

The Burger Court Opinion Writing Database

Allied Structural Steel Co. v. Spannaus
438 U.S. 234 (1978)

Paul J. Wahlbeck, George Washington University
James F. Spriggs, II, Washington University in St. Louis
Forrest Maltzman, George Washington University



Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
THE CHIEF JUSTICE

June 19, 1978

Re: 77-747 - Allied Structural Steel Co. v. Spannaus

Dear Potter:

I join.

Regards,

W.M.

Mr. Justice Stewart

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE W. J. BRENNAN, JR.

June 5, 1978

RE: No. 77-747 Allied Structural Steel v. Spannaus

Dear Potter:

I'll do my best to get a dissent to you in the
above at an early date.

Sincerely,

Mr. Justice Stewart

cc: The Conference

To: The Chief Justice
Mr. Justice Stewart
Mr. Justice White
Mr. Justice Marshall
Mr. Justice Blackmun
Mr. Justice Powell
Mr. Justice Rehnquist
Mr. Justice Stevens

From: Mr. Justice Brennan

No. 77-747--Allied Structural Steel v. Spannaus.

Circulated: 6/15/78

Recirculated: _____

Mr. JUSTICE BRENNAN, dissenting.

In cases involving state legislation affecting private contracts, this Court's decisions over the past half century, consistently with both the constitutional text and its original understanding, have interpreted the Contract Clause as prohibiting state legislative acts which, "with studied indifference to the interests of the [contracting party] or to his appropriate protection," effectively diminished or nullified the obligation due him under the terms of a contract. W.B. Worthen Co. v. Kavanaugh, 295 U.S. 56, 60 (1935). But the Contract Clause has not, during this period, been applied to State legislation that, while creating new duties, in no wise diminished the efficacy of any contractual obligation owed the constitutional claimant. See, e.g., Goldblatt v. City of Hempstead, 369 U.S. 590 (1962). The constitutionality of such legislation has, rather, been determined solely by reference to other provisions of the Constitution, e.g., the Due Process Clause, insofar as they operate to protect existing economic values.

Today's decision greatly expands the reach of the
Clause. The Minnesota Private Pension Benefits Protection

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE Wm. J. BRENNAN, JR.

June 15, 1978

MEMORANDUM TO THE CONFERENCE

RE: No. 77-747 Allied Structural Steel v. Spannaus

Please replace the enclosed pages 3, 4 and 5 for the
ones circulated today, dated June 15, in the above.

W.J.B. JR.

STYLING PLATES

See 1-4, 6-10

To: The Chief Justice
Mr. Justice Stewart
Mr. Justice White
Mr. Justice Black
Mr. Justice Marshall
Mr. Justice Clark
Mr. Justice Harlan
Mr. Justice Hugo Black
Mr. Justice William O. Douglas

2nd DRAFT

6/25/78

SUPREME COURT OF THE UNITED STATES

No. 77-747

Argued 6/25

Allied Structural Steel Company, Appellant,
v.
Warren Spannaus et al. } On Appeal from the United
States District Court for
the District of Minnesota.

[June —, 1978]

MR. JUSTICE BRENNAN, with whom MR. JUSTICE WHITE and
MR. JUSTICE MARSHALL join, dissenting.

In cases involving state legislation affecting private contracts, this Court's decisions over the past half century, consistently with both the constitutional text and its original understanding, have interpreted the Contract Clause as prohibiting state legislative acts which, "with studied indifference to the interests of the [contracting party] or to his appropriate protection," effectively diminished or nullified the obligation due him under the terms of a contract. *W. B. Worthen Co. v. Kavanaugh*, 295 U. S. 56, 60 (1935). But the Contract Clause has not, during this period, been applied to state legislation that, while creating new duties, in no wise diminished the efficacy of any contractual obligation owed the constitutional claimant. See, e. g., *Goldblatt v. City of Hempstead*, 369 U. S. 590 (1962). The constitutionality of such legislation has, rather, been determined solely by reference to other provisions of the Constitution, e. g., the Due Process Clause, insofar as they operate to protect existing economic values.

Today's decision greatly expands the reach of the Clause. The Minnesota Private Pension Benefits Protection Act (Act) does not abrogate or dilute any obligation due a party to a private contract; rather, like all positive social legislation, the Act imposes new, additional obligations on a particular class of persons. In my view, any constitutional infirmity in the

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To: The Chief Justice
Mr. Justice Brear
Justice White
Justice Marnette
Justice Black
Justice Page
Justice Rehnquist
Justice Souter

From: Mr. Justice

No. 77-747, ALLIED STRUCTURAL STEEL CO. v. SPANNAUS

Decided: 8 MAY 1978

Circulated:

MR. JUSTICE STEWART delivered the opinion of the Court.

