demnity, relying upon the carrier's vigilance and responsibility. In all cases, when liable at all, it is because he is proved, or presumed to be, the author of the loss. There is nothing, then, to take the case in hand out of the general rule that an underwriter, who has paid a loss, is entitled to recover what he has paid by a suit in the name of the assured against a carrier who caused the loss.

JUDGMENT REVERSED, and the cause

REMANDED FOR FURTHER PROCEEDINGS.

---

## SALT COMPANY v. EAST SAGINAW.

1. A law offering to all persons and to corporations to be formed for the purpose, a bounty of 10 cents for every bushel of salt manufactured in a State from water obtained by boring in the State, and exemption from taxation of the property used for the purpose, is not a contract in such a sense that it cannot be repealed.
2. Such a law is nothing but a bounty law, and in its nature a general law, regulative of the internal economy of the State, dependent for its continuance upon the dictates of public policy, and the voluntary good faith of the legislature.
3. General encouragements held out to all persons indiscriminately to engage in a particular trade or manufacture, whether in the shape of bounties, drawbacks, or other advantage, are always under the legislative control, and may at any time be discontinued.

ERROR to the Supreme Court of Michigan; the case being thus:

The East Saginaw Salt Manufacturing Company filed a bill in the court below against the city of East Saginaw, in Michigan, to restrain the city from levying and enforcing any tax on certain real estate owned in the said city by it, and for a decree establishing the exemption claimed. The company founded its exemption on an act passed by the legislature of Michigan, on the 15th of February, 1859, for encouraging the manufacture of salt. The act was as follows:

"SECTION 1. The people of the State of Michigan enact, that

all companies or corporations formed or that may be formed for the purpose of boring for and manufacturing salt in this State, and any and all individuals engaged or to be engaged in such manufacture, shall be entitled to the benefits of the provisions of this act.

"SECTION 2. All property, real and personal, used for the purpose mentioned in the first section of this act, shall be exempt from taxation for any purpose.

"SECTION 3. There shall be paid from the treasury of this State, as a bounty, to any individual, or company, or corporation, the sum of 10 cents for each and every bushel of salt manufactured by such individual, company, or corporation, from water obtained by boring in this State: *Provided*, That no such bounty shall be paid until such individual, company, or corporation shall have at least 5000 bushels of salt manufactured."

The bill alleged that in April, 1859, after the passage of the above act, the salt company was organized as a corporation under the general laws of Michigan, for the purpose of manufacturing salt from salt water to be obtained in the State of Michigan; that prior to the act the State had been engaged in experiments, and had spent large sums of money to ascertain whether salt could be manufactured as aforesaid, but without any satisfactory results, and that the act was passed to encourage private parties to engage in the same experiments.

The bill proceeded:

"Your orator further shows that the persons associating, as hereinbefore stated, to form the East Saginaw Salt Manufacturing Company, were solely induced thereto, as your orator believes, by the encouragement held out in said act; and had not said last mentioned act been passed no such corporation would have been formed, nor any experiment made to determine whether salt could be profitably made in Michigan. Your orator further shows that after spending some time in erecting the necessary buildings, and in procuring the requisite machinery therefor, a well was commenced by the said association near the Saginaw River, in the county of Saginaw, *in June*, 1859, and that drilling continued almost constantly from that time until early in the year 1860; at which time a depth of 669 feet was

reached, where brine was found of sufficient strength and purity to warrant the company in proceeding to the manufacture of salt.

"That, relying in good faith upon the benefits promised in said act of the legislature of 1859, the said company proceeded at once to erect works for the manufacture of salt from the brine found in said well, such manufacture commencing the last of June, or the first part of July, 1860, and from that date to 9th March, 1861, there was actually manufactured by said corporation, from salt water obtained in the State of Michigan 6348 barrels of salt, each containing five bushels. Your orator claims and avers the fact to be, that in consequence of the facts hereinbefore stated, the property of your orator used for the purpose of boring for and manufacturing salt in this State is exempt from taxation; and that the right to such exemption from taxation became and was a vested right, which it is not competent for the legislature to take away without your orator's consent.

