BUSINESS LAW FACES THE FUTURE

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My distinguished senior colleagues, Professors Frascona, Raphael, Dillavou and Lavine, have stated the raison d'être of business law in terms that offer little room for disagreement. The stature which our field of common interest has attained is due largely to the wisdom, humanity and vigor which such men as these have brought to their lifework. Their essays represent the best thinking of those who have brought business law, as a distinct academic field, through childhood and adolescence to the ripening maturity which now lies in prospect. With a view to suggesting likely avenues to the full development of business law, I should like to outline for the next generation of business law scholars and teachers my views of the problems and opportunities confronting our profession. The future of business law is indeed bright, and I am confident that full appreciation of its potentialities will lead to a truly distinctive contribution to American intellectual, social, and economic life.

The Present State of Business Law

Before considering specific roads to a better future, however, it may be well to consider where we are and how we got here.

In brief, I think it may be said that business law largely owes its present existence as a distinct discipline to general agreement on one paramount fact: that a sound grasp of the basic principles of law and concepts of justice and reason is an essential element in the training of the professional business manager. The reasons for this consensus are well stated by my colleagues, and I have no quarrel with them, although, as I indicate below, I think business law is growing into a larger role.

Most of the leading professional schools of business in the United States have established curricula which demonstrate their faculties, acceptance of business law as an essential tool of management, and the American Association of Collegiate Schools of Business insists that its member institutions require basic training in business law of candidates for undergraduate degrees. One of the best expressions of this idea of the essential role of law in professional training for business is found in the curriculum of the School of Business of the University of Chicago, where business law is classified with accounting, statistics, and economics as one of the four basic "tools" essential to study and practice of the functional managerial arts of production, finance, and marketing. To my mind this is one of the most persuasive analyses of the essential content of the business curriculum.

Its role in professional education for business is both the strength and the weakness of business law as an academic field. Business law is necessary to business education, but it is far from sufficient. To some of its practitioners, therefore, business law is essentially a service course for the business school, taught by members of a profession separate and distinct from that of business management. This view is unfortunate. The general theory of management has not yet been stated in terms commanding wide assent. Because the teaching and practice of business management inevitably reflect the uncertain and shifting theoretical bases of the art, the formulation of an acceptable general theory of management is the greatest challenge facing the business schools today. There are many routes to valid generalization in this area, and one of them certainly is through a soundly conceived structure of law, reason, and justice in interpersonal economic relations. Business law makes its full contribution to business educatio
only insofar as it opens roads to a sound concept of the essential elements of the managerial function in highly organized industrial societies.

The service-course concept, which leaves to other disciplines the entire responsibility for valid generalization about management, puts business law in a highly unsatisfactory position: as part of the business curriculum few will concede it a distinct place in the liberal arts; and from the viewpoint of the law faculty it is a diluted and straying offshoot of the professional practice of law. If the institutional home of business law is to be the business school business law faculty must be students of management first and lawyers second. By and large, members of today's business law faculty are lawyers first. The service-course concept largely prevails.

Although the service-course concept of business law does not go far enough to enable business law to make the notable contributions of which it is capable the service-course concept nevertheless has added worthwhile content to the business curriculum. Apart from obviously vital training in law, reason, and justice as applied to business relations, business law as a service course has offered the business student three incidental advantages of very considerable significance. If these do not carry us very far toward the ultimate goal of a unified theory of management, neither should they be underestimated.

Perhaps the first of these incidental values of business law training is that it is almost unique in the typical business curriculum in offering student an introduction to original source material in some systematic intellectual discipline. The law case is a basic datum from which all generalization proceeds. The student may well be exposed to what someone else has to say about the case the problem it deals with, but at least he has an opportunity to form his own opinion, to exercise his own judgment. If the course is properly conducted he is compelled to do so, and to defend his conclusions rationally, taking nothing for granted and developing that healthy skepticism of the derivative opinions of others which is the first condition of all scientific investigation. The business law course offers an introduction to logical reasoning, scientific method, and the inductive formulation of generalizations which is the goal of all intellectual activity.

Second, and only slightly less important, business law offers the prospective manager a particularly stimulating opportunity for exercise of the arts of communication. The law is a science of words. Clarity, precision, economy, an taste in the use of language are vital business skills which the study of law is especially likely to develop. The business curriculum quite properly offers specific training in these skills, but any opportunity for their development is valuable. That opportunity is especially conspicuous in business law.

