

The Rule Of Law versus Democracy

by Doug Hammerstrom

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We who seek to build democracy must not be bound by the false assertion that the rule of law is democratic. A re-examination of history teaches us that our powerful legal system is a massive fortress against popular sovereignty. One of our most important tasks is to revisit fundamental questions that were resolved by undemocratic means in the past.

Politicians like to say that the rule of law is a feature of democracy. The implication is that law is an unchanging set of principles that resolves conflicts impartially. But law is not impartial; it reflects the political and social biases of the legislators and judges who make it. Furthermore, law is not unchanging. An examination of 19th century legal history in the United States shows not only rapid changes but the reversal of many previously long-standing legal principles. [1] This revolution of law in the 1800s facilitated the industrialization of the US and the growth of corporate power.

Imagine yourself in Louisville, Kentucky, in 1839. Newfangled railroads are running through the city throwing off sparks and setting homes and other buildings on fire. The authorities of Louisville, recognizing the fire-setting trains as a disaster, sought an injunction against the operation of trains in the city until the problem of the sparks was resolved. The trial court heard the evidence of people's homes and livelihoods being harmed and issued the injunction.

The Kentucky Court of Appeals dissolved the injunction, saying that "private injury and personal damage . . . must be expected from . . . agents of transportation in a populous and prospering country." [2] Furthermore:

The onward spirit of the age must, to a reasonable extent, have its way. The law is made for the times, and will be modified by them. . . . And therefore, railroads . . . should not, in themselves, be considered *nuisances*, although in ages that are gone, they might have been so held, because they would have been comparatively useless, and therefore more mischievous. [3]

That the Kentucky Court of Appeals would assert itself so strongly reflects a view just emerging at the beginning of the 19th century -- that the common law [4] could be an instrument for social engineering rather than a reflection of traditional values. Armed with this instrumental concept, judges began to reframe law to make it friendly to an *industrial* society. One of the new legal principles created by 19th century judges was to weigh *social utility* against injury. This subjective principle had a vagueness that judges used to tip the scales in favor of the rich and powerful, leaving the majority of people to suffer the injuries, and resulting in a huge transfer of wealth to the wealthy. The previous principle, even though

it may have been unevenly applied, was that people could not lawfully engage in any activity that caused injury. This change enabled the industrialization of the United States. Without a legal accommodation of its clearly harmful effects, industrial activity would have faced the likelihood of being prohibited by the courts.

It was no accident that judges were positioned to make this change. The Federalists who drafted the Constitution did not trust the majority to make social or political decisions and successfully created a system in which the property-owning elite would rule. The constitutional role of the courts is an integral part of that system. The Federalists made certain that law would become the supreme medium of discourse to resolve conflicts in the new republic. Community values, religion, morality, and other mediating processes long used by human societies were subordinated to the rule of law.[5]

As evidence of their awareness of the power of judges to rule the nation, when the Federalists lost the presidency to Jefferson in the election of 1800, their response was to pack the courts with Federalist judges, including John Marshall as the Chief Justice of the Supreme Court. In more than 30 years in this role, Marshall made many highly political decisions and established the doctrine of judicial review, by which the unelected Supreme Court could overturn legislation by Congress and the states.

The result of judges making social decisions for the country was not even-handed justice. The earliest cases of judges allowing harms granted the right to flood neighboring land to the builders of mill ponds. The original justification for limiting compensation to the people whose land was flooded was that the mills were open to all members of the community to grind their grain and thus provided a public benefit. But as private factories began to use water power from mill ponds, the rule was extended to them as well.[6] In 1827, a mill pond owner was allowed to escape paying damages altogether on the theory that the owner of the flooded land received a benefit of irrigation![7] The supposed beneficiary was stripped of the power to say whether a benefit was received -- the Federalist scheme ensured that the elite would define such questions through the courts.

This slow creep of changes in rationale is a repeating theme in the transformation of law. In the early 19th century, courts devised rules to limit the liability of both the state and the corporations chartered to undertake works of public improvement. Damage judgments would not be imposed on those engaged in public works if they were "careful." Gradually this criteria came to be applied to all acts that caused harms in all cases, not just public works. Eventually the courts applied the same rule to human injuries.

Further limitation of liability was created by the courts in what has been called "running down" cases -- in which, for instance, horse-drawn carriages ran down pedestrians. Courts invented the idea that blame was necessary for determining liability. Carelessness -- the violation of a social duty to exercise "due care" toward someone who might be injured by one's actions -- was the test judges developed to determine blame. Moving steadily away from the common law principle that a person causing an injury could be liable for the resulting harm, the 19th century courts conjured a number of indefinite legal doctrines as necessary prerequisites for imposing liability, which allowed judges to play favorites in their rulings.

