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**SUPREME COURT  
FIRST DIVISION**

**DOMINADOR ANUCENSION AND 114  
OTHER IGLESIA NI CRISTO  
AGRICULTURAL WORKERS OF  
HACIENDA LUISITA,**

*Petitioners,*

*-versus-*

**G.R. No. L-26097  
November 29, 1977**

**NATIONAL LABOR UNION, TARLAC  
DEVELOPMENT CORPORATION AND  
COURT OF INDUSTRIAL RELATIONS,**

*Respondents.*

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**D E C I S I O N**

**MAKASIAR, J.:**

Petition for Review on *Certiorari* of the Decision of the Court of Industrial Relations in its Case No. 49-IPA, the dispositive portion of which reads as follows:

“IN VIEW OF THE FOREGOING, the Court concludes that Republic Act No. 3350 excluding from the coverage of Section 4 (a) (4) of the Industrial Peace Act (referring to closed-shop) any religious sects which prohibits affiliation of their members in

any labor organization is unconstitutional and declares the Collective Bargaining Agreement of August 2, 1962, valid and binding upon the parties, and for the Hacienda to discharge the 115 followers of the Iglesia who resigned from the Union on May 8, 1964 if they do not withdraw their resignation as indicated in the preceding paragraph of this decision.

“Meanwhile all the workers should return to work immediately upon receipt of a copy of this Order.”

Separate motions for reconsideration filed by the 115 petitioners, who are agricultural workers of Hacienda Luisita, owned and operated by respondent Tarlac Development Corporation (hereinafter referred to as Hacienda), and who are members of the United Luisita Workers’ Union, an affiliate of the other respondent National Labor Union (hereinafter referred to as Union), as well as by respondent Union, having been denied by respondent court (Judge Paredes dissenting for lack of jurisdiction), the petitioners appealed to this Court, praying, among other things:

“c) That after due hearing, judgment be rendered setting aside the Resolution of the respondent Court dated October 24 (27), 1964 (Promulgated only on May 13, 1966), as well as the Decision dated August 15, 1964, and dismissing Case No. 49-IPA with costs against the private respondents, or should be respondent Court be found to have jurisdiction over the case, declaring that Republic Act No. 3350 is valid and restraining the respondents from dismissing petitioners from their employment.”

On July 11, 1964, then Executive Secretary Calixto O. Zaldivar (subsequently an Associate Justice of this Court, now retired), acting by authority of the President of the Philippines, sent a letter to the Presiding Judge of the respondent court, certifying the labor dispute between the management of the Hacienda and the 115 members of the United Luisita Workers’ Union, an affiliate of respondent Union, based on Section 10 of Republic Act 875, otherwise known as the Industrial Peace Act (Annex A, Petition; p. 1, rec.). Immediately upon receipt of said letter, respondent court caused the dispute to be docketed as Case No. 49-IPA and then proceeded to hear the same.

The pertinent portions of the findings of fact of the respondent court are quoted hereunder:

“Petitioner union and the Hacienda entered into a collective bargaining agreement on August 2, 1962, which, among others, embodies union security provisions as follows:

‘SEC. 3. Except only for present members of the ‘Iglesia ni Cristo’ who are not now members of the UNION, all employees and workers within the appropriate bargaining unit who are not members of the UNION at the time of the execution of this agreement shall have fifteen (15) days from the date of the execution of this agreement within which to apply for membership in the UNION. The UNION agrees to accept said employees into membership, under the same terms and conditions under which the employees and workers now members were admitted into membership.

‘SEC. 4. Persons who may hereafter be employed to hold positions included in the bargaining unit shall be required to become members of the UNION within fifteen (15) days after they shall have been included within the said bargaining unit.

‘SEC. 5. Employees and workers within the appropriate bargaining unit who are now members of the UNION, as well as those who may subsequently join the UNION pursuant to Sections 3 and 4 above, shall remain members of the UNION during the effectivity of this agreement as a condition of continued employment.

‘(a) The HACIENDA, upon the written request of the UNION, shall discharge any employee who shall fail to fulfill the conditions aforesaid or who resigns or is suspended from membership in the UNION for disloyalty, violation of the Constitution or By-Laws of the UNION, or for any valid cause, but it assumes no obligation to discharge any employee if it has

reasonable grounds for believing that membership in the UNION was not available to the employee on the same terms and conditions generally applicable to other members' (Exhibit '1-Company').

"The agreement is to take effect from July 1, 1962 to June 30, 1965, or for a period of three years.

"Prior to the execution of the collective contract of August 2, 1962, the same union security provisions appeared verbatim in the collective bargaining contract that was in force from 1959 to 1962.

"In a letter to the union president, Rufino D. Lagman, dated May 8, 1964, a group of more than one hundred and fifty persons representing themselves to be members of the United Luisita Workers' Union (NLU), and followers of a religious sect known as the Iglesia ni Cristo, made manifest their 'irrevocable resignation' from the United Luisita Workers' Union (NLU), herein called the UNION for short. The letter ended with the statement that 'We believe our resignation is legal and it is within the purview of the freedom of religion guaranteed by our Constitution. Hence, it can not be made a ground for the termination of our employment nor a cause for discrimination against us' (Exhibit 'D-Union').

