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**The Dinalupihan Estate:
The Church and Agrarian Conflict**
MICHAEL J. CONNOLLY, S.J.

After the purchase of the so-called "friar lands" by the American colonial regime in the Philippines in 1903, four Church-owned estates remained.¹ In contrast to the generally acclaimed role played by the Church in the events leading to the downfall of the Marcos regime in February 1986, this case study of the Church's role in the political struggle over ownership and control of one of the four remaining Church lands, Dinalupihan Estate, examines the very different, and controversial, nature of Church involvement in political conflicts during the first half of the twentieth century.

Dinalupihan, a 4,151 hectare rice and sugar estate with a population of about nine thousand in 1939, was not included in the 1903 purchase because it was the property of the archbishop of Manila, not of the friars. First established as a hacienda and ranch between 1817 and 1819 out of resources provided by Juan Antonio Zulaibar, the archbishop of Manila (1805-24), on the "empty lands" of Dinalupihan, its revenues were intended for the support of Manila's archdiocesan San Carlos Seminary.²

1. B.J. Kerkvliet, "Peasant Rebellion in the Philippines: The Origins and Growth of the HMB," (Ph.D. dissertation, Madison: University of Wisconsin, 1972), pp. 157-61; according to Kerkvliet, the four remaining Church lands, Buenavista in Bulacan Province, Dinalupihan in Bataan Province, Lian in Batangas Province, and San Pedro Tunasan in Laguna Province, accounted for almost all the incidents of unrest in their respective provinces during the period surveyed by him. Kerkvliet's thesis was later published as *The Huk Rebellion* (Berkeley: University of California Press, 1977).

2. Archives of the Archdiocese of Manila (AAM), "Seminario Conciliar de San Carlos: Hacienda de Dinalupihan—1818-1914." There exists an acknowledgement by Archbishop Zulaibar of a report submitted by the Director of the Seminary about items donated by parish priests and lay *principales* in favor of the hacienda. Also there are copies of the "Títulos de Propiedad de la hacienda de Dinalupihan y Estancia de Uguit a favour del Seminario Conciliar de San Carlos de esta ciudad de Manila." Between 1817 and 1819, ₱15,150 were sent to the administrators of Dinalupihan from the resources of the archbishop as an establishment fund for the hacienda. Some 2,424 cavans

In an extremely precarious financial condition throughout most of the nineteenth century, the estate was administered as one of the *Obras Pias*, or charitable endowments, of the archdiocese. At the dawn of the twentieth century it was a largely undeveloped hacienda.

THE BACKGROUND

The twentieth century began with the Roman Catholic Church in the Philippines in a weakened and disorganized state due to the chaos and turmoil of the Revolution and its aftermath. For several years Rome allowed the Church to drift. Finally, new bishops, all Americans, were appointed. An American, Jeremiah Harty, took over as archbishop of Manila in mid-1903, and continued in that office until 1916. Potentially the archdiocese of Manila was one of the wealthiest in the Church on account of the numerous bequests of property and income that it had received for more than three hundred years. But at that time, the chaotic condition of Church finances was only one of many serious problems that Harty faced.

A 1908 report on the financial condition of the *Obras Pias*, prepared for Harty by the law firm that administered the program, revealed some of the reasons for the financial difficulties of the archdiocese.³ The report covered the period from August 1902 to the end of 1907. Approximately 180 foundations were included in the *Obras Pias*. Dinalupihan was treated as one of the provincial or rural assets. The report gave a figure of slightly over ₱3.1 million as the estimated overall worth of the foundations. But that figure was somewhat misleading in that, on the one hand, it included many resources of questionable value, while, on the other hand, the actual value of the urban property listed was very much in excess of that estimated in the report. Since less than half of the resources were actually producing revenue, average annual income to the archdiocese was just under ₱71,000. The report concluded by pointing out that improvement in the financial condition of the archdio-

of palay were shipped in light boats from San Fernando and Lubao to Dinalupihan for use as seed and food. Laborers also went to help with the planting of the rice crop. The documents refer to the "empty lands" of Dinalupihan, but make no mention of any existing population already in possession of the lands.

3. AAM, "Obras Pias," 10 June 1908 report to Archbishop J.J. Harty on the "Obras Pias de la Sagrada Mitra," covering the period from 27 August 1902 to 31 December 1907. General Thomas Hartigan, head of the law firm that prepared the report and a friend of Manuel Quezon, served the archdiocese loyally for many years, but was later abandoned by Archbishop Michael O'Doherty.

cese could only be expected when it was possible to put provincial property, such as Dinalupihan, on a paying basis.

In the wake of various economic legislations such as the Payne-Aldrich Act of 1909 initiating free trade between the United States and the Philippines and greatly encouraging the increased production of sugar, the archdiocese decided to launch an ambitious program of clearing and developing the Tucop section of Dinalupihan for sugar cultivation in 1913.⁴

The Manila Office of Obras Pias handled the administration of Dinalupihan for the archbishop. Philip C. Whitaker was the chief financial adviser to Archbishop Harty and his liaison with the Office of Obras Pias.⁵ Daniel Boquer ran this latter office. Whitaker and Boquer were most directly involved in managing the hacienda through its resident administrator and his assistants.

Under the direction of Whitaker and Boquer the hacienda was divided into three sections. The first section, with a subadministrator in charge, comprised the old, traditional exclusively rice-growing sector of some 3,500 hectares (about 1,500 hectares of ricelands and 2,000 hectares of virgin lands); it included the lands of most of the *inquilinos* and their *aparceros*.⁶ The second section consisted of newly cleared and planted sugar land. Between 1913 and 1916, thirty-seven new parcels of land (about 174 hectares) were cleared and planted. A foreign superintendent, H.B. Ross, was in charge of this section.⁷ The third section consisted basically of a modern centrifugal sugar mill or central, known as the "Factory," built in the sitio of Pagalanggang, as well as a railroad and rolling stock for delivering sugar cane to the mill. Here also a foreign superintendent, J.J. Watson, was in charge.⁸

4. AAM, "Obras Pias," Miscellaneous Papers, 1916-17 (B), 27 November 1916 report on Dinalupihan.

5. Quezon Papers, Box 144, letters of 11 July 1921, 9 January 1922, 8 January 1923 and 9 March 1923. Whitaker was a friend and partner of Manuel Quezon in a real estate deal concerning Hacienda Mandaloya, a property that Whitaker mortgaged (and lost) to the creditors of the Philippine Vegetable Oil Company to save Archbishop O'Doherty after the P.V.O. crashed in 1920.

6. The *inquilinos*, or cash tenants, were a class of (often non-cultivating) lessee-tenants on the Church lands. They leased relatively large tracts of land for which they paid an annual fixed rent and sublet their land to *aparceros* or share tenants who did the actual cultivating. Not all *inquilinos* were alike in their conditions of life; some big *inquilinos* were agricultural entrepreneurs and financiers of the other tenants, while the conditions of life of the more numerous small *inquilinos* were often more like those of the *aparceros*, borrowing from and often in debt to the big *inquilinos*.

7. AAM, "Obras Pias," Miscellaneous Papers, 1916-17 (B), 27 November 1916 report on Dinalupihan.

8. *Ibid.*

The first, or traditional rice-growing section with the inquilinos and their *aparceros*, was in a precarious situation in terms of profit for the hacienda. With approximately 520 hectares of irrigated riceland and 1,030 hectares of unirrigated riceland under cultivation, it yielded an annual rental of ₱4,000. In 1914 the Provincial Board raised the assessed value of the estate from ₱250,000 to ₱656,890 and set the new land tax at ₱6,200. The other two sections of the hacienda were closely associated with each other in the production of sugar. Most of the sugar milled on Dinalupihan came from its own and other small nearby planters. The mill kept 45 percent of the sugar as its fee.

