Worth A Look: *Charles River Bridge v. Warren Bridge* (1837)

> *[W]hat is a monopoly, but a bad name, given to anything for a bad purpose? Such, certainly, has been the use of the word in its application to this case … A monopoly, then, is an exclusive privilege conferred on one, or a company, to trade or traffick in some particular article; such as buying and selling sugar or coffee, or cotton, in derogation of a common right. Every man has a natural right to buy and sell these articles; but when this right, which is common to all, is conferred on one, it is a monopoly, and as such, is justly odious. It is, then, something carved out of the common possession and enjoyment of all, and equally belonging to all, and given exclusively to one. But the grant of a franchise is not a monopoly, for it is not part or parcel of a common right. No man has a right to build a bridge over a navigable river, or set up a ferry, without the authority of the state. All these franchises, whether public property or public rights, are the peculiar property of the state… and when they are granted to individuals or corporations, they are in no sense monopolies; because they are not in derogation of common right.*
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> (from the Court's Majority Opinion, by Chief Justice Roger B. Taney)

In 1785, the Massachusetts Legislature worked out a deal with the Charles River Bridge Company (CRBC). In exchange for building and maintaining a bridge across the Charles River (connecting Boston and Cambridge), the company would have the right to collect tolls from those traveling over the bridge. The bridge was built, and the company became quite wealthy from the tolls, which were kept rather steep long after the initial costs were recouped. Over time, as Massachusetts continued to grow, people grew increasingly annoyed with the high tolls and demanded their elected representatives do something about it.

In 1828, the state legislature granted a new charter to the Warren River Bridge Company (WRBC), who built a second bridge not all that far from the first. This bridge, however, was to be toll-free once initial costs were recovered and a reasonable profit earned for the company. Not surprisingly, people liked this bridge much better. The Charles River Bridge Company sued in state court, claiming the new charter violated their property rights and represented a broken contract by the State of Massachusetts. Not only was this very naughty, they argued, but it violated Article I, Section 10 of the U.S. Constitution, which says (among other things) that "no state shall… pass any… law impairing the obligation of contracts…"

The case worked its way to the Supreme Court, which found that Massachusetts had neither broken its original contract with CRBC nor violated the "contract clause" of the Constitution. While the original contract with CRBC may have been reasonably understood to suggest monopoly rights for the life of the company or the bridge, the contract never actually stated that. So… *oops*.

The *Charles River* decision was important for several reasons beyond "read the small print before you sign." It was an early demonstration of Chief Justice Roger B. Taney's desire to pull back from the passionate nationalism of his predecessor, John Marshall. Taney was a big believer in States' Rights, which would shape a generation of Supreme Court decisions in various ways – most infamously in the *Dred Scott* decision he authored in 1857.

Charles River also reflected a concern with the "general welfare" of both society and the economy. The perceived exploitation by CRBC as it refused to reduce its rates or otherwise compromise for the good of the collective meant the company was standing in the way of prosperity. What if steamboat operators who'd received franchise rights decided that competition from railroads violated the spirit of their contracts? Should perceived property rights be allowed to hold back society's progress indefinitely?

States can limit or modify what's acceptable even in contracts between private citizens or organizations as long as such interference is tempered with reason and done in the name of appropriate state "police powers." They also have great latitude to serve the "general welfare" of their citizens. That didn't start with *Charles River*, but the case certainly helped clarify and strengthen those roles going forward.