The issue in this case is whether the application of Minnesota's Private Pension Benefits Protection Act^{1/} to the appellant violates the Contract Clause of the United States Constitution.

I

In 1974 appellant Allied Structural Steel Company (the company), a corporation with its principal place of business in Illinois, maintained an office in Minnesota with thirty employees. Under the company's general pension plan, adopted in 1963 and qualified as a single-employer plan under section 401 of the Internal Revenue Code, ^{2/} salaried employees were covered as follows: At age sixty-five an employee was entitled to retire and receive a monthly pension generally computed by multiplying one percent of his average monthly earnings by the total number of his years of employment with the company. ^{3/} Thus an employee aged sixty-five or more could retire without satisfying any particular length of service requirement, but the size of his pension would reflect the length of his service with the company. ^{4/} An employee could also become entitled to receive a pension, payable in full at age sixty-five, if he

To: The Chief Justice
Mr. Justice Brennan
Mr. Justice White
✓ Mr. Justice Marshall
Mr. Justice Blackmun
Mr. Justice Powell
Mr. Justice Hahnquist
Mr. Justice Stevens

From: Mr. Justice Stewart

Circulated: _____

Recirculated: 2 JUN 1978

1st DRAFT

SUPREME COURT OF THE UNITED STATES

No. 77-747

Allied Structural Steel Company,
Appellant,
v.
Warren Spannaus et al. } On Appeal from the United
States District Court for
the District of Minnesota.

[June —, 1978]

MR. JUSTICE STEWART delivered the opinion of the Court.

The issue in this case is whether the application of Minnesota's Private Pension Benefits Protection Act¹ to the appellant violates the Contract Clause of the United States Constitution.

I

In 1974 appellant Allied Structural Steel Company (the company), a corporation with its principal place of business in Illinois, maintained an office in Minnesota with 30 employees. Under the company's general pension plan, adopted in 1963 and qualified as a single-employer plan under § 401 of the Internal Revenue Code,² salaried employees were covered as follows: At age 65 an employee was entitled to retire and receive a monthly pension generally computed by multiplying 1% of his average monthly earnings by the total number of his years of employment with the company.³ Thus an employee aged 65 or more could retire without satisfying any

¹ Minn. Stat. § 181B.01 *et seq.* (1974). This is the same Act that was considered in *Malone v. White Motor Corp.*, — U. S. —, a case presenting a quite different legal issue.

² The plan was not the result of a collective-bargaining agreement, and no such agreement is at issue in this case.

³ The employee could elect to receive instead a lump-sum payment.

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE POTTER STEWART

June 5, 1978

Re: No. 77-747, Allied Structural Steel Co.
v. Spannaus

Dear John,

I have drafted a new paragraph to be added to this opinion in an effort to meet your concerns -- concerns that I fully understand. The paragraph is enclosed. It will be inserted immediately before the final paragraph of the present draft, and a few minor modifications will need to be made in the next preceding paragraphs in order to avoid conspicuous repetition.

Bill Rehnquist has joined the opinion as originally circulated. Unless I hear from him to the contrary, however, I shall assume the addition of this new material will be acceptable to him.

Sincerely yours,

? S.

Mr. Justice Stevens

Copies to the Conference

This Minnesota law simply does not possess the attributes of those state laws that in the past have survived challenge under the Contract Clause of the Constitution. The law was not even purportedly enacted to deal with a broad emergency, or even with a generalized economic or social problem. It was not addressed to "the protection of a basic interest of society," but rather to "the advantage of particular individuals." Home Building & Loan Ass'n v. Blaisdell, 290 U.S. at 445. It did not operate in an area already subject to state regulation at the time the company's contractual obligations were originally undertaken, but invaded an area never before subject to regulation by the State. Cf. Veix v. Sixth Ward Ass'n, 310 U.S. at 38.^{21/} It did not effect simply a temporary alteration of the contractual relationships of those within its coverage, but worked a

RECORDED

To: The Chief Justice
Mr. Justice Brennan
Mr. Justice White
✓ Mr. Justice Marshall
Mr. Justice Blackmun
Mr. Justice Powell
Mr. Justice Rehnquist
Mr. Justice Stevens

From: Mr. Justice Stewart

Circulated: _____

Recirculated: 7 JUN 1973

2nd DRAFT

SUPREME COURT OF THE UNITED STATES SEE PAGES: 9,

No. 77-747

Allied Structural Steel Company, | On Appeal from the United
Appellant, | States District Court for
v. | the District of Minnesota.
Warren Spannaus et al.

