agricultural lands.

In the celebrated case of *Krivenko vs. Register of Deeds*, 79 Phil. 461 (1947) the Supreme Court, in fact, made very clear that even if land is not actually devoted to agricultural purposes, but is agricultural in nature or in *potentia*, it is also considered as agricultural land. The Supreme Court ruled that in determining whether a given parcel of land is agricultural, the test is not whether it is actually

agricultural, but whether it is susceptible to cultivation for agricultural purposes.

Now, Section 4 of Article XIII leaves us no choice, I believe. The Constitution mandated us to undertake the just distribution of all agricultural lands. In the debates of August 7, 1986, this was precisely taken into account. I have noted that the distinguished Sponsor has, at least, twice referred to two brilliant interpellators as having propounded questions that, maybe, he would be glad to take with him to the grave. And I would like to cite here something that may come to haunt him.

We speak of graves, Mr. President, because in the famous case of the Gracchi brothers, Tiberius and Gaius, precisely, they were murdered because they had offended certain powerful senators when they argued for land reform more than 2000 years ago.

So I am just saying that we had better be careful with our "killer amendments" here. We do not want our brothers, the Gentleman from Tarlac and the Gentleman from Isabel, to suffer the same fate; although it may be said that precisely because they sacrificed, the cause of land reform moved forward in Rome. [Laughter]

Senator Alvarez. Mr. President, with one minor difference. The Romans carried long blades, we do not, in this Chamber, at least.

Senator Saguisag. As I have said it was just a figurative way of putting it, we could kill the two with our "killer amendments."

There was something here, Mr. President, that appeared on page 31 of the debate of August 7, 1986. The delegate from Pampanga, the distinguished friend of ours, Commissioner Jose Suarez, said,

"Thank you, Mr. President. May I just quote for the benefit of the Commissioners the Ministry of Agrarian Reform Survey Report of May 1986," and if my memory is true, at that

time, the distinguished Sponsor assumed the position of Minister of Agrarian Reform. If I may continue, defining the meaning of agricultural land for land reform purposes. 'Agricultural lands means lands devoted to any growth including but not limited to crop lands, salt beds, fishponds, idle lands and abandoned lands. They include all arable public and private lands regardless of crop, size of landholdings and tenurial arrangement.'

This was the subject of comments, from the distinguished Chief Justice Roberto Concepcion, a distinguished constitutionalist, and even lay people like Commissioner Bernardo Villegas who said, on page 33:

I agree that it may not be necessary to add the word "arable" because, I think there is already a jurisprudential definition of "agricultural."

This was a lay person speaking.

My point here, if I may ask the distinguished Sponsor, is that he seemed open during the caucus, and I say this now, because I think that the distinguished Gentleman from Cebu, Senator Osmeña, had a point; that it is best to spread all these things upon the record; that he seemed open to excluding certain lands that, as early as 1963, were already included in the Agricultural Land Reform Code. If we will pursue this, will this not represent a big leap backward?

Senator Alvarez. Mr. President, let me clarify this. I have explored the difficulty offered by this particular constitutional provision. However, I have manifested time and again here in this Chamber and even in the caucus that we may either exclude it or suspend it from the operation. So it becomes an ad interim program for prawn farms. That is still within the operation of the mandate of the Constitution. And even if the Gentleman interprets it to me within the ambit of all agricultural lands, since the workers in this type of land may fall under the

definition of "other agricultural workers in prawn farms" because they are not tiller workers, if we do make a definition of that sort, it will still be a land reform program, but the program will be a sharing of the fruits.

However, the other position which we can take with regard to this matter is that we can suspend the operation of the agrarian reform program with regard to this agricultural operation for a period of time for certain policy considerations. That is the approach which we were pursuing when we were in the caucus. And I have offered that to Senator Paterno to explore these twin approaches, and then the Chamber will finally settle on whatever will be the final outcome of his findings when it is offered to the Chamber as an amendment.

Senator Saguisag. I am just disturbed, really, that since there have been news reports speaking of exemption. I think it is time, really. It is never too soon to clarify to our people that that is not really the intent because some of our people may be acting on the basis of what they read yesterday. I am also concerned really whether there is significance in too literally interpreting the meaning of tiller. I think that is a generic phrase that should apply to anyone who makes a living out of any agricultural activity. That the purely accidental difference that one may be harvesting prawns, or may be tending to livestock, or manufacturing salt may not have been in the minds of the framers.

Senator Alvarez. The Gentleman is correct. That word "tiller" would have perhaps broader meaning than the literal meaning that we may ascribe to it. However, the Constitution in defining those who are entitled enumerates farm workers, regular workers, farmers or regular farm workers, and the others, who may not be regular farm workers.

If he will admit it in his definition that one who tends to salt beds or one who tends to aquaculture.

Senator Saguisag. Livestock or poultry and swine, is the other farm worker, then he can still embrace it within the program of the sharing of the fruits. That is what I am trying to say. It will still be within the concept of the Agricultural Reform Program.

But that is on the final report which we will expect from Senator Paterno. Or if we want a clearer solution to the problem, we suspend the operation for a period of time because of our concern that this area is high growth area; we want to encourage investment, and it is a dollar earning area. In order that we do not give the signals of demoralizing the fast growth and the high potentials available in the area, we suspend the application. So it becomes an interim program whereby we will share the fruits, but ultimately at the end of the line, we will look into the situation and perhaps, it will be time to share the land as well, which is the basic essentials of Agrarian Reform Program.

The matter which the distinguished Gentleman had brought out is a real problem. But we are on top, or what I am saying is that the Committee is on top of the problem. In the caucus, I think, we have touched on these issues.

The President. With the permission of the Gentleman, what we agreed in the caucus was that Senator Paterno would formulate his amendment, we will take a look at it, and we will vote on it.

Senator Alvarez. That is right, Mr. President.

Senator Saguisag. I just thought, Mr. President, that before formulating the amendment, it would be good to bring to the attention of the Body matters that I was not ready to present when it came up the other day. I took this position then, but maybe it was helpful in my view to bring out the debates and to bring out the history of the term. Because we all agreed that the real intent here is not to make use of

probably artificially structured distinctions but to liquidate a social problem.

Personally, I can live with some kind of priority arrangements. But there must be some economic or social justification for giving a little time before the intent of the Constitution is made to apply if there is a reasonable basis for distinguishing them from other types of agricultural lands.

That is all, Mr. President. As I said, it may be helpful to bring this out now instead of bringing this out when we look at the amendments, which we agreed upon, to facilitate the effort of this Body to conclude the debate as soon as we can.

Senator Alvarez. May I assure the Gentleman that if we will go into an outright exemption, which is one of the viewpoints being entertained in the Committee and in the caucus, it may be a very difficult legislative maneuver because we will have to go into the problems of redefinition. But if we will go into a suspension of the application for a period of time, I think the Gentleman has seen the point that it may be an easier legislative re-arrangement in order to respond to the problem of putting out policy or legislation very creatively, without impairing the economic benefits of this particular, although limited, agricultural activity.

Senator Saguisag. I agree, Mr. President. One point that has come out during the debate is that, in the beginning, by force of circumstances, this is really going to be less than comprehensive. And I can see the rationale in maybe delaying where the property is already productive anyway. So I am very much open to that approach. I think it has much to commend it.

So that is all, and I would like to thank again the distinguished Gentleman from Isabela for entertaining my question on the point.

Thank you, Mr. President.

Senator Alvarez. Thank you.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, for a few clarificatory questions only, if the distinguished Sponsor will agree.

Senator Alvarez. Yes, willingly, Mr. President, with the issue raised by Senator Saguisag. Does the distinguished Gentleman agree with the classification of agricultural lands as judicially interpreted and cited by the Senator from Pasig?

Senator Alvarez. Yes. But in enacting this legislation, Mr. President, I do not feel absolutely bound to that classification because there is an ample elbowroom, I think, within the mandate of the Constitution.

Senator Guingona. In which case, grazing lands, having been classified as forest, would be excluded from the agrarian land reform.

Senator Alvarez. Under our proposal, Mr. President, if they are susceptible for agricultural use, taking into account the fact that there is really a hunger for land in the countryside — there is a shortage of available agricultural land — it would still be susceptible to use for agrarian reform purposes or appropriation for agricultural purposes.

Senator Guingona. But what about the argument that they may be more useful or more adaptable to livestock, to cattle raising?

Senator Alvarez. Mr. President, we have to take into account that we have priorities to fill, and sometimes the priority for fulfilling human needs for survival may be far more pre-eminent than providing grazing lands for cattle. We do understand the need for cattle raising, but somehow, we have acknowledged the fact that there is a need to provide source of direct livelihood for the landless and their class that are so numerous in our countryside.

Senator Guingona. We understand that, Mr. President, but the Constitution itself, Section 3 of Article XII, classifies lands of the public domain into agricultural forest or timber, mineral lands and national parks. So if grazing lands are considered to be forest or timber, I do not think we can, by legislation, contradict the intent of the Constitution.

Senator Alvarez. We do intend to affirm the mandate of the Constitution, but we hope that we can find meaning in the goals set by the Constitution. I think the goal for agrarian reform is social justice to be able to open up opportunities for making a fair and decent livelihood for those who do not have the means to do this because they do not have the land in the countryside. And while it is true that there are definitions and nomenclatures, we can liberally interpret and really pursue the spirit and meaning of the Constitution beyond definitions, Mr. President; also, I hope to pursue this Comprehensive Agrarian Reform legislation.

Senator Guingona. But the nature of grazing lands, Mr. President, would require more substantial areas. And I think livestock development is also a vital component of economic development. So that to achieve the economic development, would the Gentleman consider excluding livestock in areas that are grazing lands already falling within the classification of timber or forest?

Senator Alvarez. Yes, and no, Mr. President, because in earlier years those who had gone into grazing because of certain advantages, perhaps, of capital, information, knowledge on the bureaucracy, a number of them, not necessarily all of them, have been able to successfully set aside for pasture land land which would otherwise have been more suitable or equally suitable to agriculture; but on this day and age when the pressure on land has become so strong and even has become a social problem.

we have to reconsider these classifications so that land which is still or may have been traditionally used for grazing, if indeed they are suitable for agriculture, should be revisited and deployed for direct human use which we are trying to achieve under the Comprehensive Agrarian Reform Program.

Senator Guingona. May we know when is the cut-off period, and what would be the proper classification recognized by the distinguished Sponsor in his proposed bill? In other words, would the present classification, for example, up to the time of the approval of this measure be the cut-off point?

Senator Alvarez. No, Mr. President, I am afraid not, because we do not have the mechanism to reclassify all these lands. We will just continue, perhaps, to live by the hope that since the President has the power, then after we have investigated the condition of the land, even if they should be forest land, but the President can declare them as alienable and disposable, if we do find that they are actually suitable for agriculture, because the classification we have in our books, in our inventory of natural resources have not been kept at pace with the demands and changes of the times. If tomorrow, for instance, we approve this bill, there will still be ample opportunity for the Government to continue the inventory of natural resources to reclassify them and to find out their suitable uses. In the process, the President may claim certain forest lands as alienable and disposable, and make them available for human exploitation for agriculture.

Senator Guingona. Do we have it, Mr. President, just for clarity, that if the grazing lands as presently classified, they can be excluded from the Agrarian Reform Law until a further reclassification is done?

Senator Alvarez. That may be suitable, Mr. President.

Senator Guingona. So those grazing lands presently classified as grazing lands will stay as grazing lands, and this agrarian reform will not be applicable to livestock therein?

Senator Alvarez. Until such time as they are found to be suitable.

Senator Guingona. But the Constitution itself prohibits when there is a classification already made from the evils of reclassification without basis. And if we want our livestock to prosper and to grow, I think there should be a clear definition.

Will the distinguished Gentleman agree to certain standards to be set aside in the amendment so that at least the cattle raisers will know whether they would fall?

Senator Alvarez. Perhaps what would be useful is that, after the approval of the Agrarian Reform Bill for a period or a given length of time, grazing lands will be acknowledged as such, until a reclassification would be available to the Government. In which case, if suitable for agriculture, the grazing lands would be susceptible for reclassification as agricultural land. In which case, in that situation, then cattle raisers or goat raisers, those who are into grazing, will have ample opportunity to make the adjustments.

Senator Guingona. And this period may range from 10 to 20 years.

Senator Alvarez. Yes, Mr. President, it could range to the length of time. There are, however, some private lands which, in the books of the Department of Natural Resources, are not grazing lands. They are classified as agricultural lands. At the time when they were acquired, agricultural lands were cheap. They have been employed as grazing lands. In which case, I do not know whether it is the intention of the Gentleman to give this land the leeway to make the adjustments over a period of time.

Senator Guingona. Thank you, Mr. President.
The President. The Majority Floor Leader.

Senator Mercado. Mr. President, I move that we close the period of interpellations.

The President. Is there any objection? [Silence] Hearing none, the motion is approved.

SUSPENSION OF CONSIDERATION OF
 SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [Silence] Hearing none, the motion is approved.

CONSIDERATION OF SENATE
 CONCURRENT RESOLUTION NO. 11
 (Revised Legislative Calendar)

Senator Mercado. Mr. President, I move that we consider Senate Concurrent Resolution No. 11.

The President. Consideration of Senate Concurrent Resolution No. 11 is now in order. With the permission of the Body, the Secretary will read only the title of the resolution, without prejudice to inserting in the *Record* the whole text thereof.

The Secretary. Senate Concurrent Resolution No. 11 entitled

CONCURRENT RESOLUTION REVISING THE LEGISLATIVE CALENDAR PROVIDED IN CONCURRENT RESOLUTION NO. 7 FOR THE REMAINDER OF THE FIRST REGULAR SESSION OF THE CONGRESS OF THE PHILIPPINES AND PROVIDING FOR THE LEGISLATIVE CALENDAR FOR ITS SECOND REGULAR SESSION.

The following is the whole text of the proposed Senate Concurrent Resolution No. 11:

CONCURRENT RESOLUTION REVISING THE LEGISLATIVE CALENDAR PROVIDED IN CONCURRENT RESOLUTION NO. 7 FOR THE REMAINDER OF THE FIRST REGULAR SESSION OF THE CONGRESS OF THE PHILIPPINES AND PROVIDING FOR THE LEGISLATIVE CALENDAR FOR ITS SECOND REGULAR SESSION

Resolved by the Senate, the House of Representatives concurring, To revise the Legislative Calendar provided in Concurrent Resolution No. 7 for the remainder of the First Regular Session of the Congress of the Philippines and to provide for the Legislative Calendar for the Second Regular Session, to read as follows:

CALENDAR OF SESSION
 (1988-1989)

1. Resumption of Session January 25, 1988 – March 25, 1988
2. Adjournment of Session March 26, 1988 – April 10, 1988
3. Resumption of Session April 11, 1988 – June 10, 1988
 (*sine die* adjournment)
4. Adjournment of Session June 11, 1988 – July 24, 1988
5. Start of Second Regular Session July 25, 1988 – October 28, 1988
6. Adjournment of Session October 29, 1988 – November 6, 1988
7. Resumption of Session November 7, 1988 – December 16, 1988
8. Adjournment of Session December 17, 1988 -- January 8, 1989
9. Resumption of Session January 9, 1989 – March 17, 1989
10. Adjournment of Session March 18, 1989 – March 26, 1989
11. Resumption of Session March 27, 1989 – June 8, 1989 (*sine die* adjournment)

And as I have previously stated, Mr. President, I am an original member of the "Balat-Sibuyas Society." And, therefore, pursuant to my membership in the society of which the distinguished Senator from Pasig is our President, I hereby resign from the committee.

Thank you, Mr. President.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there is no objection. [*There was none.*]

It was 10:28 a.m.

RESUMPTION OF THE SESSION

At 10:30 a.m., the session was resumed.

The President. The session is resumed.

The Majority Floor Leader.

MOTION OF SENATOR MERCADO (Senator Tamano's Resignation Held in Abeyance)

Senator Mercado. Mr. President, I move that we hold in abeyance the motion of Senator Tamano resigning from the Ad Hoc Committee investigating CB Governor Jobo Fernandez until after we have talked it in caucus.

The President. Is there any objection? [*Silence*] The Chair hears none; the motion is approved.

BILL ON SECOND READING

Senate Bill No. 249 – Comprehensive Agrarian Reform Program (Continuation)

Senator Mercado. Mr. President, I move that we consider Committee Report No. 103 on Senate Bill No. 249, entitled

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM

FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES.

We are in the period of *turno en contra*. And if there are no speeches for and against, Mr. President, we can move to the period of amendments.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

PARLIAMENTARY INQUIRY OF SENATOR ROMULO

(On Consideration of Foreign Debt Bills)

Senator Romulo. Mr. President, with the indulgence of the Chamber, may I just pose a parliamentary inquiry? That is, we should take Senate Bill No. 249, the Comprehensive Agrarian Reform Program. But if I may have the temerity to suggest that before we end this session, we also take up and hopefully finalize at least one of the bills on the foreign-debt issue and one of them, of course, we have on the table is Senate Bill No. 118. We have Senate Bill No. 13, Senate Bill No. 14, Senate Bill No. 33, Senate Bill No. 141, Senate Bill No. 144 or Senate Bill No. 118. At least, one, Mr. President.

Senator Mercado. Mr. President, Senate Bill No. 118 is in the period of interpellations, and I believe we are about to close that period and going to the period of amendments. We are very confident that after we tackle the land reform bill, we shall be able to dispose of the same bill.

Mr. President, I move that we recognize Senator Alvarez, the Sponsor. If there are no speeches for and against, we can go into the period of amendments.

The President. Senator Alvarez is recognized.

Senator Alvarez. Mr. President, may I move that for the period of amendments we use the

working draft which was distributed over the weekend to the individual Senators in order that we may facilitate the deliberation of this particular bill.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, the Gentleman from Tarlac, Senator Aquino, and I have discussed the merits and demerits of delivering a *turno en contra* speech. If the President will recall, though we officially dissented from this committee report, in the interest of expediting the matter and in the hope that the Sponsor will be quite understanding in the period of amendments, we have decided to dispense with the *turno en contra* speech. I just like that placed for the record, Mr. President.

The President. Thank you very much.

Back to Senator Alvarez.

Senator Alvarez. Mr. President, may I take this exceptional opportunity of expressing my unadulterated admiration for the gesture of the Gentleman from Ilocos, Manila, and Pagsanjan for his high-minded support of this bill and for throwing his cooperation so that the parliamentary passage of this will not create the difficult obstacles that a measure such as this, which is highly controversial, is expected to confront in its passage.

Senator Maceda. Mr. President, for the record, may I just express my condensed thanks to the Senator.

Thank you very much.

The President. All right. The Committee on Agrarian Reform has circulated a revised version dated March 18, 1988. If there is no objection from anyone, we shall consider the March 18, 1988 version as the working draft, on the basis of which amendments may be made.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. I only have the March 16 version, Mr. President.

The President. There is a very little difference, I think.

