# SCHWARTZ ADMINISTRATIVE LAW

A Casebook

Little, Brown and Company

# Administrative Law A CASEBOOK

## Bernard Schwartz

EDWIN D. WEBB PROFESSOR OF LAW NEW YORK UNIVERSITY SCHOOL OF LAW



LITTLE, BROWN AND COMPANY BOSTON AND TORONTO



#### Copyright © 1977 by Bernard Schwartz

All rights reserved. No part of this book may be reproduced in any form or by any electronic or mechanical means including information storage and retrieval systems without permission in writing from the publisher, except by a reviewer who may quote brief passages in a review.

Library of Congress Catalog Card No. 77-71506

Fourth Printing

## Administrative Law A CASEBOOK

## LITTLE, BROWN AND COMPANY

Law Book Division

Editorial Advisory Board

#### A. JAMES CASNER, CHAIRMAN Austin Wakeman Scott Professor of Law, Harvard University

## FRANCIS A. ALLEN Edson R. Sunderland Professor of Law, University of Michigan

CLARK BYSE Byrne Professor of Administrative Law, Harvard University

# THOMAS EHRLICH Professor of Law, Stanford University (on leave) President, Legal Services Corporation

GEOFFREY C. HAZARD, JR. John A. Garver Professor of Law, Yale University

### FRANK C. NEWMAN Jackson H. Ralston Professor of International Law, University of California at Berkeley

WILLIS L. M. REESE Charles Evans Hughes Professor of Law and Director, Parker School of Foreign and Comparative Law, Columbia University

# BERNARD WOLFMAN Fessenden Professor of Law, Harvard University

## FOR BRIAN

who persuaded me to undertake this casebook

## **Preface**

Though I have been teaching administrative law for thirty years, I had never deemed it necessary to prepare a casebook in the subject. This was true despite the fact that none of the existing casebooks was entirely adequate for my teaching purposes. The gap in this respect was filled by photocopied materials reproduced for my classes. In recent years, however, it has become apparent that many colleagues shared my views on the existing casebooks; a number of them urged me to work on a casebook, in addition to my student text. If additional stimulus was needed, it came from my son while he was a law student; he stressed the importance of the casebook in molding the basic thinking of students and induced me to give my teaching techniques to a wider audience than my classes alone.

This casebook is the result of these urgings. It covers all the subjects appropriate to the administrative law course. The emphasis is, as it should be in a field whose outstanding characteristic is the rapid pace of its unfolding, upon recent cases and materials. But the overall approach is perhaps more traditional than in other casebooks. I have always felt it necessary for students to obtain a foundation in the nature of administrative agencies, the powers delegated to them, and how they function, before they can go on to administrative procedure and judicial review. In particular, it has always seemed to me that judicial review should come at the end of the course, as it comes at the end of an administrative law proceeding, after the agency decision. The chapter order need not, however, be inflexible, and the judicial review chapter (Chapter 7) can easily be dealt with after the chapter on delegation (Chapter 2), if the instructor so desires.

BERNARD SCHWARTZ

# Summary of Contents

Preface		xix
CHAPTER 1	Introduction	1
CHAPTER 2	Delegation of Powers	73
CHAPTER 3	Investigations and Information	161
CHAPTER 4	Rules and Rule-Making	231
CHAPTER 5	Right to Be Heard	297
CHAPTER 6	Evidentiary Hearings and Decisions	391
CHAPTER 7	Judicial Review	541
appendix <b>A</b>	Federal Administrative Procedure Act	703
appendix B	Revised Model State Administrative Procedure Act	719
Table of Cas Index	res	725 735

# Contents

Preface		xix
Chapter 1	INTRODUCTION	1
A. What Is A	dministrative Law?	1
	Barnard v. Carey	1
	Notes	3
B. Administr	rative Agencies	5
	Federal APA §551	5
	Note	5
	Mulhearn v. Federal Shipbuilding & Dry Dock Co.	5
	Notes	10
	Schwartz & Wade, Legal Control of Government	11
	Notes	14
C. Some Age	ncy Characteristics	15
	Attorney General's Comm. on Administrative Procedure,	
	Final Report	15
	Loevinger, The Administrative Agency as a Paradigm of	
	Government	17
	SSA Claims in Fiscal 1976	19
	Notes	20
D. Appointm	ent and Composition	21
	Buckley v. Valeo	21
	Schwartz & Wade, Legal Control of Government	26
	Humane Society v. State Fish & Game Council	29
	Notes	33

	_	
x	( 'An	tents
	CUII	rents.

