

Case 2.3

(Cite as: 532 U.S. 105, 121 S.Ct. 1302)

149 L.Ed.2d 234, 69 USLW 4195, 85 Fair Empl.Prac.Cas. (BNA) 266, 79 Empl. Prac. Dec. P 40,401, 143 Lab.Cas. P 10,939, 17 IER Cases 545, 1 Cal. Daily Op. Serv. 2250, 2001 Daily Journal D.A.R. 2849, 14 Fla. L. Weekly Fed. S 139, 2001 DJCAR 1466

Supreme Court of the United States

CIRCUIT CITY STORES, INC., Petitioner,

v.

Saint Clair ADAMS.

No. 99-1379.

Argued Nov. 6, 2000.

Decided March 21, 2001.

**1306 *109 Justice KENNEDY delivered the opinion of the Court.

Section 1 of the Federal Arbitration Act (FAA) excludes from the Act's coverage "contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce." 9 U.S.C. § 1. All but one of the Courts of Appeals which have addressed the issue interpret this provision as exempting contracts of employment of transportation workers, but not other employment contracts, from the FAA's coverage. A different interpretation has been adopted by the Court of Appeals for the Ninth Circuit, which construes the exemption so that all contracts of employment are beyond the FAA's reach, whether or not the worker is engaged in transportation. It applied that rule to the instant case. We now decide that the better interpretation is to construe the statute, as most of the Courts of Appeals have done, to confine the exemption to transportation workers.

I

In October 1995, respondent Saint Clair Adams applied for a job at petitioner Circuit City Stores, Inc., a national retailer of consumer electronics. Adams signed an employment application which included the following provision:

"I agree that I will settle any and all previously unasserted claims, disputes or controversies arising out of or *110 relating to my application or candidacy for employment, employment and/or cessation of employment with Circuit City, exclusively by final and binding arbitration before a neutral Arbitrator. By way of example only, such claims include claims under federal, state, and local statutory or common law, such as the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, including the amendments of the Civil Rights Act of 1991, the Americans with Disabilities Act, the law of contract and the law of tort." App. 13 (emphasis in original).

Adams was hired as a sales counselor in Circuit City's store in Santa Rosa, California.

Two years later, Adams filed an employment discrimination lawsuit against Circuit City in state court, asserting claims under California's Fair Employment and Housing Act, Cal. Govt.Code Ann. § 12900 et seq. (West 1992 and Supp.1997), and other claims based on general tort theories under California law. Circuit City filed suit in the United States District Court for the Northern District of California, seeking to enjoin the state-court action and to compel arbitration of respondent's claims pursuant to the FAA, 9 U.S.C. §§ 1-16. The District Court entered the requested order. Respondent, the court concluded, was obligated by the arbitration agreement to submit his claims against the employer to binding arbitration. An appeal followed.

While respondent's appeal was pending in the Court of Appeals for the Ninth Circuit, the court ruled on the key issue in an unrelated case. The court held the FAA does not apply to contracts of employment. See *Craft v. Campbell Soup Co.*, 177 F.3d 1083 (C.A.9 1999). In the instant case, following the rule announced in *Craft*, the Court of Appeals held the arbitration agreement between Adams and Circuit City was contained in a "contract of employment," and so was not subject to the FAA. 194 F.3d 1070 (C.A.9 1999). Circuit City petitioned this Court, noting that the Ninth Circuit's *111 conclusion that all employment contracts are excluded from the FAA conflicts with every other Court of Appeals to have addressed the

question. See, e.g., *McWilliams v. Logicon, Inc.*, 143 F.3d 573, 575-576 (C.A.10 1998); *O'Neil v. Hilton Head Hospital*, 115 F.3d 272, 274 (C.A.4 1997); *Pryner v. Tractor Supply Co.*, 109 F.3d 354, 358 (C.A.7 1997); *Cole v. Burns Int'l Security Servs.*, 105 F.3d 1465, 1470-1472 (C.A.D.C.1997); *Rojas v. TK Communications, Inc.*, 87 F.3d 745, 747-***1307 748 (C.A.5 1996); *Asplundh Tree Co. v. Bates*, 71 F.3d 592, 596-601 (C.A.6 1995); *Erving v. Virginia Squires Basketball Club*, 468 F.2d 1064, 1069 (C.A.2 1972); *Dickstein v. duPont*, 443 F.2d 783, 785 (C.A.1 1971); *Tenney Engineering, Inc. v. United Elec. & Machine Workers of Am.*, 207 F.2d 450 (C.A.3 1953). We granted certiorari to resolve the issue. 529 U.S. 1129, 120 S.Ct. 2004, 146 L.Ed.2d 955 (2000).