"Earlier, that is, on September 1, 1963, a letter of the same tenor signed by practically the same persons, alleged followers of Iglesia ni Cristo, whose names appear in Exhibit 'D-Union', was delivered personally on said date by Jeremias Mendoza, minister of the Church, Ernesto C. Teopeco, Administrator of the Hacienda (Exhibits '5', '5-A' and '5-B'). Teopeco promised Mendoza that he would bring the matter to the attention of the higher authorities of the Hacienda in Tarlac, Tarlac. The Union never received a copy of the letter dated September 1, 1963. As the Hacienda did not take any action or the matter treated in the letter of September 1, 1963, the group of Iglesia ni Cristo followers who signed the letter informed the Union officially of their irrevocable resignation on May 8, 1964 as hereinabove indicated as shown by Exhibit 'D-Union'.

“The evidence discloses that the followers of Iglesia ni Cristo were prompted to resign from the union because of the circular, dated April 1, 1959, from the Iglesia ni Cristo, thru its Secretary-General, Teofilo C. Ramos, enjoining all members of the sect not to join any outside association or organization of whatever kind or nature or that if they are already members of such association or organization that they disaffiliate themselves, otherwise they would be expelled from the church. For ready reference, the circular is hereinbelow quoted in full:

‘TANGGAPAN NG IGLESIA NI CRISTO  
154 Riverside, San Juan, Rizal

Abril 1, 1959

‘SA LAHAT NG MGA KAPATID  
‘SA IGLESIA NI CRISTO  
‘SA KAPULUANG PILIPINAS

‘Buong higpit na aming ibinababala sa inyo na sinomang kapatid sa Iglesia ay huwag aanib sa anumang uri ng kapisanan o samahang labas sa Iglesia Ni Cristo. Ang sinomang kapatid na sa kasalukuyan ay kaanib sa anumang uri ng kapisanan o samahan, ay dapat na umalis at huwag ng kailanman uugnay sa mga ito. Ito ay salig sa utos ng Dios na tayo ay ‘huwag makikipamatok ng kabilang sa mga hindi sumasampalataya’ (II Cor. 6:14).

‘Si ROSENDO PAULINO, dating kaanib sa Iglesia ni Cristo, ay itiniwalag sa Iglesia mula ngayon. Siya ay itiniwalag sa Iglesia hindi lamang dahil sa ayaw niyang umalis sa kapisanang kaniyang kinaaniban kundi naman kaniya pang ipinagkanulo ang Iglesia. Kaya, itinatagubilin namin sa inyo na siya ay huwag niyong kakausapin o babatiin man lamang at huwag din ninyo siyang tatanggapin sa inyong mga tahanan (II Juan 1:10-11).

‘Gayon din naman, aming ibinababala sa inyo na sinomang kapatid sa Iglesia ang lumabag sa mga tagubilin

ng ‘circular’ na ito ay lubusang ititiwalag sa Iglesia upang kailanman ay huwag na muling mabalik.

‘UMAASA kami na ang mga tagubilin sa ‘circular’ na ito ay inyong tutuparing may katapatan upang manatili sa Iglesia at sa piling ng Sugo ng Dios sa Huling Araw.

‘Tutulungan nawa tayo ng Dios.

‘Ang inyong kapatid sa Panginoon

(Sgd.)

‘T. RAMOS

‘TEOFILO C. RAMOS’

(Exh. “J”)

“Upon the passage by Congress of Republic Act No. 3350, the Iglesia ni Cristo, in another circular dated October 13, 1961, informed all its followers about the provisions of the said Act, as follows:

‘Nais naming ipagbigay alam sa inyo na nagkaroon ng susog ang batas ukol sa manggagawa ng pagawaan na tinatawag ng ‘Industrial Peace Act’ na ngayon ay kilala sa tawag na Republic Act Blg. 3350.’ Gaya ng alam na ninyo ipinagbabawal ng ating pananampalataya na umanib ang sinomang kapatid sa alinmang unyon o samahan ng mga manggagawa. Ang ating pananampalatayang ito ay kinilala ng panibagong batas na nagsasaad na hindi inaalis ang karapatan ng alinmang pagawaan na makipagsundo sa alinmang unyon o samahan ng paggawa sa nasabing pagawaan, datapuwat —

‘ang nasabing kasunduan ay hindi maaaring sumaklaw sa mga kaanib ng alinmang sekta ng relihiyon na ipinagbabawal ang pakikiugnay ng kanilang kaanib sa alinmang kapisanan ng paggawa.

