Honors US-Unit 2

**Dartmouth College v. Woodward (17 U. S. 518, 1819)**
Contract Clause, Limitations on the Powers of the States

**The Issue**
Under the Constitution, can a state legislature change the charter of a college?

**What's at Stake?**
Whether Dartmouth College would remain private or become a state school. More broadly, what is protected by the Constitution's "contract" clause?

**Facts and Background**
In 1769 the King of England granted a charter to Dartmouth College. This document spelled out the purpose of the school, set up the structure to govern it, and gave land to the college. In 1816, the state legislature of New Hampshire passed laws that revised the charter. These laws changed the school from private to public. They changed the duties of the trustees. They changed how the trustees were selected.

The existing trustees filed suit. They claimed that the legislature violated the Constitution. They said that Article 1, Section 10, of the Constitution prevented a state from "impairing" (that is, weakening or canceling) a contract.

**The Decision**
By a 5-1 margin, the Court agreed with Dartmouth. The Court struck down the law, so Dartmouth continued as a private college. Chief Justice Marshall wrote the majority opinion. He said that the charter was, in essence, a contract between the King and the trustees. Even though we were no longer a royal colony, the contract is still valid because the Constitution says that a state cannot pass laws to impair a contract.

**The Impact of the Decision**
Historians believe that the decision greatly encouraged business investment and growth. Corporations are also chartered by states. It states can't pass laws to impair those charters, then businesses are more secure. They are also more apt to attract investors, employ workers, and to add to the national prosperity.

<http://www.americanbar.org/groups/public_education/initiatives_awards/students_in_action/dartmouth.html>