PHILIPPINE LABOR LAWS AND POLICY—AN APPRAISAL

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I take it that the sugar technologists now in convention are deeply interested in the maintenance of industrial peace—peace in the shops, peace in the mills, peace in the factories. For this convention cannot make just claims to the advances made by technology in the making of sweet and sugar if it ignores those disturbing factors that make relationships in the shops, in the mills, and in the factories sour, if not indeed bitter. It is for this reason that I propose to discuss with you today the methods of peace prescribed in two significant labor legislation and the national labor policy they embody.

By means of Commonwealth Act No. 103, which took effect on October 29, 1936, the Commonwealth Government pursued a policy of active intervention in the solution of labor disputes and in the adjustment of labor-management relations as a means of winning and keeping industrial peace. As Justice Moran said, "the provision . . on compulsory arbitration of industrial disputes and all the suppletory legislation enacted in pursuance thereof, rest upon the obvious policy of supplying lawful and pacific methods to laborers and employees in the vindication of their legitimate rights and the corresponding avoidance of a resort to strike." [1]

To carry out this policy, the law created the Court of Industrial Relations with broad powers "to consider, investigate, decide and settle disputes arising between employers and employees" [2] as well as to "take cognizance for purposes of prevention, arbitration, decision and settlement of any industrial or agricultural disputes causing or likely to cause a strike or lockout arising from differences as regards wages, share or compensation, dismissals, lay-off, or suspension of employees or laborers." [3]

Unlike a court of justice which is essentially passive, acting only when its jurisdiction is involved and deciding only cases that are presented to it by the parties litigant, the function of the Court of Industrial Relations is more active, affirmative and dynamic.[4] Most often, it decides cases, not according to the rights of the parties as those rights are defined by law, but according to "justice and equity and the substantial merits of the case." (Sec. 20) Thus,

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[1] National Labor Union, Inc., et al. v. Philippine Match Factory, et al., 70 Phil. 300, 303.

[2] Sec. 1, Commonwealth Act No. 103.

[3] Sec. 4, *ibid.*

[4] Ang Tibay, et al. v. The Court of Industrial Relations, et al., 69 Phil. 635.

extra compensation for night work was granted the employees of the Shell and Caltex gasoline companies not because of any provision of law—for there was none—but by virtue of the broad powers of compulsory arbitration given to the Court of Industrial Relations by Commonwealth Act No. 103.[5]

In truth, governmental intervention permeated almost every aspect of labor-management relations—from the fixing of wages to the setting of the hours of work, from the hiring of employees to their dismissals or lay-off. Very little initiative was left to the employer and his employee to shape the pattern of their relations.

However, a significant change in the national labor policy was made with the enactment on June 17, 1953 of Republic Act No. 875, otherwise known as the Industrial Peace Act. Industrial peace is to be achieved no longer by compulsion of law but by agreement made in a regime of collective bargaining. Under this policy, fixing the terms of employment is essentially a private matter which the employer and his employee must hammer out over the conference table in the crucible of collective bargaining.

It is not difficult to see that industrial peace fostered through collective bargaining is more real and lasting than the fragile peace won by legal compulsion and that shop relations worked out by the employer and the employee in the spirit of mutual trust is preferable to a regime dictated by a third party, however well meaning it may be. For in labor relations, as in any other kind of human relations, outside interference in the form of compulsory arbitration is bound to beget resentment on either or both sides. The Supreme Court could very well say then that the new law with its policy of non-intervention is intended "to encourage the truly democratic method of regulating the relations between the employer and employee by means of an agreement freely entered into in collective bargaining." [6]

However, there is a provision in the Industrial Peace Act, which, to my mind, tends to subvert this salutary policy. This provision, while declaring a hands-off policy in labor relations, contains the seeds of contradiction. I wish to invite your attention to Section 7 which reads:

> "In order to prevent undue restriction of free enterprise for capital and labor and to encourage the truly democratic method of regulating the relations between the employer and employee by means of an agreement freely entered into in collective bargaining, no court of the Philippines shall have the power to set wages, rates of pay, hours of employment, or conditions of employment except as in this Act is otherwise

[5] Shell Co *contra* National Labor Union, 81 Phil. 315; Caltex (Phil.), Inc. *contra* National Labor Union, 81 Phil. 331

> provided and except as is provided in Republic Act Numbered Six hundred two (*i.e.*, the Minimum Wage Law) and Commonwealth Act Numbered four hundred forty-four as to hours of work (*i.e.*, Eight-Hour Labor Law)."