‘Dahil dito, aming tinatagubilin sa inyo na kayo ay pumanatag sa inyong pagtatrabaho sa pagawaang inyong

pinapasukan, gumawa kayo na may kasipagan at katapatan at huwag ninyong ikabalisa na kayo ay aalisin sa trabaho dahil sa hindi ninyo pagsama o pagsanib sa unyon o kapisanan sa pagawaan ninyong pinapasukan.

‘Hanggang dito na po lamang muna at umaasa kami na ito’y malinaw sa inyo.’

(Exhibit “A”, also marked Exhibit “2”)

“Be that as it may, the Union, upon receipt of the letter of mass resignation dated May 8, 1964, sent a letter dated May 22, 1964 to Vivencio M. Pineda, representing the group of Iglesia ni Cristo followers, informing the latter that of those whose names appear in the letter of resignation, two (2) are already dead (Dalencio Catacutan and Mariano de la Cruz), twenty-seven (27) were not union members at the time of their resignation, eight (8) have not signed their names in the letter of resignation, thus reducing the number of workers covered by the tender of resignation to 115, (Exhibit ‘E’). On the same date, May 22, 1964, the Union informed the Hacienda by letter that 115 followers of Iglesia ni Cristo have resigned from the Union as of May 8, 1964, indicating therein the names of such workers. (Exhibit ‘3-Company’, also marked Exhibit ‘3-Iglesia’). Finally, on May 26, 1964, the Union, in another letter dated May 26, 1964, demanded from the Hacienda the ‘immediate lay-off of employment of those mentioned laborers as provided for in Article 2, Section 5(a) of our present collective bargaining. The body of said letter is hereby quoted in full, for ready reference:

‘This is with respect to the irrevocable resignation from the union tendered by some 115 laborers that took effect on May 8, 1964 whose names were transmitted to the personnel officer on May 22, 1964.

‘However, in justice and in fairness to them, our office exerted all efforts appealing and convincing each and every one of them to reconsider their resignation from the

union, but to no avail, except for few who reconsidered theirs as evidenced by their attached letters.

“For this reason, the union has no alternative but to demand from the management for the immediate lay-off of employment of those mentioned laborers as provided for in Article 2, Section 5(a) of our present collective bargaining agreement.

‘Hoping for your prompt action on the above matter.’

(Exhibit “2-Company”)

“Sensing that their resignation from the Union might cause the termination of their employment with the Hacienda, the followers of Iglesia ni Cristo who resigned, through their counsel, Eliseo M. Cruz, sent a letter dated May 25, 1964 to the Hacienda (Exhibit ‘A-Union’) with the plea that ‘Should the contractee union take any drastic step to compel the Hacienda to dismiss those workers pursuant to your current collective bargaining agreement, it is most urgently requested that I be informed so that I may take proper steps to protect their interest, and thereby save the Hacienda from any lawsuit.’

“As matters were coming to a head, the resigning Iglesia ni Cristo workers, through Samuel Gana and Vivencio Pineda, assisted by their legal counsel, Eliseo M. Cruz, filed on June 1, 1964, a notice of strike against the Hacienda for alleged ‘mass dismissal of INC agricultural laborers in violation of Rep. Act 3350’, for ‘violation of collective bargaining contract to favor contracting union’ and ‘unlawful encouragement of union membership’ (Exhibit ‘B-Union’). The group did not go on strike, but on July 7, 1964, they filed a complaint with the Court of Agrarian Relations, docketed as Case No. 1888-T-64, alleging, among others, that they were laid off from the time they resigned en masse on May 8, 1964 until they were recalled to work on June 3, 1964 by the Hacienda (Exhibit ‘1-Iglesia’). The prayer for an interlocutory order was denied by said Court in an order dated July 9, 1964 (Exhibit ‘K’).

“Meanwhile, the Union, on June 8, 1964, filed a notice of strike (Exhibit ‘4’) against the Hacienda for violation of the collective contract dated August 2, 1962. The Union actually staged the strike in the afternoon of July 10, 1964, and is still going on, for failure of the Hacienda to dismiss the 115 alleged Iglesia ni Cristo members who had resigned from the Union. The Acting Secretary of Labor intervened to effect a settlement of the dispute but no settlement could be reached by the parties involved. Obviously the case was certified to this Court for compulsory arbitration, under the existing law” (pp. 2-10, Decision; pp. 25-33, rollo).

One issue raised by the petitioners in this appeal by certiorari on questions of law is: since the case involved agricultural laborers, and the petitioners themselves are engaged in agricultural pursuits, the case was not within the jurisdiction of the Court of Industrial Relations but in that of the Court of Agrarian Relations. WE find merit in this contention.