Third--though by no means finally--the business law course illustrates and manifests the practical social utility and intense personal satisfaction of the Platonic virtues. Truth, beauty, and goodness are to be found everywhere, if the eye is open to see. But in the study of law they cannot be avoided. Without justice law is meaningless; the end of law is justice, and the machinery of the law is determined to do justice insofar as human limitations permit, even if the established rules of law themselves must be altered in the process. Business situations involving conflicts of interest clearly demonstrate that "good business relations" are required by the long-run self-interest of the firm. The higher values of justice, compassion, and the Golden Rule are as well communicated by the business law course as by anything our universities offer.

Under the service-course concept the influence of business law upon the
profession of management has depended largely upon the personalities of business law teachers. Fortunately, business law has been able to command the efforts of some exceedingly able men; the field has prospered in the institutions with which they have been connected. Students have considered business law one of their truly liberating intellectual experiences, and at the same time one which is intensely practical in the best sense of that much-abused word. Faculties composed largely of specialists who have had little or no opportunity to discover the majesty of the law have been edified and influenced for good. And worthwhile scholarship has added significantly to the literature of one of the most highly-developed learned professions.

On the other hand, the service-course concept has done a good deal of damage in those instances where strong and intellectually vigorous personalities have not been attracted to the teaching of the service courses. Too often an uncertain professional status, inadequate pay and limited opportunity for intellectual growth have diverted potential business law teachers to other fields. In such cases the necessity for staffing an essential course has led to the employment of men who did not care to undertake the competitive effort of law teaching or practice, or of practicing lawyers to whom teaching sometimes was a sideline which carried the office overhead. Of course, the exceptions leap to mind--some of the most successful business law teachers have been simultaneous practitioners, and experience in practice certainly has been a healthy influence on teaching. But on the whole the part-time teacher has offered a weak business law course, particularly in those institutions which have had to rely primarily on part-time personnel. This in turn has reduced the influence of business law and relegated it to a junior position in the curriculum. And I would be the first to agree that a course which is not ultimately aimed at the development of a concept of management should be relegated to a junior position in the business curriculum.

Achievement of this paramount aim usually requires teaching personnel with training, or at least strong intellectual interests, not only in law but in the other applied social sciences as well, especially business and economics. Breadth of interest is a better criterion than formal training, in many cases, but it is true that an optimum academic background for teaching and research in business law includes much more than what is required for the practice of law. If the profession requiring more does not offer more, it certainly will not get the best men.

In summary, I think it may be said that the present state of business law is that of a service course in professional schools of business, staffed largely by men primarily trained as lawyers, and offering the business student both essential training in law as a tool of management, and incidental advantages of mental discipline, encouragement of effective self-expression, and development of an ethical orientation. The success of the course has depended largely upon the quality of responsible staff. Often ambiguous status, low pay, and uncertain intellectual opportunities have made the development of a really able staff difficult; but, in spite of these common problems, able personnel have been attracted by their own keen interest in business law, the opportunity to develop a new field with great potential, the genuine spirit of self-sacrifice and social service which wells strong in every good teacher, and the amenities of academic life. The future of business law as a service course depends largely upon the enhancement of the profession's attractions, and the diminution of its disadvantages. The real future of business law, however, turns upon its establishment as an intellectual discipline in its own right. This, in turn, requires personnel with broader training and interests, increased emphasis upon genuinely significant research ultimately relevant to high goals, propagation of the idea that law is not only a
professional discipline but a cultural subject worthy of academic attention as such, and enhancement of the attractions of academic life in general. It is my own conviction that business law will mature beyond the service-course concept fulfill a unique and more fully appreciated role, some aspects of which are discussed in the following portions of this paper.

Avenues of Development

Of course, any profession worthy of the name enjoys a multitude of opportunities for increased social service and self-improvement. A rather long list of such opportunities certainly can be compiled for the profession of business law. It is important, however, that we concentrate our attention on a few major objectives and resist the temptation to charge off in all directions at once. Accordingly, I propose to discuss only those possibilities which seem most attractive for the development of our profession in the immediate future, those short run goals upon which business law teachers and scholars might well concentrate for the next few years.

1. Business Law in the Undergraduate Curriculum. The undergraduate business curriculum today demands most of the time and effort of business law teachers. In general, this is as it should be. Business law is a basic tool of management and the business law course properly is introduced into the business curriculum at a relatively early point. Some will argue that the full understanding of the law requires a maturity and depth of judgment rarely found in sophomores. I am not out of sympathy with this view, but it does seem that the same can be said for any other subject worthy of academic study at the university level. My own experience indicates that sophomores generally are capable of a sophisticated understanding of business law if the course is pitched at a sufficiently challenging level. If this is true, the logic of the business curriculum as a whole ought to govern the place of business law in it.

