ARTICLE I

LEGISLATIVE DEPARTMENT

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LEGISLATIVE DEPARTMENT

ARTICLE I

Section 1. All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

Separation of Powers and Checks and Balances

The Constitution nowhere contains an express injunction to preserve the boundaries of the three broad powers it grants, nor does it expressly enjoin maintenance of a system of checks and balances. Yet, it does grant to three separate branches the powers to legislate, to execute, and to adjudicate, and it provides throughout the document the means by which each of the branches could resist the blandishments and incursions of the others. The Framers drew up our basic charter against a background rich in the theorizing of scholars and statesmen regarding the proper ordering in a system of government of conferring sufficient power to govern while withholding the ability to abridge the liberties of the governed.¹

The Theory Elaborated and Implemented

When the colonies separated from Great Britain following the Revolution, the framers of their constitutions were imbued with the profound tradition of separation of powers, and they freely and expressly embodied in their charters the principle.² But the theory of checks and balances was not favored because it was drawn from Great Britain, and, as a consequence, violations of the separation-of-powers doctrine by the legislatures of the States were common-

¹Among the best historical treatments are M. Vile, Constitutionalism and the Separation of Powers (1967), and W. Gwyn, The Meaning of the Separation of Powers (1965).

²Thus the Constitution of Virginia of 1776 provided: “The legislative, executive, and judiciary department shall be separate and distinct, so that neither exercise the powers properly belonging to the other; nor shall any person exercise the powers of more than one of them, at the same time[.]” Reprinted in 10 W. Swindler (ed.), Sources and Documents of United States Constitutions (1979), 52. See also 5 id., 96, Art. XXX of Part First, Massachusetts Constitution of 1780: “In the government of this commonwealth, the legislative department shall never exercise the executive and judicial powers, or either of them; the executive shall never exercise the legislative and judicial powers, or either of them; the judicial shall never exercise the legislative and executive powers, or either of them; to the end it may be a government of laws, and not of men.”
place events prior to the convening of the Convention. As much as theory did the experience of the States furnish guidance to the Framers in the summer of 1787.

The doctrine of separation of powers, as implemented in drafting the Constitution, was based on several principles generally held: the separation of government into three branches, legislative, executive, and judicial; the conception that each branch performs unique and identifiable functions that are appropriate to each; and the limitation of the personnel of each branch to that branch, so that no one person or group should be able to serve in more than one branch simultaneously. To a great extent, the Constitution effectuated these principles, but critics objected to what they regarded as a curious intermixture of functions, to, for example, the veto power of the President over legislation and to the role of the Senate in the appointment of executive officers and judges and in the treaty-making process. It was to these objections that Madison turned in a powerful series of essays.

Madison recurred to “the celebrated” Montesquieu, the “oracle who is always consulted,” to disprove the contentions of the critics. “[T]his essential precaution in favor of liberty,” that is, the separation of the three great functions of government had been achieved, but the doctrine did not demand rigid separation. Montesquieu and other theorists “did not mean that these departments ought to have no partial agency in, or control over, the acts of each other,” but rather liberty was endangered “where the whole power of one department is exercised by the same hands which possess the whole power of another department.” That the doctrine did not demand absolute separation provided the basis for preservation of separation of powers in action. Neither sharply drawn demarcations of institutional boundaries nor appeals to the electorate were sufficient. Instead, the security against concentration of powers “consists in giving to those who administer each department the necessary constitutional means and personal motives to resist encroachments of the others.” Thus, “[a]mbition must be made to

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4The intellectual history through the state period and the Convention proceedings is detailed in G. Wood, The Creation of the American Republic, 1776-1787 (1969) (see index entries under “separation of powers”).

5The Federalist Nos. 47-51 (J. Cooke ed. 1961), 323-353 (Madison).

6Id., No. 47, 325-326 (emphasis in original).

7Id., Nos. 47-49, 325-343.
counteract ambition. The interest of the man must be connected with the constitutional rights of the place.”

Institutional devices to achieve these principles pervade the Constitution. Bicameralism reduces legislative predominance, while the presidential veto gives to the Chief Magistrate a means of defending himself and of preventing congressional overreaching. The Senate’s role in appointments and treaties checks the President. The courts are assured independence through good behavior tenure and security of compensation, and the judges through judicial review will check the other two branches. The impeachment power gives to Congress the authority to root out corruption and abuse of power in the other two branches. And so on.

Judicial Enforcement

Throughout much of our history, the “political branches” have contended between themselves in application of the separation-of-powers doctrine. Many notable political disputes turned on questions involving the doctrine. Inasmuch as the doctrines of separation of powers and of checks and balances require both separation and intermixture, the role of the Supreme Court in policing the maintenance of the two doctrines is problematic at best. And, indeed, it is only in the last two decades that cases involving the doctrines have regularly been decided by the Court. Previously, informed understandings of the principles have underlain judicial construction of particular clauses or guided formulation of constitutional common law. That is, the nondelegation doctrine was from the beginning suffused with a separation-of-powers premise, and the effective demise of the doctrine as a judicially-enforceable construct reflects the Court’s inability to give any meaningful content to it. On the other hand, periodically, the Court has essayed a strong separation position on behalf of the President, sometimes with lack of success, sometimes successfully.

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8Id., No. 51, 349.
9 "While the Constitution diffuses power the better to secure liberty, it also contemplates that practice will integrate the dispersed powers into a workable government. It enjoins upon its branches separateness but interdependence, autonomy but reciprocity." Youngstown Sheet & Tube Co. v. Sawyer, 343 U.S. 579, 635 (1952) (Justice Jackson concurring).
10E.g., Field v. Clark, 143 U.S. 649, 692 (1892); Wayman v. Southard, 10 Wheat. (23 U.S.) 1, 42 (1825).
12The principal example is Myers v. United States, 272 U.S. 52 (1926), written by Chief Justice Taft, himself a former President. The breadth of the holding was modified in considerable degree in Humphrey’s Executor v. United States, 295 U.S. 602 (1935), and the premise of the decision itself was recast and largely softened in Morrison v. Olson, 487 U.S. 654 (1988).
Sec. 1—The Congress

Legislative Powers

Following a lengthy period of relative inattention to separation of powers issues, the Court since 1976 has recurred to the doctrine in numerous cases, and the result has been a substantial curtailment of congressional discretion to structure the National Government. Thus, the Court has interposed constitutional barriers to a congressional scheme to provide for a relatively automatic deficit-reduction process because of the critical involvement of an officer with significant legislative ties, to the practice set out in more than 200 congressional enactments establishing a veto of executive actions, and to the vesting of broad judicial powers to handle bankruptcy cases in officers not possessing security of tenure and salary. Contrarily, the highly-debated establishment by Congress of a process by which independent special prosecutors could be established to investigate and prosecute cases of alleged corruption in the Executive Branch was sustained by the Court in an opinion that may presage a judicial approach in separation of powers cases more accepting of some blending of functions at the federal level.

Important as were the results in this series of cases, the development in the cases of two separate and inconsistent doctrinal approaches to separation of powers issues occasioned the greatest amount of commentary. The existence of the two approaches, which could apparently be employed in the discretion of the Justices, made difficult the prediction of the outcomes of differences over proposals and alternatives in governmental policy. Significantly, however, it appeared that the Court most often used a more strict analysis in cases in which infringements of executive powers were alleged and a less strict analysis when the powers of the other two Branches were concerned. The special prosecutor decision, followed by the decision sustaining the Sentencing Commission, may signal the adoption of a single analysis, the less strict analysis, for all separation of power cases or it may turn out to be but an exception to the Court's dual doctrinal approach.

13 Beginning with Buckley v. Valeo, 424 U.S. 1, 109–143 (1976), a relatively easy case, in which Congress had attempted to reserve to itself the power to appoint certain officers charged with enforcement of a law.


18 The tenor of a later case, Metropolitan Washington Airports Auth. v. Citizens for the Abatement of Airport Noise, 501 U.S. 252 (1991), was decidedly formalistic, but it involved a factual situation and a doctrinal predicate easily rationalized by the principles of Morrison and Mistretta, aggrandizement of its powers by Congress. Granfinanciera, S.A. v. Nordberg, 492 U.S. 33 (1989), reasserted the fundamentality of Marathon, again in a bankruptcy courts context, although the issue was the right
While the two doctrines have been variously characterized, the names generally attached to them have been "formalist," applied to the more strict line, and "functional," applied to the less strict. The formalist approach emphasizes the necessity to maintain three distinct branches of government through the drawing of bright lines demarcating the three branches from each other determined by the differences among legislating, executing, and adjudicating. The functional approach emphasizes the core functions of each branch and asks whether the challenged action threatens the essential attributes of the legislative, executive, or judicial function or functions. Under this approach, there is considerable flexibility in the moving branch, usually Congress acting to make structural or institutional change, if there is little significant risk of impairment of a core function or in the case of such a risk if there is a compelling reason for the action.

Chadha used the formalist approach to invalidate the legislative veto device by which Congress could set aside a determination by the Attorney General, pursuant to a delegation from Congress, to suspend deportation of an alien. Central to the decision were two conceptual premises. First, the action Congress had taken was leg-
islative, because it had the purpose and effect of altering the legal rights, duties, and relations of persons outside the Legislative Branch, and thus Congress had to comply with the bicameralism and presentment requirements of the Constitution. 21 Second, the Attorney General was performing an executive function in implementing the delegation from Congress, and the legislative veto was an impermissible interference in the execution of the laws. Congress could act only by legislating, by changing the terms of its delegation. 22 In Bowsher, the Court held that Congress could not vest even part of the execution of the laws in an officer, the Comptroller General, who was subject to removal by Congress because this would enable Congress to play a role in the execution of the laws. Congress could act only by passing other laws. 23

On the same day Bowsher was decided through a formalist analysis, the Court in Schor utilized the less strict, functional approach in resolving a challenge to the power of a regulatory agency to adjudicate as part of a larger canvas a state common-law issue, the very kind of issue that Northern Pipeline, in a formalist plurality opinion with a more limited concurrence, had denied to a non-Article III bankruptcy court. 24 Sustaining the agency’s power, the Court emphasized “the principle that ‘practical attention to substance rather than doctrinaire reliance on formal categories should inform application of Article III.’ ” 25 It held that in evaluating such a separation of powers challenge, the Court had to consider the extent to which the “essential attributes of judicial power” were reserved to Article III courts and conversely the extent to which the non-Article III entity exercised the jurisdiction and powers normally vested only in Article III courts, the origin and importance of the rights to be adjudicated, and the concerns that drove Congress to depart from the requirements of Article III. 26 Bowsher, the Court said, was not contrary, because “[u]nlike Bowsher, this case raises no question of the aggrandizement of congressional power at the expense of a coordinate branch.” 27 The test was a balancing

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22 Id., 954–955.
24 While the agency in Schor was an independent regulatory commission and the bankruptcy court in Northern Pipeline was either an Article I court or an adjunct to an Article III court, the characterization of the entity is irrelevant and, in fact, the Court made nothing of the difference. The issue in either case was whether the judicial power of the United States could be conferred on an entity not an Article III court.
26 Id., 851.
27 Id., 856.
one, whether Congress had impermissibly undermined the role of another branch without appreciable expansion of its own power.

While the Court, in applying one or the other analysis in separation of powers cases, had never indicated its standards for choosing one analysis over the other, beyond inferences that the formalist approach was proper when the Constitution fairly clearly committed a function or duty to a particular branch and the functional approach was proper when the constitutional text was indeterminate and a determination must be made on the basis of the likelihood of impairment of the essential powers of a branch, the overall results had been a strenuous protection of executive powers and a concomitant relaxed view of the possible incursions into the powers of the other branches. It was thus a surprise, then, when in the independent counsel case, the Court, again without stating why it chose that analysis, utilized the functional standard to sustain the creation of the independent counsel.\textsuperscript{28} The independent-counsel statute, the Court emphasized, was not an attempt by Congress to increase its own power at the expense of the executive nor did it constitute a judicial usurpation of executive power. Moreover, the Court stated, the law did not “impermissibly undermine” the powers of the Executive Branch nor did it “disrupt the proper balance between the coordinate branches [by] prevent[ing] the Executive Branch from accomplishing its constitutionally assigned functions.”\textsuperscript{29} Acknowledging that the statute undeniable reduced executive control over what it had previously identified as a core executive function, the execution of the laws through criminal prosecution, through its appointment provisions and its assurance of independence by limitation of removal to a “good cause” standard, the Court nonetheless noticed the circumscribed nature of the reduction, the discretion of the Attorney General to initiate appointment, the limited jurisdiction of the counsel, and the power of the Attorney General to ensure that the laws are faithfully executed by the counsel. This balancing, the Court thought, left the President with sufficient control to ensure that he is able to perform his constitutionally assigned functions.

\textsuperscript{28}To be sure, the appointments clause did specifically provide that Congress could vest in the courts the power to appoint inferior officers, Morrison v. Olson, 487 U.S. 654, 670-677 (1988), making possible the contention that, unlike Chadha and Bowsher, Morrison is a textual commitment case. But the Court’s separate evaluation of the separation of powers issue does not appear to turn on that distinction. Id., 685–696. Nevertheless, the existence of this possible distinction should make one wary about lightly reading Morrison as a rejection of formalism when executive powers are litigated.

\textsuperscript{29}Id., 695 (quoting, respectively, Schor, supra, 478 U.S., 856, and Nixon v. Administrator of General Services, supra, 433 U.S., 443).
A notably more pragmatic, functional analysis suffused the opinion of the Court when it upheld the constitutionality of the Sentencing Commission.\textsuperscript{30} Charged with promulgating guidelines binding on federal judges in sentencing convicted offenders, the seven-member Commission, three members of which had to be Article III judges, was made an independent entity in the judicial branch. The President appointed all seven members, the judges from a list compiled by the Judicial Conference, and he could remove from the Commission any member for cause. According to the Court, its separation-of-powers jurisprudence is always animated by the concerns of encroachment and aggrandizement. "Accordingly, we have not hesitated to strike down provisions of law that either accrete to a single Branch powers more appropriately diffused among separate Branches or that undermine the authority and independence of one or another coordinate Branch."\textsuperscript{31} Thus, to each of the discrete questions, the placement of the Commission, the appointment of the members, especially the service of federal judges, and the removal power, the Court carefully analyzed whether one branch had been given power it could not exercise or had enlarged its powers impermissibly and whether any branch would have its institutional integrity threatened by the structural arrangement.

Although it is possible, even likely, that Morrison and Mistretta represent a decision by the Court to adopt for all separation-of-powers cases the functional analysis, the history of adjudication since 1976 and the shift of approach between Myers and Humphrey's Executor suggest caution. Recurrences of the formalist approach have been noted. Additional decisions must be forthcoming before it can be decided that the Court has finally settled on the functional approach.

**BICAMERALISM**

By providing for a National Legislature of two Houses, the Framers, deliberately or adventitiously, served several functions. Examples of both unicameralism and bicameralism abounded. Some of the ancient republics, to which the Framers often repaired for the learning of experience, had two-house legislatures, and the Parliament of Great Britain was based in two social orders, the hereditary aristocracy represented in the House of Lords and the

\textsuperscript{30}Mistretta v. United States, 488 U.S. 361 (1989). Significantly, the Court did acknowledge reservations with respect to the placement of the Commission as an independent entity in the judicial branch. Id., 384, 397, 407-08. As in Morrison, Justice Scalia was the lone dissenter, arguing for a fairly rigorous application of separation-of-powers principles. Id., 413, 422-427.

\textsuperscript{31}I.d., 382.
freeholders of the land represented in the House of Commons. A number of state legislatures, following the Revolution, were created unicameral, and the Continental Congress, limited in power as it was, consisted of one house.

From the beginning in the Convention, in the Virginia Plan, a two-house Congress was called for. The Great Compromise, one of the critical decisions leading to a successful completion of the Convention, resolved the dispute about the national legislature by providing for a House of Representatives apportioned on population and a Senate in which the States were equally represented. The first function served, thusly, was federalism. 32 Coextensively important, however, was the separation-of-powers principle served. The legislative power, the Framers both knew and feared, was predominant in a society dependent upon the suffrage of the people, and it was important to have a precaution against the triumph of transient majorities. Hence, the Constitution's requirement that before lawmaking could be carried out bills must be deliberated in two Houses, their Members beholden to different constituencies, was in pursuit of this observation from experience. 33

Events since 1787, of course, have altered both the separation-of-powers and the federalism bases of bicameralism, in particular the adoption of the Seventeenth Amendment resulting in the popular election of Senators, so that the differences between the two Chambers are today less pronounced.

ENUMERATED, IMPLIED, RESULTING, AND INHERENT POWERS

Two important doctrines of constitutional law—that the Federal Government is one of enumerated powers and that legislative powers may not be delegated—are derived in part from this section. The classical statement of the former is that by Chief Justice Marshall in *McCulloch v. Maryland*: "This government is acknowledged by all, to be one of enumerated powers. The principle, that it can exercise only the powers granted to it, would seem too apparent, to have required to be enforced by all those arguments, which its enlightened friends, while it was depending before the people, found it necessary to urge; that principle is now universally admitted." 34

33 Id., No. 51, 347–353 (Madison). The assurance of the safeguard is built into the presentment clause. Article I, § 7, cl. 2; and see id., cl. 3. The structure is not often the subject of case law, but it was a foundational matter in INS v. Chadha, 462 U.S. 919, 944–951 (1983).
34 4 Wheat. (17 U.S.) 316, 405 (1819).
That, however, “the executive power” is not confined to those items expressly enumerated in Article II was asserted early in the history of the Constitution by Madison and Hamilton alike and is found in decisions of the Court; a similar latitudinarian conception of “the judicial power of the United States” was voiced in Justice Brewer’s opinion for the Court in Kansas v. Colorado. But even when confined to “the legislative powers herein granted,” the doctrine is severely strained by Marshall’s conception of some of these as set forth in his McCulloch v. Maryland opinion. He asserts that “the sword and the purse, all the external relations and no inconsiderable portion of the industry of the nation, are intrusted to its government;” he characterizes “the power of making war,” of “levying taxes,” and of “regulating commerce” as “great, substantive and independent powers;” and the power conferred by the “necessary and proper” clause embraces, he declares, all legislative “means which are appropriate” to carry out the legitimate ends of the Constitution, unless forbidden by “the letter and spirit of the Constitution.”

Nine years later, Marshall introduced what Story in his Commentaries labels the concept of “resulting powers,” those which “rather be a result from the whole mass of the powers of the National Government, and from the nature of political society, than a consequence or incident of the powers specially enumerated.” Story’s reference is to Marshall’s opinion in American Insurance Co. v. Canter, where the latter said, that “the Constitution confers absolutely on the government of the Union, the powers of making war, and of making treaties; consequently, that government possesses the power of acquiring territory, either by conquest or by treaty.” And from the power to acquire territory, he continues arises as “the inevitable consequence,” the right to govern it. Subsequently, powers have been repeatedly ascribed to the National Government by the Court on grounds that ill accord with the doctrine of enumerated powers: the power to legislate in effectuation of the “rights expressly given, and duties expressly enjoined” by the Constitution; the power to impart to the paper cur-
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rency of the Government the quality of legal tender in the payment of debts;\(^45\) the power to acquire territory by discovery;\(^46\) the power to legislate for the Indian tribes wherever situated in the United States;\(^47\) the power to exclude and deport aliens;\(^48\) and to require that those who are admitted be registered and fingerprinted;\(^49\) and finally the complete powers of sovereignty, both those of war and peace, in the conduct of foreign relations. Thus, in United States v. Curtiss-Wright Corp.,\(^50\) decided in 1936, Justice Sutherland asserted the dichotomy of domestic and foreign powers, with the former limited under the enumerated powers doctrine and the latter virtually free of any such restraint. That doctrine has been the source of much scholarly and judicial controversy, but, although limited, it has not been repudiated.

Yet, for the most part, these holdings do not, as Justice Sutherland suggested, directly affect “the internal affairs” of the nation; they touch principally its peripheral relations, as it were. The most serious inroads on the doctrine of enumerated powers are, in fact, those which have taken place under cover of the doctrine—the vast expansion in recent years of national legislative power in the regulation of commerce among the States and in the expenditure of the national revenues. Verbally, at least, Marshall laid the ground for these developments in some of the phraseology above quoted from his opinion in McCulloch v. Maryland.

DELEGATION OF LEGISLATIVE POWER

Origin of the Doctrine of Nondelegability

“That the legislative power of Congress cannot be delegated is, of course, clear.”\(^51\) This 1932 statement has never been literally true, the delegation at issue in the very case in which the statement was made was upheld, and the Court in recent years has felt little constrained to much more than bow in the direction of the doctrine. Yet the doctrine of nondelegation of legislative powers and the permissible exception of delegation accompanied by standards

\(^{47}\) United States v. Kagama, 118 U.S. 375 (1886).
\(^{48}\) Fong Yue Ting v. United States, 149 U.S. 698 (1893).
\(^{49}\) Hines v. Davidowitz, 312 U.S. 52 (1941).
\(^{50}\) 299 U.S. 304 (1936).
have so settled a place in constitutional jurisprudence that notice must be given at some length. 52

At least three distinct ideas contributed to the development of the doctrine that legislative power cannot be delegated. The first idea is the doctrine of separation of powers, the idea that the law-making power is vested in the legislative branch, the law-executing power in the executive branch, and the law-interpreting power in the judicial branch. 53 Is it not a violation of the doctrine to permit the law-making branch to divest itself of some of its power and confer it on one or the other of the other branches or to particular offices in the other branch?

The second idea is a due process conception precluding the transfer of regulatory functions to private persons, a distinct specie of the delegation doctrine not relevant usually in the field of administration, of delegation to another public agency. 54

The third idea concerns the maxim "delegata potestas non potest delegari," which John Locke borrowed from agency and offered as a principle of political science. 55 In J. W. Hampton, J r., & Co. v. United States, 56 Chief Justice Taft explained the origin and limitations of this phrase as a postulate of constitutional law. "The well-known maxim "delegata potestas non potest delegari," applicable to the law of agency in the general and common law, is well understood and has had wider application in the construction of our Federal and State Constitutions than it has in private law. The Federal Constitution and State Constitutions of this country divide the governmental power into three branches. . . . [I]n carrying out that constitutional division . . . it is a breach of the National fundamental law if Congress gives up its legislative power and transfers it to the President, or to the Judicial branch, or if by law it attempts to invest itself or its members with either executive power or judicial power."
But whatever the source or combination of sources of the doctrine, decisions of the Court accepting without comment delegations of vast powers to administrative or executive agencies constitute a de facto recognition that Congress in the exercise of its granted powers, in conjunction with its necessary and proper power, often cannot either foresee or resolve problems of application of general laws to specific situations. Thus, “[d]elegation by Congress has long been recognized as necessary in order that the exertion of legislative power does not become a futility.”

Delegation Which Is Permissible

“It will not be contended,” wrote Chief Justice Marshall in 1825, “that congress can delegate to the courts, or to any other tribunals, powers which are strictly and exclusively legislative. But congress may certainly delegate to others, powers which the legislature may rightfully exercise itself.” “This is not to say,” said Chief Justice Taft, “that the three branches are not co-ordinate parts of one government and that each in the field of its duties may not invoke the action of the two other branches in so far as the action invoked shall not be an assumption of the constitutional field of action of another branch. In determining what it may do in seeking assistance from another branch, the extent and character of that assistance must be fixed according to common sense and the inherent necessities of the governmental co-ordination.” Chief Justice Marshall frankly noted “that there is some difficulty in discerning the exact limits” on the legislative power to delegate. Thus, “the precise boundary of this power is a subject of delicate and difficult inquiry, into which a court will not enter unnecessarily.”

Two theories suggested themselves to the early Court to justify the results of sustaining delegations. The Chief Justice alluded to the first in Wayman v. Southard. He distinguished between “important” subjects, “which must be entirely regulated by the legislature itself,” and subjects “of less interest, in which a general provision may be made, and power given to those who are to act under such general provisions, to fill up the details.” While his distinction may be lost, the theory of the power “to fill up the details” is impressively modern law.

57 Sunshine Anthracite Coal Co. v. Adkins, 310 U.S. 381, 398 (1940).
58 Wayman v. Southard, 10 Wheat. (23 U.S.) 1, 41 (1825).
60 Id., 10 Wheat. (23 U.S.), 42.
61 Id., 41.
A second theory, formulated even earlier, is that Congress may legislate contingently, leaving to others the task of ascertaining the facts that bring its declared policy into operation. 62

**Filling Up the Details.**—At issue in Wayman v. Southard 63 was the contention that Congress had unconstitutionally delegated power to the federal courts to establish rules of practice, provided such rules were not repugnant to the laws of the United States. 64 Chief Justice Marshall agreed that the rule-making power was a legislative function and that Congress could have formulated the rules itself, but he denied that the delegation was impermissible. Since then, of course, Congress has authorized the Supreme Court to prescribe rules of procedure for the lower federal courts. 65 Filling up the details of statutes was long a popular version of the nature of permissible delegations.

Thus, when Congress required the manufacturers of oleomargarine to have their packages “marked, stamped and branded as the Commissioner of Internal Revenue . . . shall prescribe,” the Court sustained the conviction of one selling his goods without the markings against his objection that he was prosecuted not for violation of law but for violation of a regulation. 66 “The criminal offence,” said Chief Justice Fuller, “is fully and completely defined by the act and the designation by the Commissioner of the particular marks and brands to be used was a mere matter of detail.” 67 Kollock was not the first such case, 68 but it was to be followed by a multitude of delegations and the sustaining of them. Soon thereafter the Court on the same theory upheld an act directing the Secretary of the Treasury to promulgate minimum standards of quality and purity for tea imported into the United States. 69

**Contingent Legislation.**—An entirely different problem arises when, instead of directing another department of govern-
ment to apply a general statute to individual cases, or to supplement it by detailed regulation, Congress commands that a previously enacted statute be revived, suspended, or modified, or that a new rule be put into operation, upon the finding of certain facts by an executive or administrative officer. Since the delegated function in such cases is not that of “filling up the details” of a statute, authority for it must be sought elsewhere than in the first theory. It is to be found in an even earlier case, The Brig Aurora,\(^7\) where the revival of a law upon the issuance of a presidential proclamation was upheld. After previous restraints on British shipping had lapsed, Congress passed a new law stating that those restrictions should be renewed in the event the President found and proclaimed that France had abandoned certain practices which violated the neutral commerce of the United States. To the objection that this was an invalid delegation of legislative power, the Court answered briefly that “we can see no sufficient reason, why the legislature should not exercise its discretion in reviving the act of March 1st, 1809, either expressly or conditionally, as their judgment should direct.”\(^7\)

The theory was utilized again in Field v. Clark,\(^7\) where the Tariff Act of 1890 was assailed as unconstitutional because it directed the President to suspend the free importation of enumerated commodities “for such time as he shall deem just” if he found that other countries imposed upon agricultural or other products of the United States duties or other exactions, which “he may deem to be reciprocally unequal and unjust.” In sustaining this statute the Court relied heavily upon two factors: (1) legislative precedents, which demonstrated that “in the judgment of the legislative branch of the government, it is often desirable, if not essential, . . . to invest the President with large discretion in matters arising out of the execution of statutes relating to trade and commerce with other nations;”\(^7\) (2) that the act did “not, in any real sense, invest the President with the power of legislation. . . . Congress itself prescribed, in advance, the duties to be levied, . . . while the suspension lasted. Nothing involving the expediency or the just operation of such legislation was left to the determination of the President. . . . He had no discretion in the premises except in respect to the duration of the suspension so ordered.”\(^7\) By similar reasoning, the Court sustained the flexible provisions of the Tariff Act of 1922.

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\(^7\) 7 Cr. (11 U.S.) 382 (1813).
\(^7\) Id., 388.
\(^7\) 143 U.S. 649 (1892).
\(^7\) Id., 691.
\(^7\) Id., 692, 693.
whereby duties were increased or decreased to reflect differences in cost of production at home and abroad, as such differences were ascertained and proclaimed by the President. 75

The Effective Demise of the Nondelegation Doctrine

"[O]ur jurisprudence has been driven by a practical understanding that in our increasingly complex society, replete with ever changing and more technical problems, Congress simply cannot do its job absent an ability to delegate power under broad general directives." 76 The modern doctrine may be traced in its inception to the 1928 case in which the Court, speaking through Chief Justice Taft, upheld congressional delegation to the President of the authority to set tariff rates that would equalize production costs in the United States and competing countries. 77 Although formally looking to the contingency theory, the Court's opinion also looked forward, emphasizing that in seeking the cooperation of another branch Congress was restrained only according to "common sense and the inherent necessities" of the situation. 78 This vague statement was elaborated somewhat in the statement that the Court would sustain delegations whenever Congress provided an "intelligible principle" to which the President or an agency must conform. 79

The Regulatory State—Except for two Depression-era cases in which standards were found to be absent, the Court has never voided as impermissible a congressional delegation. 80 The now familiar pattern of regulation of important segments of the economy by boards or commissions, which combine in varying proportions the functions of all three departments of government, was first established by the States in the field of railroad rate regulation. Discovering that direct action was impracticable, the state legislatures created commissions to deal with the problem. One of the pioneers in this development was Minnesota, whose supreme court justified

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75 J. W. Hampton, J. r. & Co. v. United States, 276 U.S. 394 (1928).
76 Mistretta v. United States, 488 U.S. 361, 372 (1989). "Delegation by Congress has long been recognized as necessary in order that the exertion of legislative power does not become a futility." Sunshine Anthracite Coal Co. v. Adkins, 310 U.S. 381, 398 (1940).
77 J. W. Hampton, J. r. & Co. v. United States, 276 U.S. 394 (1928).
78 Id., 406.
79 Id., 409. The "intelligible principle" test of Hampton is the same as the "legislative standards" test of A. L. A. Schechter Poultry Corp. v. United States, 295 U.S. 495, 530 (1935), and Panama Refining Co. v. Ryan, 293 U.S. 388, 421 (1935).
the practice in an opinion, which, with the implied and later the explicit endorsement of the United States Supreme Court, practically settled the law on this point: "If such a power is to be exercised at all, it can only be satisfactorily done by a board or commission, constantly in session, whose time is exclusively given to the subject, and who, after investigation of the facts, can fix rates with reference to the peculiar circumstances of each road, and each particular kind of business, and who can change or modify these rates to suit the ever-varying conditions of traffic." Contemporaneously, Congress created the Interstate Commerce Commission to regulate the rates and practices of railroads with respect to interstate commerce. Although the Supreme Court has never had occasion to render a direct decision on the delegation of rate-making power to the Commission, it has repeatedly affirmed rate orders issued by that agency.

Breathtaking has been the breadth of delegations sustained. Congress has given the Interstate Commerce Commission the responsibility to approve railroad consolidations found to be in the "public interest," and conferred powers on the Federal Radio Commission and the Federal Communications Commission to license broadcasting stations as the "public convenience, interest and necessity" may require. In the field of communications still, the exercise of power by the FCC, pursuant to statute, to exert jurisdiction and authority over an industry that did not exist at the time Congress enacted the statute and that was unforeseen by Congress has been found to be valid. The Supreme Court directed a regulatory agency acting under delegated powers to exercise its own judgment about whether competition or restraint would be in the

81 The Court reversed the decision of the state supreme court on the grounds that the rates fixed by the commission were not subject to judicial review, a due process violation, but the opinion implicitly sanctioned the exercise of ratemaking powers by such bodies. Chicago, Milwaukee & St. Paul Ry. Co. v. Minnesota, 134 U.S. 418 (1890).
public interest in the communications field rather than to attempt to extrapolate a principle favoring one or the other from the body of congressional law.89

The Court has upheld the delegation to the Federal Power Commission of authority to determine "just and reasonable" rates.90 Agencies have been held properly to have received power to determine whether rates and charges were too high or excessive.91 Regulation of corporate conduct has been extended to close supervision of activity.92

In Mistretta v. United States,93 the Court approved congressional delegations to the Sentencing Commission, an independent agency in the judicial branch, to develop and promulgate guidelines binding federal judges and cabining their discretion in sentencing criminal defendants. Although the Court enumerated the standards Congress had provided, it admitted that significant discretion existed with respect to making policy judgments about the relative severity of different crimes and the relative weight of the characteristics of offenders that are to be considered, but it was forthright in stating that delegations may carry with them "the need to exercise judgment on matters of policy."94

That this latter observation is indubitably true is revealed in many case results. Thus, the Court has upheld complex economic regulations of industries in instances in which the agencies had first denied possession of such power, had unsuccessfully sought authorization from Congress, and had finally acted without congressional guidance.95 It has also recognized that when Administrations change, new officials may have been conferred enough discretion so that they can change agency policies, often to a considerable degree, so that both previous and present agency policies may be consistent with congressional delegations.96

94Id., 370.
96Chevron, U.S.A. v. NRDC, 467 U.S. 837, 842-845, 865-866 (1984) ("An agency to which Congress has delegated policymaking responsibilities may, within
Despite some dicta to the contrary, it appears that there is no power Congress cannot delegate. “[A] constitutional power implies a power of delegation of authority under it sufficient to effect its purposes.” 97 Denying that it had ever suggested that the taxing power was nondelegable, the Court has placed that congressional authority on the same plane of permissible delegation. 98 Nor is there a problem with the fact that in exercising a delegated power the President or another officer may effectively suspend or rescind a law passed by Congress. A rule or regulation properly promulgated under authority received from Congress is law and under the supremacy clause of the Constitution can preempt state law, 99 and likewise it can supersede a federal statute. Early cases sustained giving the President upon the finding of certain facts to revive or suspend a law, 100 and the President’s power to raise or lower tariff rates equipped him to alter statutory law. 101 Similarly, in Opp Cotton Mills v. Administrator, 102 Congress’ decision to delegate to the Wage and Hour Administrator of the Labor Department the authority, after hearings and findings by an industry committee appointed by him, to establish a minimum wage in particular industries greater than the statutory minimum but no higher than a prescribed figure was sustained. Congress has not often expressly addressed the issue of repeals or supersessions, but in authorizing the Supreme Court to promulgate rules of civil and criminal proce-
dure and of evidence it directed that such rules supersede previously enacted statutes with which they conflicted.103

Recent concerns in the scholarly literature with respect to the scope of the delegation doctrine,104 have been reflected within the judicial writings of some of the Justices.105 Nonetheless, the Court's most recent decisions evidence no doubt of the constitutional propriety of very broad delegations,106 and the practice will doubtlessly remain settled.

Standards.—Critical to the Court's explanations of the permissibility of legislative delegations has been the necessity of "intelligible principles" or "standards" to guide the agency or official in the performance of the task Congress has set. And indeed the only two instances in which the Court has found an unconstitutional delegation to another governmental agency have involved grants of discretion to administrators that the Court found to be unbounded. Thus, in Panama Refining Co. v. Ryan,107 the President was authorized to prohibit the shipment in interstate commerce of "hot oil"—oil produced in excess of state quotas. The statute was silent with regard to when and under what circumstances he should exercise the power and the Court, only Justice Cardozo dissenting, found that the stated policy of the legislation contained

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107 293 U.S. 388 (1935).
contrary directives. While the grant of power in Panama Refining was narrow, the grant, in A.L.A. Schechter Poultry Corp. v. United States, was sweeping. The National Industrial Recovery Act devolved on the executive branch the power to formulate codes of "fair competition" for all industry in order to promote "the policy of this title." The policy was "to eliminate unfair competitive practices, to promote the fullest possible utilization of the present productive capacity of industries, . . . and otherwise to rehabilitate industry. . . ." Though much of the opinion is written in terms of the failure of these policy statements to provide meaningful standards, it seems more likely the Court was in fact concerned with the "virtually unfettered" discretion conferred on the President of "enacting laws for the government of trade and industry throughout the country."

This conclusion is bolstered by the Court’s reversal of a lower federal court, which had literally applied the Schechter language to void a delegation to the Federal Home Loan Bank Commissioner of power to issue regulations for the appointment of conservators or receivers to take charge of banking associations. The Act contained no standards, no declarations of policy, no guidance to the Commissioner. Nevertheless, the Court unanimously sustained the delegation. "It may be," said Justice Jackson, "that explicit standards . . . would have been a desirable assurance of responsible administration." But while desirable, standards were not a constitutional necessity, since "[t]he provisions are regulatory" and deal with but one enterprise, banking, the problems of which are well known and the remedies authorized are as equally well known. "A discretion to make regulations to guide supervisory action in such matters may be constitutionally permissible while it might not be allowable to authorize creation of new crimes in uncharted fields."

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108 It is not without note that the Court, in the view of many observers, was influenced heavily by the fact that the President’s orders were nowhere published and notice of regulations bearing criminal penalties for their violations was spotty at best. Cf. E. Corwin, The President—Office and Powers 1787–1957 (New York: 4th ed. 1958), 394–395. The result of the Government’s discomfiture in Court was enactment of the Federal Register Act, 49 Stat. 500 (1935), 44 U.S.C. § 301, providing for publication of Executive Orders and agency regulations in the daily Federal Register.


113 Id., 250.

114 Ibid. Indeed, the Court has frequently deprecated the broader holdings of the two cases by pointing out that Panama Refining criminalized acts not previously punishable offenses and that Schechter involved delegations to private individuals. Mistretta v. United States, 488 U.S. 361, 373 n. 7 (1989).
Where the Court has determined that standards are necessary, it has been notably successful in finding them. Standards have been ascertained to exist in such formulations as “just and reasonable,” 115 “public interest,” 116 “public convenience, interest, or necessity,” 117 and “unfair methods of competition.” 118 Thus, in National Broadcasting Co. v. United States, 119 the Court found that the discretion conferred on the Federal Communications Commission to license broadcasting stations to promote the “public interest, convenience, or necessity” conveyed a standard “as complete as the complicated factors for judgment in such a field of delegated authority permit.” 120 Yet the regulations upheld were directed to the contractual relations between networks and stations and were designed to reduce the effect of monopoly in the industry, a policy on which the statute was silent. 121

On the other hand, the standards may be set out in greater detail and with greater relevancy to the action taken but may in fact limit discretion not at all. In United States v. Rock Royal Cooperatives, 122 the Court sustained the delegation to the Secretary of Agriculture of the power to fix the prices of six commodities if and when he chose to exercise the power with regard to all or some of the commodities. The Act provided that the price to be fixed should afford farmers purchasing power equivalent to that they had enjoyed in a base period, but the Secretary was also to protect the interest of the consumer by a gradual increase in prices in accordance with the public interest and current consumption. The majority of the Court thought that the Act stated the purposes which Congress had hoped to achieve and set out standards by which it hoped the purposes could be realized.

Numerous delegations have been sustained by the Court in both war and peacetime which have vested in administrative agencies and executive officers vast powers over the economic life of the country. 123 By and large, however, the Court has paid scant atten-

119 319 U.S. 190 (1943).
120 Id., 216.
121 Similarly, the promulgation by the FCC of rules creating a “fairness doctrine” and a “right to reply” rule has been sustained, Red Lion Broadcasting Co. v. FCC, 395 U.S. 367 (1969), as well as a rule requiring the carrying of anti-smoking commercials. Banzhaf v. FCC, 405 F.2d 1082 (D.C.Cir. 1968), cert. den. sub nom., Tobacco Institute v. FCC, 396 U.S. 842 (1969).
123 Intermountain Rate Cases, 234 U.S. 476 (1914); American Trucking Assns. v. United States, 344 U.S. 298 (1953); FCC v. RCA Communications, 346 U.S. 86.
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tion to delegation as a constitutional issue in these circumstances. An exception is Arizona v. California, 124 in which a divided Court sustained the delegation of total discretion to the Secretary of the Interior to apportion water among the southwestern States in times of shortage. The statute prescribed no formula or standards, and the majority agreed that he was entirely free “to choose among the recognized methods of apportionment or to devise reasonable methods of his own,” 125 the Secretary being required to reach “an informed judgment in harmony with the Act, the best interests of the Basin States, and the welfare of the Nation.” 126 Three dissenters noted they had “the gravest constitutional doubts” about the delegation. 127

Administrative implementation of the congressional enactment may well provide the intelligible standard. Thus, in Lichter v. United States, 128 the Court sustained the delegation of power to the War Department to recover “excessive profits” earned on war contracts. The first Act contained no definition, but the second defined “excessive profits” as meaning “any amount of a contract or subcontract price which is found as a result of renegotiation to represent excessive profits.” 129 The definition was essayed in the light of standards for determining “excessiveness” worked out by the War Department and in 1944 Congress specifically adopted these standards. Yet, the Court upheld the validity of the delegation as to proceeds earned prior to this 1944 adoption. “The statutory term ‘excessive profits,’ in its context, was a sufficient expression of legislative policy and standards to render it constitutional.” 131

It seems therefore reasonably clear that the Court does not really require much in the way of standards from Congress. The minimum which the Court seems, but only sometimes, to insist on is that Congress employ a delegation which “sufficiently marks the


125 Id., 593.
126 Id., 594.
127 Id., 625.
128 334 U.S. 742 (1948).
129 § 403(a)(4) of the Act, as added by Tit. 8 of the Act of October 21, 1942, 56 Stat. 798, 962.
130 § 403(a)(4) of the Act, as amended by Tit. 7 of the Act of February 25, 1944, 58 Stat. 21, 78.
131 334 U.S., 783.
field within which the Administrator is to act so that it may be known whether he has kept within it in compliance with the legislative will."  

Where the congressional standards are combined with requirements of notice and hearing and statements of findings and considerations by the administrators, so that judicial review under due process standards is possible, the constitutional requirements of delegation have been fulfilled.  

This requirement may be met through the provisions of the Administrative Procedure Act, but where the Act is inapplicable or where the Court sees the necessity for exceeding the provisions, due process can supply the safeguards of required hearing, notice, supporting statements, and the like.

**Foreign Affairs.**—That the delegation of discretion in dealing with foreign relations stands upon a different footing than the transfer of authority to regulate domestic concerns was indicated in United States v. Curtiss-Wright Corp. There the Court upheld a joint resolution of Congress making it unlawful to sell arms to certain warring countries upon certain findings by the President, a typically contingent type of delegation. But Justice Sutherland for the Court proclaimed that the President was largely free of the constitutional constraints imposed by the nondelegation doctrine when he acted in foreign affairs. The Curtiss-Wright doctrine has waxed and waned over the years, and the viability of this distinction is doubtful.

**Delegations to the States.**—From the beginning, Congress enacted hundreds of statutes that contained provisions authorizing

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134 Act of June 11, 1946, 60 Stat. 237, 5 U.S.C. §§ 551-559. In NLRB v. Wyman-Gordon Co., 394 U.S. 759 (1969), six Justices agreed that a Board proceeding had been in fact rule-making and not adjudication and that the APA should have been complied with. The Board won the particular case, however, because of a coalescence of divergent views of the Justices, but the Board has since reversed a policy of not resorting to formal rule-making.
136 299 U.S. 304, 312 (1936).
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state officers to enforce and execute federal laws. Challenges to the practice were uniformly rejected. While the Court early expressed its doubt that Congress could compel state officers to act, it entertained no such thoughts about the propriety of authorizing them to act if they chose. When, in the Selective Draft Law Cases, the contention was made that the act was invalid because of its delegations of duties to state officers, the argument was rejected as “too wanting in merit to require further notice.” Congress continues to empower state officers to act, and Presidents now object on grounds that the state officers, not having been appointed pursuant to the appointments clause, may not execute federal laws, rather than offer delegation arguments.

Delegation to Private Persons.—Statutory delegations to private persons in the nature of contingency legislation have passed Court tests. Thus, statutes providing that restrictions upon the production or marketing of agricultural commodities are to become operative only upon a favorable vote by a prescribed majority of those persons affected have been upheld. The rationale of the Court is that such a provision does not involve any delegation of legislative authority, since Congress has merely placed a restriction upon its own regulation by withholding its operation unless it is approved in a referendum.

Less consistency has been displayed with regard to the more modern delegations. The Schechter case condemned the involvement of private trade groups in the drawing up of binding codes of competition in conjunction with governmental agencies.

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138 See Warren, Federal Criminal Laws and the State Courts, 38 Harv. L. Rev. 545 (1925); Holcomb, The States as Agents of the Nation, 3 Selected Essays on Constitutional Law (1938), 1187.
140 245 U.S. 366, 389 (1918).
144 Currin v. Wallace, 306 U.S. 1, 15, 16 (1939).
145 A. L. A. Schechter Poultry Corp. v. United States, 295 U.S. 495 (1935). Schechter was predominantly a lack-of-standards case, but the Court more recently
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Carter v. Carter Coal Co., the Court struck down the Bituminous Coal Conservation Act in part because the statute penalized persons who failed to observe minimum wage and maximum hour regulations drawn up by prescribed majorities of coal producers and coal employees. But earlier the Court had upheld a statute which delegated to the American Railway Association, a trade group, the authority to determine the standard height of draw bars for freight cars and to certify the figure to the Interstate Commerce Commission, which was required to accept it. The Court simply cited Butfield v. Stranahan, in which it had sustained a delegation to the Secretary of the Treasury to promulgate minimum standards of quality and purity for imported tea, as a case "completely in point" and resolving the issue without need of further consideration. Similarly, the Court had earlier still enforced statutes that gave legal effect to local customs of miners with respect to claims on public lands.

The issue has remained muddled since Carter Coal, the Court having had no opportunity to attempt to reconcile the two lines of cases.

Delegation and Individual Liberties.—It has been argued in separate opinions by some Justices that delegations by Congress of power to affect the exercise of "fundamental freedoms" by citizens must particularly be scrutinized to require the exercise of a congressional judgment about meaningful standards. The only pronouncement in a majority opinion, however, is that even with regard to the regulation of liberty the standards of the delegation "must be adequate to pass scrutiny by the accepted tests."

has recurred to the private delegation issue. Mistretta v. United States, 488 U.S. 361, 373 n. 7 (1989).

But compare Sunshine Anthracite Coal Co. v. Adkins, 310 U.S. 381 (1940).


192 U.S. 470 (1904).

210 U.S., 287.


But see Schweiker v. McClure, 456 U.S. 188 (1982) (hearing officer appointed by private insurance carrier adjudicating Medicare claims); Association of Amer. Physicians & Surgeons v. Weinberger, 395 F.Supp. 125 (N.D.Ill.) (three-judge court) (delegation to Professional Standards Review Organization), affd, per curiam, 423 U.S. 975 (1975); Noblecraft Industries v. Secretary of Labor, 614 F.2d 199 (9th Cir. 1980) (Secretary required to adopt interim OSHA standards produced by private organization). Again, the Executive Branch objections to these kinds of delegations have involved appointments clause arguments, see supra, n. 142, rather than delegation issues per se.

United States v. Robel, 389 U.S. 258, 269 (1967) (Justice Brennan concurring). The view was specifically rejected by Justices White and Harlan in dissent, id., 288-289, and ignored by the majority.

standard practice, indeed, of the majority has been to interpret narrowly the delegation so as to avoid constitutional problems.\(^{154}\)

Perhaps refining the delegation doctrine, at least in cases where Fifth Amendment due process interests are implicated, the Court held that a government agency charged with the efficient administration of the executive branch could not assert the broader interests that Congress or the President might have in barring lawfully resident aliens from government employment. The agency could assert only its own interests, and if the action could be justified by other interests the office with responsibility for promoting those interests must take the action.\(^{155}\)

### Punishment of Violations

If Congress so provides, violations of valid administrative regulations may be punished as crimes.\(^{156}\) But the penalties must be provided in the statute itself; additional punishment cannot be imposed by administrative action.\(^{157}\) In an early case, the Court held that a section prescribing penalties for any violation of a statute did not warrant a prosecution for wilful disobedience of regulations authorized by, and lawfully issued pursuant to, the act.\(^{158}\) Without disavowing this general proposition, the Court, in 1944, upheld a suspension order issued by the OPA whereby a dealer in fuel oil who had violated rationing regulations was forbidden to receive or deal in that commodity.\(^{159}\) Although such an order was not explicitly authorized by statute, it was sustained as being a reasonable measure for effecting a fair allocation of fuel oil, rather than as a means of punishment of an offender. In another OPA case, the Court ruled that in a criminal prosecution, a price regulation was subject to the same rule of strict construction as a statute, and that omissions from, or indefiniteness in, such a regulation, could not be cured by the Administrator's interpretation thereof.\(^{160}\)

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\(^{158}\) United States v. Eaton, 144 U.S. 677 (1892).


\(^{160}\) M. Kraus & Bros. v. United States, 327 U.S. 614 (1946).
CONGRESSIONAL INVESTIGATIONS

Source of the Power to Investigate

No provision of the Constitution expressly authorizes either House of Congress to make investigations and exact testimony to the end that it may exercise its legislative functions effectively and advisedly. But such a power had been frequently exercised by the British Parliament and by the Assemblies of the American Colonies prior to the adoption of the Constitution. \(^{161}\) It was asserted by the House of Representatives as early as 1792 when it appointed a committee to investigate the defeat of General St. Clair and his army by the Indians in the Northwest and empowered it to "call for such persons, papers, and records, as may be necessary to assist their inquiries." \(^{162}\)

The Court has long since accorded its agreement with Congress that the investigatory power is so essential to the legislative function as to be implied from the general vesting of legislative power in Congress. "We are of the opinion," wrote Justice Van Devanter, for a unanimous Court, "that the power of inquiry—with process to enforce it—is an essential and appropriate auxiliary to the legislative function.... A legislative body cannot legislate wisely or effectively in the absence of information respecting the conditions which the legislation is intended to affect or change; and where the legislative body does not itself possess the requisite information—which not infrequently is true—recourse must be had to others who possess it. Experience has taught that mere requests for such information often are unavailing, and also that information which is volunteered is not always accurate or complete; so some means of compulsion are essential to obtain what is needed. All this was true before and when the Constitution was framed and adopted. In that period the power of inquiry—with enforcing process—was regarded and employed as a necessary and appropriate attribute of the power to legislate—indeed, was treated as inquiring in it. Thus there is ample warrant for thinking, as we do, that the constitutional provisions which commit the legislative function to the two houses are intended to include this attribute to the end that the function may be effectively exercised." \(^{163}\)

And in a 1957 opinion generally hostile to the exercise of the investigatory power in the post-War years, Chief Justice Warren

\(^{161}\) Landis, Constitutional Limitations on the Congressional Power of Investigation, 40 Harv. L. Rev. 153, 159–166 (1926); M. Dimock, Congressional Investigating Committees (Baltimore 1929), ch. 2.

\(^{162}\) 3 Annals of Congress 490–494 (1792); 3 A. Hinds’ Precedents of the House of Representatives (Washington: 1907), 1725.

did not question the basic power. "The power of the Congress to conduct investigations is inherent in the legislative process. That power is broad. It encompasses inquiries concerning the administration of existing laws as well as proposed or possibly needed statutes. It includes surveys of defects in our social, economic or political system for the purpose of enabling the Congress to remedy them. It comprehends probes into departments of the Federal Government to expose corruption, inefficiency or waste."164 Justice Harlan summarized the matter in 1959. "The power of inquiry has been employed by Congress throughout our history, over the whole range of the national interests concerning which Congress might legislate or decide upon due investigation not to legislate; it has similarly been utilized in determining what to appropriate from the national purse, or whether to appropriate. The scope of the power of inquiry, in short, is as penetrating and far-reaching as the potential power to enact and appropriate under the Constitution."165

Broad as the power of inquiry is, it is not unlimited. The power of investigation may properly be employed only "in aid of the legislative function."166 Its outermost boundaries are marked, then, by the outermost boundaries of the power to legislate. In principle, the Court is clear on the limitations, clear "that neither house of Congress possesses a 'general power of making inquiry into the private affairs of the citizen'; that the power actually possessed is limited to inquiries relating to matters of which the particular house 'has jurisdiction' and in respect of which it rightfully may take other action; that if the inquiry relates to 'a matter wherein relief or redress could be had only by a judicial proceeding' it is not within the range of this power, but must be left to the courts, conformably to the constitutional separation of governmental powers; and that for the purpose of determining the essential character of the inquiry recourse must be had to the resolution or order under which it is made."167

In practice, much of the litigated dispute has been about the reach of the power to inquire into the activities of private citizens; inquiry into the administration of laws and departmental corruption, while of substantial political consequence, has given rise to fewer judicial precedents.

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166 Kilbourn v. Thompson, 103 U.S. 168, 189 (1881).
Investigations of Conduct of Executive Department

For many years the investigating function of Congress was limited to inquiries into the administration of the Executive Department or of instrumentalities of the Government. Until the administration of Andrew Jackson, this power was not seriously challenged. During the controversy over renewal of the charter of the Bank of the United States, John Quincy Adams contended that an unlimited inquiry into the operations of the bank would be beyond the power of the House. Four years later, the legislative power of investigation was challenged by the President. A committee appointed by the House of Representatives “with power to send for persons and papers, and with instructions to inquire into the condition of the various executive departments, the ability and integrity with which they have been conducted, . . .” called upon the President and the heads of departments for lists of persons appointed without the consent of the Senate and the amounts paid to them. Resentful of this attempt “to invade the just rights of the Executive Departments,” the President refused to comply and the majority of the committee acquiesced. Nevertheless, congressional investigations of Executive Departments have continued to the present day. Shortly before the Civil War, contempt proceedings against a witness who refused to testify in an investigation of John Brown’s raid upon the arsenal at Harper’s Ferry occasioned a thorough consideration by the Senate of the basis of this power. After a protracted debate, which cut sharply across sectional and party lines, the Senate voted overwhelmingly to imprison the contumacious witness. Notwithstanding this firmly established legislative practice, the Supreme Court took a narrow view of the power in the case of Kilbourn v. Thompson. It held that the House of Representatives had overstepped its jurisdiction when it instituted an investigation of losses suffered by the United States as a creditor of Jay Cooke and Company, whose estate was being administered in bankruptcy by a federal court. But nearly half

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168 In 1800, Secretary of the Treasury, Oliver Wolcott, Jr., addressed a letter to the House of Representatives advising them of his resignation from office and inviting an investigation of his office. Such an inquiry was made. 10 ANNALS OF CONGRESS 786–788 (1800).
169 8 CONG. DEB. 2160 (1832).
170 13 CONG. DEB. 1057–1067 (1836).
172 CONG. GLOBE, 36th Congress, 1st sess., 1100–1109 (1860).
173 103 U.S. 168 (1881).
174 The Court held that inasmuch as the entire proceedings arising out of the bankruptcy were pending in court, as the authorizing resolution contained no suggestion of contemplated legislation, as in fact no valid legislation could be enacted on the subject, and as the only relief which the United States could seek was judi-
a century later, in McGrain v. Daugherty,\textsuperscript{175} it ratified in sweeping terms, the power of Congress to inquire into the administration of an executive department and to sift charges of malfeasance in such administration.\textsuperscript{176}

**Investigations of Members of Congress**

When either House exercises a judicial function, as in judging of elections or determining whether a member should be expelled, it is clearly entitled to compel the attendance of witnesses to disclose the facts upon which its action must be based. Thus, the Court held that since a House had a right to expel a member for any offense which it deemed incompatible with his trust and duty as a member, it was entitled to investigate such conduct and to summon private individuals to give testimony concerning it.\textsuperscript{177} The decision in Barry v. United States ex rel. Cunningham\textsuperscript{178} sanctioned the exercise of a similar power in investigating a senatorial election.

**Investigations in Aid of Legislation**

**Purpose.**—Beginning with the resolution adopted by the House of Representatives in 1827, which vested its Committee on Manufactures “with the power to send for persons and papers with a view to ascertain and report to this House in relation to a revision of the tariff duties on imported goods,”\textsuperscript{179} the two Houses have asserted the right to collect information from private persons as well as from governmental agencies when necessary to enlighten their judgment on proposed legislation. The first case to review the assertion saw a narrow view of the power taken and the Court held that the purpose of the inquiry was to pry improperly into private affairs without any possibility of legislating on the basis of what might be learned and further that the inquiry overstepped the bounds of legislative jurisdiction and invaded the provinces of the judiciary.\textsuperscript{180}

\textsuperscript{175} 273 U.S. 135, 177, 178 (1927).
\textsuperscript{176} We consider elsewhere the topic of executive privilege, the claimed right of the President and at least some of his executive branch officers to withhold from Congress information desired by it or by one of its committees. Although the issue has been one of contention between the two branches of Government since Washington’s refusal in 1796 to submit certain correspondence to the House of Representatives relating to treaty negotiations, it has only recently become a judicial issue.
\textsuperscript{177} In re Chapman, 166 U.S. 661 (1897).
\textsuperscript{178} 279 U.S. 597 (1929).
\textsuperscript{179} 4 CONG. DEB. 862, 868, 888, 889 (1827).
\textsuperscript{180} Kilbourn v. Thompson, 103 U.S. 168 (1881).
Subsequent cases, however, have given the Congress the benefit of a presumption that its object is legitimate and related to the possible enactment of legislation. Shortly after Kilbourn, the Court declared that "it was certainly not necessary that the resolution should declare in advance what the Senate meditated doing when the investigation was concluded" in order that the inquiry be under a lawful exercise of power. \[181\] Similarly, in McGrain v. Daugherty, \[182\] the investigation was presumed to have been undertaken in good faith to aid the Senate in legislating. Then, in Sinclair v. United States, \[183\] on its facts presenting a close parallel to Kilbourn, the Court affirmed the right of the Senate to carry out investigations of fraudulent leases of government property after suit for recovery had been instituted. The president of the lessee corporation had refused to testify on the ground that the questions related to his private affairs and to matters cognizable only in the courts wherein they were pending, asserting that the inquiry was not actually in aid of legislation. The Senate had prudently directed the investigating committee to ascertain what, if any, legislation might be advisable. Conceding "that Congress is without authority to compel disclosures for the purpose of aiding the prosecution of pending suits," the Court declared that the authority "to require pertinent disclosures in aid of its own constitutional power is not abridged because the information sought to be elicited may also be of use in such suits." \[184\]

While Sinclair and McGrain involved inquiries into the activities and dealings of private persons, these activities and dealings were in connection with property belonging to the United States Government, so that it could hardly be said that the inquiries concerned the merely personal or private affairs of any individual. \[185\] But where the business, the activities and conduct, the behavior of individuals are subject to congressional regulation, there exists the power of inquiry, \[186\] and in practice the areas of any individual's life immune from inquiry are probably fairly limited. "In the decade following World War II, there appeared a new kind of congressional inquiry unknown in prior periods of American history. Principally this was the result of the various investigations into the threat of subversion of the United States Government, but other
subjects of congressional interest also contributed to the changed scene. This new phase of legislative inquiry involved a broad-scale intrusion into the lives and affairs of private citizens." 187 Inasmuch as Congress clearly has power to legislate to protect the Nation and its citizens from subversion, espionage, and sedition, 188 it has power to inquire into the existence of the dangers of domestic or foreign-based subversive activities in many areas of American life—in education, 189 in labor and industry, 190 and other areas. 191 Because its powers to regulate interstate commerce afford Congress the power to regulate corruption in labor-management relations, congressional committees may inquire into the extent of corruption in labor unions. 192 Because of its powers to legislate to protect the civil rights of its citizens, Congress may investigate organizations which allegedly act to deny those civil rights. 193 It is difficult in fact to conceive of areas into which congressional inquiry might not be carried, which is not the same, of course, as saying that the exercise of the power is unlimited.

One limitation on the power of inquiry which has been much discussed in the cases concerns the contention that congressional investigations often have no legislative purpose but rather are aimed at achieving results through "exposure" of disapproved persons and activities: "We have no doubt," wrote Chief Justice Warren, "that there is no congressional power to expose for the sake of exposure." 194 Although some Justices, always in dissent, have

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194 Watkins v. United States, 354 U.S. 178, 200 (1957). The Chief Justice, however, noted: "We are not concerned with the power of the Congress to inquire into and publicize corruption, maladministration or inefficiency in agencies of the Government. That was the only kind of activity described by Woodrow Wilson in Congressional Government when he wrote: 'The informing function of Congress should be preferred even to its legislative function.' Id., at 303. From the earliest times in its history, the Congress has assiduously performed an 'informing function' of this nature." Id., 200 n. 33.

In his book, Wilson continued, following the sentence quoted by the Chief Justice: "The argument is not only that discussed and interrogated administration is the only pure and efficient administration, but, more than that, that the only really self-governing people is that people which discusses and interrogates its administration. . . . It would be hard to conceive of there being too much talk about the prac-
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attempted to assert limitations in practice based upon this concept, the majority of Justices has adhered to the traditional precept that courts will not inquire into legislators' motives but will look only to the question of power. "So long as Congress acts in pursuance of its constitutional power, the Judiciary lacks authority to intervene on the basis of the motives which spurred the exercise of that power." 197

Protection of Witnesses: Pertinency and Related Matters.—A witness appearing before a congressional committee is entitled to require of the committee a demonstration of its authority to inquire with regard to his activities and a showing that the questions asked of him are pertinent to the committee's area of inquiry. A congressional committee possesses only those powers delegated to it by its parent body. The enabling resolution that has given it life also contains the grant and limitations of the committee's power. 198 In Watkins v. United States, 199 Chief Justice Warren cautioned that "[b]roadly drafted and loosely worded . . . resolutions can leave tremendous latitude to the discretion of the investigators. The more vague the committee's charter is, the greater becomes the possibility that the committee's specific actions are not in conformity with the will of the parent House of Congress." Speaking directly of the authorizing resolution, which created the House Un-American Activities Committee, 200 the Chief Justice thought it "difficult to imagine a less explicit authorizing resolution." 201 But the far-reaching implications of these remarks were circumscribed by Barenblatt v. United States, 202 in which the


196 "Legislative committees have been charged with losing sight of their duty of disinterestedness. In times of political passion, dishonest or vindictive motives are readily attributable to legislative conduct and as readily believed. Courts are not the place for such controversies." Tenney v. Brandhove, 341 U.S. 367, 377-378 (1951). For a statement of the traditional unwillingness to inquire into congressional motives in the judging of legislation, see United States v. O'Brien, 391 U.S. 367, 382-386 (1968). But note that in Jenkins v. Mekelber, 395 U.S. 411 (1969), in which the legislation establishing a state crime investigating commission clearly authorized the commission to designate individuals as law violators, due process was violated by denying witnesses the rights existing in adversary criminal proceedings.


199 354 U.S. 178, 201 (1957).

200 The Committee has since been abolished.


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Court, “[g]ranting the vagueness of the Rule,” noted that Congress had long since put upon it a persuasive gloss of legislative history through practice and interpretation, which, read with the enabling resolution, showed that “the House has clothed the Un-American Activities Committee with pervasive authority to investigate Communist activities in this country.”\(^{203}\) “[W]e must conclude that [the Committee’s] authority to conduct the inquiry presently under consideration is unassailable, and that . . . the Rule cannot be said to be constitutionally infirm on the score of vagueness.”\(^ {204}\)

Because of the usual precision with which authorizing resolutions have generally been drafted, few controversies have arisen about whether a committee has projected its inquiry into an area not sanctioned by the parent body.\(^ {205}\) But in United States v. Rumely,\(^ {206}\) the Court held that the House of Representatives, in authorizing a select committee to investigate lobbying activities devoted to the promotion or defeat of legislation, did not thereby intend to empower the committee to probe activities of a lobbyist that were unconnected with his representations directly to Congress but rather designed to influence public opinion by distribution of literature. Consequently the committee was without authority to compel the representative of a private organization to disclose the names of all who had purchased such literature in quantity.\(^ {207}\)

Still another example of lack of proper authority is Gojack v. United States,\(^ {208}\) in which the Court reversed a contempt citation because there was no showing that the parent committee had delegated to the subcommittee before whom the witness had appeared the authority to make the inquiry and neither had the full committee specified the area of inquiry.

Watkins v. United States,\(^ {209}\) remains the leading case on pertinency, although it has not the influence on congressional investigations that some hoped and some feared in the wake of its

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\(^{203}\) Id., 117-118.
\(^{204}\) Id., 122-123. But note that in Stamler v. Willis, 415 F. 2d 1365 (7th Cir., 1969), cert. den., 399 U.S. 929 (1970), the court ordered to trial a civil suit contesting the constitutionality of the Rule establishing the Committee on allegations of overbreadth and overbroad application, holding that Barenblatt did not foreclose the contention.
\(^{206}\) 345 U.S. 41 (1953).
\(^{207}\) The Court intimated that if the authorizing resolution did confer such power upon the committee, the validity of the resolution would be subject to doubt on First Amendment principles. Justices Black and Douglas would have construed the resolution as granting the authority and would have voided it under the First Amendment. Id., 48 (concurring opinion).
\(^{208}\) 384 U.S. 702 (1966).
\(^{209}\) 354 U.S. 178 (1957).
announcement. When questioned by a Subcommittee of the House Un-American Activities Committee, Watkins refused to supply the names of past associates, who, to his knowledge, had terminated their membership in the Communist Party and supported his non-compliance by, inter alia, contending that the questions were unrelated to the work of the Committee. Sustaining the witness, the Court emphasized that inasmuch as a witness by his refusal exposes himself to a criminal prosecution for contempt, he is entitled to be informed of the relation of the question to the subject of the investigation with the same precision as the due process clause requires of statutes defining crimes.210

For ascertainment of the subject matter of an investigation, the witness might look, noted the Court, to several sources, including (1) the authorizing resolution, (2) the resolution by which the full committee authorized the subcommittee to proceed, (3) the introductory remarks of the chairman or other members, (4) the nature of the proceedings, (5) the chairman's response to the witness when the witness objects to the line of question on grounds of pertinency.211 Whether a precise delineation of the subject matter of the investigation in but one of these sources would satisfy the requirements of due process was left unresolved, since the Court ruled that in this case all of them were deficient in providing Watkins with the guidance to which he was entitled. The sources had informed Watkins that the questions were asked in a course of investigation of something that ranged from a narrow inquiry into Communist infiltration into the labor movement to a vague and unlimited inquiry into "subversion and subversive propaganda."212

By and large, the subsequent cases demonstrated that Watkins did not represent a determination by the Justices to restrain broadly the course of congressional investigations, though several contempt citations were reversed on narrow holdings. But with regard to pertinency, the implications of Watkins were held in check and, without amending its rules or its authorizing resolution, the Un-American Activities Committee was successful in convincing a ma-

\footnotesize{\textsuperscript{210}Id., 208-209.}  
\footnotesize{\textsuperscript{211}Id., 209-215.}  
\footnotesize{\textsuperscript{212}Ibid. See also Sacher v. United States, 356 U.S. 576 (1958), a per curiam reversal of a contempt conviction on the ground that the questions did not relate to a subject "within the subcommittee's scope of inquiry," arising out of a hearing pertaining to a recantation of testimony by a witness in which the inquiry drifted into a discussion of legislation barring Communists from practice at the federal bar, the unanswered questions being asked then; and Flaxer v. United States, 358 U.S. 147 (1958), a reversal for refusal to produce membership lists because of an ambiguity in the committee's ruling on the time of performance; and Scull v. Virginia ex rel. Committee, 359 U.S. 344 (1959), a reversal on a contempt citation before a state legislative investigating committee on pertinency grounds.}
Notice should be taken, however, of two cases which, though decided four and five years after Watkins, involved persons who were witnesses before the Un-American Activities Committee either shortly prior to or shortly following Watkins’ appearance and who were cited for contempt before the Supreme Court decided Watkins’ case.

Thus, in Barenblatt v. United States, the Court concluded that the history of the Un-American Activities Committee’s activities, viewed in conjunction with the Rule establishing it, evinced clear investigatory authority to inquire into Communist infiltration in the field of education, an authority with which the witness had shown familiarity. Additionally, the opening statement of the chairman had pinpointed that subject as the nature of the inquiry that day and the opening witness had testified on the subject and had named Barenblatt as a member of the Communist Party at the University of Michigan. Thus, pertinency and the witness’ knowledge of the pertinency of the questions asked him was shown. Similarly, in Wilkinson v. United States, the Court held that when the witness was apprised at the hearing that the Committee was empowered to investigate Communist infiltration of the textile industry in the South, that it was gathering information with a view to ascertaining the manner of administration and need to amend various laws directed at subversive activities, that Congress hitherto had enacted many of its recommendations in this field, and

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Thus, in Barenblatt v. United States, the Court concluded that the history of the Un-American Activities Committee’s activities, viewed in conjunction with the Rule establishing it, evinced clear investigatory authority to inquire into Communist infiltration in the field of education, an authority with which the witness had shown familiarity. Additionally, the opening statement of the chairman had pinpointed that subject as the nature of the inquiry that day and the opening witness had testified on the subject and had named Barenblatt as a member of the Communist Party at the University of Michigan. Thus, pertinency and the witness’ knowledge of the pertinency of the questions asked him was shown. Similarly, in Wilkinson v. United States, the Court held that when the witness was apprised at the hearing that the Committee was empowered to investigate Communist infiltration of the textile industry in the South, that it was gathering information with a view to ascertaining the manner of administration and need to amend various laws directed at subversive activities, that Congress hitherto had enacted many of its recommendations in this field, and

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that it was possessed of information about his Party membership, he was notified effectively that a question about that affiliation was relevant to a valid inquiry. A companion case was held to be controlled by Wilkinson,\(^{216}\) and in both cases the majority rejected the contention that the Committee inquiry was invalid because both Wilkinson and Braden, when they were called, were engaged in organizing activities against the Committee.\(^{217}\)

Related to the cases discussed in this section are those cases requiring that congressional committees observe strictly their own rules. Thus, in Yellin v. United States,\(^{218}\) a contempt conviction was reversed because the Committee had failed to observe its rule providing for a closed session if a majority of the Committee believed that a witness' appearance in public session might unjustly injure his reputation. The Court ruled that the Committee had ignored the rule when it subpoenaed the witness for a public hearing and then in failing to consider as a Committee his request for a closed session.\(^{219}\)

Finally, it should be noted that the Court has blown hot and cold on the issue of a quorum as a prerequisite to a valid contempt citation and that no firm statement of a rule is possible, although it seems probable that ordinarily no quorum is necessary.\(^{220}\)

**Protection of Witnesses; Constitutional Guarantees.**—

``[T]he Congress, in common with all branches of the Government, must exercise its powers subject to the limitations placed by the


\(^{217}\) The majority denied that the witness' participation in a lawful and protected course of action, such as petitioning Congress to abolish the Committee, limited the Committee's right of inquiry. "[W]e cannot say that, simply because the petitioner at the moment may have been engaged in lawful conduct, his Communist activities in connection therewith could not be investigated. The subcommittee had reasonable ground to suppose that the petitioner was an active Communist Party member, and that as such he possessed information that would substantially aid it in its legislative investigation. As the Barenblatt opinion makes clear, it is the nature of the Communist activity involved, whether the momentary conduct is legitimate or illegitimate politically, that establishes the Government's overbalancing interest."


\(^{219}\) Failure to follow its own rules was again an issue in Gojack v. United States, 384 U.S. 702 (1966), in which the Court noted that while a committee rule required the approval of a majority of the Committee before a "major" investigation was initiated, such approval had not been sought before a Subcommittee proceeded.

\(^{220}\) In Christoffel v. United States, 338 U.S. 84 (1949), the Court held that a witness can be found guilty of perjury only where a quorum of the committee is present at the time the perjury is committed; it is not enough to prove that a quorum was present when the hearing began. But in United States v. Bryan, 339 U.S. 323 (1950), the Court ruled that a quorum was not required under the statute punishing refusal to honor a valid subpoena issued by an authorized committee.
Article I—Legislative Department

Sec. 1—The Congress

Investigatory Power

Constitution on governmental action, more particularly in the context of this case, the relevant limitations of the Bill of Rights.” Just as the Constitution places limitations on Congress’ power to legislate, so it limits the power to investigate. In this section, we are concerned with the limitations the Bill of Rights places on the scope and nature of the congressional power to inquire.

The most extensive amount of litigation in this area has involved the privilege against self-incrimination guaranteed against governmental abridgment by the Fifth Amendment. Observance of the privilege by congressional committees has been so uniform that no Court holding has ever held that it must be observed, though the dicta is plentiful. Thus, the cases have explored not the issue of the right to rely on the privilege but rather the manner and extent of its application.

There is no prescribed form in which one must plead the privilege. When a witness refused to answer a question about Communist Party affiliations and based his refusal upon the assertion by a prior witness of “the first amendment supplemented by the fifth,” the Court held that he had sufficiently invoked the privilege, at least in the absence of committee inquiry seeking to force him to adopt a more precise stand. If the committee suspected that the witness was being purposely vague, in order perhaps to avoid the stigma attached to a forthright claim of the privilege, it should have requested him to state specifically the ground of his refusal to testify. Another witness, who was threatened with prosecution for his Communist activities, could claim the privilege even to some questions the answers to which he might have been able to explain away as unrelated to criminal conduct; if an answer might tend to be incriminatory, the witness is not deprived of the privilege merely because he might have been able to refute inferences of guilt. In still another case, the Court held that the Committee had not clearly overruled the claim of privilege and directed an answer.

The privilege against self-incrimination is not available as a defense to an organizational officer who refuses to turn over organization documents and records to an investigating committee.

In Hutcheson v. United States, the Court rejected a challenge to a Senate Committee inquiry into union corruption on the

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part of a witness who was under indictment in state court on charges relating to the same matters about which the Committee sought to interrogate him. The witness did not plead his privilege against self-incrimination but contended that by questioning him about matters which would aid the state prosecutor the Committee had denied him due process. The plurality opinion of the Court rejected his ground for refusing to answer, noting that if the Committee's public hearings rendered the witness' state trial unfair, then he could properly raise that issue on review of his state conviction. Following behind the privilege against self-incrimination, claims relating to the First Amendment have been frequently asserted and as frequently denied. It is not that the First Amendment is inapplicable to congressional investigations, it is that under the prevailing Court interpretation the First Amendment does not bar all legislative restrictions of the rights guaranteed by it. “[T]he protections of the First Amendment, unlike a proper claim of the privilege against self-incrimination under the Fifth Amendment, do not afford a witness the right to resist inquiry in all circumstances. Where First Amendment rights are asserted to bar governmental interrogation resolution of the issue always involves a balancing by the courts of the competing private and public interests at stake in the particular circumstances shown.”

Thus, the Court has declined to rule that under the circumstances of the cases investigating committees are precluded from making inquiries simply because the subject area was education or because the witnesses at the time they were called were engaged in protected activities such as petitioning Congress.
to abolish the inquiring committee. However, in an earlier case, the Court intimated that it was taking a narrow view of the committee’s authority because a determination that authority existed would raise a serious First Amendment issue. And in a state legislative investigating committee case, the majority of the Court held that an inquiry seeking the membership lists of the National Association for the Advancement of Colored People was so lacking in a “nexus” between the organization and the Communist Party that the inquiry infringed the First Amendment.

Dicta in the Court’s opinions acknowledge that the Fourth Amendment guarantees against unreasonable searches and seizures are applicable to congressional committees. The issue would most often arise in the context of subpoenas, inasmuch as that procedure is the usual way by which committees obtain documentary material and inasmuch as Fourth Amendment standards apply as well to subpoenas as to search warrants. But there are no cases in which a holding turns on this issue.

Other issues of the constitutional rights of witnesses have been raised at various times, but none has been successfully asserted or have even gained substantial minority strength.

Sanctions of the Investigatory Power: Contempt

Explicit judicial recognition of the right of either House of Congress to commit for contempt a witness who ignores its summons or refuses to answer its inquiries dates from McGrain v. Daugherty. But the principle there applied had its roots in an early case, Anderson v. Dunn, which stated in broad terms the right of either branch of the legislature to attach and punish a person other than a member for contempt of its authority. The

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236 See Oklahoma Press Publishing Co. v. Walling, 327 U.S. 186 (1946), and cases cited.
239 6 Wheat (19 U.S.) 204 (1821).
240 The contempt consisted of an alleged attempt to bribe a Member of the House for his assistance in passing a claims bill. The case was a civil suit brought by Anderson against the Sergeant at Arms of the House for assault and battery and false imprisonment. Cf. Kilbourn v. Thompson, 103 U.S. 168 (1881). The power of a legislative body to punish for contempt one who disrupts legislative business was reaffirmed in Groppi v. Leslie, 404 U.S. 496 (1972), but a unanimous Court there held that due process required a legislative body to give a contemnor notice and an
right to punish a contumacious witness was conceded in Marshall v. Gordon, 241 although the Court there held that the implied power to deal with contempt did not extend to the arrest of a person who published matter defamatory of the House.

The cases emphasize that the power to punish for contempt rests upon the right of self-preservation. That is, in the words of Chief Justice White, "the right to prevent acts which in and of themselves inherently obstruct or prevent the discharge of legislative duty or the refusal to do that which there is inherent legislative power to compel in order that legislative functions may be performed" necessitates the contempt power. 242 Thus, in Jurney v. MacCracken, 243 the Court turned aside an argument that the Senate had no power to punish a witness who, having been commanded to produce papers, destroyed them after service of the subpoena. The punishment would not be efficacious in obtaining the papers in this particular case, but the power to punish for a past contempt is an appropriate means of vindicating "the established and essential privilege of requiring the production of evidence." 244

Under the rule laid down by Anderson v. Dunn, 245 imprisonment by one of the Houses of Congress could not extend beyond the adjournment of the body which ordered it. Because of this limitation and because contempt trials before the bar of the House charging were time consuming, in 1857 Congress enacted a statute providing for criminal process in the federal courts with prescribed penalties for contempt of Congress. 246

The Supreme Court has held that the purpose of this statute is merely supplementary of the power retained by Congress and all constitutional objections to it were overruled. "We grant that Congress could not divest itself, or either of its Houses, of the essential and inherent power to punish for contempt, in cases to which the power of either House properly extended; but because Congress, by the Act of 1857, sought to aid each of the Houses in the discharge of its constitutional functions, it does not follow that any delegation of the power in each to punish for contempt was involved." 247

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241 243 U.S. 521 (1917).
242 Id., 542.
244 Id., 150.
245 6 Wheat. (19 U.S.) 204 (1821).
247 In re Chapman, 166 U.S. 661, 671-672 (1897).
ART. I—LEGISLATIVE DEPARTMENT

Sec. 2—House of Representatives  Cl. 1—Congressional Districting

Because Congress has invoked the aid of the federal judicial system in protecting itself against contumacious conduct, the consequence, the Court has asserted numerous times, is that the duty has been conferred upon the federal courts to accord a person prosecuted for his statutory offense every safeguard which the law accords in all other federal criminal cases and the discussion in previous sections of many reversals of contempt convictions bears witness to the assertion in practice. What constitutional protections ordinarily necessitated by due process requirements, such as notice, right to counsel, confrontation, and the like, prevail in a contempt trial before the bar of one House or the other is an open question.

It has long been settled that the courts may not intervene directly to restrain the carrying out of an investigation or the manner of an investigation and that a witness who believes the inquiry to be illegal or otherwise invalid in order to raise the issue must place himself in contempt and raise his beliefs as affirmative defenses on his criminal prosecution. This understanding was sharply reinforced when the Court held that the speech-or-debate clause utterly foreclosed judicial interference with the conduct of a congressional investigation, through review of the propriety of subpoenas or otherwise. It is only with regard to the trial of contempts that the courts may review the carrying out of congressional investigations and may impose constitutional and other constraints.

SECTION 2. Clause 1. The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have the Qualifications requisite for Electors of the most numerous Branch of the State Legislature.

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248 Sinclair v. United States, 279 U.S. 263, 296–297 (1929); Watkins v. United States, 354 U.S. 178, 207 (1957); Sacher v. United States, 356 U.S. 576, 577 (1958); Flaxer v. United States, 358 U.S. 147, 151 (1958); Dutch v. United States, 367 U.S. 456, 471 (1961); Deutch v. United States, 369 U.S. 747, 755 (1962). Protesting the Court's reversal of several contempt convictions over a period of years, Justice Clark was moved to suggest that "[t]his continued frustration of the Congress in the use of the judicial process to punish those who are contemptuous of its committees indicates to me that the time may have come for Congress to revert to its original practice of utilizing the coercive sanction of contempt proceedings at the bar of the House [affected]." Id., 781; Watkins, supra, 225.