There is no dispute that respondent Hacienda is an agricultural enterprise. No less than the respondent court arrived at this finding in its decision under review. Respondent Union never denied such finding of fact by respondent court. Petitioners, including members of the respondent Union, are all agricultural workers. This fact had likewise been admitted and established. There is no showing, whether from the records of the case or from the briefs of the parties, much less from the appealed decision, that the tasks assigned to petitioners were totally unconnected with agricultural operations. Hence, there is complete absence of any showing that said petitioners do no agricultural work of any kind at all (cf. *Pampanga Sugar Mills vs. Pasumil Workers’ Union*, 98 Phil. 558; 52 O.G. [16] 6924). Under the circumstances, we are constrained to hold that the conflict was not within the competence of the Court of Industrial Relations But in that of the Court of Agrarian Relations created by Republic Act 1267 (Sec. 7). This issue has been previously considered and decided in the case of *Santos vs. Court of Industrial Relations, et al.*, 113 Phil. 725, where WE said:

“The question to be determined is: considering that complainants are agricultural laborers in the legal sense can

their claim relative to an unfair labor practice committed by petitioner be filed with the Court of Industrial Relations? In other words, can the latter court take cognizance of this claim under Republic Act No. 875 considering that the complainants are agricultural laborers?

“We are inclined to uphold the negative view not only because an agricultural laborer does not come within the purview of the word employee defined in Section 2(d) of Republic Act No. 875 but also because any matter that may pertain to the relation of tenant and landlord comes under the Agricultural Tenancy Act (Republic Act No. 1199, as amended by Republic Act No. 2263), and any controversy that may arise between them as an incident of their relationship comes under the exclusive jurisdiction of the Court of Agrarian Relations created by Republic Act No. 1267.

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“With regard to Our conclusion that the present controversy comes under the exclusive jurisdiction of the Court of Agrarian Relations, suffice it to state, that the latter court was created for ‘the enforcement of all laws and regulations governing the relation of capital and labor on all agricultural lands under any system of cultivation’ (Section 1, Republic Act 1267, and amended by Republic Act 1409), and was given exclusive jurisdiction over the entire Philippines ‘to consider, investigate, decide, and settle all questions, matters, controversies, or disputes involving all those relationships, established by law which determine the varying rights of persons in the cultivation or and use of agricultural land where one of the parties works the land’ (Section 7, *ibid.*). Complainants, therefore, should have lodged their complaint with the agrarian court for the redress of the grievance considering this broad power given to it by law even if nothing is said therein relative to unfair labor practice. The subsequent enactment of Republic Act No. 2263 which grants to agricultural workers the right to file an action of this nature merely serves to confirm this jurisdiction of the agrarian court. The conclusion is, therefore, inescapable that the industrial court has improperly assumed jurisdiction over

the present case for it comes under the exclusive jurisdiction of the agrarian court” (emphasis supplied; cited in Hacienda Esperanza and Hacienda Cammisana vs. Court of Ind. Relations and Nat. Sugar Workers Union, 116 Phil. 951, 954-955).

Another issue raised by petitioners is that the respondent court improperly assumed the power and authority to declare, as it did declare, Republic Act 3350 unconstitutional.

The Act in question is an amendment, consisting of the underlined phrase added to paragraph (4), subsection (a) of section four of the Industrial Peace Act, which provides:

“SEC. 4. UNFAIR LABOR PRACTICE. —

(a) It shall be unfair labor practice for an employer:

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“(4) To discriminate in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization: Provided, That nothing in this act or in any other act or statute of the Republic of the Philippines shall preclude an employer from making an agreement with a labor organization to require as a condition of employment membership therein, if such labor organization is the representative of the employees as provided in section twelve, but such agreement shall not cover members of any religious sects which prohibit affiliation of their members in any such labor organization.”

In the decision appealed from, the respondent court maintains that the Act is unconstitutional because it suffers from constitutional infirmities such as the following:

(a) It abridges the freedom of workers to form associations for purposes not contrary to law;

- (b) It impairs the obligation of contracts;
- (c) It discriminates in favor of the religious sect known as Iglesia ni Cristo in violation of the constitutional provision prohibiting legislation for the support of any religious sect; and
- (d) It denies to the workers their constitutional rights to equal protection of the laws.

Although, as pointed out earlier, it is the Court of Agrarian Relations, and not respondent court, that had exclusive jurisdiction over the subject matter and therefore it becomes unnecessary to resolve the remaining issue of constitutionality of Republic Act 3350, nevertheless, in view of the provocative nature of the arguments of respondent court in support of its stand on unconstitutionality, it behooves US to resolve said issue once more.