E.	Crisis in the Commissions?	34
	Schwartz, Crisis in the Commissions	34
	Note	37
	Landis, Report on Regulatory Agencies to the President-	
	Elect	38
	Note	42
	Freedman, Crisis and Legitimacy in the Administrative	
	Process	43
	Commoner, Law from the Perspective of Ecology	45
F.	Changing Administrative Law Conceptions	46
	Gellhorn & Robinson, Perspective on Administrative Law	46
	Notes	48
G.	Administrative Reform	49
	Presidential Message to Congress	49
	Government Reform Act	5 1
	Nerenberg, Regulatory Reform in a Nutshell	54
	Sunset Laws (Colo.)	59
	Government Economy and Spending Reform Act	63
	Notes	70
	Jaffe, The Illusion of the Ideal Administration	71
Cl	hapter 2 DELEGATION OF POWERS	73
	-	, -
A.	Legislative Power	74
	1. Separation and Delegation	75
	Panama Refining Co. v. Ryan	78
	Notes	84
	2. Contingent Delegation	85
	3. Subordinate Delegation	85
	4. Delegation Running Riot	87
	A. L. A. Schechter Poultry Corp. v. United States	89
	Notes	93
	5. Post-1935 Federal Cases	94
	Amalgamated Meat Cutters v. Connally	97
		104
	_ ~	105
		105
	Communications Act of 1934	110
		111
		113
	3 T	115
	- D	117
		119
	TTT 1 4 mm 4 mm 1	119
	Wright, Beyond Discretionary Justice	120

Contents	Xi
B. Judicial Power	122
Senate Debate on Federal Trade Commission Act	122
Notes	123
State v. Mechem	123
Notes	126
Atlas Roofing Co. v. Occupational Safety & Health	
Review Commn.	128
Notes	135
Morris, The Criminal Law	135
Carrow & Reese, State Problems of Mass Administrative Justice	137
Notes	138
Rosenthal v. Hartnett	139
Notes	141
C. Sanctions, Remedies and Penalties	141
United States v. Grimaud	141
Notes	143
1. Remedies	144
a. Damages	144
b. Injunctions	146
2. Penalties and Fines	148
City of Waukegan v. Pollution Control Board	148
Notes	151
Imprisonment	152
Abel v. United States	152
Notes	157
Chapter 3 INVESTIGATIONS AND INFORMATION	161
A. Records and Reports	162
Comments	162
B. Inspections	166
Schwartz, Crucial Areas in Administrative Law	166
Notes	167
Camara v. Municipal Court	168
Notes	174
1. Business Premises	174
Comments	174
United States v. Biswell	176
Notes	178
CAB v. United Airlines, Inc.	180
Notes	183
2. Welfare Inspections	184
Comments	186

• •	•	
X11	เกท	tents
VII.	$\sim$	tCII to

C. Subpoenas	186
Comments	186
Endicott Johnson Corp. v. Perkins	192
Oklahoma Press Publishing Co. v. Walling	193
Notes	197
FTC v. American Tobacco Co.	199
Notes	200
Hermann v. CAB	201
CAB v. Hermann	204
Notes	205
Schwartz, The Professor and the Commissions	
Notes	208
Note: Administrative Procedure Act	210
D. Information as Sanction	211
Ajay Nutrition Foods, Inc. v. Food & Drug Ac	
tion	211
Notes	214
E. Freedom of Information	218
Freedom of Information Act	218
	221
Notes	222
Environmental Protection Agency v. Mink Notes	225
F. Sunshine Laws	226
Government in the Sunshine Act	226
Notes	229
Chapter 4 RULES AND RULE-MAKING	231
Schwartz, Administrative Terminology and the	e APA 231
People v. Cull	236
Notes	238
A. Substantive Rules	240
National Petroleum Refiners Assn. v. FTC	240
Notes	246
Other Types of Rules	248
B. Legal Effect	248
United States v. Nixon	248
Notes	251
C. Publication	254
Federal Crop Ins. Corp. v. Merrill	254
Notes	256
D. Excursus on Estoppel	258
Asimow, Advice to the Public from Federal A	
tive Agencies	259
Notes	261
110103	201