CONGRESSIONAL DISTRICTING

A major innovation in constitutional law in recent years has been the development of a requirement that election districts in each State be so structured that each elected representative should represent substantially equal populations.\(^{251}\) While this requirement has generally been gleaned from the equal protection clause of the Fourteenth Amendment,\(^{252}\) in *Wesberry v. Sanders*,\(^{253}\) the Court held that "construed in its historical context, the command of Art. 1, § 2, that Representatives be chosen 'by the People of the several States' means that as nearly as is practicable one man's vote in a congressional election is to be worth as much as another's."\(^{254}\)

Court involvement in this issue developed slowly. In our early history, state congressional delegations were generally elected at-large instead of by districts and even when Congress required single-member districting\(^{255}\) and later added a provision for equally populated districts\(^{256}\) the relief sought by voters was action by the House refusing to seat Members-elect selected under systems not in compliance with the federal laws.\(^{257}\) The first series of cases did not reach the Supreme Court, in fact, until the States began redistricting through the 1930 Census, and these were resolved without reaching constitutional issues and indeed without resolving the issue whether such voter complaints were justiciable at all.\(^{258}\) In the late 1940s and the early 1950s, the Court utilized the "political

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\(^{251}\) The phrase "one person, one vote" which came out of this litigation might well seem to refer to election districts drawn to contain equal numbers of voters rather than equal numbers of persons. But it seems clear from a consideration of all the Court's opinions and the results of its rulings that the statement in the text accurately reflects the constitutional requirement. The case expressly holding that total population, or the exclusion only of transients, is the standard is *Burns v. Richardson*, 384 U.S. 73 (1966), a legislative apportionment case. Notice that considerable population disparities exist from State to State, as a result of the requirement that each State receive at least one Member and the fact that state lines cannot be crossed in districting. At least under present circumstances, these disparities do not violate the Constitution. U.S. Department of Commerce v. Montana, 112 S.Ct. 1415 (1992).


\(^{254}\) *376 U.S.*, 7.


\(^{256}\) Act of February 2, 1872, 17 Stat. 28.

\(^{257}\) The House uniformly refused to grant any such relief. 1 A. H. INDS' PRECEDENTS OF THE HOUSE OF REPRESENTATIVES (Washington: 1907), 310. See L. SCHMECKEBIER, CONGRESSIONAL APPORTIONMENT (Washington: 1941), 135-138.

For the Court in Wesberry, Justice Black argued that a reading of the debates of the Constitutional Convention conclusively demonstrated that the Framers had meant, in using the phrase “by the People,” to guarantee equality of representation in the election of Members of the House of Representatives. Justice Harlan in dissent argued contrarily that the statements relied on by the majority had uniformly been in the context of the Great Compromise—Senate representation of the States with Members elected by the state legislatures, House representation according to the population of the States, qualified by the guarantee of at least one Member per State and the counting of slaves as three-fifths of persons—and not at all in the context of intrastate districting. Further, he thought the Convention debates clear to the effect that Article I, § 4, had vested exclusive control over state districting practices in Congress and that the Court action overrode a congressional decision not to require equally-populated districts.

The most important issue, of course, was how strict a standard of equality the Court would adhere to. At first, the Justices seemed inclined to some form of de minimis rule with a requirement that the State present a principled justification for the deviations from equality which any districting plan presented. But in Kirkpatrick v. Preisler, a sharply divided Court announced the rule that a State must make a “good-faith effort to achieve precise mathematical equality.” Therefore, “[u]nless population variances among congressional districts are shown to have resulted despite such [good-faith] effort [to achieve precise mathematical equality], the State must justify each variance, no matter how small.” The strictness of the test was revealed not only by the phrasing of the test but by the fact that the majority rejected every proffer of a justification which the State had made and which could likely be made. Thus, it was not an adequate justification that deviations resulted from (1) an effort to draw districts to maintain in-
tact areas with distinct economic and social interests, 267 (2) the requirements of legislative compromise, 268 (3) a desire to maintain the integrity of political subdivision lines, 269 (4) the exclusion from total population figures of certain military personnel and students not residents of the areas in which they were found, 270 (5) an attempt to compensate for population shifts since the last census, 271 or (6) an effort to achieve geographical compactness. 272

Illustrating the strictness of the standard, the Court upheld a lower court voiding of a Texas congressional districting plan in which the population difference between the most and least populous districts was 19,275 persons and the average deviation from the ideally populated district was 3,421 persons. 273 Adhering to the principle of strict population equality in a subsequent case, the Court refused to find valid a plan simply because the variations were smaller than the estimated census undercount. Rejecting the plan, the difference in population between the most and least populous districts being 3,674 people, in a State in which the average district population was 526,059 people, the Court opined that, given rapid advances in computer technology, it is now "relatively simple to draw contiguous districts of equal population and at the same time . . . further whatever secondary goals the State has." 274

Attacks on partisan gerrymandering have proceeded under equal-protection analysis, and, while the Court has held justiciable claims based on claims of denial of effective representation, the standards are so high neither voters nor minority parties have yet benefitted from the development. 275

267 Id., 533. People vote as individuals, Justice Brennan said for the Court, and it is the equality of individual voters that is protected.
268 Ibid. Political "practicality" may not interfere with a rule of "practicable" equality.
269 Ibid., 533-534. The argument is not "legally acceptable."
270 Ibid., 534-535. Justice Brennan questioned whether anything less than a total population basis was permissible but noted that the legislature in any event had made no consistent application of the rationale.
271 Id., 535. This justification would be acceptable if an attempt to establish shifts with reasonable accuracy had been made.
272 Id., 536. Justifications based upon "the unesthetic appearance" of the map will not be accepted.
273 White v. Weiser, 412 U.S. 783 (1973). The Court did set aside the district court's own plan for districting, instructing that court to adhere more closely to the legislature's own plan insofar as it reflected permissible goals of the legislators, reflecting an ongoing deference in legislatures in this area to the extent possible.
274 Karcher v. Daggett, 462 U.S. 725 (1983). Illustrating the point about computer-generated plans containing absolute population equality is Hastert v. State Board of Elections, 777 F.Supp. 634 (N.D.Ill. 1991) (three-judge court), in which the court adopted a congressional-districting plan in which 18 of the 20 districts had 571,530 people each and each of the other two had 571,531 people.
275 The principal case was Davis v. Bandemer, 478 U.S. 109 (1986), a legislative apportionment case, but no doubt should exist that congressional districting is cov-
ELECTOR QUALIFICATIONS

It was the original constitutional scheme to vest the determination of qualifications for electors in congressional elections solely in the discretion of the States, save only for the express requirement that the States could prescribe no qualifications other than those provided for voters for the more numerous branch of the legislature. This language has never been expressly changed, but the discretion of the States, and not only with regard to the qualifications of congressional electors, has long been circumscribed by express constitutional limitations and by judicial decisions. Further, beyond the limitation of discretion on the part of the States, Congress has assumed the power, with judicial acquiescence, to legislate itself to provide qualifications at least with regard to some elections. Thus, in the Voting Rights Act of 1965, Congress legislated changes of a limited nature in the literacy laws of some of the States, and in the Voting Rights Act Amendments of 1970. Congress successfully lowered the minimum voting age in federal elections and prescribed residency qualifications for presidential elections, the Court striking down an attempt to lower the minimum voting age for all elections. These developments greatly limited the discretion granted in Arti-


The clause refers only to elections to the House of Representatives, of course, and, inasmuch as Senators were originally chosen by state legislatures and presidential electors as the States would provide, it was only with the qualifications for these voters with which the Constitution was originally concerned.


The Fifteenth, Nineteenth, Twenty-fourth, and Twenty-sixth Amendments limited the States in the setting of qualifications in terms of race, sex, payment of poll taxes, and age.

The Supreme Court’s interpretation of the equal protection clause has excluded certain qualifications. E.g., Carrington v. Rash, 380 U.S. 89 (1965); Kramer v. Union Free School District, 395 U.S. 621 (1969); City of Phoenix v. Kolodziejski, 399 U.S. 204 (1970). The excluded qualifications were in regard to all elections.

The power has been held to exist under § 5 of the Fourteenth Amendment. Katzenbach v. Morgan, 384 U.S. 641 (1966); Oregon v. Mitchell, 400 U.S. 112 (1970); City of Rome v. United States, 446 U.S. 156 (1980).


Sec. 2—House of Representatives

Clause 2. No person shall be a Representative who shall not have attained to the Age of twenty-five Years, and been seven Years a Citizen of the United States, and who shall not, when elected, be an inhabitant of the State in which he shall be chosen.

QUALIFICATIONS OF MEMBERS OF CONGRESS

When the Qualifications Must Be Possessed

A question much disputed but now seemingly settled is whether a condition of eligibility must exist at the time of the election or whether it is sufficient that eligibility exist when the Member-elect presents himself to take the oath of office. While the language of the clause expressly makes residency in the State a condition at the time of election, it now appears established in congressional practice that the age and citizenship qualifications need only be met when the Member-elect is to be sworn. Thus, persons elected to either the House of Representatives or the Senate before attaining the required age or term of citizenship have been admitted as soon as they became qualified.

Exclusivity of Constitutional Qualifications

Congressional Additions.—Writing in THE FEDERALIST with reference to the election of Members of Congress, Hamilton firmly noted that the right to vote for members of the Congress of the United States is not derived merely from the constitution and laws of the state in which they are chosen, but has its foundation in the Constitution of the United States. Ex parte Yarbrough, 110 U.S. 651, 663 (1884). See also Wiley v. Sinkler, 179 U.S. 58, 62 (1900); Swafford v. Templeton, 185 U.S. 487, 492 (1902); United States v. Classic, 313 U.S. 299, 315, 321 (1941).

287 Ex parte Yarbrough, 110 U.S. 651, 663 (1884).
stated that “[t]he qualifications of the persons who may . . . be chosen . . . are defined and fixed in the constitution; and are unalterable by the legislature.” 292 Until the Civil War, the issue was not raised, the only actions taken by either House conforming to the idea that the qualifications for membership could not be enlarged by statute or practice. 293 But in the passions aroused by the fratricidal conflict, Congress enacted a law requiring its members to take an oath that they had never been disloyal to the National Government. 294 Several persons were refused seats by both Houses because of charges of disloyalty, 295 and thereafter House practice, and Senate practice as well, was erratic. 296 But in Powell v. McCormack, 297 it was conclusively established that the qualifications listed in d. 2 are exclusive 298 and that Congress could not add to them by excluding Members-elect not meeting the additional qualifications. 299

Powell was excluded from the 90th Congress on grounds that he had asserted an unwarranted privilege and immunity from the process of a state court, that he had wrongfully diverted House funds for his own uses, and that he had made false reports on the expenditures of foreign currency. 300 The Court determined that
he had been wrongfully excluded proceeded in the main from the
Court's analysis of historical developments, the Convention de-
bates, and textual considerations. This process led the Court to
conclude that Congress' power under Article I, § 5 to judge the
qualifications of its Members was limited to ascertaining the pres-
ence or absence of the standing qualifications prescribed in Article
I, § 2, cl. 2, and perhaps in other express provisions of the Constitu-
tion. 301 The conclusion followed because the English parliamentary
practice and the colonial legislative practice at the time of the
drafting of the Constitution, after some earlier deviations, had set-
tled into a policy that exclusion was a power exercisable only when
the Member-elect failed to meet a standing qualifications, 302 be-
cause in the Constitutional Convention the Framers had defeated
provisions allowing Congress by statute either to create property
qualifications or to create additional qualifications without limita-
tion, 303 and because both Hamilton and Madison in the Federalist
Papers and Hamilton in the New York ratifying convention had
strongly urged that the Constitution prescribed exclusive qualifica-
tions for Members of Congress. 304

Further, the Court observed that the early practice of Con-
gress, with many of the Framers serving, was consistently limited
to the view that exclusion could be exercised only with regard to
a Member-elect failing to meet a qualification expressly prescribed
in the Constitution. Not until the Civil War did contrary prece-
dents appear and later practice was mixed. 305 Finally, even were
the intent of the Framers less clear, said the Court, it would still
be compelled to interpret the power to exclude narrowly. "A fun-
damental principle of our representative democracy is, in Hamil-
ton's words, 'that the people should choose whom they please to
govern them' 2 Elliot's Debates 257. As Madison pointed out at the
Convention, this principle is undermined as much by limiting
whom the people can select as by limiting the franchise itself. In
apparent agreement with this basic philosophy, the Convention
adopted his suggestion limiting the power to expel. To allow essen-
tially that same power to be exercised under the guise of judging
qualifications, would be to ignore Madison's warning, borne out in
the Wilkes case and some of Congress' own post-Civil War exclu-
sion cases, against 'vesting an improper and dangerous power in
the Legislature.' 2 Farrand 249." 306 Thus, the Court appears to

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302 Id., 522-531.
303 Id., 532-533.
304 Id., 539-541.
305 Id., 541-547.
306 Id., 547-548.
The protection of the voters' interest in being represented by the person of their choice is thus analogized to their constitutionally secured right to cast a ballot and have it counted in general elections, Ex parte Yarbrough, 110 U.S. 651 (1884), and in primary elections, United States v. Classic, 313 U.S. 299 (1941), to cast a ballot undiluted in strength because of unequally populated districts, Wesberry v. Sanders, 376 U.S. 1 (1964), and to cast a vote for candidates of their choice unfettered by onerous restrictions on candidate qualification for the ballot. Williams v. Rhodes, 393 U.S. 23 (1968).

The result in the Powell case had been foreshadowed earlier when the Court held that the exclusion of a Member-elect by a state legislature because of objections he had uttered to certain national policies constituted a violation of the First Amendment and was void. In the course of that decision, the Court denied state legislators the power to look behind the willingness of any legislator to take the oath to support the Constitution of the United States, prescribed by Article VI, cl. 3, to test his sincerity in taking it. The unanimous Court noted the views of Madison and Hamilton on the exclusivity of the qualifications set out in the Constitution and alluded to Madison's view that the unfettered discretion of the legislative branch to exclude members could be abused in behalf of political, religious or other orthodoxies. The First Amendment holding and the holding with regard to testing the sincerity with which the oath of office is taken is no doubt as applicable to the United States Congress as to state legislatures.

State Additions.—However much Congress may have deviated from the principle that the qualifications listed in the Constitution are exclusive when the issue has been congressional enlargement of those qualifications, it has been uniform in rejecting efforts by the States to enlarge the qualifications. Thus, the House in 1807 seated a Member-elect who was challenged as not being in compliance with a state law imposing a twelve-month durational residency requirement in the district, rather than the federal requirement of being an inhabitant of the State at the time of election; the state requirement, the House resolved, was unconstitutional. Similarly, both the House and Senate have seated other Members-elect who did not meet additional state qualifications or...
who suffered particular state disqualifications on eligibility, such as running for Congress while holding particular state offices.  

Clause 3. [Representatives and direct Taxes shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to the whole Number of free Persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three fifths of all other Persons].  

The actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten Years, in such Manner as they shall by Law direct. The Number of Representatives shall not exceed one for every thirty Thousand, but each State shall have at Least one Representative; and until such enumeration shall be made, the State of New Hampshire shall be entitled to chuse three, Massachusetts eight, Rhode Island and Providence Plantations one, Connecticut, five, New York six, New Jersey four, Pennsylvania eight, Delaware one, Maryland six, Virginia ten, North Carolina five, South Carolina five, and Georgia three.

**APPORTIONMENT OF SEATS IN THE HOUSE**

**The Census Requirement**

While § 2 expressly provides for an enumeration of persons, Congress has repeatedly directed an enumeration not only of the states, but also of the population within them. The methodology has evolved over time, reflecting changes in population distribution and technological advancements in data collection.

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313 The part of this clause relating to the mode of apportionment of representatives among the several States, was changed by the Fourteenth Amendment, § 2 and as to taxes on incomes without apportionment, by the Sixteenth Amendment.
free persons in the States, but also of those in the territories, and has required all persons over eighteen years of age to answer an ever-lengthening list of inquiries concerning their personal and economic affairs. This extended scope of the census has received the implied approval of the Supreme Court; it is one of the methods whereby the national legislature exercises its inherent power to obtain the information necessary for intelligent legislative action. Although taking an enlarged view of its power in making the enumeration of persons called for by this section, Congress has not always complied with its positive mandate to reappoint representatives among the States after the census is taken. It failed to make such a reapportionment after the census of 1920, being unable to reach agreement for allotting representation without further increasing the size of the House. Ultimately, by the act of June 18, 1929, it provided that the membership of the House of Representatives should henceforth be restricted to 435 members, to be distributed among the States by the so-called “method of major fractions,” which had been earlier employed in the apportionment of 1911 and which has now been replaced with the “method of equal proportions.” Following the 1990 census, a State that had lost a House seat as a result of the use of this formula sued, alleging a violation of the “one person, one vote” rule. Exhibiting considerable deference to Congress and a stated appreciation of the difficulties in achieving interstate equalities, the Supreme Court upheld the formula and the resultant apportionment.

While requiring the election of Representatives by districts, Congress has left to the States to define the areas from which members should be chosen. This has occasioned a number of disputes concerning the validity of action taken by the States. In Ohio ex rel. Davis v. Hildebrant, a requirement that a redistricting law be submitted to a popular referendum was challenged and sustained. After the reapportionment made pursuant to the 1930 census, deadlocks between the Governor and legislature in several States produced a series of cases in which the right of the Governor...
to veto a reapportionment bill was questioned. Contrasting this function with other duties committed to state legislatures by the Constitution, the Court decided that it was legislative in character and subject to gubernatorial veto to the same extent as ordinary legislation under the terms of the state constitution. 319

Clause 4. When vacancies happen in the Representation from any State, the Executive Authority thereof shall issue Writs of Election to fill such Vacancies.

Clause 5. The House of Representatives shall chuse their Speaker and other Officers; and shall have the sole Power of Impeachment.

Section 3. Clause 1. [The Senate of the United States shall be composed of two Senators from each State, chosen by the legislature thereof, for six Years; and each Senator shall have one vote]. 320

Clause 2. Immediately after they shall be assembled in Consequence of the first Election, they shall be divided as equally as may be into three classes. The Seats of the Senators of the first Class shall be vacated at the Expiration of the second Year, of the second Class at the Expiration of the fourth Year, and of the third Class at the Expiration of the sixth Year, so that one third may be chosen every second Year, 321 [and if Vacancies happen by Resignation or otherwise, during the Recess of the Legislature of any State, the Executive thereof may make temporary Appointments until the next Meeting of the Legislature, which shall then fill such Vacancies]. 322
Clause 3. No Person shall be a Senator who shall not have attained to the Age of thirty Years, and been nine Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State for which he shall be chosen.

Clause 4. The Vice President of the United States shall be President of the Senate but shall have no Vote, unless they be equally divided.

Clause 5. The Senate shall chuse their other Officers, and also a President pro tempore, in the absence of the Vice President, or when he shall exercise the Office of the President of the United States.

Clause 6. The Senate shall have the sole Power to try all Impeachments. When sitting for that Purpose, they shall be on Oath or Affirmation. When the President of the United States is tried, the Chief Justice shall preside: And no Person shall be convicted without the Concurrence of two thirds of the Members present.

Clause 7. Judgment in Cases of Impeachment shall not extend further than to removal from Office, and disqualification to hold and enjoy any Office of honor, Trust or Profit under the United States; but the Party convicted shall nevertheless be liable and subject to Indictment, Trial, Judgment and Punishment, according to Law.

Section 4. Clause 1. The Times, Places and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof; but Congress may at any time make or alter such Regulations, except as to the Place of chusing Senators.
FEDERAL LEGISLATION PROTECTING ELECTORAL PROCESS

Not until 1842 did Congress undertake to exercise the power to regulate the “times, places and manner of holding elections for Senators and Representatives.” In that year, it passed a law requiring the election of Representatives by districts. In subsequent years, Congress expanded on the requirements, successively adding contiguity, compactness, and substantial equality of population to the districting requirements. However, no challenge to the seating of Members-elect selected in violation of these requirements was ever successful, and Congress deleted the standards from the 1929 apportionment act. More success attended a congressional resolution in 1866 of deadlocks in state legislatures over the election of Senators, often resulting in vacancies for months. The act required the two houses of each legislature to meet in joint session on a specified day and to meet every day thereafter until a Senator was selected.

The first comprehensive federal statute dealing with elections was adopted in 1870 as a means of enforcing the Fifteenth Amendment’s guarantee against racial discrimination in granting suffrage rights. Under the Enforcement Act of 1870, and subsequent

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323 Stat. 491 (1842). The requirement was omitted in 1850, 9 Stat. 428, but was adopted again in 1862. 12 Stat. 572.
324 The 1872 Act, 17 Stat. 28, provided that districts should contain “as nearly as practicable” equal numbers of inhabitants, a provision thereafter retained. In 1901, 31 Stat. 733, a requirement that districts be composed of “compact territory” was added. These provisions were repeated in the next Act, 37 Stat. 13 (1911), there was no apportionment following the 1920 Census, and the permanent 1929 Act omitted the requirements. 46 Stat. 13. Cf. Wood v. Broom, 287 U.S. 1 (1932).
325 The first challenge was made in 1843. The committee appointed to inquire into the matter divided, the majority resolving that Congress had no power to bind the States in regard to their manner of districting, the minority contending to the contrary. H. Rept. No. 60, 28th Congress, 1st sess. (1843). The basis of the majority view was that while Article I, §4 might give Congress the power to lay off the districts itself, the clause did not authorize Congress to tell the state legislatures how to do it if the legislatures were left the task of drawing the lines. L. Schmeckebier, Congressional Apportionment (Washington: 1941), 135–138. This argument would not appear to be maintainable in light of the language in Ex parte Siebold, 100 U.S. 371, 383–386 (1880).
327 14 Stat. 243 (1866). Still another such regulation was the congressional specification of a common day for the election of Representatives in all the States. 17 Stat. 28 (1872), 2 U.S.C. §7.
328 Article I, §4, and the Fifteenth Amendment have had quite different applications. The Court insisted that under the latter, while Congress could legislate to protect the suffrage in all elections, it could do so only against state interference based on race, color, or previous condition of servitude, James v. Bowman, 190 U.S. 127 (1903); United States v. Reese, 92 U.S. 214 (1876), whereas under the former it could legislate against private interference as well for whatever motive but only
laws, false registration, bribery, voting without legal right, making false returns of votes cast, interference in any manner with officers of election, and the neglect by any such officer of any duty required of him by state or federal law were made federal offenses. 329 Provision was made for the appointment by federal judges of persons to attend at places of registration and at elections with authority to challenge any person proposing to register or vote unlawfully, to witness the counting of votes, and to identify by their signatures the registration of voters and election tally sheets. 330 When the Democratic Party regained control of Congress, these pieces of Reconstruction legislation dealing specifically with elections were repealed, 331 but other statutes prohibiting interference with civil rights generally were retained and these were utilized in later years. More recently, Congress has enacted, in 1957, 1960, 1964, 1965, 1968, 1970, 1975, 1980, and 1982, legislation to protect the right to vote in all elections, federal, state, and local, through the assignment of federal registrars and poll watchers, suspension of literacy and other tests, and the broad proscription of intimidation and reprisal, whether with or without state action. 332

Another chapter was begun in 1907 when Congress passed the Tillman Act, prohibiting national banks and corporations from making contributions in federal elections. 333 The Corrupt Practices Act, first enacted in 1910 and replaced by another law in 1925, extended federal regulation of campaign contributions and expendi-

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330 The constitutionality of sections pertaining to federal elections was sustained in Ex parte Siebold, 100 U.S. 371 (1880); Ex parte Yarbrough, 110 U.S. 651 (1884).

331 28 Stat. 144 (1894).


As we have noted above, although § 2, cl. 1, of this Article vests in the States the responsibility, now limited, to establish voter qualifications for congressional elections, the Court has held that the right to vote for Members of Congress is derived from the Federal Constitution, and that Congress therefore may legislate under this section of the Article to protect the integrity of this right. Congress may protect the right of suffrage against both official and private abridgment. Where a primary election is an integral part of the procedure of choice, the right to vote in that primary election is subject to congressional protection. The right embraces, of course, the opportunity to cast a ballot and to have it counted honestly. Freedom from personal violence and intimidation may be secured. The integrity of the process may be safeguarded against a failure to count ballots lawfully cast or the dilution of their value by the stuffing of the ballot box with fraudulent ballots. But the bribery of voters, although within reach of congressional power under other clauses of the Constitution, has been held not to be an interference with the rights guaranteed by this section to other qualified voters.

To accomplish the ends under this clause, Congress may adopt the statutes of the States and enforce them by its own sanctions. It may punish a state election officer for violating his duty under a state law governing congressional elections. It may, in short, utilize its power under this clause, combined with the nec-


335 E.g., the Hatch Act, relating principally to federal employees and state and local governmental employees engaged in programs at least partially financed with federal funds, 5 U.S.C. §§ 7324–7327.

336 United States v. Classic, 313 U.S. 299, 314–315 (1941), and cases cited.

337 Id., 315; Buckley v. Valeo, 424 U.S. 1, 13 n. 16 (1976).


340 Ex parte Yarbrough, 110 U.S. 651 (1884).


344 Ex parte Siebold, 100 U.S. 371 (1880); Ex parte Clarke, 100 U.S. 399 (1880); United States v. Gale, 109 U.S. 65 (1883); In re Coy, 127 U.S. 731 (1888).

345 Ibid.
Clause 2. [The Congress shall assemble at least once in every Year, and such Meeting shall be on the first Monday in December, unless they shall by law appoint a different Day].

Section 5. Clause 1. Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members, and a Majority of each shall constitute a Quorum to do Business; but a smaller Number may adjourn from day to day, and may be authorized to compel the Attendance of absent Members, in such Manner, and under such Penalties as each House may provide.

Clause 2. Each House may determine the Rules of its Proceedings, punish its Members for disorderly Behaviour, and, with the Concurrence of two thirds, expel a Member.

Clause 3. Each House shall keep a Journal of its Proceedings and from time to time publish the same, excepting such Parts as may in their Judgment require Secrecy; and the Yeas and Nays of the Members of either House on any question shall, at the Desire of one fifth of those Present, be entered on the Journal.

Clause 4. Neither House, during the Session of Congress, shall, without the Consent of the other, adjourn for more than

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three days, nor to any other Place than that in which the two Houses shall be sitting.

POWERS AND DUTIES OF THE HOUSES

Power To Judge Elections

Each House, in judging of elections under this clause, acts as a judicial tribunal, with like power to compel attendance of witnesses. In the exercise of its discretion, it may issue a warrant for the arrest of a witness to procure his testimony, without previous subpoena, if there is good reason to believe that otherwise such witness would not be forthcoming. It may punish perjury committed in testifying before a notary public upon a contested election. The power to judge elections extends to an investigation of expenditures made to influence nominations at a primary election. Refusal to permit a person presenting credentials in due form to take the oath of office does not oust the jurisdiction of the Senate to inquire into the legality of the election. Nor does such refusal unlawfully deprive the State which elected such person of its equal suffrage in the Senate.

“A Quorum To Do Business”

For many years the view prevailed in the House of Representatives that it was necessary for a majority of the members to vote on any proposition submitted to the House in order to satisfy the constitutional requirement for a quorum. It was a common practice for the opposition to break a quorum by refusing to vote. This was changed in 1890, by a ruling made by Speaker Reed, and later embodied in Rule XV of the House, that members present in the chamber but not voting would be counted in determining the presence of a quorum. The Supreme Court upheld this rule in United States v. Ballin, saying that the capacity of the House to transact business is “created by the mere presence of a majority,” and that since the Constitution does not prescribe any method for det-
Sec. 5—Powers and Duties of the House

Rules of Proceedings

In the exercise of their constitutional power to determine their rules of proceedings, the Houses of Congress may not “ignore constitutional restraints or violate fundamental rights, and there should be a reasonable relation between the mode or method of proceeding established by the rule and the result which is sought to be attained. But within these limitations all matters of method are open to the determination of the House . . . The power to make rules is not one which once exercised is exhausted. It is a continuous power, always subject to be exercised by the House, and within the limitations suggested, absolute and beyond the challenge of any other body or tribunal.”

Where a rule affects private rights, the construction thereof becomes a judicial question. In United States v. Smith, the Court held that the Senate’s attempt to reconsider its confirmation of a person nominated by the President as Chairman of the Federal Power Commission was not warranted by its rules and did not deprive the appointee of his title to the office. In Christoffel v. United States, a sharply divided Court upset a conviction for perjury in the district courts of one who had denied under oath before a House committee any affiliation with Communism. The reversal was based on the ground that inasmuch as a quorum of the committee, while present at the outset, was not present at the time of the alleged perjury, testimony before it was not before a “competent tribunal” within the sense of the District of Columbia Code. Four Justices, speaking by Justice Jackson, dissented, arguing that under the rules and practices of the House, “a quorum once established is presumed to continue unless and
until a point of no quorum is raised” and that the Court, was in effect, invalidating this rule, thereby invalidating at the same time the rule of self-limitation observed by courts “where such an issue is tendered.”

**Powers of the Houses Over Members**

Congress has authority to make it an offense against the United States for a Member, during his continuance in office, to receive compensation for services before a government department in relation to proceedings in which the United States is interested. Such a statute does not interfere with the legitimate authority of the Senate or House over its own Members. In upholding the power of the Senate to investigate charges that some Senators had been speculating in sugar stocks during the consideration of a tariff bill, the Supreme Court asserted that “the right to expel extends to all cases where the offence is such as in the judgment of the Senate is inconsistent with the trust and duty of a Member.” It cited with apparent approval the action of the Senate in expelling William Blount in 1797 for attempting to seduce from his duty an American agent among the Indians and for negotiating for services in behalf of the British Government among the Indians—conduct which was not a “statutable offense” and which was not committed in his official character, nor during the session of Congress nor at the seat of government.

In *Powell v. McCormack*, a suit challenging the exclusion of a Member-elect from the House of Representatives, it was argued that inasmuch as the vote to exclude was actually in excess of two-thirds of the Members it should be treated simply as an expulsion. The Court rejected the argument, noting that the House precedents were to the effect that it had no power to expel for misconduct occurring prior to the Congress in which the expulsion is proposed, as was the case of Mr. Powell’s alleged misconduct, but basing its rejection on its inability to conclude that if the Members of the House had been voting to expel they would still have cast an affirmative vote in excess of two-thirds.

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361 Id., 92–95.
363 In re Chapman, 166 U.S. 661 (1897).
366 Id., 506–512.
Duty To Keep a Journal

The object of the clause requiring the keeping of a Journal is "to insure publicity to the proceedings of the legislature, and a correspondent responsibility of the members to their respective constituents." When the Journal of either House is put in evidence for the purpose of determining whether the yeas and nays were ordered, and what the vote was on any particular question, the Journal must be presumed to show the truth, and a statement therein that a quorum was present, though not disclosed by the yeas and nays, is final. But when an enrolled bill, which has been signed by the Speaker of the House and by the President of the Senate, in open session receives the approval of the President and is deposited in the Department of State, its authentication as a bill that has passed Congress is complete and unimpeachable, and it is not competent to show from the Journals of either House that an act so authenticated, approved, and deposited, in fact omitted one section actually passed by both Houses of Congress.

SECTION6. Clause 1. The Senators and Representatives shall receive a Compensation for their Services, to be ascertained by Law, and paid out of the Treasury of the United States. They shall in all Cases, except Treason, Felony and Breach of the Peace, be privileged from Arrest during their Attendance at the Session of their respective Houses and in going to and returning from the same; and for any Speech or Debate in either House, they shall not be questioned in any other Place.

Clause 2. No Senator or Representative shall, during the Time for which he was elected, be appointed to any civil Office

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368 United States v. Ballin, 144 U.S. 1, 4 (1892).
369 Field v. Clark, 143 U.S. 649 (1892); Flint v. Stone Tracy Co., 220 U.S. 107, 143 (1911). See the dispute in the Court with regard to the application of Field in an origination clause dispute. United States v. Munoz-Flores, 495 U.S. 385, 391 n. 4 (1990), and id., 408 (Justice Scalia concurring in the judgment). A parallel rule holds in the case of a duly authenticated official notice to the Secretary of State that a state legislature has ratified a proposed amendment to the Constitution. Leser v. Garnett, 258 U.S. 130, 137 (1922); see also Coleman v. Miller, 307 U.S. 433 (1939).
under the Authority of the United States, which shall have been created, or the Emoluments whereof shall have been increased during such time; and no Person holding any Office under the United States, shall be a Member of either House during his Continuance in Office.

COMPENSATION, IMMUNITIES AND DISABILITIES OF MEMBERS

Congressional Pay

With the surprise ratification of the Twenty-Seventh Amendment, it is now the rule that congressional legislation "varying"—note that the Amendment applies to decreases as well as increases—the level of legislators' pay may not take effect until an intervening election has occurred. The only real controversy likely to arise in the interpretation of the new rule is whether pay increases that result from automatic alterations in pay are subject to the same requirement or whether it is only the initial enactment of the automatic device that is covered.

That is, from the founding to 1967, congressional pay was determined directly by Congress in specific legislation setting specific rates of pay. In 1967, a law was passed that created a quadrennial commission with the responsibility to propose to the President salary levels for top officials of the Government, including Members of Congress. In 1975, Congress legislated to bring Members of Congress within a separate commission system authorizing the President to recommend annual increases for civil servants to maintain pay comparability with private-sector employees. These devices were attacked by dissenting Members of Congress as violating the mandate of clause 1 that compensation be "ascertained by Law[]." However, these challenges were rejected. Thereafter, prior to ratification of the Amendment, Congress in the Ethics Reform Act of 1989 altered both the pay-increase and the cost-of-living-increase provisions of law, making quadrennial pay increases effective only after an intervening con-

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370 See infra.
372 P. L. 94–82, § 204(a), 89 Stat. 421.
gressional election and making cost-of-living increases dependent upon a specific congressional vote. Litigation of the effect of the Amendment is on-going. 375

Privilege From Arrest

This clause is practically obsolete. It applies only to arrests in civil suits, which were still common in this country at the time the Constitution was adopted. 376 It does not apply to service of process in either civil 377 or criminal cases. 378 Nor does it apply to arrest in any criminal case. The phrase “treason, felony or breach of the peace” is interpreted to withdraw all criminal offenses from the operation of the privilege. 379

Privilege of Speech or Debate

Members.—This clause represents “the culmination of a long struggle for parliamentary supremacy. Behind these simple phrases lies a history of conflict between the Commons and the Tudor and Stuart monarchs during which successive monarchs utilized the criminal and civil law to suppress and intimidate critical legislators. Since the Glorious Revolution in Britain, and throughout United States history, the privilege has been recognized as an important protection of the independence and integrity of the legislature.” 380 So Justice Harlan explained the significance of the speech-and-debate clause, the ancestry of which traces back to a clause in the English Bill of Rights of 1689 381 and the history of which traces back almost to the beginning of the development of Parliament as an independent force. 382 “In the American governmental structure the clause serves the additional function of reinforcing the separation of powers so deliberately established by the Founders.” 383 “The immunities of the Speech or Debate Clause were not written into the Constitution simply for the personal or private benefit of Members of Congress, but to protect the integrity

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376 Id., 83.
381 “That the Freedom of Speech, and Debates or Proceedings in Parliament, ought not to be impeached or questioned in any Court or Place out of Parliament.” 1 W. & M., Sess. 2, c. 2.
of the legislative process by insuring the independence of individual legislators." 384

The protection of this clause is not limited to words spoken in debate. "Committee reports, resolutions, and the act of voting are equally covered, as are 'things generally done in a session of the House by one of its members in relation to the business before it.'" 385 Thus, so long as legislators are "acting in the sphere of legitimate legislative activity," they are "protected not only from the consequence of litigation's results but also from the burden of defending themselves." 386 But the scope of the meaning of "legislative activity" has its limits. "The heart of the clause is speech or debate in either House, and insofar as the clause is construed to reach other matters, they must be an integral part of the deliberative and communicative processes by which Members participate in committee and House proceedings with respect to the consideration and passage or rejection of proposed legislation or with respect to other matters which the Constitution places within the jurisdiction of either House." 387

Immunity from civil suit, both in law and equity, and from criminal action based on the performance of legislative duties flows from a determination that a challenged act is within the definition of legislative activity, but the Court in the more recent cases appears to have narrowed the concept somewhat.

In Kilbourn v. Thompson, 388 Members of the House of Representatives were held immune in a suit for false imprisonment brought about by a vote of the Members on a resolution charging contempt of one of its committees and under which the plaintiff was arrested and detained, even though the Court found that the contempt was wrongly voted. Kilbourn was relied on in Powell v. McCormack, 389 in which the plaintiff was not allowed to maintain

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387 Gravel v. United States, 408 U.S. 606, 625 (1972). The critical nature of the clause is shown by the holding in Davis v. Passman, 442 U.S. 228, 235 n. 11 (1979), that when a Member is sued under the Fifth Amendment for employment discrimination on the basis of gender, only the clause could shield such an employment decision, and not the separation of powers doctrine or emanations from it. Whether the clause would be a shield the Court had no occasion to decide and the case was settled on remand without a decision being reached.


389 395 U.S. 486 (1969). The Court found sufficient the presence of other defendants to enable it to review Powell's exclusion but reserved the question whether in
an action for declaratory judgment against certain Members of the House of Representatives to challenge his exclusion by a vote of the entire House. Because the power of inquiry is so vital to performance of the legislative function, the Court held that the clause precluded suit against the Chairman and Members of a Senate subcommittee and staff personnel, to enjoin enforcement of a subpoena directed to a third party, a bank, to obtain the financial records of the suing organization. The investigation was a proper exercise of Congress’ power of inquiry, the subpoena was a legitimate part of the inquiry, and the clause therefore was an absolute bar to judicial review of the subcommittee’s actions prior to the possible institution of contempt actions in the courts.\footnote{390} And in Dombrowski v. Eastland,\footnote{391} the Court affirmed the dismissal of an action against the chairman of a Senate committee brought on allegations that he wrongfully conspired with state officials to violate the civil rights of plaintiff.

Through an inquiry into the nature of the “legislative acts” performed by Members and staff, the Court held that the clause did not defeat a suit to enjoin the public dissemination of legislative materials outside the halls of Congress.\footnote{392} A committee had conducted an authorized investigation into conditions in the schools of the District of Columbia and had issued a report that the House of Representatives routinely ordered printed. In the report, named students were dealt with in an allegedly defamatory manner, and their parents sued various committee Members and staff and other personnel, including the Superintendent of Documents and the Public Printer, seeking to restrain further publication, dissemination, and distribution of the report until the objectionable material was deleted and also seeking damages. The Court held that the Members of Congress and the staff employees had been properly dismissed from the suit, inasmuch as their actions—conducting the hearings, preparing the report, and authorizing its publication—were protected by the clause. The Superintendent of Documents and the Public Printer were held, however, to have been properly named, because, as congressional employees, they had no broader immunity than Members of Congress would have. At this point, the Court distinguished between those legislative acts, such as voting,
speaking on the floor or in committee, issuing reports, which are within the protection of the clause, and those acts which enjoy no such protection. Public dissemination of materials outside the halls of Congress is not protected, the Court held, because it is unnecessary to the performance of official legislative actions. Dissemination of the report within the body was protected, whereas dissemination in normal channels outside it was not. 393

Bifurcation of the legislative process in this way resulted in holding unprotected the republication by a Member of allegedly defamatory remarks outside the legislative body, here through newsletters and press releases. 394 The clause protects more than speech or debate in either House, the Court affirmed, but in order for the other matters to be covered "they must be an integral part of the deliberative and communicative processes by which Members participate in committee and House proceedings with respect to the consideration and passage or rejection of proposed legislation or with respect to other matters which the Constitution places within the jurisdiction of either House." 395 Press releases and newsletters are "[v]aluable and desirable" in "inform[ing] the public and other Members" but neither are essential to the deliberations of the legislative body nor part of the deliberative process. 396

Parallel developments may be discerned with respect to the application of a general criminal statute to call into question the legislative conduct and motivation of a Member. Thus, in United States v. Johnson, 397 the Court voided the conviction of a Member for conspiracy to impair lawful governmental functions, in the course of seeking to divert a governmental inquiry into alleged wrongdoing, by accepting a bribe to make a speech on the floor of the House.
of Representatives. The speech was charged as part of the conspiracy and extensive evidence concerning it was introduced at a trial. It was this examination into the context of the speech—its authorship, motivation, and content—which the Court found foreclosed by the speech-or-debate clause.\textsuperscript{398}

However, in \textit{United States v. Brewster},\textsuperscript{399} while continuing to assert that the clause “must be read broadly to effectuate its purpose of protecting the independence of the Legislative branch,”\textsuperscript{400} the Court substantially reduced the scope of the coverage of the clause. In upholding the validity of an indictment of a Member, which charged that he accepted a bribe to be “influenced in his performance of official acts in respect to his action, vote, and decision” on legislation, the Court drew a distinction between a prosecution that caused an inquiry into legislative acts or the motivation for performance of such acts and a prosecution for taking or agreeing to take money for a promise to act in a certain way. The former is proscribed, the latter is not. “Taking a bribe is, obviously, no part of the legislative process or function; it is not a legislative act. It is not, by any conceivable interpretation, an act performed as a part of or even incidental to the role of a legislator . . . Nor is inquiry into a legislative act or the motivation for a legislative act necessary to a prosecution under this statute or this indictment. When a bribe is taken, it does not matter whether the promise for which the bribe was given was for the performance of a legislative act as here or, as in \textit{Johnson}, for use of a Congressman’s influence with the Executive Branch.”\textsuperscript{401} In other words, it is the fact of having taken a bribe, not the act the bribe is intended to influence, which is the subject of the prosecution and the speech-or-debate clause interposes no obstacle to this type of prosecution.\textsuperscript{402}

\textsuperscript{398} Reserved was the question whether a prosecution that entailed inquiry into legislative acts or motivation could be founded upon “a narrowly drawn statute passed by Congress in the exercise of its legislative power to regulate the conduct of its members.” Id., 185. The question was similarly reserved in \textit{United States v. Brewster}, 408 U.S. 501, 529 n. 18 (1972), although Justices Brennan and Douglas would have answered negatively. Id., 529, 540.

\textsuperscript{399} 408 U.S. 501 (1972).

\textsuperscript{400} Id., 516.

\textsuperscript{401} Id., 526.

\textsuperscript{402} The holding was reaffirmed in \textit{United States v. Helstoski}, 442 U.S. 477 (1979). On the other hand, the Court did hold that the protection of the clause is so fundamental that, assuming a Member may waive it, a waiver could be found only after explicit and unequivocal renunciation, rather than by failure to assert it at any particular point. Similarly, \textit{Helstoski v. Meanor}, 442 U.S. 500 (1979), held that since the clause properly applied is intended to protect a Member from even having to defend himself he may appeal immediately from a judicial ruling of nonapplicability rather than wait to appeal after conviction.
Applying in the criminal context the distinction developed in the civil cases between protected “legislative activity” and unprotected conduct prior to or subsequent to engaging in “legislative activity,” the Court in Gravel v. United States, held that a grand jury could validly inquire into the processes by which the Member obtained classified government documents and into the arrangements for subsequent private republication of these documents, since neither action involved protected conduct. “While the Speech or Debate Clause recognizes speech, voting and other legislative acts as exempt from liability that might otherwise attach, it does not privilege either Senator or aide to violate an otherwise valid criminal law in preparing for or implementing legislative acts.”

Congressional Employees.—Until the most recent decision, it was seemingly the basis of the decisions that while Members of Congress may be immune from suit arising out of their legislative activities, legislative employees who participate in the same activities under the direction of the Member or otherwise are responsible for their acts if those acts be wrongful. Thus, in Kilbourn v. Thompson, the sergeant at arms of the House was held liable for false imprisonment because he executed the resolution ordering Kilbourn arrested and imprisoned. Dombrowski v. Eastland held that a subcommittee counsel might be liable in damages for actions as to which the chairman of the committee was immune from suit. And in Powell v. McCormack, the Court held that the presence of House of Representative employees as defendants in a suit for declaratory judgment gave the federal courts jurisdiction to review the propriety of the plaintiff's exclusion from office by vote of the House. Upon full consideration of the question, however, the Court, in Gravel v. United States, accepted a series of contentions urged upon it not only by the individual Senator but by the Senate itself appearing by counsel as amicus: “that it is literally impossible, in view of the complexities of the modern legislative process, with

403 408 U.S. 606 (1972).
404 Id., 626.
405 Language in some of the Court's earlier opinions had indicated that the privilege “is less absolute, although applicable,” when a legislative aide is sued, without elaboration of what was meant. Dombrowski v. Eastland, 387 U.S. 82, 85 (1967); Tenney v. Brandhove, 341 U.S. 367, 378 (1951). In Wheeldin v. Wheeler, 373 U.S. 647 (1963), the Court had imposed substantial obstacles to the possibility of recovery in appropriate situations by holding that a federal cause of action was lacking and remitting litigants to state courts and state law grounds. The case is probably no longer viable, however, after Bivens v. Six Unknown Named Agents of the Bureau of Narcotics, 403 U.S. 388 (1971).
406 103 U.S. 168 (1881).
409 408 U.S. 606 (1972).
Congress almost constantly in session and matters of legislative concern constantly proliferating, for Members of Congress to perform their legislative tasks without the help of aides and assistants; that the day-to-day work of such aides is so critical to the Members’ performance that they must be treated as the latters’ alter ego; and that if they are not so recognized, the central role of the Speech or Debate clause... will inevitably be diminished and frustrated.” 410 Therefore, the Court held “that the Speech or Debate Clause applies not only to a Member but also to his aides insofar as the conduct of the latter would be a protected legislative act if performed by the Member himself.” 411

The Gravel holding, however, does not so much extend congressional immunity to employees as it narrows the actual immunity available to both aides and Members in some important respects. Thus, the Court says, the legislators in Kilbourn were immune because adoption of the resolution was clearly a legislative act but the execution of the resolution—the arrest and detention—was not a legislative act immune from liability, so that the House officer was in fact liable as would have been any Member who had executed it. 412 Dombrowski was interpreted as having held that no evidence implicated the Senator involved, whereas the committee counsel had been accused of “conspiring to violate the constitutional rights of private parties. Unlawful conduct of this kind the Speech or Debate Clause simply did not immunize.” 413 And Powell was interpreted as simply holding that voting to exclude plaintiff, which was all the House defendants had done, was a legislative act immune from Member liability but not from judicial inquiry. “None of these three cases adopted the simple proposition that immunity was unavailable to House or committee employees because they were not Representatives; rather, immunity was unavailable because they engaged in illegal conduct which was not entitled to Speech or Debate Clause protection. ... [N]o prior case has held that Members of Congress would be immune if they execute an invalid resolution by themselves carrying out an illegal arrest, or if, in order to secure information for a hearing, themselves seize the property or invade the privacy of a citizen. Neither they nor their aides should be immune from liability or questioning in such circumstances.” 414

410 Id., 616–617.
411 Id., 618.
412 Id., 618–619.
413 Id., 619–620.
414 Id., 620–621.
Appointment to Executive Office

“The reasons for excluding persons from offices, who have been concerned in creating them, or increasing their emoluments, are to take away, as far as possible, any improper bias in the vote of the representative, and to secure to the constituents some solemn pledge of his disinterestedness. The actual provision, however, does not go to the extent of the principle; for his appointment is restricted only ‘during the time, for which he was elected’; thus leaving in full force every influence upon his mind, if the period of his election is short, or the duration of it is approaching its natural termination.” As might be expected, there is no judicial interpretation of the language of the clause and indeed it has seldom surfaced as an issue.

In 1909, after having increased the salary of the Secretary of State, Congress reduced it to the former figure so that a Member of the Senate at the time the increase was voted would be eligible for that office. The clause became a subject of discussion in 1937, when Justice Black was appointed to the Court, because Congress had recently increased the amount of pension available to Justices retiring at seventy and Mr. Black’s Senate term had still some time to run. The appointment was defended, however, with the argument that inasmuch as Mr. Black was only fifty-one years of age at the time, he would be ineligible for the “increased emolument” for nineteen years and it was not as to him an increased emolument. In 1969, it was briefly questioned whether a Member of the House of Representatives could be appointed Secretary of Defense because, under a salary bill enacted in the previous Congress, the President would propose a salary increase, including that of cabinet officers, early in the new Congress which would take effect if Congress did not disapprove it. The Attorney General ruled that inasmuch as the clause would not apply if the increase were proposed and approved subsequent to the appointment, it

415 2 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), § 864.
416 34 Stat. 948 (1907).
417 35 Stat. 626 (1909). Congress followed this precedent when the President wished to appoint a Senator as Attorney General and the salary had been increased pursuant to a process under which Congress did not need to vote to approve but could vote to disapprove. The salary was temporarily reduced to its previous level. 87 Stat. 697 (1975). See also 89 Stat. 1108 (1975) (reducing the salary of a member of the Federal Maritime Commission in order to qualify a Representative).
418 The matter gave rise to a case, Ex parte Albert Levitt, 302 U.S. 633 (1937), in which the Court declined to pass upon the validity of Justice Black’s appointment. The Court denied the complainant standing, but strangely it did not advert to the fact that it was being asked to assume original jurisdiction contrary to Marbury v. Madison, 1 Cr. (5 U.S.) 137 (1803).
similarly would not apply in a situation in which it was uncertain whether the increase would be approved. 419

Incompatible Offices

This second part of the second clause elicited little discussion at the Convention and was universally understood to be a safeguard against executive influence on Members of Congress and the prevention of the corruption of the separation of powers. 420 Congress has at various times confronted the issue in regard to seating or expelling persons who have or obtain office in another branch. Thus, it has determined that visitors to academies, regents, directors, and trustees of public institutions, and members of temporary commissions who receive no compensation as members are not officers within the constitutional inhibition. 421 Government contractors and federal officers who resign before presenting their credentials may be seated as Members of Congress. 422

One of the more recurrent problems which Congress has had with this clause is the compatibility of congressional office with service as an officer of some military organization—militia, reserves, and the like. 423 Members have been unseated for accepting appointment to military office during their terms of congressional office, 424 but there are apparently no instances in which a Member-elect has been excluded for this reason. Because of the difficulty of successfully claiming standing, the issue has never been a litigatable matter. 425

SECTION 7. Clause 1. All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

Clause 2. Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law,
be presented to the President of the United States; if he approves he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal, and proceed to reconsider it. If after such Reconsideration two thirds of that House shall agree to pass the Bill, it shall be sent, together with the Objections, to the other House, by which it shall likewise be reconsidered, and if approved by two thirds of that House, it shall become a Law. But in all such Cases the Votes of both Houses shall be determined by Yeas and Nays, and the Names of the Persons voting for and against the Bill shall be entered on the Journal of each House respectively. If any Bill shall not be returned by the President within ten Days (Sundays excepted) after it shall have been presented to him, the Same shall be a Law, in like Manner as if he had signed it, unless the Congress by their Adjournment prevent its Return in which Case it shall not be a Law.

Clause 3. Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representatives, according to the Rules and Limitation prescribed in the Case of a Bill.

THE LEGISLATIVE PROCESS

Revenue Bills

Insertion of this clause was another of the devices sanctioned by the Framers to preserve and enforce the separation of pow-
Art. I—Legislative Department

Sec. 7—Bills and Resolutions

Legislative Process

It applies, in the context of the permissibility of Senate amendments to a House-passed bill, to all bills for collecting revenue—revenue decreasing as well as revenue increasing—rather than simply to just those bills that increase revenue. 427

Only bills to levy taxes in the strict sense of the word are comprehended by the phrase “all bills for raising revenue;” bills for other purposes, which incidentally create revenue, are not included. 428 Thus, a Senate-initiated bill that provided for a monetary “special assessment” to pay into a crime victims fund did not violate the clause, because it was a statute that created and raised revenue to support a particular governmental program and was not a law raising revenue to support Government generally. 429 An act providing a national currency secured by a pledge of bonds of the United States, which, “in the furtherance of that object, and also to meet the expenses attending the execution of the act,” imposed a tax on the circulating notes of national banks was held not to be a revenue measure which must originate in the House of Representatives. 430 Neither was a bill that provided that the District of Columbia should raise by taxation and pay to designated railroad companies a specified sum for the elimination of grade crossings and the construction of a railway station. 431 The substitution of a corporation tax for an inheritance tax, 432 and the addition of a section imposing an excise tax upon the use of foreign-built pleasure yachts, 433 have been held to be within the Senate’s constitutional power to propose amendments.

Approval by the President

The President is not restricted to signing a bill on a day when Congress is in session. 434 He may sign within ten days (Sundays excepted) after the bill is presented to him, even if that period ex-
tends beyond the date of the final adjournment of Congress. His duty in case of approval of a measure is merely to sign it. He need not write on the bill the word "approved" nor the date. If no date appears on the face of the roll, the Court may ascertain the fact by resort to any source of information capable of furnishing a satisfactory answer. A bill becomes a law on the date of its approval. When no time is fixed by the act it is effective from the date of its approval, which usually is taken to be the first moment of the day, fractions of a day being disregarded.

**The Veto Power**

The veto provisions, the Supreme Court has told us, serve two functions. On the one hand, they ensure that "the President shall have suitable opportunity to consider the bills presented to him. . . . It is to safeguard the President's opportunity that Paragraph 2 of § 7 of Article I provides that bills which he does not approve shall not become law if the adjournment of the Congress prevents their return." At the same time, the sections ensure "that the Congress shall have suitable opportunity to consider his objections to bills and on such consideration to pass them over his veto provided there are the requisite votes." The Court asserted that "[w]e should not adopt a construction which would frustrate either of these purposes."

In one major respect, however, the President's actual desires may be frustrated by the presentation to him of omnibus bills or of bills containing extraneous riders. During the 1980s, on several occasions, Congress lumped all the appropriations for the operation of the Government into one gargantuan bill. But the President must sign or veto the entire bill; doing the former may mean he has to accept provisions he would not sign standing alone, and doing the latter may have other adverse consequences. Numerous Presidents from Grant on have unsuccessfully sought by constitutional amendment a "line-item veto" by which individual items in an appropriations bill or a substantive bill could be extracted and vetoed. More recently, beginning in the FDR Administration, it has
been debated whether Congress could by statute authorize a form of the line-item veto, but, again, nothing passed. 443

That the interpretation of the provisions has not been entirely consistent is evident from a review of the only two Supreme Court decisions construing them. In The Pocket Veto Case, 444 the Court held that the return of a bill to the Senate, where it originated, had been prevented when the Congress adjourned its first sessionsine diefewer than ten days after presenting the bill to the President. The word “adjournment” was seen to have been used in the Constitution not in the sense of final adjournments but to any occasion on which a House of Congress is not in session. “We think that under the constitutional provision the determinative question in reference to an ‘adjournment’ is not whether it is a final adjournment of Congress or an interim adjournment, such as an adjournment of the first session, but whether it is one that ‘prevents’ the President from returning the bill to the House in which it originated within the time allowed.” 445 Because neither House was in session to receive the bill, the President was prevented from returning it. It had been argued to the Court that the return may be validly accomplished to a proper agent of the house of origin for consideration when that body convenes. After first noting that Congress had never authorized an agent to receive bills during adjournment, the Court opined that “delivery of the bill to such officer or agent, even if authorized by Congress itself, would not comply with the constitutional mandate.” 446

However, in Wright v. United States, 447 the Court held that the President’s return of a bill on the tenth day after presentment, during a three-day adjournment by the originating House only, to the Secretary of the Senate was an effective return. In the first place, the Court thought, the pocket veto clause referred only to an adjournment of “the Congress,” and here only the Senate, the originating body, had adjourned. The President can return the bill to the originating House if that body be in an intrasession adjournment, because there is no “practical difficulty” in effectuating the

443 See Line Item Veto, Hearing before the Senate Committee on Rules and Administration, 99th Cong., 1st sess. (1985), esp. 10–20 (CRS memoranda detailing the issues). Some publicists have even contended, through a strained interpretation of clause 3, actually from its intended purpose to prevent Congress from subverting the veto power by calling a bill by some other name, that the President already possesses the line-item veto, but no President could be brought to test the thesis. See Pork Barrels and Principles - The Politics of the Presidential Veto, (Natl. Legal Center for the Public Interest, 1988) (collecting essays).
444 279 U.S. 655 (1929).
445 Id., 680.
446 Id., 684.
447 302 U.S. 583 (1938).
return. "The organization of the Senate continued and was intact. The Secretary of the Senate was functioning and was able to receive, and did receive the bill." 448 Such a procedure complied with the constitutional provisions. "The Constitution does not define what shall constitute a return of a bill or deny the use of appropriate agencies in effecting the return." 449 The concerns activating the Court in The Pocket Veto Case were not present. There was no indefinite period in which a bill was in a state of suspended animation with public uncertainty over the outcome. "When there is nothing but such a temporary recess the organization of the House and its appropriate officers continue to function without interruption, the bill is properly safeguarded for a very limited time and is promptly reported and may be reconsidered immediately after the short recess is over." 450

The tension between the two cases, even though at a certain level of generality they are consistent because of factual differences, has existed without the Supreme Court yet having occasion to review the issue again. But in Kennedy v. Sampson, 451 an appellate court held that a return is not prevented by an intrasession adjournment of any length by one or both Houses of Congress, so long as the originating House arranged for receipt of veto messages. The court stressed that the absence of the evils deemed to bottom the Court's premises in The Pocket Veto Case—long delay and public uncertainty—made possible the result.

The two-thirds vote of each House required to pass a bill over a veto means two-thirds of a quorum. 452 After a bill becomes law, of course, the President has no authority to repeal it. Asserting this truism, the Court in The Confiscation Cases 453 held that the immu-

448 Id., 589-590.
449 Id., 589.
450 Id., 595.
451 511 F. 2d 430 (D.C. Cir. 1974). The Administration declined to appeal the case to the Supreme Court. The adjournment here was for five days. Subsequently, the President attempted to pocket veto two other bills, one during a 32 day recess and one during the period which Congress had adjourned sine die from the first to the second session of the 93d Congress. After renewed litigation, the Administration entered its consent to a judgment that both bills had become law, Kennedy v. Jones, Civil Action No. 74-194 (D.D.C., decree entered April 13, 1976), and it was announced that President Ford "will use the return veto rather than the pocket veto during intra-session and intersession recesses and adjournments of the Congress", provided that the House to which the bill must be returned has authorized an officer to receive vetoes during the period it is not in session. President Reagan repudiated this agreement and vetoed a bill during an intersession adjournment. Although the lower court applied Kennedy v. Sampson to strike down the exercise of the power, but the case was mooted prior to Supreme Court review. Barnes v. Kline, 759 F. 2d 51 (D.C. Cir. 1985), vacated and remanded to dismiss sub nom. Burke v. Barnes, 479 U.S. 361 (1987).
453 20 Wall. (87 U.S.) 92 (1874).
nity proclamation issued by the President in 1868 did not require reversal of a decree condemning property seized under the Confiscation Act of 1862. 454

Presentation of Resolutions

Concerned that Congress might endeavor to evade the veto clause by designating a measure having legislative import as something other than a bill, the Framers inserted cl. 3. 455 Obviously, if construed literally, the clause could have bogged down the intermediate stages of the legislative process, and Congress made practical adjustments regarding it. On the request of the Senate, the Judiciary Committee in 1897 published a comprehensive report detailing how the clause had been interpreted over the years, and in the same manner it is treated today. Briefly, it was shown that the word "necessary" in the clause had come to refer to the necessity required by the Constitution of law-making; that is, any "order, resolution, or vote" if it is to have the force of law must be submitted. But "votes" taken in either House preliminary to the final passage of legislation need not be submitted to the other House or to the President nor must resolutions passed by the Houses concurrently expressing merely the views of Congress. 456 Also, it was settled as early as 1789 that resolutions of Congress proposing amendments to the Constitution need not be submitted to the President, the Bill of Rights having been referred to the States without being laid before President Washington for his approval—a procedure the Court ratified in due course. 457

The Legislative Veto.—Beginning in the 1930s, the concurrent resolution (as well as the simple resolution) was put to a new use—serving as the instrument to terminate powers delegated to the Chief Executive or to disapprove particular exercises of power by him or his agents. The "legislative veto" or "congressional veto" was first developed in context of the delegation to the Executive of power to reorganize governmental agencies, 458 and was really furthered by the necessities of providing for national security and foreign affairs immediately prior to and during World War II. 459

454 12 Stat. 589 (1862).
457 Hollingsworth v. Virginia, 3 Dall. (3 U.S.) 378 (1798).
The proliferation of “congressional veto” provisions in legislation over the years raised a series of interrelated constitutional questions. Congress until relatively recently had applied the veto provisions to some action taken by the President or another executive officer—such as a reorganization of an agency, the lowering or raising of tariff rates, the disposal of federal property—then began expanding the device to give itself a negative over regulations issued by executive branch agencies, and proposals were made to give Congress a negative over all regulations issued by executive branch independent agencies.

In *INS v. Chadha*, 462 the Court held a one-House congressional veto to be unconstitutional as violating both the bicameralism principles reflected in Art. I, §§ 1 and 7, and the presentment provisions of § 7, cl. 2 and 3. The provision in question was § 244(c)(2) of the Immigration and Nationality Act, which authorized either House of Congress by resolution to veto the decision of the Attorney General to allow a particular deportable alien to remain in the country. The Court’s analysis of the presentment issue made clear, however, that two-House veto provisions, despite their compliance with bicameralism, and committee veto provisions suffer the same constitutional infirmity. 463 In the words of dissenting to the President should come to an end upon adoption of concurrent resolutions to that effect.


461 A bill providing for this failed to receive the two-thirds vote required to pass under suspension of the rules by only three votes in the 94th Congress. H.R. 12048, 94th Congress, 2d sess. See H. Rept. No. 94–1014, 94th Congress, 2d sess. (1976), and 122 CONG. REC. 31615–641, 31668. Considered extensively in the 95th and 96th Congresses, similar bills were not adopted. See Regulatory Reform and Congressional Review of Agency Rules, Hearings before the Subcommittee on Rules of the House Rules Committee, 96th Congress, 1st sess. (1979); Regulatory Reform Legislation, Hearings before the Senate Committee on Governmental Affairs, 96th Congress, 1st sess. (1979).


In determining that veto of the Attorney General’s decision on suspension of deportation was a legislative action requiring presentation to the President for approval or veto, the Court set forth the general standard. "Whether actions taken by either House are, in law and in fact, an exercise of legislative power depends not on their form but upon whether they contain matter which is properly to be regarded as legislative in its character and effect. [T]he action taken here . . . was essentially legislative," the Court concluded, because "it had the purpose and effect of altering the legal rights, duties and relations of persons, including the Attorney General, Executive Branch officials and Chadha, all outside the legislative branch."  

The other major component of the Court’s reasoning in Chadha stemmed from its reading of the Constitution as making only "explicit and unambiguous" exceptions to the bicameralism and presentation requirements. Thus the House alone was given power of impeachment, and the Senate alone was given power to convict upon impeachment, to advise and consent to executive appointments, and to advise and consent to treaties; similarly, the Congress may propose a constitutional amendment without the President’s approval, and each House is given autonomy over certain "internal matters," e.g., judging the qualifications of its members. By implication then, exercises of legislative power not falling within any of these "narrow, explicit, and separately justified" exceptions must conform to the prescribed procedures: "passage by a majority of both Houses and presentation to the President."  

The breadth of the Court's ruling in Chadha was evidenced in its 1986 decision in Bowsher v. Synar. Among the rationales for holding the Deficit Control Act unconstitutional was the Court’s assertion that Congress had, in effect, retained control over executive action in a manner resembling a congressional veto. "[A]s Chadha makes clear, once Congress makes its choice in enacting legislation, funds for a particular purpose without the prior approval of the Committees on Appropriations.

Chadha, supra, 967. Justice Powell concurred separately, asserting that Congress had violated separation of powers principles by assuming a judicial function in determining that a particular individual should be deported. Justice Powell therefore found it unnecessary to express his view on "the broader question of whether legislative vetoes are invalid under the Presentment Clauses." Id., 959.  

Id., 952 (citation omitted).  

Section 8. Clause 1. The Congress shall have Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States.

POWER TO TAX AND SPEND

Kinds of Taxes Permitted

By the terms of the Constitution, the power of Congress to levy taxes is subject to but one exception and two qualifications. Articles exported from any State may not be taxed at all. Direct taxes must be levied by the rule of apportionment and indirect taxes by the rule of uniformity. The Court has emphasized the sweeping character of this power by saying from time to time that it "reaches every subject," 469 that it is "exhaustive" 470 or that it "embraces every conceivable power of taxation." 471 Despite these generalizations, the power has been at times substantially curtailed by judicial decision with respect to the subject matter of taxation, the manner in which taxes are imposed, and the objects for which they may be levied.

Decline of the Forbidden Subject Matter Test.—In recent years the Supreme Court has restored to Congress the power to tax most of the subject matter which had previously been withdrawn.

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468 Bowsher v. Synar, 478 U.S. 714, 733 (1986). This position was developed at greater length in the concurring opinion of Justice Stevens, id., 736.
469 License Tax Cases, 5 Wall. (72 U.S.) 462, 471 (1867).
471 Id., 12.
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Sec. 8—Powers of Congress

Cl.1—Taxation

from its reach by judicial decision. The holding of Evans v. Gore\footnote{472} and Miles v. Graham\footnote{473} that the inclusion of the salaries received by federal judges in measuring the liability for a nondiscriminatory income tax violated the constitutional mandate that the compensation of such judges should not be diminished during their continuance in office was repudiated in O'Malley v. Woodrough.\footnote{474} The specific ruling of Collector v. Day\footnote{475} that the salary of a state officer is immune to federal income taxation also has been overruled.\footnote{476} But the principle underlying that decision—that Congress may not lay a tax which would impair the sovereignty of the States—is still recognized as retaining some vitality.\footnote{477}

Federal Taxation of State Interests.—In 1903 a succession tax upon a bequest to a municipality for public purposes was upheld on the ground that the tax was payable out of the estate before distribution to the legatee. Looking to form and not to substance, in disregard of the mandate of Brown v. Maryland,\footnote{478} a closely divided Court declined to "regard it as a tax upon the municipality, though it might operate incidentally to reduce the be-

\footnote{472} 253 U.S. 245 (1920).
\footnote{473} 268 U.S. 501 (1925).
\footnote{474} 307 U.S. 277 (1939).
\footnote{475} 11 Wall. (78 U.S.) 113 (1871).

Graves v. New York ex rel. O'Keefe, 306 U.S. 466 (1939). Collector v. Day was decided in 1871 while the country was still in the throes of Reconstruction. As noted by Chief Justice Stone in a footnote to his opinion in Helvering v. Gerhardt, 304 U.S. 405, 414 n. 4 (1938), the Court had not determined how far the Civil War Amendments had broadened the federal power at the expense of the States, but the fact that the taxing power had recently been used with destructive effect upon notes issued by the state banks, Veazie Bank v. Fenno, 8 Wall. (75 U.S.) 533 (1869), suggested the possibility of similar attacks upon the existence of the States themselves. Two years later, the Court took the logical step of holding that the federal income tax could not be imposed on income received by a municipal corporation from its investments. United States v. Railroad Company, 17 Wall. (84 U.S.) 322 (1873). A far-reaching extension of private immunity was granted in Pollock v. Farmers' Loan & Trust Co., 157 U.S. 429 (1895), where interest received by a private investor on state or municipal bonds was held to be exempt from federal taxation. (Though relegated to virtual desuetude, Pollock was not expressly overruled until South Carolina v. Baker, 485 U.S. 505 (1988)). As the apprehension of this era subsided, the doctrine of these cases was pushed into the background. It never received the same wide application as did McCulloch v. Maryland, 4 Wheat. (17 U.S.) 316 (1819), in curbing the power of the States to tax operations or instrumentalities of the Federal Government. Only once since the turn of the century has the national taxing power been further narrowed in the name of dual federalism. In 1931 the Court held that a federal excise tax was inapplicable to the manufacture and sale to a municipal corporation of equipment for its police force. Indian Motorcycle v. United States, 283 U.S. 570 (1931). Justice Stone and Brandeis dissented from this decision, and it is doubtful whether it would be followed today. Cf. Massachusetts v. United States, 435 U.S. 444 (1978).

\footnote{477} At least, if the various opinions in New York v. United States, 326 U.S. 572 (1946), retain force, and they may in view of (a later) New York v. United States, 112 S.Ct. 2408 (1992), a commerce clause case rather than a tax case.

\footnote{478} 12 Wheat. (25 U.S.) 419, 444 (1827).
quest by the amount of the tax." When South Carolina embarked upon the business of dispensing alcoholic beverages, its agents were held to be subject to the national internal revenue tax, the ground of the holding being that in 1787 such a business was not regarded as one of the ordinary functions of government. Another decision marking a clear departure from the logic of Collector v. Day was Flint v. Stone Tracy Co., where the Court sustained an act of Congress taxing the privilege of doing business as a corporation, the tax being measured by the income. The argument that the tax imposed an unconstitutional burden on the exercise by a State of its reserved power to create corporate franchises was rejected, partly in consideration of the principle of national supremacy, and partly on the ground that the corporate franchises were private property. This case also qualified Pollock v. Farmers’ Loan & Trust Company to the extent of allowing interest on state bonds to be included in measuring the tax on the corporation.

Subsequent cases have sustained an estate tax on the net estate of a decedent, including state bonds, excise taxes on the transportation of merchandise in performance of a contract to sell and deliver it to a county, on the importation of scientific apparatus by a state university, on admissions to athletic contests sponsored by a state institution, the net proceeds of which were used to further its educational program, and on admissions to recreational facilities operated on a nonprofit basis by a municipal corporation. Income derived by independent engineering contractors from the performance of state functions, the compensation of trustees appointed to manage a street railway taken over and operated by a State, profits derived from the sale of state bonds, or from oil produced by lessees of state lands, have all been held to be subject to federal taxation despite a possible economic burden on the State.

In finally overruling Pollock, the Court stated that Pollock had merely represented one application of the more general rule that

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481 220 U.S. 107 (1911).
482 Greiner v. Lewellyn, 258 U.S. 394 (1922).
484 Board of Trustees v. United States, 289 U.S. 48 (1933).
neither the federal nor the state governments could tax income an individual directly derived from any contract with another government." 491 That rule, the Court observed, had already been rejected in numerous decisions involving intergovernmental immunity. "We see no constitutional reason for treating persons who receive interest on governmental bonds differently than persons who receive income from other types of contracts with the government, and no tenable rationale for distinguishing the costs imposed on States by a tax on state bond interest from the costs imposed by a tax on the income from any other state contract." 492

**Scope of State Immunity From Federal Taxation.**—Although there have been sharp differences of opinion among members of the Supreme Court in cases dealing with the tax immunity of state functions and instrumentalities, it has been stated that "all agree that not all of the former immunity is gone." 493 Twice, the Court has made an effort to express its new point of view in a statement of general principles by which the right to such immunity shall be determined. However, the failure to muster a majority in concurrence with any single opinion in the latter case leaves the question very much in doubt. In Helvering v. Gerhardt, 494 where, without overruling Collector v. Day, it narrowed the immunity of salaries of state officers from federal income taxation, the Court announced "two guiding principles of limitation for holding the tax immunity of State instrumentalities to its proper function. The one, dependent upon the nature of the function being performed by the State or in its behalf, excludes from the immunity activities thought not to be essential to the preservation of State governments even though the tax be collected from the State treasury. . . . The other principle, exemplified by those cases where the tax laid upon individuals affects the State only as the burden is passed on to it by the taxpayer, forbids recognition of the immunity when the burden on the State is so speculative and uncertain that if allowed it would restrict the federal taxing power without affording any corresponding tangible protection to the State government; even though the function be thought important enough to demand immunity from a tax upon the State itself, it is not necessarily protected from a tax which well may be substantially or entirely absorbed by private persons." 495

492 Id., 524.
494 304 U.S. 405 (1938).
495 Id., 419-420.
The second attempt to formulate a general doctrine was made in New York v. United States,\footnote{326 U.S. 572 (1946).} where, on review of a judgment affirming the right of the United States to tax the sale of mineral waters taken from property owned and operated by the State of New York, the Court reconsidered the right of Congress to tax business enterprises carried on by the States. Justice Frankfurter, speaking for himself and Justice Rutledge, made the question of discrimination vel non against state activities the test of the validity of such a tax. They found “no restriction upon Congress to include the States in levying a tax exacted equally from private persons upon the same subject matter.”\footnote{Id., 584.} In a concurring opinion in which Justices Reed, Murphy, and Burton joined, Chief Justice Stone rejected the criterion of discrimination. He repeated what he had said in an earlier case to the effect that “the limitation upon the taxing power of each, so far as it affects the other, must receive a practical construction which permits both to function with the minimum of interference each with the other; and that limitation cannot be so varied or extended as seriously to impair either the taxing power of the government imposing the tax . . . or the appropriate exercise of the functions of the government affected by it.”\footnote{Id., 589-590.} Justices Douglas and Black dissented in an opinion written by the former on the ground that the decision disregarded the Tenth Amendment, placed “the sovereign States on the same plane as private citizens,” and made them “pay the Federal Government for the privilege of exercising powers of sovereignty guaranteed them by the Constitution.”\footnote{Id., 596.} In a later case dealing with state immunity the Court sustained the tax on the second ground mentioned in Helvering v. Gerhardt—that the burden of the tax was borne by private persons—and did not consider whether the function was one which the Federal Government might have taxed if the municipality had borne the burden of the exaction.\footnote{Wilmette Park Dist. v. Campbell, 338 U.S. 411 (1949). Cf. Massachusetts v. United States, 435 U.S. 444 (1978).}

Articulation of the current approach may be found in South Carolina v. Baker.\footnote{485 U.S. 505 (1988).} The rules are “essentially the same” for federal immunity from state taxation and for state immunity from federal taxation, except that some state activities may be subject to direct federal taxation, while States may “never” tax the United States directly. Either government may tax private parties doing business with the other government, “even though the financial
burden falls on the [other government], as long as the tax does not discriminate against the [other government] or those with which it deals."\(^{502}\) Thus, "the issue whether a nondiscriminatory federal tax might nonetheless violate state tax immunity does not even arise unless the Federal Government seeks to collect the tax directly from a State."\(^{503}\)

**Uniformity Requirement.**—Whether a tax is to be apportioned among the States according to the census taken pursuant to Article I, § 2, or imposed uniformly throughout the United States depends upon its classification as direct or indirect.\(^{504}\) The rule of uniformity for indirect taxes is easy to obey. It exacts only that the subject matter of a levy be taxed at the same rate wherever found in the United States; or, as it is sometimes phrased, the uniformity required is "geographical," not "intrinsic."\(^{505}\) Even the geographical limitation is a loose one, at least if United States v. Ptasynski\(^{506}\) is followed. There, the Court upheld an exemption from a crude-oil windfall-profits tax of "Alaskan oil," defined geographically to include oil produced in Alaska (or elsewhere) north of the Arctic Circle. What is prohibited, the Court said, is favoritism to particular States in the absence of valid bases of classification. Because Congress could have achieved the same result, allowing for severe climatic difficulties, through a classification tailored to the "disproportionate costs and difficulties . . . associated with extracting oil from this region,"\(^{507}\) the fact that Congress described the exemption in geographic terms did not condemn the provision.

The clause accordingly places no obstacle in the way of legislative classification for the purpose of taxation, nor in the way of what is called progressive taxation.\(^{508}\) A taxing statute does not fail of the prescribed uniformity because its operation and incidence may be affected by differences in state laws.\(^{509}\) A federal estate tax law which permitted deduction for a like tax paid to a State was not rendered invalid by the fact that one State levied no such tax.\(^{510}\) The term "United States" in this clause refers only to the States of the Union, the District of Columbia, and incorporated

\(^{502}\) Id., 523.

\(^{503}\) Id., 524 n. 14.

\(^{504}\) See also Article I, § 9, d. 4.

\(^{505}\) LaBelle Iron Works v. United States, 256 U.S. 377 (1921); Brushaber v. Union Pacific R. Co., 240 U.S. 1 (1916); Head Money Cases, 112 U.S. 580 (1884).


\(^{507}\) Id., 85.

\(^{508}\) Knowlton v. Moore, 178 U.S. 41 (1900).


territories. Congress is not bound by the rule of uniformity in framing tax measures for unincorporated territories.\textsuperscript{511} Indeed, in Binns v. United States,\textsuperscript{512} the Court sustained license taxes imposed by Congress but applicable only in Alaska, where the proceeds, although paid into the general fund of the Treasury, did not in fact equal the total cost of maintaining the territorial government.

**PURPOSES OF TAXATION**

**Regulation by Taxation**

The discretion of Congress in selecting the objectives of taxation has also been held at times to be subject to limitations implied from the nature of the Federal System. Apart from matters that Congress is authorized to regulate, the national taxing power, it has been said, "reaches only existing subjects."\textsuperscript{513} Congress may tax any activity actually carried on, such as the business of accepting wagers,\textsuperscript{514} regardless of whether it is permitted or prohibited by the laws of the United States\textsuperscript{515} or by those of a State.\textsuperscript{516} But so-called federal "licenses," so far as they relate to trade within state limits, merely express, "the purpose of the government not to interfere . . . with the trade nominally licensed, if the required taxes are paid." Whether the "licensed" trade shall be permitted at all is a question for decision by the State.\textsuperscript{517} This, nevertheless, does not signify that Congress may not often regulate to some extent a business within a State in order to tax it more effectively. Under the necessary-and-proper clause, Congress may do this very thing. Not only has the Court sustained regulations concerning the packaging of taxed articles such as tobacco\textsuperscript{518} and oleomargarine,\textsuperscript{519} ostensibly designed to prevent fraud in the collection of the tax, it has also upheld measures taxing drugs\textsuperscript{520} and fire-
arms, which prescribed rigorous restrictions under which such articles could be sold or transferred, and imposed heavy penalties upon persons dealing with them in any other way. These regulations were sustained as conducive to the efficient collection of the tax though they clearly transcended in some respects this ground of justification.

**Extermination by Taxation**

A problem of a different order is presented where the tax itself has the effect of suppressing an activity or where it is coupled with regulations that clearly have no possible relation to the collection of the tax. Where a tax is imposed unconditionally, so that no other purpose appears on the face of the statute, the Court has refused to inquire into the motives of the lawmakers and has sustained the tax despite its prohibitive proportions. "It is beyond serious question that a tax does not cease to be valid merely because it regulates, discourages, or even definitely deters the activities taxed. . . . The principle applies even though the revenue obtained is obviously negligible . . . or the revenue purpose of the tax may be secondary. . . . Nor does a tax statute necessarily fall because it touches on activities which Congress might not otherwise regulate. As was pointed out in Magnano Co. v. Hamilton, 292 U.S. 40, 47 (1934): 'From the beginning of our government, the courts have sustained taxes although imposed with the collateral intent of effecting ulterior ends which, considered apart, were beyond the constitutional power of the lawmakers to realize by legislation directly addressed to their accomplishments.'"  

But where the tax is conditional, and may be avoided by compliance with regulations set out in the statute, the validity of the measure is determined by the power of Congress to regulate the subject matter. If the regulations are within the competence of Congress, apart from its power to tax, the exaction is sustained as an appropriate sanction for making them effective; otherwise it

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522 Without casting doubt on the ability of Congress to regulate or punish through its taxing power, the Court has overruled Kahriger, Lewis, Doremus, Sonzinsky, and similar cases on the ground that the statutory scheme compelled self-incrimination through registration. Marchetti v. United States, 390 U.S. 39 (1968); Grosso v. United States, 390 U.S. 62 (1968); Haynes v. United States, 390 U.S. 85 (1968); Leary v. United States, 395 U.S. 6 (1969).
523 McCray v. United States, 195 U.S. 27 (1904).
525 Sunshine Coal Co. v. Adkins, 310 U.S. 381, 383 (1940). See also Head Money Cases, 112 U.S. 580, 596 (1884).
is invalid.\textsuperscript{526} During the Prohibition Era, Congress levied a heavy tax upon liquor dealers who operated in violation of state law. In United States v. Constantine,\textsuperscript{527} the Court held that this tax was unenforceable after the repeal of the Eighteenth Amendment, since the National Government had no power to impose an additional penalty for infractions of state law.

**Promotion of Business: Protective Tariff**

The earliest examples of taxes levied with a view to promoting desired economic objectives in addition to raising revenue were, of course, import duties. The second statute adopted by the first Congress was a tariff act reciting that “it is necessary for the support of government, for the discharge of the debts of the United States, and the encouragement and protection of manufactures, that duties be laid on goods, wares and merchandise imported.”\textsuperscript{528} After being debated for nearly a century and a half, the constitutionality of protective tariffs was finally settled by the unanimous decision of the Supreme Court in \textit{J. W. Hampton & Co. v. United States},\textsuperscript{529} where Chief Justice Taft wrote: “The second objection to §315 is that the declared plan of Congress, either expressly or by clear implication, formulates its rule to guide the President and his advisory Tariff Commission as one directed to a tariff system of protection that will avoid damaging competition to the country's industries by the importation of goods from other countries at too low a rate to equalize foreign and domestic competition in the markets of the United States. It is contended that the only power of Congress in the levying of customs duties is to create revenue, and that it is unconstitutional to frame the customs duties with any other view than that of revenue raising.”