This issue had twice been considered and decided by this Court: first, in the case of Benjamin Victoriano vs. Elizalde Rope Workers' Union, et al. (G.R. No. L-25246, September 12, 1974); and again in the case of Basa vs. Federacion Obrera de la Industria Tabaquera y Otros Trabajadores de Filipinas (FOITAF) [L-27113, November 19, 1974; 61 SCRA 93, 102-113]. In these two cases, WE declared the constitutionality of Republic Act 3350. WE have noted, however, that the grounds relied upon and the arguments of the respondent court in support thereof, imputing to Republic Act 3350 certain constitutional infirmities, are similar, if not wholly identical, to those asserted by appellants in the two cases aforecited. Hence, WE can do no better than reiterate and reproduce hereunder the pertinent portions of what WE said in the Victoriano case, which were reproduced for the first time in the Basa case, as follows:

“Both the Constitution and Republic Act No. 875 recognized freedom of association. Section 1(6) of Article III of the Constitution of 1935, as well as Section 7 of Article IV of the Constitution of 1973, provide that the right to form associations or societies for purposes not contrary to law shall not be abridge. Section 3 of Republic Act No. 875 provides that employees shall have the right to self-organization and to form,

join or assist labor organizations of their own choosing for the purpose of collective bargaining and to engage in concerted activities for the purpose of collective bargaining and other mutual aid or protection. What the Constitution and the Industrial Peace Act recognize and guarantee is the 'right' to form or join associations. Notwithstanding the different theories propounded by the different schools of jurisprudence regarding the nature and contents of a 'right', it can be safely said that whatever theory one subscribes to, a right comprehends at least two broad notions, namely; first, liberty or freedom, i.e., the absence of legal restraint, whereby an employee may, as he pleases, join or refrain from joining an association. It is, therefore, the employee who should decide for himself whether he should join or not an association; and should he choose to join, he himself make up his mind as to which association he would join; and even after he has joined, he still retains the liberty and the power to leave and cancel his membership with said organization at any time. It is clear, therefore, that the right to join a union includes the right to abstain from joining any union. Inasmuch as what both the Constitution and the Industrial Peace Act have recognized, and guaranteed to the employee, is the 'right' to join associations of his choice, it would be absurd to say that the law also imposes, in the same breath, upon the employee the duty to join associations. The law does not enjoin an employee to sign up with any association.

“The right to refrain from joining labor organizations recognized by Section 3 of the Industrial Peace Act is, however, limited. The legal protection, granted to such right to refrain from joining is withdrawn by operation of law, where a labor union and an employer have agreed on a closed shop, by virtue of the collective bargaining unit, and the employees must continue to be members of the union for the duration of the contract in order to keep their jobs. Thus Section 4 [a] (4) of the Industrial Peace Act, before its amendment by Republic Act No. 3350, provides that although it would be an unfair labor practice for an employer 'to discriminate in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor

organization' the employer is, however, not precluded "from making an agreement with a labor organization to require as a condition of employment membership therein, if such labor organization is the representative of the employees'. By virtue, therefore, of a closed shop agreement, before the enactment of Republic Act No. 3350, if any person, regardless of his religious beliefs, wishes to be employed or to keep his employment, he must become a member of the collective bargaining union. Hence, the right of said employee not to join the labor union is curtailed and withdrawn.

"To that all-embracing coverage of the closed shop arrangement, Republic Act No. 3350 introduced an exception, when it added to Section 4 [a] (4) of the Industrial Peace Act the following proviso: 'but such agreement shall not cover members of any religious sects which prohibit affiliation of their members in any such labor organization'. Republic Act No. 3350 merely excludes ipso jure from the application and coverage of the closed shop agreement the employees belonging to any religious sects which prohibit affiliation of their members with any labor organization. What the exception provides, therefore, is that members of said religious sects cannot be compelled or coerced to join labor unions even when said unions have closed shop agreements with the employers; that in spite of any closed shop agreement, members of said religious sects cannot be refused employment or dismissed from their jobs on the sole ground that they are not members of the collective bargaining union. It is clear, therefore, that the assailed Act, far from infringing the constitutional provision on freedom of association, upholds and reinforces it. It does not prohibit the members of said religious sects from affiliating with labor unions. It still leaves to said members the liberty and the power to affiliate, or not to affiliate, with labor unions. If, notwithstanding their religious beliefs, the members of said religious sects prefer to sign up with the labor union, they can do so. If in deference and fealty to their religious faith, they refuse to sign up, they can do so; the law does not coerce them to join; neither does the law prohibit them from joining; and neither may the employer or labor union compel them to join. Republic Act No. 3350, therefore,

does not violate the constitutional provision on freedom of association.

“2. Appellant Union also contends that the Act is unconstitutional for impairing the obligation of its contract, specifically, the ‘union security clause’ embodied in its Collective Bargaining Agreement with the Company, by virtue of which ‘membership in the union was required as a condition for employment for all permanent employees workers’. This agreement was already in existence at the time Republic Act No. 3350 was enacted on June 18, 1961, and it cannot, therefore, be deemed to have been incorporated into the agreement. But by reason of this amendment, appellee, as well as others similarly situated, could no longer be dismissed from his job even if he should cease to be a member, or disaffiliate from the Union, and the Company could continue employing him notwithstanding his disaffiliation from the Union. The Act, therefore, introduced a change into the express terms of the union security clause; the Company was partly absolved by law from the contractual obligation it had with the Union of employing only Union members in permanent positions. It cannot be denied, therefore, that there was indeed an impairment of said union security clause.