II

A

Congress enacted the FAA in 1925. As the Court has explained, the FAA was a response to hostility of American courts to the enforcement of arbitration agreements, a judicial disposition inherited from then-longstanding English practice. See, e.g., *Allied-Bruce Terminix Cos. v. Dobson*, 513 U.S. 265, 270-271, 115 S.Ct. 834, 130 L.Ed.2d 753 (1995); *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20, 24, 111 S.Ct. 1647, 114 L.Ed.2d 26 (1991). To give effect to this purpose, the FAA compels judicial enforcement of a wide range of written arbitration agreements. The FAA's coverage provision, § 2, provides that

"[a] written provision in any maritime transaction or a contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising out of such contract or transaction, or the refusal to perform the whole or any part thereof, or an agreement in writing to submit to arbitration an existing controversy arising out of such a contract, transaction, or refusal, shall be valid, irrevocable, and enforceable, save upon such *112 grounds as exist at law or in equity for the revocation of any contract." 9 U.S.C. § 2.

We had occasion in *Allied-Bruce*, supra, at 273-277, 115 S.Ct. 834, to consider the significance of Congress' use of the words "involving commerce" in § 2. The analysis began with a reaffirmation of earlier decisions concluding that the FAA was enacted pursuant to Congress' substantive power to regulate interstate commerce and admiralty, see *Prima Paint Corp. v. Flood & Conklin Mfg. Co.*, 388 U.S. 395, 405, 87 S.Ct. 1801, 18 L.Ed.2d 1270 (1967), and that the Act was applicable in state courts and pre-emptive of state laws hostile to arbitration, see *Southland Corp. v. Keating*, 465 U.S. 1, 104 S.Ct. 852, 79 L.Ed.2d 1 (1984). Relying upon these background principles and upon the evident reach of the words "involving commerce," the Court interpreted § 2 as implementing Congress' intent "to exercise [its] commerce power to the full." *Allied-Bruce*, supra, at 277, 115 S.Ct. 834.

The instant case, of course, involves not the basic coverage authorization under § 2 of the Act, but the exemption from coverage under § 1. The exemption clause provides the Act shall not apply "to contracts of employment of seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce." 9 U.S.C. § 1. Most Courts of Appeals conclude the exclusion provision is limited to transportation workers, defined, for instance, as those workers "actually engaged in the movement of goods in interstate commerce." *Cole*, supra, at 1471. As we stated at the outset, the Court of Appeals for the Ninth Circuit takes a different view and interprets the § 1 exception to exclude all contracts of employment from the reach of the FAA. This comprehensive exemption had been advocated by amici curiae in *Gilmer*, where we addressed the question whether a registered securities representative's employment discrimination claim under the Age Discrimination in Employment Act of 1967, 81 Stat. 602, as amended, 29 U.S.C. § 621 et seq., could be submitted to arbitration pursuant to an agreement in his securities registration application. *113 Concluding that the application was not a "contract of employment" at all, we found it unnecessary to reach the meaning of § 1. See *Gilmer*, supra, at 25, n. 2, 111 S.Ct. 1647. There is no such **1308 dispute in this case; while Circuit City argued in its petition for certiorari that the employment application signed by Adams was not a "contract of employment," we declined to grant certiorari on this point. So the issue reserved in *Gilmer* is presented here.