Senator Pimentel. Yes. But whatever it is, if the other Senators were given the March 18 version, unless I am no longer considered a Member of the Senate, I think I am entitled to a copy of the March 18 version also.

Senator Alvarez. We will try to secure a copy of the draft from the Secretariat. Can we have another copy for Senator Pimentel?

The President. All right. If there is no objection, the March 18, 1988 version will be our working draft.

Are there any committee amendments?

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, this Representation would just like to ask: Between the revised March 18, 1988 Senate Bill No. 249 and the March 14, 1988 proposed amendments of Senator Aquino, if these amendments are now incorporated in the revised March 18, 1988, and if not, what are those that are not incorporated?

With the permission of Senator Alvarez, may I just ask Senator Alvarez and/or Senator Aquino.

Senator Alvarez. There were 68 amendments. And at some points during our conferences, we agreed on accommodating some of the amendments which may not have been fully reflected. I think, today, we shall be in a position to consider some more of these amendments, over and above those that are already reflected, in capitalized letters, on the March 18, 1988 draft which is the working draft of the Chamber.

The President. Are there any committee amendments?

Senator Osmeña. Mr. President.

The President. Senator Osmeña is recognized.

Senator Osmeña. Mr. President, I will not raise a point of order but just a parliamentary inquiry.

We are legislating a very important measure here. If the committee has a new draft, the parliamentary procedure is to introduce the draft as an amendment by substitution, and not just come up with a draft which is not on the records of the Senate, and start working on that draft without the Body stating official cognizance of the existence of such a draft as an amendment by substitution.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. Well, if that technicality will satisfy the Chamber, this Representation will have no objection, while we are abiding by what has been taken, to be the passage for this morning's deliberation, Mr. President, in a conference held previously.

Mr. President, may I, therefore, move to satisfy the technical requirement raised by the distinguished Senator from Cebu that the draft of March 18, 1988 be adopted as the working draft via an amendment by substitution of the previous draft of March 16, 1988.

The President. All right. Is there any objection? [*Silence*] Hearing none, the same is approved.

Are there any committee amendments on page 1?

Senator Alvarez. Mr. President, on page one, there are some recommendations on the thrust of how the declaration of principles should be worded. But may we recommend that we hold this in abeyance until we have gone through the

operative provisions of the proposed bill, and then perhaps we will go back to this statement of the General Principles with more refinement after the bill has been thoroughly considered so that the operative rules may be reflected in the Declaration of Principles, if we may forego deliberations for the moment of the title, the Declaration of Policies, and proceed to Section 3 on definitions.

The President. That will be on page 2. The Committee foregoes proposing amendments on page 1. So, we move to page 2.

Senator Aquino. Mr. President.

The President. Before we move to page 2, Mr. President, in the title itself, in the period of deliberations. I was requesting that EQUITY be put before SOCIAL JUSTICE. So that, it will read . . . INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE EQUITY, SOCIAL JUSTICE AND INDUSTRIALIZATION. . .

The President. Shall we reserve it for the last under the laws?

Senator Aquino. Yes. Thank you, Mr. President.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. Mr. President, for the orderly proceedings of the Chamber in connection with this bill, may we suggest that we allow the Committee to finish its committee amendments page by page, and thereafter, we get a clean copy so that when we come to the individual amendments, then we will again introduce the individual amendments on the basis of the draft, as amended by the Committee, without prejudice to any Member suggesting any amendment to the proposed committee amendments, if they so desire.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, we were made to understand that the committee amendments are all embodied in this amendment by substitution, so that this is now the stage for individual amendments.

The President. We had a caucus yesterday afternoon, and there is a possibility that the Sponsor may have wanted to adopt some of the suggestions made yesterday during the caucus.

Senator Enrile. Mr. President, if that be the case, then I equally share the position of the Senator from Cebu that all of these committee amendments must be introduced as such in order that they be recorded as committee amendments, because we were dealing with the former draft of a bill that was introduced into this Chamber which was debated on and as a consequence of those debates, the committee adopted proposed amendments; but those amendments were embodied in a draft not yet introduced as a material for the consideration of the Chamber. And so, therefore, the proper parliamentary proceeding is for this draft to be introduced.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there is no objection. [*There was none.*]

It was 10:43 a.m.

RESUMPTION OF THE SESSION

At 10:46 a.m., the session was resumed.

The President. The session is resumed.

Senator Alvarez. Back to page 1. Is there any Member of this Chamber who would like to propose any amendment on page 1?

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, in any bill, especially in this one, the Declaration of Policy is very, very important. And I had previously submitted to the Sponsor a draft of a Declaration of Policy, the one that is here on page 1 to the top of page 2. Well, just to emphasize the point, it mentions LANDOWNERS twice without mentioning "farmers" even once.

I think the Declaration of Policy should specially reflect that our principal concern here is for the improvement of the life of the farmers, farm workers, and the landless class. That is just subject to style. I would just like to submit that.

The President. The Chair would like to propose an amendment on page 1, if it is acceptable to the Sponsor.

On line 3(i), in line with the suggestion of Senator Maceda, after the word LAND and the comma, insert the following: RECOGNIZING THAT IT IS THE NATIONAL POLICY FOR FARMERS AND REGULAR FARM WORKERS WHO ARE LANDLESS TO OWN THE LAND THEY TILL AND FOR OTHER FARM WORKERS TO RECEIVE A JUST SHARE OF THE FRUITS THEREOF, WITHOUT VIOLATING THE RIGHT OF LANDOWNERS and then continue.

That will satisfy the desire of Senator Maceda that that be categorically provided for.

Senator Maceda. We certainly second and adopt the suggestion of the Senate President.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. No objection, Mr. President.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

PIMENTEL AMENDMENT

Senator Pimentel. Thank you very much, Mr. President.

May I add a phrase to the amendment made by the President? Instead of the phrase WITHOUT VIOLATING, if I got the amendment inserted by the President, THE RIGHT OF LANDOWNERS, can we just insert UPON PAYMENT OF JUST COMPENSATION.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. No objection, Mr. President.

The President. All right.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, within the context of the President's proposed amendment, may I just propose that this should be considered, if not the wording, the idea:

AGRARIAN REFORM IS NOT A STRUGGLE OF SOCIAL CLASSES. IT IS A SOCIAL JUSTICE MEASURE PREMISED ON A PREFERENTIAL OPTION FOR THE LANDLESS FARMERS AND AGRICULTURAL WORKERS WHILE RECOGNIZING THE RIGHTS OF OTHER SECTORS.

The President. Why do we not dispose of the first amendment and come to the amendment of Senator Romulo?

Senator Romulo. At your pleasure, Mr. President.

The President. All right. Senator Saguisag.

SAGUISAG AMENDMENT

Senator Saguisag. Thank you, Mr. President.

In regard to the amendment proposed by the Chair, I am just concerned that if the bias is so pronounced in favor of the tiller, it can be misconstrued as if we will not care for those who should be given idle and abandoned lands.

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In regard to whom there are no tillers, that situation is covered by Section 22 of Article XVIII. That is my concern with the way that was worded, Mr. President. It seems to me that even the rebels who are out in the hills and are not tilling any lands now should, somewhere along the line, be accommodated. Section 4 of Article XIII does mention the distribution of all agricultural lands. So, in the styling of the amendment, I would hope that that thought could be accommodated, Mr. President.

The President. Subject to refinement and style. Is there any objection?

Senator Enrile. Mr. President.

The President. Yes.

Senator Enrile. Point of parliamentary inquiry: Are we now in the period of individual amendments or committee amendments?

The President. Individual amendments because of Senator Alvarez' remark that only very minor amendments are going to be proposed.

Senator Enrile. Thank you.

The President. Senator Aquino.

Senator Aquino. Mr. President, are we now assuming we approved these amendments and the Declaration of Policy? Are we closing that? I thought we are going to discuss these later, because the Declaration of Policy, Mr. President, is very very important, and this sets the tone for the entire program. I hope that, later on, we have a time to change this.

The President. We will come back to it if necessary.

Senator Aquino. Thank you, Mr. President.

The President. All right. Is there any objection? [Silence] There being none, the amendment is approved.

Now, would Senator Romulo, like to propose his amendment?

Senator Romulo. Yes, Mr. President, because I feel that the policy is very vital and essential and, therefore, my amendment is either if the usage of the words or to be incorporated in his amendment is, I quote:

AGRARIAN REFORM IS NOT A STRUGGLE OF SOCIAL CLASSES. IT IS A SOCIAL JUSTICE MEASURE PREMISED ON A PREFERENTIAL OPTION FOR THE LANDLESS FARMERS AND AGRICULTURAL WORKERS WHILE RECOGNIZING THE RIGHTS OF OTHER SECTORS.

The purpose of this, Mr. President, is to put the right emphasis on the fact that this agrarian reform is premised on a preferential option to landless farmers and agricultural workers.

The President. May the Chair suggest that Senator Romulo work out that particular phraseology with Senator Alvarez and then will come back to this later.

Senator Romulo. Yes, Mr. President.

The President. All right. And there is a reservation on the part of Senator Aquino.

Senator Aquino. Mr. President, maybe what we can do is, all those who proposed alterations in the Declaration of Policy, like Senators Maceda, Romulo, Pimentel and myself, go over the draft of the Declaration of Policy and at least come up with a uniform draft.

The President. All right. Senator Pimentel.

Senator Pimentel. Thank you, Mr. President.

We have no problem with the suggestion of Senator Aquino but, I think, discussing the matter here on the floor opens avenues of amendments which may not be thought of in isolation from the debates now being conducted, Mr. President. So, even as I would support the view of Senator Aquino that later on we can come up with a comprehensive amendment to this Comprehensive Agrarian Reform Program, even in the matter of Declaration of Policies, it should

not prevent any Member of the Senate from standing up and speaking his piece, if only to challenge other ideas that may eventually come out for the betterment of this draft.

The President. All right.

Senator Pimentel. And in this respect, may I suggest therefore that the proposed amendment of Senator Romulo be introduced under Section 2, paragraph 1, Mr. President, to the end that the Comprehensive Agrarian Reform Program as he put it will not be considered class-warfare legislation, but to promote social justice.

And, may I insert this phrase, Mr. President, after the word SOCIAL JUSTICE found on line 3(c)

PROMOTIVE OF SOCIAL JUSTICE THAT WILL DISTRIBUTE LAND TO THE LANDLESS AND INSURE LAND TO THE TILLER PROGRAM, . . .

The idea is to make sure that that is basically understood, Mr. President, that we are interested in distributing land to the landless. And, as the Senate President has pointed out, insure that also land-to-the-tiller idea or the concept will be embodied in this Comprehensive Agrarian Reform Law, Mr. President.

The President. We will come back to this Declaration of Policy. In the meantime, I have asked Senator Romulo to work it out with Senator Alvarez.

Senator Alvarez. Mr. President, we will have no objections. As a matter of fact, we can put this portion of the bill under continuing consideration. I think that there is enough convergence of viewpoints on the declaration of policy. The difference is on how to stress the viewpoint of the individual Senators which this Representation is prepared to accommodate.

The one particularly suggested by Senator Romulo is something that we espoused and we have made pronouncements on this publicly on the sponsorship speech. And I believe that

many other amendments that have been proposed that have come our way in the committee do not go against the grain of our thinking in approaching this particular legislation. But, may I recommend, Mr. President, as I did at the opening of our proceedings that perhaps we should go to the operative rules and finally go back to the Declaration of Principles, which after all, must reflect the specifics that we would have decided on the bill.

The President. Shall we now take up the definitions in Section 3? Is there any amendment?

Senator Guingona is recognized.

Senator Guingona. Mr. President, in Section 3, there is a definition of "abandoned lands," and there is also a definition of "idle lands" on page 3, line 22.

We propose, Mr. President, to avoid confusion, to merge the two definitions into one. And the amendment read as follows:

"Idle AND abandoned lands REFER TO any agricultural land not cultivated tilled or developed to produce any crop nor devoted to any SPECIFIC economic purpose continuously for a period of five years prior to the EFFECTIVITY OF THIS ACT. AND AFTER THE EFFECTIVITY OF THIS ACT, ONE YEAR PRIOR TO THE receipt of notice of compulsory acquisition by the government as provided UNDER THIS ACT, but shall not include land that has become permanently or regularly devoted to NON-AGRICULTURAL purposes, NEITHER SHALL IT INCLUDE land which HAS BECOME unproductive BY reason of *force majeure* or any fortuitous event, provided that prior to such event, such land was previously USED for agricultural or other economic purpose."

The President. Let us take up the proposed amendment one by one.

The amendment seeks to merge the concept

of idle and abandoned lands. Is that agreeable? Is that acceptable?

Senator Alvarez. The proponent wishes to compress Subsection (a) and (c).

The President. In other words, Senator Guingona wants the concept of abandoned lands to be incorporated in the definition of idle lands. Is that correct?

Senator Guingona. Yes, Mr. President. Because in subsequent provisions it always says, "idle" and "abandoned." So, we might as well have one definition.

The President. What is the pleasure of the Sponsor?

SUSPENSION OF THE SESSION

Senator Alvarez. If I may consider the proposal of the Gentleman, Mr. President, can we have a recess for a few minutes?

The President. The session is suspended, if there is no objection. [*There was none.*]

It was 11:01 a.m.

RESUMPTION OF THE SESSION

At 11:03 a.m., the session was resumed.

The President. The session is resumed.

Senator Guingona. Mr. President, during the recess, we discussed and we agreed to propose that the term for both "abandoned" and "idle" lands be compressed into one, into three years immediately prior to the notice. But we have qualified this, Mr. President. We just want to explain that "abandoned" and "idle" would not refer to instances, for example, where one's land is taken over by somebody else and someone else occupied it, by *force majeure* he could not develop the land or if he had devoted the land to other economic purposes, then it could not be considered as abandoned and idle three years immediately preceding.

The President. What is the pleasure of the

Sponsor? Subject to refinement and style.

Senator Alvarez. Subject to refinement and style. Mr. President, acknowledging that the conceptual reference point will now be compressed, so that Subsection (a) and (c) of Section 3 of Definitions will now be provided under Subsection (a).

Senator Osmeña. Mr. President.

The President. Senator Osmeña is recognized.

Senator Osmeña. I would just like to raise a point with the author, as to this definition of abandoned or idle lands.

We have a land registration system. So, anyone who owns land that is registered and to which he has a Certificate of Title, whether it be original or transfer, cannot be considered to have abandoned the land even if he does not till it, even look at it, for as long as there is a title to that land. And the Constitution in Section 22 of the Transitory Provisions, Article XVIII calls upon us to define, because it says, ". . . expropriate idle or abandoned agricultural lands as may be defined by law. . ."

It calls upon us to define what is idle and what is abandoned. And what we do here on this particular section will have repercussions not only on CARP as far as it is concerned, but even on other forms of land in urban and other properties that may be covered by CARP. So I would like to make a note here of caution as to our definition of what is idle. "Idle" is something that is not being used for whatever reason. And one thing, Mr. President, is I think even that land which a land speculator buys and speculates on the increase of its value is not necessarily idle because it is being used for an economic purpose, the economic purpose being the speculation of the increase of the value.

So I would like to introduce a note of caution here that we should be careful about the definition of "idle and abandoned" land because

it has repercussions and it might also infringe upon the rights of owners under our land registration system, Mr. President.

Thank you.

Senator Alvarez. Mr. President, may I clarify two points of the Gentleman from Cebu: First, when we define what are idle and abandoned lands, we do not seek to defeat the title; the titling system. We do not remove them away from the guarantees of ownership. We are only indicating that those lands, even if they remained titled, which have been by definition kept idle or were abandoned, will now be susceptible to the provisions of the law on agrarian reform. They will be subjected to land reform. It does not mean that the owners thereof would be disposed of their title because of the definition of abandonment.

Senator Osmeña. Mr. President, with the permission of the Sponsor, abandonment, in the definition by Webster, means giving up of all claims; we abandon. The owner does not have to do anything with any land that is titled under our land registration system. So it is not abandoned. There is no such thing as an abandoned land if it is registered under the land registration system.

Senator Alvarez. We are making here a definition, apart from the everyday definition, Mr. President, imputing a technical meaning to the word "abandonment". So that, even if a land continues to be titled and if one does not make good use of it, let us say, by the definition of Senator Guingona of the land, three years immediately prior to the effectivity of the Act, the abandonment that is referred to makes the land susceptible to certain operative rules, and puts it under the purview of agrarian reform; but it does not mean, Mr. President, that we have absolutely categorized the land as abandoned by the everyday definition.

The President. What Senator Osmeña is saying is that under the Torrens System, the moment there is a title, one's right to it is indefeasible. I think that is what Senator Osmeña wants to say.

Senator Osmeña. Yes, that is true. That is why what I am saying, Mr. President, is that we should be careful about what we define as abandoned because it may run counter to the land registration system.

The President. But what Senator Alvarez is saying is that, regardless of that effect the indefeasibility of the title, the factual matter is that that land, although the title of the owner is indefeasible, is actually idle.

Senator Osmeña. Yes, in effect, it is idle, but it is not abandoned.

Senator Guingona. Mr. President.

The President. Senator Guingona.

Senator Guingona. First of all, this definition refers only to agricultural land.

The President. Yes.

Senator Guingona. It does not cover residential property or commercial property. Second, Mr. President, if it is idle, if it is abandoned, necessarily it has to be idle. If it is abandoned, that means it is physically left out. And we have qualified the fears of the distinguished Senator from Cebu; for if the land is devoted to other economic purposes, then, that is no longer abandoned.

Senator Pimentel. Mr. President.

The President. Senator Pimentel.

SUSPENSION OF THE SESSION

Senator Pimentel. With the permission of the Gentlemen on the floor, may we have a one-minute recess?

The President. The session is suspended for one minute, if there is no objection. [*There was*

none.]

It was 11:10 a.m.

RESUMPTION OF THE SESSION

At 11:13 a.m., the session was resumed.

The President. The session is resumed.

There is a pending amendment. The Sponsor has accepted the amendment of Senator Guingona.

Is there any objection?

Senator Enrile. Mr. President.

The President. Senator Enrile.

Senator Enrile. Before we approve the amendment, may I just ask the proponent of the amendment to the amendment whether a land is deemed abandoned by the owner if he does not utilize it either as a source of livelihood or for agricultural purpose; but that others may have taken over physical possession and actually are cultivating the land? Would he consider that an abandoned land as far as the owner is concerned?

Senator Guingona. No, Mr. President. Under the definition here, provided that the land is utilized for agricultural or non-agricultural purposes, and it is not due to any fortuitous event, then the same is not considered abandoned.

Senator Enrile. Is it not the assumption of this land reform measure that the owner of the land, who does not need the land for his source of livelihood and who has allowed others to utilize it for their own livelihood, should be deprived of that land in order that the actual users of the land and that the priority of this law to take that land should be considered?

Senator Guingona. The definition, Mr. President, will take it away from the preferential, or in other words, the priorities; because, under the separate provision, if the land is idle and abandoned, then it will be a priority area for ac-

quisition and distribution, and it will fall under the other categories for acquisition.