As part of the development program for the hacienda, lawyers for the archbishop launched an attempt through the courts to secure a Torrens Title for the entire estate, and succeeded in registering it in favor of the archbishop on 15 May 1914. The program to expand the cultivation of sugar on what until then had been a largely traditional rice-growing hacienda and the successful attempt to register the estate roused the estate tenants who believed that the land belonged to them and their fathers, to oppose the Church's claim in the courts and through organized protests on the hacienda. They attributed their failure to win in the courts to the trickery of certain court officers.⁹

The protests of the tenants against the archbishop and his agents focused on Hermogenes Banzon, the resident Spanish administrator. The local parish priest sided with the tenants against the archbishop and complained to the Apostolic Delegate about what was going on at the estate. He claimed that Banzon was not entering into the books all the rentals that he was collecting and he urged the Apostolic Delegate to check with a certain wealthy inquilino who was the leader of the protest, Teodoro David, to verify this.¹⁰

Banzon, for his part, claimed that around the time when the archbishop's lawyers began the attempt to register the estate, he had begun to demand

9. AAM, "Obras Pias," 9/13/5, 19 July 1914 letter of Administrator Hermogenes Banzon to Monsignor Joseph Petrelli, Bishop of Lipa and acting Apostolic Delegate. See also *Philippines Herald*, 28 December 1927 and Commonwealth of the Philippine—Department of Labor, "Fact-Finding Survey Report," (Manila, 1936); the section on Dinalupihan is in pp. 355-79. At the same time that Church lawyers began the attempt to secure a Torrens Title, the resident administrator began to bring court cases against inquilinos for nonpayment of rentals for houselots and agricultural lands. In response, the inquilinos organized protests against the archbishop's claim of ownership and, instead, claimed that the early priests had tricked their ancestors out of ownership of the land. They also believed that court officers had been bribed by the Church, so that they were not notified of the land registration attempt until it was too late.

10. AAM, "Obras Pias," 9/13/5, 18 March 1914 letter of Father Leon Lopez to Monsignor Petrelli, the Apostolic Administrator.

the payment of rentals from delinquent tenants. At this, “troublesome elements” had organized the people to defend their rights to the land and houselots against the claim of the archbishop to the hacienda. The administrator professed to be shocked at the fact that the parish priest was one of the ringleaders of the protest meetings and that the latter had publicly criticized the archbishop for what had occurred on the hacienda.¹¹

In 1947 the son of one of the subadministrators recalled the time when his father came to Dinalupihan.

In 1915 my father was sent to Dinalupihan as its *sub-hacendero* and later carried forward its management for more than a decade. And it was during his administration that that hacienda changed into a different condition—from an almost abandoned estate to a flourishing township. Your Grace can well imagine how we strove to form a friendly block among those people of revolutionary temper who even derided the rights of the Archbishop of Manila over that hacienda, comprising the whole municipality.¹²

But by 1919 the Pagalangang factory or central was shut down and abandoned. The most likely reason for the abandonment of the central and the loss of most of the funds invested in it was the decision made by the Calamba Sugar Estate group from 1917 to establish a large, modern central, the first in Pampanga, in Floridablanca, the town immediately adjacent to Dinalupihan. This group of American investors had substantial capital, expertise, and excellent political contacts. Their Calamba central had already been milling Pampangan sugar and their commercial agent, Pacific Commercial Company, had numerous contacts, including Dinalupihan Sugar Estate. The group was incorporated in 1919 under the name of Pampanga Sugar Mills (PSM) and the new plant was opened at Barrio Del Carmen in 1919 under an experienced American engineer and sugar specialist, R. Renton Hind. In 1920 the central was the largest plant of its kind in the country. The Manila Railroad Company extended its Floridablanca spur to tie the new central to its tracks and twenty-five miles of PSM railroad track reached out through the surrounding fields, including Dinalupihan.¹³

11. *Ibid.*, 19 July 1914 letter of Administrator Banzon to Petrelli.

12. AAM, “Obras Pias,” 9/B/5, 17 May 1947 letter of Pablo de Castro, son of Martin de Castro, who was the subadministrator, to Archbishop Michael O’Doherty.

13. John A. Larkin, *The Pampangans: Colonial Society in a Philippine Province* (Berkeley: University of California Press, 1972), pp. 284-86.

Shortly after the accession of an Irishman, Michael O'Doherty, as archbishop of Manila in 1916, Dinalupihan's administration was transferred from the Office of Obras Pias to the Philippine Trust Company, one of three banks controlled by the archbishop. In October 1919 a milling contract was drawn up between PSM and the archbishop's Philippine Trust Company for the area formerly classified as section two, the more than one thousand hectare sugar portion known as Tucop.¹⁴

The fate of the hacienda was affected by the way the financial situation of the archdiocese changed with the accession of Archbishop O'Doherty. From 1914, with the beginning of the First World War, a tremendous business boom had begun in the Philippines. Since the archbishop of Manila was in a position to control three of the most important local banks in the colony, the Monte de Piedad, the Bank of the Philippine Islands, and the Philippine Trust Company, the archdiocese was in an excellent position to take advantage of the investment opportunities presented by the boom.

The first of the banks, the *Monte de Piedad y Caja de Ahorros de Manila* or "Monte" as it was called, had been started in 1880 as a "Bank of the Poor," using as its original capital a small amount from the funds of the Obras Pias. In 1912 the Monte paid back its original capital with interest and began to operate on its own capital. With the onset of the wartime boom period the bank acquired many assets and began to look for profitable investment opportunities.¹⁵ It was under these auspicious circumstances that O'Doherty succeeded Harty as patron of the Monte. O'Doherty claimed absolute power over the bank and nominated all its officers. Some critics say that from this point it lost sight of its original altruistic purpose as the "Bank of the Poor" and became just another bank.¹⁶

The second bank controlled by the archbishop was the Bank of the Philippine Islands. Begun in 1851 as the *Banco Español-Filipino* by the Spanish government in an attempt to counter the lucrative banking

14. AAM, "Obras Pias," 1912-24, 9/B/4, 31 March 1921 report of William J. O'Donovan of the Philippine Trust Company to Archbishop O'Doherty.

15. Roberto S. Anselmo, *A Brief History of the Monte de Piedad and Savings Bank and the Role It Has Played in the Growth and Development of the Philippine Economy* (Manila, 1962), pp. 1-3.

