

**PHILIPPINE ASSOCIATION OF FREE LABOR UNIONS (PAFLU),
PETITIONER AND APPELLANT, VS. THE HON. SECRETARY OF LABOR,
RESPONDENT AND APPELLEE.**

G.R. No. 21321. April 29, 1966

Ponente: CONCEPCION, J.

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CONCEPCION, J.:

Herein petitioner, Philippine Association of Free Labor Unions (PAFLU), is a duly registered labor federation. It instituted this action for a declaratory relief in the Court of First Instance of Manila, to overrule certain views entertained by respondent, Secretary of Labor. After appropriate proceedings said Court rendered judgment for the respondent. Hence this appeal by petitioner, which maintains:

- That a proviso in Section 23(e) of Republic Act No. 875, as amended by Republic Act No. 1941, be declared unconstitutional and violative of Conventions 87 and 98 of the International Labor Organization;
- That the 10% minimum requirement in Section 17 of Republic Act No. 875 is a condition sine quanon for the exercise of the visitorial powers of the respondent under Republic Act No. 1941;
- That said visitorial power of respondent under this Act may be exercised only in aid or to complement the functions and powers of the Court of Industrial Relations under said Section 17 of Republic Act No. 875; and
- That said visitorial power is merely an adjunct of the right of union members to inspect union books under said Section 17 of Republic Act No. 875.

Republic Act No. 1941, approved on June 22, 1957, amended Section 23(e) of Republic Act No. 875 to read as follows:

"Provisions of Commonwealth Act Numbered Two Hundred and Thirteen providing for registration, licensing, and cancellation of registration of organizations, associations, or union of labor, as qualified and expanded by the preceding paragraphs of this Act, are hereby amended; Provided, however, that the Secretary of Labor or his duly authorized representative is hereby empowered to inquire, from time to time, into the financial activities of any legitimate labor organization and to examine its books of accounts and other financial records to determine compliance or non-compliance with the laws and to aid in the prosecution for any violation thereof.

"The Secretary of Labor shall appoint such accounts examiners as may be necessary for carrying out the purposes of this section."

It is argued by petitioner herein that this proviso is inconsistent with Articles 3, 4, 7 and 8 of said Convention 87, to which the Philippines is a party, reading:

"1. Workers' and employers' organizations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes.

"2. The public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof." (Article 3).

"Workers' and employers' organizations shall not be liable to be dissolved or suspended by administrative authority." (Article 4)

"The acquisition of legal personality by workers' and employers' organizations, federations and confederations shall not be made subject to conditions of such a character as to restrict the application of the provisions of Articles 2, 3, and 4 hereof." (Article 7)

"3. The law of the land shall not be such as to impair, nor shall it be so applied to impair the guarantees provided for in this Convention." (Article 8)

We are not aware of, and petitioner has not cited, any provision of Convention No. 98, which is infringed by Republic Act No. 1941, except insofar as said Convention, like Convention No. 87, provides for the time and procedure for denunciation by any of the contracting parties, thus indicating that the latter, are, prior thereto, bound to comply with the provisions of both Conventions.

Moreover, petitioner assumes that an act of Congress is unconstitutional and/or invalid if it contravenes an international agreement to which the Philippines is a party. Without passing upon the validity or accuracy of this predicate, we find that petitioner's contention is untenable. Indeed, we see no conflict between Republic Act No. 1941, on the one hand, and any of the provisions of said Conventions. There is in said Republic Act No. 1941 nothing that may authorize respondent either to interfere in the rights of workers' and employers' organisations to draw up their constitutions, to freely elect their representatives, to organize their administration and activities and to formulate their programmes, or to dissolve or suspend said organizations, or to subject the acquisition of legal personality thereof to such conditions as to restrict or impair the rights aforementioned.

Respondent's authority under said Act is limited to an inquiry into the financial activities of any legitimate labor organization and to the examination of "its books of accounts and other financial records to determine compliance or non-compliance with the laws and to aid in the prosecution for any violations thereof." Certainly, none of the provisions of Conventions 87 and 93 seek to protect or shield labor organizations which violate said laws. Upon the other hand, Republic Act No. 1941 merely tries to forestall the misuse of funds of the union by officers thereof, by restoring to the Secretary of Labor a visitorial power he had under Commonwealth Act No. 213, which had not been included in Republic Act No. 875. Needless to say, if respondent should use the powers under Republic Act No. 1941 in such an arbitrary or oppressive manner as to impair the rights of the workers or of their organization, then the remedy would be to challenge the action thus taken, "not to invalidate the law"—in the language used in *Philippine Association of Colleges and Universities vs. Secretary of Education* 97 Phil., 806; (51 Off. Gaz., 6230).