The Chief Justice then observed that the first Congress in 1789 had enacted a protective tariff. “In this first Congress sat many members of the Constitutional Convention of 1787. This Court has repeatedly laid down the principle that a contemporaneous legislative exposition of the Constitution when the founders of our Government and framers of our Constitution were actively participating in public affairs, long acquiesced in, fixes the construction to be given its provisions. . . . The enactment and enforcement of a number of customs revenue laws drawn with a motive of maintaining a system of protection, since the revenue law of 1789, are mat-

\textsuperscript{527} 296 U.S. 287 (1935).
\textsuperscript{528} 1 Stat. 24 (1789).
\textsuperscript{529} 276 U.S. 394 (1928).
SPENDING FOR THE GENERAL WELFARE

Scope of the Power

The grant of power to “provide . . . for the general welfare” raises a two-fold question: How may Congress provide for “the general welfare” and what is “the general welfare” that it is authorized to promote? The first half of this question was answered by Thomas Jefferson in his opinion on the Bank as follows: “[T]he laying of taxes is the power, and the general welfare the purpose for which the power is to be exercised. They [Congress] are not to lay taxes ad libitum for any purpose they please; but only to pay the debts or provide for the welfare of the Union. In like manner, they are not to do anything they please to provide for the general welfare, but only to lay taxes for that purpose.” 531 The clause, in short, is not an independent grant of power, but a qualification of the taxing power. Although a broader view has been occasionally asserted, 532 Congress has not acted upon it and the Court has had no occasion to adjudicate the point.

With respect to the meaning of “the general welfare” the pages of THE FEDERALIST itself disclose a sharp divergence of views between its two principal authors. Hamilton adopted the literal, broad meaning of the clause; 533 Madison contended that the powers of taxation and appropriation of the proposed government should be regarded as merely instrumental to its remaining powers, in other words, as little more than a power of self-support. 534 From an early date Congress has acted upon the interpretation espoused by Hamilton. Appropriations for subsidies 535 and for an ever increasing variety of “internal improvements” 536 constructed by the Federal Government, had their beginnings in the adminis-

530 Id., 411-412.
531 3 WRITINGS OF THOMAS JEFFERSON (Library Edition, 1904), 147-149.
534 Id., No. 41, 268-278.
535 1 Stat. 229 (1792).
536 2 Stat. 357 (1806).
In an advisory opinion, which it rendered for President Monroe at his request on the power of Congress to appropriate funds for public improvements, the Court answered that such appropriations might be properly made under the war and postal powers. See Albertsworth, Advisory Functions in the Supreme Court, 23 Geo. L. J. 643, 644-647 (1935). Monroe himself ultimately adopted the broadest view of the spending power, from which, however, he carefully excluded any element of regulatory or police power. See his Views of the President of the United States on the Subject of Internal Improvements, of May 4, 1822, 2 Messages and Papers of the Presidents (Richardson ed. 1906), 713-752.

The scope of the national spending power was brought before the Supreme Court at least five times prior to 1936, but the Court disposed of four of the suits without construing the "general welfare" clause. In the Pacific Railway Cases (California v. Pacific Railroad Co.) and Smith v. Kansas City Title Co., it affirmed the power of Congress to construct internal improvements, and to charter and purchase the capital stock of federal land banks, by reference to the powers of the National Government over commerce, and post roads and fiscal operations, and to its war powers. Decisions on the merits were withheld in two other cases, Massachusetts v. Mellon and Frothingham v. Mellon, on the ground that neither a State nor an individual citizen is entitled to a remedy in the courts against an alleged unconstitutional appropriation of national funds. In United States v. Gettysburg Electric Ry., however, the Court had invoked "the great power of taxation to be exercised for the common defence and general welfare" to sustain the right of the Federal Government to acquire land within a State for use as a national park.

Finally, in United States v. Butler, the Court gave its unqualified endorsement to Hamilton's views on the taxing power. Wrote Justice Roberts for the Court: "Since the foundation of the Nation sharp differences of opinion have persisted as to the true interpretation of the phrase. Madison asserted it amounted to no more than a reference to the other powers enumerated in the subsequent clauses of the same section; that, as the United States is a government of limited and enumerated powers, the grant of
power to tax and spend for the general national welfare must be confined to the numerated legislative fields committed to the Congress. In this view the phrase is mere tautology, for taxation and appropriation are or may be necessary incidents of the exercise of any of the enumerated legislative powers. Hamilton, on the other hand, maintained the clause confers a power separate and distinct from those later enumerated, is not restricted in meaning by the grant of them, and Congress consequently has a substantive power to tax and to appropriate, limited only by the requirement that it shall be exercised to provide for the general welfare of the United States. Each contention has had the support of those whose views are entitled to weight. This court had noticed the question, but has never found it necessary to decide which is the true construction. Justice Story, in his Commentaries, espouses the Hamiltonian position. We shall not review the writings of public men and commentators or discuss the legislative practice. Study of all these leads us to conclude that the reading advocated by Justice Story is the correct one. While, therefore, the power to tax is not unlimited, its confines are set in the clause which confers it, and not in those of § 8 which bestow and define the legislative powers of the Congress. It results that the power of Congress to authorize expenditure of public moneys for public purposes is not limited by the direct grants of legislative power found in the Constitution."

**Social Security Act Cases.**—Although holding that the spending power is not limited by the specific grants of power contained in Article I, § 8, the Court found, nevertheless, that it was qualified by the Tenth Amendment, and on this ground ruled in the Butler case that Congress could not use moneys raised by taxation to “purchase compliance” with regulations “of matters of State concern with respect to which Congress has no authority to interfere.” Within little more than a year this decision was reduced to narrow proportions by Steward Machine Co. v. Davis, which sustained the tax imposed on employers to provide unemployment benefits, and the credit allowed for similar taxes paid to a State. To the argument that the tax and credit in combination were “weapons of coercion, destroying or impairing the autonomy

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544 United States v. Butler, 297 U.S. 1, 65, 66 (1936). So settled is the issue that recent attacks on federal grants-in-aid omit any challenge on the broad level and rely on specific prohibitions, i.e., the religion clauses of the First Amendment. Flast v. Cohen, 392 U.S. 83 (1968); Tilton v. Richardson, 403 U.S. 672 (1971).

545 Justice Stone, speaking for himself and two other Justices, dissented on the ground that Congress was entitled when spending the national revenues for the “general welfare” to see to it that the country got its money’s worth thereof, and that the condemned provisions were “necessary and proper” to that end. United States v. Butler, 297 U.S. 1, 84–86 (1936).

546 301 U.S. 548 (1937).
of the States,” the Court replied that relief of unemployment was a legitimate object of federal expenditure under the “general welfare” clause, that the Social Security Act represented a legitimate attempt to solve the problem by the cooperation of State and Federal Governments, that the credit allowed for state taxes bore a reasonable relation “to the fiscal need subserved by the tax in its normal operation,” since state unemployment compensation payments would relieve the burden for direct relief borne by the national treasury. The Court reserved judgment as to the validity of a tax “if it is laid upon the condition that a State may escape its operation through the adoption of a statute unrelated in subject matter to activities fairly within the scope of national policy and power.”

An Unrestrained Federal Spending Power.—Little if any constitutional controversy marks the debate over the modern exercise of the spending power. There are, of course, “general restrictions,” the first of which is that the power must be used in pursuit of the general welfare. However, great deference is judicially accorded Congress’ decision that a spending program advances the general welfare, and the Court has suggested that the question whether a spending program provides for the general welfare may not even be judicially noticeable. Dispute, such as it is, turns on the conditioning of funds.

Conditional Grants-in-Aid.—In the Steward Machine Company case, it was a taxpayer who complained of the invasion of the state sovereignty, and the Court put great emphasis on the fact that the State was a willing partner in the plan of cooperation embodied in the Social Security Act. A decade later the right of Congress to impose conditions upon grants-in-aid over the objection of a State was squarely presented in Oklahoma v. CSC. The State objected to the enforcement of a provision of the Hatch Act, whereby its right to receive federal highway funds would be diminished in consequence of its failure to remove from office a member of the State Highway Commission found to have taken an active part in party politics while in office. Although it found that the State had asserted a legal right which entitled it to an adjudication

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547 Id., 591.
550 Id., 207 (citing Helvering v. Davis, 301 U.S. 619, 640, 645 (1937)).
552 301 U.S. 548, 589, 590 (1937).
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of its objection, the Court denied the relief sought on the ground that “[w]hile the United States is not concerned with, and has no power to regulate local political activities as such of State officials, it does have power to fix the terms upon which its money allotments to State shall be disbursed. . . . The end sought by Congress through the Hatch Act is better public service by requiring those who administer funds for national needs to abstain from active political partisanship. So even though the action taken by Congress does have effect upon certain activities within the State, it has never been thought that such effect made the federal act invalid.”

“Congress has frequently employed the Spending Power to further broad policy objectives by conditioning receipt of federal moneys upon compliance by the recipient with federal statutory and administrative directives. This Court has repeatedly upheld against constitutional challenge the use of this technique to induce governments and private parties to cooperate voluntarily with federal policy.”

Standards purporting to channel Congress’ discretion have been announced by the Court, but they amount to little more than hortatory admonitions. First, the conditions, like the spending itself, must advance the general welfare, but the decision of that rests largely if not wholly with Congress. Second, since the States may choose to receive or not receive the proffered funds, Congress must set out the conditions unambiguously, so that the States may rationally decide. Third, it is suggested in the cases that the conditions must be related to the federal interest for which the funds are expended, but, though it continues to repeat this standard, it has never found a spending condition that did not survive scrutiny under this part of the test. Fourth, the power to condition funds may not be used to induce the States to engage in

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554 Id., 143.
559 The relationship in South Dakota v. Dole, 483 U.S. 203, 208–209 (1987), in which Congress conditioned access to certain highway funds on establishing a 21-years-of-age drinking qualification was that the purpose of both funds and condition was safe interstate travel. The federal interest in Oklahoma v. CSC, 330 U.S. 127, 143 (1947), as we have noted, was assuring proper administration of federal highway funds.
activities that would themselves be unconstitutional.\textsuperscript{561} Fifth, the Court has suggested that in some circumstances the financial inducement offered by Congress might be so coercive as to pass the point at which “pressure turns into compulsion,”\textsuperscript{562} but again the Court has never found a congressional condition to be coercive in this sense.\textsuperscript{563} Certain federalism restraints on other federal powers seem not to be relevant to spending conditions.\textsuperscript{564}

If a State accepts federal funds on conditions and then fails to follow the requirements, the usual remedy is federal administrative action to terminate the funding and to recoup funds the State has already received.\textsuperscript{565} But it is also clear that recipients and potential recipients in a particular program may ordinarily sue to compel the States to observe the standards.\textsuperscript{566} Finally, it should be noted that Congress has enacted a range of laws forbidding discrimination in federal assistance programs, that has considerable effect.\textsuperscript{567}

\textbf{Earmarked Funds}.—The appropriation of the proceeds of a tax to a specific use does not affect the validity of the exaction, if the general welfare is advanced and no other constitutional provision is violated. Thus a processing tax on coconut oil was sustained despite the fact that the tax collected upon oil of Philippine production was segregated and paid into the Philippine Treasury.\textsuperscript{568} In Helvering \textit{v.} Davis,\textsuperscript{569} the excise tax on employers, the proceeds of which were not earmarked in any way, although intended to provide funds for payments to retired workers, was upheld under the “general welfare” clause, the Tenth Amendment being found to be inapplicable.

\textbf{Debts of the United States}.—The power to pay the debts of the United States is broad enough to include claims of citizens aris-
ing on obligations of right and justice. The Court sustained an act of Congress which set apart for the use of the Philippine Islands, the revenue from a processing tax on coconut oil of Philippine production, as being in pursuance of a moral obligation to protect and promote the welfare of the people of the Islands. Curiously enough, this power was first invoked to assist the United States to collect a debt due to it. In United States v. Fisher, the Supreme Court sustained a statute which gave the Federal Government priority in the distribution of the estates of its insolvent debtors. The debtor in that case was the endorser of a foreign bill of exchange that apparently had been purchased by the United States. Invoking the “necessary and proper” clause, Chief Justice Marshall deduced the power to collect a debt from the power to pay its obligations by the following reasoning: “The government is to pay the debt of the Union, and must be authorized to use the means which appear to itself most eligible to effect that object. It has, consequently, a right to make remittances by bills or otherwise, and to take those precautions which will render the transaction safe.”

Clause 2. The Congress shall have Power * * * To borrow Money on the credit of the United States.

BORROWING POWER

The original draft of the Constitution reported to the convention by its Committee of Detail empowered Congress “To borrow money and emit bills on the credit of the United States.” When this section was reached in the debates, Gouverneur Morris moved to strike out the clause “and emit bills on the credit of the United States.” Madison suggested that it might be sufficient “to prohibit the making them a tender.” After a spirited exchange of views on the subject of paper money, the convention voted, nine States to two, to delete the words “and emit bills.” Nevertheless, in 1870, the Court relied in part upon this clause in holding that Congress had authority to issue treasury notes and to make them legal tender in satisfaction of antecedent debts.
Clause 3. The Congress shall have Power * * * To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.

POWER TO REGULATE COMMERCE

Purposes Served by the Grant

This clause serves a two-fold purpose: it is the direct source of the most important powers that the Federal Government exercises in peacetime, and, except for the due process and equal protection clauses of the Fourteenth Amendment, it is the most important limitation imposed by the Constitution on the exercise of state power. The latter, restrictive operation of the clause was long the more important one from the point of view of the constitutional lawyer. Of the approximately 1400 cases which reached the Supreme Court under the clause prior to 1900, the overwhelming proportion stemmed from state legislation.\(^{578}\) The result was that, generally, the guiding lines in construction of the clause were initially laid down in the context of curbing state power rather than in that of its operation as a source of national power. The consequence of this historical progression was that the word “commerce” came to dominate the clause while the word “regulate” remained in the background. The so-called “constitutional revolution” of the 1930s, however, brought the latter word to its present prominence.

Definition of Terms

Commerce.—The etymology of the word “commerce”\(^{579}\) carries the primary meaning of traffic, of transporting goods across state lines for sale. This possibly narrow constitutional conception was


\(^{579}\)That is, “cum merce (with merchandise).”
rejected by Chief Justice Marshall in Gibbons v. Ogden, \textsuperscript{580} which remains one of the seminal cases dealing with the Constitution. The case arose because of a monopoly granted by the New York legislature on the operation of steam-propelled vessels on its waters, a monopoly challenged by Gibbons who transported passengers from New Jersey to New York pursuant to privileges granted by an act of Congress. \textsuperscript{581} The New York monopoly was not in conflict with the congressional regulation of commerce, argued the monopolists, because the vessels carried only passengers between the two States and were thus not engaged in traffic, in “commerce” in the constitutional sense.

“The subject to be regulated is commerce,” the Chief Justice wrote. “The counsel for the appellee would limit it to traffic, to buying and selling, or the interchange of commodities, and do not admit that it comprehends navigation. This would restrict a general term, applicable to many objects, to one of its significations. Commerce, undoubtedly, is traffic, but it is something more—it is intercourse.” \textsuperscript{582} The term, therefore, included navigation, a conclusion that Marshall also supported by appeal to general understanding, to the prohibition in Article I, § 9, against any preference being given “by any regulation of commerce or revenue, to the ports of one State over those of another,” and to the admitted and demonstrated power of Congress to impose embargoes. \textsuperscript{583}

Marshall qualified the word “intercourse” with the word “commercial,” thus retaining the element of monetary transactions. \textsuperscript{584} But, today, “commerce” in the constitutional sense, and hence “interstate commerce,” covers every species of movement of persons and things, whether for profit or not, across state lines, \textsuperscript{585} every species of communication, every species of transmission of intelligence, whether for commercial purposes or otherwise, \textsuperscript{586} every species of commercial negotiation which will involve sooner or later an act of transportation of persons or things, or the flow of services or power, across state lines. \textsuperscript{587}

\textsuperscript{580} 9 Wheat. (22 U.S.) 1 (1824).
\textsuperscript{581} Act of February 18, 1793, 1 Stat. 305, entitled “An Act for enrolling and licensing ships or vessels to be employed in the coasting trade and fisheries, and for regulating the same.”
\textsuperscript{582} Gibbons v. Ogden, 9 Wheat. (22 U.S.) 1, 189 (1824).
\textsuperscript{583} Id., 190–194.
\textsuperscript{584} Id., 193.
\textsuperscript{585} As we will see, however, the crossing of state lines gives way in many later formulations, or, rather, is supplemented with, a requirement of effect on interstate commerce which may result from a wholly intrastate transaction.
\textsuperscript{587} “Not only, then, may transactions be commerce though non-commercial; they may be commerce though illegal and sporadic, and though they do not utilize com-
There was a long period in the Court’s history when a majority of the Justices, seeking to curb the regulatory powers of the Federal Government by various means, held that certain things were not encompassed by the commerce clause because they were either not interstate commerce or bore no sufficient nexus to interstate commerce. Thus, at one time, the Court held that mining or manufacturing, even when the product would move in interstate commerce, was not reachable under the commerce clause;\textsuperscript{588} it held insurance transactions carried on across state lines not commerce,\textsuperscript{589} and that exhibitions of baseball between professional teams that travel from State to State were not in commerce,\textsuperscript{590} and that similarly the commerce clause was not applicable to the making of contracts for the insertion of advertisements in periodicals in another State\textsuperscript{591} or to the making of contracts for personal services to be rendered in another State.\textsuperscript{592} Later decisions either have overturned or have undermined all of these holdings. The gathering of news by a press association and its transmission to client newspapers are interstate commerce.\textsuperscript{593} The activities of a Group Health Association, which serves only its own members, are “trade” and capable of becoming interstate commerce;\textsuperscript{594} the business of


\textsuperscript{589} Paul v. Virginia, 8 Wall. (75 U.S.) 168 (1869); and see the cases to this effect cited in United States v. South-Eastern Underwriters Assn., 322 U.S. 533, 543-545, 567-568, 578 (1944).

\textsuperscript{590} Federal Baseball League v. National League of Professional Baseball Clubs, 259 U.S. 200 (1922). When called on to reconsider its decision, the Court declined, noting that Congress had not seen fit to bring the business under the antitrust laws by legislation having prospective effect and that the business had developed under the understanding that it was not subject to these laws, a reversal of which would have retroactive effect. Toolson v. New York Yankees, 346 U.S. 356 (1953). In Flood v. Kuhn, 407 U.S. 258 (1972), the Court recognized these decisions as aberrations, but it thought the doctrine entitled to the benefits of \textit{stare decisis} inasmuch as Congress was free to change it at any time. The same considerations not being present, the Court has held that businesses, conducted on a multistate basis but built around local exhibitions, are in commerce and subject to, \textit{inter alia}, the antitrust laws, in the instance of professional football, Radovich v. National Football League, 352 U.S. 445 (1957), professional boxing, United States v. International Boxing Club, 348 U.S. 236 (1955), and legitimate theatrical productions. United States v. Shubert, 348 U.S. 222 (1955).


\textsuperscript{593} Associated Press v. United States, 326 U.S. 1 (1945).

insurance when transacted between an insurer and an insured in different States is interstate commerce. But most important of all there was the development of, or more accurately the return to, the rationales by which manufacturing, mining, business transactions, and the like, which are antecedent to or subsequent to a move across state lines, are conceived to be part of an integrated commercial whole and therefore subject to the reach of the commerce power.

**Among the Several States.**—Continuing in Gibbons v. Ogden, Chief Justice Marshall observed that the phrase “among the several States” was “not one which would probably have been selected to indicate the completely interior traffic of a state.” It must therefore have been selected to demark “the exclusively internal commerce of a state.” While, of course, the phrase “may very properly be restricted to that commerce which concerns more states than one,” it is obvious that “[c]ommerce among the states, cannot stop at the exterior boundary line of each state, but may be introduced into the interior.” The Chief Justice then succinctly stated the rule, which, though restricted in some periods, continues to govern the interpretation of the clause. “The genius and character of the whole government seem to be, that its action is to be applied to all the external concerns of the nation, and to those internal concerns which affect the states generally; but not to those which are completely within a particular state, which do not affect other states, and with which it is not necessary to interfere, for the purpose of executing some of the general powers of the government.”

Recognition of an “exclusively internal” commerce of a State, or “intrastate commerce” in today’s terms, was at times regarded as setting out an area of state concern that Congress was precluded from reaching. While these cases seemingly visualized Congress’ power arising only when there was an actual crossing of state

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596 “It has been truly said, that commerce, as the word is used in the constitution, is a unit, every part of which is indicated by the term.” Gibbons v. Ogden, 9 Wheat. (22 U.S.) 1, 194 (1824). And see id., 195-196.
600 9 Wheat. (22 U.S.) 1, 194, 195 (1824).
Regulate.—“We are now arrived at the inquiry—” continued the Chief Justice, “What is this power? It is the power to regulate; that is, to prescribe the rule by which commerce is to be governed. This power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations, other than are prescribed in the Constitution. . . If, as has always been understood, the sovereignty of Congress, though lim-
Of course, the power to regulate commerce is the power to prescribe conditions and rules for the carrying-on of commercial transactions, the keeping-free of channels of commerce, the regulating of prices and terms of sale. Even if the clause granted only this power, the scope would be wide, but it extends to include many more purposes than these. "Congress can certainly regulate interstate commerce to the extent of forbidding and punishing the use of such commerce as an agency to promote immorality, dishonesty, or the spread of any evil or harm to the people of other states from the state of origin. In doing this, it is merely exercising the police power, for the benefit of the public, within the field of interstate commerce." 608 Thus, in upholding a federal statute prohibiting the shipment in interstate commerce of goods made with child labor, not because the goods were intrinsically harmful but in order to extirpate child labor, the Court said: "It is no objection to the assertion of the power to regulate commerce that its exercise is attended by the same incidents which attend the exercise of the police power of the states." 609

The power has been exercised to enforce majority conceptions of morality, 610 to ban racial discrimination in public accommodations, 611 and to protect the public against evils both natural and contrived by people. 612 The power to regulate interstate commerce is, therefore, rightly regarded as the most potent grant of authority in §8.

**Necessary and Proper Clause.**—All grants of power to Congress in §8, as elsewhere, must be read in conjunction with the final clause, cl. 18, of §8, which authorizes Congress "[t]o make all

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609 United States v. Darby, 312 U.S. 100, 114 (1941).
Sec. 8—Powers of Congress

Laws which shall be necessary and proper for carrying into Execution the foregoing powers.” It will be recalled that Chief Justice Marshall alluded to the power thus enhanced by this clause when he said that the regulatory power did not extend “to those internal concerns [of a state] . . . with which it is not necessary to interfere, for the purpose of executing some of the general powers of the government.” There are numerous cases permitting Congress to reach “purely” intrastate activities on the theory, combined with the previously mentioned emphasis on the cumulative effect of minor transactions, that it is necessary to regulate them in order that the regulation of interstate activities might be fully effectuated.

Federalism Limits on Exercise of Commerce Power.—As is recounted below, prior to reconsideration of the federal commerce power in the 1930s, the Court in effect followed a doctrine of “dual federalism,” under which Congress’ power to regulate much activity depended on whether it had a “direct” rather than an “indirect” effect on interstate commerce. When the restrictive interpretation was swept away during and after the New Deal, the question of federalism limits respecting congressional regulation of private activities became moot. However, the States did in a number of instances engage in commercial activities that would be regulated by federal legislation if the enterprise were privately owned; the Court easily sustained application of federal law to these state proprietary activities. However, as Congress began to extend regulation to state governmental activities, the judicial response was inconsistent and wavering. While the Court may shift again to constrain federal power on federalism grounds, at the present time

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613 See infra.
614 Gibbons v. Ogden, 9 Wheat. (22 U.S.) 1, 195 (1824).
616 E.g., United States v. E. G. Knight Co., 156 U.S. 1 (1895); Hammer v. Dagenhart, 247 U.S. 251 (1918). Of course, there existed much of this time a parallel doctrine under which federal power was not so limited. E.g., Houston & Texas Ry. v. United States (The Shreveport Rate Case), 234 U.S. 342 (1914).
618 For example, federal regulation of the wages and hours of certain state and local governmental employees has alternatively been upheld and invalidated. See Maryland v. Wirtz, 392 U.S. 183 (1968), overruled in National League of Cities v. Usery, 426 U.S. 833 (1976), overruled in Garcia v. San Antonio Metropolitan Transit Auth., 469 U.S. 528 (1985).
the rule is that Congress lacks authority under the commerce clause to regulate the States as States in some circumstances, when the federal statutory provisions reach only the States and do not bring the States under laws of general applicability.\footnote{New York v. United States, 112 S.Ct. 2408 (1992). For elaboration, see the discussions under the supremacy clause and under the Tenth Amendment.}

**Illegal Commerce**

That Congress’ protective power over interstate commerce reaches all kinds of obstructions and impediments was made clear in United States v. Ferger.\footnote{250 U.S. 199 (1919).} The defendants had been indicted for issuing a false bill of lading to cover a fictitious shipment in interstate commerce. Before the Court they argued that inasmuch as there could be no commerce in a fraudulent bill of lading, Congress had no power to exercise criminal jurisdiction over them. Said Chief Justice White: “But this mistakenly assumes that the power of Congress is to be necessarily tested by the intrinsic existence of commerce in the particular subject dealt with, instead of by the relation of that subject to commerce and its effect upon it. We say mistakenly assumes, because we think it clear that if the proposition were sustained it would destroy the power of Congress to regulate, as obviously that power, if it is to exist, must include the authority to deal with obstructions to interstate commerce . . . and with a host of other acts which, because of their relation to and influence upon interstate commerce, come within the power of Congress to regulate, although they are not interstate commerce in and of themselves.”\footnote{Id., 203.}

Much of Congress’ criminal legislation is based simply on the crossing of a state line as creating federal jurisdiction.\footnote{E.g., Hoke v. United States, 227 U.S. 308 (1913) (transportation of women for purposes of prostitution); Gooch v. United States, 297 U.S. 124 (1936) (kidnapping); Brooks v. United States, 267 U.S. 432 (1925) (stolen autos). For example, in Scarborough v. United States, 431 U.S. 563 (1977), the Court upheld a conviction for possession of a firearm by a felon upon a mere showing that the gun had sometime previously traveled in interstate commerce, and Barrett v. United States, 423 U.S. 212 (1976), upheld a conviction for receipt of a firearm on the same showing. The Court does require Congress in these cases to speak plainly, in order to reach such activity, inasmuch as historic state police powers are involved. United States v. Bass, 404 U.S. 336 (1971).}

**Interstate Versus Foreign Commerce**

There are certain dicta urging or suggesting that Congress’ power to regulate interstate commerce restrictively is less than its analogous power over foreign commerce, the argument being that whereas the latter is a branch of the Nation’s unlimited power over
foreign relations, the former was conferred upon the National Government primarily in order to protect freedom of commerce from state interference. The four dissenting Justices in the Lottery Case endorsed this view in the following words: “The power to regulate commerce with foreign nations and the power to regulate interstate commerce, are to be taken diverso intuitu, for the latter was intended to secure equality and freedom in commercial intercourse as between the States, not to permit the creation of impediments to such intercourse; while the former clothed Congress with that power over international commerce, pertaining to a sovereign nation in its intercourse with foreign nations, and subject, generally speaking, to no implied or reserved power in the States. The laws which would be necessary and proper in the one case would not be necessary or proper in the other.”

And twelve years later Chief Justice White, speaking for the Court, expressed the same view, as follows: “In the argument reference is made to decisions of this court dealing with the subject of the power of Congress to regulate interstate commerce, but the very postulate upon which the authority of Congress to absolutely prohibit foreign importations as expounded by the decisions of this court rests is the broad distinction which exists between the two powers and therefore the cases cited and many more which might be cited announcing the principles which they uphold have obviously no relation to the question in hand.”

But dicta to the contrary are much more numerous and span a far longer period of time. Thus Chief Justice Taney wrote in 1847: “The power to regulate commerce among the several States is granted to Congress in the same clause, and by the same words, as the power to regulate commerce with foreign nations, and is co-extensive with it.” And nearly fifty years later, Justice Field, speaking for the Court, said: “The power to regulate commerce among the several States was granted to Congress in terms as absolute as is the power to regulate commerce with foreign nations.” Today it is firmly established doctrine that the power to regulate commerce, whether with foreign nations or among the several States, comprises the power to restrain or prohibit it at all times for the welfare of the public, provided only the specific limita-

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624 Brolan v. United States, 236 U.S. 216, 222 (1915). The most recent dicta to this effect appears in Japan Line v. County of Los Angeles, 441 U.S. 434, 448-451 (1979), a “dormant” commerce clause case involving state taxation with an impact on foreign commerce. In context, the distinction seems unexceptionable, but the language extends beyond context.
625 License Cases, 5 How. (46 U.S.) 504, 578 (1847).
tions imposed upon Congress’ powers, as by the due process clause of the Fifth Amendment, are not transgressed.627

**Instruments of Commerce**

The applicability of Congress’ power to the agents and instruments of commerce is implied in Marshall’s opinion in *Gibbons v. Ogden*, 628 where the waters of the State of New York in their quality as highways of interstate and foreign transportation were held to be governed by the overriding power of Congress. Likewise, the same opinion recognizes that in “the progress of things,” new and other instruments of commerce will make their appearance. When the Licensing Act of 1793 was passed, the only craft to which it could apply were sailing vessels, but it and the power by which it was enacted were, Marshall asserted, indifferent to the “principle” by which vessels were moved. Its provisions therefore reached steam vessels as well. A little over half a century later the principle embodied in this holding was given its classic expression in the opinion of Chief Justice Waite in the case of the *Pensacola Telegraph Co. v. Western Union Telegraph Co.*, 629 a case closely paralleling *Gibbons v. Ogden* in other respects also. “The powers thus granted are not confined to the instrumentalities of commerce, or the postal service known or in use when the Constitution was adopted, but they keep pace with the progress of the country, and adapt themselves to the new developments of times and circumstances. They extend from the horse with its rider to the stagecoach, from the sailing-vessel to the steamboat, from the coach and the steamboat to the railroad, and from the railroad to the telegraph, as these new agencies are successively brought into use to meet the demands of increasing population and wealth. They were intended for the government of the business to which they relate, at all times and under all circumstances. As they were intrusted to the general government for the good of the nation, it is not only the right, but the duty, of Congress to see to it that intercourse among the States and the transmission of intelligence are not obstructed or unnecessarily encumbered by State legislation.” 630

The Radio Act of 1927 631 whereby “all forms of interstate and foreign radio transmissions within the United States, its Terri-

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628 9 Wheat. (22 U.S.) 1, 217, 221 (1824).
629 96 U.S. 1 (1878). See also Western Union Telegraph Co. v. Texas, 105 U.S. 460 (1882).
630 Id., 9, “Commerce embraces appliances necessarily employed in carrying on transportation by land and water.” Railroad Company v. Fuller, 17 Wall. (84 U.S.) 560, 568 (1873).
Congressional Regulation of Waterways

**Navigation.**—In *Pennsylvania v. Wheeling & Belmont Bridge Co.*, the Court granted an injunction requiring that a bridge, erected over the Ohio River under a charter from the State of Virginia, either be altered so as to admit of free navigation of the river or else be entirely abated. The decision was justified on the basis both of the commerce clause and of a compact between Virginia and Kentucky, whereby both these States had agreed to keep the Ohio River “free and common to the citizens of the United States.” The injunction was promptly rendered inoperative by an act of Congress declaring the bridge to be “a lawful structure” and requiring all vessels navigating the Ohio to be so regulated as not to interfere with it. This act the Court sustained as within Congress’ power under the commerce clause, saying: “So far . . . as this bridge created an obstruction to the free navigation of the river, in view of the previous acts of Congress, they are to be regarded as modified by this subsequent legislation; and, although it still may be an obstruction in fact, [it] is not so in the contemplation of law. . . . [Congress] having in the exercise of this power, regulated the navigation consistent with its preservation and continuation, the authority to maintain it would seem to be complete. That authority combines the concurrent powers of both governments, State and federal, which, if not sufficient, certainly none can be found in our system of government.” In short, it is Congress, and not the Court, which is authorized by the Constitution to regulate commerce.
The law and doctrine of the earlier cases with respect to the fostering and protection of navigation are well summed up in a frequently cited passage from the Court’s opinion in *Gilman v. Philadelphia.* \(^{637}\) “Commerce includes navigation. The power to regulate commerce comprehends the control for that purpose, and to the extent necessary, of all the navigable waters of the United States which are accessible from a State other than those in which they lie. For this purpose they are the public property of the nation, and subject to all requisite legislation by Congress. This necessarily includes the power to keep them open and free from any obstruction to their navigation, interposed by the States or otherwise; to remove such obstructions when they exist; and to provide, by such sanctions as they may deem proper, against the occurrence of the evil and for the punishment of offenders. For these purposes, Congress possesses all the powers which existed in the States before the adoption of the national Constitution, and which have always existed in the Parliament in England.” \(^{638}\)

Thus, Congress was within its powers in vesting the Secretary of War with power to determine whether a structure of any nature in or over a navigable stream is an obstruction to navigation and to order its abatement if he so finds. \(^{639}\) Nor is the United States required to compensate the owners of such structures for their loss, since they were always subject to the servitude represented by Congress’ powers over commerce, and the same is true of the property of riparian owners that is damaged. \(^{640}\) And while it was formerly held that lands adjoining nonnavigable streams were not
subject to the above mentioned servitude, this rule has been impaired by recent decisions; and at any rate it would not apply as to a stream rendered navigable by improvements.

In exercising its power to foster and protect navigation, Congress legislates primarily on things external to the act of navigation. But that act itself and the instruments by which it is accomplished are also subject to Congress' power if and when they enter into or form a part of "commerce among the several States." When does this happen? Words quoted above from the Court's opinion in the Gilman case answered this question to some extent; but the decisive answer to it was returned five years later in the case of The Daniel Ball. Here the question at issue was whether an act of Congress, passed in 1838 and amended in 1852, which required that steam vessels engaged in transporting passengers or merchandise upon the "bays, lakes, rivers, or other navigable waters of the United States," applied to the case of a vessel that navigated only the waters of the Grand River, a stream lying entirely in the State of Michigan. The Court ruled: "In this case it is admitted that the steamer was engaged in shipping and transporting down Grand River, goods destined and marked for other States than Michigan, and in receiving and transporting up the river goods brought within the State from without its limits; . . . . So far as she was employed in transporting goods destined for other States, or goods brought from without the limits of Michigan and destined to places within that State, she was engaged in commerce between the States, and however limited that commerce may have been, she was, so far as it went, subject to the legislation of Congress. She was employed as an instrument of that commerce; for whenever a commodity has begun to move as an article of trade from one State to another, commerce in that commodity between the States has commenced."

Counsel had suggested that if the vessel was in commerce because it was part of a stream of commerce then all transportation within a State was commerce. Turning to this point, the Court added: "We answer that the present case relates to transportation on the navigable waters of the United States, and we are not called upon to express an opinion upon the power of Congress over interstate commerce when carried on by land transportation. And we answer further, that we are unable to draw any clear and distinct

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644 10 Wall. (77 U.S.) 557 (1871).
645 Id., 565.
line between the authority of Congress to regulate an agency employed in commerce between the States, when the agency extends through two or more States, and when it is confined in its action entirely within the limits of a single State. If its authority does not extend to an agency in such commerce, when that agency is confined within the limits of a State, its entire authority over interstate commerce may be defeated. Several agencies combining, each taking up the commodity transported at the boundary line at one end of a State, and leaving it at the boundary line at the other end, the federal jurisdiction would be entirely ousted, and the constitutional provision would become a dead letter."  

**Hydroelectric Power; Flood Control.**—As a consequence, in part, of its power to forbid or remove obstructions to navigation in the navigable waters of the United States, Congress has acquired the right to develop hydroelectric power and the ancillary right to sell it to all takers. By a long-standing doctrine of constitutional law, the States possess dominion over the beds of all navigable streams within their borders, but because of the servitude that Congress' power to regulate commerce imposes upon such streams, the States, without the assent of Congress, practically are unable to utilize their prerogative for power development purposes. Sensing no doubt that controlling power to this end must be attributed to some government in the United States and that "in such matters

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646 Id., 566. "The regulation of commerce implies as much control, as far-reaching power, over an artificial as over a natural highway." Justice Brewer for the Court in Monongahela Navigation Co. v. United States, 148 U.S. 312, 342 (1893).

647 Congress had the right to confer upon the Interstate Commerce Commission the power to regulate interstate ferry rates, N.Y. Central R.R. v. Hudson County, 227 U.S. 248 (1913), and to authorize the Commission to govern the towing of vessels between points in the same State but partly through waters of an adjoining State. Cornell Steamboat Co. v. United States, 321 U.S. 634 (1944). Congress' power over navigation extends to persons furnishing wharfage, dock, warehouse, and other terminal facilities to a common carrier by water. Hence an order of the United States Maritime Commission banning certain allegedly "unreasonable practices" by terminals in the Port of San Francisco, and prescribing schedules of maximum free time periods and of minimum charges was constitutional. California v. United States, 320 U.S. 577 (1944). The same power also comprises regulation of the registry enrollment, license, and nationality of ships and vessels, the method of recording bills of sale and mortgages thereon, the rights and duties of seamen, the limitations of the responsibility of shipowners for the negligence and misconduct of their captains and crews, and many other things of a character truly maritime. See The Lottawanna, 21 Wall. (88 U.S.) 558, 577 (1875); Providence & N.Y. SS. Co. v. Hill Mfg. Co., 109 U.S. 578, 589 (1883); The Hamilton, 207 U.S. 398 (1907); O'Donnell v. Great Lakes Co., 318 U.S. 36 (1943).

there can be no divided empire,“ the Court held in United States v. Chandler-Dunbar Co., that in constructing works for the improvement of the navigability of a stream, Congress was entitled, as part of a general plan, to authorize the lease or sale of such excess water power as might result from the conservation of the flow of the stream. “If the primary purpose is legitimate,“ it said, “we can see no sound objection to leasing any excess of power over the needs of the Government. The practice is not unusual in respect to similar public works constructed by State governments."

Since the Chandler-Dunbar case, the Court has come, in effect, to hold that it will sustain any act of Congress, which purports to be for the improvement of navigation, whatever other purposes it may also embody, nor does the stream involved have to be one “navigable in its natural state." Such, at least, seems to be the sum of its holdings in Arizona v. California, and United States v. Appalachian Power Co. In the former, the Court, speaking through Justice Brandeis, said that it was not free to inquire into the motives "which induced members of Congress to enact the Boulder Canyon Project Act," adding: "As the river is navigable and the means which the Act provides are not unrelated to the control of navigation . . . the erection and maintenance of such dam and reservoir are clearly within the powers conferred upon Congress. Whether the particular structures proposed are reasonably necessary, is not for this Court to determine. . . . And the fact that purposes other than navigation will also be served could not invalidate the exercise of the authority conferred, even if those other purposes would not alone have justified an exercise of congressional power."

And in the Appalachian Power case, the Court, abandoning previous holdings laying down the doctrine that to be subject to Congress' power to regulate commerce a stream must be “navigable in fact," said: "A waterway, otherwise suitable for navigation, is not barred from that classification merely because artificial aids must make the highway suitable for use before commercial navigation may be undertaken," provided there must be a “balance between cost and need at a time when the improvement would be useful. . . . Nor is it necessary that the improvements should be actually

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649 Green Bay & Miss. Canal Co. v. Patten Paper Co., 172 U.S. 58, 80 (1898).
650 229 U.S. 53 (1913).
652 283 U.S. 423 (1931).
653 311 U.S. 377 (1940).
completed or even authorized. The power of Congress over commerce is not to be hampered because of the necessity for reasonable improvements to make an interstate waterway available for traffic. . . . Nor is it necessary for navigability that the use should be continuous. . . . Even absence of use over long periods of years, because of changed conditions, . . . does not affect the navigability of rivers in the constitutional sense." 655

Furthermore, the Court defined the purposes for which Congress may regulate navigation in the broadest terms. "It cannot properly be said that the constitutional power of the United States over its waters is limited to control for navigation. . . . That authority is as broad as the needs of commerce. . . . Flood protection, watershed development, recovery of the cost of improvements through utilization of power are likewise parts of commerce control." 656 These views the Court has since reiterated. 657 Nor is it by virtue of Congress' power over navigation alone that the National Government may develop water power. Its war powers and powers of expenditure in furtherance of the common defense and the general welfare supplement its powers over commerce in this respect. 658

Congressional Regulation of Land Transportation

Federal Stimulation of Land Transportation.—The settlement of the interior of the country led Congress to seek to facilitate access by first encouraging the construction of highways. In successive acts, it authorized construction of the Cumberland and the National Road from the Potomac across the Alleghenies to the Ohio, reserving certain public lands and revenues from land sales for construction of public roads to new States granted statehood. 659 Acquisition and settlement of California stimulated interest in railway lines to the west, but it was not until the Civil War that Congress voted aid in the construction of a line from the Missouri River to the Pacific; four years later, it chartered the Union Pacific Company. 660

The litigation growing out of these and subsequent activities settled several propositions. First, Congress may provide highways and railways for interstate transportation; 661 second, it may char-
Federal Regulation of Land Transportation.—Congressional regulation of railroads may be said to have begun in 1866. By the Garfield Act, Congress authorized all railroad companies operating by steam to interconnect with each other “so as to form continuous lines for the transportation of passengers, freight, troops, governmental supplies, and mails, to their destination.” An act of the same year provided federal chartering and protection from conflicting state regulations to companies formed to construct and operate telegraph lines. Another act regulated the transportation by railroad of livestock so as to preserve the health and safety of the animals.

Congress’ entry into the rate regulation field was preceded by state attempts to curb the abuses of the rail lines in the Middle West, which culminated in the “Granger Movement.” Because the businesses were locally owned, the Court at first upheld state laws as not constituting a burden on interstate commerce; but after the various business panics of the 1870s and 1880s drove numerous small companies into bankruptcy and led to consolidation, there emerged great interstate systems. Thus in 1886, the Court held that a State may not set charges for carriage even within its own boundaries of goods brought from without the State or destined to points outside it; that power was exclusively with Congress. In the following year, Congress passed the original Interstate Commerce Act. A Commission was authorized to pass upon the “reasonableness” of all rates by railroads for the transportation of goods or persons in interstate commerce and to order the discontinuance of all charges found to be “unreasonable.” The Commission’s basic powers include: the power to determine the reasonableness of rates; the power to adopt and enforce rules, regulations, and orders; and the power to inspect and examine books and papers.

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663 14 Stat. 66 (1866).
664 14 Stat. 221 (1866).
665 17 Stat. 353 (1873).
668 24 Stat. 379 (1887).
authority was upheld in ICC v. Brimson,\textsuperscript{669} in which the Court upheld the validity of the Act as a means “necessary and proper” for the enforcement of the regulatory commerce power and in which it also sustained the Commission’s power to go to court to secure compliance with its orders. Later decisions circumscribed somewhat the ICC’s power.\textsuperscript{670}

Expansion of the Commission’s authority came in the Hepburn Act of 1906\textsuperscript{671} and the Mann-Elkins Act of 1910.\textsuperscript{672} By the former, the Commission was explicitly empowered, after a full hearing on a complaint, “to determine and prescribe just and reasonable” maximum rates; by the latter, it was authorized to set rates on its own initiative and empowered to suspend any increase in rates by a carrier until it reviewed the change. At the same time, the Commission’s jurisdiction was extended to telegraphs, telephones, and cables.\textsuperscript{673} By the Motor Carrier Act of 1935,\textsuperscript{674} the ICC was authorized to regulate the transportation of persons and property by motor vehicle common carriers.

The powers of the Commission today are largely defined by the Transportation Acts of 1920\textsuperscript{675} and 1940.\textsuperscript{676} The jurisdiction of the Commission covers not only the characteristics of the rail, motor, and water carriers in commerce among the States but also the issuance of securities by them and all consolidations of existing companies or lines.\textsuperscript{677} Further, the Commission was charged with regulating so as to foster and promote the meeting of the transportation needs of the country. Thus, from a regulatory exercise originally

\textsuperscript{669} 154 U.S. 447 (1894).

\textsuperscript{670} ICC v. Alabama Midland Ry., 168 U.S. 144 (1897); Cincinnati, N.O. & Texas Pacific Ry. v. ICC, 162 U.S. 184 (1896).

\textsuperscript{671} 34 Stat. 584 (1906).

\textsuperscript{672} 36 Stat. 539 (1910).

\textsuperscript{673} These regulatory powers are now vested, of course, in the Federal Communications Commission.

\textsuperscript{674} 49 Stat. 543 (1935).

\textsuperscript{675} 41 Stat. 474 (1920).

\textsuperscript{676} 54 Stat. 898 (1940), U.S.C. § 1 et seq. The two acts were “intended . . . to provide a completely integrated interstate regulatory system over motor, railroad, and water carriers.” United States v. Pennsylvania Railroad Co., 323 U.S. 612, 618-619 (1945). The ICC’s powers include authority to determine the reasonableness of a joint through international rate covering transportation in the United States and abroad and to order the domestic carriers to pay reparations in the amount by which the rate is unreasonable. Canada Packers v. Atchison, T. & S. F. Ry. Co., 385 U.S. 182 (1966), and cases cited.

began as a method of restraint there has emerged a policy of encouraging a consistent national transportation policy.  

Federal Regulation of Intrastate Rates (The Shreveport Doctrine).—Although its statutory jurisdiction did not apply to intrastate rate systems, the Commission early asserted the right to pass on rates, which, though in effect on intrastate lines, gave these lines competitive advantages over interstate lines the rates of which the Commission had set. This power the Supreme Court upheld in a case involving a line operating wholly intrastate in Texas but which paralleled within Texas an interstate line operating between Louisiana and Texas; the Texas rate body had fixed the rates of the intrastate line substantially lower than the rate fixed by the ICC on the interstate line. “Wherever the interstate and intrastate transactions of carriers are so related that the government of the one involves the control of the other, it is Congress, and not the State, that is entitled to prescribe the final and dominant rule, for otherwise Congress would be denied the exercise of its constitutional authority and the States and not the Nation, would be supreme in the national field.”

The same holding was applied in a subsequent case in which the Court upheld the Commission’s action in annulling intrastate passenger rates it found to be unduly low in comparison with the rates the Commission had established for interstate travel, thus tending to thwart, in deference to a local interest, the general purpose of the act to maintain an efficient transportation service for the benefit of the country at large.

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678 Among the various provisions of the Interstate Commerce Act which have been upheld are: a section penalizing shippers for obtaining transportation at less than published rates, Armour Packing Co. v. United States, 209 U.S. 56 (1908); a section construed as prohibiting the hauling of commodities in which the carrier had at the time of haul a proprietary interest, United States v. Delaware & Hudson Co., 213 U.S. 366 (1909); a section abrogating life passes, Louisville & Nashville R. Co. v. Mottley, 219 U.S. 467 (1911); a section authorizing the ICC to regulate the entire bookkeeping system of interstate carriers, including intrastate accounts, ICC v. Goodrich Transit Co., 224 U.S. 194 (1912); a clause affecting the charging of rates different for long and short hauls, Intermountain Rate Cases, 234 U.S. 476 (1914).


Federal Protection of Labor in Interstate Rail Transportation.—Federal entry into the field of protective labor legislation and the protection of organization efforts of workers began in connection with the railroads. The Safety Appliance Act of 1893, \textsuperscript{681} applying only to cars and locomotives engaged in moving interstate traffic, was amended in 1903 so as to embrace much of the intrastate rail systems on which there was any connection with interstate commerce. \textsuperscript{682} The Court sustained this extension in language much like that it would use in the Shreveport case three years later. \textsuperscript{683} These laws were followed by the Hours of Service Act of 1907, \textsuperscript{684} which prescribed maximum hours of employment for rail workers in interstate or foreign commerce. The Court sustained the regulation as a reasonable means of protecting workers and the public from the hazards which could develop from long, tiring hours of labor. \textsuperscript{685}

Most far-reaching of these regulatory measures were the Federal Employers Liability Acts of 1906 \textsuperscript{686} and 1908. \textsuperscript{687} These laws were intended to modify the common-law rules with regard to the liability of employers for injuries suffered by their employees in the course of their employment and under which employers were generally not liable. Rejecting the argument that regulation of such relationships between employers and employees was a reserved state power, the Court adopted the argument of the United States that Congress was empowered to do anything it might deem appropriate to save interstate commerce from interruption or burdening and that inasmuch as the labor of employees was necessary for the function of commerce Congress could certainly act to ameliorate conditions that made labor less efficient, less economical, and less reliable. Assurance of compensation for injuries growing out of negligence in the course of employment was such a permissible regulation. \textsuperscript{688}

\textsuperscript{685} Baltimore & Ohio Railroad v. ICC, 221 U.S. 612 (1911).
\textsuperscript{688} The Second Employers Liability Cases, 223 U.S. 1 (1912). For a longer period, a Court majority reviewed a surprising large number of FELA cases, almost uniformly expanding the scope of recovery under the statute. Cf. Rogers v. Missouri Pacific R., 352 U.S. 500 (1957). This practice was criticized both within and without the Court, cf. Ferguson v. Moore-McCormack Lines, 352 U.S. 521, 524 (1957) (Justice Frankfurter dissenting); Hart, “Foreword: The Time Chart of the Justices,” 73 Harv. L. Rev. 84, 96–98 (1959), and has been discontinued.
Legislation and litigation dealing with the organizational rights of rail employees are dealt with elsewhere. 689

Regulation of Other Agents of Carriage and Communications.—In 1914, the Court affirmed the power of Congress to regulate the transportation of oil and gas in pipe lines from one State to another and held that this power applied to the transportation even though the oil or gas was the property of the lines. 690 Subsequently, the Court struck down state regulation of rates of electric current generated within that State and sold to a distributor in another State as a burden on interstate commerce. 691 Proceeding on the assumption that the ruling meant the Federal Government had the power, Congress in the Federal Power Act of 1935 conferred on the Federal Power Commission authority to regulate the wholesale distribution of electricity in interstate commerce 692 and three years later vested the FPC with like authority over natural gas moving in interstate commerce. 693 Thereafter, the Court sustained the power of the Commission to set the prices at which gas originating in one State and transported into another should be sold to distributors wholesale in the latter State. 694 “The sale of natural gas originating in the State and its transportation and delivery to distributors in any other State constitutes interstate commerce, which is subject to regulation by Congress. . . . The authority of Congress to regulate the prices of commodities in interstate commerce is at least as great under the Fifth Amendment as is that of the States under the Fourteenth to regulate the prices of commodities in intrastate commerce.” 695

Other acts regulating commerce and communication originating in this period have evoked no basic constitutional challenge.

689 Infra, pp. 189–190, 191 n. 739.
695 Id., 582. Sales to distributors by a wholesaler of natural gas delivered to it from out-of-state sources are subject to FPC jurisdiction. Colorado-Wyoming Co. v. FPC, 324 U.S. 626 (1945). See also Illinois Gas Co. v. Public Service Co., 314 U.S. 498 (1942); FPC v. East Ohio Gas Co., 338 U.S. 464 (1950). In Phillips Petroleum Co. v. Wisconsin, 347 U.S. 672 (1954), the Court ruled that an independent company engaged in one State in production, gathering, and processing of natural gas, which it thereafter sells in the same State to pipelines that transport and sell the gas in other States is subject to FPC jurisdiction. See also California v. Lo-Vaca Gathering Co., 379 U.S. 366 (1965).
These include the Federal Communications Act of 1934, providing for the regulation of interstate and foreign communication by wire and radio, and the Civil Aeronautics Act of 1938, providing for the regulation of all phases of airborne commerce, foreign and interstate.

**Congressional Regulation of Commerce as Traffic**

**The Sherman Act: Sugar Trust Case.**—Congress’ chief effort to regulate commerce in the primary sense of “traffic” is embodied in the Sherman Antitrust Act of 1890, the opening section of which declares “every contract, combination in the form of trust or otherwise,” or “conspiracy in restraint of trade and commerce among the several States, or with foreign nations” to be “illegal,” while the second section makes it a misdemeanor for anybody to “monopolize or attempt to monopolize any part of such commerce.” The act was passed to curb the growing tendency to form industrial combinations and the first case to reach the Court under it was the famous Sugar Trust Case, United States v. E. C. Knight Co. Here the Government asked for the cancellation of certain agreements, whereby the American Sugar Refining Company, had “acquired,” it was conceded, “nearly complete control of the manufacture of refined sugar in the United States.”

The question of the validity of the Act was not expressly discussed by the Court but was subordinated to that of its proper construction. The Court, in pursuance of doctrines of constitutional law then dominant with it, turned the Act from its intended purpose and destroyed its effectiveness for several years, as that of the Interstate Commerce Act was being contemporaneously impaired. The following passage early in Chief Justice Fuller’s opinion for the Court, sets forth the conception of the federal system that controlled the decision: “It is vital that the independence of the commercial power and of the police power, and the delimitation between them, however sometimes perplexing, should always be recognized and observed, for while the one furnishes the strongest bond of union, the other is essential to the preservation of the autonomy of the States as required by our dual form of government; and acknowledged evils, however grave and urgent they may ap-

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697 52 Stat. 973, as amended. The CAB has now been abolished and its functions are exercised by the Federal Aviation Commission, 49 U.S.C. § 106, as part of the Department of Transportation.


699 156 U.S. 1 (1895).
In short, what was needed, the Court felt, was a hard and fast line between the two spheres of power, and in a series of propositions it endeavored to lay down such a line: (1) production is always local, and under the exclusive domain of the States; (2) commerce among the States does not begin until goods “commence their final movement from their State of origin to that of their destination;” (3) the sale of a product is merely an incident of its production and, while capable of “bringing the operation of commerce into play,” affects it only incidentally; (4) such restraint as would reach commerce, as above defined, in consequence of combinations to control production “in all its forms,” would be “indirect, however inevitable and whatever its extent,” and as such beyond the purview of the Act. Applying the above reasoning to the case before it, the Court proceeded: “The object [of the combination] was manifestly private gain in the manufacture of the commodity, but not through the control of interstate or foreign commerce. It is true that the bill alleged that the products of these refineries were sold and distributed among the several States, and that all the companies were engaged in trade or commerce with the several States and with foreign nations; but this was no more than to say that trade and commerce served manufacture to fulfill its function.

“Sugar was refined for sale, and sales were probably made at Philadelphia for consumption, and undoubtedly for resale by the first purchasers throughout Pennsylvania and other States, and refined sugar was also forwarded by the companies to other States for sale. Nevertheless it does not follow that an attempt to monopolize, or the actual monopoly of, the manufacture was an attempt, whether executory or consummated, to monopolize commerce, even though, in order to dispose of the product, the instrumentality of commerce was necessarily invoked. There was nothing in the proofs to indicate any intention to put a restraint upon trade or commerce, and the fact, as we have seen that trade or commerce might be indirectly affected was not enough to entitle complainants to a decree.”

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700 Id., 13.
701 Id., 13–16.
702 Id., 17. The doctrine of the case boiled down to the proposition that commerce was transportation only, a doctrine that Justice Harlan undertook to refute in his notable dissenting opinion. “Interstate commerce does not, therefore, consist in transportation simply. It includes the purchase and sale of articles that are intended to be transported from one State to another—every species of commercial intercourse among the States and with foreign nations” Id., 22. “Any combination,
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Sherman Act Revived.—Four years later came the case of Addyston Pipe and Steel Co. v. United States, in which the Anti-trust Act was successfully applied as against an industrial combination for the first time. The agreements in the case, the parties to which were manufacturing concerns, effected a division of territory among them, and so involved, it was held, a “direct” restraint on the distribution and hence of the transportation of the products of the contracting firms. The holding, however, did not question the doctrine of the earlier case, which in fact continued substantially undisturbed until 1905, when Swift and Co. v. United States, was decided.

The “Current of Commerce” Concept: The Swift Case.—Defendants in Swift were some thirty firms engaged in Chicago and other cities in the business of buying livestock in their stockyards, in converting it at their packing houses into fresh meat, and in the sale and shipment of such fresh meat to purchasers in other States. The charge against them was that they had entered into a combination to refrain from bidding against each other in the local markets, to fix the prices at which they would sell, to restrict shipments of meat, and to do other forbidden acts. The case was appealed to the Supreme Court on defendants’ contention that certain of the acts complained of were not acts of interstate commerce and so did not fall within a valid reading of the Sherman Act. The Court, however, sustained the Government on the ground that the

therefore, that disturbs or unreasonably obstructs freedom in buying and selling articles manufactured to be sold to persons in other States or to be carried to other States—a freedom that cannot exist if the right to buy and sell is fettered by unlawful restraints that crush out competition—affects, not incidentally, but directly, the people of all the States; and the remedy for such an evil is found only in the exercise of powers confided to a government which, this court has said, was the government of all, exercising powers delegated by all, representing all, acting for all. McCulloch v. Maryland, 4 Wheat. 316, 405, “Id., 33.

703 175 U.S. 211 (1899).

704 196 U.S. 375 (1905). The Sherman Act was applied to break up combinations of interstate carriers in United States v. Trans-Missouri Freight Assn., 166 U.S. 290 (1897); United States v. J. Joint-Traffic Association, 171 U.S. 505 (1898); and Northern Securities Co. v. United States, 193 U.S. 197 (1904).

In Mandeville Island Farms v. American Crystal Sugar Co., 334 U.S. 219, 229-239 (1948), Justice Rutledge, for the Court, critically reviewed the jurisprudence of the limitations on the Act and and the deconstruction of the judicial constraints. In recent years, the Court’s decisions have permitted the reach of the Sherman Act to expand along with the expanding notions of congressional power. Gulf Oil Corp. v. Copp Paving Co., 419 U.S. 186 (1974); Hospital Building Co. v. Rex Hospital Trustees, 425 U.S. 738 (1976); McLain v. Real Estate Board of New Orleans, 444 U.S. 232 (1980); Summit Health, Ltd. v. Pinhas, 500 U.S. 322 (1991). The Court, however, does insist that plaintiffs alleging that an intrastate activity violates the Act prove the relationship to interstate commerce set forth in the Act. Gulf Oil Corp, supra, 194-199.
“scheme as a whole” came within the act, and that the local activities alleged were simply part and parcel of this general scheme.\footnote{Swift and Co. v. United States, 196 U.S. 375, 396 (1905).}

Referring to the purchase of livestock at the stockyards, the Court, speaking by Justice Holmes, said: “Commerce among the States is not a technical legal conception, but a practical one, drawn from the course of business. When cattle are sent for sale from a place in one State, with the expectation that they will end their transit, after purchase, in another, and when in effect they do so, with only the interruption necessary to find a purchaser at the stockyards, and when this is a typical, constantly recurring course, the current thus existing is a current of commerce among the States, and the purchase of the cattle is a part and incident of such commerce.”\footnote{Id., 398–399.} Likewise the sales alleged of fresh meat at the slaughtering places fell within the general design. Even if they imported a technical passing of title at the slaughtering places, they also imported that the sales were to persons in other States, and that shipments to such States were part of the transaction.\footnote{Id., 399–401.} Thus, sales of the type that in the Sugar Trust case were thrust to one side as immaterial from the point of view of the law, because they enabled the manufacturer “to fulfill its function,” were here treated as merged in an interstate commerce stream.

Thus, the concept of commerce as trade, that is, as traffic, again entered the constitutional law picture, with the result that conditions directly affecting interstate trade could not be dismissed on the ground that they affected interstate commerce, in the sense of interstate transportation, only “indirectly.” Lastly, the Court added these significant words: “But we do not mean to imply that the rule which marks the point at which State taxation or regulation becomes permissible necessarily is beyond the scope of interference by Congress in cases where such interference is deemed necessary for the protection of commerce among the States.”\footnote{Id., 400.} That is to say, the line that confines state power from one side does not always confine national power from the other. Even though the line accurately divides the subject matter of the complementary spheres, national power is always entitled to take on the additional extension that is requisite to guarantee its effective exercise and is furthermore supreme.

\textbf{The Danbury Hatters Case.}—In this respect, the Swift case only states what the Shreveport case was later to declare more explicitly, and the same may be said of an ensuing series of cases in...
which combinations of employees engaged in such intrastate activities as manufacturing, mining, building, construction, and the distribution of poultry were subjected to the penalties of the Sherman Act because of the effect or intended effect of their activities on interstate commerce. 709

**Stockyards and Grain Futures Acts.**—In 1921, Congress passed the Packers and Stockyards Act 710 whereby the business of commission men and livestock dealers in the chief stockyards of the country was brought under national supervision, and in the year following it passed the Grain Futures Act 711 whereby exchanges dealing in grain futures were subjected to control. The decisions of the Court sustaining these measures both built directly upon the Swift case.

In Stafford v. Wallace, 712 which involved the former act, Chief Justice Taft, speaking for the Court, said: “The object to be secured by the act is the free and unburdened flow of livestock from the ranges and farms of the West and Southwest through the great stockyards and slaughtering centers on the borders of that region, and thence in the form of meat products to the consuming cities of the country in the Middle West and East, or, still as livestock, to the feeding places and fattening farms in the Middle West or East for further preparation for the market.” 713 The stockyards, therefore, were “not a place of rest or final destination.” They were “but a throat through which the current flows,” and the sales there were not merely local transactions. “They do not stop the flow;—but, on the contrary” are “indispensable to its continuity.” 714

In Chicago Board of Trade v. Olsen, 715 involving the Grain Futures Act, the same course of reasoning was repeated. Speaking of the Swift case, Chief Justice Taft remarked: “That case was a milestone in the interpretation of the commerce clause of the Constitution. It recognized the great changes and development in the business of this vast country and drew again the dividing line between interstate and intrastate commerce where the Constitution in-

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711 42 Stat. 998 (1922), 7 U.S.C. §§ 1±9, 10a±17.

712 258 U.S. 495 (1922).

713 Id., 514.

714 Id., 515±516. See also Lemke v. Farmers’ Grain Co., 258 U.S. 50 (1922); Minnesota v. Blasius, 290 U.S. 1 (1933).

715 262 U.S. 1 (1923).
tended it to be. It refused to permit local incidents of a great inter-
state movement, which taken alone are intrastate, to characterize
the movement as such." 716

Of special significance, however, is the part of the opinion de-
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\[\text{voted to showing the relation between future sales and cash sales, and hence the effect of the former upon the interstate grain trade.}
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\[\text{The test, said the Chief Justice, was furnished by the question of price. "The question of price dominates trade between the States.}
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\[\text{Sales of an article which affect the country-wide price of the article directly affect the country-wide commerce in it." 717 Thus a practice}
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\[\text{which demonstrably affects prices would also affect interstate trade}
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\[\text{"directly," and so, even though local in itself, would fall within the}
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\[\text{regulatory power of Congress. In the following passage, indeed,}
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\[\text{Chief Justice Taft whittled down, in both cases, the "direct-indi-
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\[\text{rect" formula to the vanishing point: "Whatever amounts to more}
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\[\text{or less constant practice, and threatens to obstruct or unduly to}
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\[\text{burden the freedom of interstate commerce is within the regulatory}
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\[\text{power of Congress under the commerce clause, and it is primarily}
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\[\text{for Congress to consider and decide the fact of the danger to meet}
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\[\text{it. This court will certainly not substitute its judgment for that of}
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\[\text{Congress in such a matter unless the relation of the subject to}
\]
\[\text{interstate commerce and its effect upon it are clearly nonexist-
}\]
\[\text{ent." 718}
\]

It was in reliance on the doctrine of these cases that Congress
first set to work to combat the Depression in 1933 and the years
immediately following. But in fact, much of its legislation at this
time marked a wide advance upon the measures just passed in re-
\[\text{view. They did not stop with regulating traffic among the States}
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\[\text{and the instrumentalities thereof; they also essayed to govern pro-
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\[\text{duction and industrial relations in the field of production. Con-
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\[\text{fronted with this expansive exercise of Congress' power, the Court}
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\[\text{again deemed itself called upon to define a limit to the commerce}
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\[\text{power that would save to the States their historical sphere, and es-
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\[\text{pecially their customary monopoly of legislative power in relation}
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\[\text{to industry and labor management.}
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\[\text{Securities and Exchange Commission.} \text{—Not all antidepression legislation, however, was of this new approach. The}
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\[\text{Securities Exchange Act of 1934} 719 \text{and the Public Utility Company}
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\[\text{Act ("Wheeler-Rayburn Act") of 1935} 720 \text{were not. The former cre-}
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716 Id., 35.
717 Id., 40.
lated the Securities and Exchange Commission and authorized it to lay down regulations designed to keep dealing in securities honest and aboveboard and closed the channels of interstate commerce and the mails to dealers refusing to register under the act. The latter required the companies governed by it to register with the Securities and Exchange Commission and to inform it concerning their business, organization and financial structure, all on pain of being prohibited use of the facilities of interstate commerce and the mails; while by §11, the so-called "death sentence" clause, the same act closed after a certain date the channels of interstate communication to certain types of public utility companies whose operations, Congress found, were calculated chiefly to exploit the investing and consuming public. All these provisions have been sustained,721 Gibbons v. Ogden furnishing the Court its principle reliance.

Congressional Regulation of Production and Industrial Relations: Antidepression Legislation

In the words of Chief Justice Hughes, spoken in a case decided a few days after President Franklin D. Roosevelt's first inauguration, the problem then confronting the new Administration was clearly set forth. "When industry is grievously hurt, when producing concerns fail, when unemployment mounts and communities dependent upon profitable production are prostrated, the wells of commerce go dry."722

National Industrial Recovery Act.—The initial effort of Congress to deal with this situation was embodied in the National Industrial Recovery Act of June 16, 1933.723 The opening section of the Act asserted the existence of "a national emergency productive of widespread unemployment and disorganization of industry which" burdened "interstate and foreign commerce," affected "the public welfare," and undermined "the standards of living of the American people." To affect the removal of these conditions the President was authorized, upon the application of industrial or trade groups, to approve "codes of fair competition," or to prescribe the same in cases where such applications were not duly forthcoming. Among other things such codes, of which eventually more than 700 were promulgated, were required to lay down rules of fair dealing with customers and to furnish labor certain guarantees respect-

ing hours, wages and collective bargaining. For the time being, business and industry were to be cartelized on a national scale.

In A.L.A. Schechter Poultry Corp. v. United States, 724 one of these codes, the Live Poultry Code, was pronounced unconstitutional. Although it was conceded that practically all poultry handled by the Schechers came from outside the State, and hence via interstate commerce, the Court held, nevertheless, that once the chickens came to rest in the Schechter’s wholesale market, interstate commerce in them ceased. The act, however, also purported to govern business activities which “affected” interstate commerce. This, Chief Justice Hughes held, must be taken to mean “directly” affect such commerce: “the distinction between direct and indirect effects of intrastate transactions upon interstate commerce must be recognized as a fundamental one, essential to the maintenance of our constitutional system. Otherwise, . . . there would be virtually no limit to the federal power and for all practical purposes we should have a completely centralized government.” 725 In short, the case was governed by the ideology of the Sugar Trust case, which was not mentioned in the Court’s opinion. 726

**Agricultural Adjustment Act.**—Congress’ second attempt to combat the Depression comprised the Agricultural Adjustment Act of 1933. 727 As is pointed out elsewhere, the measure was set aside as an attempt to regulate production, a subject held to be “prohibited” to the United States by the Tenth Amendment. 728

**Bituminous Coal Conservation Act.**—The third measure to be disallowed was the Guffey-Snyder Bituminous Coal Conserva-

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725 Id., 548. See also id., 546.
726 In United States v. Sullivan, 332 U.S. 689 (1948), the Court interpreted the Federal Food, Drug, and Cosmetics Act of 1938 as applying to the sale by a retailer of drugs purchased from his wholesaler within the State nine months after their interstate shipment had been completed. The Court, speaking by Justice Black, cited United States v. Walsh, 331 U.S. 432 (1947); Wickard v. Filburn, 317 U.S. 111 (1942); United States v. Wrightwood Dairy Co., 315 U.S. 110 (1942); United States v. Darby, 312 U.S. 100 (1941). Justice Frankfurter dissented on the basis of FTC v. Bunte Bros., 312 U.S. 349 (1941). It is apparent that the Schechter case has been thoroughly repudiated so far as the distinction between “direct” and “indirect” effects is concerned. Cf. Perez v. United States, 402 U.S. 146 (1971). See also McDermott v. Wisconsin, 228 U.S. 115 (1913), which preceded the Schechter decision by more than two decades.

The NIRA, however, was found to have several other constitutional infirmities besides its disregard, as illustrated by the Live Poultry Code, of the “fundamental” distinction between “direct” and “indirect” effects, namely, the delegation of uncanalized legislative power, the absence of any administrative procedural safeguards, the absence of judicial review, and the dominant role played by private groups in the general scheme of regulation.

727 48 Stat. 31 (1933).
728 United States v. Butler, 297 U.S. 1, 63-64, 68 (1936).
tion Act of 1935. The statute created machinery for the regulation of the price of soft coal, both that sold in interstate commerce and that sold “locally,” and other machinery for the regulation of hours of labor and wages in the mines. The clauses of the act dealing with these two different matters were declared by the act itself to be separable so that the invalidity of the one set would not affect the validity of the other, but this strategy was ineffectual. A majority of the Court, speaking by Justice Sutherland, held that the act constituted one connected scheme of regulation, which, inasmuch as it invaded the reserved powers of the States over conditions of employment in productive industry, was violative of the Constitution. Justice Sutherland’s opinion set out from Chief Justice Hughes’ assertion in the Schechter case of the “fundamental” character of the distinction between “direct” and “indirect” effects, that is to say, from the doctrine of the Sugar Trust case. It then proceeded: “Much stress is put upon the evils which come from the struggle between employers and employees over the matter of wages, working conditions, the right of collective bargaining, etc., and the resulting strikes, curtailment and irregularity of production and effect on prices; and it is insisted that interstate commerce is greatly affected thereby. But . . . the conclusive answer is that the evils are all local evils over which the Federal Government has no legislative control. The relation of employer and employee is a local relation. At common law, it is one of the domestic relations. The wages are paid for the doing of local work. Working conditions are obviously local conditions. The employees are not engaged in or about commerce, but exclusively in producing a commodity. And the controversies and evils, which it is the object of the act to regulate and minimize, are local controversies and evils affecting local work undertaken to accomplish that local result. Such effect as they may have upon commerce, however extensive it may be, is secondary and indirect. An increase in the greatness of the effect adds to its importance. It does not alter its character.”

Railroad Retirement Act.—Still pursuing the idea of protecting commerce and the labor engaged in it concurrently, Congress, by the Railroad Retirement Act of June 27, 1934, ordered the compulsory retirement of superannuated employees of interstate carriers, and provided that they be paid pensions out of a fund comprising compulsory contributions from the carriers and their present and future employees. In Railroad Retirement Board v.

731 Id., 308-309.
Alton R. Co., however, a closely divided Court held this legislation to be in excess of Congress’ power to regulate commerce and contrary to the due process clause of the Fifth Amendment. Said Justice Roberts for the majority: “We feel bound to hold that a pension plan thus imposed is in no proper sense a regulation of the activity of interstate transportation. It is an attempt for social ends to impose by sheer fiat noncontractual incidents upon the relation of employer and employee, not as a rule or regulation of commerce and transportation between the States, but as a means of assuring a particular class of employees against old age dependency. This is neither a necessary nor an appropriate rule or regulation affecting the due fulfillment of the railroads’ duty to serve the public in interstate transportation.”

Chief Justice Hughes, speaking for the dissenters, contended, on the contrary, that “the morale of the employees [had] an important bearing upon the efficiency of the transportation service.” He added: “The fundamental consideration which supports this type of legislation is that industry should take care of its human wastage, whether that is due to accident or age. That view cannot be dismissed as arbitrary or capricious. It is a reasoned conviction based upon abundant experience. The expression of that conviction in law is regulation. When expressed in the government of interstate carriers, with respect to their employees likewise engaged in interstate commerce, it is a regulation of that commerce. As such, so far as the subject matter is concerned, the commerce clause should be held applicable.” Under subsequent legislation, an excise is levied on interstate carriers and their employees, while by separate but parallel legislation a fund is created in the Treasury out of which pensions are paid along the lines of the original plan. The constitutionality of this scheme appears to be taken for granted in Railroad Retirement Board v. Duquesne Warehouse Co.

National Labor Relations Act.—The case in which the Court reduced the distinction between “direct” and “indirect” effects to the vanishing point and thereby placed Congress in the position to regulate productive industry and labor relations in these industries was NLRB v. Jones & Laughlin Steel Corp. Here the
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statute involved was the National Labor Relations Act of 1935, which declared the right of workers to organize, forbade unlawful employer interference with this right, established procedures by which workers could choose exclusive bargaining representatives with which employers were required to bargain, and created a board to oversee all these processes.

The Court, speaking through Chief Justice Hughes, upheld the Act and found the corporation to be subject to the Act. “The close and intimate effect,” he said, “which brings the subject within the reach of federal power may be due to activities in relation to productive industry although the industry when separately viewed is local.” Nor will it do to say that such effect is “indirect.” Considering defendant’s “far-flung activities,” the effect of strife between it and its employees “would be immediate and [it] might be catastrophic. We are asked to shut our eyes to the plainest facts of our national life and to deal with the question of direct and indirect ef-
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Congress has the power to regulate interstate commerce. This power is derived from the Constitution's commerce clause, which allows Congress to legislate on matters that affect interstate commerce. This clause has been interpreted broadly to allow Congress to legislate in areas that are closely related to interstate commerce, even if the direct connection is not obvious.

While the Act was thus held to be within the constitutional powers of Congress in relation to a productive concern because the interruption of its business by strike “might be catastrophic,” the decision was forthwith held to apply also to two minor concerns, and in a later case the Court stated specifically that the smallness of the volume of commerce affected in any particular case is not a material consideration. Subsequently, the act was declared to be applicable to a local retail auto dealer on the ground that he was an integral part of the manufacturer’s national distribution system, to a labor dispute arising during alteration of a county courthouse because one-half of the cost—$225,000—was attributable to materials shipped from out-of-State, and to a dispute involving a retail distributor of fuel oil, all of whose sales were local, but who obtained the oil from a wholesaler who imported it from another State.

Indeed, “[t]his Court has consistently declared that in passing the National Labor Relations Act, Congress intended to and did vest in the Board the fullest jurisdictional breadth constitutionally permissible under the Commerce Clause.” Thus, the Board has formulated jurisdictional standards which assume the requisite effect on interstate commerce from a prescribed dollar volume of business and these standards have been implicitly approved by the Court.

**Fair Labor Standards Act.**—In 1938, Congress enacted the Fair Labor Standards Act. The measure prohibited not only the...
shipment in interstate commerce of goods manufactured by employees whose wages are less than the prescribed maximum but also the employment of workmen in the production of goods for such commerce at other than the prescribed wages and hours. Interstate commerce was defined by the act to mean "trade, commerce, transportation, transmission, or communication among the several States or from any State to any place outside thereof."

It was further provided that "for the purposes of this act an employee shall be deemed to have been engaged in the production of goods [that is, for interstate commerce] if such employee was employed . . . in any process or occupation directly essential to the production thereof in any State." Sustaining an indictment under the act, a unanimous Court, speaking through Chief Justice Stone, said: "The motive and purpose of the present regulation are plainly to make effective the congressional conception of public policy that interstate commerce should not be made the instrument of competition in the distribution of goods produced under sub-standard labor conditions, which competition is injurious to the commerce and to the States from and to which the commerce flows." In support of the decision the Court invoked Chief Justice Marshall's reading of the necessary-and-proper clause in McCulloch v. Maryland and his reading of the commerce clause in Gibbons v. Ogden. Objections purporting to be based on the Tenth Amendment were met from the same point of view: "Our conclusion is unaffected by the Tenth Amendment which provides: 'The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.' The amendment states but a truism that all is retained which has not been surrendered. There is nothing in the history of its adoption to suggest that it was more than declaratory of the relationship between the national and State governments as it had been established by the Constitution before the amendment or that its purpose was other than to allay fears that

748 Sustaining an indictment under the act, a unanimous Court, speaking through Chief Justice Stone, said: "The motive and purpose of the present regulation are plainly to make effective the congressional conception of public policy that interstate commerce should not be made the instrument of competition in the distribution of goods produced under sub-standard labor conditions, which competition is injurious to the commerce and to the States from and to which the commerce flows." In support of the decision the Court invoked Chief Justice Marshall's reading of the necessary-and-proper clause in McCulloch v. Maryland and his reading of the commerce clause in Gibbons v. Ogden. Objections purporting to be based on the Tenth Amendment were met from the same point of view: "Our conclusion is unaffected by the Tenth Amendment which provides: 'The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.' The amendment states but a truism that all is retained which has not been surrendered. There is nothing in the history of its adoption to suggest that it was more than declaratory of the relationship between the national and State governments as it had been established by the Constitution before the amendment or that its purpose was other than to allay fears that

750 United States v. Darby, 312 U.S. 100, 115 (1941).
the new National Government might seek to exercise powers not granted, and that the States might not be able to exercise fully their reserved powers.\footnote{Id., 123–124.}

Subsequent decisions of the Court took a very broad view of which employees should be covered by the Act,\footnote{E.g., Kirschbaum v. Walling, 316 U.S. 517 (1942) (operating and maintenance employees of building, part of which was rented to business producing goods for interstate commerce); Walton v. Southern Package Corp., 320 U.S. 540 (1944) (night watchman in a plant the substantial portion of the production of which was shipped in interstate commerce); Armour & Co. v. Wantock, 323 U.S. 126 (1944) (employees on stand-by auxiliary fire-fighting service of an employer engaged in interstate commerce); Borden Co. v. Borella, 325 U.S. 679 (1945) (maintenance employees in building housing company's central offices where management was located though the production of interstate commerce was elsewhere); Martino v. Michigan Window Cleaning Co., 327 U.S. 173 (1946) (employees of a window-cleaning company the principal business of which was performed on windows of industrial plants producing goods for interstate commerce); Mitchell v. Lublin, McGaughy & Associates, 358 U.S. 207 (1959) (nonprofessional employees of architectural firm working on plans for construction of air bases, bus terminals, and radio facilities).} and in 1949 Congress to some degree narrowed the permissible range of coverage and disapproved some of the Court's decisions.\footnote{But in 1961,\footnote{754 75 Stat. 65.} with extensions in 1966,\footnote{80 Stat. 830.} Congress itself expanded by several million persons the coverage of the Act, introducing the "enterprise" concept by which all employees in a business producing anything in commerce or affecting commerce were brought within the protection of the minimum wage-maximum hours standards.\footnote{29 U.S.C. §§ 203(r), 203(s).} The "enterprise concept" was sustained by the Court in Maryland v. Wirtz.\footnote{392 U.S. 183 (1968).} J ustice Harlan, for a unanimous Court on this issue, found the extension entirely proper on the basis of two theories: one, a business' competitive position in commerce is determined in part by all its significant labor costs, and not just those costs attributable to its employees engaged in production in interstate commerce, and, two, labor peace and thus smooth functioning of interstate commerce was facilitated by the termination of substandard labor conditions affecting all employees and not just those actually engaged in interstate commerce.\footnote{Another aspect of this case was overruled in National League of Cities v. Usery, 426 U.S. 833 (1976), which itself was overruled in Garcia v. San Antonio Metropolitan Transit Auth., 469 U.S. 528 (1985).}

**Agricultural Marketing Agreement Act.**—After its initial frustrations, Congress returned to the task of bolstering agriculture by passing the Agricultural Marketing Agreement Act of June 3,
1937, authorizing the Secretary of Agriculture to fix the minimum prices of certain agricultural products, when the handling of such products occurs “in the current of interstate or foreign commerce or . . . directly burdens, obstructs or affects interstate or foreign commerce in such commodity or product thereof.” In United States v. Wrightwood Dairy Co., the Court sustained an order of the Secretary of Agriculture fixing the minimum prices to be paid to producers of milk in the Chicago “marketing area.” The dairy company demurred to the regulation on the ground it applied to milk produced and sold intrastate. Sustaining the order, the Court said: “Congress plainly has power to regulate the price of milk distributed through the medium of interstate commerce . . . and it possesses every power needed to make that regulation effective. The commerce power is not confined in its exercise to the regulation of commerce among the States. It extends to those activities intrastate which so affect interstate commerce, or the exertion of the power of Congress over it, as to make regulation of them appropriate means to the attainment of a legitimate end, the effective execution of the granted power to regulate interstate commerce. The power of Congress over interstate commerce is plenary and complete in itself, may be exercised to its utmost extent, and acknowledges no limitations other than are prescribed in the Constitution . . . It follows that no form of State activity can constitutionally thwart the regulatory power granted by the commerce clause to Congress. Hence the reach of that power extends to those intrastate activities which in a substantial way interfere with or obstruct the exercise of the granted power.”

