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Supreme Court Cases on Granger Laws (1877, 1886)

In 1877, six cases, now known as the Granger cases, came before the U.S. Supreme Court. They tested laws that various states had passed in support of farmers. The first and most important was *Munn v. Illinois*. It is considered a landmark in U.S. constitutional law. The Illinois legislature had passed a law allowing a maximum rate for storing grain in Chicago warehouses. The Illinois State Supreme Court had then overturned the law. The U.S. Supreme Court in 1877 reversed the lower court's decision and found the law constitutional. The higher court declared that grain elevators were public utilities. As such, they affected the public interest and could be regulated by the states. The first reading (A) is an excerpt from this opinion.

By 1886, national interests had shifted. The Granger Movement was no longer strong. Railroads were using bribery and threats, such as cuts in services, to force state legislatures to repeal the Granger laws. The final blow to the Granger laws was the Wabash Case (B). This time the U.S. Supreme Court struck down a ruling by the Illinois State Supreme Court against the railroads. The U.S. Supreme Court in 1886 ruled that states could not regulate the rates charged by railroads that crossed state boundaries. Because most railroads were interstate lines, this ruling effectively ended efforts by states to regulate transportation rates. To fill the void left by the Supreme Court's 1886 ruling, Congress passed the Interstate Commerce Act of 1887, which allowed federal regulation of interstate lines.

A. *Munn v. Illinois*, 1877

... Property does become clothed with a public interest when used in a manner to make it of public consequence, and affect the community at large. When, therefore, one devotes his property to a use in

which the public has an interest, he, in effect, grants to the public an interest in that use, and must submit to be controlled by the public for the common good, to the extent of the interest he has thus created. He may withdraw his grant by discontinuing the use; but, so long as he maintains the use, he must submit to the control. . . .

In this connection it must also be borne in mind that, although in 1874 there were in Chicago fourteen warehouses adapted to this particular business [storing grain], and owned by about thirty persons, nine business firms controlled them, and that the prices charged and received for storage were such “as have been from year to year agreed upon and established by the different elevators or warehouses in the city of Chicago, and which rates have been annually published in one or more newspapers printed in said city, in the month of January in each year, as the established rates for the year. . . .” Thus it is apparent that all the elevating facilities through which these vast productions “of seven or eight great States of the West” must pass on the way “to four or five of the States on the seashore” may be a “virtual” monopoly.

. . . The warehouses of these plaintiffs . . . are situated and their business carried on exclusively within the limits of the State of Illinois. They are used as instruments by those engaged in State as well as those engaged in inter-state commerce. . . . Incidentally they may become connected with inter-State commerce, but not necessarily so. Their regulation is a thing of domestic concern and, certainly, until Congress acts in reference to their inter-State relations, the State may exercise all the powers of government over them, even though in so doing it may indirectly operate upon commerce outside its immediate jurisdiction. . . .

B. *Wabash v. Illinois*, 1886

It cannot be too strongly insisted upon that the right of continuous transportation, from one end of the country to the other, is essential, in modern times, to that freedom of commerce from the restraints which the States might choose to impose upon it, that the commerce clause was intended to secure [protect]. This clause, giving to Congress the power to regulate commerce among the States, and with foreign nations, as this court has said before, was among the most important of the subjects which prompted [led to]

the formation of the Constitution. And it would be a very feeble and almost useless provision, but poorly adapted to secure the entire freedom of commerce among the States which was deemed essential to a more perfect union by the framers of the Constitution, if, at every stage of the transportation of goods and chattels [possessions] through the country, the State within whose limits a part of this transportation must be done could impose regulations concerning the price, compensation [payment], or taxation, or any other restrictive regulation interfering with and seriously embarrassing this commerce. . . .

We must therefore hold that it is not, and never has been, the deliberate opinion of a majority of this court that a statute of a State which attempts to regulate the fares and charges by railroad companies within its limits, for a transportation which constitutes a part of commerce among the States, is a valid law.

. . . As restricted to a transportation which begins and ends within the limits of the State, it may be very just and equitable, and it certainly is the province of the state legislature to determine that question. But when it is attempted to apply to transportation through an entire series of States a principle of this kind, and each one of the States shall attempt to establish its own rates of transportation, its own methods to prevent discrimination in rates, or to permit it, the deleterious [damaging] influence upon the freedom of commerce among the States, and upon the transit of goods through those States, cannot be overestimated. . . .

Review Questions

1. In what way was public interest an important consideration in the *Munn v. Illinois* ruling?
2. What was the position of the U.S. Supreme Court in the decision regarding interstate commerce?
3. How did the position of the Court regarding interstate commerce affect the *Munn v. Illinois* decision?
4. How was the “commerce clause” in the U.S. Constitution used to arrive at the *Wabash v. Illinois* decision?

5. According to the Supreme Court, why was it “deleterious” (damaging) to allow the individual states to regulate railroad companies that had trains passing through several states?
6. According to the U.S. Supreme Court in the *Wabash v. Illinois* decision, in what situation could a state regulate railroad companies?
7. (a) *In what way did the Court’s decision in the Wabash v. Illinois case differ from that of Munn v. Illinois?* (b) *How do you account for this difference?*
8. *How did the conservative decision of Wabash v. Illinois result in a liberal/progressive outcome?*