Senator Enrile. I will give an example, Mr. President, to clarify my point.

Let us say that *A* is the owner of two parcels of land of 24 hectares each. And one is being cultivated by others. He has not insisted to receive any share of the produce. He has allowed other persons — maybe five or six families — to work on this 24-hectare land. On the other parcel, he has completely left it without any cultivation. Which of these two types of land would the Gentleman consider abandoned?

Senator Guingona. The second one.

Senator Enrile. The idle one. And how about the other one?

Senator Guingona. That would also come under the operation of law, but it would no longer be in the priority area.

Senator Enrile. But here is an owner of the land who does not really need this land for his livelihood. In fact, he is not trying to work on this land. He has allowed the others to work on it. Why can not the law be applied on these kinds of land as a top priority first? Because, in fact, he is not even contending with the owner. In the one case, he has allowed it to be idle; and the other case, he has allowed it to be utilized by others without even getting any portion of the produce.

Senator Guingona. What the law frowns upon, I think, is unproductivity and abandonment. But it should not punish, though, the lands that are productive. Of course, the land reform will cover all those lands, but the priorities would be taken into account. The abandoned lands would be “land reformed” first. That is the intent of this amendment.

Senator Enrile. But, Mr. President, is it not the purpose of the land reform law to benefit the land cultivators who are landless or who do

not own land where they cultivate for their livelihood?

Senator Guingona. Yes, Mr. President.

Senator Enrile. In the case of the first 24-hectare land, others are cultivating it for their livelihood, and the owner does not even ask for a share because he does not need it. Why can not we apply the Land Reform Law on this land, in the same way that we apply the Land Reform Law on an equal priority with a land that is idle?

Senator Guingona. Yes, it can be. It depends on the definition. But it would be very hard, and it is easier to determine abandoned and idle, if we define it as non-productivity.

Senator Enrile. Thank you, Mr. President.

The President. All right. Senator Aquino.

Senator Aquino. Mr. President, may I please make a suggestion to this effect. If the amendment is a sentence or a phrase, then we can bring it out on the floor. But if we are trying to merge, for instance, two definitions and this is one or two paragraphs, maybe, it will be better if the movant supplies us with, at least, a typewritten amendment. We cannot follow the argument because it is too long.

Senator Guingona. Yes, subject to style, naturally, we will. . . [*Laughter*]

The President. The basic idea anyway is to merge the concept of idle and abandoned land and to subject it to one period.

Senator Alvarez. Mr. President, I have talked with the proponent of the amendment, but there are conceptual reference points which must be kept intact in compressing these two definitions. Precisely, when there are adverse claimants or there are those who are cultivating the land and the owner of the land has “let it be” or “abandoned it”, in quotation marks, that would be the abandonment that is referred to by the definition of abandoned land, as raised by the Gentleman from Cagayan.

But I was prepared to compress the definition by allowing the length of time for idle lands or lands which have not been put to effective or productive use by the owner regardless of whether there is a cultivator or not, or adverse claimant or not, to a period of three years; and that is the neat compression which I was prepared to accept from the Gentleman.

The President. So what is the pleasure now of the Sponsor?

Senator Alvarez. Well, Mr. President, I will sit down with the Gentleman in order that we can work out the adjustment, both in the length of these two subsections and also the concepts in raising them because I am prepared to make this a neater definition.

The President. What is the pleasure of the proponent of the amendment?

Senator Guingona. Yes, Mr. President. We will get together and defer this.

Senator Osmeña. Mr. President.

The President. Just a moment. Let us clarify: the proponent of the amendment will formulate his amendment in typewritten form.

Senator Guingona. Yes, Mr. President.

The President. All right. Senator Osmeña is recognized.

Senator Osmeña. With the permission of the Gentleman of the floor, and simply for the consideration of our Colleagues, the Agricultural Land Reform Code, Republic Act No. 3844, in Chapter 11, General Provisions, Section 166, Subsections 18 and 19, has definitions on "idle lands" and "abandoned lands"; and perhaps we should consider the need for reinventing the wheel when there is a law 25 years old, most likely with jurisprudence on court interpretations on what is "abandoned land" and what is "idle land" in our records; and now we will redefine "abandoned lands" and "idle lands" and introduce new concepts when we have an

existing legislation.

Thank you, Mr. President.

The President. All right, shall we move on?

Senator Aquino. Mr. President.

The President. Senator Aquino is recognized.

Senator Aquino. Mr. President, I propose to add definitions of "agriculture", "agricultural land", and "cooperatives" which I will submit.

The President. Just a moment. Let us finish page 2. There is a definition there of "agrarian dispute." Is there any amendment there? [Silence]

Let us go to page 3, the definition of FARMER under letter (d).

Senator Aquino. Under FARMER, Mr. President.

The President. All right.

Senator Aquino. It refers to a person whose primary occupation is to cultivate. Between the words CULTIVATE, and BY, insert the following: PRODUCE AND MARKET AGRICULTURAL PRODUCTS.

In other words, the insertion will be: PRODUCE AND MARKET AGRICULTURAL PRODUCTS by HIMSELF AND/OR WITH THE ASSISTANCE OF HIS IMMEDIATE FAMILY HOUSEHOLD and then, insert again: WHETHER THE LAND IS OWNED BY HIM, OR BY ANOTHER PERSON UNDER A LEASEHOLD OR SHARE TENANCY AGREEMENT/ARRANGEMENT WITH THE OWNER THEREOF.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. Mr. President, we cannot accept this amendment because that means that to be a farmer, one must also be an agricultural businessman at the same time. But farmers do not necessarily market their produce.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there are no objection. [*There was none.*]

It was 11:24 a.m.

RESUMPTION OF THE SESSION

At 11:28 a.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

ENRILE AMENDMENT

Senator Enrile. With the permission of the proponent, may I submit an amendment by substitution to the proposed amendment. The proposed amendment by substitution reads as follows:

A FARMER REFERS TO AN INDIVIDUAL PERSON WHOSE PRIMARY LIVELIHOOD IS THE CULTIVATION OF LAND FOR THE PRODUCTION OF AGRICULTURAL CROPS EITHER BY HIMSELF OR WITH THE ASSISTANCE OF HIS IMMEDIATE FAMILY HOUSEHOLD.

Senator Aquino. It is accepted, Mr. President.

The President. How about Senator Alvarez? Will Senator Enrile kindly repeat that amendment again?

Senator Enrile. A FARMER REFERS TO AN INDIVIDUAL PERSON — he must be an individual person. He cannot be an artificial person — WHOSE PRIMARY LIVELIHOOD — we used the words PRIMARY LIVELIHOOD because he can be a partial worker somewhere or partial fisherman — IS THE CULTIVATION OF LAND FOR THE PRODUCTION OF AGRICULTURAL CROPS — this refers to situations where he may not really till the land

but produce agricultural crops without having to cultivate the land — EITHER BY HIMSELF OR WITH THE ASSISTANCE OF HIS IMMEDIATE FAMILY HOUSEHOLD.

We do not have to talk about whether he is a tenant or what. As long as he fits in this definition, he is a farmer for purposes of this Land Reform Law.

Senator Alvarez. I have no objection, Mr. President.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Well, after the Gentleman, if he is already through; because, Mr. President, my proposed amendment is covered by an earlier page 2, but under Section (b).

The President. Let us take up first the definition of a "farmer."

Senator Osmeña. Mr. President.

The President. Senator Osmeña is recognized.

Senator Osmeña. Just a question to Senator Enrile, who proposed the amendment, or to the Sponsor, in that he defines a farmer as a cultivator who cultivates with the assistance of his family. So if he hires a nonrelative to assist him, he is no longer a farmer.

Senator Enrile. If the distinguished Senator wants to introduce that amendment to this portion of the definition, I would welcome it, Mr. President.

Senator Osmeña. Mr. President, the only reason I am raising this question is because, in the future, there may be cases wherein the qualifications of intended beneficiaries will be challenged because of the definition that the assistance can only be limited to members of the family. In effect, if he reaches out to an outsider and pays him a daily wage to do even a two-day

work or a three-day work, he is no longer a qualified beneficiary under the definition of a farmer.

Senator Enrile. Well, to omit that contingency, Mr. President, so that it will not produce any vagueness, I would suggest that we insert the word MAINLY after the word OR and before the word WITH. OR MAINLY WITH THE ASSISTANCE OF HIS IMMEDIATE FAMILY HOUSEHOLD.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Just for clarification, Mr. President, on the second portion of the definition.

In agriculture, there are specialized fields: for example, a sugar-cane cutter or a tender of products, not necessarily cultivating but tending some products. Would he fall under the classification?

Senator Enrile. He will become a farmworker. We will come to that definition later on.

Senator Alvarez. Mr. President, he will be embraced in another classification and in another definition.

Senator Guingona. May we hear the second portion of the definition, Mr. President.

Senator Enrile. The definition that we are proposing, Mr. President, is this:

FARMER REFERS TO AN INDIVIDUAL
PERSON WHOSE PRIMARY LIVELIHOOD IS
THE CULTIVATION OF LAND. . .

or if the distinguished Senator wants the word LAND to be modified by AGRICULTURAL LAND, then I have no objection; maybe, better still.

. . . THE CULTIVATION OF AGRICULTURAL
LAND OR THE PRODUCTION OF
AGRICULTURAL CROPS EITHER BY HIM-

SELF OR MAINLY WITH THE ASSISTANCE
OF HIS IMMEDIATE FAMILY HOUSE-
HOLD.

Senator Guingona. So this is limited to production.

Senator Enrile. To the farmer only. This is only a definition of a farmer for purposes of this law.

The President. All right. This is subject to refinement and style.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. Thank you, Mr. President.

Mr. President, I anticipate that the Chair is going to ask for objections; and if none, then the motion will be carried. And, at this point, I would like to raise a parliamentary inquiry, Mr. President.

This parliamentary inquiry is whether my situation would constitute a conflict of interest in taking certain actions during the amendment period, Mr. President.

My situation is that I am a landowner. I own five parcels of land, Mr. President. One parcel of land in Laguna has already been taken by the Department of Agrarian Reform, but no payment has been received for it. Other parcels of land, Mr. President, three of them, are planted to fruits and coffee. One parcel of land is not planted to anything at the present time. These parcels of land range from six hectares to 23 hectares. More or less, the total is 86 hectares, including the 13 hectares which has already been expropriated by the Department of Agrarian Reform, although I have not received any payment on it.

So, my question, Mr. President, is: To what extent and on what matters or on all matters am I in the conflict of interests? So that I may be guided. I do not want to vote on matters

which constitute a conflict of interests; and yet, I would like to contribute my share to this, if it is permitted. I would like to ask for guidance from the Chair, Mr. President.

Senator Enrile. Mr. President, this Representation is a stockholder in a corporation that owns land, and I see no reason why I should consider myself in conflict with the interests of the others. My purpose here is to participate in the deliberation of a legislative measure; and if anybody should find that I am preferring my own interest for the others, that is something that must be answered by me. But I think that as legislators, we should perform our functions according to our conscience.

The President. May I call on Senator Saguisag, the Chairman of the Committee on Ethics, to give us an opinion; probably, *ex cathedra*.

Senator Saguisag. Marami pong salamat. A number of us here have been tossing this question around. Under Section 12, Article VI, we were supposed to have filed our Statement of Assets and Liabilities, et cetera, upon assumption of office. Very strictly speaking, all that that section provides is that when a Member of the House detects a potential conflict of interest in regard to a measure he files, he should so state before the House.

The situation here is a little bit different. Theoretically, it is only Senator Alvarez who is the author of the bill, although the amended version says it is a committee measure. So if that is accurate, theoretically, any Member of the Committee, who adopted said bill as his own, might have been under some obligation to state to the House such a potential conflict of interest. That may be the strict constitutional requirement. I would submit however, Mr. President, that if we are talking of ethical standards, the norm may be a little higher. It seems to me, any time someone argues or moves, even against the proposed measure, the same potential con-

flict would arise. But looking at the four corners of the Constitution, I think the only requirement is just to state, as was done by at least two of us this morning. And other than that, I agree with the distinguished Minority Floor Leader, that maybe, it is now up to the conscience of the legislator concerned. But, perhaps, it is really good to state one's interest. As I have said, however, what we own are supposed to be on record; still, when a reader of the *Journal* looks at the debates here, he should easily know where each of us would be coming from, in a manner of speaking.

So I would personally suggest, subject to further discussions with the Members of my committee, and with the rest of us here, that out of abundant caution, it may just be better for any Member who takes any position for or against anything that may affect his personal holdings to state for the record to meet the spirit of the requirement of Section 12, Article VI, Mr. President.

The President. Senator Paterno.

Senator Paterno. Mr. President, in my own case there are provisions in the bill relating to a different treatment for orchards. So I have been careful to stay away from even the discussion on the topic of orchards. I would like to say that I have no prawn lands or fishponds which I have been butting for. And I wonder if the Chairman of the Committee on Ethics and Privileges would agree that in such cases or such specific cases where the Member of the House might be sought to benefit directly from a different treatment for a particular crop and he has ownership of land devoted to such crops, then it would be best to stay away from any discussion or certainly any amendment and voting on the amendment on this topic.

Senator Saguisag. Mr. President, on the basis of our little experience here, I recall that when we were voting on the tariff bill, the

distinguished Minority Floor Leader for one mentioned that he had some personal interests in one item and abstained from voting. It seems to me that that is one very proper option to take, stating for the record just why one abstained. Because what is happening here at *iyon ang napuna namin na kapagka sinabing* "Are there any objections?" if one would not speak up, then it could really be argued that one, in effect, voted for a measure. And such a result might be in favor of an interest that one of us may be desirous of protecting.

The President. Anyway, let us read into the records Section XII, Article VI.

All Members of the Senate and the House of Representatives shall, upon assumption of office, make a full disclosure of their financial and business interests. They shall notify the house concerned of a potential conflict of interest that may arise from the filing of a proposed legislation of which they are authors.

I think all Members of the Senate have a full and fair disclosure of their business and financial interests at the time we assumed office.

The No. 2 obligation is only with respect to someone who is an author of a legislation. Therefore, technically, Senator Paterno is not disqualified from participating in the deliberations of the land reform bill.

Senator Paterno. Mr. President, I am also registered as a coauthor, being a member of the Committee on Agrarian Reform on this bill. So, late though it might be, I would like to manifest whether I should withdraw as coauthor of the bill.

The President. Yes, Senator Paterno is a coauthor but he has already made a disclosure, and that is all that the law requires.

Senator Gonzales is recognized.

Senator Gonzales. Mr. President, considering the spirit of the disqualification of this provision, while it is true that the obligation

to notify the House of a potential conflict of interest applies only to authors of the bill, how about authors of amendments? They are parts of legislation. I think that we should extend it also to those who may propose amendments because they stand in parallel to the authors of the bill. Sometimes, the amendments may even change the contents of the bill that is under consideration.

The President. The Chair agrees with that interpretation because they are the authors also of a legislation in the form of an amendment.

Senator Gonzales. Yes, Mr. President. And probably so that Members of this Body would not really feel that they are suffering from any disqualification, I do not think that the second sentence of Section 12 of Article VI contemplates of any disqualification on the part of any member of the Senate. Their obligation is merely to notify the House, but they are in no way disqualified from participating in any manner in the consideration of the bill for as long as they make that notification, Mr. President. The rest, as pointed out by the Minority Floor Leader, is a matter of individual conscience, Mr. President.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. May I ask from Senator Saguisag, the Chairman of the Ethics Committee, to what extent this potential conflict of interest extends?

I have no agricultural land, Mr. President; but under the bill, I can be a potential beneficiary if I decide to go into farming. *[Laughter]* Would I, therefore, have to notify the House that there is a potential conflict of interests?

The President. Those who are landless in this Chamber are all potential beneficiaries, but they are not disqualified. I suppose Senator Saguisag is one of the landless many.

Senator Saguisag. Well, that is why I am in favor of this bill, Mr. President. [*Laughter*] That may be my only chance to . . . but levity aside, I think it should be interpreted within reason, on a case-to-case basis. And I think that is an extreme case that our friend has cited.

The President. In any event, the majority seem to be in favor of the opinion of the Minority Floor Leader on this point.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Thank you very much, Mr. President.

The Constitution, as worded, speaks of a potential conflict of interest, Mr. President. I happen to own a few hectares of land. But in all honesty, I do not care if the entire holdings be subjected to land reform; and therefore, I do not feel that there will be any potential conflict of interests, because I am in favor, precisely, of the bill to give land to those who do not have land. However, I understand from the explanation of Senator Saguisag that whether one is for or against a particular bill, he has to make a disclosure. I do not know if that is an accurate statement.

Senator Saguisag. What I was trying to say, Mr. President, was that the Constitution speaks only of those filing a bill. What I was saying was that if someone would oppose it on the floor because it would affect him adversely, it seems to me that should be covered. But, certainly, someone like the distinguished Gentleman from Cagayan de Oro who is in favor of the bill, and who, in fact, stands to lose something thereunder can so vote without being subjected to the intent and spirit of Section 12 of Article VI?

Senator Pimentel. Thank you very much.

The President. All right, now that we have cleared the air. . . not yet?

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Since we are on the subject, Mr. President, may I also pose a parliamentary inquiry, not under Section 12, but under Section 14, and more specifically, on the third sentence. And the third sentence reads:

He shall not intervene in any matter before any office of the Government for his pecuniary benefit or where he may be called upon to act on account of his office.

Of course, the question is whether, as a Senator discharging his function, that is a matter before any office of the Government that I still would like to bring this to the attention of the Chamber, and pose this parliamentary inquiry.

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President, I would just want to add this. . .

Senator Gonzales. Before we go to a different matter, I would want to add something, as far as the inquiry posed by Senator Pimentel to Senator Saguisag is concerned.

What is to be disclosed to this Body is not a conflict of interests but merely a potential conflict of interests that may arise from a given fact or circumstance. While an author of the bill or of an amendment thereto may own them and be willing to have it distributed in accordance with CARP, there is also a potential conflict of interests because the land is not to be given away. There is compensation to be paid. Therefore, it can be said that the compensation provision is a circumstance that may actually produce a potential conflict of interests.

The President. Unless Senator Pimentel is willing to waive any compensation.

Senator Gonzales. Let us not put Senator Pimentel to tremendous pressure, Mr. President.

Senator Pimentel. Mr. President, unless the law provides otherwise, I am willing to waive.

Senator Gonzales. No, I think many of us are in that situation, and I am giving notice to this House that, sometime in 1975, I was able to buy a 13-hectare coconut land situated in the Municipality of Agdangan, Quezon, Mr. President. It is a titled property, but somehow I have neglected to have the title transferred to my name. But the fact is that I am in truth the owner of this 13-hectare coconut land situated in Agdangan, Quezon.

Senator Saguisag. Mr. President, can we make the retention limit to 13 hectares?

Senator Alvarez. Point of order, Mr. President. We may be digressing into the subterranean question of ethics and conduct of the Members of this Chamber, if I may suggest, Mr. President.