16. Archives of the Society of Jesus—Provincial's Residence (ASJ [PR]), "Memorandum on some of the Temporalities of the Archdiocese of Manila between September 6, 1916 and July 31, 1948," prepared by the Secretary-General of the Catholic Welfare Organization, Rev. John F. Hurley, S.J., for Cardinal Spellman of New York on 13 August 1948, p. 12.

business controlled by foreign merchants and Chinese banking houses, its funds also came mostly from the Obras Pias. Eventually the name of the bank was changed to the Bank of the Philippine Islands (*Banco de las Islas Filipinas*).¹⁷

The Philippine Trust Company was the third bank controlled by the archbishop. He owned 87 percent of the common stock and all of its preferred stock. The archbishop directed the policy of the institution and named its entire Board.¹⁸

Despite the relatively flourishing financial condition of the archdiocese at the time of the accession of Archbishop O'Doherty, it was not long before two major financial problems nearly undermined that prosperity. These were the crash of the Philippine Vegetable Oil Company, the largest coconut oil enterprise in the country, and the Mindoro Sugar Company swindle.¹⁹

It is not necessary to go into a detailed examination of these two disastrous financial ventures, but some of the consequences of the financial straits that the archdiocese was reduced to did have an important bearing on the Church's position on the disposition of Dinalupihan and other assets of the archdiocese.²⁰

17. *Ibid.*, pp. 11-12. Hurley's memo put the total shares of the bank at 67,511 and ₱100 each; of these, the archbishop held 15,914 shares; the Dominicans, 6,000 shares; the Third Order of the Dominicans, 1,000 shares; the Franciscans, 1,000 shares; and the Augustinians, 500 shares. Manila business circles took it for granted that the Archbishop controlled the bank given the 24,414 shares (his own plus the Religious) controlled, the prestige of his position and his control of two other banks.

18. *Ibid.*, pp. 10-11. For a brief history of the Philippine Trust Company see *The Manila Times*, 5 December 1952.

19. Michael J. Connolly, S.J., "The Church Lands and Peasant Unrest: A Study of Agrarian Conflict in 20th Century Luzon," (Ph.D. dissertation, Monash University, 1985), Appendices C and D, pp. 517-28. Briefly, Archbishop O'Doherty borrowed ₱627,800 as a private individual for his own personal account from the Monte de Piedad, a bank of which he was *ex officio* Patron, and purchased 4,164 shares of capital stock in the Philippine Vegetable Oil Company. He pledged the shares of P.V.O. stock as security for the loan. When the P.V.O. crashed in December 1920, the archbishop still owed the bank ₱240,000. As a result of the Mindoro Sugar Company swindle, the archbishop pledged the entire assets of the Archdiocese of Manila as security for a ₱5,000,000 loan from a New York bank. Repayment of the principal and interest on the loan rendered the Archdiocese nearly bankrupt from 1928 to 1948.

20. ASJ (PR), "Memorandum on Temporalities," p. 9 and Attachment No. 14, p. 3. See also ASJ (Loyola House of Studies or LHS), 22 August 1929 letter of Stephen J. Nesbitt to Rev. F.X.A. Byrne in New York. Nesbitt estimated the archbishop's income in 1929 to be about ₱350,000, of which ₱300,000 had to be paid as interest on the loan. In the matter of the Philippine Vegetable Oil Company crash, the archbishop allowed his loyal financial adviser, Philip C. Whitaker, to lose two valuable properties plus about half a million pesos from his own assets rather than risk exposing the fact to the Apostolic Delegate, Monsignor Petrelli, that he [i.e., the archbishop] had been involved in a private speculative financial venture that backfired.

Because of the archdiocese's financial crisis, the three banks controlled by the archbishop went through many crises. Properties controlled by the archdiocese were shuffled around from bank to bank to help one or the other through a crisis. For example, in 1934 partially because of the Mindoro Sugar Company problem, the working capital of the Monte was gravely impaired. To remedy the situation the archbishop ceded and transferred to the Monte part of the Baclaran Estate (in Manila) and Dinalupihan to make up for the losses suffered through bad investments in Mindoro Sugar Company bonds.

EVENTS OF 1920-27

Against this background of speculation, fraud and financial mismanagement, it is possible to resume the narrative of events on Dinalupihan. In July 1920 an agreement which was to have an important long-term impact on the estate was reached between R. Renton Hind, the manager of the PSM central, and J. Elmer Delaney of the Philippine Trust Company, representing the archbishop.²¹

In effect, the 1920 contract turned over the 1,000-hectare Tucop section of the hacienda to Hind who became general manager and superintendent of the property. Hind was empowered to clear and plant sugar on the section, while the archbishop was required to bring a certain agreed portion of the area under cultivation each year, failing which the central was authorized to take possession of the property and operate it for the account of the owner.

Hind promised to secure cash advances from PSM for the expenses of the administration and management of the property. The archbishop committed himself to accepting these only when necessary, and Hind was supposed to send the archbishop a monthly statement of such advances, which the archbishop promised to pay promptly.

The contract gave Hind complete control and he promised to manage the property "in such a manner as in his judgment shall bring best results to the archbishop."²² The agreement was for a period of ten years, unless the hacienda was sold or disposed of by the archbishop at any time within that period.

21. AAM, "Obras Pias," 1912-24, 9/13/4, 7 July 1920 contract between the archbishop and R. Renton Hind.

22. *Ibid.*

Archbishop O'Doherty was abroad in December 1920 when the *Philippine Vegetable Oil Company* collapsed. On his return in early 1921, he expressed extreme anxiety that, because of the collapse, his personal loan to himself from the Monte was in a precarious condition, and also because he was afraid that his private speculation for profit might come to the attention of the Apostolic Delegate. At that point Whitaker stepped in and offered his own securities to help remedy the situation.²³

At this juncture also, in March 1921, a vice-president of the Philippine Trust Company, William J. O'Donovan, visited Dinalupihan at the archbishop's request and prepared a lengthy report on the condition of the hacienda with a view to putting the estate on the market.²⁴ O'Donovan divided the hacienda into two main sections: the 3000-hectare area partially used for palay, and the 1000-hectare Tucop sugar section. The latter section was still mostly uncleared, except for 185 hectares under cane, prepared by *inquilinos* under the direction of Hind. The plan for 1922 was to increase the planted area to 350 hectares. Whitaker was behind the employment of Hind. The former was convinced "that, in order for the estate ultimately to make money, it was imperative to secure the services of a technical man, enabling in the course of time the cultivation of the estate on a much larger scale."²⁵ Hind was convinced that, despite the considerable expense involved, it was essential to convert the uncleared land into cane land.

Between October 1919 and March 1921 the Trust Company had operated the hacienda at a deficit of almost ₱136,000. The costs of clearing the new sugar land had more than eaten up the earnings of the estate. O'Donovan valued the hacienda at ₱1,592,500 plus another ₱200,000 worth of assets on the cane tract. He predicted that the estate would not yield any clear profits until the end of the 1923 milling season.

O'Donovan's comments on the 3,000 hectares of the estate, which included the rice lands of the *inquilinos* and their *aparceros*, are revealing in the light of what was later to transpire. There were about five hundred *inquilinos* producing about fifty thousand cavans of rice a year on some 1,500 hectares. O'Donovan reported that a considerable number of

23. ASJ (PR), "Memorandum on Temporalities," pp. 3-6, plus Attachment No. 7. See also Connolly, "Church Lands and Peasant Unrest," Appendix C.

24. AAM, "Obras Pias," 1912-24, 9/B/4, 31 March 1921 report of William J. O'Donovan, Vice President of the Philippine Trust Company.

