

Supreme Court Cases Dealing with Economic Issues of The Gilded Age

Legal Tender Cases (1870, 1871)

During the Civil War the Union government issued paper money, called Greenbacks, and made them legal tender, meaning that they were considered money for all public and private debts. Even if one refused to accept a greenback when it was offered, the debt was still legally considered to have been paid. *Hepburn v. Griswold* (1870), the first of the Legal Tender Cases, was decided 5-4 by the Court. The majority ruled the Legal Tender Acts of 1862 & 1863 were unconstitutional in regard to contracts made before the passage of these acts. The decision implied that later contracts might be invalid and jeopardized the circulation of \$350 million in greenbacks. Within a year, Grant appointed two new justices who sided with the dissenters from *Hepburn v. Griswold* in a new suit for all debts, whether previous or subsequent to the first Legal Tender Act. These cases involved in the 1871 second suit were *Knox v. Lee* and *Parker v. Davis*.

Slaughterhouse Cases (1873)

The three suits in the Slaughterhouse cases were the first under the Fourteenth Amendment. Both the majority opinion and dissenting opinions molded the interpretation of the Fourteenth Amendment for decades. The Louisianan Reconstruction state government granted a monopoly to one corporation for butchering livestock in New Orleans, and put over one thousand butchers out of business. The butchers claimed this act violated the Fourteenth Amendment, abridging their "privileges and immunities" as citizens of the US. In a 5-4 decision the Court ruled a sharp distinction between state privileges and rights and federal privileges and rights. The Fourteenth Amendment protected only the latter; it offered no protection against state infringement. Most rights of citizenship are state not national. The Court narrowly interpreted the Thirteenth, Fourteenth and Fifteenth amendments as designed solely for freeing slaves and establishing citizenship for blacks. The dissenting opinions of two judges foreshadowed the future emphasis of the first clause of the Fourteenth Amendment. The due process and equal protection clauses became the heart of the amendment's later interpretations, which made guarantees in the Bill of Rights applicable to the states.

Munn v. Illinois (1877)

This case involved an Illinois state law limiting maximum rates for the storage of grain in privately owned grain elevators. One of the so-called Granger Laws, it grew out of the 1870 revision of the state constitution, which empowered the legislature to regulate the storage of grain. Munn and his partner were fined \$100 for charging higher rates and for operating without a license. He sought relief from his conviction on the grounds that it violated the due process and equal protection clauses of the Fourteenth Amendment and on the grounds of exclusive federal regulation of commerce. Chief Justice Waite wrote the 7-2 majority opinion asserting that the public always has a right to regulate business operations in which the public has an interest. "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, the extent of the interest he has thus created."

Wabash, St. Louis & Pacific RR Co. v. Illinois (1886)

Popularly known as the *Wabash Case*, this decision is significant because it added to the push for the Interstate Commerce Act of 1887. An Illinois law prohibited the infamous practice of different rates for long and short haul traffic. The Court ruled that states could only regulate intrastate commerce, not interstate commerce. Since the federal government had not yet begun to regulate railroads crossing state lines, the railroads were legally beyond control. Effectively overturns the *Munn* decision.

US v. E.C. Knight Co. (1895)

This was the first significant case under the Sherman Antitrust Act, The E.C. Knight Co. controlled 98% of the nation's sugar manufacture. The Court ruled that monopoly control of manufacturing was not the same as monopoly control of commerce. The Sherman Antitrust Act restricted commerce, not manufacturing. Within a short time the Court broadened the definition of commerce by introducing the concept of "stream of commerce."

Pollock v. Farmers' Loan & Trust Co. (1895)

Actually several cases, the Pollack suit challenged the constitutionality of the income tax imposed by the Wilson-Gorman Tariff, 1894. Income taxes had been in use for thirty years, but the court now found them to be a violation of the Constitution, which requires direct taxes to be apportioned by population. The Court decided that a tax on rental income and a tax on personal property were both direct taxes. Thus, income taxes were unconstitutional. The Sixteenth Amendment negated this decision, and specifically permitted income taxes.

In re Debs (1895)

During the Pullman strike in 1894 the Pullman Co. obtained an injunction under the Sherman antitrust Act. After refusing to comply, the union's leader, Eugene V. Debs, was arrested for contempt of court. Debs' writ of habeas corpus to the Supreme Court was denied on the basis of a broad interpretation of the commerce clause and the federal government's obligation to deliver the mail. Justice Brewer wrote, "The strong arm of the national government may put forth to brush away all obstructions to the freedom of interstate commerce or the transportation of the mails." Critics and cynics wondered why "the strong arm of the national government" did not move as swiftly against monopolies.

Other Important Cases of the Gilded Age (not dealing with Economics):

Bradwell v. Illinois (1873) – Women & Professions

Minor v. Happersett (1875) – Suffrage for Women

Civil Rights Cases (1883) – Discrimination Against Individuals by Individuals

Plessy v. Ferguson (1896) – Separate But Equal