The President. The Chair realizes that confession is good for the soul.

All right. Let us go back to the bill.

Senator Saguisag. There is a pending point. May I volunteer some thoughts on it.

As I understand Section 14 of Article VI, Mr. President, it seems to me that that intervention in any matter before any office of the Government does not really refer to matters pending before this very Body. In fact, we are obligated to intervene. So I think the context of this is that the matter has to be before some other agency, in which the office holder may be beholden to us. Therefore, that fact may becloud this judgment. I do not believe that there is such a conflict here in that respect, Mr. President.

Thank you.

The President. All right. Let us go back to the text of the bill.

Senator Herrera. If the Chair will permit, I would like to go back to page 2, line 12, Definition of Agrarian Dispute.

The President. Just a moment.

Senator Enrile. There is a pending matter.

The President. There is a pending matter, the definition of "Farmer." And I understand that was accepted already by Senator Alvarez.

Senator Enrile. May I restate if for the record, Mr. President.

The President. Yes, please.

Senator Enrile. A FARMER REFERS TO AN INDIVIDUAL PERSON WHOSE PRIMARY LIVELIHOOD IS THE CULTIVATION OF LAND OR THE PRODUCTION OF AGRICULTURAL CROPS EITHER BY HIMSELF OR MAINLY WITH THE ASSISTANCE OF HIS IMMEDIATELY FAMILY HOUSEHOLD.

The President. When Senator Enrile says individual person, that is to rule out corporations.

Senator Enrile. Yes.

The President. Either natural or individual person.

Senator Enrile. It can be a concept of a farmer under this for purposes of this bill.

The President. All right. Is Senator Alvarez accepting this?

Senator Alvarez. Yes, Mr. President.

The President. Is there any objection? [Silence] The Chair hears none; the amendment is approved.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. As this Representation earlier adverted to, line 1 of page 2, in lieu of,

"HOWEVER, labor disputes in agri-

business and agri-industrial enterprises shall continue to be governed by the Labor Code.”

May we propose here or at the appropriate time to the distinguished Sponsor the following phraseology:

IN THE INTERIM PERIOD AND UNTIL SUCH TIME THAT AGRIBUSINESS AND AGRO-INDUSTRIAL ENTERPRISES AS DEFINED IN THIS ACT ARE REFORMED, LABOR DISPUTES WILL CONTINUE TO BE GOVERNED BY THE LABOR CODE. THEREAFTER THEY SHALL FALL UNDER THE SPECIAL AGRARIAN REFORM COURT UNDER SECTION 35 HEREOF.

The President. Senator Herrera.

Senator Herrera. Thank you, Mr. President.

The point that I would have liked to raise is related to the point raised by Senator Romulo, although my views on the matter is in conflict with the view of Senator Romulo because my recommendation is that all matters relating to employee-employer relations should be governed by the Labor Code. This will strengthen the position of the farm workers and, at the same time, this will eliminate confusion because, right now, there are so many haciendas covered by the collective bargaining agreement. Under the present law, this is under the Labor Code.

So my suggestion, Mr. President, is that in the definition of agrarian disputes, matters relating to terms and conditions of employment should be eliminated and that disputes arising on matters of employee-employer relations should continue to be under the Labor Code.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. Mr. President, there is really no antagonism between that proposed by

the Gentleman from Cebu and the pertinent provisions which had also been touched upon by the Gentleman from Tarlac. I think that these viewpoints can be reconciled. As a matter of fact, they are already reconcilable, except that the two other Gentlemen have broadened it with further explication or expansion of the definition. We will have no objection, Mr. President. It will, in fact, strengthen the position of the working class.

The President. All right. Is this the proper time and the proper page in which the thoughts of Senator Herrera should be adopted?

Senator Alvarez. Not yet, Mr. President.

The President. All right. Senator Romulo.

Senator Romulo. Mr. President, may I just clarify that the distinguished Sponsor is accepting the proposed amendment that I have read.

Senator Alvarez. The Gentleman made reservations.

Senator Romulo. Yes, at the proper time. And that would be in consonance with the spirit of the agrarian bill?

Senator Alvarez. Yes, with the way the concept is presented in the definition.

The President. There is a reservation for Senator Romulo.

Senator Romulo. Thank you, Mr. President.

The President. Senator Rasul.

Senator Rasul. Thank you, Mr. President.

I would like to introduce an amendment under agrarian dispute on page 3, after line 4. I would like to add a proviso there after “Labor Code”:

PROVIDED HOWEVER THAT ANY DISPUTE THAT MAY ARISE IN THE IMPLEMENTATION OR APPLICATION OF THE CARP INVOLVING LANDS CLAIMED TO FORM PART OF THE ANCESTRAL DOMAIN

SHALL NOT BE CONSIDERED AN AGRARIAN DISPUTE.

Ancestral lands, Mr. President, do not have any titles. So, if it is subjected to disputes in the manner of other titled lands, it will not, I think, protect the ancestral lands. And this bill in Section 51 provides for the protection of ancestral lands.

Senator Alvarez. Mr. President, I see the effort of the distinguished Senator from Tawi-Tawi and Sulu, but it is an attempt to provide substantive rules, positive rules, that relate to ancestral lands. We would rather that this limited function or definition within the law should not confront that bigger question of ancestral lands. Perhaps, at some appropriate time, when we go into discussions of ancestral lands, we can have more clarity by expanding or clarifying our concept of ancestral land.

The President. There is a separate portion here governing ancestral lands.

Senator Rasul. Yes, Mr. President.

The President. So why do we not put it here?

Senator Rasul. As a matter of fact, Mr. President, I would have wanted to suggest that under "Definitions," we should already include a definition of "ancestral land"; but considering that there has been a divergence of opinion, and it seems to be controversial, since some cultural minorities consider ancestral land as land occupied since time immemorial, therefore, this will open another floodgate of controversy. So I have agreed not to include it in the definition; but in some other sections where, I think, there should be provisions made for the protection of ancestral land.

Thank you, Mr. President.

The President. Now, let us continue.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

ENRILE AMENDMENT

Senator Enrile. On the definition, paragraph (e), "Farm worker." May I also suggest. . .

The President. That is on page 3.

Senator Enrile. . . . a definition in substitution of the present definition now in the text of the proposed measure. I propose this definition:

A FARM WORKER IS AN INDIVIDUAL PERSON WHO RENDERS SERVICE FOR VALUE AS AN EMPLOYEE OR LABORER IN AN AGRICULTURAL ENTERPRISE OR FARM REGARDLESS OF WHETHER HIS COMPENSATION IS PAID ON A DAILY, WEEKLY, MONTHLY OR PAKYAW BASIS.

Senator Osmeña. Mr. President.

The President. Senator Osmeña is recognized.

Senator Osmeña. Just to clarify. In some agricultural situations, the compensation is not always monetary.

Senator Enrile. That is why I used the words "FOR VALUE" because we distinguish it from the farmer who works to share, but if he is paid in gantas of rice or in so many kilos of fish or sardines, that is for value.

Senator Osmeña. In a situation, Mr. President, wherein farmers raise swine or cattle and share in the increase in weight at the end of a given period, that would fall also under this type of compensation?

Senator Enrile. Yes, that will be for value, whether they are paid on a daily, weekly, monthly, or in some cases, on a piece-work basis which I call "pakyaw" basis.

Senator Osmeña. Thank you, Mr. President.

The President. All right. What is the pleasure of the Sponsor?

Senator Alvarez. We would like to clarify, Mr. President, the intent of the phrase "for value." Will this not suggest payment in kind?

Senator Enrile. Precisely, that is why I did not use the words "for money" because it could be the value which would be in the form of money or in the form of products. But the operative term here is: He renders service as an employee or laborer in an agricultural enterprise or farm. The agricultural enterprise will cover persons employed by a corporation, corporate plantation operators, or farm, in the case of individual owners.

Senator Alvarez. Does not this definition suggest any hint of tenancy relationship?

Senator Enrile. No, not at all.

Senator Alvarez. As a matter of fact, farm workers as contradistinguished from tenants.

ENRILE AMENDMENT

Senator Enrile. That will be further defined as we go to paragraph (f), because I will also suggest a definition of a regular farm worker.

If the Gentleman will allow me, I might just as well read my proposed definition of a regular farm worker which is under paragraph (f), which is:

A REGULAR FARMWORKER IS AN INDIVIDUAL PERSON WHO IS EMPLOYED ON A PERMANENT BASIS BY AN AGRICULTURAL ENTERPRISE OR FARM.

And then letter (g), which is:

OTHER FARMWORKER REFERS TO A FARM WORKER WHO IS NOT A REGULAR FARM WORKER SUCH AS CASUAL OR SEASONAL FARM WORKER.

All of these should clarify the whole concept.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. Mr. President, I think the definition of regular farmworker is rather important because Section 4 of Article XIII of

the Constitution on which CARP is founded, says:

The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till . . .

In other words, this Section of the Constitution to provide the right only to farmers and regular farmworkers. And in a discussion last night, Mr. President, it was suggested or it was proposed by an expert that the definition of regular farmworker be that of a tiller who is paid a salary or wage to perform the work of a farmer in a specified farm lot.

In other words, what is important here is that the farmworker is assigned a specific plot of land to till.

Senator Enrile. But, maybe, Mr. President, in the actual operation of farming in our country, that is not always the case. We have people who are performing the function of rendering fumigation service. There are people who are pollinating. They would not till; they only perform the act of pollination. And there are persons who are weeders. They do nothing but weeding. There are farmworkers who do nothing but gather the products of the lands. And there are workers whose assigned task would be nothing but to clean the irrigation canals. But the primary consideration is that they are permanently employed by the individual owner of the farm or by the enterprise.

Senator Paterno. I agree, Mr. President, that there are farm workers who are employed throughout the year on the basis of a profession, a vocation or a skill. But I would suggest, Mr. President, that if we look at Section 4 of Article XIII, it is necessary to define properly regular farmworkers, because they have the right to own the lands they till.

Now, if we define the regular farmworker

as one who is tilling a specific plot of land, then his right to that specific plot of land which he is tilling, although he is not a tenant or a lessee, will have priority higher than. . .

Senator Enrile. But he is a farmer; he is not a farmworker. That person that was mentioned would come under the definition of a farmer who is entitled to the land he is tilling.

The President. In any event, may I remind the Gentlemen that we are at this juncture merely defining the term "farmworker".

Senator Enrile. Yes.

The President. So why do we not debate on the proper definition of a "regular farmworker" later on?

Senator Paterno. I understood, Mr. President, that a regular farmworker was already defined by the Minority Floor Leader.

Senator Enrile. Yes. But precisely, Mr. President, I took the problem. That is why we have to define the person who is a farmer first, and we already accepted the definition which means that, a farmer, for purposes of this law and presumptively for that provision of the Constitution, refers to an individual person whose primary livelihood is the cultivation of land regardless of whether he is the owner of the land or a tenant or just a tiller of the land. If that is his primary livelihood, he is a farmer for the production of agricultural land either by himself or mainly with the assistance of his immediate family household. So that the person that the Gentleman has described who is assigned a plot of land to till is not a worker but a farmer entitled to the benefits of the Land Reform Law. And now, the next person that we are defining is "a regular farmworker." That is why I have introduced the definition or proposed a definition which says:

A FARWORKER IS AN INDIVIDUAL
PERSON WHO RENDERS SERVICE FOR

VALUE AS AN EMPLOYEE OR LABORER
IN AN AGRICULTURAL ENTERPRISE OF
FARM REGARDLESS OF HOW HIS COM-
PENSATION IS PAID.

Now, this farmworker could be either a permanent, a regular farmworker or a farmworker who is not a regular farmworker. That is why, there is a series of definition. I defined a regular farmworker to be an individual person who is employed on a permanent basis by an agricultural enterprise or farm, and one who is not a regular farmworker is a person or a farmworker who is not a regular farmworker such as casual or seasonal worker. We have to give an example in order to make it clear.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there is no objection. [*There was none.*]

It was 12:12 p.m.

RESUMPTION OF THE SESSION

At 12:15 p.m., the session was resumed.

The President. The session is resumed.

Senator Alvarez. Mr. President, we are prepared to come to terms with the proponent for the amendment of subsection (e) on farmworker, if the proposed substitution terminates at line 27, and thereafter, embraces "THE TERM includes an individual whose work has ceased as a consequence of, or in connection with a pending agrarian dispute and who has not obtained the substantial equivalent and a regular employment."

The President. If the Chair understands the situation, Senator Enrile proposed a definition of "farmworker." Is the Sponsor accepting that amendment?

Senator Alvarez. Yes, subject to the condition, Mr. President, that this proposed amendment would cover lines 22 to 27, period (.)

after the word "PARTY". And, thereafter, the amendment continues with line 27, from the words "THE TERM includes an" to line 28-29.

Senator Enrile. I agree.

The President. Why does not the Gentlemen work it out?

Senator Enrile. I agree, Mr. President.

Senator Alvarez. He agrees, Mr. President.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Just for clarification.

In the definition of "farmworker" for value, would that not make the farmworker there a tenant, because he is sharing in the produce of the farm? Therefore, he is actually a tenant. And this is important, because if he is a tenant, then he will be given preference.

Senator Enrile. Well, I do not think tenants are paid on a daily, weekly, monthly or pakyaw basis.

Senator Guingona. No, but sharing in the produce. . .

Senator Enrile. No, it simply said that he who renders service for value regardless of whether his compensation is paid on a daily, weekly, monthly or *pakyaw* basis.

Senator Guingona. Yes, but in the interpellations, we heard from the distinguished Sponsor that the compensation can be in kind. And if this is in kind, whether it is monthly or on a periodic basis, that may make him a tenant.

Senator Enrile. Well, I think that if he is a tenant, he should come more under the definition of "farmer" rather than a "farmworker."

Senator Alvarez. Mr. President, may I clarify?

I think the conceptual point which the Gentleman from Agusan and Manila hesitates on

is the fact that the payment in kind might constitute a tenancy relationship. However, the operative concept of "employed," which the Gentleman from Cagayan had introduced, should dispel that concern. So that the employer-employee relationship would be paid for value.

Senator Enrile. He renders service for value as an employee or laborer.

Senator Guingona. Well, as long as that clarification is made.

The President. All right. Subject to refinement in style, is the amendment accepted by the Sponsor?

Senator Alvarez. Yes, Mr. President.

The President. Is there any objection? [Silence] Hearing none, the amendment is approved.

The Majority Floor Leader.

Senator Maceda. Mr. President.

The President. Yes.

Senator Maceda. Just before we leave that particular section on "farmworker", may I refer to the last sentence. Did the amendment of the Gentleman from Cagayan eliminate the last sentence?

Senator Enrile. No, we accepted it.

Senator Maceda. No, this is the sentence which says: THE TERM includes an individual whose work has ceased as a consequence of, or in connection with a pending agrarian dispute. That is still in the . . .

Senator Enrile. Yes, that is a part of the definition.

Senator Maceda. Well, my point here, Mr. President, is on the qualification "and who has not obtained a substantially equivalent and regular employment." I would like to move to delete that, because, the chances are the reason why he went for regular employment is because

he was displaced, because of the pending agrarian dispute. So why should we disqualify him from being a farmworker simply because he has found substitute employment?

Senator Alvarez. Mr. President, the definition here protects the position of a farmworker who may not be in the relationship of a farmworker to a particular enterprise. But, however, at the time of the implementation he will still be deserving of an entitlement of a farmworker.

Senator Maceda. Yes, but there is a pending agrarian dispute. So it stands to reason that the reason he went for a substitute regular employment is because the agrarian dispute is still pending.

The President. The Chair suggests that this dispute be postponed until this afternoon.

Senator Maceda. Thank you, Mr. President.

SUSPENSION OF THE SESSION

Senator Mercado. Mr. President, I move that we suspend the session until four o'clock this afternoon.

The President. All right. The session is suspended until four o'clock in the afternoon

It was 12:21 p.m.

RESUMPTION OF THE SESSION

At 4:11 p.m., the session was resumed.

The President. The session is resumed.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader.

Senator Mercado. Mr. President, I have an idea to speed up our work as regards the definitions. It has been pointed out earlier by Senator Osmeña and also by Senator Saguisag that the terms "idle lands", "abandoned lands" and "agricultural land" are defined in Republic Act 3844. A reading of the Republic Act would indicate that if we compare

it with our bill, only the terms "farmer" "regular farmworker" and "other farmworkers" are not yet defined in the said Code. Would it be possible, Mr. President, to adopt the same definitions as included in Republic Act 3844 and define only those which are not defined in the said Act?

The President. We shall ask the Sponsor, the Chairman of the Committee Senator Alvarez.

Senator Alvarez. The proponent of the amendment had agreed to sit down with us and reconcile whatever differences in the concept of his definition.

Senator Mercado. Mr. President, as I was saying, as pointed out earlier by Senator Osmeña, these definitions are already incorporated in Republic Act 3844. That being the case, if we compare our proposed bill with Republic Act 3844, it would appear that the only terms that are not defined there are "farmer", "regular farmworker" and "other farmworkers". Now, if the Body would agree, we can accept the definition incorporated in the Agricultural Land Reform Code; then, it will make our work easier because there will only be three terms to be defined.

The President. Basically, the question is whether the definitions in Republic Act 3844 are still good up to this day.

Senator Guingona. Mr. President, according to the definition in Republic Act 3844 — "abandoned lands" means lands not devoted to any crop at least one year prior to notice of expropriation but which was not utilized by the owner for his benefit for the past five years prior to such notice. It has a different definition from that of idle lands. And I understand that in this bill, the concept of idle and abandoned lands are used interchangeably. So that we will have to refine this, Mr. President. The abandoned land in this bill is five years and the idle land is one year prior to

notice.

The President. In any event, this morning, we authorized Senator Guingona to formulate his amendment in black and white so that we can take a look at it.

Senator Guingona. Yes, Mr. President.

The President. Let us move on from where we left off this morning.

Did we finish our definition of "regular farmworker"?

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, we were referring to the second sentence on the definition of "farmworker." And my proposal was to delete the words "and who has not obtained a substantially equivalent and regular employment." Meaning to say, that even if he has obtained equivalent or other employment, the fact is that that happened only because there was an agrarian dispute and certainly, he should still keep his status or be part of the definition of "farmworker."

The President. What is the pleasure of the Sponsor?

Senator Alvarez. Mr. President, we were ever conscious of the pressure on the land — there is hunger for land; and there is only so much that we can distribute in terms of benefits for the land. We thought that somebody who has already obtained a substantial equivalent and regular employment would have obtained substantial justice. We were hesitant in making this legislation a vehicle for omnibus justice to all, Mr. President. So we thought that it could only be made available to those who are really in need of being accommodated.

The President. What the Gentleman is saying is that since there is not enough land for

everyone, we do not have to include those who have already substantial employment.

Senator Alvarez. Yes, Mr. President.

The President. But who will determine whether they have substantially equivalent and regular employment?

