

****Title:**** National Marketing Corporation vs. Hon. Francisco Arca and Juan T. Arive, G.R. No. L-25992, December 29, 1967

****Facts:****

1. Juan T. Arive was the Manager of the Traffic-Storage Department at the National Marketing Corporation (NAMARCO), earning an annual salary of P7,200.00.
2. On February 24, 1960, Arive was investigated for violating a Management Memorandum dated February 1, 1960, which directed the halt of allocation and deliveries of merchandise imported under the Trade Assistance Program.
3. He was accused of improperly releasing shipments intended for the Federation of United NAMARCO Distributors (FUND).
4. An investigating committee found Arive guilty, and the General Manager issued Administrative Order No. 137, dismissing Arive from service. The NAMARCO Board of Directors adopted Resolution No. 584-60 dismissing him from service, effective retroactively.
5. Arive's motion for reconsideration was denied on January 24, 1961.
6. Arive appealed to the President of the Philippines on March 2, 1961.
7. On January 26, 1965, Executive Secretary Ramon A. Diaz, acting for the President, reversed NAMARCO's decision and ordered Arive's reinstatement, citing a Supreme Court ruling that declared the February 1, 1960 order illegal.
8. NAMARCO sought reconsideration but was denied by the Executive Secretary, restating the President's supervisory control over NAMARCO.
9. NAMARCO filed a second motion for reconsideration, denied on November 17, 1965.
10. On December 9, 1965, NAMARCO was ordered to reinstate Arive, which they failed to do.
11. Arive filed a complaint for reinstatement and damages with the Court of First Instance of Manila, wherein Judge Francisco Arca ordered his reinstatement through a writ of preliminary mandatory injunction on January 14, 1966.
12. NAMARCO's motion for reconsideration was denied, prompting this petition before the Supreme Court.

****Issues:****

1. Whether the President of the Philippines had the authority to reverse the NAMARCO Board of Directors' decision dismissing Juan T. Arive and order his reinstatement.

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

1. ****President's Authority:**** The Supreme Court held that the President of the Philippines

had the authority to review and reverse the decision of the NAMARCO Board of Directors due to the President's constitutional power of control over all executive departments, bureaus, and offices, including government-owned or controlled corporations.

2. **Constitutional Provision Interpretation:** The court ruled that under Executive Order No. 386, NAMARCO is considered an adjunct of the Executive Department, falling under the supervisory and control authority of the President.

3. **Administrative Supervision:** The court reiterated that even in the absence of an express statutory appeal provision, the President has the power of control to alter or nullify acts by subordinates.

4. **Legality of NAMARCO's Memorandum:** The decision to reinstate Arive was found justifiable because the Supreme Court previously declared NAMARCO's memorandum illegal.

5. **Precedent and Consistency:** The ruling was consistent with other decisions where the President exercised control over administrative decisions.

The Supreme Court dismissed the petition with costs against NAMARCO, and lifted the preliminary injunction, ordering Arive's immediate reinstatement.

Doctrine:

1. **Presidential Control:** The power of the President to control all executive departments, bureaus, and offices extends to government-owned or controlled corporations, allowing the President to review and reverse administrative decisions within those entities.

2. **Administrative Law:** The absence of statutory appeal provisions does not negate the President's supervisory control under the Constitution.

Class Notes:

- **Presidential Control and Supervision:** Art. VII, Sec. 10(1) of the 1935 Philippine Constitution.

- **Government-Owned Corporations:** Treated similarly to government offices under executive control.

- **Judicial Review:** The power of the President to modify administrative decisions aligns with the "control" as defined in jurisprudence.

Historical Background:

- This case is set during a time when the structure and oversight of government-owned corporations were actively defined and tested in courts.
- The context includes the economic measures taken post-World War II for recovery and proper utilization of resources, reflecting the necessity for strong executive control over essential industries and corporations in government custody.