In Wickard v. Filburn, a still deeper penetration by Congress into the field of production was sustained. As amended by the act of 1941, the Agricultural Adjustment Act of 1938, regulated production even when not intended for commerce but wholly for consumption on the producer’s farm. Sustaining this extension of the act, the Court pointed out that the effect of the statute was to support the market. “It can hardly be denied that a factor of such volume and variability as home-consumed wheat would have a substantial influence on price and market conditions. This may arise because being in marketable condition such wheat overhangs the

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761 Id., 315 U.S., 118–119.
762 317 U.S. 111 (1942).
market and, if induced by rising prices, tends to flow into the market and check price increases. But if we assume that it is never marketed, it supplies a need of the man who grew it which would otherwise be reflected by purchases in the open market. Home-grown wheat in this sense competes with wheat in commerce. The stimulation of commerce is a use of the regulatory function quite as definitely as prohibitions or restrictions thereon. This record leaves us in no doubt that Congress may properly have considered that wheat consumed on the farm grown, if wholly outside the scheme of regulation, would have a substantial effect in defeating and obstructing its purpose to stimulate trade therein at increased prices." 764 And it elsewhere stated: "Questions of the power of Congress are not to be decided by reference to any formula which would give controlling force to nomenclature such as 'production' and 'indirect' and foreclose consideration of the actual effects of the activity in question upon interstate commerce... The Court's recognition of the relevance of the economic effects in the application of the Commerce Clause... has made the mechanical application of legal formulas no longer feasible." 765

Acts of Congress Prohibiting Commerce

Foreign Commerce: Jefferson's Embargo.—"Jefferson's Embargo" of 1807–1808, which cut all trade with Europe, was attacked on the ground that the power to regulate commerce was the power to preserve it, not the power to destroy it. This argument was rejected by Judge Davis of the United States District Court for Massachusetts in the following words: "A national sovereignty is created [by the Constitution]. Not an unlimited sovereignty, but a sov-
ereignty, as to the objects surrendered and specified, limited only by the qualification and restrictions, expressed in the Constitution. Commerce is one of those objects. The care, protection, management and control, of this great national concern, is, in my opinion, vested by the Constitution, in the Congress of the United States; and their power is sovereign, relative to commercial intercourse, qualified by the limitations and restrictions, expressed in that instrument, and by the treaty making power of the President and Senate. . . . Power to regulate, it is said, cannot be understood to give a power to annihilate. To this it may be replied, that the acts under consideration, though of very ample extent, do not operate as a prohibition of all foreign commerce. It will be admitted that partial prohibitions are authorized by the expression; and how shall the degree, or extent, of the prohibition be adjusted, but by the discretion of the National Government, to whom the subject appears to be committed? . . . The term does not necessarily include shipping or navigation; much less does it include the fisheries. Yet it never has contended, that they are not the proper objects of national regulation; and several acts of Congress have been made respecting them. . . . [Furthermore] if it be admitted that national regulations relative to commerce, may apply it as an instrument, and are not necessarily confined to its direct aid and advancement, the sphere of legislative discretion is, of course, more widely extended; and, in time of war, or of great impending peril, it must take a still more expanded range.

"Congress has power to declare war. It, of course, has power to prepare for war; and the time, the manner, and the measure, in the application of constitutional means, seem to be left to its wisdom and discretion. . . . Under the Confederation, . . . we find an express reservation to the State legislatures of the power to pass prohibitory commercial laws, and, as respects exportations, without any limitations. Some of them exercised this power. . . . Unless Congress, by the Constitution, possess the power in question, it still exists in the State legislatures—but this has never been claimed or pretended, since the adoption of the Federal Constitution; and the exercise of such a power by the States, would be manifestly inconsistent with the power, vested by the people in Congress, 'to regulate commerce.' Hence I infer, that the power, reserved to the States by the articles of Confederation, is surrendered to Congress, by the Constitution; unless we suppose, that, by some
strange process, it has been merged or extinguished, and now exists no where.” 766

**Foreign Commerce: Protective Tariffs.**—Tariff laws have customarily contained prohibitory provisions, and such provisions have been sustained by the Court under Congress’ revenue powers and under its power to regulate foreign commerce. For the Court in Board of Trustees v. United States, 767 in 1933, Chief Justice Hughes said: “The Congress may determine what articles may be imported into this country and the terms upon which importation is permitted. No one can be said to have a vested right to carry on foreign commerce with the United States. . . . It is true that the taxing power is a distinct power; that it is distinct from the power to regulate commerce. . . . It is also true that the taxing power embraces the power to lay duties. Art. I, § 8, cl. 1. But because the taxing power is a distinct power and embraces the power to lay duties, it does not follow that duties may not be imposed in the exercise of the power to regulate commerce. The contrary is well established. Gibbons v. Ogden, 9 Wheat. 1, 202. ‘Under the power to regulate foreign commerce Congress imposes duties on importations, give drawbacks, pass embargo and nonintercourse laws, and make all other regulations necessary to navigation, to the safety of passengers, and the protection of property.’ Groves v. Slaughter, 15 Pet. 449, 505. The laying of duties is ‘a common means of executing the power.’” 2 Story on the Constitution, 1088.” 768

**Foreign Commerce: Banned Articles.**—The forerunners of more recent acts excluding objectionable commodities from interstate commerce are the laws forbidding the importation of like commodities from abroad. This power Congress has exercised since 1842. In that year it forbade the importation of obscene literature or pictures from abroad. 769 Six years later, it passed an act “to prevent the importation of spurious and adulterated drugs” and to provide a system of inspection to make the prohibition effective. 770 Such legislation guarding against the importation of noxiously adulterated foods, drugs, or liquor has been on the statute books ever since. In 1887, the importation by Chinese nationals of smoking opium was prohibited, 771 and subsequent statutes passed in

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767 289 U.S. 48 (1933).
768 Id., 57, 58.
770 9 Stat. 237 (1848).
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1909 and 1914 made it unlawful for anyone to import it.\footnote{772}{35 Stat. 614; 38 Stat. 275.} In 1897, Congress forbade the importation of any tea “inferior in purity, quality, and fitness for consumption” as compared with a legal standard.\footnote{773}{29 Stat. 605.} The Act was sustained in 1904, in the leading case of Buttfield v. Stranahan.\footnote{774}{192 U.S. 470 (1904).} In “The Abby Dodge” an act excluding sponges taken by means of diving or diving apparatus from the waters of the Gulf of Mexico or Straits of Florida was sustained but construed as not applying to sponges taken from the territorial water of a State.\footnote{775}{223 U.S. 166 (1912); cf. United States v. California, 332 U.S. 19 (1947).}

In Weber v. Freed,\footnote{776}{239 U.S. 325 (1915).} an act prohibiting the importation and interstate transportation of prize-fight films or of pictorial representation of prize fights was upheld. Chief Justice White grounded his opinion for a unanimous Court on the complete and total control over foreign commerce possessed by Congress, in contrast implicitly to the lesser power over interstate commerce.\footnote{777}{Id., 329.} And in Brolan v. United States,\footnote{778}{236 U.S. 216 (1915).} the Court rejected as wholly inappropriate citation of cases dealing with interstate commerce on the question of Congress’ power to prohibit foreign commerce. It has been earlier noted, however, that the purported distinction is one that the Court both previously to and subsequent to these opinions has rejected.

Interstate Commerce: Power to Prohibit Questioned.—The question whether Congress’ power to regulate commerce “among the several States” embraced the power to prohibit it furnished the topic of one of the most protracted debates in the entire history of the Constitution’s interpretation, a debate the final resolution of which in favor of congressional power is an event of first importance for the future of American federalism. The issue was as early as 1841 brought forward by Henry Clay, in an argument before the Court in which he raised the specter of an act of Congress forbidding the interstate slave trade.\footnote{779}{236 U.S. 449, 488-489 (1841).} The debate was concluded ninety-nine years later by the decision in United States v. Darby,\footnote{780}{312 U.S. 100 (1941).} in which the Fair Labor Standards Act was sustained.\footnote{781}{The judicial history of the argument may be examined in the majority and dissenting opinions in Hammer v. Dagenhart, 247 U.S. 251 (1918), a five-to-four decision, in which the majority held Congress not to be empowered to ban from the channels of interstate commerce goods made with child labor, since Congress’ power was to prescribe the rule by which commerce was to be carried on and not to pro-}
Interstate Commerce: National Prohibitions and State Police Power.—The earliest such acts were in the nature of quarantine regulations and usually dealt solely with interstate transportation. In 1884, the exportation or shipment in interstate commerce of livestock having any infectious disease was forbidden. In 1903, power was conferred upon the Secretary of Agriculture to establish regulations to prevent the spread of such diseases through foreign or interstate commerce. In 1905, the same official was authorized to lay an absolute embargo or quarantine upon all shipments of cattle from one State to another when the public necessity might demand it. A statute passed in 1905 forbade the transportation in foreign and interstate commerce and the mails of certain varieties of moths, plant lice, and other insect pests injurious to plant crops, trees, and other vegetation. In 1912, a similar exclusion of diseased nursery stock was decreed, while by the same act and again by an act of 1917, the Secretary of Agriculture was invested with powers of quarantine on interstate commerce for the protection of plant life from disease similar to those above described for the prevention of the spread of animal disease. While the Supreme Court originally held federal quarantine regulations of this sort to be constitutionally inapplicable to intrastate shipments of livestock, on the ground that federal authority extends only to foreign and interstate commerce, this view has today been abandoned.

The Lottery Case.—The first case to come before the Court in which the issues discussed above were canvassed at all thoroughly was Champion v. Ames, involving the act of 1895 “for the suppression of lotteries.” An earlier act excluding lottery tickets from the mails had been upheld in the case of In re Rapier, on the proposition that Congress clearly had the power to see that the very facilities furnished by it were not put to bad use. But in the case of commerce, the facilities are not ordinarily furnished by the

hibit it, except with regard to those things the character of which—diseased cattle, lottery tickets—was inherently evil. With the majority opinion, compare Justice Stone's unanimous opinion in United States v. Darby, 312 U.S. 100, 112-124 (1941), overruling Hammer v. Dagenhart. See also Corwin, The Power of Congress to Prohibit Commerce, 3 SELECTED ESSAYS ON CONSTITUTIONAL LAW (Chicago: 1938), 103.

23 Stat. 31.
33 Stat. 1264.
33 Stat. 1269.
37 Stat. 315.
Lottery Case (Champion v. Ames), 188 U.S. 321 (1903).
28 Stat. 963.
143 U.S. 110 (1892).
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National Government, and the right to engage in foreign and interstate commerce comes from the Constitution itself or is anterior to it.

How difficult the Court found the question produced by the act of 1895, forbidding any person to bring within the United States or to cause to be “carried from one State to another” any lottery ticket, or an equivalent thereof, “for the purpose of disposing of the same,” was shown by the fact that the case was argued three times before the Court and the fact that the Court’s decision finally sustaining the act was a five-to-four decision. The opinion of the Court, on the other hand, prepared by Justice Harlan, marked an almost unqualified triumph at the time for the view that Congress’ power to regulate commerce among the States included the power to prohibit it, especially to supplement and support state legislation enacted under the police power. Early in the opinion, extensive quotation is made from Chief Justice Marshall’s opinion in Gibbons v. Ogden,\(^\text{\textsuperscript{792}}\) with special stress upon the definition there given of the phrase “to regulate.” Justice Johnson’s assertion on the same occasion is also given: “The power of a sovereign State over commerce, . . . amounts to nothing more than a power to limit and restrain it at pleasure.” Further along is quoted with evident approval Justice Bradley’s statement in Brown v. Houston,\(^\text{\textsuperscript{793}}\) that “[t]he power to regulate commerce among the several States is granted to Congress in terms as absolute as is the power to regulate commerce with foreign nations.”

Following the wake of the Lottery Case, Congress repeatedly brought its prohibitory powers over interstate commerce and communications to the support of certain local policies of the States in the exercise of their reserved powers, thereby aiding them in the repression of a variety of acts and deeds objectionable to public morality. The conception of the Federal System on which the Court based its validation of this legislation was stated by it in 1913 in sustaining the Mann “White Slave” Act in the following words: “Our dual form of government has its perplexities, State and Nation having different spheres of jurisdiction . . . but it must be kept in mind that we are one people; and the powers reserved to the States and those conferred on the Nation are adapted to be exercised, whether independently or concurrently, to promote the general welfare, material, and moral.”\(^\text{\textsuperscript{794}}\) At the same time, the Court made it plain that in prohibiting commerce among the States, Congress was equally free to support state legislative policy or to de-

\(^{792}\) 9 Wheat. (22 U.S.) 1, 227 (1824).  
\(^{793}\) 114 U.S. 622, 630 (1885).  
\(^{794}\) Hoke v. United States, 227 U.S. 308, 322 (1913).
vise a policy of its own. "Congress," it said, "may exercise this authority in aid of the policy of the State, if it sees fit to do so. It is equally clear that the policy of Congress acting independently of the States may induce legislation without reference to the particular policy or law of any given State. Acting within the authority conferred by the Constitution it is for Congress to determine what legislation will attain its purpose. The control of Congress over interstate commerce is not to be limited by State laws." 795

In Brooks v. United States, 796 the Court sustained the National Motor Vehicle Theft Act 797 as a measure protective of owners of automobiles; that is, of interests in "the State of origin." The statute was designed to repress automobile motor thefts, notwithstanding that such thefts antedate the interstate transportation of the article stolen. Speaking for the Court, Chief Justice Taft, at the outset, stated the general proposition that "Congress can certainly regulate interstate commerce to the extent of forbidding and punishing the use of such commerce as an agency to promote immorality, dishonesty, or the spread of any evil or harm to the people of other States from the State of origin." Noting "the radical change in transportation" brought about by the automobile, and the rise of "[e]laborately organized conspiracies for the theft of automobiles . . . and their sale or other disposition" in another jurisdiction from the owner's, the Court concluded that such activity "is a gross misuse of interstate commerce. Congress may properly punish such interstate transportation by anyone with knowledge of the theft, because of its harmful result and its defeat of the property rights of those whose machines against their will are taken into other jurisdictions." The fact that stolen vehicles were "harmless" and did not spread harm to persons in other States on this occasion was not deemed to present any obstacle to the exercise of the regulatory power of Congress. 798

The Darby Case.—In sustaining the Fair Labor Standards Act 799 in 1941, 800 the Court expressly overruled Hammer v. Dagenhart. 801 "The distinction on which the [latter case] . . . was rested that Congressional power to prohibit interstate commerce is limited to articles which in themselves have some harmful or deleterious property—a distinction which was novel when made and

796 267 U.S. 432 (1925).
800 United States v. Darby, 312 U.S. 100 (1941).
801 247 U.S. 251 (1918).
unsupported by any provision of the Constitution—has long since been abandoned. . . . The thesis of the opinion that the motive of the prohibition or its effect to control in some measure the use or production within the States of the article thus excluded from the commerce can operate to deprive the regulation of its constitutional authority has long since ceased to have force. . . . The conclusion is inescapable that Hammer v. Dagenhart, was a departure from the principles which have prevailed in the interpretation of the Commerce Clause both before and since the decision and that such vitality, was a precedent, as it then had has long since been exhausted. It should be and now is overruled.\textsuperscript{802}

**The Commerce Clause as a Source of National Police Power**

The Court has several times expressly noted that Congress' exercise of power under the commerce clause is akin to the police power exercised by the States.\textsuperscript{803} It should follow, therefore, that Congress may achieve results unrelated to purely commercial aspects of commerce, and this result in fact has often been accomplished. Paralleling and contributing to this movement is the virtual disappearance of the distinction between interstate and intrastate commerce.

**Is There an Intrastate Barrier to Congress' Commerce Power?**—Not only has there been legislative advancement and judicial acquiescence in commerce clause jurisprudence, but the melding of the Nation into one economic union has been more than a little responsible for the reach of Congress' power. "The volume of interstate commerce and the range of commonly accepted objects of government regulation have . . . expanded considerably in the last 200 years, and the regulatory authority of Congress has expanded along with them. As interstate commerce has become ubiquitous, activities once considered purely local have come to have effects on the national economy, and have accordingly come within the scope of Congress' commerce power."\textsuperscript{804}

Reviewing the doctrinal developments laid out in the prior pages, it is evident that Congress' commerce power is fueled by four very interrelated principles of decision, some old, some of recent vintage.

\textsuperscript{802} Id., 312 U.S., 116–117.
First, the commerce power attaches to the crossing of state lines, and Congress has validly legislated to protect interstate travelers from harm, to prevent such travelers from being deterred in the exercise of interstate traveling, and to prevent them from being burdened. Many of the 1964 public accommodations law applications have been premised on the point that larger establishments do serve interstate travelers and that even small stores, restaurants, and the like may serve interstate travelers, and, therefore, it is permissible to regulate them to prevent or deter discrimination. 805

Second, it may not be persons who cross state lines but some object that will or has crossed state lines, and the regulation of a purely intrastate activity may be premised on the presence of the object. Thus, the public accommodations law reached small establishments that served food and other items that had been purchased from interstate channels. 806 Congress has validly penalized convicted felons, who had no other connection to interstate commerce, for possession or receipt of firearms, which had been previously transported in interstate commerce independently of any activity by the two felons. 807 This reach is not of newly-minted origin. In United States v. Sullivan, 808 the Court sustained a conviction of misbranding, under the Federal Food, Drug and Cosmetic Act. Sullivan, a Columbus, Georgia, druggist had bought a properly labeled 1000-tablet bottle of sulfathiazole from an Atlanta wholesaler. The bottle had been shipped to the Atlanta wholesaler by a Chicago supplier six months earlier. Three months after Sullivan received the bottle, he made two retail sales of 12 tablets each, placing the tablets in boxes not labeled in strict accordance with the law. Upholding the conviction, the Court concluded that there was no question of "the constitutional power of Congress under the commerce clause to regulate the branding of articles that have

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808 332 U.S. 689 (1948).
completed an interstate shipment and are being held for future sales in purely local or intrastate commerce.” 809

Third, Congress' power reaches not only transactions or actions that occasion the crossing of state or national boundaries but extends as well to activities that, though local, “affect” commerce, a combination of the commerce power enhanced by the necessary and proper clause. The seminal case, of course, is Wickard v. Filburn, 810 sustaining federal regulation of a crop of wheat grown on a farm and intended solely for home consumption. The premise was that if it were never marketed, it supplied a need otherwise to be satisfied only in the market, and that if prices rose it might be induced onto the market. “Even activity that is purely intrastate in character may be regulated by Congress, where the activity, combined with like conduct by others similarly situated, affects commerce among the States or with foreign nations.” 811 Coverage under federal labor and wage-and-hour laws after the 1930s showed the reality of this doctrine. 812

In upholding federal regulation of strip mining, the Court demonstrated the breadth of the “affects” standard. One case dealt with statutory provisions designed to preserve “prime farmland.” The trial court had determined that the amount of such land disturbed annually amounted to 0.006% of the total prime farmland acreage in the Nation and, thus, that the impact on commerce was “infinitesimal” or “trivial.” Disagreeing, the Court said: “A court may invalidate legislation enacted under the Commerce Clause only if it is clear that there is no rational basis for a congressional finding that the regulated activity affects interstate commerce, or that there is no reasonable connection between the regulatory means selected and the asserted ends.” 813 Moreover, “[t]he pertinent inquiry therefore is not how much commerce is involved but whether Congress could rationally conclude that the regulated activity affects interstate commerce.” 814 In a companion case, the Court reiterated that “[t]he denomination of an activity as a ‘local’ or ‘intrastate’ activity does not resolve the question whether Congress may regulate it under the Commerce Clause. As previously noted, the commerce power ‘extends to those activities intrastate which so affect interstate commerce, or the exertion of the power of Congress over it, as to make regulation of them appropriate means to the attainment of a legitimate end, the effective execution of the granted power to...
regulate interstate commerce.” Judicial review is narrow. Congress’ determination of an “effect” must be deferred to if it is rational, and Congress must have acted reasonably in choosing the means.

Fourth, a still more potent engine of regulation has been the expansion of the class-of-activities standard, which began in the “affecting” cases. In Perez v. United States, the Court sustained the application of a federal “loan-sharking” law to a local culprit. The Court held that, although individual loan-sharking activities might be intrastate in nature, still it was within Congress’ power to determine that the activity was within a class the activities of which did affect interstate commerce, thus affording Congress the opportunity to regulate the entire class. While the Perez Court and the congressional findings emphasized that loan-sharking was generally part of organized crime operating on a national scale and that loan-sharking was commonly used to finance organized crime’s national operations, subsequent cases do not depend upon a defensible assumption of relatedness in the class.

Thus, the Court applied the federal arson statute to the attempted “torching” of a defendant’s two-unit apartment building. The Court merely pointed to the fact that the rental of real estate “unquestionably” affects interstate commerce and that “the local rental of an apartment unit is merely an element of a much broader commercial market in real estate.” The apparent test of whether aggregation of local activity can be said to affect commerce was made clear next in an antitrust context. Allowing the continuation of an antitrust suit challenging a hospital’s exclusion of a surgeon from practice in the hospital, the Court observed that in order to establish the required jurisdictional nexus with commerce, the appropriate focus is not on the actual effects of the conspiracy but instead is on the possible consequences for the affected market if the conspiracy is successful. The required nexus in this case was sufficient because competitive significance is to be measured by a general evaluation of the impact of the restraint on other parti-
Civil Rights.—It had been generally established some time ago that Congress had power under the commerce clause to prohibit racial discrimination in the use of the channels of commerce. The power under the clause to forbid discrimination within the States was firmly and unanimously sustained by the Court when Congress in 1964 enacted a comprehensive measure outlawing discrimination because of race or color in access to public accommodations with a requisite connection to interstate commerce. Hotels and motels were declared covered, that is, declared to “affect commerce,” if they provided lodging to transient guests; restaurants, cafeterias, and the like, were covered only if they served or offered to serve interstate travelers or if a substantial portion of the food which they served had moved in commerce. The Court sustained the Act as applied to a downtown Atlanta motel which did serve interstate travelers, to an out-of-the-way restaurant in Birmingham that catered to a local clientele but which had spent 46 percent of its previous year’s out-go on meat from a local supplier who had procured it from out-of-state, and to a rurally-located amusement area operating a snack bar and other facilities, which advertised in a manner likely to attract an interstate clientele and that served food a substantial portion of which came from outside the State.

Writing for the Court in Heart of Atlanta Motel and McClung, Justice Clark denied that Congress was disabled from regulating the operations of motels or restaurants because those operations may be, or may appear to be, “local” in character. “[T]he power of Congress to promote interstate commerce also includes the power to regulate the local incidents thereof, including local activities in both the States of origin and destination, which might have a substantial and harmful effect upon that commerce.”

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820 Id., 330-332. The decision was 5-to-4, with the dissenters, however, of the view that Congress could reach the activity, only that they thought Congress had not.
823 42 U.S.C. § 2000a (b).
But, it was objected, Congress is regulating on the basis of moral judgments and not to facilitate commercial intercourse. "That Congress [may legislate] . . . against moral wrongs . . . rendered its enactments no less valid. In framing Title II of this Act Congress was also dealing with what it considered a moral problem. But that fact does not detract from the overwhelming evidence of the disruptive effect that racial discrimination has had on commercial intercourse. It was this burden which empowered Congress to enact appropriate legislation, and, given this basis for the exercise of its power, Congress was not restricted by the fact that the particular obstruction to interstate commerce with which it was dealing was also deemed a moral and social wrong." 828 The evidence did, in fact, noted the Justice, support Congress' conclusion that racial discrimination impeded interstate travel by more than 20 million black citizens, which was an impairment Congress could legislate to remove. 829

The commerce clause basis for civil rights legislation in respect to private discrimination was important because of the understanding that Congress' power to act under the Fourteenth and Fifteenth Amendments was limited to official discrimination. 830 The Court's subsequent determination that Congress is not necessarily so limited in its power reduces greatly the importance of the commerce clause in this area. 831

**Criminal Law.**—Federal criminal jurisdiction based on the commerce power, and frequently combined with the postal power, has historically been an auxiliary criminal jurisdiction. That is, Congress has made federal crimes of acts that constitutes state crimes on the basis of some contact, however tangential, with a matter subject to congressional regulation even though the federal interest in the acts may be minimal. 832 Examples of this type of federal criminal statute abound, including the Mann Act designed

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831 The "open housing" provision of the 1968 Civil Rights Act, Title VIII, 82 Stat. 73, 81, 42 U.S.C. § 3601, was based on the commerce clause, but in Jones v. Alfred H. Mayer Co., 392 U.S. 409 (1968), the Court held that antidiscrimination-in-housing legislation could be based on the Thirteenth Amendment and made operative against private parties. Similarly, the Court has concluded that although § 1 of the Fourteenth Amendment is judicially enforceable only against "state action," Congress is not so limited under its enforcement authorization of § 5. United States v. Guest, 383 U.S. 745, 761, 774 (1966) (concurring opinions); Griffin v. Breckenridge, 403 U.S. 88 (1971).
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to outlaw interstate white slavery,\textsuperscript{833} the Dyer Act punishing interstate transportation of stolen automobiles,\textsuperscript{834} and the Lindbergh Law punishing interstate transportation of kidnapped persons.\textsuperscript{835}

But, just as in other areas, Congress has passed beyond a proscription of the use of interstate facilities in the commission of a crime, it has in the criminal law area expanded the scope of its jurisdiction. Typical of this expansion is a statute making it a federal offense to “in any way or degree obstruct . . . delay . . . or affect . . . commerce . . . by robbery or extortion. . . .”\textsuperscript{836} With the expansion of the scope of the reach of “commerce” the statute potentially could reach crimes involving practically all business concerns, although it appears to be used principally against organized crime.

To date, the most far-reaching measure to be sustained by the Court has been the “loan-sharking” prohibition of the Consumer Credit Protection Act.\textsuperscript{837} The title affirmatively finds that extortionate credit transactions affect interstate commerce because loan sharks are in a class largely controlled by organized crime with a substantially adverse effect on interstate commerce. Upholding the statute, the Court found that though individual loan-sharking activities may be intrastate in nature, still it is within Congress’ power to determine that it was within a class the activities of which did affect interstate commerce, thus affording Congress power to regulate the entire class.\textsuperscript{838}

Expansion of federal criminal jurisdiction proceeds apace with the outflow from each Congress.\textsuperscript{839}

\textbf{THE COMMERCE CLAUSE AS A RESTRAINT ON STATE POWERS}

\textbf{Doctrinal Background}

The grant of power to Congress over commerce, unlike that of power to levy customs duties, the power to raise armies, and some others, is unaccompanied by correlative restrictions on state power.\textsuperscript{840} This circumstance does not, however, of itself signify

\textsuperscript{833}18 U.S.C. § 2421.  
\textsuperscript{834}18 U.S.C. § 2312.  
\textsuperscript{835}18 U.S.C. § 1201.  
\textsuperscript{837}Title II, 82 Stat. 159 (1968), 18 U.S.C. § 891 et seq.  
\textsuperscript{839}E.g., laws that bar firearms within a 1000 feet of a school, 104 Stat. 4844 (1990), 18 U.S.C. § 922(g), and that punish carjacking when a firearm is used. 106 Stat. 3384 (1992), 18 U.S.C. § 2119.  
\textsuperscript{840}Thus, by Article I, § 10, cl. 2, States are denied the power to “lay any Imposts or Duties on Imports or Exports” except by the consent of Congress. The clause applies only to goods imported from or exported to another country, not from
that the States were expected to participate in the power thus granted Congress, subject only to the operation of the supremacy clause. As Hamilton pointed out in *The Federalist*, while some of the powers which are vested in the National Government admit of their "concurrent" exercise by the States, others are of their very nature "exclusive," and hence render the notion of a like power in the States "contradictory and repugnant." As an example of the latter kind of power, Hamilton mentioned the power of Congress to pass a uniform naturalization law. Was the same principle expected to apply to the power over foreign and interstate commerce?

Unquestionably one of the great advantages anticipated from the grant to Congress of power over commerce was that state interferences with trade, which had become a source of sharp discontent under the Articles of Confederation, would be thereby brought to an end. As Webster stated in his argument for appellant in *Gibbons v. Ogden*: "The prevailing motive was to regulate commerce; to rescue it from the embarrassing and destructive consequences, resulting from the legislation of so many different States, and to place it under the protection of a uniform law." In other words, the constitutional grant was itself a regulation of commerce in the interest of uniformity.

That, however, the commerce clause, unimplemented by congressional legislation, took from the States any and all power over foreign and interstate commerce was by no means conceded and
was, indeed, counterintuitive, considering the extent of state regulation that previously existed before the Constitution. Moreover, legislation by Congress regulative of any particular phase of commerce would raise the question whether the States were entitled to fill the remaining gaps, if not by virtue of a "concurrent" power over interstate and foreign commerce, then by virtue of "that immense mass of legislation" as Marshall termed it, "which embraces everything within the territory of a State, not surrendered to the general government," in a word, the "police power."

The text and drafting record of the commerce clause fails, therefore, without more ado, to settle the question of what power is left to the States to adopt legislation regulating foreign or interstate commerce in greater or lesser measure. To be sure, in cases of flat conflict between an act or acts of Congress regulative of such commerce and a state legislative act or acts, from whatever state power ensuing, the act of Congress is today recognized, and was recognized by Marshall, as enjoying an unquestionable supremacy. But suppose, first, that Congress has passed no act, or second, that its legislation does not clearly cover the ground traversed by previously enacted state legislation. What rules then apply? Since Gibbons v. Ogden, both of these situations have confronted the Court, especially as regards interstate commerce, hundreds of times, and in meeting them the Court has, first, determined that it has power to decide when state power is validly exercised, and, second, it has coined or given currency to numerous formulas, some of which still guide, even when they do not govern, its judgment.

844 The strongest suggestion of exclusivity found in the Convention debates is a remark by Madison. "Whether the States are now restrained from laying tonnage duties depends on the extent of the power 'to regulate commerce.' These terms are vague but seem to exclude this power of the States." 2 M. FARRAND, THE RECORDS OF THE FEDERAL CONVENTION OF 1787 (New Haven: rev. ed. 1937), 625. However, the statement is recorded during debate on the clause, Art. I, § 10, cl. 3, prohibiting States from laying tonnage duties. That the Convention adopted this clause, when tonnage duties would certainly be one facet of regulating interstate and foreign commerce, casts doubt on the assumption that the commerce power itself was intended to be exclusive.

846 Id., 210-211.
847 The writings detailing the history are voluminous. See, e.g., F. FRANKFURTER, THE COMMERCE CLAUSE UNDER MARSHALL, TANEY AND WHITE (1937); B. GAVIT, THE COMMERCE CLAUSE OF THE UNITED STATES CONSTITUTION (1932) (usefully containing appendices cataloguing every commerce clause decision of the Supreme Court to that time); Sholleys, The Negative Implications of the Commerce Clause, 3 U. Chi. L. Rev. 556 (1936). Among the recent writings, see Sedler, The Negative Commerce Clause as a Restriction on State Regulation and Taxation: An Analysis in Terms of Constitutional Structure, 31 Wayne L. Rev. 885 (1985) (a disputed conceptualization arguing the Court followed a consistent line over the years), and articles cited, id., 887 n. 4.
Thus, it has been judicially established that the commerce clause is not only a "positive" grant of power to Congress, but it is also a "negative" constraint upon the States; that is, the doctrine of the "dormant" commerce clause, though what is dormant is the congressional exercise of the power, not the clause itself, under which the Court may police state taxation and regulation of interstate commerce, became well established.

Webster, in Gibbons, argued that a state grant of a monopoly to operate steamships between New York and New Jersey not only contravened federal navigation laws but violated the commerce clause as well, because that clause conferred an exclusive power upon Congress to make the rules for national commerce, although he conceded that, the grant to regulate interstate commerce was so broad as to reach much that the States had formerly had jurisdiction over, the courts must be reasonable in interpretation. But because he thought the state law was in conflict with the federal legislation, Chief Justice Marshall was not compelled to pass on Webster's arguments, although in dicta he indicated his considerable sympathy with them and suggested that the power to regulate commerce between the States might be an exclusively federal power.

Chief Justice Marshall originated the concept of the "dormant commerce clause" in Willson v. Black Bird Creek Marsh Co., although in dicta. Attacked before the Court was a state law authorizing the building of a dam across a navigable creek, and it was claimed the law was in conflict with the federal power to regulate interstate commerce. Rejecting the challenge, Marshall said that the state act could not be "considered as repugnant to the [federal] power to regulate commerce in its dormant state[.]"

Returning to the subject in Cooley v. Board of Wardens of Port of Philadelphia, the Court, upholding a state law that required ships to engage a local pilot when entering or leaving the port of

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848 Id., 9 Wheat. (22 U.S.), 13-14, 16.
849 Id., 17-18, 209. In Sturges v. Crowninshield, 4 Wheat. (17 U.S.) 122, 193-196 (1819), Chief Justice Marshall denied that the grant of the bankruptcy power to Congress was exclusive. See also Houston v. Moore, 5 Wheat. (18 U.S.) 1 (1820) (military).
851 12 How. (53 U.S.) 299 (1851). The issue of exclusive federal power and the separate issue of the dormant commerce clause was present in the License Cases, 5 How. (46 U.S.) 504 (1847), and the Passenger Cases, 7 How. (48 U.S.) 283 (1849), but, despite the fact that much ink was shed in multiple opinions discussing the questions, nothing definitive emerged. Chief Justice Taney, in contrast to Marshall, viewed the clause only as a grant of power to Congress, containing no constraint upon the States, and the Court's role was to void state laws in contravention of federal legislation. Id., 5 How. (46 U.S.), 573; Id., 7 How. (48 U.S.), 464.
Philadelphi, enunciated a doctrine of partial federal exclusivity. According to Justice Curtis’ opinion, the state act was valid on the basis of a distinction between those subjects of commerce which “imperatively demand a single uniform rule” operating throughout the country and those which “as imperatively” demand “that diversity which alone can meet the local necessities of navigation,” that is to say, of commerce. As to the former, the Court held Congress’ power to be “exclusive,” as to the latter, it held that the States enjoyed a power of “concurrent legislation.” The Philadelphia pilotage requirement was of the latter kind.

Thus, the contention that the federal power to regulate interstate commerce was exclusive of state power yielded to a rule of partial exclusivity. Among the welter of such cases, the first actually to strike down a state law solely on commerce clause grounds was the State Freight Tax Case. The question before the Court was the validity of a nondiscriminatory statute that required every company transporting freight within the State, with certain exceptions, to pay a tax at specified rates on each ton of freight carried by it. Opining that a tax upon freight, or any other article of commerce, transported from State to State is a regulation of commerce among the States and, further, that the transportation of merchandise or passengers through a State or from State to State was a subject that required uniform regulation, the Court held the tax in issue to be repugnant to the commerce clause.

852 Id., 317–320. Chief Justice Taney had formerly taken the strong position that Congress’ power over commerce was not exclusive, supra, n. 10, but he acquiesced silently in the Cooley opinion. A modern echo of Cooley is Ray v. Atlantic Richfield Co., 435 U.S. 151, 179–180 (1978), in which the Court, inter alia, sustained a state requirement that vessels not satisfying certain design requirements be escorted by tugboats in Puget Sound. Noting the requirement’s similarity “to a local pilotage requirement,” the Court, following Cooley, pronounced it “not the type of regulation that demands a uniform, national rule.” But, in an apparent departure from Cooley, the Court also observed that it did not appear that “the requirement impedes the free and efficient flow of interstate and foreign commerce. . . .” See also Goldstein v. California, 412 U.S. 546, 552–560 (1973), in which, in the context of the copyright clause, the Court, approving Cooley for commerce clause purposes, refused to find the copyright clause either fully or partially exclusive.

853 Reading Railroad v. Pennsylvania, 15 Wall. (82 U.S.) 232 (1873). For cases in which the commerce clause basis was intermixed with other express or implied powers, see Crandall v. Nevada, 6 Wall. (73 U.S.) 35 (1868); Steamship Co. v. Portland, 6 Wall. (73 U.S.) 31 (1867); Woodruff v. Parham, 8 Wall. (75 U.S.) 123 (1868). Chief Justice Marshall, in Brown v. Maryland, 12 Wheat. (25 U.S.) 419, 488–489 (1827), indicated, in dicta, that a state tax might violate the commerce clause.

854 Just a few years earlier, the Court, in an opinion that merged commerce clause and import-export clause analyses, had seemed to suggest that it was a discriminatory tax or law that violates the commerce clause and not simply a tax on interstate commerce. Woodruff v. Parham, 8 Wall. (75 U.S.) 123 (1869).
Whether exclusive or partially exclusive, however, the commerce clause as a restraint upon state exercises of power, absent congressional action, received no sustained justification or explanation; the clause, of course, empowers Congress to regulate commerce among the States, not the courts. Often, as in Cooley, and later cases, the Court stated or implied that the rule was imposed by the commerce clause. In Welton v. Missouri, the Court attempted to suggest a somewhat different justification. Challenged was a state statute that required a “peddler’s” license for merchants selling goods that came from other states but that required no license if the goods were produced in the State. Declaring that uniformity of commercial regulation is necessary to protect articles of commerce from hostile legislation and thus the power asserted by the State belonged exclusively to Congress, the Court observed that “[t]he fact that Congress has not seen fit to prescribe any specific rules to govern inter-State commerce does not affect the question. Its inaction on this subject . . . is equivalent to a declaration that inter-State commerce shall be free and untrammelled.”

It has been evidently of little importance to the Court to explain. “Whether or not this long recognized distribution of power between the national and state governments is predicated upon the implications of the commerce clause itself . . . or upon the presumed intention of Congress, where Congress has not spoken . . . the result is the same.” Thus, “[f]or a hundred years it has been accepted constitutional doctrine . . . that . . . where Congress has

855 “Where the subject matter requires a uniform system as between the States, the power controlling it is vested exclusively in Congress, and cannot be encroached upon by the State.” Leisy v. Hardin, 135 U.S. 100, 108-109 (1890). The commerce clause “remains in the Constitution as a grant of power to Congress . . . and as a diminution pro tanto of absolute state sovereignty over the same subject matter.” Carter v. Virginia, 321 U.S. 131, 137 (1944). The commerce clause, the Court has celebrated, “does not say what the states may or may not do in the absence of congressional action, nor how to draw the line between what is and what is not commerce among the states. Perhaps even more than by interpretation of its written word, this Court has advanced the solidarity and prosperity of this Nation by the meaning it has given these great silences of the Constitution.” H. P. Hood & Sons, Inc. v. Du Mond, 336 U.S. 525, 534-535 (1949). More recently, the Court has taken to stating that “[t]he Commerce Clause ‘has long been recognized as a self-executing limitation on the power of the States to enact laws imposing substantial burdens on such commerce.’” Dennis v. Higgins, 498 U.S. 439, 447 (1991) (quoting South-Central Timber Dev., Inc. v. Wunnice, 467 U.S. 82, 87 (1984) (emphasis supplied).

856 91 U.S. 275 (1879).

857 Id., 282. In Steamship Co. v. Portwardens, 6 Wall. (73 U.S.) 31, 33 (1867), the Court stated that congressional silence with regard to matters of “local” concern, imported willingness that the States regulate. Cf. Graves v. New York ex rel. O’Keefe, 306 U.S. 466, 479 n. 1 (1939) (Justice Stone). The fullest development of the “silence” rationale was not by the Court but by a renowned academic, Professor Dowling. Interstate Commerce and State Power, 29 Va. L. Rev. 1 (1940); Interstate Commerce and State Power—Revisited Version, 47 Colum. L. Rev. 546 (1947).

not acted, this Court, and not the state legislature, is under the commerce clause the final arbiter of the competing demands of state and national interests.”

Two other justifications can be found throughout the Court’s decisions, but they do not explain why the Court is empowered under a grant of power to Congress to police state regulatory and taxing decisions. For example, in Welton v. Missouri, the statute under review, as observed several times by the Court, was clearly discriminatory as between instate and interstate commerce, but that point was not sharply drawn as the constitutional fault of the law. That the commerce clause had been motivated by the Framers’ apprehensions about state protectionism has been frequently noted. A relatively recent theme is that the Framers desired to create a national area of free trade, so that unreasonable burdens on interstate commerce violate the clause in and of themselves.

Nonetheless, the power of the Court is established and is freely exercised. No reservations can be discerned in the opinions for the Court. Individual Justices, to be sure, have urged renunciation of the power and remission to Congress for relief sought by litigants. That has not been the course followed.

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859 Id., 769. See also California v. Zook, 336 U.S. 725, 728 (1949).
860 91 U.S. 275, 277, 278, 279, 280, 281, 282 (1876).
The State Proprietary Activity Exception.—In a case of first impression, the Court held unaffected by the commerce clause—"the kind of action with which the Commerce Clause is not concerned"—a Maryland bounty scheme by which the State paid scrap processors for each "hulk" automobile destroyed. As first enacted, the bounty plan did not distinguish between in-state and out-of-state processors, but it was subsequently amended to operate in such a manner that out-of-state processors were substantially disadvantaged. The Court held that where a State enters into the market itself as a purchaser, in effect, of a potential article of interstate commerce, it does not, in creating a burden upon that commerce by restricting its trade to its own citizens or businesses within the State, violate the commerce clause.865

Affirming and extending somewhat this precedent, the Court held that a State operating a cement plant could in times of shortage (as well presumably at any time) confine the sale of cement by the state plant to residents of the State.866 "The Commerce Clause responds principally to state taxes and regulatory measures impeding free private trade in the national marketplace... There is no indication of a constitutional plan to limit the ability of the States themselves to operate freely in the free market."867 It is yet unclear how far this concept of the State as market participant rather than market regulator will be extended.868

Congressional Authorization of Impermissible State Action.—The Supreme Court has never forgotten the lesson that was administered to it by the Act of Congress of August 31, 1852,869 which pronounced the Wheeling Bridge "a lawful structure," thereby setting aside the Court's determination to the contrary earlier

the Court rejected the urging that it uphold all not-patently discriminatory taxes and let Congress deal with conflicts. More recently, Justice Scalia has taken the view that, as a matter of original intent, a "dormant" or "negative" commerce power cannot be justified in either taxation or regulation cases, but, yielding to the force of precedent, he will vote to strike down state actions that discriminate against interstate commerce or that are governed by the Court's precedents, without extending any of those precedents. CTS Corp. v. Dynamics Corp. of America, 481 U.S. 69, 94 (1987) (concurring); Tyler Pipe Industries, Inc. v. Washington State Dept. of Revenue, 483 U.S. 232, 259 (1987) (concurring in part and dissenting in part); Bendix Autolite Corp. v. Midwesco Enterprises, Inc., 486 U.S. 888, 895 (1988) (concurring in judgment); American Trucking Assn., Inc. v. Smith, 496 U.S. 167, 200 (1990) (concurring).

867 Id., 436-437.
868 See also White v. Massachusetts Council of Construction Employers, 460 U.S. 204 (1983) (city may favor its own residents in construction projects paid for with city funds); South-Central Timber Dev., Inc. v. Wumnickie, 467 U.S. 82 (1984) (illustrating the deep divisions in the Court respecting the scope of the exception).
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the same year. The lesson, subsequently observed the Court, is that "[i]t is Congress, and not the Judicial Department, to which the Constitution has given the power to regulate commerce." Similarly, when in the late eighties and the early nineties state-wide prohibition laws began making their appearance, Congress again approved state laws the Court had found to violate the dormant commerce clause.

The Court seized upon a previously rejected dictum of Chief Justice Marshall and began applying it as a brake on the operation of such laws with respect to interstate commerce in intoxicants, which the Court denominated "legitimate articles of commerce." While holding that a State was entitled to prohibit the manufacture and sale within its limits of intoxicants, even for an outside market, manufacture being no part of commerce, it contemporaneously laid down the rule, in Bowman v. Chicago & Northwestern Railway Co., that, so long as Congress remained silent in the matter, a State lacked the power, even as part and parcel of a program of statewide prohibition of the traffic in intoxicants, to prevent the shipment into it of intoxicants from a sister State, and this holding was soon followed by another to the effect that, so long as Congress remained silent, a State had no power to prevent the sale in the original package of liquors introduced from another State. The effect of the latter decision was soon overcome by an act of Congress, the so-called Wilson Act, repealing its alleged silence, but the Bowman decision still stood, the act in question being interpreted by the Court not to subject liquors from sister States to local authority until their arrival in the hands of the person to whom consigned. Not until 1913 was the effect of

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871 Transportation Co. v. Parkersburg, 107 U.S. 691, 701 (1883).

872 In Brown v. Maryland, 12 Wheat. (25 U.S.) 419, 449 (1827), in which the "original package" doctrine originated in the context of state taxing powers exercised on imports from a foreign country, Marshall in dictum indicated the same rule would apply to imports from sister States. The Court refused to follow the dictum in Woodruff v. Parham, 8 Wall. (75 U.S.) 123 (1869).


875 125 U.S. 465 (1888).

876 Leisy v. Hardin, 135 U.S. 100 (1890).


878 Rhodes v. Iowa, 170 U.S. 412 (1898).
the decision in the Bowman case fully nullified by the Webb-Kenyon Act, which placed intoxicants entering a State from another State under the control of the former for all purposes whatever.

Less than a year after the ruling in United States v. South-Eastern Underwriters Assn., that insurance transactions across state lines constituted interstate commerce, thereby logically establishing their immunity from discriminatory state taxation, Congress passed the McCarran Act authorizing state regulation and taxation of the insurance business. In Prudential Ins. Co. v. Benjamin, a statute of South Carolina that imposed on foreign insurance companies, as a condition of their doing business in the State, an annual tax of three percent of premiums from business done in South Carolina, while imposing no similar tax on local corporations, was sustained. "Obviously," said Justice Rutledge for the Court, "Congress' purpose was broadly to give support to the existing and future State systems for regulating and taxing the business of insurance. This was done in two ways:

"One was by removing obstructions which might be thought to flow from its own power, whether dormant or exercised, except as otherwise expressly provided in the Act itself or in future legislation. The other was by declaring expressly and affirmatively that continued State regulation and taxation of this business is in the public interest and that the business and all who engage in it shall be subject to the laws of the several States in these respects. . . . The power of Congress over commerce exercised entirely without reference to coordinated action of the States is not restricted, except as the Constitution expressly provides, by any limitation which forbids it to discriminate against interstate commerce and in favor of local trade. Its plenary scope enables Congress not only to promote but also to prohibit interstate commerce, as it has done frequently and for a great variety of reasons. . . . This broad authority Congress may exercise alone, subject to those limitations, or

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880 National Prohibition, under the Eighteenth Amendment, first cast these conflicts into the shadows, and § 2 of the Twenty-first Amendment significantly altered the terms of the dispute. But that section is no authorization for the States to engage in mere economic protectionism separate from concerns about the effect of the traffic in liquor. Bacchus Imports Ltd. v. Dias, 468 U.S. 263 (1984); Brown-Forman Distillers Corp. v. New York State Liquor Auth., 476 U.S. 573 (1986); Healy v. Beer Institute, 491 U.S. 324 (1989).

881 322 U.S. 533 (1944).


883 328 U.S. 408 (1946).
in conjunction with coordinated action by the States, in which case limitations imposed for the preservation of their powers become inoperative and only those designed to forbid action altogether by any power or combination of powers in our governmental system remain effective." 884

Thus, it is now well established that "[w]hen Congress so chooses, state actions which it plainly authorizes are invulnerable to constitutional attack under the Commerce Clause." 885 But the Court requires congressional intent to permit otherwise impermissible state actions to "be unmistakably clear." 886 The fact that federal statutes and regulations had restricted commerce in timber harvested from national forest lands in Alaska was, therefore, "insufficient indicium" that Congress intended to authorize the State to apply a similar policy for timber harvested from state lands. The rule requiring clear congressional approval for state burdens on commerce was said to be necessary in order to strengthen the likelihood that decisions favoring one section of the country over another are in fact "collective decisions" made by Congress rather than unilateral choices imposed on unrepresented out-of-state interests by individual States. 887 And Congress must be plain as well when the issue is not whether it has exempted a state action from


885 Northeast Bancorp v. Board of Governors of the Federal Reserve System, 472 U.S. 159, 174 (1985) (interpreting a provision of the Bank Holding Company Act, 12 U.S.C. § 1842(d), permitting regional interstate bank acquisitions expressly approved by the State in which the acquired bank is located, as authorizing state laws that allow only banks within the particular region to acquire an in-state bank, on a reciprocal basis, since what the States could do entirely they can do in part).


887 Id., 92. Earlier cases had required express statutory sanction of state burdens on commerce but under circumstances arguably less suggestive of congressional approval. E.g., Sporhase v. Nebraska ex rel. Douglas, 458 U.S. 941, 958-960 (1982) (congressional deference to state water law in 37 statutes and numerous interstate compacts did not indicate congressional sanction for invalid state laws imposing a burden on commerce); New England Power Co. v. New Hampshire, 455 U.S. 331, 341 (1982) (disclaimer in Federal Power Act of intent to deprive a State of "lawful authority" over interstate transmissions held not to evince a congressional intent "to alter the limits of state power otherwise imposed by the Commerce Clause"). But see White v. Massachusetts Council of Construction Employers, 460 U.S. 204 (1983) (Congress held to have sanctioned municipality's favoritism of city residents through funding statute under which construction funds were received).
the commerce clause but whether it has taken the less direct form of reduction in the level of scrutiny.\textsuperscript{888}

**State Taxation and Regulation: The Old Law**

Although in previous editions of this volume considerable attention was paid to the development and circuitous paths of the law of the negative commerce clause, the value of this exegesis was doubtlessly quite limited. The Court itself has admitted that its "some three hundred full-dress opinions" as of 1959 have not resulted in "consistent or reconcilable" doctrine but rather in something more resembling a "quagmire."\textsuperscript{889} Although many of the principles still applicable in constitutional law may be found in the older cases, in fact the Court has worked a revolution in constitutional law in this area, though at different times for taxation and for regulation. Thus, in this section we summarize the "old" law and then deal more fully with the "modern" law of the negative commerce clause.

**General Considerations.**—The task of drawing the line between state power and the commercial interest has proved a comparatively simple one in the field of foreign commerce, the two things being in great part territorially distinct.\textsuperscript{890} With "commerce among the States" affairs are very different. Interstate commerce is conducted in the interior of the country, by persons and corporations that are ordinarily engaged also in local business; its usual incidents are acts that, if unconnected with commerce among the States, would fall within the State's powers of police and taxation, while the things it deals in and the instruments by which it is carried on comprise the most ordinary subject matter of state power. In this field, the Court consequently has been unable to rely upon sweeping solutions. To the contrary, its judgments have often been fluctuating and tentative, even contradictory, and this is particu-

\textsuperscript{888} Maine v. Taylor, 477 U.S. 131 (1986) (holding that Lacey Act's reinforcement of state bans on importation of fish and wildlife neither authorizes state law otherwise invalid under the Clause nor shifts analysis from the presumption of invalidity for discriminatory laws to the balancing test for state laws that burden commerce only incidentally).

\textsuperscript{889} Northwestern States Portland Cement Co. v. Minnesota, 358 U.S. 450, 457-458 (1959) (in part quoting Miller Bros Co. v. Maryland, 347 U.S. 340, 344 (1954)). Justice Frankfurter was similarly skeptical of definitive statements. "To attempt to harmonize all that has been said in the past would neither clarify what has gone before nor guide the future. Suffice it to say that especially in this field opinions must be read in the setting of the particular cases and as the product of preoccupation with their special facts." Freeman v. Hewit, 329 U.S. 249, 251-252 (1946). The comments in all three cases dealt with taxation, but they could just as well have included regulation.

\textsuperscript{890} Infra, pp. 240-242.
larly the case with respect to the infringement on interstate commerce by the state taxing power.\textsuperscript{891}

**Taxation.**—The leading case dealing with the relation of the States’ taxing power to interstate commerce, the case in which the Court first struck down a state tax as violative of the commerce clause, was the State Freight Tax Case.\textsuperscript{892} Before the Court was the validity of a Pennsylvania statute that required every company transporting freight within the State, with certain exceptions, to pay a tax at specified rates on each ton of freight carried by it. The Court’s reasoning was forthright. Transportation of freight constitutes commerce.\textsuperscript{893} A tax upon freight transported from one State to another effects a regulation of interstate commerce.\textsuperscript{894} Under the Cooley doctrine, whenever the subject of a regulation of commerce is in its nature of national interest or admits of one uniform system or plan of regulation, that subject is within the exclusive regulating control of Congress.\textsuperscript{895} Transportation of passengers or merchandise through a State, or from one State to another, is of this nature.\textsuperscript{896} Hence, a state law imposing a tax upon freight, taken up within the State and transported out of it or taken up outside the State and transported into it, violates the commerce clause.\textsuperscript{897}

The principle thus asserted, that a State may not tax interstate commerce, confronted the principle that a State may tax all purely domestic business within its borders and all property “within its jurisdiction.” Inasmuch as most large concerns prosecute both an interstate and a domestic business, while the instrumentalities of interstate commerce and the pecuniary returns from such commerce are ordinarily property within the jurisdiction of some State or other, the task before the Court was to determine where to draw the line between the immunity claimed by interstate business, on the one hand, and the prerogatives claimed by local power on the other. In the State Tax on Railway Gross Receipts Case,\textsuperscript{898} decided the same day as the State Freight Tax Case, the issue was a tax upon gross receipts of all railroads chartered by the State, part of
the receipts having been derived from interstate transportation of the same freight that had been held immune from tax in the first case. If the latter tax were regarded as a tax on interstate commerce, it too would fall. But to the Court, the tax on gross receipts of an interstate transportation company was not a tax on commerce. "[I]t is not everything that affects commerce that amounts to a regulation of it, within the meaning of the Constitution." 899

A gross receipts tax upon a railroad company, which concededly affected commerce, was not a regulation "directly. Very manifestly it is a tax upon the railroad company. . . . That its ultimate effect may be to increase the cost of transportation must be admitted. . . . Still it is not a tax upon transportation, or upon commerce. . . ." 900

Insofar as there is a distinction between these two cases, the Court drew it in part on the basis of Cooley, that some subjects embraced within the meaning of commerce demand uniform, national regulation, while other similar subjects permit of diversity of treatment, until Congress acts, and in part on the basis of a concept of a "direct" tax on interstate commerce, which was impermissible, and an "indirect" tax, which was permissible until Congress acted. 901 Confusingly, the two concepts were sometimes conflated, sometimes treated separately. In any event, the Court itself was clear that interstate commerce could not be taxed at all, even if the tax was a nondiscriminatory levy applied alike to local commerce. 902 "Thus, the States cannot tax interstate commerce, either by laying the tax upon the business which constitutes such commerce or the privilege of engaging in it, or upon the receipts, as such, derived from it . . .; or upon persons or property in transit in interstate commerce." 903 However, some taxes imposed only an "indirect" burden and were sustained; property taxes and taxes in lieu of property taxes applied to all businesses, including instrumentalities of interstate commerce, were sustained. 904 A good rule

899 Id., 293.
900 Id., 294. This case was overruled 14 years later, when the Court voided substantially the same tax in Philadelphia Steamship Co. v. Pennsylvania, 122 U.S. 326 (1887).
903 The Minnesota Rate Cases (Simpson v. Shepard), 230 U.S. 352, 400-401 (1913).
904 The Delaware Railroad Tax, 18 Wall. (85 U.S.) 206, 232 (1873). See Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. v. Backus, 154 U.S. 439 (1894); Postal
of thumb in these cases is that taxation was sustained if the tax was imposed on some local, rather than an interstate, activity or if the tax was exacted before interstate movement had begun or after it had ended.

An independent basis for invalidation was that the tax was discriminatory, that its impact was intentionally or unintentionally felt by interstate commerce and not by local, perhaps in pursuit of parochial interests. Many of the early cases actually involving discriminatory taxation were decided on the basis of the impermissibility of taxing interstate commerce at all, but the category was soon clearly delineated as a separate ground (and one of the most important today). 905

Following the Great Depression and under the leadership of Justice, and later Chief Justice, Stone, the Court attempted to move away from the principle that interstate commerce may not be taxed and reliance on the direct-indirect distinction. Instead, a state or local levy would be voided only if in the opinion of the Court it created a risk of multiple taxation for interstate commerce not felt by local commerce. 906 It became much more important to the validity of a tax that it be apportioned to an interstate company's activities within the taxing State, so as to reduce the risk of multiple taxation. 907 But, just as the Court had achieved constancy in the area of regulation, it reverted to the older doctrines in the taxation area and reiterated that interstate commerce may not be taxed at all, even by a properly apportioned levy, and reasserted the direct-indirect distinction. 908 The stage was set, following a series of cases in which through formalistic reasoning the States were permitted to evade the Court's precedents, 909 for the formulation of a more realistic doctrine.

905 E.g., Welton v. Missouri, 91 U.S. 275 (1875); Robbins v. Shelby County Taxing District, 120 U.S. 489 (1887); Darnell & Son Co. v. City of Memphis, 208 U.S. 113 (1908); Bethlehem Motors Corp. v. Flynt, 256 U.S. 421 (1921).
909 Thus, the States carefully phrased tax laws so as to impose on interstate companies not a license tax for doing business in the State, which was not permitted, Railway Express Agency v. Virginia, 347 U.S. 359 (1954), but a franchise tax on intangible property on the privilege of doing business in a corporate form, which was permissible. Railway Express Agency v. Virginia, 358 U.S. 434 (1959);
Regulation.—Much more diverse were the cases dealing with regulation by the state and local governments. Taxation was one thing, the myriad approaches and purposes of regulations another. Generally speaking, if the state action was perceived by the Court to be a regulation of interstate commerce itself, it was deemed to impose a “direct” burden on interstate commerce and impermissible. If the Court saw it as something other than a regulation of interstate commerce, it was considered only to “affect” interstate commerce or to impose only an “indirect” burden on it in the proper exercise of the police powers of the States. But the distinction between “direct” and “indirect” burdens was often perceptible only to the Court.

A corporation’s status as a foreign entity did not immunize it from state requirements, conditioning its admission to do a local business, to obtain a local license, and to furnish relevant information as well as to pay a reasonable fee. But no registration was permitted of an out-of-state corporation, the business of which in the host State was purely interstate in character. Neither did the Court permit a State to exclude from its courts a corporation engaging solely in interstate commerce because of a failure to register and to qualify to do business in that State.

Interstate transportation brought forth hundreds of cases. State regulation of trains operating across state lines resulted in divergent rulings. It was early held improper for States to prescribe charges for transportation of persons and freight on the basis that...
the regulation must be uniform and thus could not be left to the States.\textsuperscript{915} The Court deemed “reasonable” and therefore constitutional many state regulations requiring a fair and adequate service for its inhabitants by railway companies conducting interstate service within its borders, as long as there was no unnecessary burden on commerce.\textsuperscript{916} A marked tolerance for a class of regulations that arguably furthered public safety was long exhibited by the Court,\textsuperscript{917} even in instances in which the safety connection was tenuous.\textsuperscript{918} Of particular controversy were “full-crew” laws, represented as safety measures, that were attacked by the companies as “feather-bedding” rules.\textsuperscript{919}

Similarly, motor vehicle regulations have met mixed fates. Basically, it has always been recognized that States, in the interest of public safety and conservation of public highways, may enact and enforce comprehensive licensing and regulation of motor vehicles using its facilities.\textsuperscript{920} Indeed, States were permitted to regulate many of the local activities of interstate firms and thus the


\textsuperscript{916}Generally, the Court drew the line at regulations that provided for adequate service, not any and all service. Thus, one class of cases dealt with requirements that trains stop at designated cities and towns. The regulations were upheld in such cases as Gladson v. Minnesota, 166 U.S. 142 (1897), and Lake Shore & Mich. South. Ry. v. Ohio, 173 U.S. 285 (1899), and invalidated in Illinois Central R. R. v. Illinois, 142 (1896). See Chicago, B. & O. Ry. v. Wisconsin R. R. Comm., 237 U.S. 563 (1915); St. Louis & S. F. Ry. v. Public Service Comm., 254 U.S. 535, 536±537 (1921). The cases were extremely fact particularistic.

\textsuperscript{917}E.g., Smith v. Alabama, 124 U.S. 465 (1888) (required locomotive engineers to be examined and licensed by the State, until Congress should deem otherwise); New York, N. H. & H. Co. v. New York, 165 U.S. 628 (1897) (forbidding heating of passenger cars by stoves); Chicago, R. I. & Pac. Ry. Co. v. Arkansas, 219 U.S. 453 (1911) (requiring three brakemen on freight trains of more than 25 cars).

\textsuperscript{918}E.g., Terminal Assn v. Trainmen, 318 U.S. 1 (1943) (requiring railroad to provide caboose cars for its employees); Hennington v. Georgia, 163 U.S. 299 (1896) (forbidding freight trains to run on Sundays). But see Seaboard Air Line Ry. v. Blackwell, 244 U.S. 310 (1917) (voiding as too onerous on interstate transportation law requiring trains to come to almost a complete stop at all grade crossings, when there were 124 highway crossings at grade in 123 miles, doubling the running time).

\textsuperscript{919}Four cases over a lengthy period sustained the laws. Chicago, R. I. & P. R. Co. v. Arkansas, 219 U.S. 453 (1911); St. Louis, Iron Mt. & S. R. Co. v. Arkansas, 240 U.S. 518 (1916); Missouri Pacific Co. v. Norwood, 283 U.S. 249 (1931); Brotherhood of Locomotive Firemen & Enginemen v. Chicago, R. I. & P. R. Co., 382 U.S. 423 (1966). In the latter case, the Court noted the extensive and conflicting record with regard to safety, but it then ruled that with the issue in so much doubt it was peculiarly a legislative choice.

\textsuperscript{920}Hendrick v. Maryland, 235 U.S. 610 (1915); Kane v. New Jersey, 242 U.S. 160 (1916).
interstate operations, in pursuit of these interests. Here, too, safety concerns became overriding objects of deference, even in doubtful cases. In regard to navigation, which had given rise to Gibbons v. Ogden and Cooley, the Court generally upheld much state regulation on the basis that the activities were local and did not demand uniform rules.

As a general rule, during this time, although the Court did not permit States to regulate a purely interstate activity or prescribe prices for purely interstate transactions, it did sustain a great deal of price and other regulation imposed prior to or subsequent to the travel in interstate commerce of goods produced for such commerce or received from such commerce. For example, decisions late in the period upheld state price-fixing schemes applied to goods intended for interstate commerce.

However, the States always had an obligation to act nondiscriminatorily. Just as in the taxing area, regulation that was parochially oriented, to protect local producers or industries, for instance, was not evaluated under ordinary standards but subjected to practically per se invalidation. The mirror image of Welton v. Missouri, the tax case, was Minnesota v. Barber, in which the Court invalidated a facially neutral law that in its practical effect discriminated against interstate commerce and in favor of local commerce. The law required fresh meat sold in the State to have been inspected by its own inspectors with 24 hours of slaughter.

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921 E.g., Bradley v. Public Utility Comm., 289 U.S. 92 (1933) (State could deny an interstate firm a necessary certificate of convenience to operate as a common carrier on the basis that the route was overcrowded); Welch Co. v. New Hampshire, 306 U.S. 79 (1939) (maximum hours for drivers of motor vehicles); Eichholz v. Public Service Comm., 306 U.S. 268 (1939) (reasonable regulations of traffic). But compare Michigan Comm. v. Duke, 266 U.S. 570 (1925) (State may not impose common-carrier responsibilities on business operating between States that did not assume them); Buck v. Kuykendall, 267 U.S. 307 (1925) (denial of certificate of convenience under circumstances was a ban on competition).

922 E.g., Mauer v. Hamilton, 309 U.S. 598 (1940) (ban on operation of any motor vehicle carrying any other vehicle above the head of the operator). By far, the example of the greatest deference is South Carolina Highway Dept. v. Barnwell Bros., 303 U.S. 177 (1938), in which the Court upheld, in a surprising Stone opinion, truck weight and width restrictions prescribed by practically no other State (in terms of the width, no other).

923 E.g., Transportation Co. v. City of Chicago, 99 U.S. 635 (1879); Willamette Iron Bridge Co. v. Hatch, 125 U.S. 1 (1888); See Kelly v. Washington, 302 U.S. 1 (1937) (upholding state inspection and regulation of tugs operating in navigable waters, in absence of federal law).

924 E.g., Western Union Tel Co. v. Foster, 247 U.S. 105 (1918); Lenke v. Farmers Grain Co., 258 U.S. 50 (1922); State Corp. Comm. v. Wichita Gas Co., 290 U.S. 561 (1933).


926 91 U.S. 275 (1875).

927 136 U.S. 313 (1890).
Thus, meat slaughtered in other States was excluded from the Minnesota market. The principle of the case has a long pedigree of application.\footnote{E.g., Brimmer v. Rebman, 138 U.S. 78 (1891) (law requiring postslaughter inspection in each county of meat transported over 100 miles from the place of slaughter); Dean Milk Co. v. City of Madison, 340 U.S. 349 (1951) (city ordinance preventing selling of milk as pasteurized unless it had been processed and bottled at an approved plant within a radius of five miles from the central square of Madison). As the latter case demonstrates, it is constitutionally irrelevant that other Wisconsin producers were also disadvantaged by the law. For a modern application of the principle of these cases, see Fort Gratiot Sanitary Landfill v. Michigan Natural Resources Dept., 112 S.Ct. 2019 (1992) (forbidding landfills from accepting out-of-county wastes).} State protectionist regulation on behalf of local milk producers has occasioned judicial censure. Thus, in Baldwin v. G. A. F. Seelig, Inc.,\footnote{294 U.S. 511 (1935). See also Polar Ice Cream & Creamery Co. v. Andrews, 375 U.S. 361 (1964). With regard to products originating within the State, the Court had no difficulty with price fixing. Nebbia v. New York, 291 U.S. 502 (1934).} the Court had before it a complex state price-fixing scheme for milk, in which the State, in order to keep the price of milk artificially high within the State, required milk dealers buying out-of-state to pay producers, wherever they were, what the dealers had to pay within the State, and, thus, in-state producers were protected. And in H. P. Hood & Sons v. Du Mond,\footnote{336 U.S. 525 (1949).} the Court struck down a state refusal to grant an out-of-state milk distributor a license to operate a milk receiving station within the State on the basis that the additional diversion of local milk to the other State would impair the supply for the in-state market. A State may not bar an interstate market to protect local interests.\footnote{And the Court does not permit a State to combat discrimination against its own products by admitting only products (here, again, milk) from States that have reciprocity agreements with it to protect its own dealers. Great Atlantic & Pacific Tea Co. v. Cottrell, 424 U.S. 366 (1976).}

State Taxation and Regulation: The Modern Law

General Considerations.—Transition from the old law to the modern standard occurred relatively smoothly in the field of regulation,\footnote{Formulation of a balancing test was achieved in Southern Pacific Co. v. Arizona, 325 U.S. 761 (1945), and was thereafter maintained more or less consistently. The Court’s current phrasing of the test was in Pike v. Bruce Church, Inc., 397 U.S. 137 (1970).} but in the area of taxation the passage was choppy and often witnessed retreats and advances.\footnote{Indeed, scholars dispute just when the modern standard was firmly adopted. The conventional view is that it was articulated in Complete Auto Transit, Inc. v. Brady, 430 U.S. 274 (1977), but there also seems little doubt that the foundation of the present law was laid in Northwestern States Portland Cement Co. v. Minnesota, 358 U.S. 450 (1959).} In any event, both taxation and regulation now are evaluated under a judicial balancing
formula comparing the burden on interstate commerce with the importance of the state interest, save for discriminatory state action that cannot be justified at all.

**Taxation.**—During the 1940s and 1950s, there was engaged within the Court a contest between the view that interstate commerce could not be taxed at all, at least “directly,” and the view that the negative commerce clause protected against the risk of double taxation. In *Northwestern States Portland Cement Co. v. Minnesota*, the Court reasserted the principle expressed earlier in *Western Live Stock*, that the Framers did not intend to immunize interstate commerce from its just share of the state tax burden even though it increased the cost of doing business. *Northwestern States* held that a State could constitutionally impose a nondiscriminatory, fairly apportioned net income tax on an out-of-state corporation engaged exclusively in interstate commerce in the taxing State. “For the first time outside the context of property taxation, the Court explicitly recognized that an exclusively interstate business could be subjected to the states’ taxing powers.” Thus, in *Northwestern States*, foreign corporations, which maintained a sales office and employed sales staff in the taxing State for solicitation of orders for their merchandise that, upon acceptance of the orders at their home office in another jurisdiction, were shipped to customers in the taxing State, were held liable to pay the latter’s income tax on that portion of the net income of their interstate business as was attributable to such solicitation.

Yet, the following years saw inconsistent rulings that turned almost completely upon the use of or failure to use “magic words” by legislative drafters. That is, it was constitutional for the States to tax a corporation’s net income, properly apportioned to the taxing State, as in *Northwestern States*, but no State could levy a tax on a foreign corporation for the privilege of doing business in the State, both taxes alike in all respects. In *Complete Auto Transit,*
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Inc. v. Brady, 939 the Court overruled the cases embodying the distinction and articulated a standard that has governed the cases since. The tax in Brady was imposed on the privilege of doing business as applied to a corporation engaged in interstate transportation services in the taxing State; it was measured by the corporation's gross receipts from the service. The appropriate concern, the Court wrote, was to pay attention to "economic realities" and to "address the problems with which the commerce clause is concerned." 940 The standard, a set of four factors that was distilled from precedent but newly applied, was firmly set out. A tax on interstate commerce will be sustained "when the tax is applied to an activity with a substantial nexus with the taxing State, is fairly apportioned, does not discriminate against interstate commerce, and is fairly related to the services provided by the State." 941 All subsequent cases have been decided in this framework.

Nexus.—Nexus is a requirement that flows from both the commerce clause and the due process clause of the Fourteenth Amendment. 942 What is required is "some definite link, some minimum connection, between a state and the person, property or transaction it seeks to tax." 943 In its commerce-clause setting, the nexus requirement serves to effectuate the "structural concerns about the effects of state regulation on the national economy." 944 That is, "the 'substantial-nexus' requirement . . . limit[s] the reach of State taxing authority so as to ensure that State taxation does not unduly burden interstate commerce." 945

Often surfacing in cases having to do with the imposition of an obligation by a State on an out-of-state vendor to collect use taxes...
on goods sold to purchasers in the taxing State, the test is a "physical presence" standard. The Court has sustained the imposition on mail order sellers with retail outlets, solicitors, or property within the taxing State, but it has denied the power to a State when the only connection is that the company communicates with customers in the State by mail or common carrier as part of a general interstate business. The validity of general business taxes on interstate enterprises may also be determined by the nexus standard. However, again, only a minimal contact is necessary. Thus, maintenance of one full-time employee within the State (plus occasional visits by non-resident engineers) to make possible the realization and continuance of contractual relations seemed to the Court to make almost frivolous a claim of lack of sufficient nexus. The application of a state business-and-occupation tax on the gross receipts from a large wholesale volume of pipe and drainage products in the State was sustained, even though the company maintained no office, owned no property, and had no employees in the State, its marketing activities being carried out by an in-state independent contractor. Also, the Court upheld a State's application of a use tax to aviation fuel stored temporarily in the State prior to loading on aircraft for consumption in interstate flights.

Given the complexity of modern corporations and their frequent diversification and control of subsidiaries, state treatment of businesses operating within and without their borders requires an appropriate definition of the scope of business operations. Thus,
States may impose a tax in accordance with a “unitary business” apportionment formula on concerns carrying on part of their business within the taxing State based upon the company’s entire proceeds. But there must be a nexus, or minimal connection, between the interstate activities and the taxing State and a rational relationship between the income attributed to the State and the intrastate values of the enterprise. 952

Apportionment.—This requirement is of long standing, 953 but its importance has broadened as the scope of the States’ taxing powers has enlarged. It is concerned with what formulas the States must use to claim a share of a multistate business’ tax base for the taxing State, when the business carries on a single integrated enterprise both within and without the State. A State may not exact from interstate commerce more than the State’s fair share. Avoidance of multiple taxation, or the risk of multiple taxation, is the test of an apportionment formula. Generally speaking, this factor is both a commerce clause and a due process requisite, and it necessitates a rational relationship between the income attributed to the State and the intrastate values of the enterprise. 954 The Court has declined to impose any particular formula on the States, reasoning that to do so would be to require the Court in engage in “extensive judicial lawmaking,” for which it was ill-suited and for which Congress had ample power and ability to legislate. 955

Rather, “we determine whether a tax is fairly apportioned by examining whether it is internally and externally consistent.” 956 “To be internally consistent, a tax must be structured so that if every State were to impose an identical tax, no multiple taxation would result. Thus, the internal consistency test focuses on the text of the challenged statute and hypothesizes a situation where other States have passed an identical statute. . . .

“The external consistency test asks whether the State has taxed only that portion of the revenues from the interstate activity which reasonably reflects the in-state component of the activity

being taxed. We thus examine the in-state business activity which triggers the taxable event and the practical or economic effect of the tax on that interstate activity." 957 In the latter case, the Court upheld as properly apportioned a state tax on the gross charge of any telephone call originated or terminated in the State and charged to an in-state service address, regardless of where the telephone call was billed or paid. 958 A complex state tax imposed on trucks displays the operation of the test. Thus, a state registration tax met the internal consistency test because every State honored every other States', and a motor fuel tax similarly was sustained because it was apportioned to mileage traveled in the State, whereas lump-sum annual taxes, an axle tax and an identification marker fee, being unapportioned flat taxes imposed for the use of the State's roads, were voided, under the internal consistency test, because if every State imposed them the burden on interstate commerce would be great. 959

**Discrimination.**—The “fundamental principle” governing this factor is simple. "No State may, consistent with the Commerce Clause, impose a tax which discriminates against interstate commerce . . . by providing a direct commercial advantage to local business." 960 That is, a tax which by its terms or operation imposes greater burdens on out-of-state goods or activities than on competing in-state goods or activities will be struck down as discriminatory under the commerce clause. 961 In Armco Inc. v. Hardesty, 962 the Court voided as discriminatory the imposition on an out-of-state wholesaler of a state tax that was levied on manufacturing and wholesaling but that relieved manufacturers subject to the manufacturing tax of liability for paying the wholesaling tax. Even though the former tax was higher than the latter, the Court found the imposition discriminated against the interstate wholesaler. 963 A state excise tax on wholesale liquor sales, which ex-

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957 Id., 261, 262 (internal citations omitted).
958 Id. The tax law provided a credit for any taxpayer who was taxed by another State on the same call. Actual multiple taxation could thus be avoided, the risks of other multiple taxation was small, and it was impracticable to keep track of the taxable transactions.
963 The Court applied the “internal consistency” test here, too, in order to determine the existence of discrimination. Id., 644-645. Thus, the wholesaler did not have to demonstrate it had paid a like tax to another State, only that if other States imposed like taxes it would be subject to discriminatory taxation. See also Tyler
emptied sales of specified local products, was held to violate the commerce clause. A state statute that granted a tax credit for ethanol fuel if the ethanol was produced in the State, or if produced in another State that granted a similar credit to the State’s ethanol fuel, was found discriminatory in violation of the clause.

Benefit Relationship.—Although, in all the modern cases, the Court has stated that a necessary factor to sustain state taxes having an interstate impact is that the levy be fairly related to benefits provided by the taxing State, it has declined to be drawn into any consideration of the amount of the tax or the value of the benefits bestowed. The test rather is whether, as a matter of the first factor, the business has the requisite nexus with the State; if it does, the tax meets the fourth factor simply because the business has enjoyed the opportunities and protections which the State has afforded it.

Regulation.—Adoption of the modern standard of commerce-clause review of state regulation of or having an impact on interstate commerce was achieved in Southern Pacific Co. v. Arizona, although it was presaged in a series of opinions, mostly dissents, by Chief Justice Stone. The Southern Pacific case tested the validity of a state train-length law, justified as a safety measure. Revising a hundred years of doctrine, the Chief Justice wrote that whether a state or local regulation was valid depended upon a “reconciliation of the conflicting claims of state and national power is to be attained only by some appraisal and accommodation of the competing demands of the state and national interests involved.” Save in those few cases in which Congress has acted, “this Court, and not the state legislature, is under the commerce


966 Commonwealth Edison Co. v. Montana, 453 U.S. 609, 620–629 (1981). Two state taxes imposing flat rates on truckers, because they did not vary directly with miles traveled or with some other proxy for value obtained from the State, were found to violate this standard in American Trucking Assns., Inc. v. Scheiner, 483 U.S. 266, 291 (1987), but this oblique holding was tagged onto an elaborate opinion holding the taxes invalid under two other Brady tests, and, thus, the precedential value is questionable.
967 325 U.S. 761 (1945).
That the test to be applied was a balancing one, the Chief Justice made clear at length, stating that in order to determine whether the challenged regulation was permissible, “matters for ultimate determination are the nature and extent of the burden which the state regulation of interstate trains, adopted as a safety measure, imposes on interstate commerce, and whether the relative weights of the state and national interests involved are such as to make inapplicable the rule, generally observed, that the free flow of interstate commerce and its freedom from local restraints in matters requiring uniformity of regulation are interests safeguarded by the commerce clause from state interference.”

The test today continues to be the Stone articulation, although the more frequently quoted encapsulation of it is from Pike v. Bruce Church, Inc. “Where the statute regulates even-handedly to effectuate a legitimate local public interest, and its effects on interstate commerce are only incidental, it will be upheld unless the burden imposed on such commerce is clearly excessive in relation to the putative local benefits. . . . If a legitimate local purpose is found, then the question becomes one of degree. And the extent of the burden that will be tolerated will of course depend on the nature of the local interest involved, and on whether it could be promoted as well with a lesser impact on interstate activities.”

Obviously, the test requires “even-handedness.” Discrimination in regulation is another matter altogether. When on its face or in its effect a regulation betrays “economic protectionism,” an intent to benefit in-state economic interests at the expense of out-of-state interests, no balancing is required. “When a state statute clearly discriminates against interstate commerce, it will be struck down . . . unless the discrimination is demonstrably justified by a valid factor unrelated to economic protectionism. . . . Indeed, when the state statute amounts to simple economic protectionism, a ‘virtually per se rule of invalidity’ has applied.” Thus, an Oklahoma law that required coal-fired electric utilities in the State, producing clause the final arbiter of the competing demands of state and national interests.”

970 Id., 769.
971 Id., 770±771.
power for sale in the State, to burn a mixture of coal containing at least 10% Oklahoma-mined coal was invalidated at the behest of a State that had previously provided virtually 100% of the coal used by the Oklahoma utilities.\footnote{Wyoming v. Oklahoma, 112 S.Ct. 789 (1992). See also Maryland v. Louisiana, 451 U.S. 725 (1981) (a tax case, invalidating a state first-use tax, which, because of exceptions and credits, imposed a tax only on natural gas moving out-of-state, because of impermissible discrimination).} Similarly, the Court invalidated a state law that permitted interdiction of export of hydroelectric power from the State to neighboring States, when in the opinion of regulatory authorities the energy was required for use in the State; a State may not prefer its own citizens over out-of-state residents in access to resources within the State.\footnote{New England Power Co. v. New Hampshire, 455 U.S. 331 (1982). See also Hughes v. Oklahoma, 441 U.S. 322 (1979) (voiding a ban on transporting minnows caught in the State for sale outside the State); Sporhase v. Nebraska, 458 U.S. 941 (1982) (invalidating a ban on the withdrawal of ground water from any well in the State intended for use in another State). These cases largely eviscerated a line of older cases recognizing a strong state interest in protection of animals and resources. See Geer v. Connecticut, 161 U.S. 519 (1896). New England Power had rather old antecedents. E.g., West v. Kansas Gas Co., 221 U.S. 229 (1911); Pennsylvania v. West Virginia, 262 U.S. 553 (1923).}

States may certainly promote local economic interests and favor local consumers, but they may not do so by adversely regulating out-of-state producers or consumers. In Hunt v. Washington State Apple Advertising Comm.,\footnote{That discriminatory effects will result in invalidation, as well as purposeful discrimination, is also drawn from Dean Milk Co. v. City of Madison, 340 U.S. 349 (1951).} the Court confronted a state requirement that closed containers of apples offered for sale or shipped into North Carolina carry no grade other than the applicable U. S. grade. Washington State mandated that all apples produced in and shipped in interstate commerce pass a much more rigorous inspection than that mandated by the United States. The inability to display the recognized state grade in North Carolina impeded marketing of Washington apples. The Court obviously suspected the impact was intended, but, rather than strike the state requirement down as purposeful, it held that the regulation had the practical effect of discriminating, and, inasmuch as no defense based on possible consumer protection could be presented, the state law was invalidated.\footnote{432 U.S. 333 (1977). Other cases in which the State was attempting to promote and enhance local products and businesses include Pike v. Bruce Church, Inc., 397 U.S. 137 (1970) (State required producer of high-quality cantaloupes to pack them in the State, rather than in an adjacent State at considerably less expense, in order that the produce be identified with the producing State); Foster-Fountain Packing Co. v. Haydel, 278 U.S. 1 (1928) (State banned export of shrimp from State until hulls and heads were removed and processed, in order to favor canning and manufacture within the State).} State actions to promote local products and
sections would not be achieved through protectionism.