Senator Alvarez. In cases like these, Mr. President, this will be brought before the Department of Agrarian Reform Adjudication Board which ultimately may end up in court, if it is that serious.

Senator Maceda. Well, in most of these cases, the pending agrarian dispute impacts on the question of whether he is still a farm laborer or employee, probably, of the defendant in the case. Certainly, the point is that until that case is finished, that pending dispute is finished, we do not immediately declassify him as a farmworker, especially now that the farmworker gets the preferential right to receive the land. I think it is quite unfair to the worker concerned. What will happen here is that we will be causing him to resign or leave his present employment and wait for his agrarian dispute to be concluded so that he will not forfeit his right. That is just the point, Mr. President.

Senator Alvarez. Well, we have looked at the figures, Mr. President. And there are 6.5 million tillers of the soil, and there is not that much land to distribute. So we thought, perhaps, it is wiser that if they have already some mode of economic accommodation elsewhere as a substantial employment, then the recourse to this program may be for those who are really in dire need. I am trying to point out the logic for nuance or subtlety in the provision. But at this point if the Gentleman feels rather strongly that this particular avenue for redress should be opened up.

Senator Maceda. Well, I am just using basic consideration of fairness to my mind, Mr. Pres-

ident. Here is a farm worker who would otherwise be entitled to receive land and is gotten involved with an agrarian dispute, probably not of his own making and in the meantime, he was diligent enough, has initiative enough to look for a substantially equivalent or regular employment. Because of the agrarian dispute, he is penalized for that in terms of not qualifying anymore for the benefits under this law.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there is no objection. [*There was none.*]

It was 4:21 p.m.

RESUMPTION OF THE SESSION

At 4:22 p.m., the session was resumed.

The President. The session is resumed.

Senator Maceda. Mr. President, the distinguished Chairman of the Committee on Economic Affairs has suggested a modification which should satisfy the problem that we have raised, and that is on line 9, between the words, "regular" and "employment," insert the word "FARM."

The President. Is that agreeable?

Senator Alvarez. There is no objection from the Committee, Mr. President.

The President. All right. Is there any objection? [*Silence*] Hearing none, the amendment is approved.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Mr. President, if there are no anterior amendments, then on Section 4, "Lands covered. . ."

Senator Aquino. Mr. President.

The President. Senator Aquino is recognized.

Senator Aquino. Mr. President, before we go to Section 4, there is no definition in the list of definitions of "Agriculture," "Agricultural land," and "cooperatives." Since we are discussing these very thoroughly in the entire bill, I think we should include the definitions, Mr. President.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, this Representation would like to propose a definition for "agrarian reform."

The President. What is the pleasure of the Sponsor?

Let us first tackle the point of Senator Aquino. Does he have any objection to inserting a definition of "agriculture"?

Senator Alvarez. That depends on what the definition is, Mr. President. We had tried to obviate the necessity of stultifying our efforts of going through the details of the provision, precisely, by allowing flexibility and not be hidebound with semantical definitions, Mr. President, unless it becomes compelling that we should have these definitions.

Senator Aquino. Mr. President, I feel that we are compelled to define "agriculture" since we are discussing in this entire bill agriculture. So I think we should have, at least, a clear idea of agriculture and I do not think there will be conflicts since after the caucus yesterday, we have already included all matters that were previously excluded from agriculture.

I have submitted to all the Senators a typewritten copy of the meaning, Mr. President. If I may read it, it is only three sentences.

The President. Why not Senator Aquino

propose his amendment now and then we shall ask whether that is acceptable to the Sponsor?

Senator Aquino. Yes, Mr. President.

The President. All right.

AQUINO AMENDMENT

Senator Aquino. My amendment reads:

AGRICULTURE; AGRICULTURAL ENTERPRISE OR ACTIVITY – FOR THE PURPOSES OF THIS ACT, SHALL MEAN THE ACTIVITY OF PRODUCING CROPS, FRUIT TREES, LIVESTOCK, AND/OR FISH, INCLUDING CULTIVATION OF THE SOIL, AND PLANTING, GROWING, HARVESTING, AND PRESERVING SUCH FARM PRODUCTS, AND INCLUDES ANY AND ALL PRACTICES PERFORMED BY A FARMER, OR IN CONJUNCTION WITH SUCH FARMING OPERATIONS PERFORMED BY PERSONS WHETHER NATURAL OR JURIDICAL.

The President. That has actually been circulated already.

Senator Aquino. Yes, Mr. President.

The President. All right. What is the pleasure of the Sponsor?

Senator Alvarez. Mr. President, we have that in the original draft of the bill, but we have no need really to carry it on after so many consultations.

Why does the Gentleman propose to put that additional definition, Mr. President?

Senator Aquino. It should be first in the list of definitions, Mr. President, because this is very basic and very important. We noticed that in R.A. 3844, there was also no definition of agriculture and that is the reason why we are groping for the definition of agriculture. I think, if this is included, then we know very clearly what we mean by anything related to agriculture.

The President. In the text of the body of the bill, does the Sponsor refer to agriculture?

Senator Alvarez. Yes, Mr. President. Quite a number of

The President. In which case, there really may be a need for defining the term.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Mr. President, I also would want to allay certain fears of the distinguished Sponsor that having a definition here may, in his words, stultify the activities covered by the same.

In Section 3, the premise is: "For purposes of this Act." Then I emphasized the following: "Unless the context indicates otherwise." In short, when there is a specific provision in the body of this Act itself which may indicate otherwise, which may expand, alter, or modify the concept of agriculture as defined in this section, the express provision or the context in the body of the Act itself would prevail.

That is my understanding, Mr. President, of the phrase "unless the context indicates otherwise." I think that that qualifies every definition of terms included in this particular section.

Senator Alvarez. Mr. President, can we have a few minutes of recess so that we can discuss this more closely? I would like to look over the detailed content of the proposed definition.

SUSPENSION OF THE SESSION

The President. We will suspend the session for a while, if there is no objection. [*There was none.*]

It was 4:28 p.m.

RESUMPTION OF THE SESSION

At 4:31 p.m., the session was resumed.

The President. The session is resumed.

What is the pleasure of the Sponsor?

Senator Alvarez. Mr. President, we will accept the amendment if that portion which refers to activities of preserving the products would be deleted.

The President. I understand the words AND PRESERVING SUCH FARM PRODUCTS, if deleted, will be acceptable to the Sponsor.

Senator Alvarez. Yes, Mr. President, because that would unduly expand the definition and revamp again certain provisions at this point of the proposed bill.

The President. Is that acceptable to the proponent of the amendment?

Senator Aquino. Yes, Mr. President. So, in the definition, we just removed the two words AND PRESERVING.

The President. All right. Is there any objection? [*Silence*] The Chair hears none, the amendment is approved.

Senator Romulo. Mr. President.

The President. Yes, Senator Romulo.

Senator Romulo. With the permission of the President and the distinguished Sponsor, we would like to add a definition for agrarian reform as follows:

AGRARIAN REFORM MEANS LAND DISTRIBUTION TO FARMER-TILLERS AND OTHER FARMWORKERS REGARDLESS OF TENURIAL ARRANGEMENT OR CROPS PRODUCED. IT ALSO INCLUDES THE TOTALITY OF FACTORS AND SUPPORT SERVICES DESIGNED TO UPLIFT THE ECONOMIC STATUS OF THE BENEFICIARIES. ALL OTHER STEPS SUCH AS PROFIT SHARING, LABOR ADMINISTRATION AND SALES OF SHARES OF STOCK ARE CONSIDERED INTERIM ARRANGEMENTS.

The President. What is the pleasure of the

Sponsor?

Senator Alvarez. May I confer with the proponent, Mr. President.

Senator Romulo. Yes, Mr. President.

SUSPENSION OF THE SESSION

The President. All right. The session is suspended for a while, if there is no objection. [*There was none.*]

It was 4:33 p.m.

RESUMPTION OF THE SESSION

At 4:36 p.m., the session was resumed.

The President. The session is resumed.

Senator Romulo. Mr. President, with the permission of the distinguished Sponsor, may I read the definition of Agrarian Reform as agreed upon with him.

AGRARIAN REFORM MEANS LAND DISTRIBUTION TO FARMER-TILLERS AND OTHER FARMWORKERS REGARDLESS OF TENURIAL ARRANGEMENT OF CROPS AND FRUITS PRODUCED. IT ALSO INCLUDES THE TOTALITY OF FACTORS AND SUPPORT SERVICES DESIGNED TO UPLIFT THE ECONOMIC STATUS OF THE BENEFICIARIES.

Senator Alvarez. I will have no objection to that point, Mr. President.

The President. All right.

Senator Romulo. Mr. President, thank you.

The President. Is there any objection? [*Silence*] The Chair hears none, the same is approved.

Senator Romulo. However, Mr. President, I would like the distinguished Sponsor and this Chamber to consider adding the phrase:

ALL OTHER STEPS SUCH AS PROFIT SHARING, LABOR ADMINISTRATION, AND SALE OF SHARES OF STOCK ARE CONSIDERED INTERIM ARRANGEMENT.

Thank you, Mr. President.

The President. All right.

Senator Alvarez. Mr. President, I would like to make the manifestation that the latter part which has been read by the proponent of the amendment would again bump into some provisions that we will have in the subsequent provisions of the bill. So I would rather that we welcome definition to a point where the latter part is not going to be part of that definition. Then there will be no complexity in the way that we have treated the symmetry of this proposed bill.

The President. All right.

Senator Osmeña. Mr. President.

The President. Senator Osmeña.

Senator Osmeña. I would like to ask the distinguished Sponsor to clearly specify, because the Sponsor has just accepted the amendment for the definition proposed by Senator Romulo. Now, the Sponsor says that it will be contrary to contradict, or in a way not conform with certain provisions of the bill. So are we saying now, Mr. President, that we are accepting a definition that will not jibe with other provisions of this bill.

The other point which I would like to raise is that Section 4 of Article XIII which is the Agrarian and Natural Resources Reform Section says that the State shall by law undertake an Agrarian Reform Program founded on the right of farmers and regular farmworkers who are landless to own directly or collectively the lands they till. And in the case of other farmworkers, I do not know if I heard wrong but I understand Senator Romulo is including in his definition all farmworkers whether or not they are regular or they are tillers.

Senator Alvarez. Mr. President, the concern of the Gentleman from Cebu is well taken. We have indicated that we are accepting the definition only to that particular point where it will

not embrace particularly that idea being articulated by the Gentleman.

If Senator Romulo will kindly read that portion to which we have agreed. . . .

Senator Romulo. Yes, the agreed portion reads as follows:

AGRARIAN REFORM MEANS LAND DISTRIBUTION TO FARMER-TILLERS AND OTHER FARMWORKERS REGARDLESS OF TENURIAL ARRANGEMENTS OF CROPS AND FRUITS PRODUCED. IT ALSO INCLUDES THE TOTALITY OF FACTORS AND SUPPORT SERVICES DESIGNED TO UPLIFT THE ECONOMIC STATUS OF THE BENEFICIARIES.

Senator Aquino. Mr. President.

The President. Senator Aquino.

Senator Aquino. I would like to call attention to Section 54 of the bill because this has a suppletory application of the existing legislation which means that if it is already defined in say, Republic Act 3844, it is applicable to this law.

The President. Unless otherwise defined.

Senator Aquino. Yes. So, what we are going to define here is what is not included in RA 3844 only. And, therefore, my last contribution to the definitions, Mr. President, is a definition on cooperatives.

A COOPERATIVE IS AN ASSOCIATION OF PERSONS WITH A COMMON BOND OF INTERESTS AND WHO HAVE VOLUNTARILY JOINED TOGETHER TO ACHIEVE A COMMON SOCIAL OR ECONOMIC END, MAKING EQUITABLE CONTRIBUTIONS TO THE CAPITAL REQUIRED AND ACCEPTING A FAIR SHARE OF THE RISKS AND BENEFITS OF THE UNDERTAKING IN ACCORDANCE WITH THE UNIVERSALLY ACCEPTED PRINCIPLES OF COOPERATION AND DULY REGISTERED.

The President. What is the pleasure of the Sponsor? Has that been shown to the Sponsor?

Senator Alvarez. We have authored a cooperative bill which is being heard in the relevant committee headed by the Gentleman from Quezon City and Pampanga, Mr. President. I really find no need for cluttering this legislation with further definitions of activities to which we will be legislating anyway.

The President. Is that definition found already in that bill pending before the Committee on Agriculture?

Senator Alvarez. Yes, Mr. President.

The President. Would that be the more appropriate place for that definition?

Senator Alvarez. I believe so, Mr. President, since those bills, and I have a very high expectation that those bills will be considered in due time, will deal more deeply and in detail the question of cooperatives, then I think we should leave it to the province of those bills to define what are cooperatives.

The President. Will that be acceptable to Senator Aquino?

Senator Aquino. I am sorry, Mr. President, but that is precisely the problem why there is so much misunderstanding. It is because we cannot agree on the definition of terms. In the definition of terms, for instance, if we are including now prawn farms, it is only in the caucus that we finally agreed and that is the reason why now we are agreeing to the different definitions. But from the beginning, I was hoping that we can agree on the definition of terms we are using here so that there is no confusion. We do not want to create new definitions just to suit this bill, Mr. President. That is adding more confusion. I think existing definitions, for so long as they are not obsolete, should apply to what is generally understood by everybody.

Senator Alvarez. I will not dispute the viewpoint of the Gentleman, but I would rather that we reduce definitions to a minimum and go by

the operative set of rules as articulated or put in the body of the bill, because these are really going to be the effective guidelines for the implementation of the bill. If we will control the bill by a semantical process of defining terms, then the policy objectives in the different portions of the bill may be stultified, as I pointed out a while ago.

SUSPENSION OF THE SESSION

The President. The session is suspended, if there is no objection [*There was none.*]

It was 4:45 p.m.

RESUMPTION OF THE SESSION

At 4:47 p.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. Mr. President.

The President. May we know the pleasure of the Gentleman?

Senator Enrile. Mr. President, with the permission of the distinguished Gentlemen on the floor, may I suggest that we finish the definitions as contained in the text of this proposed measure; and if there are other definitions to be inserted, then we will take them up after we shall have finished the definitions already written in the text.

The President. That is precisely what we are doing now.

Senator Enrile. Thank you.

The President. All right, the last definition is the definition of cooperative. Is the Sponsor ready to accept the definition, subject to refinement in style?

Senator Alvarez. Subject to refinement in style, Mr. President. I will fulfill the heart's desire of the Gentleman from Pampanga in incorporating here our pet idea, the cooperative, because he and I are authors of cooperative legislations.

The President. So, that is accepted.

Senator Aquino. Thank you, Mr. President, except that I am from Tarlac, not Pampanga.

Senator Alvarez. Pampanga and Tarlac — I think the Gentleman has a broader horizon, Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President.

I would just want to reinforce a point made this morning by Senator Osmeña about our, well, attempts to re-invent the wheel, as it were. In PD No. 175 which was one that strengthened the cooperative movement in relation to PD 1927, there is definition there of a cooperative which we can refine or build upon. The other thing is in accepting the definition of "agriculture", without redefining "agricultural land", since it is defined in RA 3844. There seems to be an inconsistency in identifying what is produced in agriculture, while agricultural land includes salt beds. What I am trying to say is: having adopted one and adopting also another which are not entirely harmonious with each other, we either drop salt beds in RA 3844, or we include salt in what is going to be produced. So, that is a danger in incorporating by reference on the one hand, an accepted definition and not looking as to whether they are liable to be contradicting each other, on the other.

The President. In any event, let us dispose of the proposed amendment that has already been accepted — the definition of the term "cooperative." Is there any objection there?

Senator Saguisag. I am, in effect, objecting because maybe it is easier to work around a definition that has been there for years. And it says here:

A cooperative shall mean only organizations composed primarily of small producers and of consumers who voluntarily join together to

form business enterprises which they themselves own, control and patronize.

It goes on. My problem with the definition just proposed is that this may include even non-business groups. It is not very clear that it is limited to a business enterprise because even a social group may involve some capital. So the way it comes out here is it can refer to almost any activity because any activity will require chipping in of some contributions.

While in the definition in PD 175, it is clearly economic in nature. I have no strong objection really. I am just concerned that in our desire to come up with new definitions without taking into account definitions that have been around for years, we can only confuse our people further.

SUSPENSION OF THE SESSION

The President. The session is suspended, if there is no objection. [*There was none.*]

It was 4:51 p.m.

RESUMPTION OF THE SESSION

At 4:54 p.m., the session was resumed.

The President. The session is resumed.

The proponent of the amendment, Senator Aquino will please explain the final version of his amendment.

Senator Aquino. Mr. President, the definition of cooperative will now read:

A COOPERATIVE IS AN ASSOCIATION OF PERSONS WITH A COMMON BOND OF INTERESTS AND WHO HAVE VOLUNTARILY JOIN TOGETHER TO ACHIEVE A COMMON SOCIOECONOMIC END, MAKING EQUITABLE CONTRIBUTIONS TO THE CAPITAL REQUIRED AND ACCEPTING A FAIR SHARE OF THE RISKS AND BENEFITS OF THE UNDERTAKING IN ACCORDANCE WITH UNIVERSALLY ACCEPTED PRINCIPLES OF COOPERATION AND DULY REGISTERED.

The President. Is there any objection? [Silence] The Chair hears none; the same is approved.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Yes. On Section 4 now, line 1(a), I move for the deletion on . . .

Senator Enrile. Mr. President.

The President. The Minority Floor Leader.

ENRILE AMENDMENT

Senator Enrile. Mr. President, this morning, we were defining the term "farmer" and the term "farmworker." I would like to propose an amendment to the definition of the term "regular farmworker." And I propose a definition, which is found on paragraph (f):

A REGULAR FARMWORKER IS AN INDIVIDUAL PERSON WHO IS EMPLOYED ON A PERMANENT BASIS OR A PERMANENT SEASONAL WORKER BY AN AGRICULTURAL ENTERPRISE OR FARM.

Senator Herrera. Mr. President.

The President. Senator Herrera is recognized.

Senator Herrera. If Senator Enrile will agree, I would like to propose an amendment to the amendment.

Senator Enrile. I will accept the proposed amendment of the distinguished Gentleman from Cebu who is very well known in the labor sector.

HERRERA AMENDMENT

Senator Herrera. The regular farmworker should include PERMANENT SEASONAL WORKERS. They should be considered as regular workers. Now, the permanent seasonal workers are those workers hired only for a particular season, but they are permanent in the sense that every season they are the ones

hired by the employer. In the case, for instance, of sugar hacienda, during harvest time, they are seasonal workers.

Senator Enrile. Agreed, Mr. President.

Senator Herrera. They are the most depressed workers. They are the ones in need of lands.

Senator Enrile. May I therefore suggest that the proposed amendment will read as follows:

A REGULAR FARM WORKER IS AN INDIVIDUAL PERSON WHO IS EMPLOYED ON A PERMANENT BASIS OR A PERMANENT SEASONAL WORKER BY AN AGRICULTURAL ENTERPRISE OR FARM.

