

## PAN AMERICAN WORLD AIRWAYS, PETITIONER, VS. PAA EMPLOYEES' ASSOCIATION (PTGWO) AND THE COURT OF INDUSTRIAL RELATIONS, RESPONDENTS.

*G. R. No. 18345. January 30, 1964*

Ponente: PADILLA, J.

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### **PADILLA, J.:**

This is an appeal by certiorari under Rule 44 of the Rules of Court and section 6 of Republic Act 875 to review and secure a reversal of part of a judgment rendered, by the Court of Industrial Relations in case No. 30-IPA directing "the parties to negotiate on wages as stipulated in the Agreement."

On 17 March 1960, the petitioner corporation and the respondent employees' association entered into a collective bargaining agreement, to take effect retroactively from 1 March 1960 to 1 March 1963. Article 6 (d) of the collective bargaining agreement involved in the controversy, reads as follows:

The monthly salaries established in Appendix A hereof, shall remain in effect during the life of this Agreement, provided, however, that if during the term of this agreement, a law diminishing the value of Philippine Currency is enacted "and" as a result thereof the Company is granted the necessary authority to increase its rates, either party may, upon written notice to the other, reopen this Agreement for negotiation of wage rates shown in Appendix A-1 only. (Exhibit C-1).

On 8 June 1960, the president of the respondent association wrote the petitioner corporation requesting for a re-negotiation on wage rates in accordance with Article 6 paragraph B(d) of the collective bargaining agreement quoted in the preceding paragraph.

On 23 June 1960, in a letter signed by the petitioner's airport manager, James L. Ihlenfeldt, the petitioner corporation agreed to a re-negotiation, as requested by the president of the respondent association.

Sometime later, the parties started negotiations but no agreement was reached as to wage increase. On 1 August 1960, the members of the respondent association went on strike against the petitioner corporation and on 3 August 1960, the dispute was certified by the President of the Philippines to the Court of Industrial Relations and docketed as Case No. 30-IPA.

On 4 August 1960, a "return to work agreement" was entered into by the petitioner corporation and the respondent association and then the parties submitted to the Court of Industrial Relations for decision the following: (1) Whether the six (6) employees of the respondent association whose contracts with the petitioner corporation were terminated are entitled to an additional termination pay or compensation; and (2) Whether they are entitled to re-open the agreement for negotiation on wage rates.

On 27 June 1960, the petitioner corporation issued a circular fixing the basis for selling tickets in pesos at P3.20 to a dollar (Annex "1" to Answer of respondent Association). Likewise, on 5 August 1960, the Central Bank of the Philippines in a letter to the Chairman of the Civil Aeronautics Board authorized the sale of airline tickets at P3.20

to a dollar plus 3% surcharge. (Annex "4" to Answer of respondent Association). Later, on 12 September 1960, the Central Bank of the Philippines reduced the free market exchange rate of the dollar to P3.00 plus the normal 9% surcharge. (Annex "5" to Answer of respondent Association).

On 22 November 1960, the Court of Industrial Relations rendered judgment denying the claim of the six (6) employees of the association and ordering the parties to negotiate on wages as stipulated in the agreement.

On 28 November 1960, the petitioner corporation moved for a reconsideration and setting aside of that part of the judgment ordering "the parties to negotiate on wages as stipulated in the Agreement" and on 7 December 1960 filed its arguments in support of its motion for reconsideration.

On 14 December 1960, the Court of Industrial Relations sitting en banc denied the motion for reconsideration. In a dissenting opinion by the Honorable Amando C. Bugayong, he expressed the opinion that, rather than to toss back the negotiation to the parties, in a case certified to it by the President of the Philippines, the Court of Industrial Relations should proceed to fix the wages in order to prevent further labor dispute in industries indispensable to the national interest.

As stated at the beginning of this opinion, the petitioner Pan American Airways appeals by certiorari from only that part of the judgment directing the parties to negotiate on wage rates.

Petitioner contends that to entitle either of the parties to re-open the collective bargaining agreement for negotiation on wage rates during the term of the agreement,

a law diminishing the value of Philippine Currency is enacted and as a result thereof the Company is granted the necessary authority to increase its rates, \* \* \*

and that as there had been no law passed by Congress diminishing the value of the Philippine currency, the respondent court erred in finding that the two conditions or requisites stipulated in article 6 (d) of the collective bargaining agreement were present and in reopening the said collective bargaining agreement for negotiation on wage rates.

The purchasing power or value of money or currency does not depend upon, cannot come into being, be created or brought about by, a law enacted by the legislative department of the Government. If by law or treaty the rate of exchange between two currencies should be fixed or stipulated, such law or treaty could not give the money or currency the purchasing power or value fixed or stipulated but would bind the Government enacting the law or the contracting parties to a treaty to pay or supply the difference between the value fixed or stipulated and the real value of the currency should the latter be lower than the fixed or stipulated rate of exchange between the two currencies. The result is that if the real value or actual purchasing power of money or currency brought about by the export and import of goods or commodities and services rendered should be lower than that fixed or stipulated, the Government would have to pay or supply the difference by drawing upon its reserve. To prevent depletion of its reserve the Government could impose restrictions to discourage payment at the value fixed or rate of exchange stipulated which would drain its reserve. So that when the parties agreed to negotiate on wage rates during the term of the agreement, should a law be passed diminishing the value of the Philippine currency, they did not literally mean a law enacted by Congress which, as already explained, would not really diminish the purchasing power or value of the currency but would just confirm the real value or actual purchasing power of the currency. R.A. No. 2609, approved on 16 July 1959 and effective from the date until 31 December 1964, authorized the Central Bank "to establish a uniform margin of not more than forty percent over the banks' selling rates stipulated by the Monetary Board under section 79 of R.A. 265," and the Monetary Board to "fix the margin of such rate as it may deem necessary to effectively curtail any excessive demand upon the international reserve," Under that Act and during the life of the collective bargaining agreement, the Central Bank Axed the rate of

exchange between the peso and the dollar at P3.20 to \$1 and later at P3.00 to \$1, and authorized the sale of airline tickets at the rate of P3.20 to \$1. The fixing of the rate of exchange between the peso and the dollar and the authority to sell airline tickets referred to amount to a law diminishing the value of the currency. The adherence to the letter of the collective bargaining agreement was not the intent of the contracting parties when they entered into it. That such rigid adherence to the letter of the collective bargaining agreement was not contemplated by the parties may be inferred from the consent of the petitioner's airport manager to negotiate on wage rates.

The dissent of one of the judges of the Court of Industrial Relations from the majority opinion is not devoid of legal foundation. But the term of the agreement ended on 1 March 1963, so the questions raised in this appeal have become moot.

The appeal by certiorari filled by the petitioner corporation is dismissed, without pronouncement as to costs.

Bengzon, C. J., Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Barrera, Paredes, Dizon, Regala and Makalintal, JJ., concur.

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