With respect to the second, third and fourth points raised by herein petitioner, the opening paragraph of Section 17 of Republic Act No. 875 provides:

"It is hereby declared to be the public policy of the Philippines to encourage the following internal labor organization procedures. A minimum of ten per cent of the members of a labor organization may report an alleged violation of those procedures in their labor organization to the Court. If the Court finds, upon investigation, evidence to substantiate the alleged violation and that efforts to correct the alleged violation through the procedures provided by the labor organization's constitution or by-laws have been exhausted, the Court shall dispose of the complaint as in unfair labor practice cases."

Then paragraph (a) prohibits arbitrary or excessive initiation fees; paragraph (b) grants to members the right to full and detailed reports of all financial transactions; paragraph (e) disqualifies those convicted of any crime

involving moral turpitude for any position involving the collection, custody, management, control or disbursement of funds; paragraph (f) forbids the collection of fees or dues, or the disbursement of any funds of the organization without authority therefor pursuant to its constitution and by-laws; paragraph (g) requires that every payment of fees, dues or other contributions by a member be evidenced by a receipt signed by the person making the collection and entered upon the records of the organization; paragraph (h) prohibits the application of funds for any purpose or object other than those expressly stated in the constitution or by-laws of the organization or those expressly authorized by resolution of a majority of its members, paragraph (i) directs that every expenditure of funds be evidenced by a receipt of the payee, with specification of the date, place and purpose of the payment, and that said receipt be part of the records of the organization; paragraph (j) forbids the payment to the officers of any other compensation, in addition to the salaries and expenses specifically provided in the constitution and by-laws, except in pursuance of a resolution approved in a meeting by a majority vote; paragraph (k) regulates the duties of the treasurer and every officer responsible for the accounts of the organization or for the collection, disbursement, custody or control of its funds, moneys and other properties; and paragraph (l) provides that the books of accounts and other records of financial activities shall be open to inspection by any officer or member of the organization.

As heretofore indicated, petitioner maintains that respondent's visitorial power under Republic Act No. 1941 may be exercised only when a "minimum of ten per cent of the members of a labor organization" have reported an alleged violation of the procedures prescribed in said paragraphs of Section 17 of Republic Act No. 875, and that said visitorial power may be exercised only as an aid or adjunct to the functions and powers of the Court of Industrial Relations and to the right of inspection of union members. We find no merit in this pretense.

Section 17 of said Act deals with the "Rights and Conditions of Membership in Labor Organizations". Pursuant thereto, the members of a labor organization may, upon petition of at least ten per cent of the members thereof, predicated upon an alleged violation of the "procedures" prescribed in said section, compel the Court of Industrial Relations to investigate whether or not the organization has in fact committed such violation and to take appropriate measures in connection therewith. Upon the other hand, Republic Act No. 1941 is concerned with the authority of the Department of labor to inquire into the financial activities of said organization in order "to determine compliance or non-compliance with the laws and to aid in the prosecution for any violation thereof". This authority is not dependent upon the request of said members. Much less does it require a request backed up by 10% of the members of the organization.

Indeed, Section 17 refers to proceedings before the Court of Industrial Relations, whereas violations of the laws in connection with financial activities of labor organizations may warrant prosecution before ordinary courts of justice for crimes which are beyond the jurisdiction of the Court of Industrial Relations. Hence, the functions of respondent under Republic Act No. 1941 are not merely complementary to those of the Court of Industrial Relations and to the right of inspection of members of labor organizations, except only in the broad abstract sense that every provision of Republic Act No. 875 tends to carry out or promote the accomplishment of its lofty objectives.

It may not be amiss to note that the authority of the Department of Labor to cancel the registration and permit of a labor organization upon the ground that the same does not meet the requirements of paragraph (c) of Section 23 of Republic Act No. 875, is based upon paragraph (d) of said section, not upon paragraph (e) thereof as amended by Republic Act No. 1941. Moreover, the order of cancellation of the registration and permit, which may not be issued except after due notice and hearing, is appealable to the Court of Appeals, or to the Supreme Court, depending upon the issues raised in the appeal.

Wherefore, the decision appealed from is hereby affirmed, with costs against petitioner herein. It is so ordered.

Bengzon, C.J., Bautista Angelo, Reyes, J.B.L., Barrera, Dizon, Regala, Makalintal, Bengzon, J.P., Zaldivar, and Sanchez, JJ., concur.

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