25. *Ibid.*

inquilinos paid no rentals at all. He recommended immediate action on the unoccupied and uncultivated portions of the 3000-hectare (rice) section. Only about 1,500 hectares of it was occupied and under palay cultivation. The remaining 1,500 hectares were already practically cleared, were good cane land, and could almost immediately be plowed and prepared for cane at a low cost. His recommendation was to clear 100 hectares for the 1922 crop immediately, then 500 hectares each succeeding year until the whole estate was under sugar cultivation.²⁶

He disposed of the objection that the inquilinos of the rice area would oppose such a plan by arguing that:

. . . no such trouble can in any way be anticipated, as is evidenced by the following. The manager of the present 1000 ha. lot informs me that, on arrival, he succeeded in inducing the *inquilinos* to be satisfied to live on the estate as laborers, no special efforts being required to do so . . . All *inquilinos*, who previously had cultivated a portion of the 1000 ha. lot were eliminated this year. They were content to occupy their houses and work for the hacienda at the usual daily wage, are much better satisfied, and appreciate the considerate treatment which they receive from the Manager . . . Hence, if the contiguous land . . . is absorbed yearly in the manner indicated, the way will be smoothly paved, and the hacienda financially improved.²⁷

O'Donovan ended his report on a very optimistic note about future prospects for the hacienda under Hind's management. Hind had assured him that he would "make every effort conceivable to place the hacienda on a genuine profit earning basis." When all 3,500 ha. were devoted to sugar cultivation, O'Donovan estimated a yearly profit of ₱1,167,500. He went on to emphasize the need for operations on a larger scale and that the archbishop should advance funds for this purpose.²⁸

In mid-1922 the Bank of the P.I. sent an auditor to audit the books of the sugar hacienda at Dinalupihan. He discovered irregularities of approximately ₱100,000 in the accounts.²⁹ At the end of 1922 PSM presented the archbishop with a bill of ₱456,358 for advances made by it for operations on Dinalupihan. By early 1923 a conflict was brewing between the archbishop and the PSM. The archbishop's agents were

26. *Ibid.*, pp. 12-13.

27. *Ibid.*, pp. 15-16.

28. *Ibid.*, pp. 18-20.

29. AAM, "Obras Pias," 1912-24, 9/B/4, 15 August 1922 letters of William T. Nolting, President of the Philippine Trust Company, to the archbishop and to the Trust Company's Board.

seeking to have his debt to PSM reduced by ₱100,000 on the basis of their audit.³⁰

Eventually a settlement to the dispute was reached in the form of a new lease contract aimed at wiping out the debt of the archbishop and giving PSM greater access to most of the estate for sugar cultivation. By its terms the PSM would pay the archbishop an annual rental that would be increased yearly depending on the amount of new land put into cane.

Table 1. Proposed Lease Conditions for Dinalupihan

	Total ha. cane	Estate rental
1st year, there is assumed	650 ha. = 650 ha.	₱55,000
2nd year, to be increased	250 ha. = 900 ha.	₱65,000
3rd year, to be increased	250 ha. = 1,150 ha.	₱75,000
4th year, to be increased	300 ha. = 1,450 ha.	₱85,000
5th year, to be increased	300 ha. = 1,750 ha.	₱100,000
6th year, to be increased	250 ha. = 2,000 ha.	₱100,000

After the fifth year the annual rental would be ₱100,000 for the life of the lease, and after the sixth year the amount of land put into cane was at the discretion of the PSM.³¹ This expansion of sugar cultivation by the PSM soon ate into the traditional rice-growing areas of the hacienda and led directly to the violent tenant unrest which burst out in 1927.

In August 1927 the Governor of Bataan Province, Gregorio Quicho, contacted President of the Senate Manuel Quezon and suggested government purchase of the estate as a solution to the Dinalupihan problem. Quezon wrote to the Acting Secretary of Finance Miguel Unson to ascertain whether this was feasible.³² In his reply Unson had the following to say about the proposed measure:

... let me respectfully invite your attention to the following: (1) It is not well known yet that the cases of Dinalupihan, San Pedro Tunasan, San Rafael [i.e. Bucnavista in Bulacan Province] and Malabon, constitute actual political or social problems to the nation. (2) If the tenants are unreasonably abused by the landowners, it is believed that the proper representations can be made by the government to the higher authorities of the [religious] corporations with

30. *Ibid.*, 18 November 1922 letter of PSM to Archbishop and 1923 agreement between PSM and the archbishop.

31. *Ibid.*

32. Quezon Papers, Box 144, 18 August 1927 letter of Quezon to Unson.

the hope that they will be favorably considered. If the tenants are reasonably treated, do they expect a more paternalistic, lenient treatment from the government? In such a case the government should not expect to be properly reimbursed of the cost of the property and expenses for the administration thereof. (3) In the same manner as the purchase in the past of the so-called Friar Lands furnishes some ground for the present requests for government intervention, so a similar action will set a precedent for future frictions between tenants and landowners, corporations or individuals, and form a basis to request the government to purchase the lands and resell them to the occupants thereof. . . . (4) The money paid the corporations for their haciendas may be taken out of the country or may be used to acquire again real estate by direct purchases or by mortgage loans. The first case is undesirable and the second may cause after a period of years the very difficulties which it is contemplated to settle now.³³

Quezon must have taken Unson's advice to heart because a few days later he wrote to Governor Quicho.

In relation to the matter of the tenants of Hacienda Dinalupihan I want to tell you that, after a careful study of the question, I have reached the conclusion that the government can do nothing on behalf of the tenants there for the simple reason that the acquisition of that hacienda would set a precedent which would give rise to a multiplicity of similar conflicts.³⁴

CAMPAIGN OF RESISTANCE

In September 1927 a campaign of resistance on the part of Dinalupihan rice inquilinos directed against employees of the PSM broke out on the hacienda. Cane inspectors and several other employees of the PSM, including H.L. Hungerford, manager of the PSM agency in Dinalupihan, were assaulted by tenants who admitted they were out to terrorize PSM employees. They were opposed to the archbishop's lease of the property to the PSM. They were especially angered by the PSM's plan to lay railroad tracks for sugar cane cars over their rice fields to get to the sugar plantations of sugar planters associated with the PSM such as Teodoro David.³⁵

33. *Ibid.*, 29 August 1927 response of Unson to Quezon.

34. *Ibid.*, 6 September 1927 letter of Quezon to Quicho.

35. *Philippines Herald*, 21 September 1927 and 29 October 1927.

In early November Secretary of the Interior Honorio Ventura, a large landowner with reactionary views on the land question, went to Dinalupihan for a conference with the inquilinos, who hoped to get the government to buy the hacienda. Ventura claimed that the government had no funds available. The inquilinos countered by asking Ventura to get the Church to sell the estate to them directly. The secretary promised to see the archbishop about the matter. The inquilinos reiterated their opposition to the PSM's railroad tracks being laid through their rice fields.³⁶

The inquilinos were not homogeneous in their conditions of life. Some of the big, wealthy inquilinos had taken advantage of the PSM's rapid expansion of sugar cultivation to become sugar planters in their own right. There were about thirty or so sugar planters on Dinalupihan affiliated with the PSM. Their plantations ranged in size from that of William Fassoth of 404 hectares, and those of the Spanish mestizo planters, Justo Arrastia and Alfredo Infante, with 337 and 333 hectares each respectively, to those of leading inquilinos of Dinalupihan like Teodoro David with 59 hectares, Eugenio Estanislao with 73 hectares and Ciriaco Pineda with 43 hectares.³⁷ Teodoro David was, of course, the same wealthy inquilino who had led resistance to the Church's successful attempt to register the hacienda in its name in 1914. Now local planters like David, Estanislao, and Pineda were being threatened by the smaller rice-growing inquilinos for cooperating with the PSM.

