

Marshall, however, did not rule that Congress had exclusive power. Instead, he said simply that the New York state law violated the federal law under which Gibbons had obtained his license. The Court left open the question of whether states could regulate areas of commerce Congress had not regulated.

Nor did Marshall resolve the question of whether or not the states and Congress could simultaneously regulate commerce. Marshall explained that a state might employ measures concerned with commerce similar to those established by Congress. However, if a state law interfered with the federal law, the federal law always took precedence. Consequently, the New York state law was invalid; it interfered with the federal law on coastal ships.

Significance of the Court's Decision

The decision was immensely popular because it led to increased steamboat usage. At the time, however, few people realized how the decision would add to the growth of the country and to the power of the national government.

The *Gibbons* case spurred the growth of the American economy. Steamboat navigation increased tremendously. Soon steam railroads began to cross the country and to open up the West. Freeing interstate commerce from state monopolies also encouraged the rapid development of railroads.

Congress did not enact many regulations on interstate commerce until the Twentieth century. However, Congress often protected growing industries by imposing high tariff rates (taxes) on imported goods. These tariffs raised the price of manufactured goods that came from Europe. Tariffs allowed new American industries to develop free from the competition of European manufacturers.

At the same time, the states also continued to regulate industries and commerce. *Gibbons v. Ogden* did not prohibit state regulation of commerce or the granting of monopolies within a state's boundaries. In fact, states still granted road, canal, steamboat, and railroad monopolies for concerns operating solely within one state. Similarly, the states or local governments acting under authority granted by state laws have continued to regulate anything that might be considered a public utility, from street cars in the late nineteenth century to cable television stations in the late twentieth century.

Thus, *Gibbons v. Ogden* did not immediately lead to extensive federal regulation of interstate commerce. Yet, the decision did open the door for the vast expansion of national control over commerce we have today. The Court's broad interpretation of the meaning of "commerce" ultimately enabled Congress to regulate manufacturing, child labor, farm production, wages and hours, labor unions, civil rights, and criminal conduct as

well as buying and selling. Any activity affecting interstate commerce is now subject to national control. The commerce power first defined in this case has evolved into one of the major constitutional provisions Congress uses to police many areas of American life.

EXERCISES FOR LESSON IV-7

Reviewing the Case

1. Describe the events leading to the *Gibbons* case.
2. What was the issue in the *Gibbons* case? What arguments did each side employ?
3. What did the Court decide?
4. What reasons did the Court give for the decision?
5. What long-term effects did the decision have?

Interpreting Evidence

Gibbons was the first case to define the commerce power. The decision established broad congressional powers to regulate "interstate commerce," commerce affecting more than one state. At the same time, the decision did not specify all the possible areas to which Congress might apply that power to "regulate" commerce. For example, could Congress regulate child labor conditions as part of its commerce power?

The *Gibbons* case also interpreted the meaning of the term "commerce" to encompass not only "navigation" but also other forms of trade, movement, and business. However, the Court did not spell out exactly what these other forms included. For instance, did "commerce" include coal mining?

Thus, the *Gibbons* ruling established a **precedent**, but it was left to later courts to determine the scope of the commerce power on a case-by-case basis. Table 1 (page 222) lists some of the Court's major decisions on the commerce power made in the more than 150 years since *Gibbons v. Ogden*. Through these decisions the Court has further defined Congress' power to regulate commerce in accordance with the commerce clause. Study the table and answer these questions:

1. Name two decisions that elaborated upon what the Supreme Court's definition of the term "commerce" does or does not include.
2. Describe key doctrines announced in the *Swift* and *Shreveport* cases. In what later case did the Court refer to these as a precedent?
3. Name seven decisions that expanded Congress' "police" power under the commerce clause.