Con	ntents	<u>xiii</u>
E. Pula Making Procedure		264
E. Rule-Making Procedure Federal APA §553		264
Notes		265
United States v. Florida East Coast R. Co.		267
Notes		274
F. Rules versus Orders		277
NLRB v. Bell Aerospace Co.		277
Notes		281
NLRB v. Wyman-Gordon Co.		282
Notes		290
G. Legislative Review		291
Administrative Rule Making Reform Act		291
House Comm. on the Judiciary, Report Approving	σ	2/1
H.R. 12048	5	292
Notes		295
Notes		275
Chapter 5 RIGHT TO BE HEARD		297
Kantrowitz, Controlling Technology Democratica	lly	297
Notes	,	301
A. Procedural Due Process		301
Comments		301
B. Legislative versus Judicial Functions		303
Bi-Metallic Investment Co. v. Colorado		303
Notes		304
C. Waiver		308
National Indep. Coal Operator's Assn. v. Kleppe		308
Notes		310
D. General versus Particular Rules		312
Anaconda Co. v. Ruckelshaus		312
Notes		316
E. Postponed Hearings		318
Comments		318
F. Emergency Cases		320
North American Cold Storage Co. v. Chicago		320
Notes		322
G. Privileges		324
Smith v. Liquor Control Commn.		324
Notes		326
H. Privileges to Entitlements		329
Comments		329
Gonzalez v. Freeman		330
Notes		333
Goldberg v. Kelly		335
Notes		338

	•
Vitt	Contents
XIV	Contents

	Goss v. Lopez	341
	Notes	346
	Friendly, "Some Kind of Hearing"	347
	Notes	348
	Arnett v. K <del>e</del> nnedy	350
	Notes	358
	Mathews v. Eldridge	360
	Notes	369
I.	Hearing Requirements	370
	Goldberg v. Kelly	370
	Notes	372
	Friendly, Foreword to Schwartz & Wade, Legal Control	
	of Government	374
J.	Mass Justice and Adversary Procedure	376
	Comments	376
K.	Flexible Due Process	381
	Geneva Towers Tenants Org. v. Federated Mortgage Inv.	381
	Notes	386
C	hapter 6 EVIDENTIARY HEARINGS AND	
C	hapter 6 EVIDENTIARY HEARINGS AND DECISIONS	391
	DECIDION	371
Α.	Parties in Interest and Intervention	391
	Office of Communication v. FCC	391
	Notes	398
	Ashbacker Radio Corp. v. FCC	401
	Notes	403
В.	Notice and Pleadings	404
	Comments	404
	Kuhn v. CAB	405
	Notes	407
C.	Nature of Hearing	410
	Fitzgerald v. Hampton	410
	Notes	412
D.	Counsel	414
	Madera v. Board of Education	415
	Notes	417
E.	From Examiners to Administrative Law Judges	419
	Browning-Ferris Industries v. State	419
	Notes	420
	Federal APA §556	422
	Notes	423
	Notice of Change of Title	424

