Constitutional Law—Police Power—Price Fixing

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CONSTITUTIONAL LAW—POLICE POWER—PRICE FIXING.—Acting pursuant to authority given to him in chapter 227, Laws of New Jersey, 1918, p. 822, the Commissioner of Labor of New Jersey refused to issue a license for an employment agency to the plaintiff, because the proposed fees of the agency were in his opinion exorbitant. Plaintiff, in an action against the commissioner, contended that the statute was unconstitutional in that it restricted the rights of individuals to contract, and contravened the fourteenth amendment of the United States Constitution. Held, that an employment agency is not a business affected with a public interest, and, therefore, that the prices of such a business cannot be fixed by the state. Ribnic v. McBride (1928), 72 L. Ed. 614, 48 S. Ct. 545.

The rule that prices may be fixed for a business "affected with a public interest" was first asserted in Munn v. Illinois (1876), 94 U. S. 113, 24 L. Ed. 77, and affirmed in Block v. Hirsh (1921), 256 U. S. 135, 65 L. Ed. 865, 41 S. Ct. 458; Patterson v. The Eudora (1902), 190 U. S. 169, 47 L. Ed. 1002, 23 S. Ct. 821; Marcus Brown Holding Co. v. Feldman (1921), 256 U. S. 170, 65 L. Ed. 877, 41 S. Ct. 465; Schmidinger v. Chicago (1912), 226 U. S. 578, 57 L. Ed. 364, 33 S. Ct. 182. Other cases also hold that whenever a combination of circumstances seriously curtails the regulative force of competition so that buyers or sellers are placed at such a disadvantage in the bargaining struggle that a legislature might anticipate serious consequences to the community as a whole, the legislature shall have power to regulate prices for the public good. In the case of Tyson & Bros. United Theatre Ticket Offices v. Banton (1926), 273 U. S. 418, 71 L. Ed. 718, 732, 47 S. Ct. 426, the court held that to come within this rule, the business must be such as to justify the conclusion that it has been devoted to a public use, and its use therefore granted to the public.

Mr. Justice Stone gave a dissenting opinion in the principal case in which he pointed out that the local conditions in New Jersey were such that by excessive fees and collaboration with the employers, the employment agencies had created a social problem that was really affected with a public interest. He distinguished the principal case from the Tyson case, because in the latter the ticket brokers deal in a luxury and sell only to the relatively few who choose to go to them, whereas employment agencies seriously affect the unemployed, whose welfare is important to the public, and who are, as a matter of fact, powerless to resist such extortion.

In parallel cases the United States Supreme Court, has, at different times, sustained regulations of prices where the legislature has fixed the charges which grain elevators might make, Brass v. North Dakota (1898), 153 U. S. 391, 38 L. Ed. 757, 14 S. Ct. 857; which insurance companies might make, German Alliance Inc. Co. v. Lewis (1913), 233 U. S. 389, 407, 58 L. Ed. 1011, 1020, 34 S. Ct. 612; which plaintiff's attorneys might make in workman's compensation cases, Yeiser v. Dysash (1924), 267 U. S. 540, 69 L. Ed. 775, 45 S. Ct. 399.

G. N. B., '29.