The President. Would the Gentlemen like to have the session suspended?

Senator Alvarez. May I raise a question, Mr. President.

When the proponent is using the words "regular seasonal worker", will one season constitute a regularity in the seasonality of the employment, or the cycle of many moons and many seasons?

The President. Senator Herrera would like to answer that.

Senator Herrera. I would like to clarify these permanent seasonal workers. Normally, in the collective bargaining agreement, Mr. President, when the workers are hired as seasonal workers for three continuous years, then they will be considered as permanent seasonal workers. So, maybe we can put a condition that those who have been working permanently as seasonal workers for three continuous years should be considered as permanent seasonal workers and, therefore, they are classified under regular farmworkers.

Senator Alvarez. That would be more concrete and exact, Mr. President.

Senator Enrile. I will accept that proposed amendment to my proposed amendment, Mr.

President, subject to style.

The President. Subject to refinement and style.

Is there any objection? [*Silence*] The Chair hears none, the amendment is approved.

ENRILE AMENDMENT

Senator Enrile. Then on subparagraph (g), Mr. President, OTHER FARM WORKERS, I propose an amendment:

OTHER FARMWORKERS REFERS TO A FARMWORKER WHO IS NOT A REGULAR FARMWORKER SUCH AS CASUAL OR NON-PERMANENT SEASONAL WORKER.

The President. It is clear then that we can have a seasonal farm worker who is a regular farmworker, if he has been doing so for three successive years. And in the light of that, we have this latest definition. Is it acceptable to the Sponsor?

Senator Alvarez. Well, after the caucus last night on how to treat certain farm activities, I will find no more objection to that redefinition.

Senator Enrile. Does the Gentleman have no objection?

Senator Alvarez. No objection, Mr. President.

The President. No objection. Is there any objection of the part of the membership?

Senator Alvarez. The Gentleman was there at the latter part of the caucus when we were treating prawn farms, livestock, poultry, and swine.

The President. Anyway, as formulated it is acceptable to the Sponsor.

Senator Alvarez. As formulated, Mr. President, if this definition will not constrict the agreed proposals that we adopted last night in the caucus.

The President. All right. We will come back to this when we have a clean copy.

Senator Enrile. I do not remember the agreements, Mr. President, but if there were such agreements, we can come back to this at the opportune time to reconsider them if they collide with other ideas that will be embodied in the entire bill.

The President. Subject to that qualification, is there any objection? [*Silence*] The Chair hears none, the same is approved.

Senator Lina. Mr. President.

The President. Senator Lina is recognized.

Senator Lina. Mr. President, we have defined the terms farmer, farmworker, regular farmworker, other farmworker; but the Constitution further qualifies these terms, and the qualification is that they should be landless. I think that is a very important word that has to be defined, Mr. President. During the interpellation, I cited a concrete example whereby a person, a farmer or a farmworker owns one-half hectare of land and, therefore, he owns a piece of land. The question propounded at that time was whether that person who owns a hectare or one-half hectare of land can be a qualified beneficiary under the bill. I think that is a very important term that has to be defined right in the beginning.

I went over the bill, Mr. President, and under Sections 19 and 20, there is reference to qualified landless persons; but who are these persons are not defined. There is reference still to tenant or farmworkers; but the real definition of "landless" is not included, Mr. President. I think without that definition of the word "landless," we will always be in a quandary as to who are the qualified beneficiaries under this bill. We cannot just assume that when we use the phrase "qualified landless persons" in Section 20 of the bill, we already know the beneficiaries. I think that is still a gray area that has to be resolved right in the section on definition.

The President. Does the Gentleman have a proposed definition of the term "landless"?

Senator Lina. Yes, Mr. President.

The President. All right. Let us have that.

Senator Lina. "Landless" refers to any tiller-tenant, tiller-lessor or farmworker who does not own the land he is actually cultivating provided that a tiller-owner of one-half hectare or less may be a beneficiary of land he does not own; but he is actually cultivating to the extent of the area equivalent to the difference between the award ceiling and the land he owns.

SUSPENSION OF THE SESSION

The President. The session is suspended, if there is no objection. [*There was none.*]

It was 5:03 p.m.

RESUMPTION OF THE SESSION

At 5:08 p.m., the session was resumed.

The President. The session is resumed.

Senator Lina is recognized.

Senator Lina. Mr. President, the clarification or definition of the word "landless" can be incorporated in Section 21 under the *Qualified Beneficiaries*, and the Sponsor has agreed to further clarify the word "landless" under that particular Section.

And therefore, so as not to clutter the bill which will require a further realignment of the Section, I will just introduce the amendment on the definition of "landless" in Section 21 of the bill, Mr. President.

The President. All right.

Senator Alvarez. Mr. President, we appreciate the awareness of the need to cover that particular gap. However, that gap is covered already under Subsection 4 of Section 21. The Gentleman may be welcome to introduce an amendment in order to stress the need to cover that gap.

Senator Lina. Yes, Mr. President, to further clarify the term; because, I believe it is a very important term that has to be clarified. It is found in the Constitution, Mr. President.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. If there are no other definitions, can we proceed to Section 4?

The President. Is there any other definition? I hope we have finished that already. All right, let us go to Section . . .

Senator Gonzales. All right. Then under Section 4 . . .

Senator Guingona. Mr. President.

The President. Senator Guingona.

SUSPENSION OF THE SESSION

Senator Guingona. So that we can finish the definition of this "idle and abandoned," Mr. President, may we ask for half a minute of recess.

The President. All right. The session is suspended for one-half minute, if there is no objection? [*There was none.*]

It was 5:10 p.m.

RESUMPTION OF THE SESSION

At 5:11 p.m., the session was resumed.

The President. The session is resumed. Is the proponent of the amendment ready?

Senator Guingona. Yes, Mr. President. We have distributed copies of the proposed amendment which does not include the second paragraph, "technology transfer". That refers to a different section. It simply refers to the idle and abandoned lands contained therein, Mr. President, first paragraph only.

Senator Alvarez. Mr. President, the attempt of the definition is to collapse the concept of

“idle and abandoned.” The implication of this is that the proponent of the amendment for the definition wishes to be a little more generous to the owners of idle lands. He is giving them a leeway of three years before we move and make the law operative, for putting this land under the auspices of agrarian reform; whereas, the proposed definition he had, which is lifted from RA 3844, gives only one year. Is this the concept of the Gentleman to give more leeway to owners of idle land?

Senator Guingona. No, Mr. President, because in the bill itself it says “idle and abandoned.” And so, even if we had this concept of one year, it will actually be five years under the Gentleman’s proposed bill; so that that is contracting it and making both simpler.

In the other provisions it is always “idle and abandoned” together.

Senator Alvarez. Well, perhaps, the conjunction is not typographically written. It should be either one. If the intention of the Gentleman is to give more leeway for idle land and at the same time for abandoned land to constricting the period, we will have no objection to this, Mr. President, because we give or take on both sides.

The President. Senator Pimentel.

Senator Pimentel. Mr. President, may I just make this observation that there seems to be a conceptual difference between idle land as distinguished from abandoned land. Perhaps, there is really a need to maintain two separate definitions. In fact, I think Senator Osmeña this morning brought out a very persuasive argument that considering the effects of our Land Registration Law, land which is titled may be idle, but it is not necessarily considered abandoned for purposes of the ownership in that respect. Now, of course, it is understood that this bill will cut across all kinds of legal inhibitions previously granted to owners of the land; but,

nevertheless, I suppose that there is really a vital distinction to be maintained here between idle and abandoned lands, Mr. President.

The President. Senator Saguisag.

Senator Saguisag. May I support that, Mr. President.

The Constitution itself uses the disjunction “or” If I were the owner of a land in Mindanao which I may have abandoned — and that is why in the old law, it is always related to the owner — I may not utilize it. However, it is entirely possible that a land I may own and may have abandoned may be very productive because somebody else may be utilizing it.

That is why it may be better to stick to the language in the Constitution and also to the earlier definition. There are two separate definitions not only in the draft of Senator Alvarez but in the old law.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there is no objection. [*There was none.*]

It was 5:16 p.m.

RESUMPTION OF THE SESSION

At 5:19 p.m., the session was resumed.

The President. The session is resumed.

Senator Guingona is recognized.

Senator Guingona. Mr. President, to follow the suggestion of Senator Saguisag that we adhere to the Constitution, we will make it “idle or abandoned,” and make the term three years immediately prior to the effectivity of this Act,” and for idle lands, one year immediately prior to receipt of notice of compulsory acquisition by the Government.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. With due respect to the proposal of the Gentleman from Mindanao, Mr. President:

I support the proposition that we should create a distinction between idle land and abandoned land, because if a landowner has 24 hectares of fully developed coconut but he has not gone to his land for the last ten years and somebody was harvesting the produce of his farm, it could be said that he had abandoned that land. But surely the land is not idle. And if we accept this definition, then that land cannot fit this definition.

Senator Guingona. Mr. President, there are two instances only: either he gives up the land through agreement or by *force majeure*. The case cited by the distinguished Senator is by *force majeure* and it is well provided here that does not constitute . . .

Senator Enrile. But if said idle or abandoned land refers to any agricultural land not cultivated, tilled or developed to produce any crop, but in the example that I have given, surely in that land, although the owner is not enjoying the fruits, it is a productive land, it produces, even in the absence of the owner, but the owner is not getting the produce because someone else is getting it. So, therefore, one cannot possibly say that the land is idle. It can be said to be an abandoned land, but not an idle land.

Senator Guingona. Yes, but for purposes of the land reform, Mr. President, it would also fall under the priorities if it can be shown that that is by agreement. Now, if it is not by agreement, then it falls under *force majeure*.

Senator Enrile. But, Mr. President, if we adopt this definition without a modification to reflect that condition, the owner of that land that I cited can argue validly and legally that his land cannot be considered idle or abandoned because it is being cultivated; it is

being tilled; it is being developed to produce a crop. So, therefore, it does not fit this definition. Therefore, we cannot bring it under the operation of this law unless there are some other provisions that will bring it under the operation of this law.

Senator Guingona. Yes, precisely, Mr. President, because of the constitutional distinction. We have agreed to make a distinction of idle or abandoned.

Senator Enrile. But, how can we consider the land to be the subject of *force majeure*? *Force majeure*, as we normally understand it, is based on an act of God. The fact that he cannot get the produce is not an act of God; it is an act of man.

Senator Guingona. If there is a usurper who goes into the land and tills the land and harvests it for himself to the exclusion of the owner, he cannot go there because of a threat on his life, that is a *force majeure*, a fortuitous event, Mr. President.

Senator Enrile. Anyway, I will not insist on this. I am just calling the attention of the Chamber, Mr. President, so that it will not delay the proceedings.

Senator Herrera. Mr. President.

The President. Senator Herrera is recognized.

Senator Herrera. Mr. President.

The President. Yes, Senator Herrera.

HERRERA AMENDMENT

Senator Herrera. Mr. President, I would like to propose an amendment to this definition, that after line 4, this period of three years or when the owner fails to pay the real-estate tax for the same period, the land should be considered abandoned. Because, I cannot see any point why the landowner who was not paying taxes on his land that his land should not be classified among the priority lands to be covered by the

land reform. He does not deserve any protection.

The President. During the preceding regime, the oppositionists were urging the people not to pay their taxes.

Senator Herrera. Well, this now is a new Government, Mr. President, and we should promote or enforce compliance of existing laws.

The President. Correct, but only two years have elapsed.

Senator Guingona. Besides, Mr. President, although we would like to accommodate, the law gives allowance to the landowner and there is a mechanism for his many reasons that may be hard put to place into the . . .

Senator Herrera. Mr. President, as I said, I just feel that one who owns the land and is not paying the taxes, I think, has lost his right to insist that he owns the land.

The President. How about the Sponsor? The Sponsor has been very quiet during the entire debate.

Senator Alvarez. Mr. President, in this particular case, my observation is that in this society, we are not that religious in the settlement of our obligation to the State. And sometimes, the failure to pay taxes does not necessarily mean the refusal to pay taxes. Sometimes this obligation is cast aside for some other more pressing obligations. So perhaps a one-year failure not to pay taxes, if this is what is being contemplated by the Gentleman, may be too short a period of time.

The President. What about the main amendment of Senator Guingona, is the Sponsor agreeable to it?

Senator Alvarez. I was pointing out, Mr. President, that in this intention of Senator Guingona to constrict the time of abandoned lands to three years, whereas it would have been five years, then I will be amendable to

this. And at the same time, for idle lands, if he wishes to expand the period to three years, I think that it is a complementary give and take. He gives more to one and he collapses on the other, if that is his intention. But these are two definitions; these are two really different definitions. Abandonment is when the owner himself does not cultivate the land, and there may be some other people there who may actually be cultivating the land. And as has been pointed out, the land may be fruitful, in fact; whereas, an idle land is some property which has been left deliberately idle without any intervention from any other adverse claim or third party cultivating the land. So the Sponsor may be amenable if that is the concept of Senator Guingona if he is introducing changes in the way to appreciate this problem.

The President. So is the Sponsor accepting the amendment?

Senator Alvarez. In that context, Mr. President, but subject to the complexity of style.

SUSPENSION OF THE SESSION

The President. The session is suspended due to the complexity of the situation, if there is no objection. [*There was none.*]

It was 5:28 p.m.

RESUMPTION OF THE SESSION

At 5:33 p.m., the session was resumed.

The President. The session is resumed.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, may we read just for clarity the definition of "idle lands" in Republic Act 3844? It says:

Idle land means land not devoted directly to any crop or to any definite economic pur-

pose for at least one year prior to notice of expropriation.

Mr. President, we propose to change this a little: Idle land means land not devoted directly to any crop, FOR AT LEAST ONE YEAR prior to the notice of expropriation — in this case — OF ACQUISITION.

Senator Alvarez. Accepted, Mr. President. That should prevent speculation.

The President. Is there any objection?

Senator Osmeña. Mr. President.

The President. Yes, Senator Osmeña.

Senator Osmeña. Does it delete the phrase “or to any definite economic purpose”?

Senator Guingona. Yes, Mr. President.

Senator Osmeña. That is a very significant amendment, Mr. President, which will have changed. . . All along, Mr. President, we have been debating on the length of time that a land will be idle or abandoned. There has never been any mention of deleting this phrase except now, and the proponent all of a sudden sprang it without any justification.

Senator Guingona. No, I did not spring that. It came out of a huddle during the recess because our definition has been objected to, since it combined both idle and abandoned. And the objection, which is valid, is that these are two concepts and the Constitution itself recognizes “idle or abandoned land.” And therefore, in recognition of that, we have proposed including idle lands in the definition, substantially taking Republic Act 3844. But this phrase “for economic purpose” is so broad, Mr. President, that even putting up a resting house in that land would make it no longer idle. It would be for a definite economic purpose; or if one puts up a subdivision, then, it becomes for economic purpose which may somewhat defeat the purpose and intent of this Comprehensive

Agrarian Reform Program.

Senator Osmeña. Mr. President, the fact is that the amendment of the Gentleman, which was circulated, carried the phrase “or developed to produce any crop nor devoted to any SPECIFIC ECONOMIC purpose continuously.” This has always been the assumption that these conditions were the conditions over which we would be classifying land. There was never any mention, in the course of the debate of deleting this. It is only now, and without explanation. It is a good thing I caught it when I was listening to the amendment that this was deleted. This is not the way to legislate, Mr. President.

The President. I understand Senator Guingona is now explaining the purpose. After talking with . . .

Senator Osmeña. Mr. President, this bill has been before us; we have been interpellating the author for the last three months. And this matter never came up, and all of a sudden this matter is now brought up in a manner in which it was already brought up.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. I understand the eagerness of my Colleagues in wanting to shape the destiny of the Land Reform Law. And I do appreciate their sensitivity to many nuances of the sort. What Senator Guingona wants to achieve here is to prevent, perhaps, speculations on idle land. He wishes that no other purpose other than those for agricultural would be the qualifying condition for idle land. And he, therefore, restricts the definition of idle lands to which I will be most agreeable. Because then, it removes the possibility of land being taken away from the preferential or priority program of Agrarian Reform.

Senator Osmeña. In effect, Mr. President, an industrial estate which, in the manner of

our classification of real estate, is not sometimes classified as such, but it is carried on as agricultural — including the Export Processing Zone in Bataan — could be considered idle land because they are not being cultivated, and we are deleting the phrase “devoted to any specific economic purpose.” The law, the Agricultural Land Reform Code, Republic Act 3844, has carried this provision in the books since 1963, and it is only at this very instant that this change is being sprung.

Senator Guingona. Mr. President, there is a cut-off date for classification. Before the effectivity of this Act, land which is agricultural may still be utilized for industrial purposes, but, that is precisely why there is registration, to determine how much agricultural land there is for the bill. After the effectivity of the law, the utilization of agricultural land to any other economic purpose may contravene, and other economic purpose may be very general, Mr. President. What we are trying to do merely is to supplement the purpose in the spirit of this bill, without in any way trying to deter the freedom of the landowner before the effectivity.

SUSPENSION OF THE SESSION

The President. The session is suspended for one minute, if there is no objection. [*There was none.*]

It was 5:41 p.m.

RESUMPTION OF THE SESSION

At 5:52 p.m., the session was resumed.

The President. The session is resumed.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, after a conference we would like to propose the following:

Idle OR abandoned land REFERS TO any agricultural land not cultivated, tilled, or developed to produce any crop nor devoted to any SPECIFIC economic purpose continuously for a period of THREE (3) years IMMEDIATELY PRIOR TO receipt of notice of compulsory acquisition by the government as provided UNDER THIS ACT, but shall not include land that HAS become permanently or regularly devoted to NON-AGRICULTURAL purposes NEITHER SHALL IT INCLUDE land which HAS BECOME unproductive BY reason of *force majeure* or any fortuitous event, provided that prior to such event such land was previously USED for agricultural or other economic purpose.

The President. Is that accepted now?

Senator Alvarez. Yes, Mr. President.

The President. Is there any objection?

Senator Aquino is recognized.

AQUINO AMENDMENT

Senator Aquino. This is not an objection, Mr. President. It is just an amendment to the word COMPULSORY ACQUISITION. That sounds like the government is acquiring all of these lands. Since the government is buying these lands, it should be NOTICE OF PURCHASE BY THE GOVERNMENT. After all, we are buying the land.

Senator Alvarez. It is a matter of style, Mr. President.

Senator Guingona. We accept, Mr. President.

The President. All right. Shall we delete the term COMPULSORY and change it to NOTICE OF ACQUISITION?

Senator Guingona. Yes, Mr. President.

The President. Is there any objection? [*Silence*] The Chairs none, the same is approved.

Now, after all these debates, Senator Gonzales is recognized.

GONZALES AMENDMENT

Senator Gonzales. On the same page, which is Section 4, on line 1a, and 1b, I move to delete the phrase SHALL BE BROUGHT WITHIN THE COVERAGE OF THE CARP IN THE MANNER HEREINAFTER PROVIDED and just substitute it with the following phrase: ARE COVERED BY CARP. So, it would now read: (1) THE FOLLOWING LANDS ARE COVERED BY CARP.