	tor, the same that the same transfer	Contents	xv
		Notes	424
			424
		Dullea, Development of the Personnel Program for	425
		Administrative Law Judges Notes	425 426
Б	D:	Notes	
Г.	Bias	Cibaan w Damushill	428 428
		Gibson v. Berryhill Notes	430
		FTC v. Cement Institute	430
		Notes	433
C	Doctrino of		
G.	Doctrine of	Comments	436
LI	Combinatio	n of Functions	436
П.	Combinatio	Withrow v. Larkin	437
		Notes	437
			443
		Schwartz, Administrative Justice and Its Place in the Legal Order	115
		Notes	445
		- ·	447
		Wong Yang Sung v. McGrath Notes	448 452
ī	Evidence	Notes	
1.	Evidence	Comments	457 457
		Young v. Board of Pharmacy	100000
		Notes	458 460
		Richardson v. Perales	461
		Notes	469
ī	Burden of I		470
J.	Duruen or 1	Rosenthal v. Hartnett	470
		Notes	
K	Illegal Evid		471 472
IX.	megai Evid	Governing Board v. Metcalf	
		Notes	472 474
T	Evalucivana	ess of Record	474
L.	Exclusivene	Sharp v. Department of Public Welfare	475
		Notes	
		Brown-Pacific-Maxon Co. v. Toner	476 477
		Notes	2002
М	Official Not		479
IVI.	Official 1400	Market St. Ry. v. Railroad Commission	482 482
		Notes	484
		NLRB v. Milk Drivers & Dairy Employees	
		Notes	486 489
N	Decision Pr	A.	491
	Decision 11	Morgan v. United States	491
		Notes	493
			173

XVI	Contents

Florida Economic Advisory Council v. FPC	497
Notes	499
Mazza v. Cavicchia	503
Notes	507
O. APA Decision Process	510
Federal APA §557	510
Notes	511
FCC v. Allentown Broadcasting Corp.	512
Notes	513
Wong Yang Sung v. McGrath	514
Notes	517
Northeast Broadcasting, Inc. v. FCC	519
Notes	521
P. Decisions and Findings	524
KFC National Management Corp. v. NLRB	524
Notes	526
Illinois v. United States	527
Notes	530
Citizens to Preserve Overton Park v. Volpe	532
Notes	536
Q. Reasons and Opinions	536
Comments	536
Schwartz, The Professor and the Commissions	537
Notes	539
Chapter 7 JUDICIAL REVIEW	541
Attorney General's Comm. on Administrative	
Procedure, Final Report	541
Schwartz & Wade, Legal Control of Government	543
Notes	545
A. Statutory Silence	546
Stark v. Wickard	546
Notes	550
B. Statutory Preclusion	551
Shaughnessy v. Pedreiro	551
Notes	553
Ortwein v. Schwab	554
Notes	557
Johnson v. Robison	557
Notes	560
C. APA and Availability of Review	561
Citizens to Preserve Overton Park v. Volpe	561
Notes	563

	Contents	xvii
D	Standing	565
D.	Standing Boryszewski v. Brydges	565
	Notes	566
	Association of Data Processing Service Organizations v.	500
	Camp	567
	Barlow v. Collins	571
	Notes	577
	Notes: Competitor and Consumer Standing	580
	United States v. Students Challenging Regulatory	500
	Agency Procedures (SCRAP)	581
	Notes	586
F	Primary Jurisdiction	588
	United States v. Western Pacific R.R.	588
	Notes	591
	Far East Conference v. United States	592
	Notes	594
	Ricci v. Chicago Mercantile Exchange	595
	Notes	602
	Nader v. Allegheny Airlines, Inc.	602
	Notes	608
F.	Exhaustion of Administrative Remedies	609
	Comments	609
	Myers v. Bethlehem Shipbuilding Corp.	611
	Ward v. Keenan	614
	Notes	616
G.	Ripeness for Review	619
	Abbott Laboratories v. Gardner	619
	Notes	623
H	Forms of Review Action	625
	Comments	625
	1. Federal Forms of Action	626
	Degge v. Hitchcock	626
	Schwartz & Wade, Legal Control of Government	628
	Notes	629
	Califano v. Sanders	631
	Notes	634
	2. State Forms of Action	635
	Comments	635
I.	Enforcement Proceedings	637
	United States v. England	637
	Notes	641
J.	Tort Suits as Review Actions	642
	Barr v. Matteo	642
	Notes	646