Gibbons v. Ogden / Background ••—Answer Key

One of the enduring issues in American government is the proper balance of power between the national government and the state governments. This struggle for power was evident from the earliest days of American government, and it is the underlying issue in the case of *Gibbons v. Ogden*.

In 1808, Robert Fulton and Robert Livingston were granted a monopoly from the New York state government to operate steamboats on the state's waters. This meant that only their steamboats could operate on the waterways of New York, including those bodies of water that stretched between states, called interstate waterways. This monopoly was very important to their business because steamboat traffic, which carried both people and goods, was very profitable.

Aaron Ogden held 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.

Naturally, Aaron Ogden was upset about this competition because according to New York law, he should be the only person operating steamboats on this route. Ogden filed a complaint in the Court of Chancery of New York asking the court to stop Gibbons from operating his boats. Ogden claimed that the monopoly granted by New York was legal even though he operated on shared, interstate waters between New Jersey and New York. Ogden's lawyer said that states often passed laws on issues regarding interstate matters and that states should be able to share power with the national government on matters concerning interstate commerce or business. New York's monopoly, therefore, should be upheld.

Gibbons' lawyer disagreed. He argued that the U.S. Constitution gave the national government, specifically Congress, the sole 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' lawyer claimed that if the power over interstate commerce were shared between the national government and state governments, the result would be contradictory laws made by both governments that would harm business in the nation as a whole.

The Court of Chancery of New York found in favor of Ogden and issued an order to restrict Gibbons from operating his boats. Gibbons appealed the case to the Court of Errors of New York, which affirmed the lower court's decision. Gibbons appealed the case to the Supreme Court of the United States.

The key question in this case is who should have power to determine how interstate commerce is conducted: the state governments, the national government, or both. This was no small matter, as the nation's economic health was at stake. Before the U.S. Constitution was written, the states had most of the power to regulate commerce. Often they passed laws that harmed other states and the economy of the nation as a whole. For instance, many states taxed goods moving across state borders. Though many people acknowledged that these were destructive policies, they were reluctant to give too much power over commerce to the national government. The trick was to find a proper balance.

Chief Justice John Marshall's decision in this case was a precedent for determining what that balance should be and has far-ranging effects to this day.

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. Gibbons relied on the Commerce Clause of Article I, Section 8 of the U.S. Constitution to justify his case. Ogden could have used the 10th Amendment of the U.S. Constitution to back up his side of the case. What does the 10th Amendment state and how could it be applied to this case?
   The 10th Amendment states that all powers not granted to the federal government are reserved for the states or for the people. If one could show that the power to transport people between New Jersey and New York was not a power granted to the federal government, for instance by claiming that the transport of people does not constitute commerce, then states would be left with the power to determine this.
5. This case appears to be a local dispute between two businesspeople. Why is the decision in this case is one of the most important in constitutional history?
   The issue here concerns commerce generally, who has control over laws concerning commerce between states, and the definition of commerce. The very development of the

economy of the United States was dependent on this decision, as it would determine whether states could continue to create laws that were in their own self-interest but harmed the nation's economy.