Even garbage transportation and disposition is covered by the negative commerce clause. A state law that banned the importation of most solid or liquid wastes that originated outside the State was struck down, because the State could not justify it as a health or safety measure, in the form of a quarantine, inasmuch as it did not limit in-state disposal at its landfills; the State was simply attempting to conserve landfill space and lower costs to its residents by keeping out trash from other States. States may not interdict the movement of persons into the State, whatever the motive to protect themselves from economic or similar difficulties.

Drawing the line between discriminatory regulations that are almost per se invalid and regulations that necessitate balancing is not an easy task. Not every claim of protectionism is sustained. Thus, in Minnesota v. Clover Leaf Creamery Co., there was attacked a state law banning the retail sale of milk products in plastic, nonreturnable containers but permitting sales in other nonreturnable, nonrefillable containers, such as paperboard cartons. The Court found no discrimination against interstate commerce, because both in-state and out-of-state interests could not use plastic containers, and it refused to credit a lower, state-court finding that the measure was intended to benefit the local pulpwood industry. In Exxon Corp. v. Governor of Maryland, the Court upheld a statute that prohibited producers or refiners of petroleum products from operating retail service stations in Maryland. No discrimination was found, first, because there were no local producers or refiners within Maryland and therefore since the State’s entire gasoline supply flowed in interstate commerce there was no favoritism, and, second, although the bar on operating fell entirely on

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out-of-state concerns, there were out-of-state concerns that did not produce or refine gasoline and they were able to continue operating in the State, so that there was some distinction between all in-state operators and some out-of-state operators as against some other out-of-state operators.

Still a model example of balancing is Chief Justice Stone's opinion in Southern Pacific Co. v. Arizona. At issue was the validity of Arizona's law barring the operation within the State of trains of more than 14 passenger cars, no other State had a figure this low, or 70 freight cars, only one other State had a cap this low. First, the Court observed that the law substantially burdened interstate commerce. Enforcement of the law in Arizona, while train lengths went unregulated or were regulated by varying standards in other States, meant that interstate trains of a length lawful in other States had to be broken up before entering the State; inasmuch as it was not practicable to break up trains at the border, that act had to be accomplished at yards quite removed, with the result that the Arizona limitation controlled train lengths as far east as El Paso, Texas, and as far west as Los Angeles. Nearly 95% of the rail traffic in Arizona was interstate. The other alternative was to operate in other States with the lowest cap, Arizona's, with the result that that State's law controlled the railroads' operations over a wide area. If other States began regulating at different lengths, as they would be permitted to do, the burden on the railroads would burgeon. Moreover, the additional number of trains needed to comply with the cap just within Arizona was costly, and delays were occasioned by the need to break up and remake lengthy trains.

Conversely, the Court found that as a safety measure the state cap had "at most slight and dubious advantage, if any, over unregulated train lengths." That is, while there were safety problems

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984 325 U.S. 761 (1945). Interestingly, Justice Stone had written the opinion for the Court in South Carolina State Highway Dept. v. Barnwell Bros., 303 U.S. 177 (1938), in which, in a similar case involving regulation of interstate transportation and proffered safety reasons, he had eschewed balancing and deferred overwhelmingly to the state legislature. Barnwell Bros. involved a state law that prohibited use on state highways of trucks that were over 90 inches wide or that had a gross weight over 20,000 pounds, with from 85% to 90% of the Nation's trucks exceeding these limits. This deference and refusal to evaluate evidence resurfaced in a case involving an attack on railroad "full-crew" laws. Brotherhood of Locomotive Firemen & Enginemen v. Chicago, R.I. & P. Railroad Co., 393 U.S. 129 (1968).

985 The concern about the impact of one State's regulation upon the laws of other States is in part a reflection of the Cooley national uniformity interest and partly a hesitation about the autonomy of other States, E.g., CTS Corp. v. Dynamics Corp. of America, 481 U.S. 69, 88-89 (1987); Brown-Forman Distillers Corp. v. New York State Liquor Auth., 476 U.S. 573, 583-584 (1986).

with longer trains, the shorter trains mandated by state law required increases in the numbers of trains and train operations and a consequent increase in accidents generally more severe than those attributable to longer trains. In short, the evidence did not show that the cap lessened rather than increased the danger of accidents.\textsuperscript{987}

Conflicting state regulations appeared in \textit{Bibb v. Navajo Freight Lines, Inc.}\textsuperscript{988} There, Illinois required the use of contour mudguards on trucks and trailers operating on the State’s highways, while adjacent Arkansas required the use of straight mudguards and banned contoured ones. At least 45 States authorized straight mudguards. The Court sifted the evidence and found it conflicting on the comparative safety advantages of contoured and straight mudguards. But, admitting that if that were all that was involved the Court would have to sustain the costs and burdens of outfitting with the required mudguards, the Court invalidated the Illinois law, because of the massive burden on interstate commerce occasioned by the necessity of truckers to shift cargoes to differently designed vehicles at the State’s borders.

Arguably, the Court in more recent years has continued to stiffen the scrutiny with which it reviews state regulation of interstate carriers purportedly for safety reasons.\textsuperscript{989} Difficulty attends any evaluation of the possible developing approach, inasmuch as the Court has spoken with several voices. A close reading, however, indicates that while the Court is most reluctant to invalidate regulations that touch upon safety and that if safety justifications are not illusory it will not second-guess legislative judgment, nonetheless, the Court will not accept, without more, state assertions of safety motivations. “Regulations designed for that salutary purpose nevertheless may further the purpose so marginally, and interfere with commerce so substantially, as to be invalid under the Commerce Clause.” Rather, the asserted safety purpose must be weighed against the degree of interference with interstate commerce. “This ‘weighing’... requires... ‘a sensitive consideration of the weight and nature of the state regulatory concern in light of the extent of the burden imposed on the course of interstate commerce.’”\textsuperscript{990}

\textsuperscript{987}Id., 775–779, 781–784.

\textsuperscript{988}359 U.S. 520 (1959).


Balancing has been used in other than transportation-industry cases. Indeed, the modern restatement of the standard was in such a case.\(^{991}\) There, the State required cantaloupes grown in the State to be packed there, rather than in an adjacent State, so that in-state packers’ names would be associated with a superior product. Promotion of a local industry was legitimate, the Court, said, but it did not justify the substantial expense the company would have to incur to comply. State efforts to protect local markets, concerns, or consumers against outside companies have largely been unsuccessful. Thus, a state law that prohibited ownership of local investment-advisory businesses by out-of-state banks, bank-holding companies, and trust companies was invalidated.\(^{992}\) The Court plainly thought the statute was protectionist, but instead of voiding it for that reason it held that the legitimate interests the State might have did not justify the burdens placed on out-of-state companies and that the State could pursue the accomplishment of legitimate ends through some intermediate form of regulation. In Edgar v. Mite Corp.,\(^{993}\) an Illinois regulation of take-over attempts of companies that had specified business contacts with the State, as applied to an attempted take-over of a Delaware corporation with its principal place of business in Connecticut, was found to constitute an undue burden, with special emphasis upon the extraterritorial effect of the law and the dangers of disuniformity. These problems were found lacking in the next case, in which the state statute regulated the manner in which purchasers of corporations chartered within the State and with a specified percentage of in-state shareholders could proceed with their take-over efforts. The Court emphasized that the State was regulating only its own corporations, which it was empowered to do, and no matter how many other States adopted such laws there would be no conflict. The burdens on interstate commerce, and the Court was not that clear that the effects of the law were burdensome in the appropriate context, were justified by the State’s interests in regulating its corporations and resident shareholders.\(^{994}\)

In other areas, while the Court repeats balancing language, it has not applied it with any appreciable bite,\(^{995}\) but in most re-
spects the state regulations involved are at most problematic in the context of the concerns of the commerce clause.

**Foreign Commerce and State Powers**

State taxation and regulation of commerce from abroad are also subject to negative commerce clause constraints. In the seminal case of *Brown v. Maryland*, 996 in the course of striking down a state statute requiring “all importers of foreign articles or commodities,” preparatory to selling the goods, to take out a license, Chief Justice Marshall developed a lengthy exegesis explaining why the law was void under both the import-export clause 997 and the commerce clause. According to the Chief Justice, an inseparable part of the right to import was the right to sell, and a tax on the sale of an article is a tax on the article itself. Thus, the taxing power of the States did not extend in any form to imports from abroad so long as they remain “the property of the importer, in his warehouse, in the original form or package” in which they were imported, hence, the famous “original package” doctrine. Only when the importer parts with his importations, mixes them into his general property by breaking up the packages, may the State treat them as taxable property.

Obviously, to the extent that the import-export clause was construed to impose a complete ban on taxation of imports so long as they were in their original packages, there was little occasion to develop a commerce-clause analysis that would have reached only discriminatory taxes or taxes upon goods in transit. 998 In other respects, however, the Court has applied the foreign commerce aspect of the clause more stringently against state taxation.

Thus, in *Japan Line, Ltd. v. County of Los Angeles*, 999 the Court held that, in addition to satisfying the four requirements that govern the permissibility of state taxation of interstate commerce, 1000 “When a State seeks to tax the instrumentalities of for-
foreign commerce, two additional considerations . . . come into play. The first is the enhanced risk of multiple taxation. . . . Second, a state tax on the instrumentalities of foreign commerce may impair federal uniformity in an area where federal uniformity is essential.”

Multiple taxation is to be avoided with respect to interstate commerce by apportionment so that no jurisdiction may tax all the property of a multistate business, and the rule of apportionment is enforced by the Supreme Court with jurisdiction over all the States. However, the Court is unable to enforce such a rule against another country, and the country of the domicile of the business may impose a tax on full value. Uniformity could be frustrated by disputes over multiple taxation, and trade disputes could result.

Applying both these concerns, the Court invalidated a state tax, a nondiscriminatory, ad valorem property tax, on foreign-owned instrumentalities, i.e., cargo containers, of international commerce. The containers were used exclusively in international commerce and were based in Japan, which did in fact tax them on full value. Thus, there was the actuality, not only the risk, of multiple taxation. National uniformity was endangered, because, while California taxed the Japanese containers, Japan did not tax American containers, and disputes resulted.

On the other hand, the Court has upheld a state tax on all aviation fuel sold within the State as applied to a foreign airline operating charters to and from the United States. The Court found the Complete Auto standards met, and it similarly decided that the two standards specifically raised in foreign commerce cases were not violated. First, there was no danger of double taxation because the tax was imposed upon a discrete transaction, the sale of fuel, that occurred within one jurisdiction only. Second, the one-voice standard was satisfied, inasmuch as the United States had never entered into any compact with a foreign nation precluding such state taxation, having only signed agreements with others, having no force of law, aspiring to eliminate taxation that constituted im-

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1001 Id., 446, 448.
1002 Id., 451-457. For income taxes, the test is more lenient, accepting not only the risk but the actuality of some double taxation as something simply inherent in accounting devices. Container Corp. of America v. Franchise Tax Bd., 463 U.S. 159, 187-192 (1983).
pediments to air travel.\(^{1003}\) Also, a state unitary-tax scheme that used a worldwide-combined reporting formula was upheld as applied to the taxing of the income of a domestic-based corporate group with extensive foreign operations.\(^{1004}\)

The power to regulate foreign commerce was always broader than the States’ power to tax it, an exercise of the “police power” recognized by Chief Justice Marshall in Brown v. Maryland.\(^{1005}\) That this power was constrained by notions of the national interest and preemption principles was evidenced in the cases striking down state efforts to curb and regulate the actions of shippers bringing persons into their ports.\(^{1006}\) On the other hand, quarantine legislation to protect the States’ residents from disease and other hazards was commonly upheld though it regulated international commerce.\(^{1007}\) A state game-season law applied to criminalize the possession of a dead grouse imported from Russia was upheld because of the practical necessities of enforcement of domestic law.\(^{1008}\)

Nowadays, state regulation of foreign commerce is likely to be judged by the extra factors set out in Japan Line.\(^{1009}\) Thus, the application of a state civil rights law to a corporation transporting passengers outside the State to an island in a foreign province was sustained in an opinion emphasizing that, because of the particularistic geographic situation the foreign commerce involved was more conceptual than actual, there was only a remote hazard of conflict between state law and the law of the other country and little if any prospect of burdening foreign commerce.\(^{1010}\)

\(^{1003}\)Wardair Canada v. Florida Dept. of Revenue, 477 U.S. 1 (1986).

\(^{1004}\)Container Corp. of America v. Franchise Tax Bd., 463 U.S. 159 (1983). The validity of the formula as applied to domestic corporations with foreign parents or to foreign corporations with foreign parents or foreign subsidiaries, so that some of the income earned abroad would be taxed within the taxing State, is a question of some considerable dispute.

\(^{1005}\)12 Wheat. (25 U.S.) 419, 443-444 (1827).


\(^{1007}\)Campagnie Francaise De Navigation a Vapeur v. Louisiana State Bd. of Health, 186 U.S. 380 (1902); Louisiana v. Texas, 176 U.S. 1 (1900); Morgan v. Louisiana, 118 U.S. 455 (1886).


\(^{1010}\)Ibid.
The General Issue: Preemption

In Gibbons v. Ogden, the Court, speaking by Chief Justice Marshall, held that New York legislation that excluded from the navigable waters of that State steam vessels enrolled and licensed under an act of Congress to engage in the coasting trade was in conflict with the federal law and hence void. The result, said the Chief Justice, was required by the supremacy clause, which proclaimed not only that the Constitution itself but statutes enacted pursuant to it and treaties superseded state laws that "interfere with, or are contrary to the laws of Congress.... In every such case, the act of Congress, or the treaty, is supreme; and the law of the State, though enacted in the exercise of powers not controverted, must yield to it." Gibbons v. Ogden, 9 Wheat. (22 U.S.) 1 (1824).

Since the turn of the century, federal legislation, primarily but not exclusively under the commerce clause, has penetrated deeper and deeper into areas once occupied by the regulatory power of the States. One result is that state laws on subjects about which Congress has legislated have been more and more frequently attacked as being incompatible with the acts of Congress and invalid under the supremacy clause.

Cases considered under this heading are overwhelmingly about federal legislation based on the commerce clause, but the principles enunciated are identical whatever source of power Congress utilizes. Therefore, cases arising under legislation based on other powers are cited and treated interchangeably.

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1011 9 Wheat. (22 U.S.) 1 (1824).
1012 A modern application of Gibbons v. Ogden is Douglas v. Seacoast Products, 431 U.S. 265 (1977), in which the Court, in reliance on the present version of the licensing statute utilized by Chief Justice Marshall, struck down state laws curtailing the operations of federally licensed vessels. In the course of the Douglas opinion, the Court observed that "[a]lthough it is true that the Court's view in Gibbons of the intent of the Second Congress in passing the Enrollment and Licensing Act is considered incorrect by commentators, its provisions have been repeatedly re-enacted in substantially the same form. We can safely assume that Congress was aware of the holding, as well as the criticism, of a case so renowned as Gibbons. We have no doubt that Congress has ratified the statutory interpretation of Gibbons and its progeny." Id., 278-279.
1013 Gibbons v. Ogden, 9 Wheat. (22 U.S.) 1, 211 (1824). See also McCulloch v. Maryland, 4 Wheat. (17 U.S.) 316, 436 (1819). Although preemption is basically constitutional in nature, deriving its forcefulness from the supremacy clause, it is much more like statutory decisionmaking, inasmuch as it depends upon an interpretation of an act of Congress in determining whether a state law is ousted. E.g., Douglas v. Seacoast Products, Inc., 431 U.S. 265, 271-272 (1977). See also Swift & Co. v. Wickham, 382 U.S. 111 (1965). "Any such pre-emption or conflict claim is of course grounded in the Supremacy Clause of the Constitution: if a state measure conflicts with a federal requirement, the state provision must give way. The basic question involved in these cases, however, is never one of interpretation of the Federal Constitution but inevitably one of comparing two statutes." Id., 120.
1014 Cases considered under this heading are overwhelmingly about federal legislation based on the commerce clause, but the principles enunciated are identical whatever source of power Congress utilizes. Therefore, cases arising under legislation based on other powers are cited and treated interchangeably.
"The constitutional principles of preemption, in whatever particular field of law they operate, are designed with a common end in view: to avoid conflicting regulation of conduct by various official bodies which might have some authority over the subject matter."¹⁰¹⁵ As Justice Black once explained in a much quoted exposition of the matter: "There is not—and from the very nature of the problem there cannot be—any rigid formula or rule which can be used as a universal pattern to determine the meaning and purpose of every act of Congress. This Court, in considering the validity of state laws in the light of treaties or federal laws touching the same subject, has made use of the following expressions: conflicting; contrary to; occupying the field; repugnance; difference; irreconcilability; inconsistency; violation; curtailment; and interference. But none of these expressions provides an infallible constitutional test or an exclusive constitutional yardstick. In the final analysis, there can be no one crystal clear distinctly marked formula. Our primary function is to determine whether, under the circumstances of this particular case, Pennsylvania’s law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."¹⁰¹⁶

Before setting out in their various forms the standards and canons to which the Court formally adheres, one must still recognize the highly subjective nature of their application. As an astute observer long ago observed, "the use or non-use of particular tests, as well as their content, is influenced more by judicial reaction to the desirability of the state legislation brought into question than by metaphorical sign-language of ‘occupation of the field.’ And it would seem that this is largely unavoidable. The Court, in order to determine an unexpressed congressional intent, has undertaken the task of making the independent judgment of social values that Congress has failed to make. In making this determination, the Court’s evaluation of the desirability of overlapping regulatory schemes or overlapping criminal sanctions cannot but be a substantial factor."¹⁰¹⁷

¹⁰¹⁶Hines v. Davidowitz, 312 U.S. 52, 67 (1941). This case arose under the immigration power of cl. 4.
¹⁰¹⁷Cramton, Pennsylvania v. Nelson: A Case Study in Federal Preemption, 26 U. CHI. L. REV. 85, 87-88 (1956). "The [Court] appears to use essentially the same reasoning process in a case nominally hinging on preemption as it has in past cases in which the question was whether the state law regulated or burdened interstate commerce. [The Court has adopted the same weighing of interests approach in preemption cases that it uses to determine whether a state law unjustifiably burdens interstate commerce. In a number of situations the Court has invalidated statutes on the preemption ground when it appeared that the state laws sought to favor local
Preemption Standards.—Until roughly the New Deal, as recited above, the Supreme Court applied a doctrine of “dual federalism,” under which the Federal Government and the States were separate sovereigns, each preeminent in its own fields but not overlapping. This conception affected preemption cases, with the Court taking the view, largely, that any congressional regulation of a subject effectively preempted the field and ousted the States. Thus, when Congress entered the field of railroad regulation, the result was invalidation of many previously enacted state measures. Even here, however, safety measures tended to survive, and health and safety legislation in other areas were protected from the effects of federal regulatory actions.

In the 1940s, the Court began to develop modern standards for determining when preemption occurred, which are still recited and relied on. All modern cases recite some variation of the basic standards. “[T]he question whether a certain state action is preempted by federal law is one of congressional intent. The purpose of Congress is the ultimate touchstone. To discern Congress’ intent we examine the explicit statutory language and the structure and purpose of the statute.” Congress’ intent to supplant state authority in a particular field may be express in the terms of the statute. Since preemption cases, when the statute contains no express provision, theoretically turn on statutory construction, generalizations about them can carry one only so far. Each case must construe a different federal statute with a distinct legislative history. If the statute and the legislative history are silent or unclear, the Supreme Court has developed over time general criteria which
it purports to utilize in determining the preemptive effect of federal legislation.

"Absent explicit pre-emptive language, we have recognized at least two types of implied pre-emption: field pre-emption, where the scheme of federal regulation is so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it . . . and conflict pre-emption, where compliance with both federal and state regulations is a physical impossibility, . . . or where state law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." ¹⁰²²

"Preemption of state law by federal statute or regulation is not favored in the absence of persuasive reasons—either that the nature of the regulated subject matters permits no other conclusion, or that the Congress has unmistakably so ordained." ¹⁰²³ However, "[t]he relative importance to the State of its own law is not material when there is a conflict with a valid federal law, for the Framers of our Constitution provided that the federal law must prevail." ¹⁰²⁴

In the final conclusion, "the generalities" that may be drawn from the cases do not decide them. Rather, "the fate of state legislation in these cases has not been determined by these generalities but by the weight of the circumstances and the practical and experienced judgment in applying these generalities to the particular instances." ¹⁰²⁵

**The Standards Applied.**— As might be expected from the caveat just quoted, any overview of the Court's preemption decisions

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can only make the field seem muddled and to some extent it is. But some guidelines may be extracted.

Express Preemption. Of course, it is possible for Congress to write preemptive language that clearly and cleanly prescribes or does not prescribe displacement of state laws in an area.\textsuperscript{1026} Provisions governing preemption can be relatively interpretation free.\textsuperscript{1027} For example, a prohibition of state taxes on carriage of air passengers “or on the gross receipts derived therefrom” was held to preempt a state tax on airlines, described by the State as a personal property tax, but based on a percentage of the airline’s gross income; “the manner in which the state legislature has described and categorized [the tax] cannot mask the fact that the purpose and effect of the provision are to impose a levy upon the gross receipts of airlines.”\textsuperscript{1028} But, more often than not, express preemptive language may be ambiguous or at least not free from conflicting interpretation. Thus, the Court was divided with respect to whether a provision of the Airline Deregulation Act proscribing the States from having and enforcing laws “relating to rates, routes, or services of any air carrier” applied to displace state consumer-protection laws regulating airline fare advertising.\textsuperscript{1029}
Perhaps the broadest preemption section ever enacted, § 514 of the Employment Retirement Income Security Act of 1974 (ERISA), is so constructed that the Court has been moved to comment that the provisions "are not a model of legislative drafting." The section declares that the statute shall "supersede any and all State laws insofar as they now or hereafter relate to any employee benefit plan," but saves to the States the power to enforce "law[s] . . . which regulates insurance, banking, or securities," except that an employee benefit plan governed by ERISA shall not be "deemed" an insurance company, an insurer, or engaged in the business of insurance for purposes of state laws "purporting to regulate" insurance companies or insurance contracts. Interpretation of the provisions has resulted in contentious and divided Court opinions.

Illustrative of the judicial difficulty with ambiguous preemption language is the fractured opinions in the Cipollone case, in which the Court had to decide whether sections of the Federal Cigarette Labeling and Advertising Act, enacted in 1965 and 1969, preempted state common-law actions against a cigarette company for the alleged harm visited on a smoker. The 1965 provision
look only to that language and presume that when the preemptive reach of a law is defined Congress did not intend to go beyond that reach, so that field and conflict preemption will not be found. Id., 2618; and id., 2625-2626 (Justice Blackmun concurring and dissenting). Both parts of this canon are departures from established law. Narrow construction when state police powers are involved has hitherto related to implied preemption, not express, and courts generally have applied ordinary-meaning construction to such statutory language; further, courts have not precluded the finding of conflict preemption, though perhaps field preemption, because of the existence of some express preemptive language. See id., 2632-2634 (Justice Scalia concurring and dissenting).

Field Preemption. Where the scheme of federal regulation is "so pervasive as to make reasonable the inference that Congress left no room for the States to supplement it,” States are ousted from the field. Still a paradigmatic example of field preemption is Hines v. Davidowitz, in which the Court held that a new federal law requiring the registration of all aliens in the country precluded enforcement of a pre-existing state law mandating registration of aliens within the State. Adverting to the supremacy of national power in foreign relations and the sensitivity of the relationship between the regulation of aliens and the conduct of foreign affairs, the Court had little difficulty declaring the entire field to have been occupied by federal law. Similarly, in Pennsylvania

barred the requirement of any "statement" relating to smoking health, other than what the federal law imposed, and the 1969 provision barred the imposition of any "requirement or prohibition based on smoking and health" by any "State law." It was, thus, a fair question whether common-law claims, based on design defect, failure to warn, breach of express warranty, fraudulent misrepresentation, and conspiracy to defraud, were preempted or whether only positive state enactments came within the scope of the clauses. Two groups of Justices concluded that the 1965 section reached only positive state law and did not preempt common-law actions; different alignments of Justices concluded that the 1969 provisions did reach common-law claims, as well as positive enactments, and did preempt some of the claims insofar as they in fact constituted a requirement or prohibition based on smoking health.

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v. Nelson, the Court invalidated as preempted a state law punishing sedition against the National Government. The Court enunciated a three-part test: 1) the pervasiveness of federal regulation; 2) federal occupation of the field as necessitated by the need for national uniformity; and 3) the danger of conflict between state and federal administration.

The Rice case itself held that a federal system of regulating the operations of warehouses and the rates they charged completely occupied the field and ousted state regulation. However, it is often a close decision whether a federal law has regulated part of a field, however defined, or the whole area, so that state law cannot even supplement the federal. Illustrative of this point is the Court's holding that the Atomic Energy Act's preemption of the safety aspects of nuclear power did not invalidate a state law conditioning construction of nuclear power plants on a finding by a state agency that adequate storage and disposal facilities were available to treat nuclear wastes, since "economic" regulation of power generation has traditionally been left to the States - an arrangement maintained by the Act - and since the state law could be justified as an economic rather than a safety regulation.

A city's effort to enforce stiff penalties for ship pollution that resulted from boilers approved by the Federal Government was

That standard is obviously drawn from conflict preemption, for the two standards are frequently intermixed. Nonetheless, not all state regulation is precluded. De Canas v. Bica, 424 U.S. 351 (1976) (upholding a state law penalizing the employment of an illegal alien, the case arising before enactment of the federal law doing the same thing).

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held not preempted, the field of boiler safety, but not boiler pollution, having been occupied by federal regulation.\textsuperscript{1044} A state liability scheme imposing cleanup costs and strict, no-fault liability on shore facilities and ships for any oil-spill damage was held to complement a federal law concerned solely with recovery of actual cleanup costs incurred by the Federal Government and which textually presupposed federal-state cooperation.\textsuperscript{1045} On the other hand, a comprehensive regulation of the design, size, and movement of oil tankers in Puget Sound was found, save in one respect, to be either expressly or implicitly preempted by federal law and regulations. Critical to the determination was the Court’s conclusion that Congress, without actually saying so, had intended to mandate exclusive standards and a single federal decisionmaker for safety purposes in vessel regulation.\textsuperscript{1046} Also, a closely divided Court voided a city ordinance placing an 11 p.m. to 7 a.m. curfew on jet flights from the city airport where, despite the absence of preemptive language in federal law, federal regulation of aircraft noise was of such a pervasive nature as to leave no room for state or local regulation.\textsuperscript{1047}

Congress may preempt state regulation without itself prescribing a federal standard; it may deregulate a field and thus occupy it by opting for market regulation and precluding state or local regulation.\textsuperscript{1048}

Conflict Preemption. Several possible situations will lead to a holding that a state law is preempted as in conflict with federal law. First, it may be that the two laws, federal and state, will actually conflict. Thus, in Rose v. Arkansas State Police,\textsuperscript{1049} federal law provided for death benefits for state law enforcement officers “in addition to” any other compensation, while the state law required a reduction in state benefits by the amount received from other sources.\textsuperscript{1046,1047}

\textsuperscript{1044} Huron Portland Cement Co. v. City of Detroit, 362 U.S. 440 (1960).
\textsuperscript{1047} City of Burbank v. Lockheed Air Terminal, 411 U.S. 624 (1973).
\textsuperscript{1049} 479 U.S. 1 (1986).
Second, conflict preemption may occur when it is practically impossible to comply with the terms of both laws. Thus, where a federal agency had authorized federal savings and loan associations to include “due-on-sale” clauses in their loan instruments and where the State had largely prevented inclusion of such clauses, while it was literally possible for lenders to comply with both rules, the federal rule being permissive, the state regulation prevented the exercise of the flexibility the federal agency had conferred and was preempted.\(^\text{1051}\) On the other hand, it was possible for an employer to comply both with a state law mandating leave and reinstatement to pregnant employees and with a federal law prohibiting employment discrimination on the basis of pregnancy.\(^\text{1052}\) Similarly, when faced with both federal and state standards on the ripeness of avocados, the Court discerned that the federal standard was a “minimum” one rather than a “uniform” one and decided that growers could comply with both.\(^\text{1053}\)

Third, a fruitful source of preemption is found when it is determined that the state law stands as an obstacle to the accomplishment of the full purposes and objectives of Congress.\(^\text{1054}\) Thus, the Court voided a state requirement that the average net weight of a package of flour in a lot could not be less than the net weight stated on the package. While applicable federal law permitted variations from stated weight caused by distribution losses, such as through partial dehydration, the State allowed no such deviation. Although it was possible for a producer to satisfy the federal standard while satisfying the tougher state standard, the Court discerned that to do so defeated one purpose of the federal requirement—the facilitating of value comparisons by shoppers. Because

\(^{1050}\) See also Lawrence County v. Lead-Deadwood School Dist., 469 U.S. 256 (1985) (state law requiring local governments to distribute federal payments in lieu of taxes in same manner as general state-tax revenues conflicts with federal law authorizing local governments to use the payments for any governmental purpose); Southland Corp. v. Keating, 465 U.S. 1 (1984) (state franchise law requiring judicial resolution of claims preempted by federal arbitration law precluding adjudication in state or federal courts of claims parties had contracted to submit to arbitration); Perry v. Thomas, 482 U.S. 483 (1987) (federal arbitration law preempts state law providing that court actions for collection of wages may be maintained without regard to agreements to arbitrate). See also Free v. Bland, 369 U.S. 663 (1962).


\(^{1052}\) California Federal Savings & Loan Assn. v. Guerra, 479 U.S. 272 (1987). Compare Cloverleaf Butter v. Patterson, 315 U.S. 148 (1942) (federal law preempts more exacting state standards, even though both could be complied with and state standards were harmonious with purposes of federal law).


\(^{1054}\) The standard is, of course, drawn from Hines v. Davidowitz, 312 U.S. 52, 67 (1941).
different producers in different situations in order to comply with the state standard may have to overpack flour to make up for dehydration loss, consumers would not be comparing packages containing identical amounts of flour solids. In *Felder v. Casey*, a state notice-of-claim statute was found to frustrate the remedial objectives of civil rights laws as applied to actions brought in state court under 42 U. S. C. §1983. A state law recognizing the validity of an unrecorded oral sale of an aircraft was held preempted by the Federal Aviation Act’s provision that unrecorded “instruments” of transfer are invalid, since the congressional purpose evidenced in the legislative history was to make information about an aircraft’s title readily available by requiring that all transfers be documented and recorded.

Also, a state law making agricultural producers’ associations the exclusive bargaining agents and requiring payment of service fees by nonmember producers was held to counter a strong federal policy protecting the right of farmers to join or not join such associations. And a state assertion of the right to set minimum stream-flow requirements different from those established by FERC in its licensing capacity was denied as being preempted under the Federal Power Act, despite language requiring deference to state laws “relating to the control, appropriation, use, or distribution of water.”

Contrarily, a comprehensive federal regulation of insecticides and other such chemicals was held not to preempt a town ordinance that required a permit for the spraying of pesticides, there being no conflict between requirements. The application of state antitrust laws to authorize indirect purchasers to recover for all overcharges passed on to them by direct purchasers was held

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1059 California v. FERC, 495 U.S. 490 (1990). The savings clause was found inapplicable on the basis of an earlier interpretation of the language in *First Iowa Hydro-Electric Cooperative v. FPC*, 328 U.S. 152 (1946).
Federal Versus State Labor Laws.—One group of cases, which has caused the Court much difficulty over the years, concerns the effect of federal labor laws on state power to govern labor-management relations. Although the Court some time ago reached a settled rule, changes in membership on the Court reopened the issue and modified the rules.

With the enactment of the National Labor Relations Act and subsequent amendments, Congress declared a national policy in labor-management relations and established the NLRB to carry out that policy. It became the Supreme Court's responsibility to determine what role state law on labor-management relations was to play. At first, the Court applied a test of determination whether the state regulation was in direct conflict with the national regulatory scheme. Thus, in one early case, the Court held that an order by a state board which commanded a union to desist from mass picketing of a factory and from assorted personal threats was not in conflict with the national law that had not been invoked and to implicate no preemption concerns, inasmuch as the federal antitrust laws had been interpreted as not permitting indirect purchasers to recover under federal law; state law may be inconsistent with federal law but in no way did it frustrate federal objectives and policies. The effect of federal policy was not strong enough to warrant a holding of preemption when a State authorized condemnation of abandoned railroad property after conclusion of an ICC proceeding permitting abandonment, although the railroad's opportunity costs in the property had been considered in the decision on abandonment.

Federal Versus State Labor Laws.—One group of cases, which has caused the Court much difficulty over the years, concerns the effect of federal labor laws on state power to govern labor-management relations. Although the Court some time ago reached a settled rule, changes in membership on the Court reopened the issue and modified the rules.

With the enactment of the National Labor Relations Act and subsequent amendments, Congress declared a national policy in labor-management relations and established the NLRB to carry out that policy. It became the Supreme Court's responsibility to determine what role state law on labor-management relations was to play. At first, the Court applied a test of determination whether the state regulation was in direct conflict with the national regulatory scheme. Thus, in one early case, the Court held that an order by a state board which commanded a union to desist from mass picketing of a factory and from assorted personal threats was not in conflict with the national law that had not been invoked and

1063 Throughout the ups-and-downs of federal labor-law preemption, it remains the rule that the Board remains preeminent and almost exclusive. See, e.g., Wisconsin Dept. of Industry v. Gould, Inc., 475 U.S. 282 (1986) (States may not supplement Board enforcement by debaring from state contracts persons or firms that have violated the NLRA); Golden Gate Transit Corp. v. City of Los Angeles, 475 U.S. 608 (1986) (City may not condition taxicab franchise on settlement of strike by set date, since this intrudes into collective-bargaining process protected by NLRA). On the other hand, the NLRA's protection of associational rights is not so strong as to outweigh the Social Security Act's policy permitting States to determine whether to award unemployment benefits to persons voluntarily unemployed as the result of a labor dispute. New York Telephone Co. v. New York Labor Dept., 440 U.S. 519 (1979); Ohio Bureau of Employment Services v. Hodory, 431 U.S. 471 (1977); Baker v. General Motors Corp., 478 U.S. 621 (1986).
that did not touch on some of the union conduct in question. A "cease and desist" order of a state board implementing a state provision making it an unfair labor practice for employees to conduct a slowdown or to otherwise interfere with production while on the job was found not to conflict with federal law, while another order of the board was also sustained in its prohibition of the discharge of an employee under a maintenance-of-membership clause inserted in a contract under pressure from the War Labor Board and which violated state law.

On the other hand, a state statute requiring business agents of unions operating in the State to file annual reports and to pay an annual fee of one dollar was voided as in conflict with federal law. And state statutes providing for mediation and outlawing public utility strikes were similarly voided as being in specific conflict with federal law. A somewhat different approach was noted in several cases in which the Court held that the federal act had so occupied the field in certain areas as to preclude state regulation. The latter approach was predominant through the 1950s as the Court voided state court action in enjoining or awarding

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1065 United Automobile Workers v. WERB, 336 U.S. 245 (1949) (overruled in Machinists & Aerospace Workers v. WERC, 427 U.S. 132 (1976)).
1066 Algoma Plywood Co. v. WERB, 336 U.S. 301 (1949).
1067 Hill v. Florida ex rel. Watson, 325 U.S. 538 (1945). More recently, the Court has held that Hill's premise that the NLRA grants an unqualified right to select union officials has been removed by amendments prohibiting some convicted criminals from holding union office. Partly because the federal disqualification standard was itself dependent upon application of state law, the Court ruled that more stringent state disqualification provisions, also aimed at individuals who had been involved in racketeering and other criminal conduct, were not inconsistent with federal law. Brown v. Hotel Employees, 468 U.S. 491 (1984).
1069 Weber v. Anheuser-Busch, Inc., 348 U.S. 468 (1955); Garner v. Teamsters Local 776, 346 U.S. 485 (1953); Bethlehem Steel Co. v. New York Employment Relations Board, 330 U.S. 767 (1947). Of course, where Congress clearly specifies, the Court has had no difficulty. Thus, in the NLRA, Congress provided, 29 U.S.C. § 164(b), that state laws on the subject could override the federal law on union security arrangements and the Court sustained those laws. Lincoln Federal Labor Union v. Northwestern Iron & Metal Co., 335 U.S. 525 (1949); AFL v. American Sash & Door Co., 335 U.S. 538 (1949). When Congress in the Railway Labor Act, 45 U.S.C. § 152, Eleventh, provided that the federal law on union security was to override contrary state laws, the Court sustained that determination. Railway Employees' Department v. Hanson, 351 U.S. 225 (1956). The Court has held that state courts may adjudicate questions relating to the permissibility of particular types of union security arrangements under state law even though the issue involves as well an interpretation of federal law., Retail Clerks International Association v. Schermerhorn, 375 U.S. 96 (1963).
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damages\(^{1071}\) for peaceful picketing, in awarding of relief by damages or otherwise for conduct which constituted an unfair labor practice under federal law,\(^{1072}\) or in enforcing state antitrust laws so as to affect collective bargaining agreements\(^{1073}\) or to bar a strike as a restraint of trade,\(^{1074}\) even with regard to disputes over which the NLRB declined to assert jurisdiction because of the degree of effect on interstate commerce.\(^{1075}\)

In San Diego Building Trades Council v. Garmon,\(^{1076}\) the Court enunciated the rule, based on its previous decade of adjudication. “When an activity is arguably subject to § 7 or § 8 of the Act, the States . . . must defer to the exclusive competence of the National Labor Relations Board if the danger of state interference with national policy is to be averted.”\(^{1077}\)

For much of the period since Garmon, the dispute in the Court concerned the scope of the few exceptions permitted in the Garmon principle. First, when picketing is not wholly peaceful but is attended by intimidation, violence, and obstruction of the roads affording access to the struck establishment, state police powers have been held not disabled to deal with the conduct and narrowly-drawn injunctions directed against violence and mass picketing have been permitted\(^{1078}\) as well as damages to compensate for harm growing out of such activities.\(^{1079}\)

A 1958 case permitted a successful state court suit for reinstatement and damages for lost pay because of a wrongful expulsion, leading to discharge from employment, based on a theory that the union constitution and by-laws constitute a contract between the union and the members the terms of which can be enforced by state courts without the danger of a conflict between state and fed-


\(^{1075}\) Guss v. Utah Labor Board, 353 U.S. 1 (1957). The “no-man’s land” thus created by the difference between the reach of Congress’ commerce power and the NLRB’s finite resources was closed by 73 Stat. 541, 29 U.S.C. § 164(c), which authorized the States to assume jurisdiction over disputes which the Board had indicated through promulgation of jurisdictional standards that it would not treat.


eral law. The Court subsequently narrowed the interpretation of this ruling by holding in two cases that members who alleged union interference with their existing or prospective employment relations could not sue for damages but must file unfair labor practice charges with the NLRB. Gonzales was said to be limited to "purely internal union matters." Finally, Gonzales, was abandoned in a five-to-four decision in which the Court held that a person who alleged that his union had misinterpreted its constitution and its collective bargaining agreement with the individual's employer in expelling him from the union and causing him to be discharged from his employment because he was late paying his dues, had to pursue his federal remedies. While it was not likely that in Gonzales, a state court resolution of the scope of duty owed the member by the union would implicate principles of federal law, Justice Harlan wrote for the Court, state court resolution in this case involved an interpretation of the contract's union security clause, a matter on which federal regulation is extensive.

One other exception has been based, like the violence cases, on the assumption that it concerns areas traditionally left to local law into which Congress would not want to intrude. In Linn v. Plant Guard Workers, the Court permitted a state court adjudication of a defamation action arising out of a labor dispute. And in Letter Carriers v. Austin, the Court held that federal law preempts state defamation laws in the context of labor disputes to the extent that the State seeks to make actionable defamatory statements in labor disputes published without knowledge of their falsity or in reckless disregard of truth or falsity. However, a state tort action for the intentional infliction of emotional distress occasioned through an alleged campaign of personal abuse and harassment of a member of the union by the union and its officials was held not preempted by federal labor law. Federal law was not directed to the "outrageous conduct" alleged, and NLRB resolution of the dispute would neither touch upon the claim of emotional distress and physical injury nor award the plaintiff

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1082 Id., 697; Id., 705.
1083 Id., 296.
any compensation. But state court jurisdiction, in order that there not be interference with the federal scheme, must be premised on tortious conduct either unrelated to employment discrimination or a function of the particularly abusive manner in which the discrimination is accomplished or threatened rather than a function of the actual or threatened discrimination itself.\textsuperscript{1087}

A significant retrenchment of Garmon occurred in Sears, Roebuck & Co. v. Carpenters,\textsuperscript{1088} in the context of state court assertion of jurisdiction over trespassory picketing. Objecting to the company's use of nonunion work in one of its departments, the union picketed the store, using the company's property, the lot area surrounding the store, instead of the public sidewalks, to walk on. After the union refused to move its pickets to the sidewalk, the company sought and obtained a state court order enjoining the picketing on company property. Depending upon the union motivation for the picketing, it was either arguably prohibited or arguably protected by federal law, the trespassory nature of the picketing being one factor the NLRB would have looked to in determining at least the protected nature of the conduct. The Court held, however, that under the circumstances, neither the arguably prohibited nor the arguably protected rationale of Garmon was sufficient to deprive the state court of jurisdiction.

First, as to conduct arguably prohibited by NLRA, the Court seemingly expanded the Garmon exception recognizing state court jurisdiction for conduct that touches interests "deeply rooted in local feeling"\textsuperscript{1089} in holding that where there exists "a significant state interest in protecting the citizens from the challenged conduct" and there exists "little risk of interference with the regulatory jurisdiction" of the NLRB, state law is not preempted. Here, there was obviously a significant state interest in protecting the company from trespass; the second, "critical inquiry" was whether the controversy presented to the state court was identical to or different from that which could have been presented to the Board. The Court concluded that the controversy was different. The Board would have been presented with determining the motivation of the picketing and the location of the picketing would have been irrelevant.

\textsuperscript{1087}Farmer v. Carpenters, 430 U.S. 290 (1977). Following this case, the Court held that a state court action for misrepresentation and breach of contract, brought by replacement workers promised permanent employment when hired during a strike, was not preempted. The action for breach of contract by replacement workers having no remedies under the NLRA was found to be deeply rooted in local law and of only peripheral concern under the Act. Belknap, Inc. v. Hale, 463 U.S. 491 (1983). See also Intl. Longshoremen's Assn. v. Davis, 476 U.S. 380 (1986).

\textsuperscript{1088}436 U.S. 180 (1978).

\textsuperscript{1089}San Diego Bldg Trades Council v. Garmon, 359 U.S. 236, 244 (1959).
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vant; the motivation was irrelevant to the state court and the situs of the picketing was the sole inquiry. Thus, there was deemed to be no realistic risk of state interference with Board jurisdiction.\(^1\)

Second, in determining whether the picketing was protected, the Board would have been concerned with the situs of the picketing, since under federal labor laws the employer has no absolute right to prohibit union activity on his property. Preemption of state court jurisdiction was denied, nonetheless, in this case on two joined bases. One, preemption is not required in those cases in which the party who could have presented the protection issue to the Board has not done so and the other party to the dispute has no acceptable means of doing so. In this case, the union could have filed with the Board when the company demanded removal of the pickets, but did not, and the company could not file with the Board at all. Two, even if the matter is not presented to the Board, preemption is called for if there is a risk of erroneous state court adjudication of the protection issue that is unacceptable, so that one must look to the strength of the argument that the activity is protected. While the state court had to make an initial determination that the trespass was not protected under federal law, the same determination the Board would have made, in the instance of trespassory conduct, the risk of erroneous determination is small, because experience shows that a trespass is far more likely to be unprotected than protected.\(^2\)

Introduction of these two balancing tests into the Garmon rationale substantially complicates determining when state courts do not have jurisdiction and will no doubt occasion much more litigation in state courts than has previously existed.

Another series of cases involves not a Court-created exception to the Garmon rule but the applicability and interpretation of § 301 of the Taft-Hartley Act,\(^3\) which authorizes suits in federal, and state,\(^4\) courts to enforce collective bargaining agreements. The Court has held that in enacting § 301, Congress authorized actions based on conduct arguably subject to the NLRA, so that the Garmon preemption doctrine does not preclude judicial enforcement of duties and obligations which would otherwise be within the exclusive jurisdiction of the NLRB so long as those duties and obli-


\(^2\)Id., 199–207.


gations are embodied in a collective-bargaining agreement, perhaps as interpreted in an arbitration proceeding.\(^\text{1094}\)

Here, too, the permissible role of state tort actions has been in great dispute. Generally, a state tort action as an alternative to a § 301 arbitration or enforcement action is preempted if it is substantially dependent upon analysis of the terms of a collective-bargaining agreement.\(^\text{1095}\) Thus, a state damage action for the bad-faith handling of an insurance claim under a disability plan that was part of a collective-bargaining agreement was preempted because it involved interpretation of that agreement and because state enforcement would frustrate the policies of § 301 favoring uniform federal-law interpretation of collective-bargaining agreements and favoring arbitration as a predicate to adjudication.\(^\text{1096}\)

Finally, the Court has indicated that with regard to some situations, Congress has intended to leave the parties to a labor dispute free to engage in “self-help,” so that conduct not subject to federal law is nonetheless withdrawn from state control.\(^\text{1097}\) However, the NLRA is concerned primarily “with establishing an equitable process for determining terms and conditions of employment, and not with particular substantive terms of the bargain that is struck when the parties are negotiating from relatively equal positions,” so States are free to impose minimum labor standards.\(^\text{1098}\)

**COMMERCE WITH INDIAN TRIBES**

Congress’ power to regulate commerce “with the Indian tribes,” once almost rendered superfluous by Court decision,\(^\text{1099}\) has now

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\(^{1098}\) Metropolitan Life Ins. Co. v. Massachusetts, 471 U.S. 724 (1985) (upholding a state requirement that health-care plans, including those resulting from collective bargaining, provide minimum benefits for mental-health care).

\(^{1099}\) United States v. Kagama, 118 U.S. 375 (1886). Rejecting the commerce clause as a basis for congressional enactment of a system of criminal laws for Indians living on reservations, the Court nevertheless sustained the act on the ground that the Federal Government had the obligation and thus the power to protect a
been resurrected and made largely the basis for informing judicial judgment with respect to controversies concerning the rights and obligations of Native Americans. Although Congress in 1871 forbade the further making of treaties with Indian tribes, cases disputing the application of the old treaties and especially their effects upon attempted state taxation and regulation of on-reservation activities continue to be a staple of the Court's docket. But this clause is one of the two bases now found sufficient to empower Federal Government authority over Native Americans. “The source of federal authority over Indian matters has been the subject of some confusion, but it is now generally recognized that the power derives from federal responsibility for regulating commerce with Indian tribes and for treaty making.” Forsaking reliance upon other theories and rationales, the Court has established the pre-emption doctrine as the analytical framework within which to judge the permissibility of assertions of state jurisdiction over the Indians. However, the “semi-autonomous status” of Indian tribes erects an “independent but related” barrier to the exercise of state authority over commercial activity on an Indian reservation. Thus, the question of preemption is not governed by the standards of preemption developed in other areas. “Instead, the traditional notions of tribal sovereignty, and the recognition and encouragement of this sovereignty in congressional Acts, inform the pre-emption analysis that governs this inquiry. . . . As a result, ambiguities in federal law should be construed generously, and federal pre-emption is not limited to those situations where Congress has explicitly announced an intention to pre-empt state activity.” A
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corollary is that the preemption doctrine will not be applied strictly
to prevent States from aiding Native Americans.\textsuperscript{1105} However, the
protective rule is inapplicable to state regulation of liquor trans-
actions, since there has been no tradition of tribal sovereignty with
respect to that subject.\textsuperscript{1106}

The scope of state taxing powers—the conflict of “the plenary
power of the States over residents within their borders with the
semi-autonomous status of Indians living on tribal reservations”\textsuperscript{1107}—has been often litigated. Absent cession of jurisdiction
or other congressional consent, States possess no power to tax In-
dian reservation lands or Indian income from activities carried on
within the boundaries of the reservation.\textsuperscript{1108} Offreservation In-
dian activities require an express federal exemption to deny state
taxing power.\textsuperscript{1109} Subjection to taxation of non-Indians doing busi-
ness with Indians on the reservation involves a close analysis of
the federal statutory framework, although the operating premise
was for many years to deny state power because of its burdens
upon the development of tribal self-sufficiency as promoted through
federal law and its interference with the tribes’ ability to exercise
their sovereign functions.\textsuperscript{1110}

That operating premise, however, seems to have been eroded.
For example, in Cotton Petroleum Corp. v. New Mexico,\textsuperscript{1111} the
Court held that, in spite of the existence of multiple taxation oc-
casioned by a state oil and gas severance tax applied to on-reserva-
tion operations by non-Indians, which was already taxed by the
tribe,\textsuperscript{1112} the impairment of tribal sovereignty was “too indirect
and too insubstantial” to warrant a finding of preemption. The fact
that the State provided significant services to the oil and gas les-

\textsuperscript{1105}Three Affiliated Tribes v. Wold Engineering, 467 U.S. 138 (1984) (upholding
state-court jurisdiction to hear claims of Native Americans against non-Indians in-
volving transactions that occurred in Indian country). However, attempts by States
to retrocede jurisdiction favorable to Native Americans may be held to be pre-

\textsuperscript{1106}Rice v. Rehner, 463 U.S. 713 (1983).


\textsuperscript{1108}Mescalero Apache Tribe v. Jones, 411 U.S. 145, 148 (1973); McClanahan v.
Arizona Tax Comm., 411 U.S. 164 (1973); Moe v. Confederated Salish & Kootenai
Tribes, 425 U.S. 463 (1976); Bryan v. Itasca County, 426 U.S. 373 (1976); Washington
to find congressional cession is reflected in more recent cases. See County of Yakima


\textsuperscript{1110}White Mountain Apache Tribe v. Bracker, 448 U.S. 136 (1980); Central Ma-
chinery Co. v. Arizona Tax Comm., 448 U.S. 160 (1980); Ramah Navajo School

\textsuperscript{1111}490 U.S. 163 (1989).

\textsuperscript{1112}Held permissible in Merrion v. Jicarilla Apache Tribe, 455 U.S. 130 (1982).
sees justified state taxation and also distinguished earlier cases in which the State had “asserted no legitimate regulatory interest that might justify the tax.” Still further erosion, or relaxation, of the principle of construction may be found in a later case, in which the Court, confronted with arguments that the imposition of particular state taxes on Indian property on the reservation was inconsistent with self-determination and self-governance, denominated these as “policy” arguments properly presented to Congress rather than the Court.

The impact on tribal sovereignty is also a prime determinant of relative state and tribal regulatory authority.

Since Worcester v. Georgia, it has been recognized that Indian tribes are unique aggregations possessing attributes of sovereignty over both their members and their territory. They are, of course, no longer possessed of the full attributes of sovereignty, having relinquished some part of it by their incorporation within the territory of the United States and their acceptance of its protection. By specific treaty provision, they yielded up other sovereign powers, and Congress has removed still others. “The sovereignty that the Indian tribes retain is of a unique and
limited character. It exists only at the sufferance of Congress and is subject to complete defeasance.”

In a case of major import for the settlement of Indian land claims, the Court ruled in County of Oneida v. Oneida Indian Nation, that an Indian tribe may obtain damages for wrongful possession of land conveyed in 1795 without the federal approval required by the Nonintercourse Act. The Act reflected the accepted principle that extinguishment of the title to land by Native Americans required the consent of the United States and left intact a tribe's common-law remedies to protect possessory rights. The Court reiterated the accepted rule that enactments are construed liberally in favor of Native Americans and that Congress may abrogate Indian treaty rights or extinguish aboriginal land title only if it does so clearly and unambiguously. Consequently, federal approval of land-conveyance treaties containing references to earlier conveyances that had violated the Nonintercourse Act did not constitute ratification of the invalid conveyances. Similarly, the Court refused to apply the general rule for borrowing a state statute of limitations for the federal common-law action, and it rejected the dissent's view that, given “the extraordinary passage of time,” the doctrine of laches should have been applied to bar the claim.

While the power of Congress over Indian affairs is broad, it is not limitless. The Court has promulgated a standard of review that defers to the legislative judgment “[a]s long as the special treatment can be tied rationally to the fulfillment of Congress’ unique obligation toward the Indians . . . “ A more searching review is warranted when it is alleged that the Federal Government's behavior toward the Indians has been in contravention of its obligation and that it has in fact taken property from a tribe which it had heretofore guaranteed to the tribe, without either com-

1121 1 Stat. 379 (1793).
1123 Id., 255, 257 (Justice Stevens).
1124 “The power of Congress over Indian affairs may be of a plenary nature; but it is not absolute.” United States v. Alcoa Bank of Tillamooks, 329 U.S. 40, 54 (1946) (plurality opinion) (quoted with approval in Delaware Tribal Business Comm. v. Weeks, 430 U.S. 73, 84 (1977)).
1125 Morton v. Mancari, 417 U.S. 535, 555 (1974). The Court applied the standard to uphold a statutory classification that favored Indians over non-Indians. But in Delaware Tribal Business Comm. v. Weeks, 430 U.S. 73 (1977), the same standard was used to sustain a classification that disfavored, although inadvertently, one group of Indians as against other groups. While Indian tribes are unconstrained by federal or state constitutional provisions, Congress has legislated a “bill of rights” statute covering them. See Santa Clara Pueblo v. Martinez, 436 U.S. 49 (1978).
ART. I—LEGISLATIVE DEPARTMENT

Sec. 8—Powers of Congress

The Congress shall have Power * * * To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States.

NATURALIZATION AND CITIZENSHIP

Nature and Scope of Congress' Power

Naturalization has been defined by the Supreme Court as "the act of adopting a foreigner, and clothing him with the privileges of a native citizen." In the Dred Scott case, the Court asserted that the power of Congress under this clause applies only to "persons born in a foreign country, under a foreign government." These dicta are much too narrow to describe the power that Congress has actually exercised on the subject. The competence of Congress in this field merges, in fact, with its indefinite, inherent powers in the field of foreign relations. "As a government, the United States is invested with all the attributes of sovereignty. As it has the character of nationality it has the powers of nationality, especially those which concern its relations and intercourse with other countries."

Congress' power over naturalization is an exclusive power; no State has the power to constitute a foreign subject a citizen of the United States. But power to naturalize aliens may be, and was early, devolved by Congress upon state courts of record. And States may confer the right of suffrage upon resident aliens who have declared their intention to become citizens and many did so until recently.

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1129 Id., 417, 419.
1132 The first naturalization act, 1 Stat. 103 (1790), so provided. See 8 U.S.C. § 1421. In Holmgren v. United States, 217 U.S. 509 (1910), it was held that Congress may provide for the punishment of false swearing in the proceedings in state courts.
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Cl. 4—Naturalization and Citizenship

Citizenship by naturalization is a privilege to be given, qualified, or withheld as Congress may determine, an individual may claim it as a right only upon compliance with the terms Congress imposes.\textsuperscript{1134} This interpretation makes of the naturalization power the only power granted in §8 of Article I that is unrestrained by constitutional limitations on its exercise. Thus, the first naturalization act enacted by the first Congress restricted naturalization to “free white persons[s],”\textsuperscript{1135} which was expanded in 1870 so that persons of “African nativity and . . . descent” were entitled to be naturalized.\textsuperscript{1136} Orientals were specifically excluded from eligibility in 1882,\textsuperscript{1137} and the courts enforced these provisions without any indication that constitutional issues were thereby raised.\textsuperscript{1138} These exclusions are no longer law. Present naturalization statutes continue and expand on provisions designed to bar subversives, dissidents, and radicals generally from citizenship.\textsuperscript{1139}

Although the usual form of naturalization is through individual application and official response on the basis of general congressional rules, naturalization is not so limited. Citizenship can be conferred by special act of Congress,\textsuperscript{1140} it can be conferred collectively either through congressional action, such as the naturalization of all residents of an annexed territory or of a territory made a State,\textsuperscript{1141} or through treaty provision.\textsuperscript{1142}

\textsuperscript{1134}United States v. Macintosh, 283 U.S. 605, 615 (1931); Fong Yue Ting v. United States, 149 U.S. 698, 707–708 (1893). A caveat to this statement is that with regard to persons naturalized in the United States the qualification may only be a condition precedent and not a condition subsequent, Schneider v. Rusk, 377 U.S. 163 (1964), whereas persons born abroad who are made citizens at birth by statute if one or both of their parents are citizens are subject to conditions subsequent. Rogers v. Bellei, 401 U.S. 815 (1971).

\textsuperscript{1135}1 Stat. 103 (1790).

\textsuperscript{1136}Act of July 14, 1870, § 7, 16 Stat. 254, 256.

\textsuperscript{1137}Act of May 6, 1882, § 1, 22 Stat. 58.

\textsuperscript{1138}Cf. Ozawa v. United States, 260 U.S. 178 (1922); United States v. Bhagat Singh Thind, 261 U.S. 204 (1923); Toyota v. United States, 268 U.S. 402 (1925); Morrison v. California, 291 U.S. 82 (1934). The Court refused to review the only case in which the constitutional issue was raised and rejected. Kharaiti Ram Samras v. United States, 125 F. 2d 879 (9th Cir., 1942), cert. den., 317 U.S. 634 (1942).

\textsuperscript{1139}The Alien and Sedition Act of 1798, 1 Stat. 570, empowered the President to deport any alien he found dangerous to the peace and safety of the Nation. In 1903, Congress provided for denial of naturalization and for deportation for mere belief in certain doctrines, i.e., anarchy. Act of March 3, 1903, 32 Stat. 1214. See United States ex rel. Turner v. Williams, 194 U.S. 279 (1904). The range of forbidden views was broadened in 1918. Act of October 15, 1918, § 1, 40 Stat. 1012. The present law is found in 8 U.S.C. § 1424 and is discussed infra, pp. 268–270.

\textsuperscript{1140}E.g., 77 Stat. 5 (1963) (making Sir Winston Churchill an “honorary citizen of the United States.”).

\textsuperscript{1141}Boyd v. Nebraska ex rel. Thayer, 143 U.S. 135 (1892); Contzen v. United States, 179 U.S. 191 (1900).

Categories of Citizens: Birth and Naturalization

The first sentence of §1 of the Fourteenth Amendment contemplates two sources of citizenship and two only: birth and naturalization. This contemplation is given statutory expression in §301 of the Immigration and Nationality Act of 1952, which itemizes those categories of persons who are citizens of the United States at birth; all other persons in order to become citizens must pass through the naturalization process. The first category merely tracks the language of the first sentence of §1 of the Fourteenth Amendment in declaring that all persons born in the United States and subject to the jurisdiction thereof are citizens by birth. But there are six other categories of citizens by birth. They are: (2) a person born in the United States to a member of an Indian, Eskimo, Aleutian, or other aboriginal tribe, (3) a person born outside the United States of citizen parents one of whom has been resident in the United States, (4) a person born outside the United States of one citizen parent who has been continuously resident in the United States for one year prior to the birth and of a parent who is a national but not a citizen, (5) a person born in an outlying possession of the United States of one citizen parent who has been continuously resident in the United States or in an outlying possession for one year prior to the birth, (6) a person of unknown parentage found in the United States while under the age of five unless prior to his twenty-first birthday he is shown not to have been born in the United States, and (7) a person born outside the United States of an alien parent and a citizen parent who has been resident in the United States for a period of ten years, provided the person is to lose his citizenship unless he resides continuously in the United States for a period of five years between his fourteenth and twenty-eighth birthdays.

Subsection (7) citizens must satisfy the condition subsequent of five years continuous residence within the United States between the ages of fourteen and twenty-eight, a requirement held to be constitutional, which means in effect that for constitutional purposes, according to the prevailing interpretation, there is a difference between persons born or naturalized in, that is, within, the United States and persons born outside the confines of the United States who are statutorily made citizens. The principal dif-

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1147 Compare Schneider v. Rusk, 377 U.S. 163 (1964); Afroyim v. Rusk, 387 U.S. 253 (1967). It will be noted that in practically all cases persons statutorily made citizens at birth will be dual nationals, having the citizenship of the country where
The Naturalization of Aliens

Although, as has been noted, throughout most of our history there were significant racial and ethnic limitations upon eligibility for naturalization, the present law prohibits any such discrimination.

"The right of a person to become a naturalized citizen of the United States shall not be denied or abridged because of race or sex or because such person is married." However, any person "who advocates or teaches or who is a member of or affiliated with any organization that advocates or teaches . . . opposition to all organized government, or "who advocates or teaches or who is a member of or affiliated with any organization that advocates or teaches the overthrow by force or violence or other unconstitutional means of the Government of the United States" or who is a member of or affiliated with the Communist Party, or other communist organizations, or other totalitarian organizations is ineligible.

These provisions moreover are "applicable to any applicant for naturalization who at any time within a period of ten years immediately preceding the filing of the petition for naturalization or after such filing and before taking the final oath of citizenship is, or has been found to be, within any of the classes enumerated within this section, notwithstanding that at the time the petition is filed he may not be included within such classes."

Other limitations on eligibility are also imposed. Eligibility may turn upon the decision of the responsible officials whether the petitioner is of "good moral character." The immigration and nationality laws themselves include a number of specific congressional determinations that certain persons do not possess "good
moral character,” including persons who are “habitual drunkard,” adulterers, polygamists or advocates of polygamy, gamblers, convicted felons, and homosexuals. In order to petition for naturalization, an alien must have been resident for at least five years and to have possessed “good moral character” for all of that period.

The process of naturalization culminates in the taking in open court of an oath “(1) to support the Constitution of the United States; (2) to renounce and abjure absolutely and entirely all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty of whom or which the petitioner was before a subject or citizen; (3) to support and defend the Constitution and the laws of the United States against all enemies, foreign and domestic; (4) to bear true faith and allegiance to the same; and (5)(A) to bear arms on behalf of the United States when required by the law, or (B) to perform noncombatant service in the Armed Forces of the United States when required by the law, or (C) to perform work of national importance under civilian direction when required by law.”

Any naturalized person who takes this oath with mental reservations or conceals or misrepresents beliefs, affiliations, and conduct, which under the law disqualify one for naturalization, is subject, upon these facts being shown in a proceeding brought for the purpose, to have his certificate of naturalization cancelled. Moreover, if within a year of his naturalization a person joins an organization or becomes in any way affiliated with one which was barred.

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1156 § 101(f) (4) and (5), 66 Stat. 172, 8 U.S.C. § 1101(f) (4) and (5).
1157 § 101(f) (7) and (8), 66 Stat. 172, 8 U.S.C. § 1101(f) (7) and (8).
1159 § 337(a), 66 Stat. 258 (1952), 8 U.S.C. § 1448(a). In United States v. Schwimmer, 279 U.S. 644 (1929), and United States v. Macintosh, 283 U.S. 605 (1931), a divided Court held that clauses (3) and (4) of the oath, as then prescribed, required the candidate for naturalization to be willing to bear arms for the United States, thus disqualifying conscientious objectors. These cases were overturned, purely as a matter of statutory interpretation by Girouard v. United States, 328 U.S. 654 (1946), and Congress codified the result, 64 Stat. 1017 (1950), as it now appears in the cited statute.
a disqualification for naturalization if he had been a member at the time, the fact is made prima facie evidence of his bad faith in taking the oath and grounds for instituting proceedings to revoke his admission to citizenship.1161

Rights of Naturalized Persons

Chief Justice Marshall early stated in dictum that “[a] naturalized citizen . . . becomes a member of the society, possessing all the rights of a native citizen, and standing, in the view of the Constitution, on the footing of a native. The Constitution does not authorize Congress to enlarge or abridge those rights. The simple power of the national legislature is, to prescribe a uniform rule of naturalization, and the exercise of this power exhausts it, so far as respects the individual.”1162 A similar idea was expressed in Knauer v. United States.1163 “Citizenship obtained through naturalization is not a second-class citizenship. . . . [It] carries with it the privilege of full participation in the affairs of our society, including the right to speak freely, to criticize officials and administrators, and to promote changes in our laws including the very Charter of our Government.”

Despite these dicta, it is clear that particularly in the past but currently as well a naturalized citizen has been and is subject to requirements not imposed on native-born citizens. Thus, as we have noted above, a naturalized citizen is subject at any time to have his good faith in taking the oath of allegiance to the United States inquired into and to lose his citizenship if lack of such faith is shown in proper proceedings.1164 And the naturalized citizen within a year of his naturalization will join a questionable organi-

1161 340(c), 66 Stat. 261 (1952), 8 U.S.C. § 1451(c). The time period had previously been five years.

1162 Osborn v. Bank of the United States, 9 Wheat. (22 U.S.) 737, 827 (1824). One must be aware, however, that this language does not appear in any case having to do with citizenship or naturalization or the rights of naturalized citizens and its force may be therefore questioned. Compare Afroyim v. Rusk, 387 U.S. 253, 261 (1967) (Justice Black for the Court: “a mature and well-considered dictum . . . ”), with id., 275–276 (Justice Harlan dissenting: the dictum, “cannot have been intended to reach the question of citizenship.”). The issue in Osborn was the right of the Bank to sue in federal court. Osborn had argued that the fact that the bank was chartered under the laws of the United States did not make any legal issue involving the bank one arising under the laws of the United States for jurisdictional purposes; to argue the contrary, Osborn contended, was like suggesting that the fact that persons were naturalized under the laws of Congress meant such persons had an automatic right to sue in federal courts, unlike natural-born citizens. The quoted language of Marshall’s rejects this attempted analogy.


zation at his peril. In Luria v. United States, the Court sustained a statute making prima facie evidence of bad faith a naturalized citizen's assumption of residence in a foreign country within five years after the issuance of a certificate of naturalization. But in Schneider v. Rusk, the Court voided a statute that provided that a naturalized citizen should lose his United States citizenship if following naturalization he resided continuously for three years in his former homeland. "We start," Justice Douglas wrote for the Court, "from the premise that the rights of citizenship of the native-born and of the naturalized person are of the same dignity and are coextensive. The only difference drawn by the Constitution is that only the 'natural born' citizen is eligible to be President." The failure of the statute, the Court held, was that it impermissibly distinguished between native-born and naturalized citizens, denying the latter the equal protection of the laws. "This statute proceeds on the impermissible assumption that naturalized citizens as a class are less reliable and bear less allegiance to this country than do the native-born. This is an assumption that is impossible for us to make. . . . A native-born citizen is free to reside abroad indefinitely without suffering loss of citizenship. The discrimination aimed at naturalized citizens drastically limits their rights to live and work abroad in a way that other citizens may. It creates indeed a second-class citizenship. Living abroad, whether the citizen be naturalized or native-born, is no badge of lack of allegiance and in no way evidences a voluntary renunciation of nationality and allegiance." The Schneider equal protection rationale was abandoned in the next case in which the Court held that the Fourteenth Amendment forbade involuntary expatriation of naturalized persons. But in Rogers v. Bellei, the Court refused to extend this holding to persons statutorily naturalized at birth abroad because one of their parents was a citizen and similarly refused to apply Schneider. Thus, one who failed to honor a condition subsequent had his citizenship revoked. "Neither are we persuaded that a condition subse-

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1166 231 U.S. 9 (1913). The provision has been modified to reduce the period to one year. 8 U.S.C. § 1451(d).
1168 Id., 165.
1169 While there is no equal protection clause specifically applicable to the Federal Government, it is established that the due process clause of the fifth Amendment forbids discrimination in much the same manner as the equal protection clause of the Fourteenth Amendment.
sequent in this area impresses one with ‘second-class citizenship.’
That cliche is too handy and too easy, and, like most cliches, can
be misleading. That the condition subsequent may be beneficial is
apparent in the light of the conceded fact that citizenship was fully
deniable. The proper emphasis is on what the statute permits him
to gain from the possible starting point of noncitizenship, not on
what he claims to lose from the possible starting point of full citi-
zenship to which he has no constitutional right in the first place.
His citizenship, while it lasts, although conditional, is not ‘second-
class.’”

It is not clear where the progression of cases has left us in this
area. Clearly, naturalized citizens are fully entitled to all the rights
and privileges of those who are citizens because of their birth here.
But it seems equally clear that with regard to retention of citizen-
ship, naturalized citizens are not in the secure position of citizens
born here.

On another point, the Court has held that, absent a treaty or
statute to the contrary, a child born in the United States who is
taken during minority to the country of his parents’ origin, where
his parents resume their former allegiance, does not thereby lose
his American citizenship and that it is not necessary for him to
make an election and return to the United States. On still an-
other point, it has been held that naturalization is so far retro-
active as to validate an acquisition of land prior to naturalization
as to which the alien was under a disability.

Expatriation: Loss of Citizenship

The history of the right of expatriation, voluntarily on the part
of the citizen or involuntarily under duress of statute, is shadowy
in United States constitutional law. Justice Story, in the course of
an opinion, and Chancellor Kent, in his writings, accepted
the ancient English doctrine of perpetual and unchangeable allegiance to the government of one’s birth, a citizen being precluded from renouncing his allegiance without permission of that government. The pre-Civil War record on the issue is so vague because

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1173 Id., 835-836.
1174 At least, there is a difference so long as Afroyim prevents Congress from making expatriation the consequence of certain acts when done by natural born citi-
zens as well.
1178 2 J. Kent, Commentaries (New York: 1827), 49–50.
there was wide disagreement on the basis of national citizenship in the first place, with some contending that national citizenship was derivative from state citizenship, which would place the power of providing for expatriation in the state legislatures, and with others contending for the primacy of national citizenship, which would place the power in Congress.\textsuperscript{1179} The citizenship basis was settled by the first sentence of §1 of the Fourteenth Amendment, but expatriation continued to be a muddled topic. An 1868 statute specifically recognized "the right of expatriation" by individuals, but it was directed to affirming the right of foreign nationals to expatriate themselves and to become naturalized United States citizens.\textsuperscript{1180} An 1865 law provided for the forfeiture of the "rights of citizenship" of draft-dodgers and deserters, but whether the statute meant to deprive such persons of citizenship or of their civil rights is unclear.\textsuperscript{1181}

Beginning in 1940, however, Congress did enact laws designed to strip of their citizenship persons who committed treason,\textsuperscript{1182} deserted the armed forces in wartime,\textsuperscript{1183} left the country to evade the draft,\textsuperscript{1184} or attempted to overthrow the Government by force or violence.\textsuperscript{1185} In 1907, Congress provided that female citizens who married foreign citizens were to have their citizenship held "in abeyance" while they remained wedded but to be entitled to reclaim it when the marriage was dissolved.\textsuperscript{1186}

About the simplest form of expatriation, the renunciation of citizenship by a person, there is no constitutional difficulty. "Expatriation is the voluntary renunciation or abandonment of national-

\begin{footnotesize}
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\item[\textsuperscript{1181}]The Enrollment Act of March 3, 1865, §21, 13 Stat. 487, 490. The language of the section appears more consistent with a deprivation of civil rights than of citizenship. Note also that §14 of the Wade-Davis Bill, pocket-vetoed by President Lincoln, specifically provided that any person holding office in the Confederate Government "is hereby declared not to be a citizen of the United States." 6 J. Richardson, Messages and Papers of the Presidents (Washington: 1899), 223.
\item[\textsuperscript{1182}]Nationality Act of 1940, 54 Stat. 1169.
\item[\textsuperscript{1183}]Ibid.
\item[\textsuperscript{1184}]58 Stat. 746 (1944).
\item[\textsuperscript{1185}]68 Stat. 1146 (1954).
\item[\textsuperscript{1186}]34 Stat. 1228 (1907), repealed by 42 Stat. 1021 (1922).
\end{enumerate}
\end{footnotesize}
ity and allegiance.” But while the Court has hitherto insisted on the voluntary character of the renunciation, it has sustained the power of Congress to prescribe conditions and circumstances the voluntary entering into of which constitutes renunciation; the person need not intend to renounce so long as he intended to do what he did in fact do.

The Court first encountered the constitutional issue of forced expatriation in the rather anomalous form of the statute, which placed in limbo the citizenship of any American female who married a foreigner. Sustaining the statute, the Court relied on the congressional foreign relations power exercised in order to prevent the development of situations that might entangle the United States in embarrassing or hostile relationships with a foreign country. Noting too the fictional merging of identity of husband and wife, the Court thought it well within congressional power to attach certain consequences to these actions, despite the woman's contrary intent and understanding at the time she entered the relationship.

Beginning in 1958, the Court had a running encounter with the provisions of the 1952 Immigration and Nationality Act, which prescribed expatriation for a lengthy series of actions. In 1958, a five-to-four decision sustained the power to divest a dual national of his United States citizenship because he had voted in an election in the other country of which he was a citizen. But at the same

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1189 34 Stat. 1228 (1907).
1190 Perez v. Brownell, 356 U.S. 44 (1958). For the Court, Justice Frankfurter sustained expatriation as a necessary exercise of the congressional power to regulate the foreign relations of the United States to prevent the embarrassment and potential for trouble inherent in our nationals voting in foreign elections. Justice Whitaker dissented because he saw no problem of embarrassment or potential trouble.
time, another five-to-four decision, in which a majority rationale was lacking, struck down punitive expatriation visited on persons convicted by court-martial of desertion from the armed forces in wartime. In the next case, the Court struck down another punitive expatriation visited on persons who, in time of war or emergency, leave or remain outside the country in order to evade military service. And in the following year, the Court held unconstitutional a section of the law that expatriated a naturalized citizen who returned to his native land and resided there continuously for a period of three years.

The cases up to this point had lacked a common rationale and would have seemed to permit even punitive expatriation under the proper circumstances. But, in Afroyim v. Rusk, a five-to-four majority overruled the 1958 decision permitting expatriation for voting in a foreign election and announced a constitutional rule against all but purely voluntary renunciation of United States citizenship. The majority ruled that the first sentence of §1 of the Fourteenth Amendment constitutionally vested citizenship in every person "born or naturalized in the United States" and that Congress was powerless to take that citizenship away. The continuing vitality of this decision was called into question by another five-to-four decision in 1971, which technically distinguished Afroyim in upholding a congressionally-prescribed loss of citizenship visited

if the foreign state permitted aliens or dual nationals to vote. Chief Justice Warren and Justices Black and Douglas denied that expatriation is within Congress' power to prescribe for an act, like voting, which is not necessarily a sign of intention to relinquish citizenship.

Trop v. Dulles, 356 U.S. 86 (1958). Chief Justice Warren for himself and three Justices held that expatriation for desertion was a cruel and unusual punishment proscribed by the Eighth Amendment. Justice Brennan concurred on the ground of a lack of the requisite relationship between the statute and Congress' war powers. For the four dissenters, Justice Frankfurter argued that Congress had power to impose loss of citizenship for certain activity and that there was a rational nexus between refusal to perform a duty of citizenship and deprivation of citizenship. Justice Frankfurter denied that the penalty was cruel and unusual punishment and denied that it was punishment at all "in any valid constitutional sense."

Kennedy v. Mendoza-Martinez, 372 U.S. 144 (1963). For the Court Justice Goldberg held that penal expatriation effectuated solely by administrative determination violated due process because of the absence of procedural safeguards. Justices Black and Douglas continued to insist Congress could not deprive a citizen of his nationality at all. Justice Harlan for the dissenters thought the statute a valid exercise of Congress' war powers but the four dissenters divided two-to-two on the validity of a presumption spelled out in the statute.


Justice Harlan, for himself and Justices Clark, Stewart, and White, argued in dissent that there was no evidence that the drafters of the Fourteenth Amendment had at all the intention ascribed to them by the majority. He would have found in Afroyim's voluntary act of voting in a foreign election a voluntary renunciation of United States citizenship.
upon a person who was statutorily naturalized “outside” the United States, and held not within the protection of the first sentence of § 1 of the Fourteenth Amendment. Thus, while Afroyim was distinguished, the tenor of the majority opinion was hostile to its holding, and it may be that in a future case it will be overruled.

The issue, then, of the constitutionality of congressionally-prescribed expatriation must be taken as unsettled.

**ALIENS**

**The Power of Congress to Exclude Aliens**

The power of Congress “to exclude aliens from the United States and to prescribe the terms and conditions on which they come in” is absolute, being an attribute of the United States as a sovereign nation. “That the government of the United States, through the action of the legislative department, can exclude aliens from its territory is a proposition which we do not think open to controversy. Jurisdiction over its own territory to that extent is an incident of every independent nation. It is a part of its independence. If it could not exclude aliens, it would be to that extent subject to the control of another power. . . . The United States, in their relation to foreign countries and their subjects or citizens, are one nation, invested with powers which belong to independent nations, the exercise of which can be invoked for the maintenance of its absolute independence and security throughout its entire territory.”

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1198 Rogers v. Bellei, 401 U.S. 815 (1971). The three remaining Afroyim dissenters plus Chief Justice Burger and Justice Blackmun made up the majority, the three remaining justices of the Afroyim majority plus Justice Marshall made up the dissenters. The continuing vitality of Afroyim was assumed in Vance v. Terrazas, 444 U. S. 252 (1980), in which a divided Court upheld a congressionally-imposed standard of proof, preponderance of evidence, by which to determine whether one had by his actions renounced his citizenship.
Except for the Alien Act of 1798, Congress went almost a century without enacting laws regulating immigration into the United States. The first such statute, in 1875, barred convicts and prostitutes and was followed by a series of exclusions based on health, criminal, moral, economic, and subversion considerations. Another important phase was begun with passage of the Chinese Exclusion Act in 1882, which was not repealed until 1943. In 1924, Congress enacted into law a national origins quota formula which based the proportion of admissible aliens on the nationality breakdown of the 1920 census, which, of course, was heavily weighed in favor of English and Northern European ancestry. This national origins quota system was in effect until it was repealed in 1965. The basic law remains the Immigration and Nationality Act of 1965, which authorizes the expulsion of any alien the President deems dangerous.

1200 Act of June 25, 1798, 1 Stat. 570. The Act was part of the Alien and Seditious Laws and authorized the expulsion of any alien the President deemed dangerous.

1202 Act of December 17, 1943, 57 Stat. 600.
tion and Nationality Act of 1952, which, with certain revisions in 1965 and later piecemeal alterations, regulates who may be admitted and under what conditions; the Act, it should be noted, contains a list of 31 excludable classes of aliens.

Numerous cases underscore the sweeping nature of the powers of the Federal Government to exclude aliens and to deport by administrative process persons in excluded classes. For example, in United States ex rel. Knauff v. Shaughnessy, an order of the Attorney General excluding, on the basis of confidential information he would not disclose, a wartime bride, who was prima facie entitled to enter the United States, was held to be unreviewable by the courts. Nor were regulations on which the order was based invalid as an undue delegation of legislative power. "Normally Congress supplies the conditions of the privilege of entry into the United States. But because the power of exclusion of aliens is also inherent in the executive department of the sovereign, Congress may in broad terms authorize the executive to exercise the power, e.g., as was done here, for the best interest of the country during a time of national emergency. Executive officers may be entrusted with the duty of specifying the procedures for carrying out the congressional intent." However, when Congress has spelled out the basis for exclusion or deportation, the Court remains free to interpret the statute and review the administration of it and to apply it, often in a manner to mitigate the effects of the law on aliens.

