Gibbons v. Ogden / Background •—Answer Key

After the U.S. Constitution was passed, there was a conflict over which level of government, state or national, should control interstate commerce. **Interstate commerce** is the buying and selling of goods across state borders. This is different from **intrastate commerce**, which is the buying and selling of goods within state borders.

An early case in the Supreme Court of the United States, *Gibbons v. Ogden*, helped to determine who had power over interstate commerce, the states or the national government.

In 1808, Robert Fulton and Robert Livingston had a **monopoly** to operate steamboats on the waterways of New York state. This meant that only their steamboats could operate on the waterways of New York. This monopoly was given to them by the New York state government. This monopoly was very important to their business because steamboats carried both people and goods and was very profitable.

Aaron Ogden had a Fulton-Livingston **license** to operate steamboats under this monopoly. He operated steamboats between New Jersey and New York. However, another person named Thomas Gibbons competed with Aaron Ogden on this same route. Gibbons did not have a Fulton-Livingston license, but instead had a federal (national) coasting license, granted under a 1793 act of Congress.

The problem was that the waterway between New Jersey and New York was an interstate waterway. The business on this waterway was interstate commerce. The question was who had the right to issue a license to operate boats on this interstate waterway, the state of New York or Congress (the national government)?

Aaron Ogden was upset about the competition and asked the Court of Chancery of New York to stop Gibbons from operating his boats. Ogden said that New York should have control over this interstate waterway.

Gibbons disagreed. He said that the United States Constitution gave the national government (Congress) the only power over interstate commerce. Article I, Section 8 of the Constitution states that Congress has the power "[t]o regulate Commerce with foreign Nations, and among the several States." Gibbons said that if each state made laws regarding interstate commerce, there would be chaos.

The Court of Chancery of New York found in favor of Ogden and ordered Gibbons to stop his boats. Gibbons appealed the case to the Court of Errors of New York, which agreed with the lower court's decision. Gibbons **appealed** the case to the Supreme Court of the United States.

Questions to Consider

1. Under what authority, state or federal, did Ogden operate his steamboats? Gibbons?
   Ogden operated under state government authority. Gibbons operated under federal (national) government authority.
2. What argument did Ogden use to support his license to operate steamboats? Gibbons?
   Ogden contended that states often passed laws that had interstate consequences and that states should have concurrent (dual) power with the national government on interstate commerce. Gibbons argued that to give states concurrent power over interstate commerce would result in confusing and contradictory law. He argued that the federal (national) government should have exclusive power over interstate commerce.
3. Why might New Jersey object to New York's grant of a monopoly on steamboat operations on its waterways?
   New Jersey would object to such a monopoly because it means that New Jersey could not grant or benefit from a similar arrangement. New York's monopoly prevented New Jersey from selling licenses to its own steamboat operators. Commerce between the two neighboring states was significant and there was a lot of money to be made in the transport of goods and people, so the stakes here were high.
4. This case is one of the most important cases in U.S. history. Why is interstate commerce so important to the development of the country and its economy?
   Interstate commerce concerns all goods or transactions that occur across state borders. If states are allowed to create their own laws concerning the transport of goods, for instance, then it is likely that the laws made by each state will conflict and make it more difficult for businesses to conduct their affairs. This will keep the economy of the nation from growing as quickly as it could.