May I explain my amendment, Mr. President.

The President. Please proceed.

Senator Gonzales. Number (1), as it is worded now, it is the coverage of CARP; it will still be prospective. It says, SHALL BE BROUGHT and by whom? Presumably, by a government agency.

Under my proposed amendment, it is under this law itself that the coverage of the CARP is declared.

The phrase IN THE MANNER HEREINAFTER PROVIDED, to me is a superfluity because this Section merely deals with land covered by CARP.

Senator Alvarez. I have no objection to the economic use of language, Mr. President.

Senator Aquino. Mr. President.

The President. Senator Aquino.

Senator Aquino. With the permission of Senator Gonzales, Mr. President, we can summarize the entire Section in one sentence as such:

A COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP) SHALL BE ESTABLISHED UNDER THIS ACT COVERING ALL PUBLIC AND PRIVATE AGRICULTURAL LANDS INCLUDING OTHER LANDS OF THE PUBLIC DOMAIN SUITABLE TO AGRICULTURE.

Mr. President, that sentence explains the entire Section.

Senator Gonzales. It does not satisfy the purpose of my amendment, Mr. President, because it still provides that a Comprehensive Agrarian Reform Program shall be established or shall be provided. No, the law itself establishes the CARP.

The President. All right. That has been accepted. THE FOLLOWING LANDS ARE COVERED BY CARP. In other words, it is self-executing.

Senator Gonzales. Yes, Mr. President.

The President. Is there any objection? [*Silence*] There being none, the same is approved.

Senator Gonzales. On line 1(e), delete the phrase TITLE TO WHICH IS HELD and substitute it by the word OWNED. So that it will now read:

ALL OTHER LANDS DEVOTED OR SUITABLE TO AGRICULTURE, OWNED BY THE GOVERNMENT.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. Mr. President, this phrase TITLE TO WHICH IS HELD BY THE GOVERNMENT does not refer to the land in the public domain. These are specific agricultural lands which are owned by the Government. This is the intention.

Senator Gonzales. That is right, Mr. President. This refers to lands other than alienable and disposable lands of the public domain.

Senator Alvarez. That is right.

Senator Gonzales. That is why ALL OTHER LANDS DEVOTED OR SUITABLE TO AGRICULTURE, OWNED BY THE GOVERNMENT, instead of TITLE TO WHICH IS HELD BY, I mean, to an ordinary person reading it, that is

very difficult to understand.

The President. In other words, this is merely a matter of style.

Senator Gonzales. A matter of style, Mr. President.

The President. Not a matter of substance.

Senator Gonzales. Yes, Mr. President.

The President. I think that can be accepted by the Sponsor.

Senator Alvarez. Yes, Mr. President. I have no objection.

The President. Just a moment. Senator Osmeña.

Senator Osmeña. With the permission of the Gentlemen on the floor, just a prejudicial question from the main Sponsor. The phrase **SUITABLE FOR AGRICULTURE**, who is going to determine? Because, under Presidential Decree No. 705, there is a restriction as to what lands are suitable to agriculture; and if that restriction were imposed upon the Mountain Province, we would not have any of our rice terraces. So, my question is: Who will determine what is suitable to agriculture?

The President. Let us address that to the Sponsor.

Senator Alvarez. The Presidential Agrarian Reform Council, Mr. President, will have to undertake the process of the declaration of certain lands as alienable and disposable, or other lands suitable for agriculture, because, in truth and in fact, this conception or the definition of our agricultural lands could change in the process of more investigation that would be undertaken by the Presidential Agrarian Reform Council. It is a delegation of responsibility which we will give to the council.

Senator Osmeña. So, if I understand the Sponsor correctly, the Agrarian Reform Council will determine whether or not land is suitable to

agriculture?

Senator Alvarez. Yes, Mr. President.

Senator Osmeña. So I will make a reservation, Mr. President, that on Section 56, the repealing clause, I will introduce an amendment for the repeal of PD 705 which restricts certain lands and keeps them out of agriculture.

The President. Reservation made. Senator Maceda.

Senator Maceda. Mr. President, under the present law which the Sponsor is aware of and which has been the status of the law for many decades, to begin with, all lands are initially forest lands. And the next step is, when the Department of Natural Resources determines that they are suitable for agriculture, it is at that point that they are declared alienable and disposable. The point is, are we now depriving the Department of Natural Resources of this long time power to determine what is alienable and disposable and suitable for agriculture?

Senator Alvarez. Mr. President, the Department of Natural Resources is part of the overall administrative umbrella under the chairmanship of the President.

The President. In other words, the answer is: this is not depriving the Department of Natural Resources.

Senator Maceda. No. There is a big difference between the PARC, of which the Department of Natural Resources is just a member now, being given the power to determine if it is suitable for agriculture as against the long existing practice where the Secretary of Natural Resources, after a complicated procedure which is determined by the Bureau of Lands upon recommendation of the committee to the director, to the secretary, determines that it will now be declared as alienable and disposable and suitable for agriculture. I just want that clarified.

Senator Alvarez. Mr. President, the Department of Environment and Natural Resources is part of the entity of the PARC. I am sure it may have to undertake the necessary technical spadework in order to make that determination. However, now that we have created this Presidential Agrarian Reform Council as the supervening body, then the responsibility for the classification may have to be within the umbrella of the Presidential Agrarian Reform Council.

Senator Gonzales. Mr. President.

The President. Senator Gonzales.

Senator Gonzales. If I may be permitted to have my views on that matter, there is in reality no conflict between the Department of Energy and Natural Resources and the PARC in this respect. Now, the determination by the Department of Environment and Natural Resources that a certain portion of the public domain is suitable for agriculture is for purposes of determining whether it should be reclassified into alienable and disposable land of the public domain. On the other hand, the question of whether such alienable and disposable land of the public domain shall be brought into the CARP because it is devoted to or suitable to agriculture will have to be determined by the PARC.

So, actually, there is no conflict between the two.

Senator Maceda. That is why I am clarifying it, Mr. President, because, as Secretary of Natural Resources, now Secretary of Environment and Natural Resources, we are conscious of our responsibility to preserve and protect forest lands as much as possible. Now, the PARC is, of course, under the President; but the executive committee, the vice chairman of which is under the Secretary of Agrarian Reform, the orientation of the Department of Agrarian Reform is that it is possible to try to declare as much land as alienable and disposable.

It is an entirely different orientation, and I certainly do not like to deprive the Department of Environment and Natural Resources of its primary responsibility to decide from the viewpoint of long-established principles, criteria, and usage, especially in the light of ecological and environmental factors of its expertise and its experience to decide what should be kept as forest lands, and to resist the tremendous pressure. I can tell the President, that — in the short time that I have been there — there is tremendous pressure every day on the Secretary of Natural Resources to devote more and more forest lands, reclassify them and make them alienable and disposal.

Senator Mercado. Mr. President, with the permission of the Gentlemen on the floor, if we may recall last night, in our caucus, I did say that I was ready to propose an amendment to Section 25 of the said bill to the effect that no further reclassification of forest lands into agricultural lands shall be made. As of the moment, as I have previously stated in a privilege speech, we are already in danger. We are going to the ecological precipice soon. If we are able to provide already the guidelines, then there would be no question as regards the authority, because it will be clear that no new classification of agricultural lands shall be made either by the PARC or by the Department of Energy and Natural Resources.

Senator Maceda. Is that going to be a permanent prohibition, Mr. President.

Senator Mercado. Well, as of the moment, it looks like it is the least we can do. The situation is lamentably almost irreversible.

Senator Maceda. I mean to say, while I have been steadfast in supporting that view, there are population pressures, let us say, we go up to 100 million people, and there are really areas which, eventually, are logged over; and in the nature of things, really should be

declassified. But certainly, a complete, permanent prohibition at this time will also not be advisable. Maybe it is for five years or ten years.

Senator Mercado. Twenty-five years.

Senator Maceda. But for 25 years . . .

Senator Mercado. Anyway, Mr. President, I shall provide the data when the time comes when we go to this particular Section.

The President. In any event, there is nothing here that will deprive the Department of Natural Resources of its traditional function.

Senator Alvarez. Yes.

Senator Maceda. I was clarifying that, Mr. President, because the answer to me by the Sponsor was that, in effect, he was saying that it will now be the PARC, of which the Secretary of the Department of Agriculture and the Department of Natural Resources is a mere member, and to that I would object.

Senator Gonzales. Yes. Mr. President, I think the Chair is correct, because Section 4, paragraph (a) contemplates a situation where there has already been a reclassification of lands as alienable and disposable lands of the public domain. So, in short, the reclassification shall be done pursuant to existing laws; and in accordance with existing laws, it is the Department of Environment and Natural Resources which has that power, because it says, "all alienable and disposable lands of the public domain." So it presupposes that there has already been a reclassification.

Senator Maceda. Yes, but the Senator from Cebu stood up and asked a question: "Who will determine?" And the answer, really, is under present law, unless it is changed or it is meant to be changed by the provisions of this bill under discussion, the answer is, it is the Department of Environment and Natural Resources that makes that determination. So it is clear

now that we are not changing that. And that is what I wanted to clarify from the Sponsor. And as suggested by the Gentleman from Mandaluyong, that the determination as to whether alienable and disposable land for the public domain or owned by the Government will come under PARC is the only question that will be decided by PARC.

Senator Osmeña. Mr. President.

The President. Senator Osmeña is recognized.

Senator Osmeña. Precisely, Mr. President, historically, the Bureau of Forestry Development, which is under the Department of Natural Resources, has been protecting its domain, perhaps for laudable reasons for the preservation of the ecology; but there is also another side to it in that, under a reforestation program, the bench-mark appropriation is ₱10,000 per hectare for reforestation.

In the Island of Cebu, for the last 50 or a hundred years, there has really been no forest left; yet ₱40 million a year is supposedly spent for reforestation, and at the next budgetary hearing, I will bring this up. The fact is that for three or four generations, people have been tilling the land, paying tax declarations, taxes to the Government, real estate taxes on the land that they till, ignorant of the fact that these lands that they are tilling are actually forest lands under the domain of the Bureau of Forestry Development and that they can never have title to this land. That has been the single largest source, and the Department of National Defense will verify this of the insurgency problem in Cebu. The conflict between the National Government which is the biggest single landowner in Cebu, because private landholdings in Cebu only averages 1.54 hectares, and the people in the mountain, and for as long as the Department of Natural Resources is going to be the arbiter of what land is going to be released and for as long as they get ₱10,000 per hectare of

forest lands, we will never get land that should be transferred to the tiller by the Government itself if that determination is going to be made by the Department of Natural Resources itself. That is why I stood up here because I hold a diametrically opposite view from the Gentleman from Ilocos and Laguna. And that this stranglehold of the Department of Natural Resources upon the determination of what lands should be released, as alineable and disposable, should be removed from the Department of Natural Resources because they have a selfish interest in maintaining the depiction of a forest, and it should be given to another agency.

Senator Maceda. Mr. President, I do not intend to disagree with the Gentleman from Cebu; I have no special love for the Bureau of Forestry Development, specially under its present leadership in the department. May I just inform him of a slight variance of facts.

The ₱40 million that he is referring to, granting that that is the correct figure, is not being run by the Bureau of Forestry Development. It is under the Central Visayas Reforestation Project which is funded by foreign loan and which is run by NACIAD. I do not know if it is still under the Office of the Vice President, because it used to be under the Prime Minister, and it was inherited. So, in that particular aspect, it is not fair to blame the Department of Natural Resources. The Department of Natural Resources is not the one running that Cebu project.

Senator Osmeña. Well, Mr. President, if there is a slight inaccuracy in figures, I accept the correction. But the fact remains, Mr. President, that there are forest lands in Cebu which for generations are being tilled and we can check the records of the Municipal Treasurers. Tax declarations have been paid on these lands. Maybe at the proper section of this bill, we

should emancipate the tenants of the National Government in the Island of Cebu.

Senator Alvarez. Mr. President, may we make our observation here to the question which has been originally raised on who makes the determination which land would be found suitable for agriculture. The Committee wishes to indicate that it is the Presidential Agrarian Reform Council. Precisely, this umbrella organization under the leadership of the President also includes the Department of Environment and Natural Resources. However, the classification of land has not yet been reached at the point where it is fixed and static. There will be changes; there will be countervailing viewpoints. One of the viewpoints being offered there is that of the Gentleman from Cebu. But in the broader composition of the Presidential Agrarian Reform Council where no less than the Department of Environment and Natural Resources is going to be heard with its expertise, I am sure that the Council could be presumed to come up with an enlightened interpretation on how the new classification could be made in response to the contingencies of the Agrarian Reform Program.

The President. Anyway, let us go back to amendment of Senator Gonzales — ALL OTHER LANDS DEVOTED OR SUITABLE TO AGRICULTURE, OWNED BY THE GOVERNMENT.

Is there any objection? [*Silence*] Hearing none, the amendment is approved.

Senator Gonzales. Then on line 1g, delete the phrase SUBJECT TO THE RETENTION LIMITS HEREIN ESTABLISHED, so that the paragraph (c) will now read:

ALL PRIVATE LANDS DEVOTED TO OR SUITABLE FOR AGRICULTURE REGARDLESS OF THE AGRICULTURAL PRODUCTS RAISED OR CAN BE RAISED THEREON.

The President. What is the pleasure of the Sponsor?

Senator Alvarez. No objection, Mr. President.

The President. Is there any objection? [Silence] There being none, the same is approved.

GONZALES AMENDMENT

Senator Gonzales. On line 1j, delete the phrase "COMPLIED WITH ; then on line 1k, delete ITS CONSTITUTIONAL DUTY TO , so that it will now read: AS SOON AS THE CONGRESS HAD DETERMINED BY LAW. . .

The President. Is there any objection?

Senator Alvarez. Mr. President, this provision is here, not without clear and intended purpose, because, under Article XII, Section 4 of the Constitution, Congress is mandated to make the classification, specifically forest lands and national parks.

Senator Gonzales. Precisely, Mr. President. That is why when Congress does so by law, then that is in compliance with that constitutional provision.

The President. In other words, is there no alteration in substance?

Senator Gonzales. No, Mr. President.

Senator Alvarez. No alteration, but this word "complied" is an injunction upon Congress to fulfill its duty. But if the Gentleman feels very strongly about his recommendation . . .

Senator Gonzales. I think we should economize in words now, Mr. President. As the Gentleman will notice, this bill is already too verbose, and it can stand economy in words and even be clearer and more understandable.

Senator Alvarez. Wait till we get to the Conference Committee, Mr. President.

The President. All right. Is there any objection? [Silence] Hearing none, the amendment is approved.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Section 5, Mr. President.

The President. Is there any other amendment on the first eight lines of page 5?

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

ROMULO AMENDMENT

Senator Romulo. Mr. President, on Section 4, may we propose to the Sponsor the following amendment after EQUITY CONSIDERATIONS, — PROVIDED FURTHER THAT IN CASES WHERE INTERIM ARRANGEMENTS ARE MADE, THE LANDS SHALL BE REFORMED WITHIN A TEN-YEAR PERIOD FROM THE APPROVAL OF THIS ACT. PROVIDED FURTHER, THAT IN THE CASE OF PUBLIC LANDS LEASED TO CORPORATIONS AND PRIVATE CITIZENS, LAND REFORM SHALL COMMENCE AS SOON AS THE LEASES EXPIRE AND SHALL BE COMPLETED WITHIN A TEN-YEAR PERIOD FROM THE COMMENCEMENT OF SAID REFORM.

SUSPENSION OF THE SESSION

The President. The session is suspended for our usual breathing spell, if there is no objection. [There was none.]

It was 6:13 p.m.

RESUMPTION OF THE SESSION

At 6:46 p.m., the session was resumed.

The President. The session is resumed.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, in relation to this Representation's proposed amendment, the Sponsor has accepted it, subject to style and in the appropriate provision.

Senator Alvarez. Yes, Mr. President, with the caveat that subsequent sections may in fact cover the areas for the intended amendment. But when and if we get to that provision, I think we will be able to clarify the proposed amendment, Mr. President.

The President. All right.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Can we go now, Mr. President to page 5, Section 5 unless there is any anterior amendment?

Senator Guingona. Mr. President.

The President. Senator Guingona.

GUINGONA AMENDMENT

Senator Guingona. Mr. President, before line j, after (c), we propose a letter (d):

UNTIL CONGRESS HAS DETERMINED THE SPECIFIC LIMITS OF THE PUBLIC DOMAIN, NO RECLASSIFICATION SHALL BE UNDERTAKEN FROM FOREST OR MINERAL LANDS TO AGRICULTURAL LANDS.

This is to prevent, Mr. President, the fears raised here that we are eroding our forests and that there has to be a determination of what constitutes the reserve forests for reforestation, so that we will not dissipate further our forest lands.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader.

Senator Mercado. Mr. President, when I mentioned that particular amendment, I was thinking of including that in Section 25; because in Section 25, the Presidential Agrarian Reform

Council according to paragraph (6) shall:

DETERMINE THE LANDS NECESSARY FOR PARKS, WILDLIFE AND FISH SANCTUARIES AND BREEDING GROUNDS, WATERSHEDS AND MANGROVES, NATIONAL DEFENSE, SCHOOL SITES AND CAMPUSES, SEEDS AND SEEDLING RESEARCH AND PRODUCTION CENTERS, GOVERNMENT RESEARCH AND QUARANTINE CENTERS WHICH ARE TO BE INCLUDED IN THE LANDS EXCLUDED FROM THE COVERAGE OF THIS ACT UNDER SECTION 5.

Now later on, I was intending to add an additional paragraph to state that pursuant to existing presidential decrees, executive orders and other issuances and proclamations, delineating and the setting aside of such parks, wildlife, and fish sanctuaries and other similar reserved areas, and provided further that there will be no new conversion of forest lands into agricultural lands.

The President. In other words, this is not yet the appropriate time.

Senator Mercado. Mr. President, I was thinking of including that in the Presidential Agrarian Reform Council functions, but it could be proposed here.

The President. All right. Will Senator Guingona read again his amendment? Will that be on page 4?

Senator Guingona. Yes, Mr. President, at the bottom of subsection (c) of Section 4:

UNTIL CONGRESS HAS DETERMINED THE SPECIFIC LIMITS OF THE PUBLIC DOMAIN, NO RECLASSIFICATION SHALL BE UNDERTAKEN FROM FOREST OR MINERAL LANDS TO AGRICULTURAL LANDS.

Senator Mercado. Mr. President, that embodies my intent, as I mentioned earlier, part of it, at least, because the other will be the existing

presidential decrees and issuances which will come in Section 25.

The President. What is the pleasure of the principal Sponsor?

Senator Alvarez. No objection.

The President. No objection?

All right. Is there any other objection? [Silence] The Chair hears none; the same is approved.

Let us go to Senator Pimentel's amendment. Page 5.