B

[1] Respondent, at the outset, contends that we need not address the meaning of the § 1 exclusion provision to decide the case in his favor. In his view, an employment contract is not a "contract evidencing a transaction involving interstate commerce" at all, since the word "transaction" in § 2 extends only to commercial contracts. See *Craft*, 177 F.3d, at 1085 (concluding that § 2 covers only "commercial deal[s] or merchant's sale [s]"). This line of reasoning proves too much, for it would make the § 1 exclusion provision superfluous. If all contracts of employment are beyond the scope of the Act under the § 2 coverage provision, the separate exemption for "contracts of employment of seamen, railroad employees, or any other class of workers engaged in ... interstate commerce" would be pointless. See, e.g., *Pennsylvania Dept. of Public Welfare v. Davenport*, 495 U.S. 552, 562, 110 S.Ct. 2126, 109 L.Ed.2d 588 (1990) ("Our cases express a deep reluctance to interpret a statutory provision so as to render superfluous other provisions in the same enactment"). The proffered interpretation of "evidencing a transaction involving commerce," furthermore, would be inconsistent with *Gilmer v. Interstate/Johnson Lane Corp.*, 500 U.S. 20, 111 S.Ct. 1647, 114 L.Ed.2d 26 (1991), where we held that § 2 required the arbitration of an age discrimination claim based on an agreement in a securities registration application, a dispute that did not arise from a "commercial deal or merchant's sale." Nor could respondent's construction of § 2 be reconciled with the expansive reading of those words adopted in *Allied-Bruce*, 513 U.S., at 277, 279-280, 115 S.Ct. 834. If, then, *114 there is an argument to be

made that arbitration agreements in employment contracts are not covered by the Act, it must be premised on the language of the § 1 exclusion provision itself.

Respondent, endorsing the reasoning of the Court of Appeals for the Ninth Circuit that the provision excludes all employment contracts, relies on the asserted breadth of the words "contracts of employment of ... any other class of workers engaged in ... commerce." Referring to our construction of § 2's coverage provision in *Allied-Bruce*--concluding that the words "involving commerce" evidence the congressional intent to regulate to the full extent of its commerce power--respondent contends § 1's interpretation should have a like reach, thus exempting all employment contracts. The two provisions, it is argued, are coterminous; under this view the "involving commerce" provision brings within the FAA's scope all contracts within the Congress' commerce power, and the "engaged in ... commerce" language in § 1 in turn exempts from the FAA all employment contracts falling within that authority.

[2][3] This reading of § 1, however, runs into an immediate and, in our view, insurmountable textual obstacle. Unlike the "involving commerce" language in § 2, the words "any other class of workers engaged in ... commerce" constitute a residual phrase, following, in the same sentence, explicit reference to "seamen" and "railroad employees." Construing the residual phrase to exclude all employment contracts fails to give independent effect to the statute's enumeration of the specific categories of workers which precedes it; there would be no need for Congress to use the phrases "seamen" and "railroad employees" if those same classes of workers were subsumed within the meaning of the "engaged in ... commerce" residual clause. The wording of § 1 calls for the application of the maxim *eiusdem generis*, the statutory canon that "[w]here general words follow specific words in a statutory *1309 enumeration, the general words are construed to *115 embrace only objects similar in nature to those objects enumerated by the preceding specific words." 2A N. Singer, *Sutherland on Statutes and Statutory Construction* § 47.17 (1991); see also *Norfolk & Western R. Co. v. Train Dispatchers*, 499 U.S. 117, 129, 111 S.Ct. 1156, 113 L.Ed.2d 95 (1991). Under this rule of construction the residual clause should be read to give effect to the terms "seamen" and "railroad employees," and should itself be controlled and defined by reference to the enumerated categories of workers which are recited just before it; the interpretation of the clause pressed by respondent fails to produce these results.