“It should not be overlooked, however, that the prohibition to impair the obligation of contracts is not absolute and unqualified. The prohibition is general, affording a broad outline and requiring construction to fill in the details. The prohibition is not to be read with literal exactness like a mathematical formula, for it prohibits unreasonable impairment only. In spite of the constitutional prohibition, the State continues to possess authority to safeguard the vital interests of its people. Legislation appropriate to safeguard said interest may modify or abrogate contracts already in effect. For not only are existing laws read into contracts in order to fix the obligations as between the parties, but the reservation of essential attributes of sovereign power is also read into contracts as a postulate of the legal order. All contracts made with reference to any matter that is subject to regulation under the police power must be understood as made in reference to

the possible exercise of that power. Otherwise, important and valuable reforms may be precluded by the simple device of entering into contracts for the purpose of doing that which otherwise may be prohibited. The policy of protecting contracts against impairment presupposes the maintenance of a government by virtue of which contractual relations are worthwhile — a government which retains adequate authority to secure the peace and good order of society. The contract clause of the Constitution must, therefore, be not only in harmony with, but also in subordination to, in appropriate instances, the reserved power of the state to safeguard the vital interests of the people. It follows that not all legislations, which have the effect of impairing a contract are obnoxious to the constitutional prohibition as to impairment, and a statute passed in the legitimate exercise of police power, although it incidentally destroys existing contract rights, must be upheld by the courts. This has special application to contracts regulating relations between capital and labor which are not merely contractual, and said labor contracts, for being impressed with public interest, must yield to the common good.

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“In order to determine whether legislation unconstitutionally impairs contract obligations, no unchanging yardstick, applicable at all times and under all circumstances, by which the validity of each statute may be measured or determined, has been fashioned, but every case must be determined upon its own circumstances. Legislation impairing the obligation of contracts can be sustained when it is enacted for the promotion of the general good of the people, and when the means adopted to secure that end are reasonable. Both the end sought and the means adopted must be legitimate, i.e., within the scope of the reserved power of the state construed in harmony with the constitutional limitation of that power.

“What then was the purpose sought to be achieved by Republic Act No. 3350? Its purpose was to insure freedom of belief and religion, and to promote the general welfare by preventing discrimination against those members of religious sects which

prohibit their members from joining labor unions, confirming thereby their natural, statutory and constitutional right to work, the fruits of which work are usually the only means whereby they can maintain their own life and the life of their dependents. It cannot be gainsaid that said purpose is legitimate.

“The questioned Act also provides protection to members of said religious sects against two aggregates of group strength from which the individual needs protection. The individual employee, at various times in his working life, is confronted by two aggregates of power - collective labor, directed by a union, and collective capital, directed by management. The union, an institution developed to organize labor into a collective force and thus protect the individual employee from the power of collective capital, is paradoxically, both champion of employee rights, and a new source of their frustration. Moreover, when the Union interacts with management, it produces yet a third aggregate of group strength from which the individual also needs protection — the collective bargaining relationship.

“It may not be amiss to point out here that the free exercise of religious profession or belief is superior to contract rights. In case of conflict, the latter must, therefore, yield to the former. The Supreme Court of the United States has also declared on several occasions that the rights in the First Amendment, which include freedom of religion, enjoy a preferred position in the constitutional system. Religious freedom, although not unlimited, is a fundamental personal right and liberty, and has a preferred position in the hierarchy of values. Contractual rights, therefore, must yield to freedom of religion. It is only where unavoidably necessary to prevent an immediate and grave danger to the security and welfare of the community that infringement of religious freedom may be justified, and only to the smallest extent necessary to avoid the danger.

“3. In further support of its contention that Republic Act No. 3350 is unconstitutional, appellant Union averred that said Act discriminates in favor of members of said religious sects in violation of Section I (7) of Article III of the 1935 Constitution,

and which is now Section 8 of Article IV of the 1973 Constitution, which provides:

‘No law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof, and the free exercise and enjoyment of religious profession and worship, without discrimination and preference, shall forever be allowed. No religious test shall be required for the exercise of civil or political rights.’

“The constitutional provision not only prohibits legislation for the support of any religious tenets or the modes of worship of any sect, thus forestalling compulsion by law of the acceptance of any creed or the practice of any form of worship but also assures the free exercise of one’s chosen form of religion within the limits of utmost amplitude. It has been said that the religion clauses of the Constitution are all designed to protect the broadest possible liberty of conscience, to allow each man to believe as his conscience directs, to profess his beliefs, and to live as he believes he ought to live, consistent with the liberty of others and with the common good. Any legislation whose effect or purpose is to impede the observance of one or all religions, or to discriminate invidiously between the religions, is invalid, even though the burden may be characterized as being only indirect. But if the state regulates conduct by enacting, within its power, a general law which has for its purpose and effect to advance the state’s secular goals, the statute is valid despite its indirect burden on religious observance, unless the state can accomplish its purpose without imposing such burden.