The Supreme Court held this provision as denying to the Court of Industrial Relations the right to intervene in any labor dispute except, I quote—

> "(1) when the labor dispute affects an industry which is indispensable to the national interest and is so certified by the Presiddent to the Industrial court (Section 10, Republic Act 875); (2) when the controversy refers to minimum wage under the Minimum Wage Law (Republic Act 602); (3) when it involves hours of employment under the Eight-Hour Labor Law (Commonwealth Act 444); and (4) when it involves an unfair labor practice (Section 5 [a], Republic Act 875.")[7]

When the law says that the CIR can set wages according to the Minimum Wage Law, it obviously refers to paragraph (b) and (c) of Section 16 [8] of that law under which the CIR can arbitrate on any "dispute as to minimum wages above the applicable statutory minimum" or to arbitrate ony matter "where the demands of minimum wages involve an actual strike." This means that the CIR can fix a daily wage higher than ₱4.00, the statutory minimum.

Add to this the power to fix hours of work as provided in the Eight-Hour Labor Law which Section 7 of the Industrial Peace Act says still belongs to the CIR and you can see how broad indeed the grant of power to the court is.

In other words, what Section 7 affirms, Section 7 denies or negates in the same breath. The result is self-contradiction, the an-

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[6] Philippine Ass'n. of Free Labor Unions (PAFLU), et al. v. Tan, et al., 52 O.G. No. 13, 5836

[7] Philippine Ass'n. of Free Labor Unions (PAFLU), et al. v. Tan, et als., *supra* note 6. See also Philippine Sugar Institute v. Court of Industrial Relations, et al., G.R. No. L-13098, Oct. 29, 1959; Chua Workers' Union (NLU) v. City Automotive Co., et al., G.R. No. L-11658, April 29, 1959; National Ass'n. of Trade Unions v. Bayona, et al., G.R. No. L-12940, April 17, 1959; Roman Catholic Archbishop of Manila v. Hons. Jimenez-Yanson, et al., G.R. No. L-12341, April 30, 1958; Elizalde & Co., Inc v. Hons. Jimenez-Yanson, et. al., G.R. No. L-12345, April 30, 1958; Lakas ng Pagkakaisa sa Peter Paul. et al. v. Victoriano, et al., G.R. No. L-9290, Jan. 14, 1958; Aguilar v. Salumbides, G.R. No. L-10124, Dec. 28, 1927; The Mindanao Bus Employees Labor Union (PLUM) v. The Mindanao Bus Co., et al., G.R. No. L-9795, Dec. 28, 1957; Allied Free Workers Union v. Apostol, G.R. No. L-8876, Oct. 31, 1957; Dee Cho Lumber Workers Union v. Dee Cho Lumber Co., 55 O.G. No. 3, 434; PAFLU v. Barot, et al., 52 O.G. No. 15, 6544; Reyes, et al. v. Tan, et al., 52 O.G. No. 14, 6187.

[8] This provision of the Minimum Wage Law reads:

"(b) In the event that a disputed case before the Court of Industrial Relations involves as the sole issue or as one of the issues a dispute as to minimum wages above the applicable statutory minimum, and the Secretary of Labor has issued no wage order for the industry or locality applicable to the enterprise, the Court of Industrial Relations may hear and decide such wage issue: *Provided*, however, That the Secretary of Labor shall not undertake to fix the minimum wage for an industry or a single employer.

"(c) Where the demands of minimum wages involve an actual strike, the matter shall be submitted to the Secretary of Labor, who shall attempt to secure a settlement between the parties through conciliation. Should the Secretary fail within fifteen days to effect said settlement, he shall indorse the matter together with other issues involved, to the Court of Industrial Relations which will acquire jurisdiction on the case including the minimum wages issue, and after a hearing where the views of the Secretary of Labor will be given will decide the case in the same manner as provided in other cases. The decision shall be rendered by the Court *in banc* within fifteen days after the case has been submitted for determination, and its findings of facts shall be conclusive if supported to an appeal by *certiorari*."

nouncement of a policy that has no inner conformity and consistency, evident in the conflicting rulings of the Supreme Court on the simple question of whether under the Industrial Peace Act the CIR has jurisdiction over claims for overtime compensation.