[4] Canons of construction need not be conclusive and are often countered, of course, by some maxim pointing in a different direction. The application of the rule *eiusdem generis* in this case, however, is in full accord with other sound considerations bearing upon the proper interpretation of the clause. For even if the term "engaged in commerce" stood alone in § 1, we would not construe the provision to exclude all contracts of employment from the FAA. Congress uses different modifiers to the word "commerce" in the design and enactment of its statutes. The phrase "affecting commerce" indicates Congress' intent to regulate to the outer limits of its authority under the Commerce Clause. See, e.g., *Allied-Bruce*, 513 U.S., at 277, 115 S.Ct. 834. The "involving commerce" phrase, the operative words for the reach of the basic coverage provision in § 2, was at issue in *Allied-Bruce*. That particular phrase had not been interpreted before by this Court. Considering the usual meaning of the word "involving," and the pro-arbitration purposes of the FAA, *Allied-Bruce* held the "word 'involving,' like 'affecting,' signals an intent to exercise Congress' commerce power to the full." *Ibid.* Unlike those phrases, however, the general words "in commerce" and the specific phrase "engaged in commerce" are understood to have a more limited reach. In *Allied-Bruce* itself the Court said the words "in commerce" are "often-found words of art" that we have not read as expressing *116 congressional intent to regulate to the outer limits of authority under the Commerce Clause. *Id.*, at 273, 115 S.Ct. 834; see also *United States v. American Building Maintenance Industries*, 422 U.S. 271, 279-280, 95 S.Ct. 2150, 45 L.Ed.2d 177 (1975) (the phrase "engaged in commerce" is "a term of art, indicating a limited assertion of federal jurisdiction"); *Jones v. United States*, 529 U.S. 848, 855, 120 S.Ct. 1904, 146 L.Ed.2d 902 (2000) (phrase "used in commerce" "is most sensibly read to mean active employment for commercial purposes, and not merely a passive, passing, or past connection to commerce").

It is argued that we should assess the meaning of the phrase "engaged in commerce" in a different manner here, because the FAA was enacted when congressional authority to regulate under the commerce power was to a large extent confined by our decisions. See *United States v. Lopez*, 514 U.S. 549, 556, 115 S.Ct. 1624, 131 L.Ed.2d 626 (1995) (noting that Supreme Court decisions beginning in 1937 "ushered in an era of Commerce Clause jurisprudence that greatly expanded the previously defined authority of Congress under that Clause"). When the FAA was enacted in 1925, respondent reasons, the phrase "engaged in commerce" was not a term of art indicating a limited assertion of congressional jurisdiction; to the contrary, it is said, the formulation came close to expressing the outer limits of Congress' power as then understood. See, e.g., *The Employers' Liability Cases*, 207 U.S. 463, 498, 28 S.Ct. 141, 52 L.Ed. 297 (1908) (holding unconstitutional jurisdictional provision in Federal Employers Liability Act (FELA) covering the employees of "every common carrier engaged in trade or commerce"); *Second Employers' Liability Cases*, 223 U.S. 1, 48-49, 32 S.Ct. 169, 56 L.Ed. 327 (1912); but cf. *Illinois Central R. Co. v. Behrens*, 233 U.S. 473, 34 *1310 S.Ct. 646, 58 L.Ed. 1051 (1914) (noting in dicta that the amended FELA's application to common carriers "while engaging in commerce" did not reach all employment relationships within Congress' commerce power). Were this mode of interpretation to prevail, we would take into account the scope of the Commerce Clause, as then elaborated by the Court, at the date of the FAA's enactment in order to interpret what the statute means now.

*117 A variable standard for interpreting common, jurisdictional phrases would contradict our earlier cases and bring instability to statutory interpretation. The Court has declined in past cases to afford significance, in construing the meaning of the statutory jurisdictional provisions "in commerce" and "engaged in commerce," to the circumstance that the statute predated shifts in the Court's Commerce Clause cases. In *FTC v. Bunte Brothers, Inc.*, 312 U.S. 349, 61 S.Ct. 580, 85 L.Ed. 881 (1941), the Court rejected the contention that the phrase "in commerce" in § 5 of the Federal Trade Commission Act, 38 Stat. 719, 15 U.S.C. § 45, a provision enacted by Congress in 1914, should be read in as expansive a manner as "affecting commerce." See *Bunte Bros.*, *supra*, at 350-351, 61 S.Ct. 580. We entertained a similar argument in a pair of cases decided in the 1974 Term concerning the meaning of the phrase "engaged in commerce" in § 7 of the Clayton Act, 38 Stat. 731, 15 U.S.C. § 18, another 1914 congressional enactment. See *American Building Maintenance*, *supra*, at 277-283, 95 S.Ct. 2150; *Gulf Oil Corp. v. Copp Paving Co.*, 419 U.S. 186, 199-202, 95 S.Ct. 392, 42 L.Ed.2d 378 (1974). We held that the phrase "engaged in commerce" in § 7 "means engaged in the flow of interstate commerce, and was not intended to reach all corporations engaged in activities subject to the federal commerce power." *American Building Maintenance*, *supra*, at 283, 95 S.Ct. 2150; cf. *Gulf Oil*, *supra*, at 202, 95 S.Ct. 392 (expressing doubt as to whether an "argument from the history and practical purposes of the Clayton Act" could justify "radical expansion of the Clayton Act's scope beyond that which the statutory language defines").