“In *Aglipay vs. Ruiz*, this Court had occasion to state that the government should not be precluded from pursuing valid objectives secular in character even if the incidental result would be favorable to a religion or sect. It has likewise been held that the statute, in order to withstand the strictures of constitutional prohibition, must have a secular legislative purpose and a primary effect that neither advances nor inhibits religion. Assessed by these criteria, Republic Act No. 3350 cannot be said to violate the constitutional inhibition of the ‘no-establishment’ (of religion) clause of the Constitution.

“The purpose of Republic Act No. 3350 is secular, worldly, and temporal, not spiritual or religious or holy and eternal. It was intended to serve the secular purpose of advancing the constitutional right to the free exercise of religion, by averting that certain persons be refused work, or be dismissed from work, or be dispossessed of their right to work and of being impeded to pursue a modest means of livelihood, by reason of union security agreements. To help its citizens to find gainful employment whereby they can make a living to support themselves and their families is a valid objective of the state. In fact, the state is enjoined, in the 1935 Constitution, to afford protection to labor, and regulate the relations between labor and capital and industry. More so now in the 1973 Constitution where it is mandated that ‘the State shall afford protection to labor, promote full employment and security in employment, ensure equal work opportunities regardless of sex, race or creed and regulate the relation between workers and employers.’

The primary effects of the exemption from closed shop agreements in favor of members of religious sects that prohibit their members from affiliating with a labor organization, is the protection of said employees against the aggregate force of the collective bargaining agreement, and relieving certain citizens of a burden on their religious beliefs; and by eliminating to a certain extent economic insecurity due to unemployment, which is a serious menace to the health, morals, and welfare of the people of the State, the Act also promotes the well-being of society. It is our view that the exemption from the effects of closed shop agreement does not directly advance, or diminish, the interests of any particular religion. Although the exemption may benefit those who are members of religious sects that prohibit their members from joining labor unions, the benefit upon the religious sects is merely incidental and indirect. The ‘establishment clause’ (of religion) does not ban regulation on conduct whose reason or effect merely happens to coincide or harmonize with the tenets of some or all religions. The free exercise clause of the Constitution has been interpreted to required that religious exercise be preferentially aided.

“We believe that in enacting Republic Act No. 3350, Congress acted consistently with the spirit of the constitutional provision. It acted merely to relieve the exercise of religion, by certain persons, of a burden that is imposed by union security agreements. It was Congress itself that imposed that burden when it enacted the Industrial Peace Act (Republic Act 875), and, certainly Congress, if it so deems advisable, could take away the same burden. It is certain that not every conscience can be accommodated by all the laws of the land; but when general laws conflict with scruples of conscience, exemptions ought to be granted unless some ‘compelling state interest’ intervenes. In the instant case, We see no such compelling state interest to withhold the exemption.

“Appellant bewails that while Republic Act No. 3350 protects members of certain religious sects, it leaves no right to, and is silent as to the protection of, labor organizations. The purpose of Republic Act No. 3350 was not to grant rights to labor unions. The rights of labor unions are amply provided for in Republic Act No. 3350 was not to grant rights to labor union. The rights of labor union are amply provided for in Republic Act No. 875 and the new Labor Code. As to the lamented silence of the Act regarding the rights and protection of labor unions, suffice it to say, first, that the validity of a statute is determined by its provisions, not by its silence; and, second, the fact that the law may work hardship does not render it unconstitutional.

“It would not be amiss to state, regarding this matter, that to compel persons to join and remain members of a union to keep their jobs in violation of their religious scruples, would hurt, rather than help, labor unions, Congress has seen it fit to exempt religious objectors lest their resistance spread to other workers, for religious objections have contagious potentialities more than political and philosophic objections.

“Furthermore, let it be noted that coerced unity and loyalty even to the country, and a fortiori to a labor union — assuming that such unity and loyalty can be attained through coercion — is not a goal that is constitutionally obtainable at the expense of

religious liberty. A desirable end cannot be promoted by prohibited means.

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“5. Appellant avers as its fifth ground that Republic Act No. 3350 is a discriminatory legislation, inasmuch as it grants to the members of certain religious sects undue advantage over other workers, thus violating Section 1 of Article III of the 1935 Constitution which forbids the denial to any person of the equal protection of the laws.

“The guaranty of equal protection of the laws is not a guaranty of equality in the application of the laws upon all citizens of the State. It is not, therefore, a requirement, in order to avoid the constitutional prohibition against inequality, that every man, woman and child should be affected alike by a statute. Equality of operation of statutes does not mean indiscriminate operation on persons merely as such, but on persons according to the circumstances surrounding them. It guarantees equality, not identity of rights. The Constitution does not require that things which are different in fact be treated in law as though they were the same. The equal protection clause does not forbid discrimination as to things that are different. It does not prohibit legislation which is limited either in the object to which it is directed or by the territory within which it is to operate.

