January 1934

Constitutional Law—Impairment of the Obligation of Contract—Emergency Legislation

Follow this and additional works at: http://openscholarship.wustl.edu/law_lawreview
Part of the Constitutional Law Commons, and the Contracts Commons

Recommended Citation
Available at: http://openscholarship.wustl.edu/law_lawreview/vol19/iss2/14

This Comment on Recent Decisions is brought to you for free and open access by the Law School at Washington University Open Scholarship. It has been accepted for inclusion in Washington University Law Review by an authorized administrator of Washington University Open Scholarship. For more information, please contact digital@wumail.wustl.edu.
rights have been taken by eminent domain, *James v. Campbell* (1881) 104 U. S. 356; *Brady v. Atlantic Works* (C. C. Mass. 1876) 3 Fed. Cas. 1190; franchises, *Monongahela Navigation Co. v. United States* (1892) 148 U. S. 312; and even minority shares of stock in a railway corporation, *Offield v. N. Y. Ry. Co.* (1906) 203 U. S. 372. Gold, as a commodity, would appear to be well within the scope of the rule. Several cases, however, contain the somewhat forbidding dictum that money cannot be made the subject of governmental appropriation. *Cary Library v. Bliss* (1890) 151 Mass. 364, 25 N. E. 92; *Burnett v. City of Sacramento* (1859) 12 Cal. 76, at 84; I Nichols on Eminent Domain (2d ed. 1917) p. 69. The rationale advanced is, that since compensation itself must be made in money, usually payable in advance, any attempt to confiscate money must end in a logical impasse; also that the requisitioning of money is the function of taxation. *People v. Mayor of Brooklyn* (1851) 4 N. Y. 419, at 424. The first objection is rendered purely academical, for one thing, by the fact that Congress need not compensate at the time of the taking. *Campbell v. United States* (1924) 266 U. S. 368. In the light of the purpose of the present taking the second argument has little pertinency.

The question of compensation is slightly more difficult. The measure is the fair market value at time of taking. *Boom Co. v. Patterson* (1878) 98 U. S. 403. The owner is entitled to a "full and perfect equivalent of the property taken." *Seaboard Air Line Ry. v. United States* (1923) 261 U. S. 299. The instant case presents an anomalous situation; for, if we assume the power of the government to regulate gold as an adjunct of its control over the currency, compensation is dictated entirely by the government, since the value of gold is obviously confined to what the government declares it to be. Thus compensation under the theory of eminent domain is largely shorn of its essential effect. The requisition might more logically be based purely upon the police power.

C. B. P., "35.

**Constitutional Law—Impairment of the Obligation of Contract—Emergency Legislation.**—Chapter 339 of the Laws of Minnesota of 1933, p. 514, called the Minnesota Mortgage Moratorium Law, provides that, during the emergency declared to exist, relief may be had with respect to foreclosures of mortgages; that sales may be postponed and periods of redemption may be extended. Pursuant to the statute the plaintiff applied to the court for an order extending the period of redemption from a foreclosure sale. A judgment in favor of the plaintiff was sustained by the state supreme court (249 N. W. 893). The constitutionality of the statute was upheld on the ground of emergency although it was conceded that the obligations of the mortgage contract were impaired. *Held*: The statute does not impair the obligation of contract nor violate the due process or equal protection clauses. *Home Building & Loan Ass’n v. Blaisdell* (1934) 54 S. Ct. 231.

Innumerable cases have arisen under the contract clause of the United States Constitution. They cannot be said definitely and clearly to have stated the principle expressed in that clause. It is rather true that they have restricted its application to a considerable agree. The fact that a state is a party to the contract does not prevent the application of the clause. *Fletcher v. Peck* (1810) 6 Cranch 87. Limitations have, however, been imposed. One of the most important is that grants by states are to be construed strictly.
COMMENT ON RECENT DECISIONS


With respect to purely private contracts the early decisions render the prohibition inflexible. Sturgis v. Crowninshield (1819) 4 Wheat. 122; Planters' Bank of Miss. v. Sharp (1848) 9 Wheat. 507. For instance, in Bronson v. Kinzie (1843) 1 How. 311, it was said that whatever affects merely the remedy may be altered by the state "provided the alteration does not impair the obligation of contract"; or, Green v. Biddle (1823) 8 Wheat. 1, "... materially impair the rights and interests of the owner." Thus whether a particular alteration pertains only to the remedy or actually affects the contractual obligation is somewhat tenous. See Feller, Moratory Legislation; A Comparative Study (1933) 46 Harv. Law Rev. 1061; 2 Willoughby, Constitutional Law (2d ed. 1929) 1223. Perhaps the process is one of gradual judicial inclusion and exclusion.

Another limitation upon the application of the contract clause, whether the agreement is purely private or not, is the state's exercise of its police power. Stone v. Mississippi (1880) 101 U. S. 814; Johnson, Contract Clause of the United States Constitution (1928) 16 Ky. Law J. 222. It is because of this limitation that the clause has declined in importance in the last fifty years. Note (1932) 32 Col. Law Rev. 476. Private contracts have practically been absorbed in the broader concept of due process. Levy Leasing Co. v. Siegel (1922) 258 U. S. 242; Marcus Brown Holding Co. v. Feldman (1921) 256 U. S. 170. Very often, now, the contract clause is not considered but reliance is placed entirely upon the Fourteenth Amendment. Producers' Transp. Co. v. R. R. Commission of Calif. (1920) 251 U. S. 228; Ft. Smith Spelter Co. v. Clear Creek Oil & Gas Co. (1925) 267 U. S. 231; Sutter Butte Canal Co. v. R. R. Com. (1929) 279 U. S. 125.

The question is further complicated by the ingrafting upon the due process principle the emergency justification. This, in the last analysis, is the real basis of the decision of the principal case. The question ultimately is whether emergency, along with public health, morals, safety and welfare should become part of the police power. Past decisions would have had to be overruled specifically if reliance had not been placed upon the existing emergency. Bronson v. Kinzie, supra; Barnitz v. Beverly (1896) 163 U. S. 118. When it is said that an emergency does not create power but merely supplies the occasion for its exercise the court indulges in so much verbiage. The real explanation of the decision is the constitutional approach of the Court; this is the actual difference between the majority and the minority. Mr. Justice Sutherland interprets the Constitution as of the time it was written while Chief Justice Hughes interprets it as if written contemporaneously with the enactment of the Minnesota Mortgage Moratorium Law. N. P., '34.