Congress' power to admit aliens under whatever conditions it lays down is exclusive of state regulation. The States "can neither add to nor take from the conditions lawfully imposed by Congress upon admission, naturalization and residence of aliens in the United States or the several states. State laws which impose discriminatory burdens upon the entrance or residence of aliens lawfully within the United States conflict with this constitutionally derived..."
federal power to regulate immigration, and have accordingly been held invalid.\footnote{1213}{Takahashi v. Fish & Game Commission, 334 U.S. 410, 419 (1948); De Canas v. Bica, 424 U.S. 351, 358 n. 6 (1976); Toll v. Moreno, 458 U.S. 1, 12±13 (1982). See also Hines v. Davidowitz, 312 U.S. 52, 66 (1941); Graham v. Richardson, 403 U.S. 365, 376±380 (1971).}

This principle, however, has not precluded all state regulations dealing with aliens.\footnote{1214}{E.g., Heim v. McCall, 239 U.S. 175 (1915); Ohio ex rel. Clarke v. Deckebach, 274 U.S. 392 (1927); Sugarman v. Dougall, 413 U.S. 634, 646-649 (1973); De Canas v. Bica, 424 U.S. 351 (1976); Cabell v. Chavez-Salido, 454 U.S. 432 (1982).} The power of Congress to legislate with respect to the conduct of alien residents is a concomitant of its power to prescribe the terms and conditions on which they may enter the United States, to establish regulations for sending out of the country such aliens as have entered in violation of law, and to commit the enforcement of such conditions and regulations to executive officers. It is not a power to lay down a special code of conduct for alien residents or to govern their private relations.\footnote{1215}{Purporting to enforce this distinction, the Court voided a statute, which, in prohibiting the importation of "any alien woman or girl for the purpose of prostitution," provided that whoever should keep for the purpose of prostitution "any alien woman or girl within three years after she shall have entered the United States" should be deemed guilty of a felony. Keller v. United States, 213 U.S. 138 (1909).}

Yet Congress is empowered to assert a considerable degree of control over aliens after their admission to the country. By the Alien Registration Act of 1940, Congress provided that all aliens in the United States, fourteen years of age and over, should submit to registration and fingerprinting and willful failure to comply was made a criminal offense against the United States.\footnote{1216}{54 Stat. 670, 8 U.S.C. §§ 1301±1306.} This Act, taken in conjunction with other laws regulating immigration and naturalization, has constituted a comprehensive and uniform system for the regulation of all aliens.\footnote{1217}{See Hines v. Davidowitz, 312 U.S. 52, 69-70 (1941).}

An important benefit of this comprehensive regulation accruing to the alien is that it precludes state regulation that may well be more severe and burdensome. For example, in Hines v. Davidowitz,\footnote{1218}{312 U.S. 52 (1941).} the Court voided a Pennsylvania law requiring the annual registration and fingerprinting of aliens but going beyond the subsequently-enacted federal law to require acquisition of an alien identification card that had to be carried at all times and to be exhibited to any police officer upon demand and to other licensing officers upon applications for such things as drivers' licenses. The Court did not squarely hold the State incapable of having such a law in the absence of federal law but appeared to lean in that
Another decision voided a Pennsylvania law limiting those eligible to welfare assistance to citizens and an Arizona law prescribing a fifteen-year durational residency period before an alien could be eligible for welfare assistance. Congress had provided, Justice Blackmun wrote for a unanimous Court, that persons who were likely to become public charges could not be admitted to the United States and that any alien who became a public charge within five years of his admission was to be deported unless he could show that the causes of his economic situation arose after his entry. Thus, in effect Congress had declared that lawfully admitted resident aliens who became public charges for causes arising after their entry were entitled to the full and equal benefit of all laws for the security of persons and property, and the States were disabled from denying aliens these benefits.

**Deportation**

Unlike the exclusion proceedings, deportation proceedings afford the alien a number of constitutional rights: a right against self-incrimination, protection against unreasonable searches and seizures, guarantees against ex post facto laws, bills of attainder, and cruel and unusual punishment, a right to a trial by jury, a right to procedural due process, a right to counsel, a right to notice of charges and hearing, as well as a right to cross-examine.

Notwithstanding these guarantees, the Supreme Court has upheld a number of statutory deportation measures as not uncon-
ART. I—LEGISLATIVE DEPARTMENT

Sec. 8—Powers of Congress

Cl. 4—Bankruptcy

Institutional. The Internal Security Act of 1950, in authorizing the Attorney General to hold in custody, without bail, aliens who are members of the Communist Party of the United States, pending determination as to their deportability, is not unconstitutional.\textsuperscript{1232} Nor was it unconstitutional to deport under the Alien Registration Act of 1940\textsuperscript{1233} a legally resident alien because of membership in the Communist Party, although such membership ended before the enactment of the Act. Such application of the Act did not make it ex post facto, being but an exercise of the power of the United States to terminate its hospitality ad libitum.\textsuperscript{1234} And a statutory provision\textsuperscript{1235} making it a felony for an alien against whom a specified order of deportation is outstanding “to willfully fail or refuse to make timely application for travel or other documents necessary to his departure” was not on its face void for “vagueness.”\textsuperscript{1236}

BANKRUPTCY

Persons Who May Be Released From Debt

In an early case on circuit, Justice Livingston suggested that inasmuch as the English statutes on the subject of bankruptcy from the time of Henry VIII down had applied only to traders it might “well be doubted, whether an act of Congress subjecting to such a law every description of persons within the United States, would comport with the spirit of the powers vested in them in relation to this subject.”\textsuperscript{1237} Neither Congress nor the Supreme Court has ever accepted this limited view. The first bankruptcy law, passed in 1800, departed from the English practice to the extent of including bankers, brokers, factors and underwriters as well as traders.\textsuperscript{1238} Asserting that the narrow scope of the English statutes was a mere matter of policy, which by no means entered into the nature of such laws, Justice Story defined bankruptcy legislation in the sense of the Constitution as a law making provisions for cases of persons failing to pay their debts.\textsuperscript{1239}

This interpretation has been ratified by the Supreme Court. In Hanover National Bank v. Moyses,\textsuperscript{1240} it held valid the Bankruptcy Act of 1898, which provided that persons other than traders might

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\item[1233] 54 Stat. 670. For existing statutory provisions as to deportation, see 8 U.S.C. § 1251 et seq.
\item[1234] Carlson v. Landon, 342 U.S. 524 (1952).
\item[1235] 8 U.S.C. § 1252(e).
\item[1238] 2 Stat. 19 (1800).
\item[1239] 2 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1113.
\item[1240] 186 U.S. 181 (1902).
\end{enumerate}
\end{footnotesize}
become bankrupts and that this might be done on voluntary petition. The Court has given tacit approval to the extension of the bankruptcy laws to cover practically all classes of persons and corporations, including even municipal corporations and wage-earning individuals. The Bankruptcy Act has, in fact been amended to provide a wage-earners' extension plan to deal with the unique problems of debtors who derive their livelihood primarily from salaries or commissions. In furthering the implementation of this plan, the Supreme Court has held that a wage earner may make use of it, notwithstanding the fact he has been previously discharged in bankruptcy within the last six years.

**Liberalization of Relief Granted and Expansion of the Rights of the Trustee**

As the coverage of the bankruptcy laws has been expanded, the scope of the relief afforded to debtors has been correspondingly enlarged. The act of 1800, like its English antecedents, was designed primarily for the benefit of creditors. Beginning with the act of 1841, which opened the door to voluntary petitions, rehabilitation of the debtor has become an object of increasing concern to Congress. An adjudication in bankruptcy is no longer requisite to the exercise of bankruptcy jurisdiction. In 1867, the debtor for the first time was permitted, either before or after adjudication of bankruptcy, to propose terms of composition that would become binding upon acceptance by a designated majority of his creditors and confirmation by a bankruptcy court. This measure was held constitutional, as were later acts, which provided for the reorganization of corporations that are insolvent or unable to meet their debts as they mature, and for the composition and extension of debts in proceedings for the relief of individual farmer debtors.

Nor is the power of Congress limited to adjustment of the rights of creditors. The Supreme Court has also ruled that the rights of a purchaser at a judicial sale of the debtor's property are within reach of the bankruptcy power, and may be modified by a reasonable extension of the period for redemption from such sale. Moreover, the Court expanded the bankruptcy court's
power over the property of the estate by affording the trustee affirmative relief on counterclaim against a creditor filing a claim against the estate.\(^{1248}\)

Underlying most Court decisions and statutes in this area is the desire to achieve equity and fairness in the distribution of the bankrupt's funds.\(^{1249}\) United States v. Speers,\(^{1250}\) codified by an amendment to the Bankruptcy Act,\(^{1251}\) furthered this objective by strengthening the position of the trustee as regards the priority of a federal tax lien unrecorded at the time of bankruptcy.\(^{1252}\) The Supreme Court has held, in other cases dealing with the priority of various creditors' claims, that claims arising from the tort of the receiver is an “actual and necessary” cost of administration,\(^{1253}\) that benefits under a nonparticipating annuity plan are not wages and are therefore not given priority,\(^{1254}\) and that when taxes are allowed against a bankrupt's estate, penalties due because of the trustee's failure to pay the taxes incurred while operating a bankrupt business are also allowable.\(^{1255}\) The Court's attitude with regard to these and other developments is perhaps best summarized in the opinion in Continental Bank v. Rock Island Ry.,\(^{1256}\) where Justice Sutherland wrote, on behalf of a unanimous court: “[T]hese acts, far-reaching though they may be, have not gone beyond the limit of Congressional power; but rather have constituted extensions into a field whose boundaries may not yet be fully revealed.”\(^{1257}\)

**Constitutional Limitations on the Bankruptcy Power**

In the exercise of its bankruptcy powers, Congress must not transgress the Fifth and Tenth Amendments. The Bankruptcy Act provides that oral testimony cannot be used in violation of the bankrupt's right against self-incrimination.\(^{1258}\) Congress may not take from a creditor specific property previously acquired from a debtor, nor circumscribe the creditor's right to such an unreasonable extent as to deny him due process of law;\(^{1259}\) this principle, however, is subject to the Supreme Court's finding that a bank-

\(^{1250}\) 382 U.S., 271–272.
\(^{1254}\) 294 U.S. 648 (1935).
\(^{1255}\) Id., 671.
Bankruptcy court has summary jurisdiction for ordering the surrender of voidable preferences when the trustee successfully counterclaims to a claim filed by the creditor receiving such preferences.\textsuperscript{1260}

Since Congress may not supersede the power of a State to determine how a corporation shall be formed, supervised, and dissolved, a corporation, which has been dissolved by a decree of a state court, may not file a petition for reorganization under the Bankruptcy Act.\textsuperscript{1261} But Congress may impair the obligation of a contract and may extend the provisions of the bankruptcy laws to contracts already entered into at the time of their passage.\textsuperscript{1262} Although it may not subject the fiscal affairs of a political subdivision of a State to the control of a federal bankruptcy court,\textsuperscript{1263} Congress may empower such courts to entertain petitions by taxing agencies or instrumentalities for a composition of their indebtedness where the State has consented to the proceeding and the federal court is not authorized to interfere with the fiscal or governmental affairs of such petitioners.\textsuperscript{1264} Congress may recognize the laws of the State relating to dower, exemption, the validity of mortgages, priorities of payment and similar matters, even though such recognition leads to different results from State to State;\textsuperscript{1265} for although bankruptcy legislation must be uniform, the uniformity required is geographic, not personal.

The power of Congress to vest the adjudication of bankruptcy claims in entities not having the constitutional status of Article III federal courts is unsettled. At least, it may not give to non-Article III courts the authority to hear state law claims made subject to federal jurisdiction only because of their relevance to a bankruptcy proceeding.\textsuperscript{1266}

**Constitutional Status of State Insolvency Laws: Preemption**

Prior to 1898, Congress exercised the power to establish “uniform laws on the subject of bankruptcy” only intermittently. The first national bankruptcy law was not enacted until 1800 and was repealed in 1803; the second was passed in 1841 and was repealed

\textsuperscript{1260}Katchen v. Landy, 382 U.S. 323, 327±340 (1966).
\textsuperscript{1261}Chicago Title and Trust Co. v. Wilcox Bldg. Corp., 302 U.S. 120 (1937).
\textsuperscript{1262}In re Klein, 1 How. (42 U.S.) 277 (1843); Hanover National Bank v. Moyses, 186 U.S. 181 (1902).
\textsuperscript{1264}United States v. Bekins, 304 U.S. 27 (1938).
\textsuperscript{1265}Stellwagon v. Clum, 245 U.S. 605 (1918); Hanover National Bank v. Moyses, 186 U.S. 181, 190 (1902).
two years later; a third was enacted in 1867 and repealed in 1878. Thus, during the first eighty-nine years under the Constitution, a national bankruptcy law was in existence only sixteen years altogether. Consequently, the most important issue of interpretation that arose during that period concerned the effect of the clause on state law.

The Supreme Court ruled at an early date that in the absence of congressional action the States may enact insolvency laws, since it is not the mere existence of the power but rather its exercise that is incompatible with the exercise of the same power by the States. Later cases settled further that the enactment of a national bankruptcy law does not invalidate state laws in conflict therewith but serves only to relegate them to a state of suspended animation with the result that upon repeal of the national statute they again come into operation without re-enactment.

A State is, of course, without power to enforce any law governing bankruptcies, which impairs the obligation of contracts, extends to persons or property outside its jurisdiction, or conflicts with the national bankruptcy laws. Giving effect to the policy of the federal statute, the Court has held that a state statute regulating this distribution of property of an insolvent was suspended by that law, and that a state court was without power to proceed with pending foreclosure proceedings after a farmer-debtor had filed a petition in federal bankruptcy court for a composition or extension of time to pay his debts. A state court injunction ordering a defendant to clean up a waste-disposal site was held to be a "liability on a claim" subject to discharge under the bankruptcy law, after the State had appointed a receiver to take charge of the defendant's property and comply with the injunction.

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1269 Tua v. Carriere, 117 U.S. 201 (1886); Butler v. Goreley, 146 U.S. 303, 314 (1892).
1270 Sturges v. Crowninshield, 4 Wheat. (17 U.S.) 122 (1819).
1272 In re Watts and Sachs, 190 U.S. 1, 27 (1903); International Shoe Co. v. Pinkus, 278 U.S. 261, 264 (1929).
Sec. 8—Powers of Congress  

Clauses 5 and 6—Fiscal and Monetary Powers

state law governing fraudulent transfers was found to be compatible with the federal law. 1276

Substantial disagreement has marked the actions of the Justices in one area, however, resulting in three five-to-four decisions first upholding and then voiding state laws providing that a discharge in bankruptcy was not to relieve a judgment arising out of an automobile accident upon pain of suffering suspension of his driver’s license. 1277 The state statutes were all similar enactments of the Uniform Motor Vehicle Safety Responsibility Act, which authorizes the suspension of the license of any driver who fails to satisfy a judgment against himself growing out of a traffic accident; a section of the law specifically provides that a discharge in bankruptcy will not relieve the debtor of the obligation to pay and the consequence of license suspension for failure to pay. In the first two decisions, the Court majorities decided that the object of the state law was not to see that such judgments were paid but was rather a device to protect the public against irresponsible driving. 1278 The last case rejected this view and held that the Act’s sole emphasis was one of providing leverage for the collection of damages from drivers and as such was in fact intended to and did frustrate the purpose of the federal bankruptcy law, the giving of a fresh start unhampered by debt. 1279

If a State desires to participate in the assets of a bankruptcy, it must submit to the appropriate requirements of the bankruptcy court with respect to the filing of claims by a designated date. It cannot assert a claim for taxes by filing a demand at a later date. 1280

Clauses 5 and 6. The Congress shall have Power * * * To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures.

* * * To provide for the Punishment of counterfeiting the Securities and current Coin of the United States.

1276 Stellwagen v. Clum, 245 U.S. 605, 615 (1918).
1279 Perez v. Campbell, 402 U.S. 637, 644–648, 651–654 (1971). The dissenters, Justice Blackmun for himself and Chief Justice Burger and Justices Harlan and Stewart, argued, in line with the Reitz and Kesler majorities, that the provision at issue was merely an attempt to assure driving competence and care on the part of its citizens and had only tangential effect upon bankruptcy.
FISCAL AND MONETARY POWERS OF CONGRESS

Coinage, Weights, and Measures

The power "to coin money" and "regulate the value thereof" has been broadly construed to authorize regulation of every phase of the subject of currency. Congress may charter banks and endow them with the right to issue circulating notes, and it may restrain the circulation of notes not issued under its own authority. To this end it may impose a prohibitive tax upon the circulation of the notes of state banks or of municipal corporations. It may require the surrender of gold coin and of gold certificates in exchange for other currency not redeemable in gold. A plaintiff who sought payment for the gold coin and certificates thus surrendered in an amount measured by the higher market value of gold was denied recovery on the ground that he had not proved that he would suffer any actual loss by being compelled to accept an equivalent amount of other currency. Inasmuch as "every contract for the payment of money, simply, is necessarily subject to the constitutional power of the government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power," the Supreme Court sustained the power of Congress to make Treasury notes legal tender in satisfaction of antecedent debts, and, many years later, to abrogate the clauses in private contracts calling for payment in gold coin, even though such contracts were executed before the legislation was passed. The power to coin money also imports authority to maintain such coinage as a medium of exchange at home, and to forbid its diversion to other uses by defacement, melting or exportation.

Punishment of Counterfeiting

In its affirmative aspect, this clause has been given a narrow interpretation; it has been held not to cover the circulation of counterfeit coin or the possession of equipment susceptible of use for making counterfeit coin. At the same time, the Supreme Court has rebuffed attempts to read into this provision a limitation upon

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1281 McCulloch v. Maryland, 4 Wheat. (17 U.S.) 316 (1819).
1282 Veazie Bank v. Fenno, 8 Wall. (75 U.S.) 533 (1869).
1283 Id., 548.
1286 Legal Tender Cases (Knox v. Lee), 12 Wall. (79 U.S.) 457, 549 (1871); Legal Tender Cases (Juliard v. Greenman), 110 U.S. 421, 449 (1884).
1287 Legal Tender Cases (Knox v. Lee), 12 Wall. (79 U.S.) 457 (1871).
either the power of the States or upon the powers of Congress under the preceding clause. It has ruled that a State may punish the issuance of forged coins. On the ground that the power of Congress to coin money imports “the correspondent and necessary power and obligation to protect and to preserve in its purity this constitutional currency for the benefit of the nation,” it has sustained federal statutes penalizing the importation or circulation of counterfeit coin, or the willing and conscious possession of dies in the likeness of those used for making coins of the United States. In short, the above clause is entirely superfluous. Congress would have had the power it purports to confer under the necessary and proper clause; and the same is the case with the other enumerated crimes it is authorized to punish. The enumeration was unnecessary and is not exclusive.

Borrowing Power Versus Fiscal Power

Usually the aggregate of the fiscal and monetary powers of the National Government—to lay and collect taxes, to borrow money and to coin money and regulate the value thereof—have reinforced each other, and, cemented by the necessary and proper clause, have provided a secure foundation for acts of Congress chartering banks and other financial institutions, or making its treasury notes legal tender in the payment of antecedent debts. But in 1935, the opposite situation arose—one in which the power to regulate the value of money collided with the obligation incurred in the exercise of the power to borrow money. By a vote of eight-to-one the Supreme Court held that the obligation assumed by the exercise of the latter was paramount, and could not be repudiated to effectuate the monetary policies of Congress. In a concurring opinion, Justice Stone declined to join with the majority in suggesting that “the exercise of the sovereign power to borrow money on credit, which does not override the sovereign immunity from suit, may nevertheless preclude or impede the exercise of another sovereign power, to regulate the value of money; or to suggest that although there is and can be no present cause of action upon the re-

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1291 Fox v. Ohio, 5 How. (46 U.S.) 410 (1847).
1293 Ibid.
1295 Legal Tender Cases (Knox v. Lee), 122 Wall. (79 U.S.) 457, 536 (1871).
1297 Legal Tender Cases (Knox v. Lee), 12 Wall. (79 U.S.) 457, 540–547 (1871).
pudiated gold clause, its obligation is nevertheless, in some manner and to some extent, not stated, superior to the power to regulate the currency which we now hold to be superior to the obligation of the bonds.” However, with a view to inducing purchase of savings bonds, the sale of which is essential to successful management of the national debt, Congress is competent to authorize issuance of regulations creating a right of survivorship in such bonds registered in co-ownership form, and such regulations preempt provisions of state law prohibiting married couples from utilizing the survivorship privilege whenever bonds are paid out of community property.  

Clause 7. The Congress shall have Power * * * To establish Post Offices and post roads.

**POSTAL POWER**

“Establish”

The great question raised in the early days with reference to the postal clause concerned the meaning to be given to the word “establish”—did it confer upon Congress the power to construct post offices and post roads, or only the power to designate from existing places and routes those that should serve as post offices and post roads? As late as 1855, Justice McLean stated that this power “has generally been considered as exhausted in the designation of roads on which the mails are to be transported,” and concluded that neither under the commerce power nor the power to establish post roads could Congress construct a bridge over a navigable water. A decade earlier, however, the Court, without passing upon the validity of the original construction of the Cumberland Road, held that being “charged . . . with the transportation of the mails,” Congress could enter a valid compact with the State of Pennsylvania regarding the use and upkeep of the portion of the road lying in the State. The debate on the question was terminated in 1876 by the decision in Kohl v. United States, sustaining a proceeding by the United States to appropriate a parcel of land in Cincinnati as a site for a post office and courthouse.

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1299Id., 361.
1302Searight v. Stokes, 3 How. (44 U.S.) 151, 166 (1845).
130391 U.S. 367 (1876).
Power To Protect the Mails

The postal powers of Congress embrace all measures necessary to insure the safe and speedy transit and prompt delivery of the mails. And not only are the mails under the protection of the National Government, they are in contemplation of law its property. This principle was recognized by the Supreme Court in 1845 in holding that wagons carrying United States mail were not subject to a state toll tax imposed for use of the Cumberland Road pursuant to a compact with the United States. Half a century later it was availed of as one of the grounds on which the national executive was conceded the right to enter the national courts and demand an injunction against the authors of any wide-spread disorder interfering with interstate commerce and the transmission of the mails.

Prompted by the efforts of Northern anti-slavery elements to disseminate their propaganda in the Southern States through the mails, President Jackson, in his annual message to Congress in 1835, suggested "the propriety of passing such a law as will prohibit, under severe penalties, the circulation in the Southern States, through the mail, of incendiary publications intended to instigate the slaves to insurrection." In the Senate, John C. Calhoun resisted this recommendation, taking the position that it belonged to the States and not to Congress to determine what is and what is not calculated to disturb their security. He expressed the fear that if Congress might determine what papers were incendiary, and as such prohibit their circulation through the mail, it might also determine what were not incendiary and enforce their circulation. On this point his reasoning would appear to be vindicated by such decisions as those denying the right of the States to prevent the importation of alcoholic beverages from other States.

Power To Prevent Harmful Use of the Postal Facilities

In 1872, Congress passed the first of a series of acts to exclude from the mails publications designed to defraud the public or corrupt its morals. In the pioneer case of Ex parte Jackson, the

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1304 Ex parte Jackson, 96 U.S. 727, 732 (1878). See United States Postal Service v. Council of Greenburgh Civic Assns., 453 U.S. 114 (1981), in which the Court sustained the constitutionality of a law making it unlawful for persons to use, without payment of a fee (postage), a letterbox which has been designated an “authorized depository” of the mail by the Postal Service.
1305 Searight v. Stokes, 3 How. (44 U.S.) 151, 169 (1845).
1306 In re Debs, 158 U.S. 564, 599 (1895).
1309 96 U.S. 727 (1878).
Court sustained the exclusion of circulars relating to lotteries on the general ground that “the right to designate what shall be carried necessarily involves the right to determine what shall be excluded.” 1310 The leading fraud order case, decided in 1904, held to the same effect. 1311 Pointing out that it is “an indispensable adjunct to a civil government,” to supply postal facilities, the Court restated its premise that the “legislative body in thus establishing a postal service may annex such conditions . . . as it chooses.” 1312

Later cases first qualified these sweeping assertions and then overturned them, holding Government operation of the mails to be subject to constitutional limitations. In upholding requirements that publishers of newspapers and periodicals seeking second-class mailing privileges file complete information regarding ownership, indebtedness, and circulation and that all paid advertisements in the publications be marked as such, the Court emphasized that these provisions were reasonably designed to safeguard the second-class privilege from exploitation by mere advertising publications. 1313 Chief Justice White warned that the Court by no means intended to imply that it endorsed the Government’s “broad contentions concerning . . . the classification of the mails, or by the way of condition . . .” 1314 Again, when the Court sustained an order of the Postmaster General excluding from the second-class privilege a newspaper he had found to have published material in contravention of the Espionage Act of 1917, the claim of absolute power in Congress to withhold the privilege was sedulously avoided. 1315

A unanimous Court transformed these reservations into a holding in Lamont v. Postmaster General, 1316 in which it struck down a statute authorizing the Post Office to detain mail it determined to be “communist political propaganda” and to forward it to the addressee only if he notified the Post Office he wanted to see it. Noting that Congress was not bound to operate a postal service, the Court observed that while it did, it was bound to observe constitutional guarantees. 1317 The statute violated the First Amendment

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1310 Id., 732.
1312 194 U.S., 506.
1314 Id., 316.
1316 381 U.S. 301 (1965).
1317 Id., 305, quoting Justice Holmes in United States ex rel. Milwaukee Publishing Co. v. Burleson, 255 U.S. 407, 437 (1921) (dissenting opinion): “The United States may give up the Post Office when it sees fit, but while it carries it on the
because it inhibited the right of persons to receive any information which they wished to receive. 1318

On the other hand, a statute authorizing persons to place their names on a list in order to reject receipt of obscene or sexually suggestive materials is constitutional, because no sender has a right to foist his material on any unwilling receiver. 1319 But, as in other areas, postal censorship systems must contain procedural guarantees sufficient to ensure prompt resolution of disputes about the character of allegedly objectionable material consistently with the First Amendment. 1320

Exclusive Power as an Adjunct to Other Powers

In the cases just reviewed, it was attempted to close the mails to communication which were deemed to be harmful. A much broader power of exclusion was asserted in the Public Utility Holding Company Act of 1935. 1321 To induce compliance with the regulatory requirements of that act, Congress denied the privilege of using the mails for any purpose to holding companies that failed to obey that law, irrespective of the character of the material to be carried. Viewing the matter realistically, the Supreme Court treated this provision as a penalty. While it held this statute constitutional because the regulations whose infractions were thus penalized were themselves valid, 1322 it declared that “Congress may not exercise its control over the mails to enforce a requirement which lies outside its constitutional province. . . .” 1323

State Regulations Affecting the Mails

In determining the extent to which state laws may impinge upon persons or corporations whose services are utilized by Congress in executing its postal powers, the task of the Supreme Court

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1318 Lamont v. Postmaster General, 381 U.S. 301, 306-307 (1965). And see id., 308 (concurring opinion). Note that this was the first congressional statute ever voided as in conflict with the First Amendment.


1322 Electric Bond Co. v. SEC, 303 U.S. 419 (1938).

1323 Id., 442.
has been to determine whether particular measures are consistent with the general policies indicated by Congress. Broadly speaking, the Court has approved regulations having a trivial or remote relation to the operation of the postal service, while disallowing those constituting a serious impediment to it. Thus, a state statute, which granted to one company an exclusive right to operate a telegraph business in the State, was found to be incompatible with a federal law, which, in granting to any telegraph company the right to construct its lines upon post roads, was interpreted as a prohibition of state monopolies in a field Congress was entitled to regulate in the exercise of its combined power over commerce and post roads. 1324

An Illinois statute, which, as construed by the state courts, required an interstate mail train to make a detour of seven miles in order to stop at a designated station, also was held to be an unconstitutional interference with the power of Congress under this clause. 1325 But a Minnesota statute requiring intrastate trains to stop at county seats was found to be unobjectionable. 1326

Local laws classifying postal workers with railroad employees for the purpose of determining a railroad’s liability for personal injuries, 1327 or subjecting a union of railway mail clerks to a general law forbidding any “labor organization” to deny any person membership because of his race, color or creed, 1328 have been held not to conflict with national legislation or policy in this field. Despite the interference pro tanto with the performance of a federal function, a State may arrest a postal employee charged with murder while he is engaged in carrying out his official duties, 1329 but it cannot punish a person for operating a mail truck over its highways without procuring a driver’s license from state authorities. 1330

Clause 8. The Congress shall have Power * * * To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

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1324 Pensacola Tel. Co. v. Western Union Telegraph Co., 96 U.S. 1 (1878).
1326 Gladson v. Minnesota, 166 U.S. 427 (1897).
1329 United States v. Kirby, 7 Wall. (74 U.S.) 482 (1869).
1330 Johnson v. Maryland, 254 U.S. 51 (1920).
COPYRIGHTS AND PATENTS

Scope of the Power

This clause is the foundation upon which the national patent and copyright laws rest, although it uses neither of those terms. So far as patents are concerned, modern legislation harks back to the Statute of Monopolies of 1624, whereby Parliament endowed inventors with the sole right to their inventions for fourteen years. Copyright law, in turn, traces back to the English Statute of 1710, which secured to authors of books the sole right of publishing them for designated periods. Congress was not vested by this clause, however, with anything akin to the royal prerogative in the creation and bestowal of monopolistic privileges. Its power is limited with regard both to subject matter and to the purpose and duration of the rights granted. Only the writings and discoveries of authors and inventors may be protected, and then only to the end of promoting science and the useful arts. The concept of originality is central to copyright, and it is a constitutional requirement Congress may not exceed. While Congress may grant exclusive rights only for a limited period, it may extend the term upon the expiration of the period originally specified, and in so doing may protect the rights of purchasers and assignees. The copyright and patent laws do not have, of their own force, any extraterritorial operation.

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1335 Feist Publications, Inc. v. Rural Telephone Service Co., Inc., 499 U.S. 340 (1991) (publisher of telephone directory, consisting of white pages and yellow pages, not entitled to copyright in white pages, which are only compilations). "To qualify for copyright protection, a work must be original to the author... Originality, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses some minimal degree of creativity... To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice." Id., 345. First clearly articulated in The Trade Mark Cases, 100 U.S. 82, 94 (1879), and Burrow-Giles Lithographic Co. v. Saroney, 111 U.S. 53, 58-60 (1884), the requirement is expressed in nearly every copyright opinion, but its forceful iteration in Feist was noteworthy, because originality is a statutory requirement as well, 17 U.S.C. §102(a), and it was unnecessary to discuss the concept in constitutional terms.
1336 Evans v. Jordan, 9 Cr. (13 U.S.) 199 (1815); Bloomer v. McQuewan, 14 How. (55 U.S.) 539, 548 (1852); Bloomer v. Millinger, 1 Wall. (68 U.S.) 340, 350 (1864); Eunson v. Dodge, 18 Wall. (85 U.S.) 414, 416 (1873).
1337 Brown v. Duchesne, 19 How. (60 U.S.) 183, 195 (1857). It is, however, the ultimate objective of many nations, including the United States, to develop a system of patent issuance and enforcement which transcends national boundaries; it has been recommended, therefore, that United States policy should be to harmonize its patent system with that of foreign countries so long as such measures do not dimin-
Patentable Discoveries

The protection traditionally afforded by acts of Congress under this clause has been limited to new and useful inventions, and while a patentable invention is a mental achievement, for an idea to be patentable it must have first taken physical form. Despite the fact that the Constitution uses the term “discovery” rather than “invention,” a patent may not be issued for the discovery of a hitherto unknown phenomenon of nature. “If there is to be invention from such a discovery, it must come from the application of the law of nature to a new and useful end.” As for the mental processes which have been traditionally required, the Court has held in the past that an invention must display “more ingenuity . . . than the work of a mechanic skilled in the art;” and while combination patents have been at times sustained, the accumulation of old devices is patentable “only when the whole in some way exceeds the sum of its parts.” Though “inventive genius”
and slightly varying language have been appearing in judicial decisions for almost a century.\textsuperscript{1345} "novelty" and "utility" has been the primary statutory test since the Patent Act of 1793.\textsuperscript{1346} With Congress' enactment of the Patent Act of 1952, however, § 103 of the Act required that an innovation be of a "nonobvious" nature, that is, it must not be an improvement that would be obvious to a person having ordinary skill in the pertinent art.\textsuperscript{1347} This alteration of the standard of patentability was perceived by some as overruling previous Supreme Court cases requiring perhaps a higher standard for obtaining a patent,\textsuperscript{1348} but the Court itself interpreted the provision as codifying its earlier holding in Hotchkiss v. Greenwood,\textsuperscript{1349} in Graham v. John Deere Co.\textsuperscript{1350} The Court in this case said: "Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must `promote the Progress of . . . useful Arts.' This is the standard expressed in the Constitution and it may not be ignored."\textsuperscript{1351} Congressional requirements on patentability, then, are conditions and tests that must fall within the constitutional standard. Underlying the constitutional tests and form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith. (Atlantic Works v. Brady, 107 U.S. 192, 200 (1882))."\textsuperscript{1352} The opinion concludes: "The attempts through the years to get a broader, looser conception of patents than the Constitution contemplates have been persistent. The Patent Office, like most administrative agencies, has looked with favor on the opportunity which the exercise of discretion affords to expand its own jurisdiction. And so it has placed a host of gadgets under the armour of patents—gadgets that obviously have had no place in the constitutional scheme of advancing scientific knowledge. A few that have reached this Court show the pressure to extend monopoly to the simplest of devices: [listing instances]."\textsuperscript{1353} Id., 156–158.

\textsuperscript{1345} "Inventive genius"—Justice Hunt in Reckendorfer v. Faber, 92 U.S. 347, 357 (1875); "Genius or invention"—Chief Justice Fuller in Smith v. Whitman Saddle Co., 148 U.S. 674, 681 (1893); "Intuitive genius"—Justice Brown in Potts v. Creager, 155 U.S. 597, 607 (1895); "Inventive genius"—Justice Stone in Conrow Appliances Co. v. Gomery, 268 U.S. 177, 180 (1925); "Inventive genius"—Justice Roberts in Mantle Lamp Co. v. Aluminum Co., 301 U.S. 544, 546 (1937); "the flash of creative genius, not merely the skill of the calling"—Justice Douglas in Cuno Corp. v. Automatic Devices Corp., 314 U.S. 84, 91 (1941).


\textsuperscript{1347} 35 U.S.C. § 103.


\textsuperscript{1349} 11 How. (52 U.S.) 248 (1850).

\textsuperscript{1350} 383 U.S. 1 (1966).

\textsuperscript{1351} Id., 6(first emphasis added, second emphasis by Court). For a thorough discussion, see Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146–152 (1989).
memorializing conditions for patentability is the balancing of two interests—the interest of the public in being protected against monopolies and in having ready access to and use of new items versus the interest of the country, as a whole, in encouraging invention by rewarding creative persons for their innovations. By declaring a constitutional standard of patentability, however, the Court, rather than Congress, will be doing the ultimate weighing. As for the clarity of the patentability standard, the three-fold test of utility, novelty and advancement seems to have been made less clear by the Supreme Court’s recent rejuvenation of “invention” as a standard of patentability.\footnote{Anderson’s-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57 (1969). “The question of invention must turn on whether the combination supplied the key requirement.” Id., 60. But the Court also appeared to apply the test of nonobviousness in the same decision: “We conclude that the combination was reasonably obvious to one with ordinary skill in the art.” Ibid. See also McClain v. Ortmayer, 141 U.S. 419, 427 (1891), where, speaking of the use of “invention” as a standard of patentability the Court said: “The truth is the word cannot be defined in such manner as to afford any substantial aid in determining whether a particular device involves an exercise of the inventive faculty or not.”}

Procedure in Issuing Patents

The standard of patentability is a constitutional standard, and the question of the validity of a patent is a question of law.\footnote{A. & P. Tea Co. v. Supermarket Corp., 340 U.S. 147 (1950); Mahn v. Harwood, 112 U.S. 354, 358 (1884).} Congress may authorize the issuance of a patent for an invention by a special, as well as by general, law, provided the question as to whether the patentee’s device is in truth an invention is left open to investigation under the general law.\footnote{Evans v. Eaton, 3 Wheat. (16 U.S.) 454, 512 (1818).} The function of the Commissioner of Patents in issuing letters patent is deemed to be quasi-judicial in character. Hence an act granting a right of appeal from the Commission to the Court of Appeals for the District of Columbia is not unconstitutional as conferring executive power upon a judicial body.\footnote{United States v. Duell, 172 U.S. 576, 586–589 (1899). See also Butterworth v. United States ex rel. Hoe, 112 U.S. 50 (1884).} The primary responsibility, however, for weeding out unpatentable devices rests in the Patent Office.\footnote{Graham v. John Deere Co., 383 U.S. 1, 18 (1966).} The present system of “de novo” hearings before the Court of Appeals allows the applicant to present new evidence which the Patent Office has not heard,\footnote{In Jennings v. Brenner, 255 F. Supp. 410, 412 (D.D.C. 1966), District Judge Holtzoff suggested that a system of remand be adopted.} thus making somewhat amorphous the central responsibility.
Nature and Scope of the Right Secured

The leading case bearing on the nature of the rights which Congress is authorized to secure is that of Wheaton v. Peters. Wheaton charged Peters with having infringed his copyright on the twelve volumes of “Wheaton’s Reports,” wherein are reported the decisions of the United States Supreme Court for the years from 1816 to 1827 inclusive. Peters’ defense turned on the proposition that inasmuch as Wheaton had not complied with all of the requirements of the act of Congress, his alleged copyright was void. Wheaton, while denying this assertion of fact, further contended that the statute was only intended to secure him in his pre-existent rights at common law. These at least, he claimed, the Court should protect. A divided Court held in favor of Peters on the legal question. It denied, in the first place, that there was any principle of the common law that protected an author in the sole right to continue to publish a work once published. It denied, in the second place, that there is any principle of law, common or otherwise, which pervades the Union except such as are embodied in the Constitution and the acts of Congress. Nor, in the third place, it held, did the word “securing” in the Constitution recognize the alleged common law principle Wheaton invoked. The exclusive right Congress is authorized to secure to authors and inventors owes its existence solely to the acts of Congress securing it, from which it follows that the rights granted by a patent or copyright are subject to such qualifications and limitations as Congress, in its unhampered consultation of the public interest, sees fit to impose.

The Court’s “reluctance to expand [copyright] protection without explicit legislative guidance” controlled its decision in Sony Corp. v. Universal City Studios, in which it held that the manufacture and sale of video tape (or cassette) recorders for home use do not constitute “contributory” infringement of the copyright in

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1358 Wheaton v. Peters, 8 Pet. (33 U.S.) 591, 660 (1834); Holmes v. Hurst, 174 U.S. 82 (1899). The doctrine of common-law copyright was long statutorily preserved for unpublished works, but the 1976 revision of the federal copyright law abrogated the distinction between published and unpublished works, substituting a single federal system for that existing since the first copyright law in 1790. 17 U.S.C. § 301. Wheaton v. Peters, 8 Pet. (33 U.S.) 591, 662 (1834); Evans v. Jordan, 9 Cr. (13 U.S.) 199 (1815). A major limitation of copyright law is that “fair use” of a copyrighted work is not an infringement. Fair use can involve such things as citation for the use of criticism and reproduction for classroom purposes, but it may not supersede the use of the original work. See Harper & Row, Publishers v. Nation Enterprises, 471 U.S. 539 (1985) (an unauthorized 300 to 400 word excerpt, published as a news “scoop” of the authorized prepublication excerpt of former President Ford’s memoirs and substantially affecting the potential market for the authorized version, was not a fair use within the meaning of §107 of the Copyright Act. 17 U.S.C. § 107) 1360 464 U.S. 417, 431 (1984).
television programs. Copyright protection, the Court reiterated, is “wholly statutory,” and courts should be “circumspect” in extending protections to new technology. The Court refused to hold that contributory infringement could occur simply through the supplying of the devices with which someone else could infringe, especially in view of the fact that VCRs are capable of substantial noninfringing “fair use,” e.g., time shifting of television viewing.

In giving to authors the exclusive right to dramatize any of their works, Congress did not exceed its powers under this clause. Even as applied to pantomine dramatization by means of silent motion pictures, the act was sustained against the objection that it extended the copyright to ideas rather than to the words in which they were clothed.\textsuperscript{1361} But the copyright of the description of an art in a book was held not to lay a foundation for an exclusive claim to the art itself. The latter can be protected, if at all, only by letters patent.\textsuperscript{1362} Since copyright is a species of property distinct from the ownership of the equipment used in making copies of the matter copyrighted, the sale of a copperplate under execution did not pass any right to print and publish the map which the copperplate was designed to produce.\textsuperscript{1363} A patent right may, however, be subjected, by bill in equity, to payment of a judgment debt of the patentee.\textsuperscript{1364}

\textbf{Power of Congress Over Patent Rights}

Letters patent for a new invention or discovery in the arts confer upon the patentee an exclusive property in the patented invention which cannot be appropriated or used by the Government without just compensation.\textsuperscript{1365} Congress may, however, modify rights under an existing patent, provided vested property rights are not thereby impaired,\textsuperscript{1366} but it does not follow that it may authorize an inventor to recall rights that he has granted to others or re-invest in him rights of property that he had previously conveyed for a valuable and fair consideration.\textsuperscript{1367} Furthermore, the rights

\begin{itemize}
  \item \textsuperscript{1362}Baker v. Selden, 101 U.S. 99, 105 (1880).
  \item \textsuperscript{1363}Stevens v. Gladding, 17 How. (58 U.S.) 447 (1855).
  \item \textsuperscript{1364}Ager v. Murray, 105 U.S. 126 (1882).
  \item \textsuperscript{1366}McClurg v. Kingsland, 1 How. (42 U.S.) 202, 206 (1843).
  \item \textsuperscript{1367}Bloomer v. McQuewan, 14 How. (55 U.S.) 539, 553 (1852).
\end{itemize}
the present statutes confer are subject to the antitrust laws, though it can be hardly said that the cases in which the Court has endeavored to draw the line between the rights claimable by patentees and the kind of monopolistic privileges which are forbidden by those acts exhibit entire consistency in their holdings.  

State Power Affecting Patents and Copyrights

Displacement of state police or taxing powers by federal patent or copyright has been a source of considerable dispute. Ordinarily, rights secured to inventors must be enjoyed in subordination to the general authority of the States over all property within their limits. A state statute requiring the condemnation of illuminating oils inflammable at less than 130 degrees Fahrenheit was held not to interfere with any right secured by the patent laws, although the oil for which the patent was issued could not be made to comply with state specifications. The absence of federal legislation, a State may prescribe reasonable regulations for the transfer of patent rights, so as to protect its citizens from fraud. Hence, a requirement of state law that the words "given for a patent right" appear on the face of notes given in payment for such right is not unconstitutional. Royalties received from patents or copyrights are subject to a nondiscriminatory state income tax, a holding to the contrary being overruled.

State power to protect things not patented or copyrighted under federal law has been buffeted under changing Court doctrinal views. In two major cases, the Court held that a State could not utilize unfair competition laws to prevent or punish the copying of products not entitled to a patent. Emphasizing the necessity for a uniform national policy and adverting to the monopolistic effects of the state protection, the Court inferred that because Congress had not extended the patent laws to the material at issue, federal policy was to promote free access when the materials were thus in


1371 Fox Film Corp. v. Doyal, 286 U.S. 123 (1932), overruling Long v. Rockwood, 277 U.S. 142 (1928).
the public domain.\textsuperscript{1372} But, in Goldstein v. California,\textsuperscript{1373} the Court distinguished the two prior cases and held that the determination whether a state "tape piracy" statute conflicted with the federal copyright statute depended upon the existence of a specific congressional intent to forbid state protection of the "writing" there involved. Its consideration of the statute and of its legislative history convinced the Court that Congress in protecting certain "writings" and in not protecting others bespoke no intention that federally unprotected materials should enjoy no state protection, only that Congress "has left the area unattended."\textsuperscript{1374} Similar analysis was used to sustain the application of a state trade secret law to protect a chemical process, that was patentable but not patented, from utilization by a commercial rival, which had obtained the process from former employees of the company, all of whom had signed agreements not to reveal the process. The Court determined that protection of the process by state law was not incompatible with the federal patent policy of encouraging invention and public use of patented inventions, inasmuch as the trade secret law serves other interests not similarly served by the patent law and where it protects matter clearly patentable it is not likely to deter applications for patents.\textsuperscript{1375}

Returning to the Sears and Compco emphasis, the Court unanimously, in Bonito Boats v. ThunderCraft Boats,\textsuperscript{1376} reasserted that "efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions."\textsuperscript{1377} At the same time, however, the Court attempted to harmonize Goldstein, Kewanee, and other decisions: there is room for state regulation of the use of

\begin{footnotes}
\item[1373] 412 U.S. 546 (1973). Informing the decisions were different judicial attitudes with respect to the preclusion of the States from acting in fields covered by the patent and copyright clauses, whether Congress had or had not acted. The latter case recognized permissible state interests, id., 552-560, whereas the former intimated that congressional power was exclusive. Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 228-231 (1964).
\item[1374] In the 1976 revision of the copyright law, Congress broadly preempted, with narrow exceptions, all state laws bearing on material subject to copyright, 17 U.S.C. § 301. The legislative history makes clear Congress' intention to overturn Goldstein and "to preempt and abolish any rights under the common law or statutes of a state that are equivalent to copyright and that extend to works coming within the scope of the federal copyright law." H. Rept. No. 94-1476, 94th Congress, 2d sess. (1976), 130. The statute preserves state tape piracy and similar laws as to sound recordings fixed before February 15, 1972, until February 15, 2047.
\item[1376] 489 U.S. 141 (1989).
\item[1377] Id., 156.
\end{footnotes}
unpatented designs if those regulations are "necessary to promote goals outside the contemplation of the federal patent scheme." 1378 What States are forbidden to do is to "offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law." 1379 A state law "aimed directly at preventing the exploitation of the [unpatented] design" is invalid as impinging on an area of pervasive federal regulation. 1380

Trade-Marks and Advertisements

In the famous Trade-Mark Cases, 1381 decided in 1879, the Supreme Court held void acts of Congress, which, in apparent reliance upon this clause, extended the protection of the law to trademarks registered in the Patent Office. "The ordinary trade mark," said Justice Miller for the Court, "has no necessary relation to invention or discovery;" nor is it to be classified "under the head of writings of authors." It does not "depend upon novelty, invention, discovery, or any work of the brain." 1382 Not many years later, the Court, again speaking through Justice Miller, ruled that a photograph may be constitutionally copyrighted, 1383 while still more recently a circus poster was held to be entitled to the same protection. In answer to the objection of the circuit court that a lithograph which "has no other use than that of a mere advertisement . . . (would not be within) the meaning of the Constitution," Justice Holmes summoned forth the shades of Velasquez, Whistler, Rembrandt, Ruskin, Degas, and others in support of the proposition that it is not for the courts to attempt to judge the worth of pictorial illustrations outside the narrowest and most obvious limits. 1384

Clause 9. The Congress shall have Power * * * To constitute Tribunals inferior to the supreme Court; (see Article III).

1378 Id., 166. As examples of state regulation that might be permissible, the Court referred to unfair competition, trademark, trade dress, and trade secrets laws. Perhaps by way of distinguishing Sears and Compco, both of which invalidated use of unfair competition laws, the Court suggested that prevention of "consumer confusion" is a permissible state goal that can be served in some instances by application of such laws. Id., 154.
1379 Id., 156(emphasis supplied).
1380 Id., 158.
1381 100 U.S. 82 (1879).
1382 Id., 94.
Clause 10. The Congress shall have Power * * * To define and punish Piracies and Felonies committed on the high Seas, and Offences against the Law of Nations.

PIRACIES, FELONIES, AND OFFENSES AGAINST THE LAW OF NATIONS

Origin of the Clause

"When the United States ceased to be a part of the British empire, and assumed the character of an independent nation, they became subject to that system of rules which reason, morality, and custom had established among civilized nations of Europe, as their public law. . . . The faithful observance of this law is essential to national character. . . ." 1385 These words of the Chancellor Kent expressed the view of the binding character of international law that was generally accepted at the time the Constitution was adopted. During the Revolutionary War, Congress took cognizance of all matters arising under the law of nations and professed obedience to that law. 1386 Under the Articles of Confederation, it was given exclusive power to appoint courts for the trial of piracies and felonies committed on the high seas, but no provision was made for dealing with offenses against the law of nations. 1387 The draft of the Constitution submitted to the Convention of 1787 by its Committee of Detail empowered Congress "to declare the law and punishment of piracies and felonies committed on the high seas, and the punishment of counterfeiting the coin of the United States, and of offences against the law of nations." 1388 In the debate on the floor of the Convention, the discussion turned on the question as to whether the terms, "felonies" and the "law of nations," were sufficiently precise to be generally understood. The view that these terms were often so vague and indefinite as to require definition eventually prevailed and Congress was authorized to define as well as punish piracies, felonies, and offenses against the law of nations. 1389

Definition of Offenses

The fact that the Constitutional Convention considered it necessary to give Congress authority to define offenses against the law

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1385 J. Kent, Commentaries on American Law (New York: 1826), 1.
1386 19 Journals of the Continental Congress, 315, 361 (1912); 20 Id. 762; 21 Id. 1136-1137, 1158.
1387 Article IX.
1389 Id., 316.
of nations does not mean that in every case Congress must undertake to codify that law or mark its precise boundaries before prescribing punishments for infractions thereof. An act punishing “the crime of piracy, as defined by the law of nations” was held to be an appropriate exercise of the constitutional authority to “define and punish” the offense, since it adopted by reference the sufficiently precise definition of International Law.\(^{1390}\) Similarly, in Ex parte Quirin,\(^{1391}\) the Court found that by the reference in the Fifteenth Article of War to “offenders or offenses that . . . by the law of war may be triable by such military commissions . . . ,” Congress had “exercised its authority to define and punish offenses against the law of nations by sanctioning, within constitutional limitations, the jurisdiction of military commissions to try persons for offenses which, according to the rules and precepts of the law of nations, and more particularly the law of war, are cognizable by such tribunals.”\(^{1392}\) Where, conversely, Congress defines with particularity a crime which is “an offense against the law of nations,” the law is valid, even if it contains no recital disclosing that it was enacted pursuant to this clause. Thus, the duty which the law of nations casts upon every government to prevent a wrong being done within its own dominion to another nation with which it is at peace, or to the people thereof, was found to furnish a sufficient justification for the punishment of the counterfeiting within the United States, of notes, bonds, and other securities of foreign governments.\(^{1393}\)

**Extraterritorial Reach of the Power**

Since this clause contains the only specific grant of power to be found in the Constitution for the punishment of offenses outside the territorial limits of the United States, a lower federal court held in 1932\(^{1394}\) that the general grant of admiralty and maritime jurisdiction by Article III, § 2, could not be construed as extending either the legislative or judicial power of the United States to cover offenses committed on vessels outside the United States but not on the high seas. Reversing that decision, the Supreme Court held that this provision “cannot be deemed to be a limitation on the powers, either legislative or judicial, conferred on the National Government by Article III, § 2. The two clauses are the result of separate steps independently taken in the Convention, by which


\(^{1391}\)317 U.S. 1, 27 (1942).

\(^{1392}\)Id., 28.


the jurisdiction in admiralty, previously divided between the Confederation and the States, was transferred to the National Government. It would be a surprising result, and one plainly not anticipated by the framers or justified by principles which ought to govern the interpretation of a constitution devoted to the redistribution of governmental powers, if part of them were lost in the process of transfer. To construe the one clause as limiting rather than supplementing the other would be to ignore their history, and without effecting any discernible purpose of their enactment, to deny to both the States and the National Government powers which were common attributes of sovereignty before the adoption of the Constitution. The result would be to deny to both the power to define and punish crimes of less gravity than felonies committed on vessels of the United States while on the high seas, and crimes of every grade committed on them while in foreign territorial waters.”

Within the meaning of this section, an offense is committed on the high seas even where the vessel on which it occurs is lying at anchor on the road in the territorial waters of another country.

Clauses 11, 12, 13, and 14. The Congress shall have power
* * *

To declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water.

To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years.

To provide and maintain a Navy.

To make Rules for the Government and Regulation of the land and naval Forces.

THE WAR POWER

Source and Scope

Three Theories.—Three different views regarding the source of the war power found expression in the early years of the Constitution and continued to vie for supremacy for nearly a century and a half. Writing in The Federalist, Hamilton elaborated

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1397 The Federalist, No. 23 (J. Cooke ed. ed.: 1937), 146–151.
the theory that the war power is an aggregate of the particular powers granted by Article I, § 8. Not many years later, in 1795, the argument was advanced that the war power of the National Government is an attribute of sovereignty and hence not dependent upon the affirmative grants of the written Constitution.\footnote{1398 Penhallow v. Doane, 3 Dall. (3 U.S.) 53 (1795).} Chief Justice Marshall appears to have taken a still different view, namely that the power to wage war is implied from the power to declare it. In McCulloch v. Maryland,\footnote{1399 4 Wheat. (17 U.S.) 316 (1819).} he listed the power “to declare and conduct a war”\footnote{1400 Id., 407. (Emphasis supplied.)} as one of the “enumerated powers” from which the authority to charter the Bank of the United States was deduced. During the era of the Civil War, the two latter theories were both given countenance by the Supreme Court. Speaking for four Justices in Ex parte Milligan, Chief Justice Chase described the power to declare war as “necessarily” extending “to all legislation essential to the prosecution of war with vigor and success, except such as interferes with the command of the forces and conduct of campaigns.”\footnote{1401 Ex parte Milligan, 4 Wall. (71 U.S.) 2, 139 (1866) (dissenting opinion); see also Miller v. United States, 11 Wall. (78 U.S.) 268, 305 (1871); and United States v. MacIntosh, 283 U.S. 605, 622 (1931).} In another case, adopting the terminology used by Lincoln in his Message to Congress on July 4, 1861,\footnote{1402 Cong. Globe, 37th Congress, 1st Sess., App. 1 (1861).} the Court referred to “the war power” as a single unified power.\footnote{1403 299 U.S. 304 (1936).}

An Inherent Power.—Thereafter, we find the phrase, “the war power,” being used by both Chief Justice White\footnote{1404 Hamilton v. Dillin, 21 Wall. (88 U.S.) 73, 86 (1875).} and Chief Justice Hughes,\footnote{1405 Northern Pac. Ry. Co. v. North Dakota, ex rel. Langer, 250 U.S. 135, 149 (1919).} the former declaring the power to be “complete and undivided.”\footnote{1406 Home Bldg. & L. Assn. v. Blaisdell, 290 U.S. 398 (1934).} Not until 1936, however, did the Court explain the logical basis for imputing such an inherent power to the Federal Government. In United States v. Curtis-Wright Corp.,\footnote{1407 Northern Pac. Ry. Co. v. North Dakota, ex rel. Langer, 250 U.S. 135, 149 (1919).} the reasons for this conclusion were stated by Justice Sutherland as follows: “As a result of the separation from Great Britain by the colonies acting as a unit, the powers of external sovereignty passed from the Crown not to the colonies severally, but to the colonies in their collective and corporate capacity as the United States of America. Even before the Declaration, the colonies were a unit in foreign affairs, acting through a common agency—namely, the Con-
tinental Congress, composed of delegates from the thirteen colonies. That agency exercised the powers of war and peace, raised an army, created a navy, and finally adopted the Declaration of Independence. . . . It results that the investment of the Federal Government with the powers of external sovereignty did not depend upon the affirmative grants of the Constitution. The power to declare and wage war, to conclude peace, to make treaties, to maintain diplomatic relations with other sovereignties, if they had never been mentioned in the Constitution, would have vested in the Federal Government as necessary concomitants of nationality.”  

A Complexus of Granted Powers.—In Lichter v. United States, 1409 on the other hand, the Court speaks of the “war powers” of Congress. Upholding the Renegotiation Act, it declared that: “In view of this power ‘To raise and support Armies, . . . and the power granted in the same Article of the Constitution ‘to make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers,’ . . . the only question remaining is whether the Renegotiation Act was a law ‘necessary and proper for carrying into Execution’ the war powers of Congress and especially its power to support armies.” 1410 In a footnote, it listed the Preamble, the necessary and proper clause, the provisions authorizing Congress to lay taxes and provide for the common defense, to declare war, and to provide and maintain a navy, together with the clause designating the President as Commander-in-Chief of the Army and Navy, as being “among the many other provisions implementing the Congress and the President with powers to meet the varied demands of war. . . .” 1411

Declaration of War

In the early draft of the Constitution presented to the Convention by its Committee of Detail, Congress was empowered “to make war.” 1412 Although there were solitary suggestions that the power should better be vested in the President alone, 1413 in the Senate

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1408 Id., 316, 318. On the controversy respecting Curtiss-Wright, see infra, Article II.
1409 334 U.S. 742 (1948).
1410 Id., 757-758.
1411 Id., 755 n. 3.
1413 Mr. Butler favored “vesting the power in the President, who will have all the requisite qualities, and will not make war but when the Nation will support it.” Id., 318.
alone, or in the President and the Senate, the sentiment of the Convention, as best we can determine from the limited notes of the proceedings, was that the potentially momentous consequences of initiating armed hostilities should be called up only by the concurrence of the President and both Houses of Congress. In contrast to the English system, the Framers did not want the wealth and blood of the Nation committed by the decision of a single individual; in contrast to the Articles of Confederation, they did not wish to forego entirely the advantages of executive efficiency nor to entrust the matter solely to a branch so close to popular passions.

The result of these conflicting considerations was that the Convention amended the clause so as to give Congress the power to "declare war." Although this change could be read to give Congress the mere formal function of recognizing a state of hostilities, in the context of the Convention proceedings it appears more likely the change was intended to insure that the President was empowered to repel sudden attacks without awaiting congressional action and to make clear that the conduct of war was vested exclusively in the President.

Mr. Pinkney thought the House was too numerous for such deliberations but that the Senate would be more capable of a proper resolution and more acquainted with foreign affairs. Additionally, with the States equally represented in the Senate, the interests of all would be safeguarded.

Hamilton's plan provided that the President was "to make war or peace, with the advice of the senate . . ." Hamilton notes: "[T]he President is to be commander-in-chief of the army and navy of the United States. In this respect his authority would be nominally the same with that of the king of Great Britain, but in substance much inferior to it. It would amount to nothing more than the supreme command and direction of the military and naval forces, as first General and admiral of the confederacy; while that of the British king extends to the declaring of war and to the raising and regulating of fleets and armies,—all which, by the Constitution under consideration, would appertain to the legislature." (Emphasis in original). And see id., No. 26, 164-171. Cf. C. Berda, WAR POWERS OF THE EXECUTIVE IN THE UNITED STATES (Urbana, Ill.: 1921), ch. V.

During the Convention, Gerry remarked that he "never expected to hear in a republic a motion to empower the Executive alone to declare war." 2 M. FARRAND, THE RECORDS OF THE FEDERAL CONVENTION OF 1787 (New Haven: rev. ed. 1937), 318.

The Articles of Confederation vested powers with regard to foreign relations in the Congress.

Jointly introducing the amendment to substitute "declare" for "make," Madison and Gerry noted the change would "leave[e] to the Executive the power to repel sudden attacks." Id., 318.

Connecticut originally voted against the amendment to substitute "declare" for "make" but "on the remark by Mr. King that 'make' war might be understood to 'conduct' it which was an Executive function, Mr. Ellsworth gave up his opposition, and the vote of Connecticut was changed. . . ." Id., 319. The contemporary and
An early controversy revolved about the issue of the President's powers and the necessity of congressional action when hostilities are initiated against us rather than the Nation instituting armed conflict. The Bey of Tripoli, in the course of attempting to extort payment for not molesting United States shipping, declared war upon the United States, and a debate began whether Congress had to enact a formal declaration of war to create a legal status of war. President Jefferson sent a squadron of frigates to the Mediterranean to protect our ships but limited its mission to defense in the narrowest sense of the term. Attacked by a Tripolitan cruiser, one of the frigates subdued it, disarmed it, and, pursuant to instructions, released it. Jefferson in a message to Congress announced his actions as in compliance with constitutional limitations on his authority in the absence of a declaration of war. Hamilton espoused a different interpretation, contending that the Constitution vested in Congress the power to initiate war but that when another nation made war upon the United States we were already in a state of war and no declaration by Congress was needed. Congress thereafter enacted a statute authorizing the President to instruct the commanders of armed vessels of the United States to seize all vessels and goods of the Bey of Tripoli “and also to cause to be done all such other acts of precaution or hostility as the state of war will justify . . .”. But no formal declaration of war was passed, Congress apparently accepting Hamilton's view.

Sixty years later, the Supreme Court sustained the blockade of the Southern ports instituted by Lincoln in April 1861 at a time when Congress was not in session. Congress had subsequently ratified Lincoln’s action, so that it was unnecessary for the Court to consider the constitutional basis of the President's action in the absence of congressional authorization, but the Court nonetheless approved, five-to-four, the blockade order as an exercise of
Presidential power alone, on the ground that a state of war was a fact. "The President was bound to meet it in the shape it presented itself, without waiting for Congress to baptize it with a name; and no name given to it by him or them could change the fact." The minority challenged this doctrine on the ground that while the President could unquestionably adopt such measures as the laws permitted for the enforcement of order against insurgency, Congress alone could stamp an insurrection with the character of war and thereby authorize the legal consequences ensuing from a state of war.

The view of the majority was proclaimed by a unanimous Court a few years later when it became necessary to ascertain the exact dates on which the war began and ended. The Court, the Chief Justice said, must "refer to some public act of the political departments of the government to fix the dates; and, for obvious reasons, those of the executive department, which may be, and, in fact, was, at the commencement of hostilities, obliged to act during the recess of Congress, must be taken. The proclamation of intended blockade by the President may therefore be assumed as marking the first of these dates, and the proclamation that the war had closed, as marking the second."

These cases settled the issue whether a state of war could exist without formal declaration by Congress. When hostile action is taken against the Nation, or against its citizens or commerce, the appropriate response by order of the President may be resort to force. But the issue so much a source of controversy in the era of the Cold War and so divisive politically in the context of United States involvement in the Vietnamese War has been whether the President is empowered to commit troops abroad to further national interests in the absence of a declaration of war or specific congressional authorization short of such a declaration. The Supreme Court studiously refused to consider the issue in any of the forms in which it was presented, and the lower courts gen-

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1428 The Prize Cases, 2 Bl. (67 U.S.) 635, 669 (1863).
1429 Id., 682.
1430 The Protector, 12 Wall. (79 U.S.) 700, 702 (1872).
1432 In Atlee v. Richardson, 411 U.S. 911 (1973), affg. 347 F. Supp. 689 (E.D.Pa., 1982), the Court summarily affirmed a three-judge court's dismissal of a suit challenging the constitutionality of United States activities in Vietnam on political question grounds. The action constituted approval on the merits of the dismissal, but it did not necessarily approve the lower court's grounds. See also Massachu-
erally refused, on “political question” grounds, to adjudicate the matter. In the absence of judicial elucidation, the Congress and the President have been required to accommodate themselves in the controversy to accept from each other less than each has been willing to accept but more than either has been willing to grant.

THE POWER TO RAISE AND MAINTAIN ARMED FORCES

Purpose of Specific Grants

The clauses of the Constitution, which give Congress authority to raise and support armies, and so forth, were not inserted to endow the national government rather than the States with the power to do these things but to designate the department of the Federal Government, which would exercise the powers. As we have noted above, the English king was endowed with the power not only to initiate war but the power to raise and maintain armies and navies. Aware historically that these powers had been utilized to the detriment of the liberties and well-being of Englishmen and aware that in the English Declaration of Rights of 1688 it was insisted that standing armies could not be maintained without the


1434 For further discussion, see under section on President’s commander-in-chief powers.

1435 W. BLACKSTONE, COMMENTARIES, St. G. Tucker ed. (Philadelphia: 1803), 263.
consent of Parliament, the Framers vested these basic powers in Congress. 1436

**Time Limit on Appropriations for the Army**

Prompted by the fear of standing armies to which Story alluded, the framers inserted the limitation that “no appropriation of money to that use shall be for a longer term than two years.” In 1904, the question arose whether this provision would be violated if the Government contracted to pay a royalty for use of a patent in constructing guns and other equipment where the payments are likely to continue for more than two years. Solicitor-General Hoyt ruled that such a contract would be lawful; that the appropriations limited by the Constitution “are those only which are to raise and support armies in the strict sense of the word ‘support,’ and that the inhibition of that clause does not extend to appropriations for the various means which an army may use in military operations, or which are deemed necessary for the common defense. . . .” 1437 Relying on this earlier opinion, Attorney General Clark ruled in 1948 that there was “no legal objection to a request to the Congress to appropriate funds to the Air Force for the procurement of aircraft and aeronautical equipment to remain available until expended.” 1438

**Conscription**

The constitutions adopted during the Revolutionary War by at least nine of the States sanctioned compulsory military service. 1439 Towards the end of the War of 1812, conscription of men for the army was proposed by James Monroe, then Secretary of War, but opposition developed and peace came before the bill could be enacted. 1440 In 1863, a compulsory draft law was adopted and put into operation without being challenged in the federal courts. 1441 Not so the Selective Service Act of 1917. 1442 This measure was attacked on the grounds that it tended to deprive the States of the right to “a well-regulated militia,” that the only power of Congress to exact compulsory service was the power to provide for calling forth the militia for the three purposes specified in the Constitu-

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1436 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1187.
1440 Id., 245 U.S., 385.
1441 Id., 386-388. The measure was upheld by a state court. Kneedler v. Lane, 45 Pa. St. 238 (1863).
1442 Act of May 18, 1917, 40 Stat. 76.
tion, which did not comprehend service abroad, and finally that the compulsory draft imposed involuntary servitude in violation of the Thirteenth Amendment. The Supreme Court rejected all of these contentions. It held that the powers of the States with respect to the militia were exercised in subordination to the paramount power of the National Government to raise and support armies, and that the power of Congress to mobilize an army was distinct from its authority to provide for calling the militia and was not qualified or in any wise limited thereby.\footnote{Selective Draft Law Cases, 245 U.S. 366, 381, 382 (1918).}

Before the United States entered the first World War, the Court had anticipated the objection that compulsory military service would violate the Thirteenth Amendment and had answered it in the following words: "It introduced no novel doctrine with respect of services always treated as exceptional, and certainly was not intended to interdict enforcement of those duties which individuals owe to the State, such as services in the army, militia, on the jury, etc. The great purpose in view was liberty under the protection of effective government, not the destruction of the latter by depriving it of essential powers."\footnote{Butler v. Perry, 240 U.S. 328, 333 (1916).} Accordingly, in the Selective Draft Law Cases,\footnote{245 U.S. 366 (1918).} it dismissed the objection under that amendment as a contention that was "refuted by its mere statement."\footnote{Id., 390.}

Care of the Armed Forces

Scope of the congressional and executive authority to prescribe the rules for the governance of the military is broad and subject to great deference by the judiciary. The Court recognizes “that the military is, by necessity, a specialized society separate from civilian society,” that “[t]he military constitutes a specialized community governed by a separate discipline from that of the civilian,” and that “Congress is permitted to legislate both with greater breadth and with greater flexibility when prescribing the rules by which [military society] shall be governed than it is when prescribing rules for [civilian society].” 1452 Denying that Congress or military authorities are free to disregard the Constitution when acting in this area, 1453 the Court nonetheless operates with “a healthy deference to legislative and executive judgments” with respect to military affairs, 1454 so that, while constitutional guarantees apply, “the different character of the military community and of the military mission requires a different application of those protections.” 1455

In reliance upon this deference to congressional judgment with respect to the roles of the sexes in combat and the necessities of military mobilization, coupled with express congressional consideration of the precise questions, the Court sustained as constitutional the legislative judgment to provide only for registration of males for possible future conscription. 1456 Emphasizing the unique, separate status of the military, the necessity to indoctrinate men in obedience and discipline, the tradition of military neutrality in political affairs, and the need to protect troop morale, the Court upheld the validity of military post regulations, backed by congressional enactments, banning speeches and demonstrations of a partisan political nature and the distribution of literature without prior approval of post headquarters, with the commander authorized to keep out only those materials that would clearly endanger...
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the loyalty, discipline, or morale of troops on the base. On the same basis, the Court rejected challenges on constitutional and statutory grounds to military regulations requiring servicemen to obtain approval from their commanders before circulating petitions on base, in the context of circulations of petitions for presentation to Congress. And the statements of a military officer urging disobedience to certain orders could be punished under provisions that would have been of questionable validity in a civilian context. Reciting the considerations previously detailed, the Court has refused to allow enlisted men and officers to sue to challenge or set aside military decisions and actions.

Congress has a plenary and exclusive power to determine the age at which a soldier or seaman shall be received, the compensation he shall be allowed and the service to which he shall be assigned. This power may be exerted to supersede parents' control of minor sons who are needed for military service. Where the statute requiring the consent of parents for enlistment of a minor son did not permit such consent to be qualified, their attempt to impose a condition that the son carry war risk insurance for the benefit of his mother was not binding on the Government. Since the possession of government insurance payable to the person of his choice is calculated to enhance the morale of the serviceman, Congress may permit him to designate any beneficiary he desires, irrespective of state law, and may exempt the proceeds from the claims of creditors. Likewise, Congress may bar a State from taxing the

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1458Brown v. Glines, 444 U.S. 348 (1980); Secretary of the Navy v. Huff, 444 U.S. 453 (1980). The statutory challenge was based on 10 U.S.C. § 1034, which protects a serviceman's right to communicate with a Member of Congress, but which the Court interpreted narrowly.
1460Chappell v. Wallace, 462 U.S. 296 (1983) (enlisted men charging racial discrimination by their superiors in duty assignments and performance evaluations could not bring constitutional tort suits); United States v. Stanley, 483 U.S. 669 (1987) (officer who had been an unwitting, unconsenting subject of an Army experiment to test the effects of LSD on human subjects could not bring a constitutional tort for damages). These considerations are also the basis of the Court's construction of the Federal Tort Claims Act so that it does not reach injuries arising out of or in the course of military activity. Feres v. United States, 340 U.S. 135 (1950). In United States v. Johnson, 481 U.S. 681 (1987), four Justices urged reconsideration of Feres, but that has not occurred.
1461United States v. Williams, 302 U.S. 46 (1937). See also In re Grimley, 137 U.S. 147, 153 (1890); In re Morrissey, 137 U.S. 157 (1890).
1462Wissner v. Wissner, 338 U.S. 655 (1950); Ridgway v. Ridgway, 454 U.S. 46 (1981). In the absence of express congressional language, like that found in Wissner, the Court nonetheless held that a state court division under its community property system of an officer's military retirement benefits conflicted with the federal program and could not stand. McCarty v. McCarty, 453 U.S. 210 (1981). See also Porter
Trial and Punishment of Offenses: Servicemen, Civilian Employees, and Dependents

Under its power to make rules for the government and regulation of the armed forces, Congress has set up a system of criminal law binding on all servicemen, with its own substantive laws, its own courts and procedures, and its own appeals procedure. The drafters of these congressional enactments conceived of a military justice system with application to all servicemen wherever they are, to reservists while on inactive duty training, and to certain civilians in special relationships to the military. In recent years, all these conceptions have been restricted.

Servicemen.—Although there is extensive disagreement about the practice of court-martial trial of servicemen for nonmilitary offenses in the past, the matter never really was raised in substantial degree until the Cold War period when the United States found it essential to maintain both at home and abroad a large standing army in which great numbers of servicemen were drafted. In O'Callahan v. Parker, the Court held that court-martial jurisdiction was lacking to try servicemen charged with a crime that was not “service connected.” The Court attempted to assay no definition of “service connection,” but among the factors it noted were that the crime in question was committed against a civilian in peacetime in the United States off-base while the serviceman was lawfully off duty. O'Callahan was overruled in Solorio v. United States, the Court holding that “the requirements of the tangible, personal property of a soldier, assigned for duty therein, but domiciled elsewhere. To safeguard the health and welfare of the armed forces, Congress may authorize the suppression of bordellos in the vicinity of the places where forces are stationed.


Constitution are not violated where . . . a court-martial is convened to try a serviceman who was a member of the armed services at the time of the offense charged." 1470 Chief Justice Rehnquist’s opinion for the Court insisted that O’Callahan had been based on erroneous readings of English and American history, and that “the service connection approach . . . has proved confusing and difficult for military courts to apply.” 1471

With regard to trials before court-martials, it is not clear what provisions of the Bill of Rights and other constitutional guarantees do apply. The Fifth Amendment expressly excepts “[c]ases arising in the land and naval forces” from its grand jury provision, and there is an implication that these cases are also excepted from the Sixth Amendment. 1472 The double jeopardy provision of the Fifth Amendment appears to be applicable. 1473 The Court of Military Appeals now holds that servicemen are entitled to all constitutional rights except those expressly or by implication inapplicable to the military. 1474 The Uniform Code of Military Justice, supplemented by the Manual for Courts-Martial, affirmatively grants due process rights roughly comparable to civilian procedures, so that many such issues are unlikely to arise absolutely necessitating constitutional analysis. 1475 However, the Code leaves intact much of the criticized traditional structure of courts-martial, including the pervasive possibilities of command influence, 1476 and the Court of Military Appeals is limited on the scope of its review, 1477 thus creating areas in which constitutional challenges are likely.

Upholding Articles 133 and 134 of the Uniform Code of Military Justice, the Court stressed the special status of military soci-

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1470 Id., 450-451.
1471 Id., 448. Although the Court of Military Appeals had affirmed Solorio’s military-court conviction on the basis that the service-connection test had been met, the Court elected to reconsider and overrule O’Callahan altogether.
1472 Ex parte Milligan, 4 Wall. (71 U.S.) 2, 123, 138-139 (1866); Ex parte Quirin, 317 U.S. 1, 40 (1942). The matter was raised but left unresolved in Middendorf v. Henry, 425 U.S. 25 (1976).
1475 The UCMJ guarantees counsel, protection from self-incrimination and double jeopardy, and warnings of rights prior to interrogation, to name a few.
This difference has resulted in a military Code regulating aspects of the conduct of members of the military that in the civilian sphere would go unregulated, but on the other hand the penalties imposed range from the severe to well below the threshold of that possible in civilian life. Because of these factors, the Court, while agreeing that constitutional limitations applied to military justice, was of the view that the standards of constitutional guarantees were significantly different in the military than in civilian life. Thus, the vagueness challenge to the Articles was held to be governed by the standard applied to criminal statutes regulating economic affairs, the most lenient of vagueness standards. Neither did application of the Articles to conduct essentially composed of speech necessitate a voiding of the conviction, inasmuch as the speech was unprotected, and, even while it might reach protected speech, the officer here was unable to raise that issue.

Military courts are not Article III courts but agencies established pursuant to Article I. It was established in the last century that the civil courts have no power to interfere with courts-martial and that court-martial decisions are not subject to civil court review. Until August 1, 1984, the Supreme Court had no jurisdiction to review by writ of certiorari the proceedings of a military commission, but Congress has now conferred appellate jurisdiction of decisions of the Court of Military Appeals. Prior to this time, civil court review of court-martial decisions was possible through habeas corpus jurisdiction, an avenue that continues to exist, but the Court severely limited the scope of such review, restricting it to the issue whether the court-martial has jurisdiction over the person tried and the offense charged. In Burns v. Wil...

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1478 Parker v. Levy, 417 U.S. 733 (1974). Article 133 punishes a commissioned officer for “conduct unbecoming an officer and gentleman,” and Article 134 punishes any person subject to the Code for “all disorders and neglects to the prejudice of good order and discipline in the armed forces.”
1479 Id., 756.
1480 Id., 757–761.
1484 Cf. Ex parte Milligan, 4 Wall. (71 U.S.) 2 (1866); Ex parte Yerger, 8 Wall. (75 U.S.) 85 (1869); Ex parte Reed, 100 U.S. 13 (1879). While federal courts have jurisdiction to intervene in military court proceedings prior to judgment, as a matter of equity, following the standards applicable to federal court intervention in state criminal proceedings, they should act when the petitioner has not exhausted his military remedies only in extraordinary circumstances. Schlesinger v. Councilman, 420 U.S. 738 (1975).
1485 Ex parte Reed, 100 U.S. 13 (1879); Swain v. United States, 165 U.S. 553 (1897); Carter v. Roberts, 177 U.S. 496 (1900); Hlatt v. Brown, 339 U.S. 103 (1950).
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son, however, at least seven Justices appeared to reject the traditional view and adopt the position that civil courts on habeas corpus could review claims of denials of due process rights to which the military had not given full and fair consideration. Since Burns, the Court has thrown little light on the range of issues cognizable by a federal court in such litigation and the lower federal courts have divided several possible ways.

Civilians and Dependents.—In recent years, the Court rejected the view of the drafters of the Code of Military Justice with regard to the persons Congress may constitutionally reach under its clause 14 powers. Thus, it held that an honorably discharged former soldier, charged with having committed murder during military service in Korea, could not be tried by court-martial but must be charged in federal court, if at all. After first leaning the other way, the Court on rehearing found lacking court-martial jurisdiction, at least in peacetime, to try civilian dependents of service personnel for capital crimes committed outside the United States. Subsequently, the Court extended its ruling to civilian dependents overseas charged with noncapital crimes and to civilian employees of the military charged with either capital or noncapital crimes.

WAR LEGISLATION

War Powers in Peacetime

To some indeterminate extent, the power to wage war embraces the power to prepare for it and the power to deal with the problems of adjustment following its cessation. Justice Story em-

1491 Reid v. Covert, 354 U.S. 1 (1957) (voiding court-martial convictions of two women for murdering their soldier husbands stationed in Japan). Chief Justice Warren and Justices Black, Douglas, and Brennan were of the opinion Congress’ power under clause 14 could not reach civilians. Justices Frankfurter and Harlan concurred, limited to capital cases. Justices Clark and Burton dissented.
1492 Kinsella v. United States ex rel. Singleton, 361 U.S. 234 (1960) (voiding court-martial conviction for noncapital crime of wife of soldier husband overseas). The majority could see no reason for distinguishing between capital and noncapital crimes. Justices Harlan and Frankfurter dissented on the ground that in capital cases greater constitutional protection, available in civil courts, was required.
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phrased that “[i]t is important also to consider, that the surest means of avoiding war is to be prepared for it in peace. . . . How could a readiness for war in time of peace be safely prohibited, unless we could in like manner prohibit the preparations and establishments of every hostile nation? . . . It will be in vain to oppose constitutional barriers to the impulse of self-preservation.” 1494 Authoritative judicial recognition of the power is found in Ashwander v. Tennessee Valley Authority, 1495 in which the power of the Federal Government to construct and operate a dam and power plant, pursuant to the National Defense Act of June 3, 1916, 1496 was sustained. The Court noted that the assurance of an abundant supply of electrical energy and of nitrates, which would be produced at the site, “constitute national defense assets” and the project was justifiable under the war powers. 1497

Perhaps the most significant example of legislation adopted pursuant to the war powers when no actual “shooting war” was in progress, with the object of strengthening national defense, was the Atomic Energy Act of 1946, establishing a body to oversee and further the research into and development of atomic energy for both military and civil purposes. 1498 Congress has also authorized a vast amount of highway construction, pursuant to its conception of their “primary importance to the national defense,” 1499 and the first extensive program of federal financial assistance in the field of education was the National Defense Education Act. 1500 The post-World War II years, though nominally peacetime, constituted the era of the Cold War and the occasions for several armed conflicts, notably in Korea and Indochina, in which the Congress enacted much legislation designed to strengthen national security, including an apparently permanent draft, 1501 authorization of extensive space exploration, 1502 authorization for wage and price con-

1494 3 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1180.
1500 72 Stat. 1580 (1958), as amended, codified to various sections of Titles 20 and 42.
1502 National Aeronautics and Space Act of 1958, 72 Stat. 426, as amended, codified in various sections of Titles 5, 18, and 50.
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Additionally, the period saw extensive regulation of matters affecting individual rights, such as loyalty-security programs, passport controls, and limitations on members of the Communist Party and associated organizations, all of which are dealt with in other sections.

A particular province of such legislation is that designed to effect a transition from war to peace. The war power “is not limited to victories in the field. . . . It carries with it inherently the power to guard against the immediate renewal of the conflict, and to remedy the evils which have arisen from its rise and progress.” This principle was given a much broader application after the First World War in Hamilton v. Kentucky Distilleries Co., where the War Time Prohibition Act adopted after the signing of the Armistice was upheld as an appropriate measure for increasing war efficiency. The Court was unable to conclude that the war emergency had passed with the cessation of hostilities. But in 1924, it held that a rent control law for the District of Columbia, which had been previously upheld, had ceased to operate because the emergency which justified it had come to an end.

A similar issue was presented after World War II in which the Court held that the authority of Congress to regulate rents by virtue of the war power did not end with the presidential proclamation terminating hostilities on December 31, 1946. However,


1508 Stewart v. Kahn, 11 Wall. (78 U.S.) 493, 507 (1871) (sustaining a congressional deduction from a statute of limitations the period during which the Civil War prevented the bringing of an action). See also Mayfield v. Richards, 115 U.S. 137 (1885).

1509 251 U.S. 146 (1919). See also Ruppert v. Caffey, 251 U.S. 264 (1920).

1510 Act of November 21, 1918, 40 Stat. 1046.

1511 251 U.S. 163.


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the Court cautioned that "[w]e recognize the force of the argument that the effects of war under modern conditions may be felt in the economy for years and years, and that if the war power can be used in days of peace to treat all the wounds which war inflicts on our society, it may not only swallow up all other powers of Congress but largely obliterate the Ninth and Tenth Amendments as well. There are no such implications in today's decision."