"Your orator further shows that your orator is still engaged in the manufacture of salt, and has purchased and is using all its property for that purpose; said manufacture continuing at the place where it was first commenced by your orator."

The bill then gave a description of the land owned by the complainant in East Saginaw, declaring that it had been in use by it for the purpose aforesaid, and stated the assessment thereof for taxes by the city authorities, and the threatened collection of the same, and prayed for an injunction and decree as before stated.

To this bill a demurrer was filed.

The court below overruled the demurrer, and sustained the prayer of the bill; but the Supreme Court of Michigan reversed this decree, and dismissed the bill. This decree of the Supreme Court was based upon an act of the legislature of Michigan, passed on the 15th of March, 1861, by which the act of 1859 was amended as follows: the first section, by adding a proviso limiting its benefits to those who should be actually engaged in the manufacture of salt prior to 1st of August, 1861; the second section, by limiting the exemption from taxation to five years from the organization of the company or corporation; and the third section (which

granted a bounty of 10 cents per bushel), by limiting the bounty moneys that should be paid to any one individual, company, or corporation, to the sum of $5000. The Supreme Court of Michigan stated that it regarded the statute set up for a contract as a bounty law, and nothing more. From this decree the case was now here on error.

*Mr. M. H. Carpenter, for the plaintiff in error*, contended that the amendatory act, as applied to the salt company, was unconstitutional and void by reason of its impairing the validity of a contract; that the act of 1859 held out an inducement or offer to private parties to embark in the business of manufacturing salt in Michigan, and that when such parties did subsequently engage in that business, and actually produced and manufactured more than 5000 bushels of salt within the State, the act became a contract between the State and such parties, which the legislature could not constitutionally revoke or repeal.

*Mr. B. J. Brown, contra.*

Mr. Justice BRADLEY delivered the opinion of the court.

It is unnecessary at this time to discuss the question of power on the part of a State legislature to make a contract exempting certain property from taxation. Such a power has been frequently asserted and sustained by the decisions of this court.*

The question in this case is, whether any contract was made at all; and, if there was, whether it was a contract determinable at will, or of perpetual obligation?

Had the plaintiff in error been incorporated by a special charter, and had that charter contained the provision, that all its lands and property used in the manufacture of salt

* New Jersey *v.* Wilson, 7 Cranch, 164; Gordon *v.* Appeal Tax Court, 3 Howard, 133; Piqua Bank *v.* Knoop, 16 Id. 369; Ohio Life and Trust Co. *v.* Debolt, Ib. 416; Dodge *v.* Woolsey, 18 Id. 331; Jefferson Bank *v.* Skelly, 1 Black, 436; McGee *v.* Mathis, 4 Wallace, 143; Home of the Friendless *v.* Rouse, 8 Id. 430; Wilmington Railroad *v.* Reid, *supra*, 264.

should forever, or during the continuance of its charter, be exempt from taxation, and had that charter been accepted and acted on, it would have constituted a contract. But the case before us is not of that kind. It declares, in purport and effect, that *all* corporations and individuals who shall manufacture salt in Michigan from water obtained by boring in that State, shall be exempt from taxation as to all property used for that purpose, and, after they shall have manufactured 5000 bushels of salt, they shall receive a bounty of 10 cents per bushel. That is the whole of it. As the Supreme Court of Michigan says, it is a bounty law, and nothing more; a law dictated by public policy and the general good, like a law offering a bounty of fifty cents for the killing of every wolf or other destructive animal. Such a law is not a contract except to bestow the promised bounty upon those who earn it, so long as the law remains unrepealed. There is no pledge that it shall not be repealed at any time. As long as it remains a law every inhabitant of the State, every corporation having the requisite power, is at liberty to avail himself, or itself, of its advantages, at will, by complying with its terms, and doing the things which it promises to reward, but is also at liberty, at any time, to abandon such a course. There is no obligation on any person to comply with the conditions of the law. It is a matter purely voluntary; and, as it is purely voluntary on the one part, so it is purely voluntary on the other part; that is, on the part of the legislature, to continue, or not to continue, the law. The law in question says to all: You shall have a bounty of 10 cents per bushel for all salt manufactured, and the property used shall be free from taxes. But it does not say how long this shall continue; nor do the parties who enter upon the business promise how long they will continue the manufacture. It is an arrangement determinable at the will of either of the parties, as much so as the hiring of a laboring man by the day.