“The equal protection of the laws clause of the Constitution allows classification. Classification in law, as in the other departments of knowledge or practice, is the grouping of things in speculation or practice because they agree with one another in certain particulars. A law is not invalid because of simple inequality. The very idea of classification is that of inequality, so that it goes without saying that the mere fact of inequality in no manner determines the matter of constitutionality. All that is required of a valid classification is that it be reasonable, which means that the classification should be based on substantial distinctions which make for real differences that it must not be limited to existing conditions only; and that it must apply equally to each member of the class. This Court has held that

the standard is satisfied if the classification or distinction is based on a reasonable foundation or rational basis and is not palpably arbitrary.

“In the exercise of its power to make classifications for the purpose of enacting laws over matters within its jurisdiction, the state is recognized as enjoying a wide range of discretion. It is not necessary that the classification be based on scientific or marked differences of things or in their relation. Neither is it necessary that the classification be made with mathematical nicety. Hence legislative classification may in many cases properly rest on narrow distinctions, for the equal protection guaranty does not preclude the legislature from recognizing degrees of evil or harm, and legislation is addressed to evils as they may appear.

“We believe that Republic Act No. 3350 satisfies the aforementioned requirements. The act classifies employees and workers, as to the effect and coverage of union shop security agreements, into those who by reason of their religious beliefs and convictions cannot sign up with a labor union, and those whose religion does not prohibit membership in labor unions. The classification rests on real or substantial, not merely imaginary or whimsical, distinctions. There is such real distinction in the beliefs, feelings and sentiments of employees. Employees do not believe in the same religious faith and different religions differ in their dogmas and canons. Religious beliefs, manifestations and practices, though they are found in all place, and in all times, take so many varied forms as to be almost beyond imagination. There are diverse manners in which beliefs, equally paramount in the lives of their possessor, may be articulated. Today the country is far more heterogeneous in religion than before, differences in religion do exist, and these differences are important and should not be ignored.

“Even from the psychological point of view, the classification is based on real and important differences. Religious beliefs are not mere beliefs, mere ideas existing only in the mind, for they carry with them practical consequences and are the motives of

certain rules of human conduct and the justification of certain acts. Religious sentiment makes a man view things and events in their relation to his God. It gives to human life its distinctive characters, its tone, its happiness, or unhappiness. Its enjoyment or irksomeness. Usually, a strong and passionate desire is involved in a religious belief. To certain persons, no single factor of their experience is more important to them than their religion, or their not having any religion. Because of differences in religious belief and sentiments, a very poor person may consider himself better than the rich, and the man who even lacks the necessities of life may be more cheerful than the one who has all possible luxuries. Due to their religious beliefs people, like the martyrs, became resigned to the inevitable and accepted cheerfully even the most painful and excruciating pains. Because of differences in religious beliefs, the world has witnessed turmoil, civil strife, persecution, hatred, bloodshed and war, generated to a large extent by members of sects who were intolerant of other religious beliefs. The classification, introduced by Republic Act No. 3350, therefore, rests on substantial distinctions.

“The classification introduced by said Act is also germane to its purpose. The purpose of the law is precisely to avoid those who cannot, because of their religious belief, join labor unions, from being deprived of their right to work and from being dismissed from their work because of union shop security agreements.

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“As comprehensively observed by Justice Fernando in his concurring opinion in that case:

“3. There is, however, the question of whether such an exception possess an implication that lessens the effectiveness of state efforts to protect labor, likewise, as noted, constitutionally ordained. Such a view, on the surface, may not be lacking in plausibility, but upon closer analysis, it cannot stand scrutiny. Though must be given to the freedom of association, likewise an aspects of intellectual liberty. For the late Professor Howe, a constitutionalist and in his lifetime the

biographer of the great Holmes, it even partakes of the political theory of pluralistic sovereignty. So great is the respect for the autonomy accorded voluntary societies. Such a right implies at the very least that one can determine for himself whether or not he should join or refrain from joining a labor organization, an institutional device for promoting the welfare of the working man. A closed shop, on the other hand, is inherently coercive. That is why, as is unmistakably reflected in our decisions, the latest of which is *Guijarno vs. Court of Industrial Relations*, it is far from being a favorite of the law. For a statutory provision then to further curtail its operation, is precisely to follow the dictates of sound public policy.”

In resume, WE come to the inescapable conclusion that the petitioners cannot be summarily dismissed from their employment in the Hacienda as a result of their resignation from the respondent Union, notwithstanding the existence of a union shop security clause in the Collective Bargaining Agreement of August 2, 1962, since Republic Act 3350, which is constitutional, exempts them from joining any labor organization, when such is contrary to their religious beliefs and convictions.

**WHEREFORE, THE DECISION OF THE COURT OF INDUSTRIAL RELATIONS HEREIN APPEALED FROM IS HEREBY VACATED AND SET ASIDE, AND THE CASE ORDERED DISMISSED. WITH COSTS AGAINST PRIVATE RESPONDENTS.**

**Teehankee, C.J., (Chairman), Muñoz-Palma, Martin, Fernandez and Guerrero, JJ., concur.**