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Filipino landowner. At present the prevailing rate of payment or expenses incident to the production of abaca fiber is as follows:

'40% of the proceeds of sale go to strippers 10% to gasoline, petroleum, grease and repairs 20% to laborers who clean of weeds from land 10% to other expenses such as hospital bills, etc. 15% to Filipino land owner

Total 95

"Thus we see that of the 100% of the proceeds of sales of abaca fiber produced by the Japanese he can net only 5%. At the prevailing market price per picul of abaca of five pesos (P.5.00) he (the Japanese) can make only twenty-five centavos (P.0.25) for every picul of abaca the Japanese can produce. And of this 25 centavos he can make from every picul of abaca he produces, he feeds and clothes his family, he pays his hospital bills and pays his indebtedness.

"The average Japanese engaged in agriculture here in Davao works on ten hectares of land planted in 10,000 hills of abaca. In the planthing of abaca he takes or employes three or four laborers usually Filipino to help him clear the forest and plant the land with abaca. After planting he must keep the ground always free from all kind of weeds in order to obtain the greatest agricultural value from the abaca planted. He alone cannot do this job and he must take another laborer to help him. If he is married to a Japanese woman, his wife helps him in this work and he can save the wages of the laborer. After planting, 2 years must elapse before the Japanese can gather the produce of abaca planted by him. In the production of abaca fiber from the 10,000 hills of abaca planted by him, he must employ four or five laborers, usually Filipino laborers, to strip for him the abaca into fiber. To these Filipino strippers he pays 40% of the proceeds of the sale of abaca stripped by the Filipino laborers. This team of five Filipino strippers working together can strip into clean fiber an average of these five strippers to strip all the matured abaca trunks of the 10,000 hills of abaca. After stripping all the matured abaca trunks of abaca become mature and ready for stripping. In one year therefore, the Japanese working on 10,000 hills of abaca can strip four times at three months interval, and the 10,000 hills of abaca yield from him from 240 to

"The average yearly yield per hectare of land planted to abaca is from 24 to 32 piculs of abaca fiber. This holds good only on virgin land and during the first five years of production. After this, production declines and on the tenth year it goes down to the level that it is no longer profitable to work on this particular land.

"It is evident that the Director of Lands is misinformed when he thinks that the Japanese gets all the profits in his plantation relation with the Filipino land owner.

He does not take into consideration the other factors that enter into the production of one picul of abaca fiber. I am writing this note to acquint you of the existing conditions here in a Davao and to request you to correct any misinformation the Director of Lands may have on the relationship between the Japanese and Filipino lands owner here in Davao."

In view of the foregoing, we request that the application of Dr. Dakudao be given due course and approved.

Manila, October 27, 1933.

LAUREL, DEL ROSARIO & LUALHATI By:

JOSE P. LAUREL
Attorney for the applicant,
Dr. Santiago S. Dakudao
601-608 Cu Unjieng Bldg.,
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from one of them they were also told that there are nothing wrong with their activities and that they are one of the most law-abiding people on earth. At that time I was just . beginning to introduce improvements in my land and had at that time only ten or twenty Japanese laborers. Had the Bureau of Lands investigators told me at that very time that it was illegal to employ Japanese labor I would not have continued to use Japanese labor and I could have been saved now from worry and mental torture because of the present attitude of the Bureau to cancel our applications for wlleged subletting of the land to Japanese subjects. My relatives also would not have put thousands of their # money in Government lands here in Davao had they knew beforehand that it is illegal to use Japanese labor in the cultivation of those lands. And Mr. Dans, Assistant Director of Lands, knows that the method of employing Japanese labor now prevalent here in Davao, was used by the Japanese, American and Filipino landholders in 1927 when he came on special mission to see the legality or the illegality of this method. As I said above Mr. Dans returned back to Manila giving us to understand that there was nothing wrong with this method of using Japanese labor in the cultivation of the land acquired from the Government".

It seems that the idea behind the suspicion in employing Japanese laborers on the land is to discourage and create unemployment among the Japanese in the province of Davao with the ultimate result that they will have to go to Japan when their services are dispensed with by public landholders. This is impolitic and dangerous. To our mind this resilt cannot be obtained, and not logical to be expected in view of the presence of human activities in Davao other than farming which needs Japanese labor. There are private # individuals; commercial houses; private landholders and other firms where Japanese labors are indespensable. Government manual services for instance are open inducement to them. An investigation of public funds disbursement in Davao will show that many Japanese names are included in its payrolls. If the Government desires to discourage the employment of Japanese laborers it seems logical that it should first clear up itself with the employment of Japanese laborers to avoid any possible suspicion. It must set an example. And if, upon the other hand, we want to limit the number of Japanese

laborers in these islands proper legislations seems to us is in point but certainly landholders should not be made the recipients of all these innonimate prohibitions.