One legal commentator observed that the American attitude toward legal liability was based on the assumption that the "quiet citizen must keep out of the way of the exuberantly active one." [8] Law became a leading means by which the exploitative and dynamic forces in American society were able to overwhelm the weak and relatively powerless. After 1840 the principle that one could not be held liable for "socially useful" activity exercised with "due care" became a regular feature of US law.

If law is immutable, how could these significant changes occur? To idealists, law is about justice. But to most attorneys, law is a business and justice is a commodity sold to the most active bidder. Whatever position their clients desire is the interpretation of the law argued by most lawyers in court. As a result, the law changes to provide for the needs of those who can afford to be clients.[9] The story of how this dynamic played out in the US during the 19th century begins before the Revolutionary War.

In colonial times lawyers did not have the prominent position they have today. Their clients were the landed gentry and their role was primarily drawing deeds and wills. As trade and manufacturing grew after the Revolution, lawyers began seeking another set of clients, which required a fundamental shift in legal perspective. The landed wealthy were content to exploit people by overstating the rental value of their land. They prospered by preserving a static view of their property rights, referred to as the "quiet enjoyment" of their lands, which fit well in an agrarian society. The emerging commercial class, however, was intent on engaging in new activities that would upset the status quo. In the process of expanding industrialization, they disturbed the previously sanctioned right of property-owning individuals to be free of harms created by the activity of others. The way for lawyers to attract these new clients was to advocate in court for the changes in law that they wanted.

In the early days of the US the courts, too, had an interest in attracting these new litigants. Extra-legal means of resolving disputes, such as arbitration and referees with special commercial knowledge, had arisen because merchants distrusted the courts and lawyers. In order to preserve and enhance their role as the institution that wields power by resolving disputes, judges made decisions to make the courts more appealing to industrialists and capitalists. The direction of that change is reflected in these comments from an early 19th century ruling: "Distributing the [burdens] of losses, among the greater number, to prevent the ruin of a few . . . is . . . most conducive to the general prosperity of commerce." [10]

One of the main complaints of the new merchant-clients was what they called "excessive" jury awards. (Sound familiar?) The merchants asked their attorneys to change the law to shield them from the consequences of their violations of community norms. After 1790 courts quickly began to limit the role of juries by developing several procedural devices, such as granting new trials, creating special proceedings in which judges decided cases, and labeling some questions that juries had previously decided as "questions of law" for judges to decide. By asserting their will to a greater extent than before, judges changed the law for the benefit of the merchants at the expense of the common people.

Participation in political processes was severely limited in the 19th century, and these changes took away what little role the average citizen had in making law and put it in the hands of judges. In 1842 the Supreme Court continued this trend by ruling in *Swift v. Tyson*

that the federal judiciary was not bound by state court rulings in the area of commercial law, which limited the interference of sometimes anti-commercial state courts.

Among the other ways laws were twisted by judges in the 19th century was changing the basis of contract law from examining the fairness of contracts to the laissez faire doctrine of *caveat emptor* -- let the buyer beware. This doctrine served the few who wanted everyone and everything to be viewed as a commodity in which they could speculate. However, for the vast majority it meant that the force of law amplified the raw power of those in command of the greatest resources. Laissez-faire contract law made the rule of the jungle the rule of law.

The class bias of judges is most clearly seen in labor law, which 19th century judges chose to develop from a concept called "master and servant." One of the features of labor law in that era was the criminal prosecution of workers' collective bargaining attempts as "conspiracy." Employers were not similarly treated for their collective efforts.

State legislatures in the latter half of the century responded to popular demands to curb the excesses of corporations by passing laws designed to limit corporate behavior. Price gouging by the railroads was particularly devastating to farmers, who were dependent on railroads to move their crops to market. In response, large populist movements like The Grange and the Farmer's Alliance, brought together millions of people to challenge the corporations. The US Supreme Court, reflecting its Federalist, anti-democratic roots, rose to the occasion to rescue property owners from this outbreak of democracy.

In the 1886 case of *Santa Clara County v. Southern Pacific Railroad*, a legal sleight-of-hand provided corporations with the same protections as human beings ("persons") under the 14th Amendment. In a series of cases in the late 1800s, the Court developed a doctrine known as "substantive due process " by which the Court could substitute its judgment for that of the legislature to decide whether a particular law was wise policy. This doctrine was fully formed in the 1905 case, *Lochner v. New York*, in which the Court overturned a New York law limiting bakery workers to 12-hour days.

The combination of these two doctrines -- corporate personhood and substantive due process -- enabled corporations to wield the 14th Amendment (as persons) as a tool of the coercive force of law against the efforts of real people to provide for community needs. On the basis of 14th Amendment protection, and using their self-given power to overrule legislatures, the Supreme Court invalidated hundreds of democratically enacted laws designed to promote human relationships and values. The populist efforts to restrain the power of corporations were struck down by judicial fiat.