In the same year, the Court sustained by only a five-to-four vote the Government's contention that the power which Congress had conferred upon the President to deport enemy aliens in times of a declared war was not exhausted when the shooting stopped. 1516 "It is not for us to question," said Justice Frankfurter for the Court, "a belief by the President that enemy aliens who were justifiably deemed fit subjects for internment during active hostilities [sic] do not lose their potency for mischief during the period of confusion and conflict which is characteristic of a state of war even when the guns are silent but the peace of Peace has not come." 1517

Delegation of Legislative Power in Wartime

The Court has insisted that in times of war as in times of peace "the respective branches of the Government keep within the power assigned to each," 1518 thus raising the issue of permissible delegation, inasmuch as during a war Congress has been prone to delegate many more powers to the President than at other times. 1519 But the number of cases actually discussing the matter is few. 1520 Two theories have been advanced at times when the delegation doctrine carried more of a force than it has in recent years. First, it is suggested that inasmuch as the war power is inherent in the Federal Government, and one shared by the legislative and executive branches, Congress does not really delegate legislative power when it authorizes the President to exercise the war power in a prescribed manner, a view which entirely overlooks the fact that the Constitution expressly vests the war power as a legislative power in Congress. Second, it is suggested that Congress' power to delegate in wartime is limited as in other situations but that the

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1515 Id., 333 U.S., 143-144.
1517 Id., 170.
1519 For an extensive consideration of this subject in the context of the President's redelegation of it, see N. Grundstein, Presidential Delegation of Authority in Wartime (Pittsburgh: 1961).
1520 In the Selective Draft Law Cases, 245 U.S. 366, 389 (1918), the objection was dismissed without discussion. The issue was decided by reference to peacetime precedents in Yakus v. United States, 321 U.S. 414, 424 (1944).
The existence of a state of war is a factor weighing in favor of the validity of the delegation.

The first theory was fully stated by Justice Bradley in Hamilton v. Dillin, upholding a levy imposed by the Secretary of the Treasury pursuant to an act of Congress. To the argument that the levy was a tax the fixing of which Congress could not delegate, Justice Bradley noted that the power exercised “does not belong to the same category as the power to levy and collect taxes, duties, and excises. It belongs to the war powers of the Government. . . .”

Both theories found expression in different passages of Chief Justice Stone's opinion in Hirabayashi v. United States, upholding executive imposition of a curfew on Japanese-Americans pursuant to legislative delegation. On the one hand, he spoke to Congress and the Executive, “acting in cooperation,” to impose the curfew, while on the other hand, he noted that a delegation in which Congress has determined the policy and the rule of conduct, leaving to the Executive the carry-out of the matter, is permissible delegation.

A similar ambiguity is found in Lichter v. United States, upholding the Renegotiation Act, but taken as a whole the Court there espoused the second theory. “The power [of delegation] is especially significant in connection with constitutional war powers under which the exercise of broad discretion as to method to be employed may be essential to an effective use of its war powers by Congress. The degree to which Congress must specify its policies and standards in order that the administrative authority granted may not be an unconstitutional delegation of its own legislative power is not capable of precise definition. . . . Thus, while the constitutional structure and controls of our Government are our guides equally in war and in peace, they must be read with the realistic purposes of the entire instrument fully in mind.” The Court then examined the exigencies of war and concluded that the delegation was valid.
CONSTITUTIONAL RIGHTS IN WARTIME

Constitution and the Advance of the Flag

Theater of Military Operations.—Military law to the exclusion of constitutional limitations otherwise applicable is the rule in the areas in which military operations are taking place. This view was assumed by all members of the Court in Ex parte Milligan, 1529 in which the trial by a military commission of a civilian charged with disloyalty in a part of the country remote from the theater of military operations was held invalid. Although unanimous in the result, the Court divided five-to-four on the ground of decision. The point of disagreement was over which department of the Government had authority to say with finality what regions lie within the theater of military operations. The majority claimed this function for the courts and asserted that an area in which the civil courts were open and functioning does not; 1530 the minority argued that the question was for Congress' determination. 1531 The entire Court rejected the Government's contention that the President's determination was conclusive in the absence of restraining legislation. 1532

Similarly, in Duncan v. Kahanamoku, 1533 the Court declared that the authority granted by Congress to the territorial governor of Hawaii to declare martial law under certain circumstances, which he exercised in the aftermath of the attack on Pearl Harbor, did not warrant the supplanting of civil courts with military tribunals and the trial of civilians for civilian crimes in these military tribunals at a time when no obstacle stood in the way of the operation of the civil courts, except, of course, the governor's order.

Enemy Country.—It has seemed reasonably clear that the Constitution does not follow the advancing troops into conquered territory. Persons in such territory have been held entirely beyond the reach of constitutional limitations and subject to the laws of war as interpreted and applied by the Congress and the President. 1534 “What is the law which governs an army invading an enemy's country?” the Court asked in Dow v. Johnson, 1535 “It is not the civil law of the invaded country; it is not the civil law of the conquering country; it is military law—the law of war—and its su-

1529 4 Wall. (71 U.S.) 2 (1866).
1530 Id., 127.
1531 Id., 132, 138.
1532 Id., 121, 139–142.
1533 327 U.S. 304 (1946).
1535 100 U.S. 158, 170 (1880).
premacy for the protection of the officers and soldiers of the army, when in service in the field in the enemy's country, is as essential to the efficiency of the army as the supremacy of the civil law at home, and, in time of peace, is essential to the preservation of liberty."

These conclusions follow not only from the usual necessities of war but as well from the Court's doctrine that the Constitution is not automatically applicable in all territories acquired by the United States, the question turning upon whether Congress has made the area "incorporated" or "unincorporated" territory, but in Reid v. Covert, Justice Black in a plurality opinion of the Court asserted that wherever the United States acts it must do so only "in accordance with all the limitation imposed by the Constitution. . . . [C]onstitutional protections for the individual were designed to restrict the United States Government when it acts outside of this country, as well as at home." The case, however, involved the trial of a United States citizen abroad and the language quoted was not subscribed to by a majority of the Court; thus, it must be regarded as a questionable rejection of the previous line of cases.

**Enemy Property.**—In Brown v. United States, Chief Justice Marshall dealt definitively with the legal position of enemy property during wartime. He held that the mere declaration of war by Congress does not effect a confiscation of enemy property situated within the territorial jurisdiction of the United States, but the right of Congress by further action to subject such property to confiscation was asserted in the most positive terms. As an exercise of the war power, such confiscation was held not subject to the restrictions of the Fifth and Sixth Amendment. Since such confiscation is unrelated to the personal guilt of the owner, it is immaterial whether the property belongs to an alien, a neutral, or even to a citizen. The whole doctrine of confiscation is built upon the foundation that it is an instrument of coercion, which, by depriving an enemy of property within the reach of his power, whether within his territory or outside it, impairs his ability to resist the

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1538 Id., 6, 7.

1539 For a comprehensive treatment, preceding Reid v. Covert, of the matter in the context of the post-War war crimes trials, see Fairman, Some New Problems of the Constitution Following the Flag, 1 Stan. L. Rev. 587 (1949).

1540 8 Cr. (12 U.S.) 110 (1814). See also Conrad v. Waples, 96 U.S. 279 (1878).
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confiscating government while at the same time it furnishes to that

**Prizes of War**.—The power of Congress with respect to prizes is plenary; no one can have any interest in prizes captured except by permission of Congress.\footnote{1542}{The Siren, 13 Wall. (80 U.S.) 389 (1871).} Nevertheless, since international law is a part of our law, the Court will administer it so long as it has not been modified by treaty or by legislative or executive action. Thus, during the Civil War, the Court found that the Confiscation Act of 1861, and the Supplementary Act of 1863, which, in authorizing the condemnation of vessels, made provision for the protection of interests of loyal citizens, merely created a municipal forfeiture and did not override or displace the law of prize. It decided, therefore, that when a vessel was liable to condemnation under either law, the Government was at liberty to proceed under the most stringent rules of international law, with the result that the citizen would be deprived of the benefit of the protective provisions of the statute.\footnote{1543}{The Hampton, 5 Wall. (72 U.S.) 372, 376 (1867).} Similarly, when Cuban ports were blockaded during the Spanish-American War, the Court held, over the vigorous dissent of three of its members, that the rule of international law exempting unarmed fishing vessels from capture was applicable in the absence of any treaty provision, or other public act of the Government in relation to the subject.\footnote{1544}{The Paquete Habana, 175 U.S. 677, 700, 711 (1900).}

**The Constitution at Home in Wartime**

**Personal Liberty**.—"The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. No doctrine, involving more pernicious consequences, was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism, but the theory of necessity on which it is based is false; for the government, within the Constitution, has all the powers granted to it, which are necessary to preserve its existence; as has been happily proved by the result of the great effort to throw off its just authority."\footnote{1545}{Ex parte Milligan, 4 Wall. (71 U.S.) 2, 120-121 (1866).}
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Ex parte Milligan, from which these words are quoted, is justly deemed one of the great cases undergirding civil liberty in this country in times of war or other great crisis, holding that except in areas in which armed hostilities have made enforcement of civil law impossible constitutional rights may not be suspended and civilians subjected to the vagaries of military justice. Yet, the words were uttered after the cessation of hostilities, and the justices themselves recognized that with the end of the shooting there arose the greater likelihood that constitutional rights could be and would be observed and that the Court would require the observance. This pattern recurs with each critical period.

That the power of Congress to punish seditious utterances in wartime is limited by the First Amendment was assumed by the Court in a series of cases, in which it nonetheless affirmed conviction for violations of the Espionage Act of 1917. The Court also upheld a state law making it an offense for persons to advocate that citizens of the State should refuse to assist in prosecuting war against enemies of the United States. Justice Holmes matter-of-factly stated the essence of the pattern that we have mentioned. “When a nation is at war many things that might be said in time of peace are such a hindrance to its effort that their utterance will not be endured so long as men fight and that no Court could regard them as protected by any constitutional right.” By far, the most dramatic restraint of personal liberty imposed during World War II was the detention and relocation of the Japanese residents of the Western States, including those who were native-born citizens of the United States. When various phases of this program were challenged, the Court held that in order to prevent espionage and sabotage, the authorities could restrict the movement of these persons by a curfew order, even by a regulation excluding them from defined areas, but that a citizen of Japanese ances-
try whose loyalty was conceded could not be detained in a relocation camp. 1553

A mixed pattern emerges from an examination of the Cold War period. Legislation designed to regulate and punish the organizational activities of the Communist Party and its adherents was at first upheld 1554 and then in a series of cases was practically viti- ated. 1555 Against a contention that Congress' war powers had been utilized to achieve the result, the Court struck down for the second time in history a congressional statute as an infringement of the First Amendment. 1556 It voided a law making it illegal for any member of a "communist-action organization" to work in a defense facility. 1557 The majority reasoned that the law overbroadly re- quired a person to choose between his First Amendment-protected right of association and his right to hold a job, without attempting to distinguish between those persons who constituted a threat and those who did not. 1558

On the other hand, in New York Times Co. v. United States, 1559 a majority of the Court agreed that in appropriate circumstances the First Amendment would not preclude a prior restraint of publication of information that might result in a sufficient degree of harm to the national interest, although a different majority concurred in denying the Government's request for an injunction in that case. 1560

**Enemy Aliens.**—The Alien Enemy Act of 1798 authorized the President to deport any alien or to license him to reside within the United States at any place to be designated by the President. 1561 Though critical of the measure, many persons conceded its con-
stitutionality on the theory that Congress’ power to declare war carried with it the power to treat the citizens of a foreign power against which war has been declared as enemies entitled to summary justice. 1562 A similar statute was enacted during World War I 1563 and was held valid in Ludecke v. Watkins. 1564

During World War II, the Court unanimously upheld the power of the President to order to trial before a military tribunal German saboteurs captured within this Country. 1565 Enemy combatants, said Chief Justice Stone, who without uniforms come secretly through the lines during time of war, for the purpose of committing hostile acts, are not entitled to the status of prisoners of war but are unlawful combatants punishable by military tribunals.

**Eminent Domain.**—An often-cited dictum uttered shortly after the Mexican War asserted the right of an owner to compensation for property destroyed to prevent its falling into the hands of the enemy, or for that taken for public use. 1566 In United States v. Russell, 1567 decided following the Civil War, a similar conclusion was based squarely on the Fifth Amendment, although the case did not necessarily involve the point. Finally, in United States v. Pacific Railroad, 1568 also a Civil War case, the Court held that the United States was not responsible for the injury or destruction of private property by military operations, but added that it did not have in mind claims for property of loyal citizens taken for the use of the national forces. “In such cases,” the Court said, “it has been the practice of the government to make compensation for the property taken. . . . although the seizure and appropriation of private property under such circumstances by the military authorities may not be within the terms of the constitutional clauses.” 1569

Meantime, however, in 1874, a committee of the House of Representatives, in an elaborate report on war claims growing out of the Civil War, had voiced the opinion that the Fifth Amendment embodies the distinction between a taking of property in the course of military operations or other urgent military necessity, and other takings for war purposes, and required compensation of owners in the latter class of cases. 1570 In determining what constitutes just compensation for property requisitioned for war purposes during

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1564 335 U.S. 160 (1948).
1565 Ex parte Quirin, 317 U.S. 1 (1942).
1567 13 Wall. (80 U.S.) 623, 627 (1871).
1568 120 U.S. 227 (1887).
1569 Id., 239.
Sec. 8—Powers of Congress

CIs. 11, 12, 13, and 14—The War Power

World War II, the Court has assumed that the Fifth Amendment is applicable to such takings. 1571 But as to property seized and destroyed to prevent its use by the enemy, it has relied on the principle enunciated in United States v. Pacific Railroad as justification for the conclusion that owners thereof are not entitled to compensation. 1572

Rent and Price Controls.—Even at a time when the Court was utilizing substantive due process to void economic regulations, it generally sustained such regulations in wartime. Thus, shortly following the end of World War I, it sustained, by a narrow margin, a rent control law for the District of Columbia, which not only limited permissible rent increases but also permitted existing tenants to continue in occupancy provided they paid rent and observed other stipulated conditions. 1573 Justice Holmes for the majority conceded in effect that in the absence of a war emergency the legislation might transcend constitutional limitations 1574 but noted that “a public exigency will justify the legislature in restricting property rights in land to a certain extent without compensation.” 1575

During World War II and thereafter, economic controls were uniformly sustained. 1576 An apartment house owner who complained that he was not allowed a “fair return” on the property was dismissed with the observation that “a nation which can demand the lives of its men and women in the waging of . . . war is under no constitutional necessity of providing a system of price control . . . which will assure each landlord a ‘fair return’ on his property.” 1577 The Court also held that rental ceilings could be established without a prior hearing when the exigencies of national security precluded the delay which would ensue. 1578

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1575 Id., 521. The Court stressed, however, that Congress had provided for judicial review after the regulations and orders were made effective.
Clause 15. The Congress shall have Power * * * To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions.

Clause 16. The Congress shall have Power * * * To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress.

THE MILITIA CLAUSE

Calling Out the Militia

The States as well as Congress may prescribe penalties for failure to obey the President's call of the militia. They also have a concurrent power to aid the National Government by calls under their own authority, and in emergencies may use the militia to put down armed insurrection. 1581 The Federal Government may call out the militia in case of civil war; its authority to suppress rebellion is found in the power to suppress insurrection and to carry on war. 1582 The act of February 28, 1795, 1583 which delegated to the President the power to call out the militia, was held constitutional. 1584 A militiaman who refused to obey such a call was not "employed in the service of the United States so as to be subject

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1582 Texas v. White, 7 Wall. (74 U.S.) 700 (1869); Tyler v. Defrees, 11 Wall. (78 U.S.) 331 (1871).
Regulation of the Militia

The power of Congress over the militia "being unlimited, except in the two particulars of officering and training them . . . it may be exercised to any extent that may be deemed necessary by Congress. . . . The power of the state government to legislate on the same subjects, having existed prior to the formation of the Constitution, and not having been prohibited by that instrument, it remains with the States, subordinate nevertheless to the paramount law of the General Government . . ." 1586 Under the National Defense Act of 1916, 1587 the militia, which hitherto had been an almost purely state institution, was brought under the control of the National Government. The term "militia of the United States" was defined to comprehend "all able-bodied male citizens of the United States and all other able-bodied males who have . . . declared their intention to become citizens of the United States," between the ages of eighteen and forty-five. The act reorganized the National Guard, determined its size in proportion to the population of the several States, required that all enlistments be for "three years in service and three years in reserve," limited the appointment of officers to those who "shall have successfully passed such tests as to . . . physical, moral and professional fitness as the President shall prescribe," and authorized the President in certain emergencies to "draft into the military service of the United States to serve therein for the period of the war unless sooner discharged, and all members of the National Guard and National Guard Reserve," who thereupon should "stand discharged from the militia." 1588

The militia clauses do not constrain Congress in raising and supporting a national army. The Court has approved the system of "dual enlistment," under which persons enlisted in state militia (National Guard) units simultaneously enlist in the National Army. 1589

1586 Houston v. Moore, 5 Wheat. (18 U.S.) 1 (1820). Organizing and providing for the militia being constitutionally committed to Congress and statutorily shared with the Executive, the judiciary is precluded from exercising oversight over the process, Gilligan v. Morgan, 413 U.S. 1 (1973), although wrongs committed by troops are subject to judicial relief in damages. Scheuer v. Rhodes, 416 U.S. 233 (1974).
1588 Military and civilian personnel of the National Guard are state, rather than federal, employees and the Federal Government is thus not liable under the Tort Claims Act for their negligence. Maryland v. United States, 381 U.S. 41 (1965).
Guard of the United States, and, when called to active duty in the federal service, are relieved of their status in the state militia. Consequently, the restrictions in the first militia clause have no application to the federalized National Guard; there is no constitutional requirement that state governors hold a veto power over federal duty training conducted outside the United States or that a national emergency be declared before such training may take place.\textsuperscript{1589}

Clause 17. Congress shall have power * * * To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the same shall be, for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings.

\textbf{SEAT OF THE GOVERNMENT}

The Convention was moved to provide for the creation of a site in which to locate the Capital of the Nation, completely removed from the control of any State, because of the humiliation suffered by the Continental Congress on June 21, 1783. Some eighty soldiers, unpaid and weary, marched on the Congress sitting in Philadelphia, physically threatened and verbally abused the members, and caused the Congress to flee the City when neither municipal nor state authorities would take action to protect the members.\textsuperscript{1590} Thus, Madison noted that “[t]he indispensable necessity of complete authority at the seat of government, carries its own evidence with it. . . . Without it, not only the public authority might be insulted and its proceedings interrupted with impunity, but a dependence of the members of the general government on the State comprehending the seat of government, for protection in the exercise of their duty, might bring on the national council an imputa-

tion of awe or influence, equally dishonorable to the government and dissatisfactory to the other members of the confederacy."  

The actual site was selected by compromise, Northerners accepting the Southern-favored site on the Potomac in return for Southern support for a Northern aspiration, assumption of Revolutionary War debts by the National Government. Maryland and Virginia both authorized the cession of territory and Congress accepted. Congress divided the District into two counties, Washington and Alexandria, and provided that the local laws of the two States should continue in effect. It also established a circuit court and provided for the appointment of judicial and law enforcement officials.

There seems to have been no consideration, at least none recorded, given at the Convention or in the ratifying conventions to the question of the governance of the citizens of the District. Madison in The Federalist did assume that the inhabitants “will have had their voice in the election of the government which is to exercise authority over them, as a municipal legislature for all local purposes, derived from their own suffrages, will of course be allowed them. . . .” Although there was some dispute about the constitutional propriety of permitting local residents a measure of “home rule,” to use the recent term, almost from the first there

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1591 The Federalist, No. 43 (J. Cooke ed. 1961), 288–289. See also 3 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1213, 1214.
1593 Maryland Laws 1798, ch. 2, p. 46; 13 Laws of Virginia 43 (Hening 1789).
1594 Act of July 16, 1790, 1 Stat. 130. In 1846, Congress authorized a referendum in Alexandria County on the question of retroceeding that portion to Virginia. The voters approved and the area again became part of Virginia. Laws of Virginia 1845–46, ch. 64, p. 50; Act of July 9, 1846, 9 Stat. 35; Proclamation of September 7, 1846; 9 Stat. 1000. Constitutional questions were raised about the retrocession but suit did not reach the Supreme Court until some 40 years later and the Court held that the passage of time precluded the raising of the question. Phillips v. Payne, 92 U.S. 130 (1875).
1595 Act of February 27, 1801, 2, 2 Stat. 115. The declaration of the continuing effect of state law meant that law in the District was frozen as of the date of cessation, unless Congress should change it, which it seldom did. For some of the problems, see Tayloe v. Thompson, 5 Pet. (30 U.S.) 358 (1831); Ex parte Watkins, 7 Pet. (32 U.S.) 568 (1833); Stelle v. Carroll, 12 Pet. (37 U.S.) 201 (1838); Van Ness v. United States Bank, 13 Pet. (38 U.S.) 17 (1839); United States v. Eliason, 16 Pet. (41 U.S.) 291 (1842).
1596 Act of March 3, 1801, 1, 2 Stat. 115.
1597 The objections raised in the ratifying conventions and elsewhere seemed to have consisted of prediction of the perils to the Nation of setting up the National Government in such a place. 3 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1215, 1216.
1598 The Federalist, No. 43 (J. Cooke ed. 1961), 289.
1599 Such a contention was cited and rebutted in 3 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1218.
were local elections provided for. In 1802, the District was divided into five divisions, in some of which the governing officials were elected; an elected mayor was provided in 1820. District residents elected some of those who governed them until this form of government was swept away in the aftermath of financial scandals in 1874\(^{1600}\) and replaced with presidentially appointed Commission in 1878.\(^{1601}\) The Commission lasted until 1967 when it was replaced by an appointed Mayor-Commissioner and an appointed city council.\(^{1602}\) In recent years, Congress provided for a limited form of self-government in the District, with the major offices filled by election.\(^{1603}\) District residents vote for President and Vice President\(^{1604}\) and elect a nonvoting delegate to Congress.\(^{1605}\) An effort by constitutional amendment to confer voting representation in the House and Senate failed of ratification.\(^{1606}\)

Constitutionally, it appears that Congress is neither required to provide for a locally elected government\(^{1607}\) nor precluded from delegating its powers over the District to an elective local government.\(^{1608}\) The Court has indicated that the "exclusive" jurisdiction granted was meant to exclude any question of state power over the area and was not intended to require Congress to exercise all powers itself.\(^{1609}\)

Chief Justice Marshall for the Court held in Hepburn v. Ellzey\(^{1610}\) that the District of Columbia was not a State within the meaning of the diversity jurisdiction clause of Article III. This

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\(^{1601}\) Act of June 11, 1878, 20 Stat. 103.

\(^{1602}\) Reorganization Plan No. 3 of 1967, 32 Fed. Reg. 11699, reprinted as appendix to District of Columbia Code, Title I.


\(^{1604}\) Twenty-third Amendment.


\(^{1606}\) H.J. Res. 554, 95th Congress, passed the House on March 2, 1978, and the Senate on August 22, 1978, but only 16 States had ratified before the expiration after seven years of the proposal.


\(^{1609}\) Id., 109–110. See also Thompson v. Lessee of Carroll, 22 How. (63 U.S.) 422 (1860); Stoutenburgh v. Henrick, 129 U.S. 141 (1889).

\(^{1610}\) 2 Cr. (6 U.S.) 445 (1805); see also Sere v. Pitot, 6 Cr. (10 U.S.) 332 (1810); New Orleans v. Winter, 1 Wheat. (14 U.S.) 91 (1816). The District was held to be a State within the terms of a treaty. Geofoy v. Riggs, 133 U.S. 258 (1890).
view, adhered to for nearly a century and a half, 1611 was overturned by the Court in 1949 upholding the constitutionality of a 1940 statute authorizing federal courts to take jurisdiction of non-federal controversies between residents of the District of Columbia and the citizens of a State. 1612 The decision was by a five to four division, but the five in the majority disagreed among themselves on the reasons. Three thought the statute to be an appropriate exercise of the power of Congress to legislate for the District of Columbia pursuant to this clause without regard to Article III. 1613 Two others thought that Hepburn v. Ellzey had been erroneously decided and would have overruled it. 1614 But six justices rejected the former rationale, and seven justices rejected the latter one; since five justices agreed, however, that the statute was constitutional, it was sustained.

It is not disputed that the District is a part of the United States and that its residents are entitled to all the guarantees of the United States Constitution including the privilege of trial by jury 1615 and of presentment by a grand jury. 1616 Legislation restrictive of liberty and property in the District must find justification in facts adequate to support like legislation by a State in the exercise of its police power. 1617

Congress possesses over the District of Columbia the blended powers of a local and national legislature. 1618 This fact means that in some respects ordinary constitutional restrictions do not operate; thus, for example, in creating local courts of local jurisdiction in the District, Congress acts pursuant to its legislative powers under clause 17 and need not create courts that comply with Article III court requirements. 1619 And when legislating for the District Co-

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1611 Barney v. City of Baltimore, 6 Wall. (73 U.S.) 280 (1868); Hooe v. J. Amieson, 166 U.S. 395 (1897); Hooe v. Werner, 166 U.S. 399 (1897).
1613 Id., 588–600 (justices Jackson, Black and Burton).
1614 Id., 604 (justices Rutledge and Murphy). The dissents were by Chief Justice Vinson, id., 626, joined by Justice Douglas, and by Justice Frankfurter, id., 646, joined by Justice Reed.
1619 In the District of Columbia Court Reform and Criminal Procedure Act of 1970, P.L. 91–358, 111, 84 Stat. 475, D.C. Code, §11–101, Congress specifically declared it was acting pursuant to Article I in creating the Superior Court and the
ART. I—LEGISLATIVE DEPARTMENT

Sec. 8—Powers of Congress

Congress remains the legislature of the Union, so that it may give its enactments nationwide operation to the extent necessary to make them locally effective.\textsuperscript{1620}

AUTHORITY OVER PLACES PURCHASED

“Places”

This clause has been broadly construed to cover all structures necessary for carrying on the business of the National Government.\textsuperscript{1621} It includes post offices,\textsuperscript{1622} a hospital and a hotel located in a national park,\textsuperscript{1623} and locks and dams for the improvement of navigation.\textsuperscript{1624} But it does not cover lands acquired for forests, parks, ranges, wild life sanctuaries or flood control.\textsuperscript{1625} Nevertheless, the Supreme Court has held that a State may convey, and the Congress may accept, either exclusive or qualified jurisdiction over property acquired within the geographical limits of a State, for purposes other than those enumerated in clause 17.\textsuperscript{1626}

After exclusive jurisdiction over lands within a State has been ceded to the United States, Congress alone has the power to punish crimes committed within the ceded territory.\textsuperscript{1627} Private property located thereon is not subject to taxation by the State,\textsuperscript{1628} nor can state statutes enacted subsequent to the transfer have any operation therein.\textsuperscript{1629} But the local laws in force at the date of cession that are protective of private rights continue in force until abro-

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\textsuperscript{1620}Cohens v. Virginia, 6 Wheat. (19 U.S.) 264, 428 (1821).
\textsuperscript{1622}Battle v. United States, 209 U.S. 36 (1908).
\textsuperscript{1623}Arlington Hotel v. Fant, 278 U.S. 439 (1929).
\textsuperscript{1625}Collins v. Yosemite Park Co., 304 U.S. 518, 530 (1938).
\textsuperscript{1626}Id., 528.
\textsuperscript{1628}Surplus Trading Co. v. Cook, 281 U.S. 647 (1930).
gated by Congress.\textsuperscript{1630} Moreover, as long as there is no interference with the exclusive jurisdiction of the United States, an area subject thereto may be annexed by a municipality.\textsuperscript{1631}

\textbf{Duration of Federal Jurisdiction}

A State may qualify its cession of territory by a condition that jurisdiction shall be retained by the United States only so long as the place is used for specified purposes.\textsuperscript{1632} Such a provision operates prospectively and does not except from the grant that portion of a described tract which is then used as a railroad right of way.\textsuperscript{1633} In 1892, the Court upheld the jurisdiction of the United States to try a person charged with murder on a military reservation, over the objection that the State had ceded jurisdiction only over such portions of the area as were used for military purposes and that the particular place on which the murder was committed was used solely for farming. The Court held that the character and purpose of the occupation having been officially established by the political department of the government, it was not open to the Court to inquire into the actual uses to which any portion of the area was temporarily put.\textsuperscript{1634} A few years later, however, it ruled that the lease to a city, for use as a market, of a portion of an area which had been ceded to the United States for a particular purpose, suspended the exclusive jurisdiction of the United States.\textsuperscript{1635}

The question arose whether the United States retains jurisdiction over a place, which was ceded to it unconditionally, after it has abandoned the use of the property for governmental purposes and entered into a contract for the sale thereof to private persons. Minnesota asserted the right to tax the equitable interest of the purchaser in such land, and the Supreme Court upheld its right to do so. The majority assumed that "the Government's unrestricted transfer of property to nonfederal hands is a relinquishment of the exclusive legislative power."\textsuperscript{1636} In separate concurring opinions,

\textsuperscript{1631} Howard v. Commissioners, 344 U.S. 624 (1953). As Howard recognized, such areas of federal property do not cease to be part of the State in which they are located and the residents of the areas are for most purposes residents of the State. Thus, a State may not constitutionally exclude such residents from the privileges of suffrage if they are otherwise qualified. Evans v. Cornman, 398 U.S. 419 (1970).
\textsuperscript{1632} Palmer v. Barrett, 162 U.S. 399 (1896).
\textsuperscript{1633} United States v. Unzeuta, 281 U.S. 138 (1930).
\textsuperscript{1634} Benson v. United States, 146 U.S. 325, 331 (1892).
\textsuperscript{1635} Palmer v. Barrett, 162 U.S. 399 (1896).
Chief Justice Stone and Justice Frankfurter reserved judgment on the question of territorial jurisdiction. 1637

**Reservation of Jurisdiction by States**

For more than a century the Supreme Court kept alive, by repeated dicta, 1638 the doubt expressed by Justice Story “whether Congress are by the terms of the Constitution, at liberty to purchase lands for forts, dockyards, etc., with the consent of a State legislature, where such consent is so qualified that it will not justify the ‘exclusive legislation’ of Congress there. It may well be doubted if such consent be not utterly void.” 1639 But when the issue was squarely presented in 1937, the Court ruled that where the United States purchases property within a State with the consent of the latter, it is valid for the State to convey, and for the United States to accept, “concurrent jurisdiction” over such land, the State reserving to itself the right to execute process “and such other jurisdiction and authority over the same as is not inconsistent with the jurisdiction ceded to the United States.” 1640 The holding logically renders the second half of clause 17 superfluous. In a companion case, the Court ruled further that even if a general state statute purports to cede exclusive jurisdiction, such jurisdiction does not pass unless the United States accepts it. 1641

Clause 18. The Congress shall have Power * * * To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by the Constitution in the Government of the United States, or in any Department or Officer thereof.

**COEFFICIENT OR ELASTIC CLAUSE**

**Scope of Incidental Powers**

That this clause is an enlargement, not a constriction, of the powers expressly granted to Congress, that it enables the lawmakers to select any means reasonably adapted to effectuate those

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1637 Id., 570, 571.
powers, was established by Marshall’s classic opinion in *McCulloch v. Maryland*. \(^{1642}\) "Let the end be legitimate," he wrote, "let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional." \(^{1643}\) Moreover, the provision gives Congress a share in the responsibilities lodged in other departments, by virtue of its right to enact legislation necessary to carry into execution all powers vested in the National Government. Conversely, where necessary for the efficient execution of its own powers, Congress may delegate some measure of legislative power to other departments. \(^{1644}\)

**Operation of Coefficient Clause**

Practically every power of the National Government has been expanded in some degree by the coefficient clause. Under its authority Congress has adopted measures requisite to discharge the treaty obligations of the nation; \(^{1645}\) it has organized the federal judicial system and has enacted a large body of law defining and punishing crimes. Effective control of the national economy has been made possible by the authority to regulate the internal commerce of a State to the extent necessary to protect and promote interstate commerce. \(^{1646}\) The right of Congress to utilize all known and appropriate means for collecting the revenue, including the distraint of property for federal taxes, \(^{1647}\) and its power to acquire property needed for the operation of the Government by the exercise of the power of eminent domain, \(^{1648}\) have greatly extended the range of national power. But the widest application of the necessary and proper clause has occurred in the field of monetary and fiscal controls. Inasmuch as the various specific powers granted by Article I, § 8, do not add up to a general legislative power over such matters, the Court has relied heavily upon this clause in sustaining

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\(^{1642}\) 4 Wheat. (17 U.S.) 316 (1819).

\(^{1643}\) Id., 420. This decision had been clearly foreshadowed fourteen years earlier by Marshall’s opinion in *United States v. Fisher*, 2 Cr. (6 U.S.) 358, 396 (1805). Upholding an act which gave priority to claims of the United States against the estate of a bankrupt he wrote: "The government is to pay the debt of the Union, and must be authorized to use the means which appear to itself most eligible to effect that object. It has, consequently, a right to make remittance, by bills or otherwise, and to take those precautions which will render the transaction safe."

\(^{1644}\) *Supra*, pp. 73–89.


\(^{1648}\) Kohl v. United States, 91 U.S. 367, 373 (1876); United States v. Fox, 94 U.S. 315, 320 (1877).
the comprehensive control which Congress has asserted over this subject. 1649

**Definition of Punishment and Crimes**

Although the only crimes which Congress is expressly authorized to punish are piracies, felonies on the high seas, offenses against the law of nations, treason and counterfeiting of the securities and current coin of the United States, its power to create, define, and punish crimes and offenses whenever necessary to effectuate the objects of the Federal Government is universally conceded. 1650 Illustrative of the offenses which have been punished under this power are the alteration of registered bonds, 1651 the bringing of counterfeit bonds into the country, 1652 conspiracy to injure prisoners in custody of a United States marshal, 1653 impersonation of a federal officer with intent to defraud, 1654 conspiracy to injure a citizen in the free exercise or enjoyment of any right or privilege secured by the Constitution or laws of the United States, 1655 the receipt by Government officials of contributions from Government employees for political purposes, 1656 advocating the overthrow of the Government by force. 1657 Part I of Title 18 of the United States Code comprises more than 500 sections defining penal offenses against the United States. 1658

**Chartering of Banks**

As an appropriate means for executing “the great powers, to lay and collect taxes; to borrow money; to regulate commerce; to declare and conduct a war; and to raise and support armies . . .,” Congress may incorporate banks and kindred institutions. 1659

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1649 Supra., pp. 144–159.
1650 United States v. Fox, 95 U.S. 670, 672 (1878); United States v. Hall, 98 U.S. 343, 357 (1879); United States v. Worrall, 2 Dall. (2 U.S.) 384, 394 (1798); McCulloch v. Maryland, 4 Wheat. (17 U.S.) 316 (1819). That this power has been freely exercised is attested by the pages of the United States Code devoted to Title 18, entitled “Criminal Code and Criminal Procedure.” In addition numerous regulatory measures prescribe criminal penalties for infractions thereof.
1651 Ex parte Carll, 106 U.S. 521 (1883).
1653 Logan v. United States, 144 U.S. 263 (1892).
1655 Ex parte Yarbrough, 110 U.S. 651 (1884); United States v. Waddell, 112 U.S. 76 (1884); In re Quarles and Butler, 158 U.S. 532, 537 (1895); Motes v. United States, 178 U.S. 458, (1900); United States v. Mosley, 238 U.S. 338 (1915). See also Rakes v. United States, 212 U.S. 55 (1909).
Moreover, it may confer upon them private powers, which, standing alone, have no relation to the functions of the Federal Government, if those privileges are essential to the effective operation of such corporations. Where necessary to meet the competition of state banks, Congress may authorize national banks to perform fiduciary functions, even though, apart from the competitive situation, federal instrumentalities might not be permitted to engage in such business. The Court will not undertake to assess the relative importance of the public and private functions of a financial institution Congress has seen fit to create. It sustained the act setting up the Federal Farm Loan Banks to provide funds for mortgage loans on agricultural land against the contention that the right of the Secretary of the Treasury, which he had not exercised, to use these banks as depositories of public funds, was merely a pretext for chartering those banks for private purposes.

**Currency Regulations**

Reinforced by the necessary and proper clause, the powers “to lay and collect taxes, to pay the debts and provide for the common defence and general welfare of the United States,’ and ‘to borrow money on the credit of the United States and to coin money and regulate the value thereon . . . ,” have been held to give Congress virtually complete control over money and currency. A prohibitive tax on the notes of state banks, the issuance of treasury notes impressed with the quality of legal tender in payment of private debts and the abrogation of clauses in private contracts, which called for payment in gold coin, were sustained as appropriate measures for carrying into effect some or all of the foregoing powers.

**Power to Charter Corporations**

In addition to the creation of banks, Congress has been held to have authority to charter a railroad corporation, or a corporation to construct an interstate bridge, as instrumentalities...
for promoting commerce among the States, and to create corporations to manufacture aircraft\textsuperscript{1669} or merchant vessels\textsuperscript{1670} as incidental to the war power.

**Courts and Judicial Proceedings**

Inasmuch as the Constitution "delineated only the great outlines of the judicial power . . . , leaving the details to Congress, . . . [t]he distribution and appropriate exercise of the judicial power must . . . be made by laws passed by Congress. . . ."\textsuperscript{1671} As a necessary and proper provision for the exercise of the jurisdiction conferred by Article III, § 2, Congress may direct the removal from a state to a federal court of a criminal prosecution against a federal officer for acts done under color of federal law,\textsuperscript{1672} and may authorize the removal before trial of civil cases arising under the laws of the United States.\textsuperscript{1673} It may prescribe the effect to be given to judicial proceedings of the federal courts\textsuperscript{1674} and may make all laws necessary for carrying into execution the judgments of federal courts.\textsuperscript{1675} When a territory is admitted as a State, Congress may designate the court to which the records of the territorial courts shall be transferred and may prescribe the mode for enforcement and review of judgments rendered by those courts.\textsuperscript{1676} In the exercise of other powers conferred by the Constitution, apart from Article III, Congress may create legislative courts and "clothe them with functions deemed essential or helpful in carrying those powers into execution."\textsuperscript{1677}

**Special Acts Concerning Claims**

This clause enables Congress to pass special laws to require other departments of the Government to prosecute or adjudicate particular claims, whether asserted by the Government itself or by private persons. In 1924,\textsuperscript{1678} Congress adopted a Joint Resolution directing the President to cause suit to be instituted for the cancellation of certain oil leases alleged to have been obtained from the Government by fraud and to prosecute such other actions and proceedings, civil and criminal, as were warranted by the facts.

\textsuperscript{1669}Clallam County v. United States, 263 U.S. 341 (1923).
\textsuperscript{1670}Sloan Shipyards v. United States Fleet Corp., 258 U.S. 549 (1922).
\textsuperscript{1671}Rhode Island v. Massachusetts, 12 Pet. (37 U.S.) 657, 721 (1838).
\textsuperscript{1672}Tennessee v. Davis, 100 U.S. 257, 263 (1880).
\textsuperscript{1673}Railway Company v. Whilton, 13 Wall. (80 U.S.) 270, 287 (1872).
\textsuperscript{1674}Emby v. Palmer, 107 U.S. 3 (1883).
\textsuperscript{1675}Bank of the United States v. Halstead, 10 Wheat. (23 U.S.) 51, 53 (1825).
\textsuperscript{1676}Express Company v. Kountze Brothers, 8 Wall. (75 U.S.) 342, 350 (1869).
Sec. 9—Denied to Congress

This resolution also authorized the appointment of special counsel to have charge of such litigation. Private acts providing for a review of an order for compensation under the Longshoremen's and Harbor Workers' Compensation Act, or conferring jurisdiction upon the Court of Claims, after it had denied recovery, to hear and determine certain claims of a contractor against the Government, have been held constitutional.

Maritime Law

Congress may implement the admiralty and maritime jurisdiction conferred upon the federal courts by revising and amending the maritime law that existed at the time the Constitution was adopted, but in so doing, it cannot go beyond the reach of that jurisdiction. This power cannot be delegated to the States; hence, acts of Congress that purported to make state workmen's compensation laws applicable to maritime cases were held unconstitutional.

SECTION 9. Clause 1. The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year one thousand eight hundred and eight, but a Tax or duty may be imposed on such Importation, not exceeding ten dollars for each Person.

POWERS DENIED TO CONGRESS

General Purpose of Section 9

This section of the Constitution (containing eight clauses restricting or prohibiting legislation affecting the importation of slaves, the suspension of the writ of habeas corpus, the enactment of bills of attainder or ex post facto laws, the levying of taxes on exports, the granting of preference to ports of one State over another, the granting of titles of nobility, et cetera) is devoted to restraints upon the power of Congress and of the National Govern-

1681 Detroit Trust Co. v. The Thomas Barlum, 293 U.S. 21 (1934).
The above clause, which sanctioned the importation of slaves by the States for twenty years after the adoption of the Constitution, when considered with the section requiring escaped slaves to be returned to their masters, Art. IV, §1, cl. 3, was held by Chief Justice Taney in Scott v. Sandford, to show conclusively that such persons and their descendants were not embraced within the term "citizen" as used in the Constitution. Today, this ruling is interesting only as an historical curiosity.

Clause 2. The Privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it.

This clause is the only place in the Constitution in which the Great Writ is mentioned, a strange fact in the context of the regard with which the right was held at the time the Constitution was written and stranger in the context of the role the right has come to play in the Supreme Court's efforts to constitutionalize federal and state criminal procedure.

Only the Federal Government and not the States, it has been held obliquely, is limited by the clause. The issue that has always excited critical attention is the authority in which the clause places the power to determine whether the circumstances warrant suspension of the privilege of the Writ. The clause itself does not state who is to determine the power to suspend, and it is in addition placed in a section of limitations. It might be argued, therefore, that the power to suspend lies elsewhere and that the clause limits that authority. This argument is opposed by the little authority there is on the subject. 3 M. FARRAND, THE RECORDS OF THE FEDERAL CONVENTION of 1787 (New Haven: 1937), 213 (Luther Martin); Ex parte Merryman, 17 Fed. Cas. 144, 148 (No. 9487), (C.C.D. Md. 1861); but cf. 3 J. ELLIOT, THE DEBATES IN THE SEVERAL STATE CONVENTIONS ON THE ADOPTION OF THE FEDERAL CONSTITUTION (Washington: 2d ed. 1836), 464 (Edmund Randolph). At the Convention, Gouverneur Morris proposed the language of the present clause: the first section of the clause, down to "unless" was adopted unanimously, but the second part, qualifying the prohibition on suspension was adopted over the opposition of three States. 2 M. FARRAND, op. cit., 438. It would hardly have been meaningful for those States opposing any power to suspend to vote against this language if the power to suspend were conferred elsewhere.
secured to Congress, and while most of the clauses of 9 are directed at Congress not all of them are. At the Convention, the first proposal of a suspending authority expressly vested “in the legislature” the suspending power, but the author of this proposal did not retain this language when the matter was taken up, the present language then being adopted. Nevertheless, Congress’ power to suspend was assumed in early commentary and stated in dictum by the Court. President Lincoln suspended the privilege on his own motion in the early Civil War period, but this met with such opposition that he sought and received congressional authorization. Three other suspensions were subsequently ordered on the basis of more or less express authorizations from Congress.

When suspension operates, what is suspended? In Ex parte Milligan, the Court asserted that the Writ is not suspended but only the privilege, so that the Writ would issue and the issuing court on its return would determine whether the person applying can proceed, thereby passing on the constitutionality of the suspension and whether the petitioner is within the terms of the suspension.

Clause 3. No Bill of Attainder or ex post facto Law shall be passed.

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1690 Cf. Clauses 7, 8.
1692 Id., 438.
1693 Ibid.
1694 3 J. STORY, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES (Boston: 1833), 1336.
1695 Ex parte Bollman, 4 Cr. (8 U.S.) 75, 101 (1807).
1697 Including a finding by Chief Justice Taney on circuit that the President’s action was invalid. Ex parte Merryman, 17 Fed. Cas. 144 (No. 9487) (C.C.D. Md. 1861).
1700 4 Wall. (71 U.S.) 2, 130-131 (1866).
Bills of Attainder

“Bills of attainder . . . are such special acts of the legislature, as inflict capital punishments upon persons supposed to be guilty of high offences, such as treason and felony, without any conviction in the ordinary course of judicial proceedings. If an act inflicts a milder degree of punishment than death, it is called a bill of pains and penalties. . . . In such cases, the legislature assumes judicial magistracy, pronouncing upon the guilt of the party without any of the common forms and guards of trial, and satisfying itself with proofs, when such proofs are within its reach, whether they are conformable to the rules of evidence, or not. In short, in all such cases, the legislature exercises the highest power of sovereignty, and what may be properly deemed an irresponsible despotic discretion, being governed solely by what it deems political necessity or expediency, and too often under the influence of unreasonable fears, or unfounded suspicions.”

The phrase “bill of attainder,” as used in this clause and in clause 1 of § 10, applies to bills of pains and penalties as well as to the traditional bills of attainder.

The prohibition embodied in this clause is not to be strictly and narrowly construed in the context of traditional forms but is to be interpreted in accordance with the designs of the framers so as to preclude trial by legislature, a violation of the separation of powers concept. The clause thus prohibits all legislative acts, “no matter what their form, that apply either to named individuals or to easily ascertainable members of a group in such a way as to inflict punishment on them without a judicial trial. . . .” That the Court has applied the clause dynamically is revealed by a consideration of the three cases in which acts of Congress have been struck down as violating it. In Ex parte Garland, the Court struck down a statute that required attorneys to take an oath that they had taken no part in the Confederate rebellion against the United States before they could practice in federal courts. The statute, and a state constitutional amendment requiring a similar oath of per-

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1704 United States v. Lovett, 328 U.S. 303, 315 (1946).
1705 For a rejection of the Court’s approach and a plea to adhere to the traditional concept, see id., 318 (Justice Frankfurter concurring).
1706 *Wall*, 71 U.S.) 333 (1867).
sons before they could practice certain professions, were struck down as legislative acts inflicting punishment on a specific group the members of which had taken part in the rebellion and therefore could not truthfully take the oath. The clause then lay unused until 1946 when the Court utilized it to strike down a rider to an appropriations bill forbidding the use of money appropriated therein to pay the salaries of three named persons whom the House of Representatives wished discharged because they were deemed to be “subversive.”

Then, in United States v. Brown, a sharply divided Court held void as a bill of attainder a statute making it a crime for a member of the Communist Party to serve as an officer or as an employee of a labor union. Congress could, Chief Justice Warren wrote for the majority, under its commerce power, protect the economy from harm by enacting a prohibition generally applicable to any person who commits certain acts or possesses certain characteristics making him likely in Congress’ view to initiate political strikes or other harmful deeds and leaving it to the courts to determine whether a particular person committed the specified acts or possessed the specified characteristics; it was impermissible, however, for Congress to designate a class of persons—members of the Communist Party—as being forbidden to hold union office. The dissenters viewed the statute as merely expressing in shorthand the characteristics of those persons who were likely to utilize union responsibilities to accomplish harmful acts; Congress could validly conclude that all members of the Communist Party possessed those characteristics. The majority’s decision in Brown cast in doubt certain statutes and certain statutory formulations that had been held not to constitute bills of attainder. For example, a predecessor of the statute struck down in Brown, which had conditioned a union’s access to the NLRB upon the filing of affidavits by all of the union’s officers attesting that they were not members of or affiliated with the Communist Party, had been upheld, and although Chief Justice Warren distinguished the previous case from

\[1707\] Cummings v. Missouri, 4 Wall. (71 U.S.) 277 (1867).
\[1708\] United States v. Lovett, 328 U.S. 303 (1946).
\[1710\] The Court of Appeals had voided the statute as an infringement of First Amendment expression and association rights, but the Court majority did not choose to utilize this ground. 334 F. 2d 488 (9th Cir., 1964). However, in United States v. Robel, 389 U.S. 258 (1967), a very similar statute making it unlawful for any member of a “Communist-action organization” to be employed in a defense facility was struck down on First Amendment grounds and the bill of attainder argument was ignored.
Brown on the basis that the Court in the previous decision had found the statute to be preventive rather than punitive, he then proceeded to reject the contention that the punishment necessary for a bill of attainder had to be punitive or retributive rather than preventive, thus undermining the prior decision. Of much greater significance was the effect of the Brown decision on “conflict-of-interest” legislation typified by that upheld in Board of Governors v. Agnew. The statute there forbade any partner or employee of a firm primarily engaged in underwriting securities from being a director of a national bank. Chief Justice Warren distinguished the prior decision and the statute on three grounds from the statute then under consideration. First, the union statute inflicted its deprivation upon the members of a suspect political group in typical bill-of-attainder fashion, unlike the statute in Agnew. Second, in the Agnew statute, Congress did not express a judgment upon certain men or members of a particular group; it rather concluded that any man placed in the two positions would suffer a temptation any man might yield to. Third, Congress established in the Agnew statute an objective standard of conduct expressed in shorthand, which precluded persons from holding the two positions.

Apparently withdrawing from the Brown analysis in upholding a statute providing for governmental custody of documents and recordings accumulated during the tenure of former President Nixon, the Court set out a rather different formula for deciding bill of attainder cases. The law specifically applied only to President Nixon and directed an executive agency to assume control over the materials and prepare regulations providing for ultimate public dissemination of at least some of them; the act assumed that it did not deprive the former President of property rights but authorized the award of just compensation if it should be judicially determined that there was a taking. First, the Court

1714 Id., 458–461.
1715 329 U.S. 441 (1947).
1718 Nixon v. Administrator of General Services, 433 U.S. 425, 468–484 (1977). Justice Stevens’ concurrence is more specifically directed to the facts behind the statute than is the opinion of the Court, id., 484, and Justice White, author of the dissent in Brown, merely noted he found the act nonpunitive. Id., 487. Chief Justice Burger and Justice Rehnquist dissented. Id., 504, 536–545, 545. Adding to the impression of a departure from Brown is the quotation in the opinion of the Court at several points of the Brown dissent, id., 470 n. 31, 471 n. 34, while the dissent quoted and relied on the opinion of the Court in Brown. Id., 538, 542.
denied that the clause denies the power to Congress to burden some persons or groups while not so treating all other plausible individuals or groups; even the present law’s specificity in referring to the former President by name and applying only to him did not condemn the act because he “constituted a legitimate class of one” on whom Congress could “fairly and rationally” focus. 1719 Second, even if the statute's specificity did bring it within the prohibition of the clause, the lodging of Mr. Nixon’s materials with the GSA did not inflict punishment within the meaning of the clause. This analysis was a three-pronged one: 1) the law imposed no punishment traditionally judged to be prohibited by the clause; 2) the law, viewed functionally in terms of the type and severity of burdens imposed, could rationally be said to further nonpunitive legislative purposes; and 3) the law had no legislative record evincing a congressional intent to punish. 1720 That is, the Court, looking “to its terms, to the intent expressed by Members of Congress who voted its passage, and to the existence or nonexistence of legitimate explanations for its apparent effect,” concluded that the statute served to further legitimate policies of preserving the availability of evidence for criminal trials and the functioning of the adversary legal system and in promoting the preservation of records of historical value, all in a way that did not and was not intended to punish the former President.

The clause protects individual persons and groups who are vulnerable to nonjudicial determinations of guilt and does not apply to a State; neither does a State have standing to invoke the clause for its citizens against the Federal Government. 1721

**Ex Post Facto Laws**

**Definition.**—At the time the Constitution was adopted, many persons understood the term ex post facto laws to “embrace all retroactive laws, or laws governing or controlling past transactions, whether . . . of a civil or a criminal nature.” 1722 But in the early case of Calder v. Bull, 1723 the Supreme Court decided that the phrase, as used in the Constitution, applied only to penal and criminal statutes. But although it is inapplicable to retroactive legislation of any other kind, 1724 the constitutional prohibition may

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1719 Id., 472. Justice Stevens carried the thought further, although in the process he severely limited the precedential value of the decision. Id., 484.
1720 Id., 473–484.
1722 3 J. Story, Commentaries on the Constitution of the United States (Boston: 1833), 1339.
1723 3 Dall. (3 U.S.) 386, 393 (1798).
not be evaded by giving a civil form to a measure that is essentially criminal. Every law, which makes criminal an act that was innocent when done, or which inflicts a greater punishment than the law annexed to the crime when committed, is an ex post facto law within the prohibition of the Constitution. A prosecution under a temporary statute, which was extended before the date originally set for its expiration, does not offend this provision even though it is instituted subsequent to the extension of the statute's duration for a violation committed prior thereto. Since this provision has no application to crimes committed outside the jurisdiction of the United States against the laws of a foreign country, it is immaterial in extradition proceedings whether the foreign law is ex post facto or not.

What Constitutes Punishment.—An act of Congress that prescribed as a qualification for practice before the federal courts an oath that the attorney had not participated in the Rebellion was found unconstitutional since it operated as a punishment for past acts. But a statute that denied to polygamists the right to vote in a territorial election was upheld even as applied to one who had not contracted a polygamous marriage and had not cohabited with more than one woman since the act was passed, because the law did not operate as an additional penalty for the offense of polygamy but merely defined it as a disqualification of a voter. A deportation law authorizing the Secretary of Labor to expel aliens for criminal acts committed before its passage is not ex post facto since deportation is not a punishment. For this reason, a statutory provision terminating payment of old-age benefits to an alien deported for Communist affiliation also is not ex post facto, for the denial of a non-contractual benefit to a deported alien is not a penalty.
but a regulation designed to relieve the Social Security System of administrative problems of supervision and enforcement likely to arise from disbursements to beneficiaries residing abroad.\textsuperscript{1732} Likewise an act permitting the cancellation of naturalization certificates obtained by fraud prior to the passage of the law was held not to impose a punishment, but it was simply to deprive the alien of his illgotten privileges.\textsuperscript{1733}

\textbf{Change in Place or Mode of Trial.---}A change of the place of trial of an alleged offense after its commission is not an ex post facto law. If no place of trial was provided when the offense was committed, Congress may designate the place of trial thereafter.\textsuperscript{1734} A law which alters the rule of evidence to permit a person to be convicted upon less or different evidence than was required when the offense was committed is invalid,\textsuperscript{1735} but a statute which simply enlarges the class of persons who may be competent to testify in criminal cases is not ex post facto as applied to a prosecution for a crime committed prior to its passage.\textsuperscript{1736}

Clause 4. No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken.

\textbf{Direct Taxes}

\textbf{The Hylton Case.---}The crucial problem under this section is to distinguish “direct” from other taxes. In its opinion in Pollock v. Farmers’ Loan & Trust Co., the Court declared: “It is apparent . . . that the distinction between direct and indirect taxation was well understood by the framers of the Constitution and those who adopted it.”\textsuperscript{1737} Against this confident dictum may be set the following brief excerpt from Madison’s \textit{Notes on the Convention}: “Mr. King asked what was the precise meaning of direct taxation? No one answered.”\textsuperscript{1738} The first case to come before the Court on this issue was \textit{Hylton v. United States},\textsuperscript{1739} which was decided early in 1796. Congress has levied, according to the rule of uniformity, a specific tax upon all carriages, for the conveyance of persons, which were to be kept by, or for any person, for his own use, or

\begin{footnotesize}
\textsuperscript{1732}Flemming v. Nestor, 363 U.S. 603 (1960).
\textsuperscript{1733}Johansson v. United States, 225 U.S. 227 (1912).
\textsuperscript{1734}Cook v. United States, 138 U.S. 157, 183 (1891).
\textsuperscript{1735}Calder v. Bull, 3 Dall. (3 U.S.) 386, 390 (1798).
\textsuperscript{1736}Hopt v. Utah, 110 U.S. 574, 589 (1884).
\textsuperscript{1737}157 U.S. 429, 573 (1895).
\textsuperscript{1739}3 Dall. (3 U.S.) 171 (1796).
\end{footnotesize}
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to be let out for hire, or for the conveying of passengers. In a fictitious statement of facts, it was stipulated that the carriages involved in the case were kept exclusively for the personal use of the owner and not for hire. The principal argument for the constitutionality of the measure was made by Hamilton, who treated it as an “excise tax,” while Madison both on the floor of Congress and in correspondence attacked it as “direct” and so void, inasmuch as it was levied without apportionment. The Court, taking the position that the direct tax clause constituted in practical operation an exception to the general taxing powers of Congress, held that no tax ought to be classified as “direct” which could not be conveniently apportioned, and on this basis sustained the tax on carriages as one on their “use” and therefore an “excise.” Moreover, each of the judges advanced the opinion that the direct tax clause should be restricted to capitation taxes and taxes on land, or that at most, it might cover a general tax on the aggregate or mass of things that generally pervade all the States, especially if an assessment should intervene, while Justice Paterson, who had been a member of the Federal Convention, testified to his recollection that the principal purpose of the provision had been to allay the fear of the Southern States lest their Negroes and land should be subjected to a specific tax.

From the Hylton to the Pollock Case.—The result of the Hylton case was not challenged until after the Civil War. A number of the taxes imposed to meet the demands of that war were assailed during the postwar period as direct taxes but without result. The Court sustained successively, as “excises” or “duties,” a tax on an insurance company’s receipts for premiums and assessments; a tax on the circulating notes of state banks, an inheritance tax on real estate, and finally a general tax on incomes. In the last case, the Court took pains to state that it regarded the term “direct taxes” as having acquired a definite and fixed meaning, to wit, capitation taxes, and taxes on land.

Then, almost one hundred years after the Hylton case, the famous

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1740 The Works of Alexander Hamilton, J. Hamilton ed. (New York: 1851), 845. “If the meaning of the word excise is to be sought in the British statutes, it will be found to include the duty on carriages, which is there considered as an excise, and then must necessarily be uniform and liable to apportionment; consequently, not a direct tax.”

1742 3 Dall. (3 U.S.) 171, 177 (1796).

1743 7 Wall. (74 U.S.) 433 (1869).

1744 8 Wall. (75 U.S.) 533 (1869).

1745 90 U.S. 331 (1875).

1746 102 U.S. 586 (1881).

1747 Id., 602.
case of Pollock v. Farmers' Loan & Trust Co.\(^{1748}\) arose under the Income Tax Act of 1894.\(^{1749}\) Undertaking to correct "a century of error," the Court held, by a vote of five-to-four, that a tax on income from property was a direct tax within the meaning of the Constitution and hence void because not apportioned according to the census.

**Restriction of the Pollock Decision.**—The Pollock decision encouraged taxpayers to challenge the right of Congress to levy by the rule of uniformity numerous taxes that had always been reckoned to be excises. But the Court evinced a strong reluctance to extend the doctrine to such exactions. Purporting to distinguish taxes levied "because of ownership" or "upon property as such" from those laid upon "privileges,"\(^{1750}\) it sustained as "excises" a tax on sales on business exchanges,\(^{1751}\) a succession tax which was construed to fall on the recipients of the property transmitted rather than on the estate of the decedent,\(^{1752}\) and a tax on manufactured tobacco in the hands of a dealer, after an excise tax had been paid by the manufacturer.\(^{1753}\) Again, in Thomas v. United States,\(^{1754}\) the validity of a stamp tax on sales of stock certificates was sustained on the basis of a definition of "duties, imposts and excises.” These terms, according to the Chief Justice, "were used comprehensively to cover customs and excise duties imposed on importation, consumption, manufacture and sale of certain commodities, privileges, particular business transactions, vocations, occupations and the like."\(^{1755}\) On the same day, it ruled, in Spreckels Sugar Refining Co. v. McClain,\(^{1756}\) that an exaction, denominated a special excise tax, imposed on the business of refining sugar and measured by the gross receipts thereof, was in truth an excise and hence properly levied by the rule of uniformity. The lesson of Flint v. Stone Tracy Co.\(^{1757}\) was the same. In the Flint case, what was in form an income tax was sustained as a tax on the privilege of doing business as a corporation, the value of the privilege being measured by the income, including income from investments. Similarly, in Stanton v. Baltic Mining Co.,\(^{1758}\) a tax on the annual production of mines was held to be "independently of the effect of the oper-

\(^{1748}\) 157 U.S. 429 (1895); 158 U.S. 601 (1895).
\(^{1749}\) 28 Stat. 509, 553 (1894).
\(^{1750}\) Stanton v. Baltic Mining Co., 240 U.S. 103 (1916); Knowlton v. Moore, 178 U.S. 41, 80 (1900).
\(^{1752}\) Knowlton v. Moore, 178 U.S. 41 (1900).
\(^{1753}\) Patton v. Brady, 184 U.S. 608 (1902).
\(^{1754}\) 192 U.S. 363 (1904).
\(^{1755}\) Id., 370.
\(^{1756}\) 192 U.S. 397 (1904).
\(^{1757}\) 220 U.S. 107 (1911).
\(^{1758}\) 240 U.S. 103 (1916).
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... not a tax upon property as such because of its ownership, but a true excise levied on the results of the business of carrying on mining operations." ¹⁷⁵⁹

A convincing demonstration of the extent to which the Pollock decision had been whittled down by the time the Sixteenth Amendment was adopted is found in Billings v. United States. ¹⁷⁶⁰ In challenging an annual tax assessed for the year 1909 on the use of foreign built yachts—a levy not distinguishable in substance from the carriage tax involved in the Hylton case as construed by the Supreme Court—counsel did not even suggest that the tax should be classed as a direct tax. Instead, he based his argument that the excise constituted a taking of property without due process of law upon the premise that it was an excise, and the Supreme Court disposed of the case upon the same assumption.

In 1921, the Court cast aside the distinction drawn in Knowlton v. Moore between the right to transmit property on the one hand and the privilege of receiving it on the other, and sustained an estate tax as an excise. "Upon this point," wrote Justice Holmes for a unanimous Court, "a page of history is worth a volume of logic." ¹⁷⁶¹ This proposition being established, the Court had no difficulty in deciding that the inclusion in the computation of the estate tax of property held as joint tenants, ¹⁷⁶² or as tenants by the entirety, ¹⁷⁶³ or the entire value of community property owned by husband and wife, ¹⁷⁶⁴ or the proceeds of insurance upon the life of the decedent, ¹⁷⁶⁵ did not amount to direct taxation of such property. Similarly, it upheld a graduated tax on gifts as an excise, saying that it was "a tax laid only upon the exercise of a single one of those powers incident to ownership, the power to give the property owned to another." ¹⁷⁶⁶ Justice Sutherland, speaking for himself and two associates, urged that "the right to give away one's property is as fundamental as the right to sell it or, indeed, to possess it." ¹⁷⁶⁷

Miscellaneous.—The power of Congress to levy direct taxes is not confined to the States represented in that body. Such a tax may be levied in proportion to population in the District of Colum-

b. A penalty imposed for nonpayment of a direct tax is not a part of the tax itself and hence is not subject to the rule of apportionment. Accordingly, the Supreme Court sustained the penalty of fifty percent, which Congress exacted for default in the payment of the direct tax on land in the aggregate amount of twenty million dollars that was levied and apportioned among the States during the Civil War.

Clause 5. No Tax or Duty shall be laid on Articles exported from any State.

Taxes on Exports

This prohibition applies only to the imposition of duties on goods by reason of exportation. The word “export” signifies goods exported to a foreign country, not to an unincorporated territory of the United States. A general tax laid on all property alike, including that intended for export, is not within the prohibition, if it is not levied on goods in course of exportation nor because of their intended exportation. Where the sale to a commission merchant for a foreign consignee was consummated by delivery of the goods to an exporting carrier, the sale was held to be a step in the exportation and hence exempt from a general tax on sales of such commodity. The giving of a bond for exportation of distilled liquor was not the commencement of exportation so as to exempt from an excise tax spirits that were not exported pursuant to such bond. A tax on the income of a corporation derived from its export trade was not a tax on “articles exported” within the meaning of the Constitution.

Stamp Taxes.—A stamp tax imposed on foreign bills of lading, charter parties, or marine insurance policies was in effect a tax or duty upon exports, and so void; but an act requiring the stamping of all packages of tobacco intended for export in

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1771 Dooley v. United States, 183 U.S. 151, 154 (1901).
1774 Thompson v. United States, 142 U.S. 471 (1892).
 Clause 6. No Preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another: nor shall Vessels bound to, or from, one State, be obliged to enter, clear, or pay duties in another.

The “No Preference” Clause

The limitations imposed by this section were designed to prevent preferences as between ports because of their location in different States. They do not forbid such discriminations as between individual ports. Acting under the commerce clause, Congress may do many things that benefit particular ports and which incidentally result to the disadvantage of other ports in the same or neighboring States. It may establish ports of entry, erect and operate lighthouses, improve rivers and harbors, and provide structures for the convenient and economical handling of traffic. A rate order of the Interstate Commerce Commission which allowed an additional charge to be made for ferrying traffic across the Mississippi to cities on the east bank of the river was sustained over the objection that it gave an unconstitutional preference to ports in Texas. Although there were a few early intimations that this clause was applicable to the States as well as to Congress, the Supreme Court declared emphatically in 1886 that state legislation was unaffected by it. After more than a century, the Court confirmed, over the objection that this clause was offended, the power which the First Congress had exercised in sanctioning the continued supervision and regulation of pilots by the States.

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1779 Pace v. Burgess, 92 U.S. 372 (1876); Turpin v. Burgess, 117 U.S. 504, 505 (1886).
1780 Louisiana Pub. Serv. Comm. v. Texas & N.O.R. Co., 284 U.S. 125, 131 (1931); Pennsylvania v. Wheeling & Belmont Bridge Co., 18 How. (59 U.S.) 421, 433 (1856); South Carolina v. Georgia, 93 U.S. 4 (1876). In Williams v. United States, 255 U.S. 336 (1921) the argument that an act of Congress which prohibited interstate transportation of liquor into States whose laws prohibited manufacture or sale of liquor for beverage purposes was repugnant to this clause was rejected.
1784 1 Stat. 53, 54, § 4 (1879).
1785 Thompson v. Darden, 198 U.S. 310 (1905).
Clause 7. No Money shall be drawn from the Treasury but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

Appropriations

This clause is a limitation upon the power of the Executive Department and does not restrict Congress in appropriating moneys in the Treasury. That body may recognize and pay a claim of an equitable, moral, or honorary nature. When it directs a specific sum to be paid to a certain person, neither the Secretary of the Treasury nor any court has discretion to determine whether the person is entitled to receive it. In making appropriations to pay claims arising out of the Civil War, Congress could, the Court held, lawfully provide that certain persons, i.e., those who had aided the Rebellion, should not be paid out of the funds made available by the general appropriation, but that such persons should seek relief from Congress. The Court has also recognized that Congress has a wide discretion with regard to the extent to which it shall prescribe details of expenditures for which it appropriates funds and has approved the frequent practice of making general appropriations of large amounts to be allotted and expended as directed by designated government agencies. Citing as an example that act of June 17, 1902, where all moneys received from the sale and disposal of public lands in a large number of States and territories were set aside as a special fund to be expended under the direction of the Secretary of the Interior upon such projects as he determined to be practicable and advisable for the reclamation of arid and semi-arid lands within those States and territories, the Court declared: “The constitutionality of this delegation of authority has never been seriously questioned.”

Payment of Claims

No officer of the Federal Government is authorized to pay a debt due from the United States, whether reduced to judgment or not, without an appropriation for that purpose. Nor may a gov-

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1786 Cincinnati Soap Co. v. United States, 301 U.S. 308, 321 (1937); Knotz v. United States, 95 U.S. 149, 154 (1877).
ernment employee, by erroneous advice to a claimant, bind the United States through equitable estoppel principles to pay a claim for which an appropriation has not been made. 1792

After the Civil War, a number of controversies arose out of attempts by Congress to restrict the payment of the claims of persons who had aided the Rebellion but had thereafter received a pardon from the President. The Supreme Court held that Congress could not prescribe the evidentiary effect of a pardon in a proceeding in the Court of Claims for property confiscated during the Civil War, 1793 but that where the confiscated property had been sold and the proceeds paid into the Treasury, a pardon did not of its own force authorize the restoration of such proceeds. 1794 It was within the competence of Congress to declare that the amount due to persons thus pardoned should not be paid out of the Treasury and that no general appropriation should extend to their claims. 1795

Clause 8. No Title of Nobility shall be granted by the United States: And no Person holding any Office of Profit or Trust under them, shall, without the Consent of the Congress accept of any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince, or foreign State.

In 1871 the Attorney General of the United States ruled that: “A minister of the United States abroad is not prohibited by the Constitution from rendering a friendly service to a foreign power, even that of negotiating a treaty for it, provided he does not become an officer of that power . . . but the acceptance of a formal commission, as minister plenipotentiary, creates an official relation between the individual thus commissioned and the government which in this way accredits him as its representative,” which is prohibited by this clause of the Constitution. 1796

Section 10. No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and sil-

1794 Knote v. United States, 95 U.S. 149, 154 (1877); Austin v. United States, 155 U.S. 417, 427 (1894).
ver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility.

POWERS DENIED TO THE STATES

Treaties, Alliances, or Confederations

At the time of the Civil War, this clause was one of the provisions upon which the Court relied in holding that the Confederation formed by the seceding States could not be recognized as having any legal existence. Today, its practical significance lies in the limitations which it implies upon the power of the States to deal with matters having a bearing upon international relations. In the early case of Holmes v. Jennison, Chief Justice Taney invoked it as a reason for holding that a State had no power to deliver up a fugitive from justice to a foreign State. Recently, the kindred idea that the responsibility for the conduct of foreign relations rests exclusively with the Federal Government prompted the Court to hold that, since the oil under the three mile marginal belt along the California coast might well become the subject of international dispute and since the ocean, including this three mile belt, is of vital consequence to the nation in its desire to engage in commerce and to live in peace with the world, the Federal Government has paramount rights in and power over that belt, including full dominion over the resources of the soil under the water area. In Skiriotes v. Florida, the Court, on the other hand, ruled that this clause did not disable Florida from regulating the manner in which its own citizens may engage in sponge fishing outside its territorial waters. Speaking for a unanimous Court, Chief Justice Hughes declared; "When its action does not conflict with federal legislation, the sovereign authority of the State over the conduct of its citizens upon the high seas is analogous to the sovereign authority of the United States over its citizens in like circumstances."

Bills of Credit

Within the sense of the Constitution, bills of credit signify a paper medium of exchange, intended to circulate between individuals, and between the Government and individuals, for the ordi-

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1800 313 U.S. 69 (1941).
1801 Id., 78–79.
nary purposes of society. It is immaterial whether the quality of legal tender is imparted to such paper. Interest bearing certificates, in denominations not exceeding ten dollars, which were issued by loan offices established by the State of Missouri and made receivable in payment of taxes or other moneys due to the State, and in payment of the fees and salaries of state officers, were held to be bills of credit whose issuance was banned by this section. The States are not forbidden, however, to issue coupons receivable for taxes, nor to execute instruments binding themselves to pay money at a future day for services rendered or money borrowed. Bills issued by state banks are not bills of credit; it is immaterial that the State is the sole stockholder of the bank, that the officers of the bank were elected by the state legislature, or that the capital of the bank was raised by the sale of state bonds.

**Legal Tender**

Relying on this clause, which applies only to the States and not to the Federal Government, the Supreme Court has held that where the marshal of a state court received state bank notes in payment and discharge of an execution, the creditor was entitled to demand payment in gold or silver. Since, however, there is nothing in the Constitution prohibiting a bank depositor from consenting when he draws a check that payment may be made by draft, a state law providing that checks drawn on local banks should, at the option of the bank, be payable in exchange drafts was held valid.

**Bills of Attainder**

Statutes passed after the Civil War with the intent and result of excluding persons who had aided the Confederacy from following certain callings, by the device of requiring them to take an oath.
that they had never given such aid, were held invalid as being bills of attainder, as well as ex post facto laws.\footnote{Cummings v. Missouri, 4 Wall. (71 U.S.) 277, 323 (1867); Klinger v. Missouri, 13 Wall. (80 U.S.) 257 (1872); Pierce v. Carskadon, 16 Wall. (83 U.S.) 234, 239 (1873).}

Other attempts to raise bill-of-attainder claims have been unsuccessful. A Court majority denied that a municipal ordinance, that required all employees to execute oaths that they had never been affiliated with Communist or similar organizations, violated the clause, on the grounds that the ordinance merely provided standards of qualifications and eligibility for employment.\footnote{Garner v. Board of Public Works of Los Angeles, 341 U.S. 716, 722±723 (1951); Cf. Konigsberg v. State Bar of California, 366 U.S. 36, 47 n. 9 (1961).} A law that prohibited any person convicted of a felony and not subsequently pardoned from holding office in a waterfront union was not a bill of attainder because the “distinguishing feature of a bill of attainder is the substitution of a legislative for a judicial determination of guilt” and the prohibition “embodies no further implications of appellant’s guilt than are contained in his 1920 judicial conviction.”\footnote{De Veau v. Braisted, 363 U.S. 144, 160 (1960). Presumably, United States v. Brown, 381 U.S. 437 (1965), does not qualify this decision.}

\section*{Ex Post Facto Laws}

\textbf{Scope of the Provision.---}This clause, like the cognate restrictions imposed on the Federal Government by § 9, relates only to penal and criminal legislation and not to civil laws that affect private rights adversely.\footnote{Frank v. Mangum, 237 U.S. 309, 344 (1915); Ross v. Oregon, 227 U.S. 150, 161 (1913). However, an unforeseeable judicial enlargement of a criminal statute so as to encompass conduct not covered on the face of the statute operates like an ex post facto law if it is applied retroactively and violates due process in that event. Bouie v. City of Columbia, 378 U.S. 347 (1964). See Marks v. United States, 430 U.S. 1 (1977).} There are three categories of ex post facto laws: those “which punish[] as a crime an act previously committed, which was innocent when done; which make[] more burdensome the punishment for a crime, after its commission; or which deprive[] one charged with crime of any defense available according to law at the time when the act was committed.”\footnote{Collins v. Youngblood, 497 U.S. 37, 42 (1990) (quoting Beazell v. Ohio, 269 U.S. 167, 169–170 (1925)). Alternatively, the Court described the reach of the clause as extending to laws that “alter the definition of crimes or increase the punishment for criminal acts.” Id., 43.} The bar is directed only against legislative action and does not touch erroneous or inconsistent decisions by the courts.\footnote{1817 Even though a law is}
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ex post facto and invalid as to crimes committed prior to its enactment, it is nonetheless valid as to subsequent offenses.\textsuperscript{1818} If it mitigates the rigor of the law in force at the time the crime was committed,\textsuperscript{1819} or if it merely penalizes the continuance of conduct lawfully begun before its passage, the statute is not ex post facto. Thus, measures penalizing the failure of a railroad to cut drains through existing embankments\textsuperscript{1820} or making illegal the continued possession of intoxicating liquors which were lawfully acquired\textsuperscript{1821} have been held valid.

\textbf{Denial of Future Privileges to Past Offenders.}—The right to practice a profession may be denied to one who was convicted of an offense before the statute was enacted if the offense reasonably may be regarded as a continuing disqualification for the profession. Without offending the Constitution, statutes barring a person from practicing medicine after conviction of a felony\textsuperscript{1822} or excluding convicted felons from waterfront union offices, unless pardoned or in receipt of a parole board’s good conduct certificate,\textsuperscript{1823} may be enforced against a person convicted before the measures were passed. But the test oath prescribed after the Civil War, whereby office holders, teachers, or preachers were required to swear that they had not participated in the Rebellion, was held invalid on the ground that it had no reasonable relation to fitness to perform official or professional duties, but rather was a punishment for past offenses.\textsuperscript{1824} A similar oath required of suitors in the courts also was held void.\textsuperscript{1825}

\textbf{Changes in Punishment.}—Statutes that changed an indeterminate sentence law to require a judge to impose the maximum sentence, whereas formerly he could impose a sentence between the minimum and maximum,\textsuperscript{1826} required criminals sentenced to death to be kept thereafter in solitary confinement,\textsuperscript{1827} or allowed a warden to fix, within limits of one week, and keep secret the time

\begin{thebibliography}{9}
  \bibitem{1819} Cummings v. Missouri, 4 Wall. (71 U.S.) 277, 316 (1867).
  \bibitem{1820} Lindsey v. Carskason, 16 Wall. (83 U.S.) 234 (1873).
  \bibitem{1821} Lindsey v. Washington, 301 U.S. 397 (1937).
  \bibitem{1823} Cummings v. Missouri, 4 Wall. (71 U.S.) 277, 316 (1867).
  \bibitem{1824} Lindsey v. Carskason, 16 Wall. (83 U.S.) 234 (1873).
  \bibitem{1826} Holden v. Minnesota, 137 U.S. 483, 491 (1890).
\end{thebibliography}
of execution, \(^{1828}\) were held to be ex post facto as applied to offenses committed prior to their enactment. Because it made more onerous the punishment for crimes committed before its enactment, a law, a law that altered sentencing guidelines to make it more likely the sentencing authority would impose on a defendant a more severe sentence than was previously likely and making it impossible for the defendant to challenge the sentence was ex post facto as to one who had committed the offense prior to the change. \(^{1829}\) But laws providing heavier penalties for new crimes thereafter committed by habitual criminals, \(^{1830}\) changing the punishment from hanging to electrocution, fixing the place therefor in the penitentiary, and permitting the presence of a greater number of invited witnesses, \(^{1831}\) or providing for close confinement of six to nine months in the penitentiary, in lieu of three to six months in jail prior to execution, and substituting the warden for the sheriff as hangman, have been sustained. \(^{1832}\)

In Dobbert v. Florida, \(^{1833}\) the Court may have formulated a new test for determining when a criminal statute vis-a-vis punishment is ex post facto. Defendant murdered two of his children; at the time of the commission of the offenses, Florida law provided the death penalty upon conviction for certain takings of life. Subsequent to the commission of the capital offenses, the Supreme Court held laws similar to Florida’s unconstitutional to the extent that death was a sentence under them, although convictions obtained under the statutes were not to be overturned, \(^{1834}\) and the Florida Supreme Court voided its death penalty statutes on the authority of the High Court decision. The Florida legislature then enacted a new capital punishment law, which was sustained. Dobbert was convicted and sentenced to death under the new law, which was enacted after the commission of his offenses. The Court rejected the ex post facto challenge to the sentence on the basis that whether the old statute was constitutional or not, “it clearly indicated Florida’s view of the severity of murder and of the degree of punishment which the legislature wished to impose upon murderers. The statute was intended to provide maximum deterrence, and its existence on the statute books provided fair warning as to the degree
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of culpability which the State ascribed to the act of murder."\(^{1835}\)

Whether the “fair warning” standard is to have any prominent
place in ex post facto jurisprudence may be an interesting question
but it is problematical in any event whether the fact situation will
occur often enough to make the principle applicable in very many
cases.

**Changes in Procedure.**—An accused person does not have a
right to be tried in all respects in accordance with the law in force
when the crime charged was committed.\(^{1836}\) Laws shifting the
place of trial from one county to another,\(^{1837}\) increasing the num-
ber of appellate judges and dividing the appellate court into divi-
sions,\(^{1838}\) granting a right of appeal to the State,\(^{1839}\) changing the
method of selecting and summoning jurors,\(^{1840}\) making separate
trials for persons jointly indicted a matter of discretion for the trial
court rather than a matter of right,\(^{1841}\) and allowing a comparison
of handwriting experts\(^{1842}\) have been sustained over the objection
that they were ex post facto. It was said or suggested in a number
of these cases, and two decisions were rendered precisely on the
basis, that the mode of procedure might be changed only so long
as the substantial rights of the accused were not curtailed.\(^{1843}\) The
Court has now disavowed this position.\(^{1844}\) All that the language
of most of these cases meant was that a legislature might not
 evade the ex post facto clause by labeling changes as alteration of
“procedure.” If a change labeled “procedural” effects a substantive
change in the definition of a crime or increases punishment or de-
ies a defense, the clause is invoked; however, if a law changes the
procedures by which a criminal case is adjudicated, the clause is

\(^{1835}\) Id., 332 U.S., 297.


\(^{1838}\) Duncan v. Missouri, 152 U.S. 377 (1894).


\(^{1840}\) Gibson v. Mississippi, 162 U.S. 565, 588 (1896).

\(^{1841}\) Beazell v. Ohio, 269 U.S. 167 (1925).

\(^{1842}\) Thompson v. Missouri, 171 U.S. 380, 381 (1898).

\(^{1843}\) E.g., Duncan v. Missouri, 152 U.S. 377, 382-383 (1894); Malloy v. South
Carolina, 237 U.S. 180, 183 (1915); Beazell v. Ohio, 269 U.S. 167, 171 (1925). The
two cases decided on the basis of the distinction were Thompson v. Utah, 170 U.S.
343 (1898) (application to felony trial for offense committed before enactment of
change from 12-person jury to an eight-person jury void under clause), and Kring
v. Missouri, 107 U.S. 221 (1883) (as applied to a case arising before change, a law
abolishing a rule under which a guilty plea functioned as an acquittal of a more seri-
sous offense, so that defendant could be tried on the more serious charge, a viola-
tion of the clause).