Another point hinted by the officers of the Bureau of Lands in the various conferences of the undersigned in connection with suspicion on the application of Dr. Dakudao' is justified by the existing contract between the applicant and the Japanese laborers where the latter are being given a share of 85% of the proceeds of the sale of the crops after deducting the amount of expenses incurred in the production. In this connection, we beg leave to quote hereunder the pertinent portion of the letter which we received from our client, Dr. Dakudao, which in our opinion is sufficient to dispel any possible doubt on this point. He said:

"With reference to the contract of agreement entered into between the applicant and the Japanese laborers please inform the Director of Lands that there is no written agreement between the parties.

"The Bureau of Lands believe that by paying the Japanese 85% of the proceeds of the sales of abaca, the Japanese is reaping the great bulk of the "profits" leaving the Filipino landowners to be content with a meager participation of the proceeds of the sales of the crop. Nothing is farther from the truth. If the whole 85% go to him in bulk, pocketing the whole of it, the assertion may be true. But it must be born in mind that the Japanese cannot produce the abaca fiber by working alone. He must employ other laborers (with but very few exceptions he employ Filipino labor) to help him produce the abaca fiber. And from the Asign to neip nim produce the abaca liber. And from the 85% of the proceeds of xi sales that the Filipino land-owner pays him he has to pay the wages of laborers who abaca for him, he keep the abaca plantation clean of all weeds and who plows hasto pay for the ground in order to obtain the greatest agricultural value from the abaca planted by him, he has to pay for please and lubically indebtedness contracted while planting the abaca and even oil for the engine during stripping and he has to pay for hospital bills of his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to his laborers who met with accidents in the area to have a superior to obtain the greatest agricultural value from the abaca planted by him, he has to pay for his laborers who met with a consideration to the area to have a superior to obtain the greatest agricultural value from the abaca planted by him, he has to pay for his laborers who met with a consideration to the abaca and even to the abaca planted by him, he has to pay for a superior to the abaca and even to the abaca his laborers who met with accidents in the operation of the and stripping his laborers who met with accidents in the operation of the machine, he has engine and stripping machine often resulting in the more or to hay the wages | less serious mutilation of the fingers or arms of his labours who | laborers. Summing up all these expenses there is particular practically nothing left to the Japanese at the prevailing market price of abaca.

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> "Now let us come to figures in computing the 'profits' that the Japanese reaps from his relationship with the

cified time after acquisition without observing the formalities required by law, to person, corporations or associations not authorized to lease or buy public lands. There is no doubt in our minds that there is neither subletting nor encumbrancing or assigning in this case; hence, there is no justification to warrant any action by the Government which may be prejudical to the interest of the applicant. Mr. Dakudao welcomes an investigation at any time, to clear up any possible doubts, should there be any in the minds of our Government Officials with regards to the real status of the Japanese laborers on the land covered by his application.

For the information of the Director of Lands, it may not be out of place to state at this juncture the reason why the services of Japanese laborers are being sought for, instead of the natives. The advantages are manifolds. In the first place, we desire to state that altho native laborers should for obvious reasons, be preferred yet, there are not at present sufficient Filipino laborers in Davao who will be able to take the place of Japanese laborers, with the same efficiency, the same diligence, the same or equal in truspworthiness as those of the Japanese and who would be equally willing to feel the responsibilities on their shoulders as the Japanese laborers. The Landholders in spending their capitals desire, of course, a fair return, and in the selection of their labor great care is used to employ people who will be assets to their agricultural enterprise rather than liabilities and the consequent loss of their investment. In the second place, this is also the practice followed by the provincial and municipal governments of Davao and the Bureau of Public Works. Japanese Laborers are being utilised in view of their efficiency. There is no doubt

that the government in utilizing the services of the Japanese desires to protect its interest. Such being the case no plausible reason appears why the same Government would deny public land applicants in employing means that would ensure and protect their financial interest. Owners of land or the employer do not need to be over watchful when these Japanese work because said Japanese continue to do their business well and fully, without close supervision. This statement is not intended to cast an unwarranted criticism against native laborers in that part of the country and neither do we have in mind to belittle their capacities in any undertaking. This is the result of almost 20 years close observations and this is also born out by the facts now obtaining in that province.

We believe and the Director of Lands, we presume, also knows that nothing is contrary to law in the wm utilization of foreign labor. It is but natural for any people to adopt a system most beneficial to them. If the Government believes that the employment of Japanese laborers or foreign laborers by public land applicants should be discouraged bacause it runs counter to some public policy, we believe that proper steps should be taken toward the amendment of our statutes.