Thus, in one line of decisions, the Supreme Court held that the CIR has no jurisdiction over claims for overtime compensation because such claims do not involve "hours of employment under the Eight-Hour Labor Law." [9] Another line of cases holds that the CIR has jurisdiction over such cases without explaining why and without even making reference to the cases holding otherwise.[10]

Finally, on April 29, of this year, the Supreme Court held that the CIR has jurisdiction over "labor disputes that may lead to conflict between the employees and management." [11] A month later, it held that "where the employer-employee relationship is still existing or is sought to be re-established because of its wrongful severance . . . the Court of Industrial Relations has jurisdiction over all claims arising out of, or in connection with the employment." [12] Then the Court added: "We are aware that in 2 cases, some statements implying a different view have been made, but we now hold and declare the principle set forth in the next preceding paragraph as the one governing all cases of this nature."

If the CIR can still interfere in any "dispute that may lead to conflict," then what power was taken away from it? One wonders whether there is any difference at all between the former powers of compulsory arbitration of the CIR, which the Supreme Court described as indeed "broad", and its powers of compulsory arbitration under the Industrial Peace Act.

Indeed, can anyone think of any broader power of compulsory arbitration? Can anyone think of any labor dispute left to the employer and his employee to settle by themselves, alone, unaided save by their own strength?

The truth is that we are back where we started from—to the regime of compulsory arbitration where peace must be sought not across the bargaining table but in the salas of the CIR.

But suppose we leave to the agreement of the parties the question of higher wages or better hours of employment than what the law provides? Suppose we give to the CIR the authority of inter-

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[9] See Chua Workers' Union (NLU) c. City Automotive Co., et al., G.R. No. L-11655, April 29, 1959; Roman Catholic Archbishop of Manila v. Hons. Jimenez-Yanson, et al., G.R. No. L-12341 and Elizalde & Co., Inc. v. Hons. Jimenez-Yanson, et al., G.R. No. L-123445, April 30, 1958; The Mindanao Bus Employees Union (PLUM) v. The Mindanao Bus Co., et al., G.R. No. L-9795, Dec. 28, 1957; Aguilar v. Salumbides, G.R. No. 10124, Dec. 28, 1957.

[10] Monares v. CNS Enterprises, et. al., G.R. No. L-11749, May 29, 1959; National Shipyard and Steel Corp. v. Almin, et al., G.R. No. L-9055, Nov. 28, 1958.

[11] National Shipyard and Steel Corp. v. Court of Industrial Relations, et al., G.R. No. L-13888.

[12] Price Stabilization Corp. v. Court of Industrial Relations, et al., G.R. No. L-13806, May 23, 1960

fering in labor disputes only for the purpose of enforcing the rights of one or the party as those rights are defined either by their agreement or by law? Suppose we deprive the CIR of its power of compulsory arbitration except in disputes which affect industries indispensable to the national interest as it is now provided in Section 10 of the Industrial Peace Act?

But, you will ask, what if the parties cannot agree on the terms of employment? What then? Can our economy endure the strain caused by strikes or lockouts?

Collective bargaining, ladies and gentlemen, is built on the idea that as long as the demands of labor are reasonable, no employer in his right senses will risk a strike and a consequent stoppage of production and the loss of profits and that no responsible labor union will call a strike and thereby risk a lockout and the loss of wages if it knows that its demands cannot be met by the employer.

That is why the Industrial Peace Act forbids the issuance of court injunctions against peaceful strikes—to assure to labor an effective weapon for compelling management to come to terms.[13] By the same token, if management feels that the demands of labor are unreasonable or excessive, it has at its disposal an equally effective weapon in the form of lockout.

Thus, because of their mutual fear of resorting to a strike or lockout, labor and management will ultimately find a true equilibrium in their bargaining power. To use a familiar phrase in international affairs, a balance of power, or if you may, a balance of terror, is thus struck.

The result is a fairer distribution of material values and a decent respect and regard for one another. Production will then be stepped up and the pillars of our economy strengthened.

But collective bargaining holds the promise of peace only where there is what Benjamin M. Salekman of Harvard calls a maturity of leadership on both sides.[14] Then, it cannot much longer be enough for public policy—and collective dealings—to mirror the old concept of two power groups striking a fair bargain, as a neutral government seeks only to protest a true equality in the balance of bargaining strength. Rather must the protagonists develop their own alternatives for battling it out, or expect to find the government intervening on an ever-widening scale to restrict the fighting.[15]

And, as we find the true formula for peace within the framework of collective bargaining, we shall be making of this land a land of peace and plenty, a land flowing with milk and honey.

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[13] Sec. 9, Industrial Peace Act.
[14] LABOR RELATIONS AND HUMAN RELATIONS, 141-210 (1947).
[15] *Ibid.*, vii.

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