

Textiles

BY JAMES TRAYNOR

THE market during September was more active than at any time since January. This activity is the result of several factors, the most important of which is the seasonal increased consumption, common toward the end of the year, usually beginning in September. Ordinarily importers buy for this year-end activity, but this year buyers have used extreme caution due to depressed prices which have ruled during the past 5 to 6 months. Inventories were therefore held at a conservative level and are now low enough to cause many grades to be in short supply, and with the consequent upward adjustment in prices, importers feel more confident in making new commitments.

There is a feeling in the market that if the current rumors of further restrictions by the Import Control Board are put into effect, the normal demand for textiles could not be satisfied.

The New York market continued to be firm and nearby deliveries very difficult to procure. Some mills in the United States have sold as far ahead as next February. Prices in New York continued to advance throughout the month.

Legislation, Executive Orders, and Court Decisions

BY EWALD E. SELPH
Ross, Selph, Carrascoso & Janda

THE Supreme Court has just rendered an interesting decision on the liability of a lessee for the agreed rental during the period of the Japanese occupation.

In Case No. G. R. No. L-1802, decided September 30, 1949, the Court said:

"We do not agree however with plaintiff that the non-payment of rent worked to rescind the contract. The failure of the defendant to pay rent during the war was due to impossibility inherent in the nature of the thing to be performed. In this aspect of the contract the payment was the very thing promised by the lessee, the very foundation, the sole consideration of the contract for the lessor, and the lessee's failure to make good the promise was due to causes over which it had no control and for which it was in no manner at fault. The war led to its officers' incarceration or internment and prevented them from receiving cash from their principal or from working to earn money. There is no difference in the animating principle involved between this case and that of

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a promissor who is unable to fulfill a promise to sell a house because the house was burned down.

"It will perhaps be contended that after liberation the defendant was in a position to pay the rent in arrears and yet did not do so. This failure, in our opinion, should not operate as a forfeiture of the right of the lessee under the contract. Its refusal was not due to any notion of bad faith but to an honest belief that it was not under obligation to pay. This claim for exemption can not be dubbed frivolous in the face of the fact that the lower court sustained it and of the vehemence with which the proposition is urged by counsel upon us.

"The judgment of the lower court is reversed as to the obligation of the defendant to pay rent from December, 1941, to the date preceding the first payment after January, 1945. The decision is affirmed regarding the prayer to rescind the contract."

In the case of San Miguel Brewery, Inc., Case No. 271-V, decided September 17, 1949, Judge Roldan of the Court of Industrial Relations said:

"Section 1 of Article III of the Constitution of the Philippines regulates the acts of the laborers and employers in a strike. Sec. 1 provides: 'No person shall be deprived of life, or property without due process of law, nor shall any person be denied the equal protection of the laws.' In any strike the rights of four groups of persons are affected—the strikers, the employer, the workers who did not join the strike, and the public.

"In the application of the constitutional provision abovesaid, the laborer has the liberty to sell his labor to whom he chooses and to stop rendering his service when he so determines; the employer is at liberty to operate his business in the way he pleases and to employ those whom he selects; the non-striker has the liberty to join or to refuse to join the strike or to stop or continue his service; and, the public has the right to continue its dealings with the employer. All these rights are sacred and must be respected in accordance with the laws enforced."

Another point the Court made was that wages were not payable for time lost during the strike last year. The Court said:

"As to the demand for the payment of the wages that the strikers lost on the occasion of their strike on November 22, 1948, the Court understands that a strike is a voluntary and deliberate cessation of work on the part of the workers. Upon this consideration and based on the equitable tenet of a fair day's wage for a fair day's labor, this demand falls of its own weight and must be, as it is hereby, denied."

As to the claim for the equivalent of 3 years' pay for rehabilitation, the Court said:

"This demand has been the subject of a similar petition in Case No. 26-V of this Court between the National Labor Union and the petitioner. This Court then and there rules that 'the company should not in fairness be responsible for the back pay of three years during which it had not been benefited because all the properties and plants of the company were operated and utilized by the Japanese Army of occupation during that period; and, moreover, there had been no evidence at all as to who among the employees worked during the occupation in the company'.

"Conditions have not changed since then. No new evidence had been presented by respondents to justify a new

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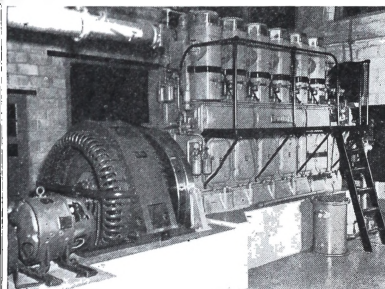
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decision on the matter. For these reasons, this demand is denied."

As to the legality of the strike, the Court said: "A perusal of the evidence submitted by both parties on the matter of strike leads the Court to conclude that at least in the Coca-Cola Plant located at Otis Street, Manila, in the Magnolia Plant located at Aviles Street, Manila, and in the Polo Plant located at Polo, Bulacan, employees were coerced and intimidated from rendering their usual services to the San Miguel Brewery, and, in the Polo Plant there was use of coercive words, display of force, threats and acts of violence, during the strike.

"... With regards to the strike, the Court finds that the means employed in its furtherance were violative of Constitutional and legal provisions in forces in this jurisdiction and declares this strike illegal. As a consequence, those responsible for this illegal strike can be dismissed."

Philippine Chamber of Commerce Program . . .

(Continued from page 436)

creed time and again, whether in this country, in the United States, or elsewhere. One such measure is the import control. I recall that we endorsed for approval the law establishing the import control as a temporary measure. While I do not argue on the beneficial effects of the import control, such as the conservation of our dollar reserves, by canalizing the import trade to essential commodities and capital goods and restricting the importation of luxuries and non-essential goods, the fact of the matter is that we favored it as a temporary measure. I shall suggest to the Board that we send a referendum to the members asking them to give their opinion as to the continuation or repeal of the import control so that we may arrive at a definite stand on the matter.

8. There is no question that our system of taxation is top heavy, considering the rather simple economic structure that we have. On top of this, there is always danger of double taxation—taxation by the local government and taxation by the Government of the Republic. Taxation is one of the greatest restrictions on the progress of business. I am not arguing against taxes which are reasonable and bearable, and which are imposed under the principle of ability to pay. But there are taxes in our system of taxation that are defective and which operate as impediment to our economic development and the progress of business. I intend to direct the preferential attention of the Taxation Committee of the Chamber to this problem.

9. Our obsolete tariffs should be revised. The tariffs enforced now are colonial in nature. They have been in force "mutatis mutandum" since 1909. Certainly, the Government of the Republic should revise our tariffs. As a matter of fact, such revision has already been started. It came to a head with a proposal submitted to the National Economic Council. Such proposal has been circularized to the members of the Chamber and I am urging all the members to make such suggestions as they may deem proper so that we can study and contribute to the revision of the existing tariffs in a manner to suit best our national interests.

10. The labor-management relationship should ever be kept harmonious. The success of any business enterprise depends, to a large extent, on that harmony. Labor should be given a just wage and human treatment and Capital should be entitled to a fair and reasonable profit. Labor-Capital disputes should be minimized as they tend to disrupt business and entail great economic loss. I propose to have a study of all

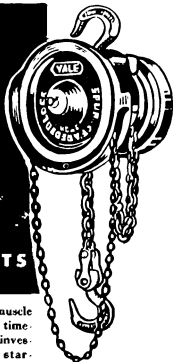
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