[June —, 1978]

MR. JUSTICE STEWART delivered the opinion of the Court.

The issue in this case is whether the application of Minnesota's Private Pension Benefits Protection Act¹ to the appellant violates the Contract Clause of the United States Constitution.

I

In 1974 appellant Allied Structural Steel Company (the company), a corporation with its principal place of business in Illinois, maintained an office in Minnesota with 30 employees. Under the company's general pension plan, adopted in 1963 and qualified as a single-employer plan under § 401 of the Internal Revenue Code,² salaried employees were covered as follows: At age 65 an employee was entitled to retire and receive a monthly pension generally computed by multiplying 1% of his average monthly earnings by the total number of his years of employment with the company.³ Thus an employee aged 65 or more could retire without satisfying any

¹ Minn. Stat. § 181B.01 *et seq.* (1974). This is the same Act that was considered in *Malone v. White Motor Corp.*, — U. S. —, a case presenting a quite different legal issue.

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Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE POTTER STEWART

June 15, 1978

MEMORANDUM TO THE CONFERENCE:

Re: 77-747, Allied Structural Steel Co.
v. Spannaus

At an appropriate place in this opinion, I propose to add a footnote along the following general lines:

"The novel construction of the Contract Clause expressed in the dissenting opinion is wholly contrary to the decisions of this Court. The narrow view that the Clause forbids only state laws that diminish the duties of a contractual obligor, and not laws that increase them, a view arguably suggested by Satterlee v. Matthewson, 2 Pet. 380 (1829), has since been expressly repudiated. Detroit United Ry. v. Michigan, 242 U. S. 238; Georgia Ry. & Power Co. v. Decatur, 262 U. S. 432. And the even narrower view that the Clause is limited in its application to state laws relieving debtors of obligations to their creditors is, of course, completely at odds with this Court's decisions (citing Dartmouth College case and others).

P. S.

To: The Chief Justice
Mr. Justice Brennan
Mr. Justice White
✓ Mr. Justice Marshall
Mr. Justice Blackmun
Mr. Justice Powell
Mr. Justice Rehnquist
Mr. Justice Stevens

From: Mr. Justice Stewart

3rd DRAFT

Circulated: _____

SUPREME COURT OF THE UNITED STATES

Circulated: 23 JUN 1978

No. 77-747

SEE PAGES: 9-13

Allied Structural Steel Company, Appellant,
v.
Warren Spannaus et al. } On Appeal from the United States District Court for the District of Minnesota.

[June —, 1978]

MR. JUSTICE STEWART delivered the opinion of the Court.

The issue in this case is whether the application of Minnesota's Private Pension Benefits Protection Act¹ to the appellant violates the Contract Clause of the United States Constitution.

I

In 1974 appellant Allied Structural Steel Company (the company), a corporation with its principal place of business in Illinois, maintained an office in Minnesota with 30 employees. Under the company's general pension plan, adopted in 1963 and qualified as a single-employer plan under § 401 of the Internal Revenue Code,² salaried employees were covered as follows: At age 65 an employee was entitled to retire and receive a monthly pension generally computed by multiplying 1% of his average monthly earnings by the total number of his years of employment with the company.³ Thus an employee aged 65 or more could retire without satisfying any

¹ Minn. Stat. § 181B.01 *et seq.* (1974). This is the same Act that was considered in *Malone v. White Motor Corp.*, — U. S. —, a case presenting a quite different legal issue.

² The plan was not the result of a collective-bargaining agreement, and no such agreement is at issue in this case.

³ The employee could elect to receive instead a lump-sum payment.

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE POTTER STEWART

June 26, 1978

MEMORANDUM TO THE CONFERENCE

Re: Case heretofore held for No. 77-747, Allied Structural Steel Co. v. Spannaus

An appeal from a California Court of Appeals, Black v. Payne, No. 77-929, has been held for Allied Structural Steel Co. v. Spannaus, No. 77-747. In Black v. Payne, a California civil service employee was forced to retire at age 69 pursuant to a recent state law that changed the mandatory retirement age from 70 to 67 over a gradual period of time. In state court the appellant claimed that the earlier retirement date impaired his contractual right to work until age 70.