[5] The Court's reluctance to accept contentions that Congress used the words "in commerce" or "engaged in commerce" to regulate to the full extent of its commerce power rests on sound foundation, as it affords objective and consistent significance to the meaning of the words Congress uses when it defines the reach of a statute. To say that the statutory words "engaged in commerce" are subject to variable interpretations depending upon the date of adoption, even a date *118 before the phrase became a term of art, ignores the reason why the formulation became a term of art in the first place: The plain meaning of the words "engaged in commerce" is narrower than the more open-ended formulations "affecting commerce" and "involving commerce." See, e.g., *Gulf Oil*, *supra*, at 195, 95 S.Ct. 392 (phrase "engaged in commerce" "appears to denote only persons or activities within the flow of interstate commerce"). It would be unwieldy for Congress, for the Court, and for litigants to be required to deconstruct statutory Commerce Clause phrases depending upon the year of a particular statutory enactment.

In rejecting the contention that the meaning of the phrase "engaged in commerce" in § 1 of the FAA should be given a broader construction than justified by its evident language simply because it was enacted in 1925 rather than 1938, we do not mean to suggest that statutory jurisdictional formulations "necessarily have a uniform meaning whenever used by Congress." *American Building Maintenance Industries*, *supra*, at 277, 95 S.Ct. 2150. As the Court has noted: "The judicial task in marking out the extent to which Congress has exercised its constitutional power over commerce is not that of devising an abstract formula." *A.B. Kirschbaum Co. v. Walling*, 316 U.S. 517, 520, 62 S.Ct. **1311 1116, 86 L.Ed. 1638 (1942). We must, of course, construe the "engaged in commerce" language in the FAA with reference to the statutory context in which it is found and in a manner consistent with the FAA's purpose. These considerations, however, further compel that the § 1 exclusion provision be afforded a narrow construction. As discussed above, the location of the phrase "any other class of workers engaged in ... commerce" in a residual provision, after specific categories of workers have been enumerated, undermines any attempt to give the provision a sweeping, open-ended construction. And the fact that the provision is contained in a statute that "seeks broadly to overcome judicial hostility to arbitration agreements," *Allied-Bruce*, 513 U.S., at 272-273, 115 S.Ct. 834, which the Court concluded in *Allied-Bruce* counseled *119 in favor of an expansive reading of § 2, gives no reason to abandon the precise reading of a provision that exempts contracts from the FAA's coverage.

In sum, the text of the FAA forecloses the construction of § 1 followed by the Court of Appeals in the case under review, a construction which would exclude all employment contracts from the FAA. While the historical arguments respecting Congress' understanding of its power in 1925 are not insubstantial, this fact alone does not give us basis to adopt, "by judicial decision rather than amendatory legislation," *Gulf Oil*, *supra*, at 202, 95 S.Ct. 392, an expansive construction of the FAA's exclusion provision that goes beyond the meaning of the words Congress used. While it is of course possible to speculate that Congress might have chosen a different jurisdictional formulation had it known that the Court would soon embrace a less restrictive reading of the Commerce Clause, the text of § 1 precludes interpreting the exclusion provision to defeat the language of § 2 as to all employment contracts. Section 1 exempts from the FAA only contracts of employment of transportation workers.