\(^{1844}\) Collins v. Youngblood, 497 U.S. 37, 44-52 (1990). In so doing, the Court
overruled Kring and Thompson v. Utah.
not implicated, regardless of the increase in the burden on a defendant.\footnote{Youngblood upheld a Texas statute, as applied to a person committing an offense and tried before passage of the law, that authorized criminal courts to reform an improper verdict assessing a punishment not authorized by law, which had the effect of denying defendant a new trial to which he would have been previously entitled.}{1845}

**Obligation of Contracts**

**“Law” Defined.**—The term comprises statutes, constitutional provisions,\footnote{Dodge v. Woolsey, 18 How. (59 U.S.) 331 (1856); Ohio & M. R. Co. v. McClure, 10 Wall. (77 U.S.) 511 (1871); New Orleans Gas Co. v. Louisiana Light Co., 115 U.S. 650 (1885); Bier v. McGehee, 148 U.S. 137, 140 (1893).}{1846} municipal ordinances,\footnote{New Orleans Water-Works Co. v. Rivers, 115 U.S. 674 (1885); City of Walla Walla v. Walla Walla Water Co., 172 U.S. 1 (1898); City of Vicksburg v. Waterworks Co., 202 U.S. 453 (1906); Atlantic Coast Line v. City of Goldsboro, 232 U.S. 548 (1914); Cuyahoga Power Co. v. City of Akron, 240 U.S. 462 (1916).}{1847} and administrative regulations having the force and operation of statutes.\footnote{Ibid.; see also Grand Trunk Ry. v. Indiana R.R. Comm., 221 U.S. 400 (1911); Appleby v. Delaney, 271 U.S. 403 (1926).}{1848} But are judicial decisions within the clause? The abstract principle of the separation of powers, at least until recently, forbade the idea that the courts “make” law and the word “pass” in the above clause seemed to confine it to the formal and acknowledged methods of exercise of the law-making function. Accordingly, the Court has frequently said that the clause does not cover judicial decisions, however erroneous, or whatever their effect on existing contract rights.\footnote{Jefferson Branch Bank v. Skelly, 1 Bl. (66 U.S.) 436, 443 (1862); Bridge Proprietors v. Hoboken Co., 1 Wall. (68 U.S.) 116, 145 (1863); Wright v. Nagle, 101 U.S. 791, 793 (1880); McGehey v. Virginia, 135 U.S. 662, 667 (1890); Scott v. McNeal, 154 U.S. 34, 35 (1894); Stearns v. Minnesota, 179 U.S. 223, 232–233 (1900); Coombs v. Getz, 285 U.S. 434, 441 (1932); Atlantic Coast Line R. Co. v. Phillips, 332 U.S. 168, 170 (1947).}{1849} Nevertheless, there are important exceptions to this rule that are hereinafter set forth.

**Status of Judicial Decision.**—While the highest state court usually has final authority in determining the construction as well as the validity of contracts entered into under the laws of the State, and the national courts will be bound by their decision of such matters, nevertheless, for reasons that are fairly obvious, this rule does not hold when the contract is one whose obligation is alleged to have been impaired by state law.\footnote{Jefferson Branch Bank v. Skelly, 1 Bl. (66 U.S.) 436, 443 (1862); Bridge Proprietors v. Hoboken Co., 1 Wall. (68 U.S.) 116, 145 (1863); Wright v. Nagle, 101 U.S. 791, 793 (1880); McGehey v. Virginia, 135 U.S. 662, 667 (1890); Scott v. McNeal, 154 U.S. 34, 35 (1894); Stearns v. Minnesota, 179 U.S. 223, 232–233 (1900); Coombs v. Getz, 285 U.S. 434, 441 (1932); Atlantic Coast Line R. Co. v. Phillips, 332 U.S. 168, 170 (1947).}{1850} Otherwise, the chal-
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Reposed state authority could be vindicated through the simple device of a modification or outright nullification by the state court of the contract rights in issue. Similarly, the highest state court usually has final authority in construing state statutes and determining their validity in relation to the state constitution. But this rule too has had to bend to some extent to the Supreme Court’s interpretation of the obligation of contracts clause.

Suppose the following situation: (1) a municipality, acting under authority conferred by a state statute, has issued bonds in aid of a railway company; (2) the validity of this statute has been sustained by the highest state court; (3) later the state legislature passes an act to repeal certain taxes to meet the bonds; (4) it is sustained in doing so by a decision of the highest state court holding that the statute authorizing the bonds was unconstitutional ab initio. In such a case the Supreme Court would take an appeal from the state court and would reverse the latter’s decision of unconstitutionality because of its effect in rendering operative the act to repeal the tax.

Suppose further, however, that the state court has reversed itself on the question of the constitutionality of the bonds in a suit by a creditor for payment without there having been an act of repeal. In this situation, the Supreme Court would still afford relief if the case is one between citizens of different States, which reaches it via a lower federal court. This is because in cases of this nature the Court formerly felt free to determine questions of fundamental justice for itself. Indeed, in such a case, the Court has apparently in the past regarded itself as free to pass upon the constitutionality of the state law authorizing the bonds even though there has been no prior decision by the highest state court sustaining them, the idea being that contracts entered into simply on the
faith of the presumed constitutionality of a state statute are entitled to this protection.\textsuperscript{1854}

In other words, in cases of which it has jurisdiction because of diversity of citizenship, the Court has held that the obligation of contracts is capable of impairment by subsequent judicial decisions no less than by subsequent statutes and that it is able to prevent such impairment. In cases, on the other hand, of which it obtains jurisdiction only on the constitutional ground and by appeal from a state court, it has always adhered in terms to the doctrine that the word "laws" as used in Article I, § 10, does not comprehend judicial decisions. Yet even in these cases, it will intervene to protect contracts entered into on the faith of existing decisions from an impairment that is the direct result of a reversal of such decisions, but there must be in the offing, as it were, a statute of some kind—one possibly many years older than the contract rights involved—on which to pin its decision.\textsuperscript{1855}

In 1922, Congress, through an amendment to the Judicial Code, endeavored to extend the reviewing power of the Supreme Court to suits involving ". . . the validity of a contract wherein it is claimed that a change in the rule of law or construction of statutes by the highest court of a State applicable to such contract would be repugnant to the Constitution of the United States. . . ." This appeared to be an invitation to the Court to say frankly that the obligation of a contract can be impaired as well by a subsequent decision as by a subsequent statute. The Court, however, declined the invitation in an opinion by Chief Justice Taft that reviewed many of the cases covered in the preceding paragraphs.

Dealing with Gelpcke and adherent decisions, Chief Justice Taft said: "These cases were not writs of error to the Supreme Court of a State. They were appeals or writs of error to federal courts where recovery was sought upon municipal or county bonds or some other form of contracts, the validity of which had been sustained by decisions of the Supreme Court of a State prior to their execution, and had been denied by the same court after their issue or making. In such cases the federal courts exercising jurisdiction between citizens of different States held themselves free to decide what the state law was, and to enforce it as laid down by the state Supreme Court before the contracts were made rather than in later decisions. They did not base this conclusion on Article I, § 10, of the Federal Constitution, but on the state law as they determined it,

\textsuperscript{1854}Great Southern Hotel Co. v. Jones, 193 U.S. 532, 548 (1904).
which, in diverse citizenship cases, under the third Article of the Federal Constitution they were empowered to do. Burgess v. Seligman, 107 U.S. 20 (1883).” While doubtless this was an available explanation in 1924, the decision in 1938 in Erie Railroad Co. v. Tompkins, so cut down the power of the federal courts to decide diversity of citizenship cases according to their own notions of “general principles of common law” as to raise the question whether the Court will not be required eventually to put Gelpcke and its companions and descendants squarely on the obligation of contracts clause or else abandon them.

“Obligation” Defined.—A contract is analyzable into two elements: the agreement, which comes from the parties, and the obligation, which comes from the law and makes the agreement binding on the parties. The concept of obligation is an importation from the Civil Law and its appearance in the contracts clause is supposed to have been due to James Wilson, a graduate of Scottish universities and a Civilian. Actually, the term as used in the contracts clause has been rendered more or less superfluous by the doctrine that the law in force when a contract is made enters into and comprises a part of the contract itself. Hence, the Court sometimes recognizes the term in its decisions applying the clause, sometimes ignores it. In Sturges v. Crowninshield, Marshall defined “obligation of contract” as “the law which binds the parties to perform their agreement;” but a little later the same year he sets forth the points presented for consideration in Dartmouth College v. Woodward, to be: “1. Is this contract protected by the Constitution of the United States? 2. Is it impaired by the acts under which the defendant holds?” The word “obligation” undoubtedly does carry the implication that the Constitution was intended to protect only executory contracts—i.e., contracts still awaiting performance, but this implication was early rejected for a certain class of contracts, with immensely important result for the clause.

“Impair” Defined.—“The obligations of a contract,” says Chief Justice Hughes for the Court in Home Building & Loan Assn. v. Blaisdel, “are impaired by a law which renders them in-

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1857 304 U.S. 64 (1938).
1859 4 Wheat. (17 U.S.) 122, 197 (1819); see also Curran v. Arkansas, 15 How. (56 U.S.) 304 (1854).
1861 Id., 627.
1862 290 U.S. 398 (1934).
valid, or releases or extinguishes them . . ., and impairment . . . has been predicated upon laws which without destroying contracts derogate from substantial contractual rights.”

But he adds: “Not only are existing laws read into contracts in order to fix 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. 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. This principle of harmonizing the constitutional prohibition with the necessary residuum of state power has had progressive recognition in the decisions of this Court.”

In short, the law from which the obligation stems must be understood to include constitutional law and, moreover a “progressive” constitutional law.

Vested Rights Not Included.—The term “contracts” is used in the contracts clause in its popular sense of an agreement of minds. The clause therefore does not protect vested rights that are not referable to such an agreement between the State and an individual, such as the right of recovery under a judgment. The individual in question may have a case under the Fourteenth Amendment, but not one under Article I, § 10.

Public Grants That Are Not “Contracts”.—Not all grants by a State constitute “contracts” within the sense of Article I, § 10. In his Dartmouth College decision, Chief Justice Marshall conceded that “if the act of incorporation be a grant of political power, if it creates a civil institution, to be employed in the administration of the government . . . the subject is one in which the legislature of the State may act according to its own judgment,” unrestrained by the Constitution—thereby drawing a line between “public” and

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1863 Id., 431.
1865 “The Blaisdell decision represented a realistic appreciation of the fact that ours is an evolving society and that the general words of the contract clause were not intended to reduce the legislative branch of government to helpless impotency.” Justice Black, in Wood v. Lovett, 313 U.S. 362, 383 (1941).
1866 Crane v. Hahlo, 258 U.S. 142, 145-146 (1922); Louisiana ex rel. Folsom v. Mayor of New Orleans, 109 U.S. 285, 288 (1883); Morley v. Lake Shore Railway Co., 146 U.S. 162, 169 (1892). That the obligation of contracts clause did not protect vested rights merely as such was stated by the Court as early as Satterlee v. Matthewson, 2 Pet. (27 U.S.) 380, 413 (1829); and again in Charles River Bridge v. Warren Bridge, 11 Pet. (36 U.S.) 420, 539-540 (1837).
“private” corporations that remained undisturbed for more than half a century.\footnote{In Munn v. Illinois, 94 U.S. 113 (1877) a category of “business affected with a public interest” and whose property is “impressed with a public use” was recognized. A corporation engaged in such a business becomes a “quasi-public” corporation, the power of the State to regulate which is larger than in the case of a purely private corporation. Inasmuch as most corporations receiving public franchises are of this character, the final result of Munn was to enlarge the police power of the State in the case of the most important beneficiaries of the Dartmouth College decision.}

It has been subsequently held many times that municipal corporations are mere instrumentalities of the State for the more convenient administration of local governments, whose powers may be enlarged, abridged, or entirely withdrawn at the pleasure of the legislature.\footnote{The same principle applies, moreover, to the property rights which the municipality derives either directly or indirectly from the State. This was first held as to the grant of a franchise to a municipality to operate a ferry and has since then been recognized as the universal rule.} The same principle applies, moreover, to the property rights which the municipality derives either directly or indirectly from the State. This was first held as to the grant of a franchise to a municipality to operate a ferry and has since then been recognized as the universal rule.\footnote{It was stated in a case decided in 1923 that the distinction between the municipality as an agent of the State for governmental purposes and as an organization to care for local needs in a private or proprietary capacity, while it limited the legal liability of municipalities for the negligent acts or omissions of its officers or agents, did not, on the other hand, furnish ground for the application of constitutional restraints against the State in favor of its own municipalities. Thus, no contract rights were impaired by a statute relocating a county seat, even though the former location was by law to be “permanent” and the citizens of the community had donated land and furnished bonds for the erection of public buildings. Similarly, a statute changing the boundaries of a school district, giving to the new district the property within its limits that had belonged to the former district, and requiring the new district to assume the debts of the old district, did not impair the obligation of contracts. Nor was the contracts clause violated by state legislation authorizing state control over insolvent communities through a Municipal Finance Commission.}

On the same ground of public agency, neither appointment nor election to public office creates a contract in the sense of Article I,
§ 10, whether as to tenure, or salary, or duties, all of which remain, so far as the Constitution of the United States is concerned, subject to legislative modification or outright repeal. Indeed, there can be no such thing in this country as property in office, although the common law sustained a different view that sometimes found reflection in early cases. When, however, services have once been rendered, there arises an implied contract that they shall be compensated at the rate in force at the time they were rendered. Also, an express contract between the State and an individual for the performance of specific services falls within the protection of the Constitution. Thus, a contract made by the governor pursuant to a statute authorizing the appointment of a commissioner to conduct, over a period of years, a geological, mineralogical, and agricultural survey of the State, for which a definite sum had been authorized, was held to have been impaired by repeal of the statute. But a resolution of a local board of education reducing teachers' salaries for the school year 1933–1934, pursuant to an act of the legislature authorizing such action, was held not to impair the contract of a teacher who, having served three years, was by earlier legislation exempt from having his salary reduced except for inefficiency or misconduct. Similarly, it was held that an Illinois statute that reduced the annuity payable to retired teachers under an earlier act did not violate the contracts clause, since it had not been the intention of the earlier act to propose a contract but only to put into effect a general policy. On the other hand, the right of one, who had become a 'permanent teacher' under the Indiana Teachers Tenure Act of 1927, to continued employment was held to be contractual and to have been impaired by the repeal in 1933 of the earlier act.

Tax Exemptions: When Not "Contracts". From a different point of view, the Court has sought to distinguish between grants of privileges, whether to individuals or to corporations, which are contracts and those which are mere revocable licenses, although on

account of the doctrine of presumed consideration mentioned earlier, this has not always been easy to do. In pursuance of the precedent set in New Jersey v. Wilson, the legislature of a State "may exempt particular parcels of property or the property of particular persons or corporations from taxation, either for a specified period or perpetually, or may limit the amount or rate of taxation, to which such property shall be subjected," and such an exemption is frequently a contract within the sense of the Constitution. Indeed this is always so when the immunity is conferred upon a corporation by the clear terms of its charter. When, on the other hand, an immunity of this sort springs from general law, its precise nature is more open to doubt, as a comparison of decisions will serve to illustrate.

In State Bank of Ohio v. Knoop, a closely divided Court held that a general banking law of Ohio, which provided that companies complying therewith and their stockholders should be exempt from all but certain taxes, was, as to a bank organized under it and its stockholders, a contract within the meaning of Article I, § 10. The provision was not, the Court said, "a legislative command nor a rule of taxation until changed, but a contract stipulating against any change, from the nature of the language used and the circumstances under which it was adopted." When, however, the State of Michigan pledged itself, by a general legislative act, not to tax any corporation, company, or individual undertaking to manufacture salt in the State from water there obtained by boring on property used for this purpose and, furthermore, to pay a bounty on the salt so manufactured, it was held not to have engaged itself within the constitutional sense. "General encouragements," said the Court, "held out to all persons indiscriminately, to engage in a particular trade or manufacture, whether such encouragement be in the shape of bounties or drawbacks, or other advantage, are always under the legislative control, and may be discontinued at any time." So far as exemption from taxation is concerned the difference between these two cases is obviously slight, but the later

1882 7 Cr. (11 U.S.) 164 (1812).
1883 The Delaware Railroad Tax, 18 Wall. (85 U.S.) 206, 225 (1874); Pacific Railroad Company v. Maguire, 20 Wall. (87 U.S.) 36, 43 (1874); Humphrey v. Pegues, 16 Wall. (83 U.S.) 244, 249 (1873); Home of the Friendless v. Rouse, 8 Wall. (75 U.S.) 430, 438 (1869).
1884 16 How. (57 U.S.) 369 (1854).
1885 Id., 382-383.
1886 Salt Company v. East Saginaw, 13 Wall. (80 U.S.) 373, 379 (1872). See also Welch v. Cook, 97 U.S. 541 (1879); Grand Lodge v. New Orleans, 166 U.S. 143 (1897); Wisconsin & Michigan Ry. Co. v. Powers, 191 U.S. 379 (1903). Cf. Ettor v. Tacoma, 228 U.S. 148 (1913), in which it was held that the repeal of a statute providing for consequential damages caused by changes of grades of streets could not constitutionally affect an already accrued right to compensation.
one is unquestionable authority for the proposition that legislative bounties are repealable at will.

Furthermore, exemptions from taxation have in certain cases been treated as gratuities repealable at will, even when conferred by specific legislative enactments. This would seem always to be the case when the beneficiaries were already in existence when the exemption was created and did nothing of a more positive nature to qualify for it than to continue in existence. Yet the cases are not always easy to explain in relation to each other, except in light of the fact that the Court's point of view has altered from time to time.

**“Contracts” Include Public Contracts and Corporate Charters.**—The question, which was settled very early, was whether the clause was intended to be applied solely in protection of private contracts or in protection also of public grants, or, more broadly, in protection of public contracts, in short, those to which a State is a party. Support for the affirmative answer accorded this question could be derived from the following sources. For one thing, the clause departed from the comparable provision in the Northwest Ordinance (1787) in two respects: first, in the presence of the word “obligation;” secondly, in the absence of the word “private.” There is good reason for believing that Wilson may have been responsible for both alterations, inasmuch as two years earlier he had denounced a current proposal to repeal the Bank of North America's Pennsylvania charter in the following words: “If the act for incorporating the subscribers to the Bank of North America shall be repealed in this manner, every precedent will be established for repealing, in the same manner, every other legisla-

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1889 According to Benjamin F. Wright, throughout the first century of government under the Constitution “the contract clause had been considered in almost forty per cent of all cases involving the validity of State legislation,” and of these the vast proportion involved legislative grants of one type or other, the most important category being charters of incorporation. However, the numerical prominence of such grants in the cases does not overrate their relative importance from the point of view of public interest. B. WRIGHT, THE CONTRACT CLAUSE OF THE CONSTITUTION, (Boston: 1938), 95.

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Madison explained the clause by allusion to what had occurred “in the internal administration of the States” in the years preceding the Constitutional Convention, in regard to private debts. Violations of contracts had become familiar in the form of depreciated paper made legal tender, of property substituted for money, of installment laws, and of the occlusions of the courts of justice. 3 M. FARRAND, THE RECORDS OF THE FEDERAL CONVENTION OF 1787 (New Haven: rev. ed. 1937), 548; THE FEDERALIST, No. 44 (J. Cooke ed. 1961), 301–302.
tive charter in Pennsylvania. A pretence, as specious as any that can be alleged on this occasion, will never be wanting on any future occasion. Those acts of the state, which have hitherto been considered as the sure anchors of privilege and of property, will become the sport of every varying gust of politicks, and will float wildly backwards and forwards on the irregular and impetuous tides of party and faction." 1890

Furthermore, in its first important constitutional case, that of Chisholm v. Georgia, the Court ruled that its original jurisdiction extended to an action in assumpsit brought by a citizen of South Carolina against the State of Georgia. This construction of the federal judicial power was, to be sure, promptly repealed by the Eleventh Amendment, but without affecting the implication that the contracts protected by the Constitution included public contracts.

One important source of this diversity of opinion is to be found in that ever welling spring of constitutional doctrine in early days, the prevalence of natural law notions and the resulting vague significance of the term "law." In Sturges v. Crowninshield, Marshall defined the obligation of contracts as "the law which binds the parties to perform their undertaking." Whence, however, comes this law? If it comes from the State alone, which Marshall was later to deny even as to private contracts, then it is hardly possible to hold that the States' own contracts are covered by the clause, which manifestly does not create an obligation for contracts but only protects such obligation as already exists. But, if, on the other hand, the law furnishing the obligation of contracts comprises Natural Law and kindred principles, as well as law which springs from state authority, then, inasmuch as the State itself is presumably bound by such principles, the State's own obligations, so far as harmonious with them, are covered by the clause.

Fletcher v. Peck, has the double claim to fame in that it was the first case in which the Supreme Court held a state enactment to be in conflict with the Constitution, and also the first case to hold that the contracts clause protected public grants. By an act passed on January 7, 1795, the Georgia Legislature directed the sale to four land companies of public lands comprising most of what are now the States of Alabama and Mississippi. As soon became known, the passage of the measure had been secured by open and wholesale bribery. So when a new legislature took over in the

1891 2 Dall. (2 U.S.) 419 (1793).
1893 6 Cr. (10 U.S.) 87 (1810).
Meantime, however, the land companies had disposed of several millions of acres of their holdings to speculators and prospective settlers, and following the rescinding act some of these took counsel with Alexander Hamilton as to their rights. In an opinion which was undoubtedly known to the Court when it decided *Fletcher v. Peck*, Hamilton characterized the repeal as contravening “the first principles of natural justice and social policy,” especially so far as it was made “to the prejudice . . . of third persons . . . innocent of the alleged fraud or corruption; . . . moreover,” he added, “the Constitution of the United States, article first, section tenth, declares that no State shall pass a law impairing the obligations of contract. This must be equivalent to saying no State shall pass a law revoking, invalidating, or altering a contract. Every grant from one to another, whether the grantor be a State or an individual, is virtually a contract that the grantee shall hold and enjoy the thing granted against the grantor, and his representatives. It, therefore, appears to me that taking the terms of the Constitution in their large sense, and giving them effect according to the general spirit and policy of the provisions, the revocation of the grant by the act of the legislature of Georgia may justly be considered as contrary to the Constitution of the United States, and, therefore null. And that the courts of the United States, in cases within their jurisdiction, will be likely to pronounce it so.”

In the debate to which the “Yazoo Land Frauds,” as they were contemporaneously known, gave rise in Congress, Hamilton’s views were quoted frequently.

So far as it invoked the obligation of contracts clause, Marshall’s opinion in *Fletcher v. Peck* performed two creative acts. He recognized that an obligatory contract was one still to be performed—in other words, was an executory contract, also that a grant of land was an executed contract—a conveyance. But, he asserted, every grant is attended by “an implied contract” on the part of the grantor not to claim again the thing granted. Thus, grants are brought within the category of contracts having continuing obligation and so within Article I, § 10. But the question still remained of the nature of this obligation. Marshall’s answer to this can only be inferred from his statement at the end of his opinion. The State of Georgia, he says, “was restrained” from the passing of the rescinding act “either by general principles which are common to our
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The protection thus thrown about land grants was presently extended, in the case of *New Jersey v. Wilson*, to a grant of immunity from taxation that the State of New Jersey had accorded certain Indian lands, and several years after that, in the Dartmouth College case, to the charter privileges of an eleemosynary corporation.

In *City of El Paso v. Simmons*, the Court held, over a vigorous dissent by Justice Black, that Texas had not violated this clause when it amended its laws governing the sale of public lands so as to restrict the previously unlimited right of a delinquent to reinstate himself upon forfeited land by a single payment of all past interest due.

**Corporate Charters: Different Ways of Regarding.**—There are three ways in which the charter of a corporation may be regarded. In the first place, it may be thought of simply as a license terminable at will by the State, like a liquor-seller's license or an auctioneer's license, but affording the incorporators, so long as it remains in force, the privileges and advantages of doing business in the form of a corporation. Nowadays, indeed, when corporate charters are usually issued to all legally qualified applicants by an administrative officer who acts under a general statute, this would probably seem to be the natural way of regarding them were it not for the Dartmouth College decision. But, in 1819, charters were granted directly by the state legislatures in the form of special acts and there were very few profit-taking corporations in the country. The later extension of the benefits of the Dartmouth College decision to corporations organized under general law took place without discussion.

Secondly, a corporate charter may be regarded as a franchise constituting a vested or property interest in the hands of the holders, and therefore as forfeitable only for abuse or in accordance with its own terms. This is the way in which some of the early...
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state courts did regard them at the outset. It is also the way in which Blackstone regarded them in relation to the royal prerogative, although not in relation to the sovereignty of Parliament, and the same point of view found expression in Story's concurring opinion in Dartmouth College v. Woodward, as it did also in Webster's argument in that case.

The third view is the one formulated by Chief Justice Marshall in his controlling opinion in Dartmouth College v. Woodward. This is that the charter of Dartmouth College, a purely private institution, was the outcome and partial record of a contract between the donors of the college, on the one hand, and the British Crown, on the other, and the contract still continued in force between the State of New Hampshire, as the successor to the Crown and Government of Great Britain, and the trustees, as successors to the donors. The charter, in other words, was not simply a grant—rather it was the documentary record of a still existent agreement between still existent parties. Taking this view, which he developed with great ingenuity and persuasiveness, Marshall was able to appeal to the obligation of contracts clause directly, and without further use of his fiction in Fletcher v. Peck of an executory contract accompanying the grant.

A difficulty still remained, however, in the requirement that a contract, before it can have obligation, must import consideration, that is to say, must be shown not to have been entirely gratuitous on either side. Moreover, the consideration, which induced the Crown to grant a charter to Dartmouth College, was not merely a speculative one. It consisted of the donations of the donors to the important public interest of education. Fortunately or unfortunately, in dealing with this phase of the case, Marshall used more sweeping terms than were needed. “The objects for which a corporation is created,” he wrote, “are universally such as the government wishes to promote. They are deemed beneficial to the country; and this benefit constitutes the consideration, and in most cases,
the sole consideration of the grant." In other words, the simple fact of the charter having been granted imports consideration from the point of view of the State. With this doctrine before it, the Court in Providence Bank v. Billings and again in Charles River Bridge v. Warren Bridge, admitted, without discussion of the point, the applicability of the Dartmouth College decision to purely business concerns.

Reservation of Right to Alter or Repeal Corporate Charters.—It is next in order to consider four principles or doctrines whereby the Court has itself broken down the force of the Dartmouth College decision in great measure in favor of state legislative power. By the logic of the Dartmouth College decision itself, the State may reserve in a corporate charter the right to "amend, alter, and repeal" the same, and such reservation becomes a part of the contract between the State and the incorporators, the obligation of which is accordingly not impaired by the exercise of the right. Later decisions recognize that the State may reserve the right to amend, alter, and repeal by general law, with the result of incorporating the reservation in all charters of subsequent date. There is, however, a difference between a reservation by a statute and one by constitutional provision. While the former may be repealed as to a subsequent charter by the specific terms thereof, the latter may not.

Is the right reserved by a State to "amend" or "alter" a charter without restriction? When it is accompanied, as it generally is, by the right to "repeal," one would suppose that the answer to this question was self-evident. Nonetheless, there are a number of judicial dicta to the effect that this power is not without limit, that it must be exercised reasonably and in good faith, and that the alterations made must be consistent with the scope and object of the grant. Such utterances amount, apparently, to little more than

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1903 Id., 637; see also Home of the Friendless v. Rouse, 8 Wall. (75 U.S.) 430, 437 (1869).
1907 Home of the Friendless v. Rouse, 8 Wall. (75 U.S.) 430, 438 (1869); Pennsylvania College Cases, 13 Wall. (80 U.S.) 190, 213 (1872); Miller v. New York, 15 Wall. (82 U.S.) 478 (1873); Murray v. Charleston, 96 U.S. 432 (1878); Greenwood v. Freight Co., 105 U.S. 13 (1882); Chesapeake & Ohio Railway Co. v. Miller, 114 U.S. 176 (1885); Louisville Water Company v. Clark, 143 U.S. 1 (1892).
an anchor to windward, for while some of the state courts have applied tests of this nature to the disallowance of legislation, it does not appear that the Supreme Court of the United States has ever done so. 1910

Quite different is it with the distinction pointed out in the cases between the franchises and privileges that a corporation derives from its charter and the rights of property and contract that accrue to it in the course of its existence. Even the outright repeal of the former does not wipe out the latter or cause them to escheat to the State. The primary heirs of the defunct organization are its creditors, but whatever of value remains after their valid claims are met goes to the former shareholders. 1911 By the earlier weight of authority, on the other hand, persons who contract with companies whose charters are subject to legislative amendment or repeal do so at their own risk; any "such contracts made between individuals and the corporation do not vary or in any manner change or modify the relation between the State and the corporation in respect to the right of the State to alter, modify, or amend such a charter..." 1912 But later holdings becloud this rule. 1913

**Corporation Subject to the Law and Police Power.**—But suppose the State neglects to reserve the right to amend, alter, or repeal—is it, then, without power to control its corporate creatures? By no means. Private corporations, like other private persons, are always presumed to be subject to the legislative power of the State, from which it follows that immunities conferred by charter are to be treated as exceptions to an otherwise controlling rule. This principle was recognized by Chief Justice Marshall in the case of Providence Bank v. Billings, 1914 in which he held that in the absence of express stipulation or reasonable implication to the contrary in its charter, the bank was subject to the taxing power of the State, notwithstanding that the power to tax is the power to destroy.

And of course the same principle is equally applicable to the exercise by the State of its police powers. Thus, in what was per-

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1910 See in this connection the cases cited by Justice Sutherland in his opinion for the Court in Phillips Petroleum Co. v. Jenkins, 297 U.S. 629 (1936).
1914 4 Pet. (29 U.S.) 514 (1830).
happ the leading case before the Civil War, the Supreme Court of Vermont held that the legislature of that State had the right, in furtherance of the public safety, to require chartered companies operating railways to fence in their tracks and provide cattle guards. In a matter of this nature, said the court, corporations are on a level with individuals engaged in the same business, unless, from their charter, they can prove the contrary. Since then the rule has been applied many times in justification of state regulation of railroads, and even of the application of a state prohibition law to a company that had been chartered expressly tomanufacture beer.

Strict Construction of Charters, Tax Exemptions.—Long, however, before the cases last cited were decided, the principle that they illustrate had come to be powerfully reinforced by two others, the first of which is that all charter privileges and immunities are to be strictly construed as against the claims of the State, or as it is otherwise often phrased, “nothing passes by implication in a public grant.”

The leading case was that of the Charles River Bridge v. Warren Bridge, which was decided shortly after Chief Justice Marshall’s death by a substantially new Court. The question at issue was whether the charter of the complaining company, which authorized it to operate a toll bridge, stood in the way of the State’s

1916Thus a railroad may be required, at its own expense and irrespective of benefits to itself, to eliminate grade crossings in the interest of the public safety, New York & N.E. Railroad v. Bristol, 151 U.S. 556 (1894), to make highway crossings reasonably safe and convenient for public use, Great Northern Ry. Co. v. Minnesota ex rel. Clara City, 246 U.S. 434 (1918), to repair viaducts, Northern Pacific Railway v. Duluth, 208 U.S. 583 (1908), and to fence its right of way, Minneapolis & St. L. Ry. v. Emmons, 149 U.S. 364 (1893). Though a railroad company owns the right of way along a street, the city may require it to lay tracks to conform to the established grade; to fill in tracks at street intersections; and to remove tracks from a busy street intersection, when the attendant disadvantage and expense are small and the safety of the public appreciably enhanced Denver & R.G.R. Co. v. Denver, 250 U.S. 241 (1919).

Likewise the State, in the public interest, may require a railroad to reestablish an abandoned station, even though the railroad commission had previously authorized its abandonment on condition that another station be established elsewhere, a condition which had been complied with. Railroad Co. v. Hammersley, 104 U.S. 1 (1881). It may impose upon a railroad liability for fire communicated by its locomotives, even though the State had previously authorized the company to use said type of locomotive power, St. Louis & San Francisco Railway v. Mathews, 165 U.S. 1, 5 (1897), and it may penalize the failure to cut drains through embankments so as to prevent flooding of adjacent lands. Chicago & Alton R.R. v. Tranbarger, 238 U.S. 67 (1915).

permitting another company of later date to operate a free bridge in the immediate vicinity. Inasmuch as the first company could point to no clause in its charter specifically vested it with an exclusive right, the Court held the charter of the second company to be valid on the principle just stated. Justice Story, presented a vigorous dissent, in which he argued cogently, but unavailingly, that the monopoly claimed by the Charles River Bridge Company was fully as reasonable an implication from the terms of its charter and the circumstances surrounding its concession as perpetuity had been from the terms of the Dartmouth College charter and the ensuing transaction.

The Court was in fact making new law, because it was looking at things from a new point of view. This was the period when judicial recognition of the Police Power began to take on a doctrinal character. It was also the period when the railroad business was just beginning. Chief Justice Taney’s opinion evinces the influence of both these developments. The power of the State to provide for its own internal happiness and prosperity was not, he asserted, to be pared away by mere legal intendments, nor was its ability to avail itself of the lights of modern science to be frustrated by obsolete interests such as those of the old turnpike companies, the charter privileges of which, he apprehended, might easily become a bar to the development of transportation along new lines.\(^{1919}\)

The rule of strict construction has been reiterated by the Court many times. In the Court’s opinion in \textit{Blair v. City of Chicago},\(^{1920}\) decided nearly seventy years after the Charles River Bridge case, it said: “Legislative grants of this character should be in such unequivocal form of expression that the legislative mind may be distinctly impressed with their character and import, in order that the privilege may be intelligently granted or purposely withheld. It is a matter of common knowledge that grants of this character are usually prepared by those interested in them, and submitted to the legislature with a view to obtain from such bodies the most liberal grant of privileges which they are willing to give. This is one among many reasons why they are to be strictly construed. . . . The principle is this, that all rights which are asserted against the State must be clearly defined, and not raised by inference or presumption; and if the charter is silent about a power, it does not exist. If, on a fair reading of the instrument, reasonable doubts arise as to the proper interpretation to be given to it, those doubts are to be solved in favor of the State; and where it is susceptible

\(^{1919}\)Id., 548-553.
\(^{1920}\)201 U.S. 400 (1906).
of two meanings, the one restricting and the other extending the
powers of the corporation, that construction is to be adopted which
works the least harm to the State." 1921

An excellent illustration of the operation of the rule in relation
tax exemptions was furnished by the derivative doctrine that an
immunity of this character must be deemed as intended solely for
the benefit of the corporation receiving it and hence, in the absence
of express permission by the State, may not be passed on to a suc-
cessor. 1922 Thus, where two companies, each exempt from taxation,
were permitted by the legislature to consolidate, the new corpora-
tion was held to be subject to taxation. 1923 Again, a statute which
granted a corporation all "the rights and privileges" of an earlier
corporation was held not to confer the latter's "immunity" from tax-
ation. 1924 Yet again, a legislative authorization of the transfer by
one corporation to another of the former's "estate, property, right,
privileges, and franchises" was held not to clothe the later company
with the earlier one's exemption from taxation. 1925

Furthermore, an exemption from taxation is to be strictly con-
strued even in the hands of one clearly entitled to it. So the exemp-
tion conferred by its charter on a railway company was held not
to extend to branch roads constructed by it under a later stat-
ute. 1926 Also, a general exemption of the property of a corporation
from taxation was held to refer only to the property actually em-
ployed in its business. 1927 Also, the charter exemption of the cap-
ital stock of a railroad from taxation "for ten years after completion
of the said road" was held not to become operative until the com-
pletion of the road. 1928 So also the exemption of the campus and
endowment fund of a college was held to leave other lands of the
college, though a part of its endowment, subject to taxation. 1929

Provisions in a statute that bonds of the State and its political sub-
divisions were not to be taxed and should not be taxed were held

1921 Id., 471-472, citing The Binghamton Bridge, 3 Wall. (70 U.S.) 51, 75 (1866).
1922 Memphis & L. R. Co. v. Commissioners, 112 U.S. 609, 617 (1884). See also
Morgan v. Louisiana, 93 U.S. 217 (1876); Wilson v. Gaines, 103 U.S. 417 (1881);
Louisville & Nashville R.R. Co. v. Palms, 109 U.S. 244, 251 (1883); Norfolk &
Western Railroad v. Pendleton, 156 U.S. 667, 673 (1895); Pickard v. East Tennessee,
1923 Atlantic & Gulf R. Co. v. Georgia, 98 U.S. 359, 365 (1879).
1925 Rochester Railway Co. v. Rochester, 205 U.S. 236 (1907); followed in Wright
v. Georgia R.R. & Banking Co., 216 U.S. 420 (1910); Rapid Transit Corp. v. New
York, 303 U.S. 573 (1938). Cf. Tennessee v. Whitworth, 117 U.S. 139 (1886), the au-
thority of which is respected in the preceding case.
not to exempt interest on them from taxation as income of the owners.\footnote{1930}{Hale v. State Board, 302 U.S. 95 (1937).}

**Strict Construction and the Police Power.**—The police power, too, has frequently benefitted from the doctrine of strict construction, although this recourse is today seldom, if ever, necessary in this connection. Some of the more striking cases may be briefly summarized. The provision in the charter of a railway company permitting it to set reasonable charges still left the legislature free to determine what charges were reasonable.\footnote{1931}{Railroad Commission Cases (Stone v. Farmers' Loan & Trust Co.), 116 U.S. 307, 330 (1886), extended in Southern Pacific Co. v. Campbell, 230 U.S. 537 (1913) to cases in which the word “reasonable” does not appear to qualify the company's right to prescribe tolls. See also American Bridge Co. v. Comm., 307 U.S. 486 (1939).}

On the other hand, when a railway agreed to accept certain rates for a specified period, it thereby foreclosed the question of the reasonableness of such rates.\footnote{1932}{Georgia Ry. Co. v. Town of Decatur, 262 U.S. 432 (1923). See also Southern Iowa Elec. Co. v. City of Chariton, 255 U.S. 539 (1921).}

The grant to a company of the right to supply a city with water for twenty-five years was held not to prevent a similar concession to another company by the same city.\footnote{1933}{City of Walla Walla v. Walla Walla Water Co., 172 U.S. 1, 15 (1898).}

The promise by a city in the charter of a water company not to make a similar grant to any other person or corporation was held not to prevent the city itself from engaging in the business.\footnote{1934}{Skaneateles Water Co. v. Village of Skaneateles, 184 U.S. 354 (1902); Water Co. v. City of Knoxville, 200 U.S. 22 (1906); Madera Water Works v. City of Madera, 228 U.S. 454 (1913).}

A municipal concession to a water company to run for thirty years and accompanied by the provision that the “said company shall charge the following rates,” was held not to prevent the city from reducing such rates.\footnote{1935}{Rogers Park Water Company v. Fergus, 180 U.S. 624 (1901).}

But more broadly, the grant to a municipality of the power to regulate the charges of public service companies was held not to bestow the right to contract away this power.\footnote{1936}{Home Tel. & Tel. Co. v. City of Los Angeles, 211 U.S. 265 (1908); Wyandotte Gas Co. v. Kansas, 231 U.S. 622 (1914).}

Indeed, any claim by a private corporation that it received the rate-making power from a municipality must survive a two-fold challenge: first, as to the right of the municipality under its charter to make such a grant, secondly, as to whether it has actually done so, and in both respects an affirmative answer must be based on express words and not on implication.\footnote{1937}{See also Puget Sound Traction Co. v. Reynolds, 244 U.S. 574 (1917).}
Doctrine of Inalienability as Applied to Eminent Domain, Taxing, and Police Powers.—The second of the doctrines mentioned above, whereby the principle of the subordination of all persons, corporate and individual alike, to the legislative power of the State has been fortified, is the doctrine that certain of the State's powers are inalienable, and that any attempt by a State to alienate them, upon any consideration whatsoever, is ipso facto void and hence incapable to producing a “contract” within the meaning of Article I, § 10. One of the earliest cases to assert this principle occurred in New York in 1826. The corporation of the City of New York, having conveyed certain lands for the purposes of a church and cemetery together with a covenant for quiet enjoyment, later passed a by-law forbidding their use as a cemetery. In denying an action against the city for breach of covenant, the state court said the defendants “had no power as a party, [to the covenant] to make a contract which should control or embarrass their legislative powers and duties.” 1938

The Supreme Court first applied similar doctrine in 1848 in a case involving a grant of exclusive right to construct a bridge at a specified locality. Sustaining the right of the State of Vermont to make a new grant to a competing company, the Court held that the obligation of the earlier exclusive grant was sufficiently recognized in making just compensation for it; and that corporate franchises, like all other forms of property, are subject to the overruling power of eminent domain. 1939 This reasoning was reinforced by an appeal to the theory of state sovereignty, which was held to involve the corollary of the inalienability of all the principal powers of a State. The subordination of all charter rights and privileges to the power of eminent domain has been maintained by the Court ever since; not even an explicit agreement by the State to forego the exercise of the power will avail against it. 1940 Conversely, the State may revoke an improvident grant of public property without recourse to the power of eminent domain, such a grant being inherently beyond the power of the State to make. So when the legislature of Illinois in 1869 devised to the Illinois Central Railroad Company, its successors and assigns, the State's right and title to nearly a thousand acres of submerged land under Lake Michigan...
along the harbor front of Chicago, and four years later sought to repeal the grant, the Court, a four-to-three decision, sustained an action by the State to recover the lands in question. Said Justice Field, speaking for the majority: "Such abdication is not consistent with the exercise of that trust which requires the government of the State to preserve such waters for the use of public. The trust devolving upon the State for the public, and which can only be discharged by the management and control of property in which the public has an interest, cannot be relinquished by a transfer of the property. . . . Any grant of the kind is necessarily revocable, and the exercise of the trust by which the property was held by the State can be resumed at any time." 1941

On the other hand, repeated endeavors to subject tax exemptions to the doctrine of inalienability, though at times supported by powerful minorities on the Bench, have failed. 1942 As recently as January, 1952, the Court ruled that the Georgia Railway Company was entitled to seek an injunction in the federal courts against an attempt by Georgia's Revenue Commission to compel it to pay ad valorem taxes contrary to the terms of its special charter issued in 1833. In answer to the argument that this was a suit contrary to the Eleventh Amendment, the Court declared that the immunity from federal jurisdiction created by the Amendment "does not extend to individuals who act as officers without constitutional authority." 1943

The leading case involving the police power is Stone v. Mississippi. 1944 In 1867, the legislature of Mississippi chartered a company to which it expressly granted the power to conduct a lottery. Two years later, the State adopted a new Constitution which contained a provision forbidding lotteries, and a year later the legislature passed an act to put this provision into effect. In upholding this act and the constitutional provision on which it was based, the Court said: "The power of governing is a trust committed by the people to the government, no part of which can be granted away. The people, in their sovereign capacity, have established their agencies for the preservation of the public health and the public morals, and the protection of public and private rights," and these agencies can neither give away nor sell their discretion. All that

1942 See especially Home of the Friendless v. Rouse, 8 Wall. (75 U.S.) 430 (1869), and The Washington University v. Rouse, 8 Wall. (75 U.S.) 439 (1869).
1943 Georgia R. Co. v. Redwine, 342 U.S. 299, 305-306 (1952). The Court distinguished In re Ayers, 123 U.S. 443 (1887) on the ground that the action there was barred "as one in substance directed at the State merely to obtain specific performance of a contract with the State." 342 U.S., 305.
1944 101 U.S. 814 (1880).
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one can get by a charter permitting the business of conducting a lottery “is suspension of certain governmental rights in his favor, subject to withdrawal at will.”

The Court shortly afterward applied the same reasoning in a case in which was challenged the right of Louisiana to invade the exclusive privilege of a corporation engaged in the slaughter of cattle in New Orleans by granting another company the right to engage in the same business. Although the State did not offer to compensate the older company for the lost monopoly, its action was sustained on the ground that it had been taken in the interest of the public health. When, however, the City of New Orleans, in reliance on this precedent, sought to repeal an exclusive franchise which it had granted a company for fifty years to supply gas to its inhabitants, the Court interposed its veto, explaining that in this instance neither the public health, the public morals, nor the public safety was involved.

Later decisions, nonetheless, apply the principle of inalienability broadly. To quote from one: “It is settled that neither the ‘contract’ clause nor the ‘due process’ clause has the effect of overriding the power to the State to establish all regulations that are reasonably necessary to secure the health, safety, good order, comfort, or general welfare of the community; that this power can neither be abdicated nor bargained away, and is inalienable even by express grant; and all contract and property rights are held subject to its fair exercise.”

It would scarcely suffice today for a company to rely upon its charter privileges or upon special concessions from a State in resisting the application to it of measures alleged to have been enacted under the police power thereof; if this claim is sustained, the obligation of the contract clause will not avail, and if it is not, the due process of law clause of the Fourteenth Amendment will furnish a sufficient reliance. That is to say, the discrepancy that once existed between the Court’s theory of an overriding police power in these two adjoining fields of constitutional law is today apparently at an end. Indeed, there is usually no sound reason why rights based on public grant should be regarded as more sacred than

1945 Id., 820–821.
1946 Butcher’s Union Co. v. Crescent City Co., 111 U.S. 746 (1884).
See also Chicago & Alton Railroad v. Tranbarger, 238 U.S. 67 (1915); Pennsylvania Hospital v. Philadelphia, 245 U.S. 20 (1917); where the police power and eminent domain are treated on the same basis in respect of inalienability; Wabash Railroad Company v. Defiance, 167 U.S. 88, 97 (1897); Home Tel. & Tel. v. City of Los Angeles, 211 U.S. 265 (1908).
rights that involve the same subject matter but are of different provenience.

**Private Contracts.**—The term “private contract” is, naturally, not all-inclusive. A judgment, though granted in favor of a creditor, is not a contract in the sense of the Constitution, nor is marriage. And whether a particular agreement is a valid contract is a question for the courts, and finally for the Supreme Court, when the protection of the contract clause is invoked.

The question of the nature and source of the obligation of a contract, which went by default in *Fletcher v. Peck* and the Dartmouth College Case, with such vastly important consequences, had eventually to be met and answered by the Court in connection with private contracts. The first case involving such a contract to reach the Supreme Court was *Sturges v. Crowninshield*, in which a debtor sought escape behind a state insolvency act of later date than his note. The act was held inoperative, but whether this was because of its retroactivity in this particular case or for the broader reason that it assumed to excuse debtors from their promises was not at the time made clear. As noted earlier, Chief Justice Marshall’s definition on this occasion of the obligation of a contract as the law that binds the parties to perform their undertakings was not free from ambiguity, owing to the uncertain connotation of the term law.

These obscurities were finally cleared up for most cases in *Ogden v. Saunders*, in which the temporal relation of the statute and the contract involved was exactly reversed—the former antedating the latter. Marshall contended, but unsuccessfully, that the statute was void, inasmuch as it purported to release the debtor from that original, intrinsic obligation that always attaches under natural law to the acts of free agents. “When,” he wrote, “we advert to the course of reading generally pursued by American statesmen in early life, we must suppose that the framers of our
Constitution were intimately acquainted with the writings of those wise and learned men whose treatises on the laws of nature and nations have guided public opinion on the subjects of obligation and contracts," and that they took their views on these subjects from those sources. He also posed the question of what would happen to the obligation of contracts clause if States might pass acts declaring that all contracts made subsequently thereto should be subject to legislative control. 1954

For the first and only time, a majority of the Court abandoned the Chief Justice’s leadership. Speaking by Justice Washington, it held that the obligation of private contracts is derived from the municipal law—state statutes and judicial decisions—and that the inhibition of Article I, § 10, is confined to legislative acts made after the contracts affected by them, subject to the following exception. By a curiously complicated line of reasoning, it was also held in the same case that when the creditor is a nonresident, then a State by an insolvency law may not alter the former’s rights under a contract, albeit one of later date.

With the proposition established that the obligation of a private contract comes from the municipal law in existence when the contract is made, a further question presents itself, namely, what part of the municipal law is referred to? No doubt, the law which determines the validity of the contract itself is a part of such law. Also part of such law is the law which interprets the terms used in the contract, or which supplies certain terms when others are used, as for instance, constitutional provisions or statutes which determine what is “legal tender” for the payment of debts, or judicial decisions which construe the term “for value received” as used in a promissory note, and so on. In short, any law which at the time of the making of a contract goes to measure the rights and duties of the parties to it in relation to each other enters into its obligation.

Remedy a Part of the Private Obligation.—Suppose, however, that one of the parties to a contract fails to live up to his obligation as thus determined. The contract itself may now be regarded as at an end, but the injured party, nevertheless, has a new set of rights in its stead, those which are furnished him by the remedial law, including the law of procedure. In the case of a mortgage, he may foreclose; in the case of a promissory note, he may sue; and in certain cases, he may demand specific performance. Hence the further question arises, whether this remedial law is to be considered a part of the law supplying the obligation of contracts. Origi-
nally, the predominating opinion was negative, since as we have just seen, this law does not really come into operation until the contract has been broken. Yet it is obvious that the sanction which this law lends to contracts is extremely important—indeed, indispensable. In due course it became the accepted doctrine that that part of the law which supplies one party to a contract with a remedy if the other party does not live up to his agreement, as authoritatively interpreted, entered into the "obligation of contracts" in the constitutional sense of this term, and so might not be altered to the material weakening of existing contracts. In the Court's own words: "Nothing can be more material to the obligation than the means of enforcement. Without the remedy the contract may, indeed, in the sense of the law, be said not to exist, and its obligation to fall within the class of those moral and social duties which depend for their fulfillment wholly upon the will of the individual. The ideas of validity and remedy are inseparable..." 1955

This rule was first definitely announced in 1843 in the case of Bronson v. Kinzie. Here, an Illinois mortgage giving the mortgagee an unrestricted power of sale in case of the mortgagor's default was involved, along with a later act of the legislature that required mortgaged premises to be sold for not less than two-thirds of the appraised value and allowed the mortgagor a year after the sale to redeem them. It was held that the statute, in altering the preexisting remedies to such an extent, violated the constitutional prohibition and hence was void. The year following a like ruling was made in the case of McCracken v. Hayward, as to a statutory provision that personal property should not be sold under execution for less than two-thirds of its appraised value.

But the rule illustrated by these cases does not signify that a State may make no changes in its remedial or procedural law that affect existing contracts. "Provided," the Court has said, "a substantial or efficacious remedy remains or is given, by means of which a party can enforce his rights under the contract, the Legislature may modify or change existing remedies or prescribe new modes of procedure." Thus, States are constantly remodelling their judicial systems and modes of practice unembarrassed by the obligation of contracts clause. The right of a State to abolish
imprisonment for debt was early asserted. Again, the right of a State to shorten the time for the bringing of actions has been affirmed even as to existing causes of action, but with the proviso added that a reasonable time must be left for the bringing of such actions. On the other hand, a statute which withdrew the judicial power to enforce satisfaction of a certain class of judgments by mandamus was held invalid. In the words of the Court: “Every case must be determined upon its own circumstances.” and it later added: “In all such cases the question becomes . . . one of reasonableness, and of that the legislature is primarily the judge.”

There is one class of cases resulting from the doctrine that the law of remedy constitutes a part of the obligation of a contract to which a special word is due. This comprises cases in which the contracts involved were municipal bonds. While a city is from one point of view but an emanation from the government’s sovereignty and an agent thereof, when it borrows money it is held to be acting in a corporate or private capacity and so to be suable on its contracts. Furthermore, as was held in the leading case of United States ex rel. Von Hoffman v. Quincy, “where a State has authorized a municipal corporation to contract and to exercise the
power of local taxation to the extent necessary to meet its engagements, the power thus given cannot be withdrawn until the contract is satisfied." In this case, the Court issued a mandamus compelling the city officials to levy taxes for the satisfaction of a judgment on its bonds in accordance with the law as it stood when the bonds were issued. Nor may a State by dividing an indebted municipality among others enable it to escape its obligations. The debt follows the territory, and the duty of assessing and collecting taxes to satisfy it devolves upon the succeeding corporations and their officers. But where a municipal organization has ceased practically to exist through the vacation of its offices, and the government's function is exercised once more by the State directly, the Court has thus far found itself powerless to frustrate a program of repudiation. However, there is no reason why the State should enact the role of particeps criminis in an attempt to relieve its municipalities of the obligation to meet their honest debts. Thus, in 1931, during the Great Depression, New Jersey created a Municipal Finance Commission with power to assume control over its insolvent municipalities. To the complaint of certain bondholders that this legislation impaired the contract obligations of their debtors, the Court, speaking by Justice Frankfurter, pointed out that the practical value of an unsecured claim against a city is "the effectiveness of the city's taxing power," which the legislation under review was designed to conserve.

Private Contracts and the Police Power.—The increasing subjection of public grants to the police power of the States has been previously pointed out. That purely private contracts should be in any stronger situation in this respect obviously would be anomalous in the extreme. In point of fact, the ability of private parties to curtail governmental authority by the easy device of contracting with one another is, with an exception to be noted, even less than that of the State to tie its own hands by contracting away

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1969 Faitoute Co. v. City of Asbury Park, 316 U.S. 502, 510 (1942). Alluding to the ineffectiveness of purely judicial remedies against defaulting municipalities, Justice Frankfurter says: "For there is no remedy when resort is had to 'devices and contrivances' to nullify the taxing power which can be carried out only through authorized officials. See Rees v. City of Watertown, 19 Wall. (86 U.S.) 107, 124 (1874). And so we have had the spectacle of taxing officials resigning from office in order to frustrate tax levies through mandamus, and officials running on a platform of willingness to go to jail rather than to enforce a tax levy (see Raymond, State and Municipal Bonds, 342–343), and evasion of service by tax collectors, thus making impotent a court's mandate. Yost v. Dallas County, 236 U.S. 50, 57 (1915)." Id., 511.
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its own powers. So, when it was contended in an early Pennsylvania case that an act prohibiting the issuance of notes by unincorporated banking associations was violative of the obligation of contracts clause because of its effect upon certain existing contracts of members of such association, the state Supreme Court answered: “But it is said, that the members had formed a contract between themselves, which would be dissolved by the stoppage of their business. And what then? Is that such a violation of contracts as is prohibited by the Constitution of the United States? Consider to what such a construction would lead. Let us suppose, that in one of the States there is no law against gaming, cock-fighting, horse-racing or public masquerades, and that companies should be formed for the purpose of carrying on these practices... Would the legislature then be powerless to prohibit them? The answer returned, of course, was no.

The prevailing doctrine was stated by the Supreme Court of the United States in the following words: “It is the settled law of this court that the interdiction of statutes impairing the obligation of contracts does not prevent the State from exercising such powers as are vested in it for the promotion of the common weal, or are necessary for the general good of the public, though contracts previously entered into between individuals may thereby be affected. ... In other words, that parties by entering into contracts may not estop the legislature from enacting laws intended for the public good.”

So, in an early case, we find a state recording act upheld as applying to deeds dated before the passage of the act. Later cases have brought the police power in its more customary phases into contact with private as well as with public contracts. Lottery tickets, valid when issued, were necessarily invalidated by legislation prohibiting the lottery business; contracts for the sale of beer, valid when entered into, were similarly nullified by a state prohibition law; and contracts of employment were modified by later laws regarding the liability of employers and workmen’s compensation.

Likewise, a contract between plaintiff and defendant

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1975 New York Central R. Co. v. White, 243 U.S. 188 (1917). In this and the preceding two cases the legislative act involved did not except from its operation existing contracts.
did not prevent the State from making the latter a concession which rendered the contract worthless; nor did a contract as to rates between two railway companies prevent the State from imposing different rates; nor did a contract between a public utility company and a customer protect the rates agreed upon from being superseded by those fixed by the State. Similarly, a contract for the conveyance of water beyond the limits of a State did not prevent the State from prohibiting such conveyance.

But the most striking exertions of the police power touching private contracts, as well as other private interests within recent years, have been evoked by war and economic depression. Thus, in World War I, the State of New York enacted a statute, which, declaring that a public emergency existed, forbade the enforcement of covenants for the surrender of the possession of premises on the expiration of leases, and wholly deprived for a period owners of dwellings, including apartment and tenement houses, within the City of New York and contiguous counties, of possessory remedies for the eviction from their premises of tenants in possession when the law took effect, providing the latter were able and willing to pay a reasonable rent. In answer to objections leveled against this legislation on the basis of the obligation of contracts clause, the Court said: “But contracts are made subject to this exercise of the power of the State when otherwise justified, as we have held this to be.” In a subsequent case, however, the Court added that, while the declaration by the legislature of a justifying emergency was entitled to great respect, it was not conclusive; a law “depending upon the existence of an emergency or other certain state of facts to uphold it may cease to operate if the emergency ceases or the facts change,” and whether they have changed was always open to judicial inquiry.

Summing up the result of the cases above referred to, Chief Justice Hughes, speaking for the Court in Home Building & Loan Assn. v. Blaisdel, remarked in 1934: “It is manifest from this review of our decisions that there has been a growing appreciation of public needs and of the necessity of finding ground for a rational compromise between individual rights and public welfare. The settlement and consequent contraction of the public domain, the pres-
sure of a constantly increasing density of population, the interrelation of the activities of our people and the complexity of our economic interests, have inevitably led to an increased use of the organization of society in order to protect the very bases of individual opportunity. Where, in earlier days, it was thought that only the concerns of individuals or of classes were involved, and that those of the State itself were touched only remotely, it has later been found that the fundamental interests of the State are directly affected; and that the question is no longer merely that of one party to a contract as against another, but of the use of reasonable means to safeguard the economic structure upon which the good of all depends. . . . The principle of this development is . . . that the reservation of the reasonable exercise of the protective power of the States is read into all contracts . . . .

Evaluation of the Clause Today.—It should not be inferred that the obligation of contracts clause is today totally moribund. Even prior to the most recent decisions, it still furnished the basis for some degree of judicial review as to the substantiality of the factual justification of a professed exercise by a state legislature of its police power, and in the case of legislation affecting the remedial rights of creditors, it still affords a solid and palpable barrier against legislative erosion. Nor is this surprising in view of the fact that, as we have seen, such rights were foremost in the minds of the framers of the clause. The Court's attitude toward insolvency laws, redemption laws, exemption laws, appraisement laws and the like, has always been that they may not be given retroactive operation, and the general lesson of these earlier cases is confirmed by the Court's decisions between 1934 and 1945 in certain cases involving state moratorium statutes. In Home Building & Loan Assn. v. Blaisdell, the leading case, a closely divided Court sustained the Minnesota Moratorium Act of April 18, 1933, which, reciting the existence of a severe financial and economic depression for several years and the frequent occurrence of mortgage foreclosure sales for inadequate prices, and asserting that these conditions had created an economic emergency calling for the exercise of the

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1983 Id., 442, 444. See also Veix v. Sixth Ward Assn. 310 U.S. 32 (1940), in which was sustained a New Jersey statute amending in view of the Depression the law governing building and loan associations. The authority of the State to safeguard the vital interests of the people, said Justice Reed, "extends to economic needs as well." Id., 39. In Lincoln Federal Labor Union v. Northwestern Iron & Metal Co., 335 U.S. 525, 531-532 (1949), the Court dismissed out-of-hand a suggestion that a state law outlawing union security agreements was an invalid impairment of existing contracts, citing Blaisdell and Veix.


State's police power, authorized its courts to extend the period for redemption from foreclosure sales for such additional time as they might deem just and equitable, although in no event beyond May 1, 1935.

The act also left the mortgagor in possession during the period of extension, subject to the requirement that he pay a reasonable rental for the property as fixed by the court. Contemporaneously, however, less carefully drawn statutes from Missouri and Arkansas, acts which were not as considerate of creditor's rights, were set aside as violative of the contracts clause. "A State is free to regulate the procedure in its courts even with reference to contracts already made," said Justice Cardozo for the Court, "and moderate extensions of the time for pleading or for trial will ordinarily fall within the power so reserved. A different situation is presented when extensions are so piled up as to make the remedy a shadow. . . . What controls our judgment at such times is the underlying reality rather than the form or label. The changes of remedy now challenged as invalid are to be viewed in combination, with the cumulative significance that each imparts to all. So viewed they are seen to be an oppressive and unnecessary destruction of nearly all the incidents that give attractiveness and value to collateral security." On the other hand, in the most recent of this category of cases, the Court gave its approval to an extension by the State of New York of its moratorium legislation. While recognizing that business conditions had improved, the Court was of the opinion that there was reason to believe that "the sudden termination of the legislation which has dammed up normal liquidation of these mortgages for more than eight years might well result in an emergency more acute than that which the original legislation was intended to alleviate."

And meantime the Court had sustained legislation of the State of New York under which a mortgagee of real property was denied a deficiency judgment in a foreclosure suit where the state court found that the value of the property purchased by the mortgagee at the foreclosure sale was equal to the debt secured by the mortgage. "Mortgagors," the Court said, "are constitutionally entitled to no more than payment in full. . . . To hold that mortgagees are entitled under the contract clause to retain the advantages of

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1987 Id., 62.
a forced sale would be to dignify into a constitutionally protected property right their chance to get more than the amount of their contracts. . . . The contract clause does not protect such a strategical, procedural advantage." 1990

More important, the Court has been at pains most recently to reassert the vitality of the clause, although one may wonder whether application of the clause will be more than episodic.

"[T]he Contract Clause remains a part of our written Constitution." 1991 So saying, the Court struck down state legislation in two instances, one law involving the government's own contractual obligation and the other affecting private contracts. 1992 A finding that a contract has been "impaired" in some way is merely the preliminary step in evaluating the validity of the state action. 1993 But in both cases the Court applied a stricter-than-usual scrutiny to the statutory action, in the public contracts case precisely because it was its own obligation that the State was attempting to avoid and in the private contract case, apparently, because the legislation was in aid of a "narrow class." 1994 The approach in any event is one of balancing. "The severity of the impairment measures the height of the hurdle the state legislation must clear. Minimal alteration of contractual obligations may end the inquiry at its first stage. Severe impairment, on the other hand, will push the inquiry to a careful examination of the nature and purpose of the state legislation." 1995 Having determined that a severe impairment had resulted in both cases, 1996 the Court moved on to assess the justifica-

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1990 Id., 233-234.
1991 United States Trust Co. v. New Jersey, 431 U.S. 1, 16 (1977). "It is not a dead letter." Allied Structural Steel Co. v. Spannaus, 438 U.S. 234, 241 (1978). A majority of the Court seems fully committed to using the clause. Only Justices Brennan, White, and Marshall dissented in both cases. Chief Justice Burger and Justices Rehnquist and Stevens joined both opinions of the Court. Of the three remaining Justices, who did not participate in one or the other case, Justice Blackmun wrote the opinion in United States Trust while Justice Stewart wrote the opinion in Spannaus and Justice Powell joined it.
1992 United States Trust involved a repeal of a covenant statutorily enacted to encourage persons to purchase New York-New Jersey Port Authority bonds by limiting the Authority's ability to subsidize rail passenger transportation. Spannaus involved a statute requiring prescribed employers who had a qualified pension plan to provide funds sufficient to cover full pensions for all employees who had worked at least 10 years if the employer either terminated the plan or closed his offices in the State, a law that greatly altered the company's liabilities under its contractual pension plan.
1993 431 U.S., 21; 438 U.S., 244.
1996 431 U.S., 17-21 (the Court was unsure of the value of the interest impaired but deemed it "an important security provision"); 438 U.S. 244-247 (statute mandated company to recalculate, and in one lump sum, contributions previously adequate).
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In United States Trust, the test utilized by the Court was that an impairment would be upheld only if it were “necessary” and “reasonable” to serve an important public purpose. But the two terms were given somewhat restrictive meanings. Necessity is shown only when the State’s objectives could not have been achieved through less dramatic modifications of the contract; reasonableness is a function of the extent to which alteration of the contract was prompted by circumstances unforeseen at the time of its formation. The repeal of the covenant in issue was found to fail both prongs of the test. In Spannaus, the Court drew from its prior cases four standards: did the law deal with a broad generalized economic or social problem, did it operate in an area already subject to state regulation at the time the contractual obligations were entered into, did it effect simply a temporary alteration of the contractual relationship, and did the law operate upon a broad class of affected individuals or concerns. The Court found that the challenged law did not possess any of these attributes and thus struck it down.

Whether these two cases portend an active judicial review of economic regulatory activities, in contrast to the extreme deference shown such legislation under the due process and equal protection clauses, is problematical. Both cases contain language emphasizing the breadth of the police powers of government that may be used to further the public interest and admitting limited judicial scrutiny. Nevertheless, “[i]f the Contract Clause is to retain any meaning at all . . . it must be understood to impose some limits upon the power of a State to abridge existing contractual relationships, even in the exercise of its otherwise legitimate police power.”

Clause 2. No State shall, without the Consent of the Congress, lay any Imposts or Duties on Imports or Exports, except what may be absolutely necessary for executing it’s inspection Laws: and the net Produce of all Duties and Imposts, laid by any State on Imports or Exports, shall be for the Use of the

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1997 431 U.S., 25–32 (State could have modified the impairment to achieve its purposes without totally abandoning the covenant, though the Court reserved judgment whether lesser impairments would have been constitutional, id., 30 n. 28, and it had alternate means to achieve its purposes; the need for mass transportation was obvious when covenant was enacted and State could not claim that unforeseen circumstances had arisen.)

1998 438 U.S., 244–251. See also Exxon Corp. v. Eagerton, 462 U.S. 176 (1983) (emphasizing the first but relying on all but the third of these tests in upholding a prohibition on pass-through of an oil and gas severance tax).

1999 438 U.S., 242 (emphasis by Court).
Duties on Exports or Imports

Scope.—Only articles imported from or exported to a foreign country, or “a place over which the Constitution has not extended its commands with respect to imports and their taxation,” are comprehended by the terms “imports” and “exports.” 2000 With respect to exports, the exemption from taxation “attaches to the export and not to the article before its exportation,” 2001 requiring an essentially factual inquiry into whether there have been acts of movement toward a final destination constituting sufficient entrance into the export stream as to invoke the protection of the clause. 2002 To determine how long imported wares remain under the protection of this clause, the Supreme Court enunciated the original package doctrine in the leading case of Brown v. Maryland. “When the importer has so acted upon the thing imported,” wrote Chief Justice Marshall, “that it has become incorporated and mixed up with the mass of property in the country, it has, perhaps, lost its distinctive character as an import, and has become subject to the taxing power of the State; but while remaining the property of the importer, in his warehouse, in the original form or package in which it was imported, a tax upon it is too plainly a duty on imports, to escape the prohibition in the Constitution.” 2003 A box, case, or bale in which separate parcels of goods have been placed by the foreign seller is regarded as the original package, and upon the opening of such container for the purpose of using the separate parcels, or of exposing them for sale, each loses its character as an import and becomes subject to taxation as a part of the general mass of property in the State. 2004 Imports for manufacture cease to be such when the intended processing takes place, 2005 or when the original packages are broken. 2006 Where a manufacturer imports merchandise and stores it in his warehouse in the original
packages, that merchandise does not lose its quality as an import, at least so long as it is not required to meet such immediate needs. The purchaser of imported goods is deemed to be the importer if he was the efficient cause of the importation, whether the title to the goods vested in him at the time of shipment, or after its arrival in this country. A state franchise tax measured by properly apportioned gross receipts may be imposed upon a railroad company in respect of the company's receipts for services in handling imports and exports at its marine terminal.

Privilege Taxes.—A state law requiring importers to take out a license to sell imported goods amounts to an indirect tax on imports and hence is unconstitutional. Likewise, a franchise tax upon foreign corporations engaged in importing nitrate and selling it in the original packages, a tax on sales by brokers and auctioneers of imported merchandise in original packages, and a tax on the sale of goods in foreign commerce consisting of an annual license fee plus a percentage of gross sales, have been held invalid. On the other hand, pilotage fees, a tax upon the gross sales of a purchaser from the importer, a license tax upon dealing in fish which, through processing, handling, and sale, have lost their distinctive character as imports, an annual license fee imposed on persons engaged in buying and selling foreign bills of exchange, and a tax upon the right of an alien to receive property as heir, legatee, or donee of a deceased person have been held not to be duties on imports or exports.

Property Taxes.—Overruling a line of prior decisions which it thought misinterpreted the language of Brown v. Maryland, the Court now holds that the clause does not prevent a State from levying a nondiscriminatory, ad valorem property tax upon goods that are no longer in import transit. Thus, a company's inventory of
imported tires maintained at its whole distribution warehouse could be included in the State's tax upon the entire inventory. The clause does not prohibit every "tax" with some impact upon imports or exports but reaches rather exactions directed only at imports or exports or commercial activity therein as such.\textsuperscript{2021}

\textbf{Inspection Laws}.—Inspection laws "are confined to such particulars as, in the estimation of the legislature and according to the customs of trade, are deemed necessary to fit the inspected article for the market, by giving the purchaser public assurance that the article is in that condition, and of that quality, which makes it merchantable and fit for use or consumption."\textsuperscript{2022} In Turner v. Maryland,\textsuperscript{2023} the Court listed as recognized elements of inspection laws, the "quality of the article, form, capacity, dimensions, and weight of package, mode of putting up, and marking and branding of various kinds. . . ."\textsuperscript{2024} It sustained as an inspection law a charge for storage and inspection imposed upon every hogshead of tobacco grown in the State and intended for export, which the law required to be brought to a state warehouse to be inspected and branded. The Court has cited this section as a recognition of a general right of the States to pass inspection laws, and to bring within their reach articles of interstate, as well as of foreign, commerce.\textsuperscript{2025} But on the ground that, "it has never been regarded as within the legitimate scope of inspection laws to forbid trade in respect to any known article of commerce, irrespective of its condition and quality, merely on account of its intrinsic nature and the injurious consequence of its use or abuse," it held that a state law forbidding the importation of intoxicating liquors into the State could not be sustained as an inspection law.\textsuperscript{2026}

\textsuperscript{2021}v. Evatt, 324 U.S. 652 (1945), among others. The latter case was expressly overruled in Limbach v. Hoonen & Allison Co., 466 U.S. 353 (1984), involving the same tax and the same parties. In Youngstown Sheet & Tube Co. v. Bowers, 358 U.S. 534 (1959), property taxes were sustained on the basis that the materials taxed had lost their character as imports. On exports, see Selliger v. Kentucky, 213 U.S. 200 (1909) (property tax levied on warehouse receipts for whiskey exported to Germany invalid).


\textsuperscript{2024}107 U.S. 38 (1883).

\textsuperscript{2025}Id., 55.

\textsuperscript{2026}Patapsco Guano Co. v. North Carolina, 171 U.S. 345, 361 (1898).

ART. I—LEGISLATIVE DEPARTMENT

Sec. 10—Powers Denied to the States

Clause 3. No State shall, without the Consent of Congress, lay any Duty of Tonnage, keep Troops, or Ships of War in time of Peace, enter into any Agreement or Compact with another State, or with a foreign Power, or engage in War, unless actually invaded, or in such imminent Danger as will not admit of delay.

Tonnage Duties

The prohibition against tonnage duties embraces all taxes and duties, regardless of their name or form, whether measured by the tonnage of the vessel or not, which are in effect charges for the privilege of entering, trading in, or lying in a port. But it does not extend to charges made by state authority, even if graduated according to tonnage, for services rendered to the vessel, such as pilotage, towage, charges for loading and unloading cargoes, wharfage, or storage. For the purpose of determining wharfage charges, it is immaterial whether the wharf was built by the State, a municipal corporation, or an individual. Where the wharf was owned by a city, the fact that the city realized a profit beyond the amount expended did not render the toll objectionable. The services of harbor masters for which fees are allowed must be actually rendered, and a law permitting harbor masters or port wardens to impose a fee in all cases is void. A State may not levy a tonnage duty to defray the expenses of its quarantine system, but it may exact a fixed fee for examination of all vessels passing quarantine. A state license fee for ferrying on a navigable river is not a tonnage tax but rather is a proper exercise of the police power and the fact that a vessel is enrolled under federal law does

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2028 Packet Co. v. Keokuk, 95 U.S. 80 (1877); Transportation Co. v. Parkersburg, 107 U.S. 691 (1883); Ouachita Packet Co. v. Aiken, 121 U.S. 444 (1887).

2029 Cooley v. Port Wardens, 12 How. (53 U.S.) 299, 314 (1851); Ex parte McNiel, 13 Wall. (80 U.S.) 236 (1872); Inman Steamship Company v. Tinker, 94 U.S. 238, 243 (1877); Packet Co. v. St. Louis, 100 U.S. 423 (1880); City of Vicksburg v. Tobin, 100 U.S. 430 (1880); Packet Co. v. Catlettsburg, 105 U.S. 559 (1882).


2031 Steamship Co. v. Portwardens, 6 Wall. (73 U.S.) 31 (1867).


2033 Morgan v. Louisiana, 118 U.S. 455, 462 (1886).
not exempt it.\textsuperscript{2034} In the State Tonnage Tax Cases,\textsuperscript{2035} an annual tax on steamboats measured by their registered tonnage was held invalid despite the contention that it was a valid tax on the steamboat as property.

**Keeping Troops**

This provision contemplates the use of the State's military power to put down an armed insurrection too strong to be controlled by civil authority,\textsuperscript{2036} and the organization and maintenance of an active state militia is not a keeping of troops in time of peace within the prohibition of this clause.\textsuperscript{2037}

**Interstate Compacts**

**Background of Clause.**—Except for the single limitation that the consent of Congress must be obtained, the original inherent sovereign rights of the States to make compacts with each other was not surrendered under the Constitution.\textsuperscript{2038} “The Compact,” as the Supreme Court has put it, “adapts to our Union of sovereign States the age-old treaty-making power of independent sovereign nations.”\textsuperscript{2039} In American history, the compact technique can be traced back to the numerous controversies that arose over the ill-defined boundaries of the original colonies. These disputes were usually resolved by negotiation, with the resulting agreement subject to approval by the Crown.\textsuperscript{2040} When the political ties with Britain were broken, the Articles of Confederation provided for appeal to Congress in all disputes between two or more States over boundaries or “any cause whatever”\textsuperscript{2041} and required the approval of Congress for any “treaty confederation or alliance” to which a State should be a party.\textsuperscript{2042}

The Framers of the Constitution went further. By the first clause of this section they laid down an unqualified prohibition against “any treaty, alliance or confederation,” and by the third clause they required the consent of Congress for “any agreement or compact.” The significance of this distinction was pointed out by


\textsuperscript{2035}12 Wall. (79 U.S.) 204, 217 (1871).

\textsuperscript{2036}Luther v. Borden, 7 How. (48 U.S.) 1, 45 (1849).

\textsuperscript{2037}Presser v. Illinois, 116 U.S. 252 (1886).

\textsuperscript{2038}Poole v. Fleeger, 11 Pet. (36 U.S.) 185, 209 (1837).

\textsuperscript{2039}Hinderlider v. La Plata Co., 304 U.S. 92, 104 (1938).

\textsuperscript{2040}Frankfurter and Landis, The Compact Clause of the Constitution—A Study in Interstate Adjustments, 34 Yale L.J. 685, 691 (1925).

\textsuperscript{2041}Article IX.

\textsuperscript{2042}Article VI.
Chief Justice Taney in Holmes v. Jennison.\textsuperscript{2043} “As these words (‘agreement or compact’) could not have been idly or superfluously used by the framers of the Constitution, they cannot be construed to mean the same thing with the word treaty. They evidently mean something more, and were designed to make the prohibition more comprehensive. . . . The word ‘agreement,’ does not necessarily import and direct any express stipulation; nor is it necessary that it should be in writing.

“If there is a verbal understanding, to which both parties have assented, and upon which both are acting, it is an ‘agreement.’ And the use of all of these terms, ‘treaty,’ ‘agreement,’ ‘compact,’ show that it was the intention of the framers of the Constitution to use the broadest and most comprehensive terms; and that they anxiously desired to cut off all connection or communication between a State and a foreign power; and we shall fail to execute that evident intention, unless we give to the word ‘agreement’ its most extended signification; and so apply it as to prohibit every agreement, written or verbal, formal or informal, positive or implied, by the mutual understanding of the parties.”\textsuperscript{2044} But in Virginia v. Tennessee,\textsuperscript{2045} decided more than a half century later, the Court shifted position, holding that the unqualified prohibition of compacts and agreements between States without the consent of Congress did not apply to agreements concerning such minor matters as adjustments of boundaries, which have no tendency to increase the political powers of the contracting States or to encroach upon the just supremacy of the United States. Adhering to this later understanding of the clause, the Court found no enhancement of state power quoad the Federal Government through entry into the Multistate Tax Compact and thus sustained the agreement among participating States without congressional consent.\textsuperscript{2046}

\textbf{Subject Matter of Interstate Compacts.}—For many years after the Constitution was adopted, boundary disputes continued to predominate as the subject matter of agreements among the States. Since the turn of the twentieth century, however, the interstate compact has been used to an increasing extent as an instrument for state cooperation in carrying out affirmative programs for solving common problems.\textsuperscript{2047} The execution of vast public undertak-
ings, such as the development of the Port of New York by the Port Authority created by compact between New York and New Jersey, flood control, the prevention of pollution, and the conservation and allocation of water supplied by interstate streams, are among the objectives accomplished by this means. Another important use of this device was recognized by Congress in the act of June 6, 1934, whereby it consented in advance to agreements for the control of crime. The first response to this stimulus was the Crime Compact of 1934, providing for the supervision of parolees and probationers, to which most of the States have given adherence. Subsequently, Congress has authorized, on varying conditions, compacts touching the production of tobacco, the conservation of natural gas, the regulation of fishing in inland waters, the furtherance of flood and pollution control, and other matters. Moreover, many States have set up permanent commissions for interstate cooperation, which have led to the formation of a Council of State Governments, the creation of special commissions for the study of the crime problem, the problem of highway safety, the trailer problem, problems created by social security legislation, et cetera, and the framing of uniform state legislation for dealing with some of these.

Consent of Congress.—The Constitution makes no provision with regard to the time when the consent of Congress shall be given or the mode or form by which it shall be signified. While the consent will usually precede the compact or agreement, it may be given subsequently where the agreement relates to a matter which could not be well considered until its nature is fully developed. The required consent is not necessarily an expressed consent; it may be inferred from circumstances. It is sufficiently indicated, when not necessary to be made in advance, by the approval of proceedings taken under it. The consent of Congress may be granted conditionally “upon terms appropriate to the subject and transgressing no constitutional limitations.” Congress

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2048 48 Stat. 909 (1934).


2051 Green v. Biddle, 8 Wheat. (21 U.S.) 1, 85 (1823).


Sec. 10—Powers Denied to the States

...does not, by giving its consent to a compact, relinquish or restrict its own powers, as for example, its power to regulate interstate commerce.

Grants of Franchise to Corporations by Two States.—It is competent for a railroad corporation organized under the laws of one State, when authorized so to do by the consent of the State which created it, to accept authority from another State to extend its railroad into such State and to receive a grant of powers to own and control, by lease or purchase, railroads therein and to subject itself to such rules and regulations as may be prescribed by the second State. Such legislation on the part of two or more States is not, in the absence of inhibitory legislation by Congress, regarded as within the constitutional prohibition of agreements or compacts between States.

Legal Effect of Interstate Compacts.—Whenever, by the agreement of the States concerned and the consent of Congress, an interstate compact comes into operation, it has the same effect as a treaty between sovereign powers. Boundaries established by such compacts become binding upon all citizens of the signatory States and are conclusive as to their rights. Private rights may be affected by agreements for the equitable apportionment of the water of an interstate stream, without a judicial determination of existing rights. Valid interstate compacts are within the protection of the obligation of contracts clause, and a “sue and be sued” provision therein operates as a waiver of immunity from suit in federal courts otherwise afforded by the Eleventh Amendment. The Supreme Court in the exercise of its original jurisdiction may enforce interstate compacts following principles of general contract law. Congress also has authority to compel compliance with consent to the subsequent adoption of implementing legislation by the participating States. De Veau v. Braisted, 363 U.S. 144, 145 (1960).


St. Louis & San Francisco Railway v. James, 161 U.S. 545, 562 (1896).


Hinderlider v. La Plata Co., 304 U.S. 92, 104, 106 (1938).


Texas v. New Mexico, 482 U.S. 124 (1987). If the compact makes no provision for resolving impasse, then the Court may exercise its jurisdiction to apportion waters of interstate streams. In doing so, however, the Court will not rewrite the compact by ordering appointment of a third voting commissioner to serve as a tie-breaker; rather, the Court will attempt to apply the compact to the extent that its provisions govern the controversy. Texas v. New Mexico, 462 U.S. 554 (1983).
Nor may a State read herself out of a compact which she has ratified and to which Congress has consented by pleading that under the State's constitution as interpreted by the highest state court she had lacked power to enter into such an agreement and was without power to meet certain obligations thereunder. The final construction of the state constitution in such a case rests with the Supreme Court.\footnote{Virginia v. West Virginia, 246 U.S. 565, 601 (1918).} \footnote{Dyer v. Sims, 341 U.S. 22 (1951).}