

# Chapter 9: The Contract Clause

# Introduction

- Contractual obligations.
- The right to enter legal contracts.
- Drafting the contract clause.
- Important in formative years.

# The Framers and the Contract Clause (1 of 2)

- Framers' commitment
- Economic turmoil after the war.
- Legal reforms by the states.
- Drafting of the Constitution.
- Contract: a voluntary agreement.

# The Framers and the Contract Clause (2 of 2)

- Article I, Section 10
- Contractual rights.
- Carrying out public policy.
- An important legal force.

# John Marshall and the Contract Clause (1 of 5)

- The clause in the Marshall Court.
- Marshall's federalist ideology.
- Achievement of an elevated status.

# John Marshall and the Contract Clause (2 of 5)

## Establishing the Importance of the Contract Clause

- Yazoo River land fraud.
- *Fletcher v. Peck*.
- The decision of the Court.

# John Marshall and the Contract Clause (3 of 5)

## Establishing the Importance of the Contract Clause

- *Sturges v. Crowninshield*.
- Issues presented to the Supreme Court.
- The decision of the Court.

# John Marshall and the Contract Clause (4 of 5)

## Corporate Charters as Contracts

- *Trustees of Dartmouth College v. Woodward.*
- Designated board of trustees.
- Succession of John Wheelock.
- Dartmouth College: private to public.



# John Marshall and the Contract Clause (5 of 5)

## Corporate Charters as Contracts

- Appointment of Daniel Webster.
- Judgement of the Court.
- Significance of the decision.

# The Decline of the Contract Clause

(1 of 4)

Elevating the Public Good.

- The ascent of President Andrew Jackson.
- Shift in Supreme Court ideologies.
- *Proprietors of Charles River Bridge v. Proprietors of Warren Bridge.*

# The Decline of the Contract Clause

(2 of 4)

## Decline in the Post–Civil War Period

- *Northwestern Fertilizing Co. v. Hyde Park.*
- The ruling of the Court.
- *Stone v. Mississippi.*
- The ruling of the Court.

# The Decline of the Contract Clause

(3 of 4)

## The Depression and the Abrogation of Contracts

- The worst economic crisis.
- State passed statutes.
- *Home Building and Loan Association v. Blaisdell*.

# The Decline of the Contract Clause

(4 of 4)

## The Depression and the Abrogation of Contracts

- The 2008 to 2012 economic recession.
- Response of the federal government.
- Role of state and the federal government.

# Modern Applications of the Contract Clause (1 of 3)

- Reluctance to argue on contract clause.
- Appointment of Warren Burger.
- *United States Trust Co. v. New Jersey*.
- *Allied Structural Steel Co. v. Spannaus*.

# Modern Applications of the Contract Clause (2 of 3)

- A two-step approach.
- Sensitivity toward states.
- *Energy Reserves Group, Inc. v. Kansas Power and Light Co.*
- *Keystone Bituminous Coal Association v. DeBenedictis.*

# Modern Applications of the Contract Clause (3 of 3)

- Minor interference, contracts sustained.
- *Sveen v. Melin*.
- Difficulty in challenging state laws.