If it be objected that such a view of the case exposes parties to hardship and injustice, the answer is ready at hand, and is this: It will not be presumed that the legislature of

a sovereign State will do acts that inflict hardship and injustice.

The case differs entirely from those laws and charters which have been adjudged to be irrevocable contracts.

Charters granted to private corporations are held to be contracts. Powers and privileges are conferred by the State, and corresponding duties and obligations are assumed by the corporation. And if no right to alter or repeal is reserved, stipulations as to taxation, or as to any other matter within the power of the legislature, are binding on both parties; and, so corporations formed under general laws in place of special charters, like the Ohio banks under the general banking law of that State, are entitled to the benefit of specific provisions and exemptions contained in those laws, which are regarded in the same light as if inserted in special charters. "The act is as special to each bank," says Justice McLean, delivering the opinion of this court, "as if no other institution were incorporated under it."* In such cases the scope of the act takes in the whole period for which the corporation is formed. The language means that, during the existence of any corporation formed under the act, the stipulation or exemption specified in it is to operate.

The act under consideration cannot be interpreted on this principle. It applies to individuals as well as corporations, and to all corporations having power to manufacture salt. Now, in the case of individuals, must it be construed to mean that, as long as the individual lives and manufactures salt, the State will pay him the bounty of ten cents on the bushel, and exempt his property from taxation? Can the law never be repealed as to those who have once commenced the manufacture? Such a construction could never have been intended. In its nature it is a general law, regulative of the internal economy of the State, and as much subject to repeal and alteration as a law forbidding the killing of game in certain seasons of the year. Its continuance is a matter of public policy only; and those who rely on it must

* Piqua Bank *v.* Knoop, 16 Howard, 380.

base their reliance on the free and voluntary good faith of the legislature. For the benefit of sheep-growers in some States dogs are subjected to a severe tax. Could not the legislature repeal such a law? If Congress establishes a tariff for the protection of certain manufactures, does that amount to a contract not to change it?

In short, the law does not, in our judgment, belong to that class of laws which can be denominated contracts, except so far as they have been actually executed and complied with. There is no stipulation, express or implied, that it shall not be repealed. General encouragements, held out to all persons indiscriminately, to engage in a particular trade or manufacture, whether such encouragement be in the shape of bounties or drawbacks, or other advantage, are always under the legislative control, and may be discontinued at any time.

JUDGMENT AFFIRMED.

---

## SLAUGHTER'S ADMINISTRATOR *v.* GERSON.

1. The misrepresentation which will vitiate a contract of sale, and prevent a court of equity from aiding its enforcement, must relate to a material matter constituting an inducement to the contract, and respecting which the complaining party did not possess at hand the means of knowledge; and it must be a misrepresentation upon which he relied, and by which he was actually misled to his injury.
2. Where the means of knowledge are at hand and equally available to both parties, and the subject of purchase is alike open to their inspection, if the purchaser does not avail himself of these means and opportunities, he will not be heard to say, in impeachment of the contract of sale, that he was deceived by the vendor's misrepresentations.

APPEAL from the Circuit Court for the District of Maryland.

This was a suit in equity to enforce the lien of two mortgages upon two steamers. The case was thus:

On the 12th of July, 1864, one Slaughter, since deceased, purchased of the complainant, Gerson, a steamboat named