

IN RE PETITION FOR EXEMPTION FROM COVERAGE BY THE SOCIAL SECURITY SYSTEM. CATHOLIC ARCHBISHOP OF MANILA, PETITIONER AND APPELLANT VS. SOCIAL SECURITY COMMISSION, RESPONDENT AND ...

G.R. No. 15045. January 20, 1961

Ponente: GUTIERREZ DAVID, J.

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GUTIERREZ DAVID, J.:

On September 1, 1958, the Roman Catholic Archbishop of Manila, thru counsel, filed with the Social Security Commission a request that "Catholic Charities, and all religious and charitable institutions and/or organizations, which are directly or indirectly, wholly or partially, operated by the Roman Catholic Archbishop of Manila," be exempted from compulsory coverage of Republic Act No. 1161, as amended, otherwise known as the Social Security Law of 1954. The request was based on the claim that the said Act is a labor law and does not cover religious and charitable institutions but is limited to businesses and activities organized for profit. Acting upon the recommendation of its Legal Staff, the Social Security Commission in its Resolution No. 572, series of 1958, denied the request. The Roman Catholic Archbishop of Manila, reiterating its arguments and raising constitutional objections, requested for reconsideration of the resolution. The request, however, was denied by the Commission in its Resolution No. 767, series of 1958; hence, this appeal taken in pursuance of section 5 (c) of Republic Act No. 1161, as amended.

Section 9 of the Social Security Law, as amended, provides that coverage "in the System shall be compulsory upon all employees between the age of sixteen and sixty years inclusive, if they have been for at least six months in the service of an employer who is a member of the System, Provided, that the Commission may not compel any employer to become a member of the System unless he shall have been in operation for at least two years and has at the time of admission, if admitted for membership during the first year of the System's operation at least fifty employees, and if admitted for membership the following year of operation and thereafter, at least six employees * * *." The term "employer" as used in the law is defined as "any person, natural or juridical, domestic or foreign, who carries in the Philippines any trade, business, industry, undertaking, or activity of any kind and uses the services of another person who is under his orders as regards the employment, except the Government and any of its political subdivisions, branches or instrumentalities, including corporations owned or controlled by the Government" (par. [c], sec. 8), while an "employee" refers to "any person who performs services for an 'employer' in which either or both mental and physical efforts are used and who receives compensation for such services" (par. [d] sec. 8). "Employment", according to paragraph [j] of said section 8, covers any service performed by an employer except those expressly enumerated thereunder, like employment under the Government, or any of its political subdivisions, branches or instrumentalities including corporations owned and controlled by the Government, domestic service in a private home, employment purely casual, etc.

From the above legal provisions, it is apparent that the coverage of the Social Security Law is predicated on the existence of an employer-employee relationship of more or less permanent nature and extends to employment of

all kinds except those expressly excluded.

Appellant contends that the term "employer" as defined in the law should—following the principle of *ejusdem generis*—be limited to those who carry on "undertakings or activities which have the element of profit or gain, or which are pursued for profit or gain," because the phrase "activity of any kind" in the definition is preceded by the words "any trade, business, industry, undertaking." The contention cannot be sustained. The rule *ejusdem generis* applies only where there is uncertainty. It is not controlling where the plain purpose and intent of the Legislature would thereby be hindered and defeated. *Grosjean vs. American Paints Works [La]*, 160 So. 449). In the case at bar, the definition of the term "employer" is, we think, sufficiently comprehensive as to include religious and charitable institutions or entities not organized for profit, like herein appellant, within its meaning. This is made more evident by the fact that it contains an exception in which said institutions or entities are not included. And, certainly, had the Legislature really intended to limit the operation of the law to entities organized for profit or gain, it would not have defined an "employer" in such a way as to include the Government and yet make an express exception of it.

It is significant to note that when Republic Act No. 1161 was enacted, services performed in the employ of institutions organized for religious or charitable purposes were by express provisions of said Act excluded from coverage thereof (sec. 8, par. [j], subpars. 7 and 8). That portion of the law, however, has been deleted by express provision of Republic Act No. 1792, which took effect in 1957. This is clear indication that the Legislature intended to include charitable and religious institutions within the scope of the law.

In support of its contention that the Social Security Law was intended to cover only employment for profit or gain, appellant also cites the discussions of the Senate, portions of which were quoted in its brief. There is, however, nothing whatsoever in those discussions touching upon the question of whether the law should be limited to organizations for profit or gain. Of course, the said discussions dwelt at length upon the need of a law to meet the problems of industrializing society and upon the plight of an employer who fails to make a profit. But this is readily explained by the fact that the majority of those to be affected by the operation of the law are corporations and industries which are established primarily for profit or gain.

Appellant further argues that the Social Security Law is a labor law and, consequently, following the rule laid down in the case of *Boy Scouts of the Philippines vs. Araos* (102 Phil., 1080) and other cases^[1], applies only to industry and occupation for purposes of profit and gain. The cases cited, however, are not in point, for the reason that the law therein involved expressly limits its application either to commercial, industrial or agricultural establishments or enterprises.

Upon the other hand, the Social Security Law was enacted pursuant to the "policy of the Republic of the Philippines to develop, establish gradually and perfect a social security system which shall be suitable to the needs of the people throughout the Philippines and shall provide protection to employees against the hazards of disability, sickness, old age and death." (Sec. 2, Republic Act No. 1161, as amended.) Such enactment is a legitimate exercise of the police power. It affords protection to labor, especially to working women and minors, and is in full accord with the constitutional provisions on the "promotion of social justice to insure the well being and economic security of all the people." Being in fact a social legislation, compatible with the policy of the Church to ameliorate living conditions of the working class, appellant cannot arbitrarily delimit the extent of its provisions to relations between capital and labor in industry and agriculture.

There is no merit in the claim that the inclusion of religious organizations under the coverage of the Social Security Law violates the constitutional prohibition against the application of public funds for the use, benefit or support of any priest who might be employed by appellant. The funds contributed to the System created by the

law are not public funds, but funds belonging to the members which are merely held in trust by the Government. At any rate, assuming that said funds are impressed with the character of public funds, their payment as retirement, death or disability benefits would not constitute a violation of the cited provision of the Constitution, since such payment shall be made to the priest not because he is a priest but because he is an employee.

Neither may it be validly argued that the enforcement of the Social Security Law impairs appellant's right to disseminate religious information. All that is required of appellant is to make monthly contributions to the System for covered employees in its employ. These contributions, contrary to appellant's contention, are not "in the nature of taxes on employment." Together with the contributions imposed upon the employees and the Government, they are intended for the protection of said employees against the hazards of disability, sickness, old age and death in line with the constitutional mandate to promote social justice to insure the well-being and economic security of all the people.

In view of the foregoing, Resolutions Nos. 572 and 767, series of 1958, of the Social Security Commission are hereby affirmed. So ordered with costs against appellant.

Paras, C. J., Padilla, Bautista Angelo, Paredes, and Dizon, JJ., concur.
Concepcion, Reyes, J. B. L., and Barrera, JJ., concur in the result.

[1]UST Hospital Employees Association vs. UST Hospital, 95 Phil., 40; San Beda College vs. National Labor Union, 97 Phil., 787; 51 Off. Gaz., (11) 5636; Quezon Institute vs. Velasco and Quezon Institute vs. Paraso, 97 Phil., 905; 51 Off. Gaz., (12) 6175.

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