A short time after Ventura's visit, some men deliberately set fire to one of the cane fields of Teodoro David. As soon as Secretary Ventura heard of the fire at David's plantation, he authorized the PSM to lay the railroad tracks according to its original plan to David's plantation right over the rice fields of the smaller inquilinos. But the tenacious opposition of the latter prevented this.³⁸ Ventura then ordered the municipal president of the Dinalupihan, Mateo Pinili, to persuade the rice inquilinos to allow portable rails to be laid to transport the burnt cane of Teodoro David to the PSM mill. PSM officials offered to pay an indemnity of ₱4 for each cavan of rice destroyed by the track laying.³⁹

36. *Philippines Herald*, 2 and 3 November 1927.

37. Laurel Archives, "Haciendas," 1930 list of planters on Dinalupihan.

38. *Philippines Herald*, 15 and 16 November 1927.

39. *Philippines Herald*, 19, 22, and 23 November 1927.

By this time various politicians backed the opposing sides. Governor Quicho and Representative Teodoro Camacho supported the municipal president and the rice inquilinos in their resistance to the encroachments of the PSM. Secretary Ventura backed the PSM, and by implication, the rights of the sugar planters like Teodoro David. With the backing of Quicho and Camacho the rice inquilinos refused to sign a written agreement allowing the PSM to lay the tracks. In a 25 November formal report to the governor general about Dinalupihan, Ventura blamed Quicho and the municipal president for siding with the rice inquilinos against the PSM. By the end of November the PSM sought a court order which allowed it to begin laying the tracks despite the continued opposition of the rice inquilinos.⁴⁰

Another reason for unrest by the rice inquilinos was that the PSM was forcing them to sign one-year contracts at a rental rate one-third higher than before. Moreover, they would have to convert to sugar cultivation and become lessees "of some other favored individuals," probably the sugar planters already allied with the PSM. If they refused to sign the PSM's one-year contract, the PSM went to the courts to have them ejected. By September 1928 some forty rice inquilinos had been already sentenced by the courts to be dispossessed of their lands.⁴¹

THE SANTIAGO BILL

In July 1929 Representative Luis Santiago and five other House members filed a bill seeking to authorize the sale of government bonds to the amount of ₱7,000,000 in the United States to finance the purchase of the Church estates of Dinalupihan, San Pedro Tunasan, and Buenavista for resale to their tenants on an easy installment plan. On 28 September 1929 nearly one thousand tenants from the three estates stormed the hall in the Legislative Building in Manila where the committee conducting hearings on the bill, presided over by Santiago, was meeting. Spokesmen for the tenants, including Emilio Reyes from Dinalupihan, addressed the committee. After the hearing Santiago said that the committee would report the bill favorably to the House for immediate action and that the petitions of the tenants gave strong grounds for passage of the bill.⁴²

40. *Philippines Herald*, 26, 27, and 29 November 1927.

41. Quezon Papers, Box 144, 6 September 1928 special resolution no. 51 of the Dinalupihan Municipal Council. See also *Philippines Herald*, 2, 10 and 28 December 1927.

42. *Philippines Herald*, 28 July and 29 September 1929. Santiago represented the Rizal district, an area with a number of urban or suburban properties owned by the Church.

As the year 1930 began, mass demonstrations were taking place on an almost daily basis at Dinalupihan with tenants trying to sabotage the railroad system of the PSM by derailing engines and cars.⁴³ In January a legislative resolution authorized Governor General Davis to begin negotiations for the purchase of the three estates and report to the legislature before July 1930. In early March Davis appointed a three-member committee of government ministers to study the proposed purchase plan. The chairman was Secretary of Finance, Miguel Unson; its other two members were Honorio Ventura and Rafael Alunan. The committee announced that it welcomed submissions from interested parties. At the same time, Santiago announced that tenants of the haciendas under consideration for purchase would stage a "mammoth demonstration" to get the governor general to speed up the negotiations.⁴⁴

A short time later Unson cancelled a scheduled meeting of the committee because he claimed that the plan had drawn little interest and no submissions. He further announced that the mammoth demonstration would be unnecessary as his committee planned to go to the haciendas for hearings and the tenants would be spared unnecessary expenses.⁴⁵

In early April the governor general and the Unson Committee came out against Santiago's plan because they believed the government would lose greatly in the transaction. Instead the governor general suggested to Santiago that the tenants purchase the hacienda directly themselves.⁴⁶

As early as November 1929 Santiago had been in frequent touch with a committee of Dinalupihan inquilinos who were interested in purchasing their lands directly from the Church. Santiago's contact was Teodoro David, the head of the committee. Santiago's involvement in Dinalupihan was resented by the Governor of Bataan Province, Gregorio Quicho. In a speech at Dinalupihan on Rizal Day Quicho had made a sarcastic reference to the fact that the people had erected an arch to a "saint," that is, to Santiago.⁴⁷

Santiago already had power of attorney from the inquilinos represented by David's committee to negotiate with the archbishop. Their plan

43. *Philippines Herald*, 14 and 25 January 1930.

44. *Philippines Herald*, 4 and 13 March 1930.

45. *Philippines Herald*, 4, 13, and 29 March 1930.

46. *Philippines Herald*, 9 April 1930.

47. Laurel Archives, "Haciendas," 20 January 1930 letter of Teodoro David to Santiago; he sends Santiago a speech of his called "An Answer to the Speech of Governor Quicho," in which he claims that the tenants have the right to desert the "saints" of the archbishop in favor of a "saint," i.e. Santiago, who is really trying to help them get their land.

was for the tenants to pool their capital. In mid-April the Unson Committee announced that it had given up the purchase plan by the government. Unson claimed the government had lost ₱18 million in its administration of the Friar Lands. He recommended direct purchase by the tenants from the owners.⁴⁸ As Santiago continued his negotiations with the archbishop, David's committee formed a corporation with David himself as president, the Dinalupihan Estate Improvement Company, and began to collect funds and issue stock to amass the capital necessary for the purchase.

In his role as chairman of the House Committee on Friar Lands, Santiago got the Bureau of Lands to issue a report which contradicted Unson's claim that the government had lost large sums on the earlier purchase of the friar lands. The report showed a ₱6 million profit and Santiago argued that this justified the purchase by the government of the remaining Church lands.⁴⁹

On 18 July 1930 the archbishop and Santiago signed an agreement which granted the latter, in the name of the Dinalupihan Estate Improvement Company, the right to purchase the estate for ₱2,212,250, its actual assessed value. Santiago had sixty days to come up with the first payment of ₱650,000; the remainder was to be paid in seven equal installments with interest at 6 percent a year beginning on 1 June 1931.⁵⁰ A surveyor was hired by Santiago to begin work on the subdivision of the estate. But in September Santiago had to write to the archbishop requesting an extension of 120 days to find the initial payment of ₱650,000.⁵¹

On 29 October 1931 Santiago met with Speaker of the House Manuel Roxas and urged him to support passage of the Santiago Bill. He submitted to Roxas a report compiled by the Friar Lands Division in the Bureau of Lands showing that the government had made a profit on the earlier Friar Lands purchase.⁵² The next day a demonstration march of nearly three thousand tenants from the Church haciendas marched from the Luneta to the legislature and on to the governor general's Palace demanding passage of the Santiago Bill. In his speech to the demonstrators Davis urged patience and said he did not yet have the Unson Committee's final report to act on. Speaker Roxas urged the tenants to

48. *Philippines Herald*, 15, 16, and 17 April 1930.

49. *Philippines Herald*, 26 April 1930.

50. *Philippines Herald*, 13 June and 19 July 1930.