C

[6] As the conclusion we reach today is directed by the text of § 1, we need not assess the legislative history of the exclusion provision. See *Ratzlaf v. United States*, 510 U.S. 135, 147-148, 114 S.Ct. 655, 126 L.Ed.2d 615 (1994) ("[W]e do not resort to legislative history to cloud a statutory text that is clear"). We do note, however, that the legislative record on the § 1 exemption is quite sparse. Respondent points to no language in either committee report addressing the meaning of the provision, nor to any mention of the § 1 exclusion during debate on the FAA on the floor of the House or Senate. Instead, respondent places greatest reliance upon testimony before a Senate subcommittee hearing suggesting that the exception may have been added in response to the objections of the president of the International Seamen's Union of America. See Hearing on *120 S. 4213 and S. 4214 before a Subcommittee of the Senate Committee on the Judiciary, 67th Cong., 4th

Sess., 9 (1923). Legislative history is problematic even when the attempt is to draw inferences from the intent of duly appointed committees of the Congress. It becomes far more so when we consult sources still more steps removed from the full Congress and speculate upon the significance of the fact that a certain interest group sponsored or opposed particular legislation. Cf. *Kelly v. Robinson*, 479 U.S. 36, 51, n. 13, 107 S.Ct. 353, 93 L.Ed.2d 216 (1986) ("[N]one of those statements was made by a Member of Congress, nor were they included in the official Senate and House Reports. We decline to accord any significance to these statements"). We ought not attribute to Congress an official purpose based on the motives of a particular group that lobbied for or against a certain proposal—even assuming the precise intent of the group can be determined, a point doubtful both as a general rule and in the instant case. It is for the Congress, not the courts, to consult political forces **1312 and then decide how best to resolve conflicts in the course of writing the objective embodiments of law we know as statutes.

Nor can we accept respondent's argument that our holding attributes an irrational intent to Congress. "Under petitioner's reading of § 1," he contends, "those employment contracts most involving interstate commerce, and thus most assuredly within the Commerce Clause power in 1925 ... are excluded from [the] Act's coverage; while those employment contracts having a less direct and less certain connection to interstate commerce ... would come within the Act's affirmative coverage and would not be excluded." Brief for Respondent 38 (emphases in original).

We see no paradox in the congressional decision to exempt the workers over whom the commerce power was most apparent. To the contrary, it is a permissible inference that the employment contracts of the classes of workers in § 1 were excluded from the FAA precisely because of Congress' undoubted authority to govern the employment relationships *121 at issue by the enactment of statutes specific to them. By the time the FAA was passed, Congress had already enacted federal legislation providing for the arbitration of disputes between seamen and their employers, see *Shipping Commissioners Act* of 1872, 17 Stat. 262. When the FAA was adopted, moreover, grievance procedures existed for railroad employees under federal law, see *Transportation Act* of 1920, §§ 300-316, 41 Stat. 456, and the passage of a more comprehensive statute providing for the mediation and arbitration of railroad labor disputes was imminent, see *Railway Labor Act* of 1926, 44 Stat. 577, 46 U.S.C. § 651 (repealed). It is reasonable to assume that Congress excluded "seamen" and "railroad employees" from the FAA for the simple reason that it did not wish to unsettle established or developing statutory dispute resolution schemes covering specific workers.

As for the residual exclusion of "any other class of workers engaged in foreign or interstate commerce," Congress' demonstrated concern with transportation workers and their necessary role in the free flow of goods explains the linkage to the two specific, enumerated types of workers identified in the preceding portion of the sentence. It would be rational for Congress to ensure that workers in general would be covered by the provisions of the FAA, while reserving for itself more specific legislation for those engaged in transportation. See *Pryner v. Tractor Supply Co.*, 109 F.3d, at 358 (Posner, C.J.). Indeed, such legislation was soon to follow, with the amendment of the *Railway Labor Act* in 1936 to include air carriers and their employees, see 49 Stat. 1189, 45 U.S.C. §§ 181-188.

III

Various amici, including the attorneys general of 22 States, object that the reading of the § 1 exclusion provision adopted today intrudes upon the policies of the separate States. They point out that, by requiring arbitration agreements in most employment contracts to be covered by the *122 FAA, the statute in effect pre-empts those state employment laws which restrict or limit the ability of employees and employers to enter into arbitration agreements. It is argued that States should be permitted, pursuant to their traditional role in regulating employment relationships, to prohibit employees like respondent from contracting away their right to pursue state-law discrimination claims in court.