Despite these revolutionary changes in the law during the 1800s, the unspoken assumption that the law is immutable permeates our culture. Propaganda, an early form of which blossomed within the legal profession in the 19th century, thrust this assumption upon us. Prior to the early 1800s, legal writing -- even reports of cases -- was rare. One form of the new legal writing was commentary on the law by individuals. These publications pretended to be statements of the existing law, but were often advocacy pieces for what the writer wanted the law to be. Legal commentaries reflected the thought that in a society of "free ideas," manipulation of public opinion is a key to power. (Public relations, advertising, think

tanks, and corporate-controlled, ubiquitous media are all contemporary manifestations of this same philosophy.)

Once they had changed the law, the attorneys and judges responsible for doing so used the legal commentary propaganda tool to persuade people that the new law had always been thus. They not only hid the fact that they had transformed it, but also that the flexible conception of the law had been used as an instrument for social engineering. They did this by creating an intellectual framework that gave common law rules the appearance of being apolitical and inevitable. The categories of law that existed in the late 1800s were enshrined as ancient principles. The legal commentators took advantage of the infatuation with objectivity in this era by making law seem like science. But law is created from opinions, not repeatable experiments. While the result of a valid scientific experiment will be the same no matter who conducts it, each judge's decision of what precedents are relevant to resolving a particular conflict between interests, and how those interests should be balanced, is just opinion that can vary widely from one person to another.

The clever despot, observed French philosopher Michel Foucault, binds us by the chains of our own ideas. We who seek to build democracy must not be bound by the false assertion that the rule of law is democratic. A re-examination of history teaches us that our powerful legal system is a massive fortress against popular sovereignty. One of our most important tasks is to revisit fundamental questions that were resolved by undemocratic means in the past. An even deeper aspect of our work is to bring hope to replace the despair people have internalized because of the futility of their own decision-making when the courts and the wealthy have usurped that power.

The history of law in the US -- indeed, the history of the US -- can be seen as an outgrowth of the legal duty to protect and advance the position of the client. One of the intentions of society in creating the corporate form is to allow aggregation of wealth for large economic projects. Corporations have used their vast accumulations of resources to hire lawyers to influence law and promote their interests. Individuals are seldom able to bring a competing amount of resources to defend their interests. As a result, we have inherited a legal system in which wealth and property have near-absolutist protections against the compromised rights of the rest of society, which will only get worse without a strong, countervailing people's movement.

We hear daily the hollow rhetoric that we live in the contemporary world's foremost democracy, but an examination of the legal history of the US exposes just the opposite. The Federalists succeeded in their goal of creating a Constitution that protects property rights from the "rabble." They were less successful at protecting political rights. The task of nurturing democracy remains for us. Part of that task must be to recognize the political nature of law. We must not let the changes we seek be constrained by believing that the law that *does* exist is the only law that *can* exist. In combating the power of corporations we cannot concede the legitimacy of that power simply because current law sanctions it.

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Endnotes

1. The historical research for this article comes from *The Transformation of American Law*, two volumes -- one subtitled 1780-1860; the other, 1870-1960 -- by Morton J. Horwitz. I thank him profusely for his scholarship and acknowledge that after reading his books many of my thoughts are compelled by the history he so thoroughly relates.
2. *Lexington & Ohio Rail Road v. Applegate* (1839) 8 Dana 289, at page 305.
3. *Id* at page 309.
4. Common law is judge-made law traditionally based on custom and usage.
5. For a thorough discussion of all these alternatives and how law was selected as the medium of discourse in US society, see *Law, Labor and Ideology in the Early American Republic*, by Christopher L. Tomlin, Cambridge University Press (1993).
6. *Wolcott Woolen Mfg. Co. v. Upham* (1827) 22 Mass. 292.
7. *Avery v. Van Deusen* (1827) 22 Mass. 182.
8. 1 Beven, *Principles of the Law of Negligence* 679 (second edition, 1895).
9. This phenomenon is traced back to the 1100s in *Law and the Rise of Capitalism*, by Michael Tigar and Madeleine R. Levy, Monthly Review Press (second edition, 2000).
10. *Thurston v. Koch* 4 Dall. 348 (C.C.A. Pa. 1803).

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By What Authority, the name of our publication, is English for *quo warranto*. *Quo warranto* is the sovereign's command to halt continuing exercise of illegitimate privileges and authority. Evolved over the last millennium by people organizing to perfect a fair and just common law tradition, the spirit of *By What Authority* animates people's movements today.

We the people and our federal and state officials have long been giving giant business corporations illegitimate authority. As a result, a minority directing giant corporations privileged by illegitimate authority and backed by police, courts and the military, define the public good, deny people our human and constitutional rights, dictate to our communities, and govern the Earth. *By What Authority* is an unabashed assertion of the right of the sovereign people to govern themselves. A publication of the Program on Corporations, Law and Democracy.

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