51. Laurel Archives, 9 September 1930 letter of Santiago to the archbishop.

52. *Philippines Herald*, 27 October 1930.

have faith that the legislature would do its best to provide "the necessary measure of relief."⁵³

At a meeting called on 31 October to decide what to do about the Santiago measure, Roxas voiced strong opposition to it, claiming that the government was short of funds. Unson supported Roxas and argued that the previous purchase of the friar lands had been a financial disaster for the government. At that point Santiago exploded and vehemently accused the Speaker of systematic opposition to all his measures. He threatened to introduce his bill into the House and secure its approval against the will of the Speaker. Roxas retorted that he would find himself alone if he did that. Santiago claimed to have fifty-four supporters in a House with a membership of ninety-five.⁵⁴

But by 1 November Santiago's followers had almost all deserted him after they heard charges of financial irresponsibility hinted at by Speaker Roxas. Later on, Santiago, David, and the treasurer of the Improvement Society were charged and convicted of fraud in connection with their mishandling of some of the funds collected by the Dinalupihan Estate Improvement Company. Santiago blamed certain politicians in Bataan for initiating the criminal case against him. Teodoro David also denied any crime and claimed that the whole affair was begun for political purposes by political enemies. Santiago appealed his conviction to the Supreme Court, but in May 1934 that court confirmed Santiago's conviction and sentence, while it exonerated David and the treasurer as being mere tools of Santiago. Discredited by the criminal charges, Santiago's efforts to purchase the property from the archbishop collapsed.⁵⁵

THE DEPRESSION YEARS — POLARIZATION INTO RICH AND POOR TENANTS

In 1931 Teodoro David was elected municipal president of Dinalupihan and continued in that office for six years. He continued to organize societies on the estate, the avowed purpose of which was to get the government to purchase the estate for resale to its tenants.

53. *Philippines Herald*, 28 October 1930.

54. *Philippines Herald*, 30 October 1930.

55. *Philippines Herald*, 31 October and 1 November 1930; 28 February 1931; and 15 May 1934. See also Laurel Archives, "Haciendas," 26 December 1930 letter of Santiago to Bataan Province Fiscal, and Quezon Papers, Box 144, 29 March 1932 sentence of Judge Lampa.

56. Quezon Papers, Box 144, 25 September 1935 Rodriguez Report.

In July 1935 Representative Eulogio Rodriguez proposed that the legislature authorize Gov. Gen. Murphy and a committee headed by Rodriguez to begin negotiating with the owners of Church lands with a view towards government purchase. It was a reenactment of the process undertaken by Santiago five years earlier. The Rodriguez Committee submitted its report in late September and found a wide discrepancy between the asking price for Dinalupihan of the archbishop's bank, the Monte de Piedad, and what the inquilinos led by Teodoro David considered a fair price. The bank asked ₱2,256,094, which was the assessed value of the land plus improvements to it. The tenants claimed that this price was exorbitant and unreasonable, and argued that a fair price would be less than a third of it, or ₱708,660. Nothing ever came of the recommendations of the Rodriguez Committee.⁵⁶

In early 1936 Department of Labor investigators included a lengthy report on agrarian problems at Dinalupihan in their "Fact-Finding Survey Report."⁵⁷ The investigators found that the remote cause of the unrest on the estate was that the people believed that their forefathers had cleared and owned the land. They were uncertain of how the Monte de Piedad had come to be the owner. They felt that the Monte was a front that the archbishop was using to force the tenants to pay rents for the houselots, which they had never done before. The tenants believed that the early priests of Dinalupihan had urged the people to make voluntary contributions of land to support the seminary of the archbishop. The people were too gullible, and, before they knew it, the archbishop had obtained a grant from the Spanish government making the seminary and the archbishop the owner of the estate. In 1914 the archbishop secured a Torrens Title for the estate with practically no opposition from the inquilinos because, allegedly, court officers were bribed and no notices were sent out about the land registration case. There was a strong feeling among the inquilinos that they had wrongfully been deprived of their lands by trickery and fraud.⁵⁸

Between 1915 and the year of the survey, 1936, a vast expansion in sugar cultivation had taken place.

57. Commonwealth of the Philippines—Department of Labor, "Fact-Finding Survey Report," (Manila, 1936); the section on Dinalupihan is in pp. 355-79.

58. *Ibid.*

Table 2. Land Use on Dinalupihan: 1915 to 1936 (in ha.)⁵⁹

Year	Total	Solares	Sugar	Irrigated	Unirrigated	Forests
				Rice	Rice	
1915	4,122	25	515	515	1,030	2,033
1936	4,125	59	2,312	739	111	533

The approximately two thousand hectares of newly cultivated sugar and rice lands came from the clearing of forested land and from eating into unirrigated rice land.

The rapid and extensive development of sugar cultivation had led to a complicated superstructure of exploitation. In 1936 the Monte de Piedad was the registered owner of the estate. But the sugar cane fields were covered by a long-term lease contract between the Archbishop and the PSM due to expire in 1948. The PSM, in its turn, had lease contracts with thirty or more sugar planters or *hacenderos*. The PSM central was the financier of the planters for their expenses in connection with the production of sugar.

The planters who leased the largest tracts included a foreigner, a couple of wealthy Spanish mestizos, the Benedictine Fathers, a wealthy landowner from a neighboring estate, and several of the big, wealthy inquilinos of Dinalupihan, including Teodoro David, who was the municipal president at the time of the survey. These big planters used tractors and fertilizer in the cultivation of their plantations. At harvest time they contracted for Ilocano laborers who accepted lower wages than the laborers available on Dinalupihan. Some big, wealthy inquilinos had seized the opportunity presented by the rapid conversion of the estate to sugar cultivation after the signing of the lease with the PSM. To inquilinos such as Teodoro David the lease to the PSM had many advantages. But for many of the displaced rice inquilinos the PSM lease was a disaster. In this respect, the survey team report noted:

While the Archbishop of Manila benefited much in the [PSM] lease, it is apparent, in view of complaints made by the people, that the common 'Tao' had been affected to a great extent. The vast fertile lands embraced within the Dinalupihan Estate were formerly distributed among many individual farmers [i.e. rice *inquilinos*] who then held from 2 to 8 ha. and who refused to comply with the order of the PSM to have the land planted with sugar cane,

59. Ibid., p. 357; 1915 data from tax form in AAM, "Obras Pias," 1912-24, 9/3/4.

[and who] have been deprived of every piece of land they were cultivating. It may be true that the PSM had the absolute right to do any sort of ejectment, but the worst part of it is that so many people complained that they were never given compensation for the clearing done nor the value of the improvements made. There are many farmers who now turn their interests to homesteads. These people are established in some fertile and tillable lands near the mountainous and public lands.⁶⁰

Some forty or more small rice inquilinos had been ejected from the estate through the courts by the archbishop's lessee, the PSM, because they refused to convert to sugar cultivation and pay higher rentals for short-term leases. According to the report, about 70 percent of the inquilinos were discontented because a large portion of the hacienda had come under the control of the PSM through the lease and the small rice inquilinos had suffered as a result. For a while the expansion of sugar cultivation had given some inquilinos the illusion that they were on the road to prosperity, but the introduction of the Sugar Limitation Law in 1934 had ended that. By that time the expansion of sugar cultivation had rendered the irrigation system, which was a good one when rice was the staple crop, impractical. The inquilinos regretted the destruction of the irrigation canals and dams. Because the railroad system of the PSM covered the estate, the inquilinos were unable to extend the irrigation system.⁶¹

In addition to the unrest on Dinalupihan in connection with sugar cultivation and the PSM lease, there was also tension in the relationship between the inquilinos and *aparceros* still cultivating rice. Most of the rice land was leased to about five hundred or so small inquilinos. The division of produce at the harvest between these inquilinos and their *aparceros* was done on a fifty-fifty basis, but the *aparceros* incurred more than double the expenses incurred by the inquilinos. Any loans extended by inquilinos to *aparceros* had to be paid back at exorbitant rates of interest.⁶²

Another issue that rankled all the Dinalupihan tenants was the attempt by agents of the Monte de Piedad bank to collect rents for their houselots which, they claimed, they had never paid before because the houselots belonged to their ancestors. Court cases against five delinquent tenants

60. *Ibid.*, p. 369.