The employment of Japanese laborers on the land of Dr. Dakudao could have been cut short in the year 1927 when he was just begining to adopt the system, common in that locality of introducing improvements on the lands through the medium of Japanese laborers. His capital should not have been invested in this manner if it were not, said Dr. Dakudao, that:

"In the year 1927, Er. Jose Dans the present Assistant Director of Lands with several personnels of the Bureau in Kanila came to Davao to investigate the alleged violations of land laws. They stayed in Davao for several weeks going minutely into the books of most of Japanese corporations having landholdings. They called me up also and examined my books and asking me pertinent questions they told me that there was nothing wrong with my employing Japanese laborers in the land I acquired from the Government. As to Japanese corporations according to informations I gathered

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as "croppers". The term "cropper" is applied to a person hired by the landowner to cultivate the land, receiving for his compensation a portion of the crops raised. The Supreme Court of Arkansas has held that in the case of Burgie v. Davis, 34 Ark.

179 "that the law governing landhelders" liens had no application to the case, but the cropper was entitled to file a laborer's lien on the crop for whatever was due to him but remains unpaid".

Croppers or laborers have no interest on the land, altho they have a laborer's lien on the crops for whatever is due them. They do not pay rents for the occupation of the land. They are there for the purpose of tilling the soil, in consideration of which they are given a share on the products produced by them. The lessee, the applicant in this case, is and continues to be not only actual possessor of the land but also the owner of the crops raised therein with the rights of supervision and discharge of laborer even without cause at any time. The legal possession of the land, as well as the title to the entire erop is in the owner of the soil. The Japanese laborers are as employees are occupying and tilling the premises for the employer and at any time during the existence of the contract of employment may be ejected from the land without hearing, if, in the opinion of the employer his interest and that of the Government so desire require. There has been no occasion during their relation where an employee could decline or refuse to relinquish possession of the property after being discharged. The case of these Japanese laborers is exactly similar to that of a servant who occupies a house belonging to the master, free of rent, as incidental to and connected with the performance of his duties as such servant. In the eye of the law, the master has never parted with the poseession of the premises, the servant's possession being regarded as that of the master. If he quits the

the service of the master before the expiration of the terms or is discharged by the master, his right to stay and live in the dwelling house ceases. The master may enter any time into the premises and, if necessary, may use such reasonable force as may be necessary to expel the servant. From the foregoing, it is evident that the property in the case of Dakudao has not been subleased to the laborers under their agreement for none of the elements constituting the a contract of tenency nor that of lease is present.

An examination of the provisions of our public land law, limiting the rights of public land applicants in the encumbrance of their rights and interests over the land acquired by them from the Government disclosed that in the employment of foreign labor is not one of those directly or indirectly prohibited by our statutes. It is, therefore, our contention that the lagislature did not real thy have in mind to limit the rights of any public land applicant on this particular point.

Section 37 of Act 2874 as amended provides in part as follows:

"x x x It shall be an inherent and essential condition of the lease that the lessee shall have not less than one-third of the land broken and cultivated within five years after the date of approval of the lease and shall not assign, encumber, or sublet his rights without the consent of the Secretary of Agriculture and Natural Resources (now Secretary of Agriculture and Commerce) and that the violation of this condition shall avoid the contract: Provided, that assignment, encumbrance, or subletting for purpose of speculation shall not be permitted in any case; Provided, further, that nothing contained in this section shall be understood or construed to permit the assignment, encumbrance, or subletting lands leased under this Act, or under the former Public Land Act, to persons, corporations or associations which under this Act are not authorized to lease public lands, unless otherwise provided by general or special legislation by the Legislature". (As amended by Sec. 9 of Act No. 3219 and Sec. 9 of Act No. 3517).

It is apparent from the above quoted provisions of law that what is prohibited is the assignment, encumbrancing, or subletting of land acquired from the Government within a spe-

COPY

UNITED STATES OF AMERIC.
PHILTPPINE ISLANDS

BEFORE THE DIRECTOR OF LANDS, MANILA

IN THE MATTER OF:

O L. A. No. 2545 of

DR. SANTIAGO S. DAKUDAO,

X Applicant.

DAVAO, DAVAO.

MEMORANDUM FOR THE DIRECTOR OF LANDS

In a communication of the Director of Lands, dated June 21, 1933, Mr. Santiago Dakudao, applicant in Lease Application No. 2545 (E-217) was asked to show cause why his application should not be cancelled on the ground that, according to an information received in the Bureau of Lands, the land covered by the said lease application is being sublet by Mr. Dakudao to some Japanese residents in the province of Davao. In behalf of our client, we desire to state that the alleged information is absolutely without basis, false and malicious. The presence of Japanese on the land in question is not denied, but we beg to inform the Director of Lands that said Japanese are laborers of the main applicant Dakudao and not his sublessees.

Laborers are not sublessees. A contract of hire of services is certainly not a contract of lease or sublease. Neither by implication can it be construed to mean to be so. The said Japanese are mere laborers who have been hired by Mr. Dakudao to till the land and who are paid for their services from the proceeds of the products produced by them; and whether other individuals desire to call the relation between them as lease and sublesser is a matter not within Mr. Dakudao's power to correct. Their true relation is that of employer and employees (laborers). The nature of this contract of hire of services is similar to that of what is known in American jurisprudence