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The Court Protects the American Labor
Movement

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In a stunning decision on April 12, 1937, with enormous constitutional, economic and societal importance, the U.S. Supreme Court, in *National Labor Relations Board v. Jones & Laughlin Steel Corporation*, upheld a law that transformed workers' rights and labor relations.

The Wagner Act of 1935 guaranteed the right of workers to organize labor unions. It also aimed to protect the right of employees to bargain collectively with their employers. The statute defined types of interference with these rights as unfair labor practices and empowered the NLRB to compel employers to halt such practices. Employers across the nation resisted the statute and it could not be applied to manufacturing companies, given the Court's interpretation of congressional power over interstate commerce.

The Wagner Act--the Magna Carta of the American Labor Movement--revolutionized employer-employee rights and relations. The *Jones & Laughlin* ruling revolutionized the Court's jurisprudence. It transformed the labor market and the workplace and, in the process, expanded congressional power over interstate commerce to new frontiers. One prominent scholar on the scene assessed the impact of the decision within the context of a series of cases that reversed rulings and upheld President Franklin D. Roosevelt's New Deal programs and concluded that the Court was engaged in a "Constitutional Revolution,

Ltd." Certainly Justice Robert H. Jackson was correct in characterizing the landmark ruling as the most far-reaching victory ever won on behalf of labor in the Supreme Court.

The key provision in the Wagner Act involved the authorization of the NLRB to prohibit any person from engaging in any unfair labor practice that "affected commerce." The Jones & Laughlin Steel Company was huge. It was the nation's fourth-largest steel producer, employed more than 22,000 workers and owned iron ore, coal and limestone properties in several states, as well as railroad and shipping subsidiaries. In a word, it boasted integrated operations across America. It was also a strong opponent of labor unions. The NLRB filed charges against one of the company's plants in Pennsylvania for firing some 20 union supporters before an election in 1935. The Labor Board declared, "There is an exceedingly vicious history of terrorism in this community." The question before the Supreme Court was whether these unfair labor practices had a sufficient effect upon commerce to justify congressional control.

Before Jones & Laughlin, the Court had in several rulings regarded mines, mills and factories as engaging in activities that it categorized as "local" in nature and subject to state regulation. Consequently, they were immune to congressional regulation under the Commerce Clause. Congressional authority in the realm or stream of commerce was limited to those activities that transcended state boundaries.

The consequences of the Court's ruling—for employers and employees and, indeed, for the life of the nation—generated vast and intense public interest. More than 1,000 people stood in line, hoping to squeeze into the 220 seats in the courtroom to hear what the High Tribunal would decide.

Chief Justice Charles Evans Hughes, a former Governor of New York, U.S. Secretary of State and Republican presidential candidate in 1916, in short, one of the most famous Americans of his time, wrote for a 5-4 majority that upheld the Wagner Act. He began his magisterial opinion by saying said that those previous decisions that viewed labor relations as purely "local" activities "are not controlling here." Hughes described Jones & Laughlin's "far-flung activities" as immediate, with direct and indirect effects on the life of the nation. The effects could be "catastrophic."

The nationally integrated character of the steel industry loomed large in the Court's reasoning. "When industries organize themselves on a national scale," Hughes wrote, "making their relation to interstate commerce the dominant factor in their activities, how can it be maintained that their industrial labor relations constitute a forbidden field into which Congress may not enter when it is necessary to protect interstate commerce from the paralyzing consequences of the industrial war?"

The Court's dismissal of previous rulings on the Commerce Clause meant that it was now embracing a maximum view of congressional authority over commerce. In brief, Congress could regulate not only interstate commerce itself, but any activity affecting commerce.

That fact pained the dissenters in Jones & Laughlin, the so-called Four Horsemen—George Sutherland, James McReynolds, Pierce Butler and Willis Van Devanter—who protested the extension of congressional authority beyond anything previously deemed permissible. As a historical matter, the Court's ruling indicated that it would no longer veto congressional regulation of the economy, which was the essential motivation behind President Roosevelt's court-packing plan. The ruling, moreover, was widely

regarded as the Court's contribution toward a peaceful restoration of frayed, indeed, tense relations between the president and the justices, and its acceptance of the New Deal.

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