61. *Ibid.*, p. 360.

62. *Ibid.*, pp. 364-66 and 368.

were pending at the time of the survey and considerable unrest would likely result if the five were convicted and attempts made to eject them.⁶³

With such a complex superstructure of the archbishop's agents, the PSM's agents, the sugar planters and the wealthy noncultivating inquilinos exploiting the labor of the small inquilinos and aparceros, there were abundant grounds for unrest. The only organization on the estate helping the small inquilinos and aparceros to devise ways to improve their situation was a tenants' union, the *Liga de Campesinos*. Although the *Liga* was not very effective because the whole of Dinalupihan was "practically leased to a few [big] inquilinos, and as [these] . . . were not interested in the aparcerero's welfare and well-being," an organization like the *Liga* was really the only means of improving economically the masses of Dinalupihan.⁶⁴

The survey team felt that application of the Rice Share Tenancy Act passed by the legislature in 1933 would have gone a long way towards easing unrest on the estate as far as the aparceros were concerned. But it had never been applied in Dinalupihan because "the majority of the members of the Municipal Council are landholders [i.e. big inquilinos]," and the aparceros were ignorant of the provisions of the law.⁶⁵

The survey team concluded its report by recommending government purchase of Dinalupihan as the best solution to the unrest there. In addition, it made several other specific recommendations designed to remove unrest, in case the government could not see its way to purchasing the estate immediately.⁶⁶

PERSONALIZED ELITE POLITICS

Its roles as a city slum landlord, as a hacendero on estates such as Dinalupihan, and as a banker, earned the Church mounting criticism in the years leading up to the outbreak of the Pacific War. In a 1929 letter one knowledgeable observer remarked on how the Church was rapidly losing its moral good name and how he himself was wary of the "mess at the [archbishop's] Palace."⁶⁷ This situation led to an order from the Vatican in July 1931, transmitted to Archbishop O'Doherty by the

63. *Ibid.*, p. 366.

64. *Ibid.*, p. 20.

65. *Ibid.*, p. 370.

66. *Ibid.*, p. 373-78.

67. ASJ (LHS), 22 August 1929 letter of Stephen Nesbitt.

Apostolic Delegate, William Piani, advising the former "to get out of commercial and banking activity, which, as well as being rather indecorous for the Church, could also be dangerous."⁶⁸ In 1936 ex-Gov. Gen. Harrison reported that the business interests of the archbishop seemed to be "losing all along the line."⁶⁹ In the summer of 1940 *Fortune* magazine writer, Florence Horn, noted the immense amount of criticism of the Church for its role in business and as an important capitalist.⁷⁰ Although the archbishop had ignored the earlier Vatican order, eventually it did lead to a reassessment of the Church's position.

Burdened with the disastrous ₱5 million loan, the archbishop called in businessmen and banking experts to go over the whole situation of the Church's enterprises. These friendly advisers suggested to him that the Church would strengthen its position if it got out of the real estate business by selling its urban properties to the government in order to put the banks on a secure financial basis, and by turning over its large tenanted rural estates to the tenants. The small profits earned from the latter could not possibly compensate for the escalating criticism and growing unrest of the tenants. After several meetings a consensus was reached that it was "urgently desirable to dispose of these properties in order to avoid the insurmountable difficulties which threatened all holders of large estates and especially the Church." As a result a plan covering the sale of all the large estates was worked out and submitted.⁷¹

But just when negotiations between the government and the Church for the settlement of these agrarian and financial problems seemed on the verge of success, the once friendly personal relationship between the president and the archbishop changed to one of coldness and animosity mostly because of the shabby treatment by the archbishop of loyal and dedicated advisers who also happened to be friends of Quezon. Harrison's diary records the breakdown although it does not indicate precisely when it took place.

Archbishop O'Doherty was formerly a close friend of Quezon, who had given up his friendship for the Archbishop after a series of coldblooded abandonments by the latter of those who served him loyally; [F.B.H. mentions Thomas

68. ASJ (PR), "Memorandum on Temporalities," Attachment No. 14, p. 3.

69. Michael P. Onorato, ed., *Origins of the Philippine Republic: Extracts from the Diaries and Records of Francis Burton Harrison* (Ithaca, N.Y.: Cornell University, 1974), p. 94.

70. Florence Horn, *Orphans of the Pacific: the Philippines* (New York: Reynol and Hitchcock, 1941), pp. 114-26.

71. ASJ (PR), "Memorandum on Temporalities," Attachment No. 14, p. 3.

Hartigan, Philip Whitaker, Michael O'Malley and Fr. William Fletcher] . . . Quezon sent for the Archbishop and told him he had lost faith in him; listened to O'Doherty's explanations of the four cases and then replied that he was no longer his friend; that he would continue to show him every official and personal courtesy . . . but "he was through."⁷²

The discord that had developed between Quezon and O'Doherty soon led to open hostility on the part of Commonwealth officials toward the Church. This became evident when the government filed proceedings to annul the titles of the archdiocese to certain properties. The conclusion was inescapable that this order was due largely, if not entirely, to the personal animosity of the president toward the archbishop.⁷³

In January 1940 the government began to challenge in the courts the titles of the Church to various urban properties known as *capellanias* (chaplains).⁷⁴ Most of these urban properties had originally been donated to the Church for religious and charitable purposes. The income from the donated piece of land was meant to support a chaplain to pray for the donor or to fund some kind of charitable work. In most cases the Church had a Torrens Title to the property in question. The thrust of the government's campaign against the Church was to investigate whether the properties and the income from them were being used for their original religious and charitable purposes or merely as rental property or real estate. In a number of cases the properties had numerous tenants living in substandard housing and unsanitary conditions with the Church in the role of a slum landlord. In other instances some of the properties had been sold to third parties at market prices in ordinary real estate transactions or ceded to one of the Church's banks.

Throughout 1940 and 1941 the government's Corporate Counsel, Ramon Diokno, and a special team of Justice Department investigators launched several court cases challenging Church titles to properties in Baclaran, Malabon and Tondo. In addition, government authorities put pressure on the Church to do something about the swampy and unsanitary conditions on some of its estates. The campaign reached its crescendo in April 1941 when the Secretary of Justice challenged in court the

72. Onorato, *Origins of the Philippine Republic*, p. 186. Michael O'Malley and Father William Fletcher were also financial advisers sacked by Archbishop O'Doherty. See also notes 3, 5, and 20 above.

73. ASJ (PR), "Memorandum on Temporalities," Attachment No. 14, p. 3.

74. *Philippines Herald*, 26, 29 and 31 January 1940.

archbishop's right to be Patron of the Monte de Piedad, claiming instead that the nation's chief executive or the president was in fact the Patron.⁷⁵

Churchmen, who had been parties to the earlier amicable negotiations with the government over the disposal of Church properties, noticed the sudden change in attitude of the government negotiators. It was apparent that the breakdown in the personal relationship between the president and the archbishop was behind the new campaign against Church properties.⁷⁶ Eventually, however, events were overtaken by the outbreak of the war in late 1941.