The state court dismissed the complaint for failure to state a claim upon which relief could be granted, relying on a California Supreme Court decision, Miller v. California, 18 C.3d 808 (en banc). In Miller, the identical claim was made, and was rejected on the basis that a definite retirement age had never been a contractual term of employment for state civil service employees: "[I]t is well settled in California that public employment is not held by contract but by statute and that, insofar as the duration of such employment is concerned, no employee has a vested contractual right to continue in employment beyond the time or contrary to the terms and conditions fixed by law." Id., at 813 (citations omitted).

Because there is no substantial claim that a contractual term has been impaired, a full analysis under the Contract Clause is unnecessary. Accordingly, Allied Structural Steel does not bear on this appeal. Thus, I will vote to dismiss for want of a substantial federal question.

P.S.

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE BYRON R. WHITE

June 6, 1978

Re: 77-747 - Allied Structural Steel
Company v. Spannaus

Dear Potter,

I shall await the dissent.

Sincerely yours,



Mr. Justice Stewart

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE BYRON R. WHITE

June 19, 1978

Re: 77-747 - Allied Structural Steel
v. Spannaus

Dear Bill,

Please join me in your dissenting
opinion in this case.

Sincerely yours,



Mr. Justice Brennan

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE THURGOOD MARSHALL

June 8, 1978

Re: No. 77-747 - Allied Structural Steel v. Spannaus

Dear Potter:

I await the dissent.

Sincerely,

T.M.
T.M.

Mr. Justice Stewart

cc: The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE THURGOOD MARSHALL

June 15, 1978

Re: No. 77-747 - Allied Structural Steel v. Spannaus

Dear Bill:

Please join me.

sincerely,

J.M.

T.M.

Mr. Justice Brennan

cc: The Conference

April 29, 1978

No. 77-747 Fleck v. Spannaus

Dear Chief:

At the Conference yesterday, I reserved my vote to enable me to give further thought to this important and difficult case.

Although I continue to think the question is a close one in light of the more recent Contract Clause cases, I also am impressed by the argument that if we sustain the Minnesota statute little substance will remain in the Contract Clause with respect to private obligations. Accordingly, I now cast a tentative vote in favor of reversal.

Sincerely,

The Chief Justice

lfp/ss

June 16, 1978

No. 77-747 Spannaus

Dear Potter:

As you may recall, I "passed" at the Conference as I had been in considerable doubt as to the effect of last Term's decision in New Jersey Trust Co.

In that case, the Court drew a distinction between a state's own contracts and those between private parties, and established a presumption in favor of legislation affecting the latter.

Following the Conference discussion (which was quite helpful), I voted with you.

But it does seem to me that your opinion moves by New Jersey Trust rather fast. As I found that case quite troublesome - and still do to some extent - I would appreciate your considering the change on page 11 and the addition of footnotes along the lines of my enclosures. With these additions, I'll be glad to join.

Sincerely,

Mr. Justice Stewart

lfp/ss

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE LEWIS F. POWELL, JR.

June 19, 1978

No. 77-747 Fleck v. Spannaus

Dear Potter:

This will confirm our conversations from which I understand that you are adopting my proposed addition on page 11, adding the suggested footnote also on page 11, and the first two sentences of the footnote suggested for page 8 or 9.

With these changes, I am glad to join your opinion.

Sincerely,



Mr. Justice Stewart

lfp/ss

cc: The Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE WILLIAM H. REHNQUIST

May 31, 1978

Re: No. 77-747 Allied Structural Steel Co. v. Spannaus

Dear Potter:

Please join me.

Sincerely,



Mr. Justice Stewart

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE JOHN PAUL STEVENS

May 1, 1978

Re: 77-747 - Fleck v. Spannaus

Dear Chief:

Although I must confess that I still have some doubts about this case, my further study persuades me to adhere to my Conference vote to reverse.

My principal reasons are (1) that I can find no case under Article I, Sec. 10 which has sanctioned such an extreme retroactive impairment; and (2) if nothing more than a rational basis is required to justify an impairment, the Clause is virtually meaningless. I cannot believe the Court intended any such result in Blaisdell. In any event, my vote to reverse stands.

Respectfully,



The Chief Justice

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE JOHN PAUL STEVENS

May 31, 1978

Re: 77-747 - Allied Structural Steel
Co. v. Spannaus

Dear Potter:

Although I am quite sure I will join your opinion, I may try my hand at two or three additional paragraphs.

Respectfully,



Mr. Justice Stewart

Copies to the Conference

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE JOHN PAUL STEVENS

June 5, 1978

Re: 77-747 - Allied Structural Steel Co.
v. Spannaus

Dear Potter:

Please join me.

Respectfully,



Mr. Justice Stewart

Copies to the Conference