It is not our holding today which is the proper target of this criticism. The line of argument is relevant instead to the Court's decision in *Southland Corp. v. Keating*, 465 U.S. 1, 104 S.Ct. 852, 79 L.Ed.2d 1 (1984), holding that Congress intended the FAA to apply in state courts, and to pre-empt state antiarbitration laws to the contrary. See *id.*, at 16, 104 S.Ct. 852.

The question of *Southland's* continuing vitality was given explicit consideration in **1313 *Allied-Bruce*, and the Court declined to overrule it. 513 U.S., at 272, 115 S.Ct. 834; see also *id.*, at 282, 115 S.Ct. 834 (O'CONNOR, J., concurring). The decision, furthermore, is not directly implicated in this case, which concerns the application of the FAA in a federal, rather than in a state, court. The Court should not chip away at *Southland* by indirection, especially by the adoption of the variable statutory interpretation theory advanced by the respondent in the instant case. Not all of the Justices who join today's holding agreed with *Allied-Bruce*, see 513 U.S., at 284, 115 S.Ct. 834 (SCALIA, J., dissenting); *id.*, at 285, 115 S.Ct. 834 (THOMAS, J., dissenting), but it would be incongruous to adopt, as we did in *Allied-Bruce*, a conventional reading of the FAA's coverage in § 2 in order to implement proarbitration policies and an unconventional reading of the reach of § 1 in order to undo the same coverage. In *Allied-Bruce* the Court noted that Congress had not moved to overturn *Southland*, see 513 U.S., at 272, 115 S.Ct. 834; and we now note that it has not done so in response to *Allied-Bruce* itself.

[7] Furthermore, for parties to employment contracts not involving the specific exempted categories set forth in § 1, it is true here, just as it was for the parties to the contract at issue in *Allied-Bruce*, that there are real benefits to the *123 enforcement of arbitration provisions. We have been clear in rejecting the supposition that the advantages of the arbitration process somehow disappear when transferred to the employment context. See *Gilmer*, 500 U.S., at 30-32, 111

S.Ct. 1647. Arbitration agreements allow parties to avoid the costs of litigation, a benefit that may be of particular importance in employment litigation, which often involves smaller sums of money than disputes concerning commercial contracts. These litigation costs to parties (and the accompanying burden to the Courts) would be compounded by the difficult choice-of-law questions that are often presented in disputes arising from the employment relationship, cf. *Egelhoff v. Egelhoff*, post, at 1316- 1317, --- U.S. ---, 121 S.Ct. 1322, 149 L.Ed.2d 264 (2001) (noting possible "choice-of-law problems" presented by state laws affecting administration of ERISA plans), and the necessity of bifurcation of proceedings in those cases where state law precludes arbitration of certain types of employment claims but not others. The considerable complexity and uncertainty that the construction of § 1 urged by respondent would introduce into the enforceability of arbitration agreements in employment contracts would call into doubt the efficacy of alternative dispute resolution procedures adopted by many of the Nation's employers, in the process undermining the FAA's proarbitration purposes and "breeding litigation from a statute that seeks to avoid it." *Allied-Bruce*, supra, at 275, 115 S.Ct. 834. The Court has been quite specific in holding that arbitration agreements can be enforced under the FAA without contravening the policies of congressional enactments giving employees specific protection against discrimination prohibited by federal law; as we noted in *Gilmer*, " '[b]y agreeing to arbitrate a statutory claim, a party does not forgo the substantive rights afforded by the statute; it only submits to their resolution in an arbitral, rather than a judicial, forum.' " 500 U.S., at 26, 111 S.Ct. 1647 (quoting *Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, Inc.*, 473 U.S. 614, 628, 105 S.Ct. 3346, 87 L.Ed.2d 444 (1985)). *Gilmer*, of course, involved a federal *124 statute, while the argument here is that a state statute ought not be denied state judicial enforcement while awaiting the outcome of arbitration. That matter, though, was addressed in *Southland* and *Allied-Bruce*, and we do not revisit the question here.

* * *

For the foregoing reasons, the judgment of the Court of Appeals for the Ninth Circuit is reversed, and the case is remanded **1314 for further proceedings consistent with this opinion.

It is so ordered.