Senator Pimentel. Yes. Thank you very much, Mr. President.

Actually, I was thinking of amending Section 5. I wonder if there are amendments earlier on page 5.

Senator Herrera. Mr. President.

The President. Senator Herrera.

HERRERA AMENDMENT

Senator Herrera. I just like to insert the word REFORESTATION, Mr. President. So, Section 5 will read as follows: Lands actually and exclusively used, as well as those which the Presidential Agrarian Reform Council may determine to be necessary for parks, wildlife, REFORESTATION, fish sanctuaries. . . I just like to emphasize REFORESTATION here.

Senator Alvarez. No objection, Mr. President.

The President. Is there any objection? [Silence] The Chair hears none; the same is approved.

PIMENTEL AMENDMENT

Senator Pimentel. On line 12, I would like to propose an amendment which would limit the land actually and exclusively used for national defense to a more manageable level in order to clearly send a message to all concerned that we

would like to distribute as many parcels of land as possible. The actual statistics that has been brought to my attention is that the military reservations, for example, total 547,180 hectares. So I would like to propose, Mr. President, that as far as the need of national defense per region is concerned, it should not go beyond 5000 hectares. May I just explain a little further, Mr. President? The 5000 hectares for 13 regions will come to about 65,000 instead of the 547,180 hectares. In other words, what I am trying to say is to qualify the extent of the jurisdiction or the discretion to Presidential Agrarian Reform Council to 5000 per region.

Senator Alvarez. Mr. President, may we point out, under this Section, that there are sufficient safeguards with regard to the misuse or overuse of land for the enumerated purpose, including national defense. Because actual and exclusive use is a stern safeguard and the necessity for the use. There are manifold safeguards for this, Mr. President. But also, it implies that the Executive — the President — will have some amount of flexibility. Because, sometimes, for defense purposes or for some other purpose for that matter, necessity could be a changing theme. It may be necessary to employ in one given situation 5000 hectares. It may be necessary to employ in one given situation 5000 hectares. It may be necessary to employ only 2000 hectares; but I wonder if it would be wise for this purpose for us to make a concrete and a very specific delineation. Because the necessity for use may be something that should be better in form with what we know in the field. So we leave it to the Presidential Agrarian Reform Council where the President is an *ex officio* Chairman. I am sure the President would gather the necessary wisdom and information to determine the necessity for a certain breadth and width of the military reservation, and deploy only those which are actually and exclusively used.

The President. Senator Maceda.

Senator Maceda. I was about to say, Mr. President, that, frankly speaking, I am not quite ready at this time to determine 5000 hectares per region which, in effect, will mean even much lower than those in regions where there are several camps. I do not have the technical information to really react to the suggestion. So I was wondering whether this could be deferred for a day, so that we can get to a specification. The way I understand it, some camps are oversized; let us say, Magsaysay in Laur or Hamindan in Capiz. But the total mentioned, assuming that it is correct, presupposes so many other military camps all over the country.

So I was going to request at this point, without disagreeing that we be given a little time to check into the technical details as to what the effect of 5000 or 10,000 or whatever would be. But as the Sponsor has aptly put it, there is a proviso in the bill which allows the Presidential Agrarian Reform Council to do this administratively. And probably, if there would be a restriction on the size, it should not be strait-jacketed into a figure, but that the Presidential Agrarian Reform Council be given the discretion to decide this as an administrative matter.

The President. Senator Tañada

Senator Tañada. Mr President, I would just like to bring out the information that in the case of Clark Air Base which is supposed to cover 53,000 to 55,000 hectares, but what is being occupied by war facilities there is only 4800 to 5000 hectares. While I have no objection to the request that decision on this matter be deferred, I just would like to voice out the concern that if we would leave this to the determination of the administrative body that will be given the authority to do this, it may take such a long time. Perhaps, it is really better, as has been proposed by Senator Pimentel, that a limit be placed, so that we would have more beneficiaries for this program.

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Thank you, Mr. President.

The President. All right. There is a request by Senator Maceda to defer this for a while.

Senator Pimentel. I have no objection to that, Mr. President.

Senator Maceda. I wanted to add that a similar situation — I do not know if the suggestion really centers only on National Defense.

Senator Pimentel. No.

Senator Maceda. A similar situation is with the state colleges and universities since my impression that the DMMSU, the Don Mariano Marcos State University in La Union, for example, has something like 10,000 hectares. Now, we also have the geothermal reservations, which are quite big, which are not included here and I was about to suggest in an amendment, I think they would be included within watersheds, technically.

Senator Pimentel. I suppose so.

Senator Maceda. But they are also quite big. With regard to watersheds, of course, if we look at the whole Pantabangan watershed, that is another relevant point. Part of the military reservation of Fort Magsaysay is really within the context of the Pantabangan watershed. So it is not really a matter of size, Mr. President.

Senator Pimentel. May I proceed, Mr. President?

The President. Yes.

Senator Pimentel. On the matter of school sites and campuses, before I would present my amendment, Mr President, may I know from the Sponsor if we are dealing here exclusively with government school sites and campuses?

Senator Alvarez. Yes, Mr. President. The enumerations here are those lands of public character.

Senator Pimentel. Mr. President, I would like to point out, however, that on line 14, the

Gentleman specified government research and quarantine centers, which in effect tells me or suggests to me that the other areas which are being excluded may not necessarily be government lands.

I would like to ask that question because then I will make my distinctions in the amendment which I intend to propose, Mr. President.

The President. The Chair suggests that if a school site for a private educational institution is so vast, that there is doubt whether that size is actually necessary, I think, that should be covered by CARP. What is the pleasure of the Sponsor? What is the pleasure of the Sponsor?

Senator Alvarez. Our underlying assumption here, Mr. President, is that, since we talk of watersheds and mangroves, national defense and school sites, we are referring to public holdings.

The President. Is it the intent of the Sponsor that the school sites should refer only to government institutions?

Senator Alvarez. In this context, yes, Mr. President.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Mr. President, I do not know what will be the proposed amendment of Senator Pimentel. But I should like to believe that the school sites and campuses should apply both to governmental and the private ones, because while they are privately owned, they perform what properly is a state or government function. Education is, indeed, a duty and a function to be dispensed with by the state. In fact, there are some private schools and colleges offering agricultural courses. I think the government should encourage the establishment of private schools with agricultural colleges because

not every private school would venture into it.

So I think, Mr. President, it is not the ownership of the school that is material. It is the function being performed by it, and I say that education is a state or governmental function.

Senator Alvarez. May I make an observation, Mr. President: If it is our concern that certain excessively huge private campuses may not be covered if we will only constrict this to mean public school sites, under Section 4, Mr. President, letter (c), the excess of school sites could be covered when we go to the provision which states:

... ALL PRIVATE LANDS DEVOTED TO OR SUITABLE FOR AGRICULTURE REGARDLESS OF THE AGRICULTURAL PRODUCTS RAISED OR CAN BE RAISED THEREON.

Senator Pimentel. Mr. President, in my personal view, with due respect to the opinion of the others, I believe that there is a necessity for CARP to lay down the limits within which Presidential Agrarian Reform Council may operate. In other words, instead of giving them full leeway to determine the sizes of the exclusions, I think it is a better part of legislative work to determine that for ourselves since we are the policy-making Body, and within that policy, Presidential Agrarian Reform Council may have some kind of discretion.

And for this purpose, Mr. President, I was going to make a distinction between government and privately-owned school sites and campuses and individually; meaning to say, sole proprietorship in educational matters may also be treated separately.

For this reason, Mr. President, we are proposing that, as far as government-owned schools sites and campuses are concerned, the Government should be entitled to 500 hectares per region, and private school sites may be entitled to ten hectares, except agricultural schools which

may own or hold not more than 500 hectares per region.

On the individual level, an individual school may own not more than three hectares.

SUSPENSION OF THE SESSION

The President. The session is suspended, if there is no objection. [*There was none.*]

It was 7:07 p.m.

RESUMPTION OF THE SESSION

At 7:09 p.m., the session was resumed.

The President. The session is resumed.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Mr. Presidential, just for purposes of information, so our Colleagues will have some bases to determine the reasonableness or the unreasonableness of the proposal, let me place on record from statistics handed over to me by Senator Wigberto Tañada that there are 78 state colleges and universities. There are seven state colleges and universities with undetermined landholdings.

So the state colleges and universities which land ownership is determined number 71, Mr. President.

In Region I	4,465.76 hectares
In Region II	8,678.77 hectares
In Resion III	2,515.20 hectares
In Region IV	415.24 hectares
In Region V	309.39 hectares
In Region VI	1,281.56 hectares
In Region VII	211.73 hectares
In Region VIII	5,747.21 hectares
In Region IX	1,163.58 hectares
In Region X	7,422.66 hectares
In Region XI	202.89 hectares
In Region XII	6,040 hectares,
In NCR	51.95 hectares,

Total 38,449.99 hectares

It seems to me, Mr. President, that it is clear that a great number of this hectarage is not really used by the schools. Perhaps, a definite guideline from this Body can rationalize the state colleges/universities' holdings, Mr. President.

The President. Senator Gonzales.

Senator Gonzales. Mr. President, I understand that we can move to some other amendments.

Senator Pimentel. Hindi pa.

Senator Gonzales. I thought that the consideration of this matter has been suspended, but I am going to wait, Mr. President.

Senator Pimentel. Yes, because I would like to go into seeds, seedlings research, and production centers if the suggested action is to defer consideration of the proposal, Mr. President.

Senator Aquino. Mr. President.

The President. All right. Senator Aquino is recognized.

Senator Aquino. Mr. President, I just want to ask the proponent of the amendment if he has included penal colonies which are not included here.

Senator Pimentel. Not yet, Mr. President. Senator Gonzales is going to take that up.

Senator Alvarez. Senator Gonzales has made the reservations to introduce that as an amendment.

The President. All right. Senator Gonzales may wish to propose the amendment.

Senator Pimentel. Mr. President, may I just finish my amendment so I can take my seat.

Regarding seeds, seedlings research and production center . . .

The President. Just a moment. Senator Gonzales' amendment has something to do with the school sites?

Senator Pimentel. No.

The President. With the entire section?

Senator Gonzales. Yes, Mr. President.

The President. All right, Senator Pimentel.

Senator Pimentel. Mr. President, first of all, I would like to find out if we are talking here only of seeds and seedling research and production centers which are privately-owned; or do we include Government seeds and research centers? And if we do, I would like to go again into a definite restrictive limit for holdings by these centers.

Senator Alvarez. We would like to hear the proposed amendment of the Gentleman to clarify his doubts and the application of these specific provisions.

Senator Pimentel. Yes. Mr. President, insofar as it concerns Government seeds and seedling research and production centers, I would like to suggest that the Government be restricted to 100 hectares per region.

Senator Alvarez. All right.

Senator Pimentel. And if it is private seeds and seedling research and production center, that it be limited to ten hectares per region; and if it is an individually owned seeds and seedling research and production center, that it be limited to three hectares.

The obvious intention, Mr. President, is to prevent the avoidance of this kind of land being included in CARP by the expedience of converting it to seeds and seedling research and production centers.

Senator Alvarez. The three hectares, did the Gentleman say, is privately owned per region?

Senator Pimentel. Yes.

Senator Alvarez. We should take into account . . .

The President. The President was wondering

whether, subject to specific guidelines, all these matters had better be left to the Presidential Agrarian Reform Council, instead of straight-jacketing the PARC. That is subject to the superior judgment of the Body. Because we have to provide for the future.

Senator Alvarez. Yes, Mr. President, and to provide precisely for the beneficiaries of the program. I am sure that there will be need to supply them with better quality seeds, and the production center may be an instrument to uplift the program.

We do not really have the technical information on the metes and bounds of our need.

Senator Pimentel. Yes, that is exactly what we are afraid of because — take the case of agribusiness or multinational corporations engaged in agriculture — they can very well say “All right, we need 500 hectares for seeds and seedling research.” To my mind, Mr. President, that can very well be allowed also by PARC by simply . . .

The President. We have a specific section on multinational corporations, and we will tighten that up.

Senator Pimentel. Yes, Mr. President, but we are now talking of lands which are being excluded.

The President. Yes.

Senator Pimentel. And, therefore, I think this is the proper area where this amendment could be very well inserted.

Anyway, may I proceed to the next part, which is Government Research and Quarantine Centers, with the same observation, and I would suggest that in addition to Government Research and Quarantine Centers, we also include agricultural colonies because there are 27,989 hectares of this so-called agricultural colony, which should be limited to 500 hectares per region again.

Senator Alvarez. What is an agricultural colony, if I may ask?

Senator Pimentel. Agricultural colony, it says here . . .

Senator Alvarez. No, I am not asking for a definition. Does the Gentleman mean penal colonies or . . .?

The President. Why do not we suspend the session for a minute?

Senator Pimentel. Anyway, Mr. President, the whole thrust of the proposed amendment was precisely just to limit the number of hectares of the land that are to be excluded. If it is felt that may sound arbitrary or maybe will need a little more refinement, this Representation is certainly willing to accept the wisdom of this Body.

SUSPENSION OF THE SESSION

The President. All right, let us suspend the session for one minute, if there is no objection. [*There was none.*]

It was 7:18 p.m.

RESUMPTION OF THE SESSION

At 7:20 p.m., the session was resumed.

The President. The session is resumed.

Senator Angara is recognized.

Senator Angara. Mr. President, with the permission of the Sponsor if he is willing to consider a provision that will authorize the PARC to determine the size of each category, but subject to certain guidelines, we will try to work out those guidelines by tomorrow, Mr. President.

The President. Is that acceptable to Senator Pimentel? All right. Senator Gonzales.

GONZALES AMENDMENT

Senator Gonzales. Yes, Mr. President. I have to amend this, Mr. President: on line 11, between "wildlife" and "reforestation" under the Herrera amendment, "forest reserves."

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Senator Alvarez. No objection, Mr. President.

Senator Gonzales. On line 14, after "centers",
PENAL COLONIES AND PENAL
FARMS ACTUALLY WORKED BY THE IN-
MATES OF THE PENAL INSTITUTION.

The President. Is there any objection?

Senator Alvarez. No objection. Accepted.

The President. All right. Is there any objection? [*Silence*] Hearing none, the amendment is approved.

Senator Aquino is recognized.

Senator Aquino. Just a clarification, Mr. President. Actually worked by the inmates, for instance, for their use or for some other private corporations?

Senator Gonzales. Normally, they have these, first, for their own subsistence and, second, as a part of their rehabilitation program being undertaken by the penal institution.

The President. As long as it is not for the benefit of any private . . .

Senator Gonzales. That is precisely why I included the limiting phrase "ACTUALLY WORKED BY THE INMATES." It does not refer to a situation, for example, in the Davao Penal Colony where a huge park there is leased to . . .

Senator Aquino. TADECO.

Senator Gonzales. Although, under their contract, convict labor may be employed. But that cannot be considered as "ACTUALLY WORKED" by the inmates of the penal institution.

The President. With that explanation. . .

Senator Aquino. In Davao, Mr. President, from what I hear, part of the land is leased by this private company and the workers there are inmates.

Senator Gonzales. Yes, that is correct because

there is a stipulation; there is an agreement in the contract between TADECO and the penal colony that convict labor may be employed at certain rate of wages or pay. I believe that that parcel of land should be subject to CARP. Now, it would be different from the Iwahig Penal Colony, for example, where there is a farm; but this is actually worked by the inmates for their subsistence, as well as a part of the rehabilitation program being undertaken by the Bureau of Prisons. So that should be exempt.

Senator Aquino. In the Iwahig case, is he exempting?

Senator Gonzales. Yes.

Senator Aquino. While in the Davao case, are these supposed to be covered by PARC?

Senator Gonzales. Yes, insofar as the part of the colony that is not really farmed or worked by the inmates for their own subsistence or as a part of the rehabilitation program.

Senator Aquino. With that explanation, Mr. President, I accept.

The President. Is there any objection? There being none, the same is approved.

Senator Maceda is recognized.

Senator Maceda. Mr. President, on line 16-b and 16-c . . .

The President. Maybe we better wait for the Minority Floor Leader tomorrow when we come to Section 6. Can we reserve it for tomorrow when the Minority Floor Leader is present?

Senator Maceda. Yes, Mr. President.

The President. Is there any other amendment on Section 5? So, the understanding is that Senator Angara, Senator Pimentel, and Senator Gonzales will work out an amendment, a proposal. All right, Senator Tamano; and then, Senator Aquino.

TAMANO AMENDMENT

Senator Tamano. I propose to introduce an amendment and to incorporate a new paragraph to Section 5 covering the areas which will be embraced within the autonomous region of the Southern Philippines; but, considering the appeal that we should wait for the Minority Floor Leader, and considering the importance of this amendment and its effect on the entire program, I reserve for tomorrow the submission of my amendment.

By the way, Mr. President, I am reminded by our distinguished Chairman of the Ethics Committee that I should state for the record that I have a modest area of land; but I am participating here because I have already offered it to the Department of Agrarian Reform, and I am willing to submit this area for land reform.

Senator Alvarez. How vast is this area, 500?

Senator Tamano. It is close to that figure, Mr. President.

The President. Reservation for tomorrow.

Senator Tamano. Yes, Mr. President.

Senator Aquino. Mr. President.

The President. Senator Aquino is recognized.

AQUINO AMENDMENT

Senator Aquino. Mr. President, considering that some of these areas will be delimited as per Senator Pimentel's recommendation, maybe this will be in line, or maybe another paragraph to Section 5:

LANDLESS TILLERS ACTUALLY OCCUPYING EXCLUDED AREAS AT THE TIME THEY ARE DELIMITED SHALL BE RESETTLED AND ENTITLED TO THE BENEFITS PROVIDED HEREIN.

Because some of these areas have already what they call immigrants or squatters, Mr. President. So what do we do with them in case this area is

now to be used by the Government? So these landless tillers must be resettled and entitled to the benefits provided herein.

Senator Alvarez. Mr. President, if the Gentleman will hold in abeyance, there will be an appropriate opportunity for that. It is going to be confronted by a subsequent provision.

The President. All right. So at the appropriate time will Senator Aquino propose that amendment?

Senator Aquino. Thank you, Mr. President.

The President. All right, the Majority Floor Leader is recognized.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 249

Senator Mercado. Mr. President, I move that we suspend consideration of Senate Bill No. 249.

The President. Is there any objection? [*Silence*] The Chair hears none; the same is approved.

Senator Mercado. Mr. President, I would like to remind the other Senators that our schedule starting tomorrow will be nine o'clock in the morning up to twelve o'clock noon; four o'clock in the afternoon up to seven, and we have an hour break; and we resume at eight o'clock to eleven in the evening.

The President. All right.

ADJOURNMENT OF THE SESSION

Senator Mercado. So, Mr. President, I move that we adjourn the session until nine o'clock tomorrow morning.

The President. The session is adjourned until nine o'clock tomorrow morning, if there is no objection. [*There was none.*]

It was 7:28 p.m.

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