



NLRB v. JONES AND LAUGHLIN STEEL CORP. (1937)

ORIGINS OF THE CASE In 1936, the Jones and Laughlin Steel Corporation was charged with intimidating union organizers and firing several union members. The National Labor Relations Board (NLRB) found the company guilty of “unfair labor practices” and ordered it to rehire the workers with back pay.

THE RULING The Supreme Court ruled that Congress had the power to regulate labor relations and confirmed the authority of the NLRB.

LEGAL REASONING

In the 1935 National Labor Relations Act, or Wagner Act, Congress claimed that its authority to regulate labor relations came from the commerce clause of the Constitution. Jones and Laughlin Steel argued that its manufacturing business did not involve interstate commerce—it operated a plant and hired people locally.

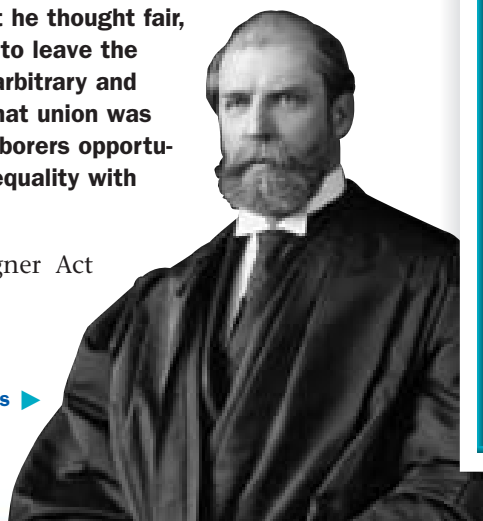
The Court disagreed. Although production itself may occur within one state, it said, production is a part of the interstate “flow of commerce.” If labor unrest at a steel mill would create “burdens and obstructions” to interstate commerce, then Congress has the power to prevent labor unrest at the steel mill.

The Court also explained that the act went “no further than to safeguard the right of employees to self-organization and to select representatives . . . for collective bargaining.” Departing from earlier decisions, the Court affirmed that these are “fundamental” rights.

“Long ago we . . . said . . . that a single employee was helpless in dealing with an employer; that he was dependent . . . on his daily wage for the maintenance of himself and family; that, if the employer refused to pay him the wages that he thought fair, he was . . . unable to leave the employ and resist arbitrary and unfair treatment; that union was essential to give laborers opportunity to deal on an equality with their employer.”

As a result, the Wagner Act was allowed to stand.

Chief Justice Charles
Evans Hughes



LEGAL SOURCES

LEGISLATION

U.S. CONSTITUTION, ARTICLE 1, SECTION 8 (COMMERCE CLAUSE)

“The Congress shall have Power . . . To regulate Commerce with foreign Nations and among the several States.”

NATIONAL LABOR RELATIONS ACT (1935)

“The term ‘affecting commerce’ means . . . tending to lead to a labor dispute burdening or obstructing commerce or the free flow of commerce.”

“It shall be an unfair labor practice for an employer . . . to interfere with, restrain, or coerce employees in the exercise of the rights [to organize unions].”

RELATED CASES

SCHECHTER POULTRY CORP. v. UNITED STATES (1935)

The Court struck down the National Industrial Recovery Act, a key piece of New Deal legislation.



◀ Choosing to work despite the strike, a storekeeper at the Jones and Laughlin Steel Corporation tries to pass through picket lines.

WHY IT MATTERED

The 1935 Wagner Act was one of the most important pieces of New Deal legislation. Conservative justices on the Supreme Court, however, thought New Deal legislation increased the power of the federal government beyond what the Constitution allowed. By the time the Jones and Laughlin case reached the Court in 1937, the Court had already struck down numerous New Deal laws. It appeared to many as if the Wagner Act was doomed.

In February 1937, Roosevelt announced a plan to appoint enough justices to build a Court majority in favor of the New Deal. Critics immediately accused Roosevelt of trying to pack the Supreme Court, thus crippling the Constitution's system of checks and balances.

Two months later, the Court delivered its opinion in *Jones and Laughlin* and at about the same time upheld other New Deal legislation as well. Most historians agree that the Court's switch was not a response to Roosevelt's "Court-packing" plan, which already seemed destined for failure. Nevertheless, the decision resolved a potential crisis.

HISTORICAL IMPACT

The protection that labor unions gained by the Wagner Act helped them to grow quickly. Union membership among non-farm workers grew from around 12 percent in 1930 to around 31 percent by 1950. This increase helped improve the economic standing of many working-class Americans in the years following World War II.

Most significantly, *Jones and Laughlin* greatly broadened Congress's power. Previously, neither the federal nor the state governments were thought to have sufficient power to control the large corporations and holding companies doing business in many states. Now, far beyond the power to regulate interstate commerce, Congress had the power to regulate anything "essential or appropriate" to that function. For example, federal laws barring discrimination in hotels and restaurants rest on the Court's allowing Congress to decide what is an "essential or appropriate" subject of regulation.

More recently, the Court has placed tighter limits on Congress's power to regulate interstate commerce. In *United States v. Lopez* (1995), the Court struck down a law that banned people from having handguns near a school. The Court said Congress was not justified in basing this law on its power to regulate interstate commerce.

THINKING CRITICALLY

CONNECT TO HISTORY

- 1. Developing Historical Perspective** Lawyers for Jones and Laughlin said that the Wagner Act violated the Tenth Amendment. Chief Justice Hughes said that since the act fell within the scope of the commerce clause, the Tenth Amendment did not apply. Read the Tenth Amendment and then write a paragraph defending Hughes's position.



SEE SKILLBUILDER HANDBOOK, PAGE R11.

CONNECT TO TODAY

- 2. INTERNET ACTIVITY** CLASSZONE.COM

Visit the links for Historic Decisions of the Supreme Court and read the opening sections of *United States v. Lopez*. There, Chief Justice Rehnquist offers a summary of the Court's interpretation of the commerce clause over the years. Summarize in your own words Rehnquist's description of the current meaning of the commerce clause.