As a partial response to continuing tenant unrest on Dinalupihan, in June 1940 the Rural Progress Administration (RPA) purchased the Dinalupihan Homesite Area for ₱268,067.95 from the archbishop, subdivided it into 1,550 lots and began to sell them to the 750 occupants. But the distribution of lots had only just begun when Dinalupihan suffered extensive damage during the fighting at the outbreak of the war.⁷⁷

In June 1946, after the war, the Roxas administration reorganized the RPA with the aim of beginning government purchase of large estates with tenant unrest once again.⁷⁸ In late 1946 the archbishop offered to sell the government six Church properties, including Dinalupihan, in order to use the proceeds to rehabilitate two of his banks, the Monte de Piedad and the Philippine Trust Company.⁷⁹

The Roxas administration appointed a committee headed by Secretary of Justice Roman Ozaeta to study the Church's offer. This committee was assisted by Commander "Chick" Parsons, a close friend of General MacArthur and Archbishop O'Doherty. Eventually Dinalupihan was purchased as part of a package deal whereby six Church properties were exchanged for ₱5.8 million which was used mainly to rehabilitate two banks of the archbishop, the Monte de Piedad and Philippine Trust Company.⁸⁰ Under the formal agreement the RPA expropriated Dinalupihan's agricultural portions for ₱1.3 million under the terms of Commonwealth Act 539.⁸¹ Clearly this kind of government policy "was

75. *Philippines Herald*, 2 February, 4 and 15 March, and 4 December 1940; 27 February, 28, 29, and 30 April 1941.

76. ASJ (PR), "Memorandum on Temporalities," Attachment No. 14, p. 3.

77. ASJ (PR), 30 August 1941 report of RPA General Manager L. Hidrosollo.

78. *Manila Times*, 24 June 1946.

79. *Manila Times*, 30 November 1946.

80. *Manila Times*, 23 February 1947.

81. Republic of the Philippines—Department of Agrarian Reform, "Summary Profile of Landed Estates," 30 April 1978.

not 'land reform' primarily designed to transform tenants into owner-cultivators, but was a social service agency for landlords with shaky titles or poor profit ratios."⁸²

CONCLUSION

During the first half of the twentieth century the institutional wealth of the Church and its access to legal and financial expertise enabled it to prevail over the opposition in the power struggle over ownership and control of Dinalupihan Estate. But the personal involvement of Archbishop O'Doherty in speculative financial ventures and the involvement of the Church in banking and the real estate business led to mounting criticism of the Church as an institutional capitalist and landowner.

From the late 1920s until the late 1940s the archdiocese was practically bankrupt. This meant that a nearly bankrupt Church used properties such as Dinalupihan as pawns, passing them around as assets enabling banks to withstand financial crises. It also helps to explain the profit-making behavior of estate administrators in their dealings with tenants and the determination of the Church to get high market values for its properties in negotiated sales. The estates were part of the institutional wealth of the Church and were treated as marketable assets subject to banking and real estate criteria.

The "landed estates policy," formulated by the Quezon administration in the late 1930s out of fear of the growing peasant mobilization in Central Luzon, enabled the Church to dispose of the homesite area of Dinalupihan to the RPA for a little over ₱268,000 just before the war. The same policy of the Roxas administration after the war enabled the Church to rehabilitate two of its banks with the funds it received from the sale of the agricultural areas of Dinalupihan and five other Church properties to the RPA. It is clear that the "landed estates policy" of both administrations put the government in the role of a welfare agency aiding landlords such as the Church dispose of properties where the profits were low, titles were under litigation, or tenant unrest was great.⁸³ In any case, it was not a policy to help the small cultivating tenant.

82. David Wurfel, "Historical Background: The Development of Post-War Philippine Land Reform: Political and Sociological Explanations," in A.J. Ledesma, S.J., et al., *Second View From The Paddy* (Manila: Institute of Philippine Culture, Ateneo de Manila University, 1983), p. 10.

83. *Ibid.*, p. 2. Wurfel also points out that the same tendencies prevalent elsewhere in the Philippines were characteristic of the RPA estates as well, namely concentration of land ownership and a tendency for ownership of the land to end up in the hands of wealthy inquilinos or speculators, not in the hands of the small cultivating inquilinos or *aparceros*.

Because of the highly personalized nature of Philippine politics among a relatively small power elite, the real danger to the Church's interests came not from the government's "landed estates policy," but from the breakdown in the once friendly personal relationship between President Quezon and Archbishop O'Doherty, attributable largely to the archbishop's shabby treatment of loyal subordinates, who were also friends of Quezon. The rupture in the personal relationship between the two led to an abrupt change of policy, reflected in the government's attempt to challenge titles of the archdiocese to certain urban properties.

Throughout the half century inquilino opposition to Church ownership was continual. Fundamental to this continual opposition was the unshakeable belief of most inquilinos that their ancestors had once owned the land and had been tricked out of it by the Church. On this issue, namely the political struggle to wrest ownership away from the Church, the big wealthy inquilinos such as Teodoro David led the united resistance of all the inquilinos, both big and small.

The arrival of industrialized sugar production, which disrupted the traditional agrarian economy, also contributed heavily to the unrest by small inquilinos and *aparceros*. In order to guarantee efficient use of expanded milling capacity, traditional rice inquilinos were pressured to convert to sugar production or else evicted. The PSM preferred wage laborers or seasonal workers to the traditional tenancy arrangements. Incentives for increased efficiency undermined the moral economy of customary inquilino-*aparcerero* relations. The standard of living of small inquilinos and *aparceros* deteriorated, while the centrals created a crop of wealthy planters.⁸⁴

Such conditions generated a second strand of unrest on the Church lands, a set of issues having to do with the conditions of land tenure and reform of the tenancy relationship. This strand of unrest split the inquilinos into two groups, big versus small, whose economic interests were opposed. For example, several big Dinalupihan inquilinos like Teodoro David took advantage of the archbishop's lease to the PSM to become sugar planters. But the same expansion of sugar cultivation led to many small rice inquilinos eventually being ejected from the estate. The Department of Labor's survey report in 1936 found that the tenancy relationship between inquilinos and their *aparceros* was an inequitable one, causing much unrest. The relatively ineffective Liga de Campesinos

84. John Walton, *Reluctant Rebels* (New York: Columbia University Press, 1984), pp. 53-55.

was the only organization on the hacienda seeking reforms in the tenancy system.

Within the context of a power struggle over ownership and control of the land, the wealthy inquilinos such as Teodoro David used their leadership of the political struggle against the Church to legitimate their positions of wealth and privilege on the estate. The small inquilinos and sharecroppers were only able to vent their grievances about the conditions of land tenure and the tenancy relationship through sporadic violence or when outside leadership or an organization like the Liga assisted them in organizing to do so.

Finally, government-initiated interventions and reforms were more beneficial to the Church or big inquilinos than to the small cultivating tenants. Assemblyman Santiago's attempts to make use of tenant mobilization and demands to pressure the political establishment into purchasing the Church lands for resale to their tenants had no effect on a political elite whose interests were closely tied to those of the landlords. The kind of policy eventually formulated by the Quezon and Roxas administrations as a response to the more far-reaching peasant mobilization in Central Luzon in the immediate prewar and postwar periods, as exemplified by the RPA's purchase of Dinalupihan, served the interests of the Church and, to some extent, those of the big inquilinos.