

## Supreme Court Rulings on State Regulation

### A. *Munn vs. Illinois*

1. In 1877 the Supreme Court upheld the right of the states to regulate railroad rates.
2. Chief Justice Waite used the old 17<sup>th</sup> Century custom in English jurisprudence that accepted the regulation of a business clothed with a public interest. "When Private Property is devoted to public use, it is subject to public regulation." For example, a privately owned wharf.
3. One of the dissenters, Justice Stephen J. Field, argued that the regulation of railroad rates was in effect confiscation of private property. The railroads were being deprived of property without due process of law in violation of the 5<sup>th</sup> and 14<sup>th</sup> Amendments. This argument later became known as *substantive due process*.

### B. *Wabash, St. Louis, and Pacific Railroad vs. Illinois*

1. In 1886 the Supreme Court in effect reversed the *Munn* case and struck down an Illinois law regulating railroad rates.
2. The Court argued that State railroad regulation violated the interstate commerce clause of the Constitution. Only Congress could regulate interstate commerce.
3. In a companion case, *Santa Clara County vs. Southern Pacific Railroad*, the Court defined the SPRR as a legal person! Hence, the 5<sup>th</sup> and 14<sup>th</sup> Amendments were applicable.