

**\*\*Title:** Basco v. Philippine Amusements and Gaming Corporation (PAGCOR)\*\*

**\*\*Facts:\*\***

The legal challenge against PAGCOR (Philippine Amusements and Gaming Corporation) was initiated by petitioners Humberto Basco, Edilberto Balce, Socrates Maranan, and Lorenzo Sanchez, who sought to annul the charter of PAGCOR (Presidential Decree 1869) on various grounds including alleged contradictions to morals, public policy, the constitutionally enshrined principle of local autonomy, the equal protection clause of the Constitution, and the policy direction of the then government.

PAGCOR was originally established by Presidential Decree (P.D.) 1067-A and granted a franchise to operate gambling casinos by P.D. 1067-B, both issued on January 1, 1977. This was further expanded by P.D. 1399 in 1978, and eventually, PAGCOR was reconstituted under P.D. 1869 on July 11, 1983, to centralize and regulate all games of chance authorized by law, purportedly for socio-economic purposes.

The petitioners raised their challenge at the Supreme Court, presenting various legal and constitutional arguments against the PAGCOR charter. The procedural issue was whether they, as taxpayers, practicing lawyers, and in the case of petitioner Basco, the Chairman of the Committee on Laws of the City Council of Manila, had the legal standing to challenge P.D. 1869.

**\*\*Issues:\*\***

1. Whether the petitioners have the legal standing to challenge the constitutionality of P.D. 1869.
2. Whether P.D. 1869 violates the principle of local autonomy by exempting PAGCOR from local taxes and fees.
3. Whether P.D. 1869 violates the equal protection clause of the Constitution.
4. Whether P.D. 1869's creation of a gambling monopoly is contrary to the declared policy directions of the government towards free enterprise and privatization.
5. Whether P.D. 1869 contravenes constitutional provisions on social justice, personal dignity, the role of youth, and educational values.

**\*\*Court's Decision:\*\***

1. On legal standing, the Court, considering the importance of the issues raised, chose to set aside technicalities of procedure and took cognizance of the petition.
2. On local autonomy, the Court ruled that the City of Manila, being a creation of Congress,

does not have an inherent right to impose taxes and that P.D. 1869 lawfully exempts PAGCOR from local taxes and fees as a national government instrumentality.

3. On the equal protection clause, the Court found no violation, noting that the law does not have to operate with equal force on all persons to be constitutionally valid, and that categorizations can be made as long as they are not arbitrary.

4. The Court dismissed the argument against the policy direction of monopolies and towards privatization as not being a judicial concern but a matter for legislative action.

5. The Court also dismissed the contention that P.D. 1869 ran counter to provisions on social justice, personal dignity, the role of youth, and educational values, labeling these as policy principles that require implementing legislation and not directly actionable in court.

**\*\*Doctrine:\*\***

The decision reiterated the principle that legislative acts come with a presumption of constitutionality and that those challenging a statute must prove its invalidity beyond a reasonable doubt. It also highlighted the Court's discretion in disregarding procedural technicalities in cases of significant public interest.

**\*\*Class Notes:\*\***

- Legal Standing: Taxpayers and concerned citizens may challenge laws that are of significant public interest, indicating the Court's willingness to broaden access to justice on constitutional issues.
- Local Autonomy vs. National Policy: Local governments' power to impose taxes or regulate activities can be superseded by national law.
- Equal Protection: Laws can categorize and treat differently various individuals or groups, provided such categorization is reasonable and not arbitrary.
- Policy Direction of Government: The wisdom, morality, or expediency of government policies, particularly those relating to economic policies and monopolies, is a matter for the political branches, not the judiciary.
- Constitutional Principles vs. Implementing Legislation: Constitutional provisions that are essentially principles guiding state policies require specific legislation to enact and cannot directly ground a cause of action in court.

**\*\*Historical Background:\*\***

The case reflects the tensions between the moral, social, and economic considerations of legalized gambling in the Philippines and constitutional principles of local autonomy, equal protection, and state policies against monopolies. It illustrates the judiciary's approach to challenges against legislative and executive decisions in areas where policy choices are

predominant. The decision is emblematic of the broader debates on government participation in gambling and its impact on social norms and local governance.