What, then, can be done to improve the undergraduate teaching of business law within the limits fixed by prevailing curricula? First and foremost, I think we ought to make a very serious effort to get away from what one of my colleagues calls "peewee law," meaning a systematic but highly elementary resume of those law school courses relevant to the interests of the business student. Of course business law teachers have cried long and loudly that they do not try to teach substantive law in the law school sense; that they are not trying to make lawyers out of their students or even to teach them enough practical law to enable them to conduct their own affairs without the aid of counsel. Sometimes these protestations have been accompanied by positive proposals for the reorientation of business law teaching under some such principle as "preventive law" or the "functional approach." Fundamentally, however, it seems to me that very little has been accomplished along these lines, and that the criticism so trenchantly expressed in the phrase "peewee law" has a good deal of merit. We still find a great many business law teachers who devote themselves largely to an elementary review of the traditional law school courses. Sometimes there is even a frank emphasis upon the substantive rules of law of some particular jurisdiction, although the jurisdictional orientation has been repudiated for generations by law schools. The basic objective of order and reason in human affairs, the general principles of law and justice, the concepts of law as a tool of management and as a social science--these are features all too often absent from the typical undergraduate business law course, or at best interred under a protective mulch of "peewee law."

There are various causes of this state of affairs; i.e., the preoccupation of many law schools with the rigorous but narrow training afforded by the case
method; the tendency to regard legal training as the only essential qualification for business law teaching; the reliance of some business law departments upon part-time personnel not primarily interested in the academic and intellectual side of their profession; the inertia and provincialism into which all men so easily lapse.

The causes suggest the remedies. We need to re-examine our stress on the case method. My own feeling is that its advantages are very important and well worth preserving—the emphasis on independent, rational judgment; the introduction to original source material; the grappling with actual, concrete situations; and all the rest. At the same time, however, we need to transcend the limitations of the case method. We need to introduce more sociological, economic, and managerial material into the business law course, and to devote more explicit attention to the philosophical problems which the well-taught course raises. At the same time, we need to tighten up the standards of judgment applicable to both students and teachers. University education for the masses, now a laudable reality of American life, need not imply any relaxation of the standards of quality traditionally associated with higher education. Indeed, in this context we should expect more from our students, and our colleagues should expect more from us.

Business law is a required course in practically all undergraduate business programs. Second and third courses in business law may or may not be required, and there is a good deal of variation among institutions and between different programs in the same institution. But business faculties are practically unanimous in insisting upon at least one course in business law for all. From the viewpoint of the business law teacher, this requirement may or may not be a good thing. Perhaps no course should be protected by a tariff wall. Certainly the student who chooses a course from interest rather than from compulsion is an easier and more rewarding student to work with. On the other hand, the faculty cannot very well formulate a systematic curriculum without some pattern of requirements. For myself, I doubt the wisdom of permitting any professional group, whether an association of academic specialists or of business schools or professional practitioners, to dictate course requirements. The curriculum is the exclusive domain of a school's own faculty. It is to be hoped that the faculty will construct the curriculum with a maximum of independence and imagination; if the result is wide diversity among curricula, so much the better. All the business law teacher will insist upon is that if we are going to have any appreciable number of required courses business law ought to be one of them, and that if we are going to have a free market in academic subjects business law has demonstrated its ability to compete with the best that the business faculty has to offer.

The present discussion is directed to the place of business law in existing undergraduate business curricula. I do not mean to suggest by silence that these curricula cannot stand improvement. Indeed, it seems to me that undergraduate business education needs a pretty thorough overhaul, but that is another subject. Here it will suffice to say that business law teachers must think in terms of the business curriculum as a whole, and must be prepared to participate fully in constructive change. In fact, the better business law teachers are especially well qualified by training and experience to initiate curriculum reform.

2. Business Law in the Graduate School. In those business schools offering the M.B.A. degree to college graduates generally, without assuming any undergraduate background in business, business law performs much the same function that it performs in the undergraduate schools, and receives similar emphasis in the earlier phase of the curriculum. As befits a graduate or professional school, the general standards, both of aspiration and of achievement, are higher. Otherwise the story is much the same.
However, business law has a larger place in graduate work. Indeed, it is perhaps here that its academic future is brightest. The business schools should not abdicate, in favor of the law schools, the job of training the teacher and researcher in the fields of business law and social control of business. Top-quality legal training is essential for the business law teacher, but it is not sufficient; appropriate graduate training in business is needed also. Prospective teachers and researchers in all business subjects need thorough training; not only in the internal management of organizations, but also in their external relationships with the wider world. Doctoral programs in business generally recognize this fact in some appropriate way, but the business law staff has not always been fully utilized in this phase of doctoral work. It is obvious that the legal environment of business is the most direct and specific of the external relationships which the manager or scholar must consider, and equally obvious that the legal environment is but the product and vehicle of the economic and social environment in general. Graduate work in business, at whatever level, will be increasingly concerned with these external relationships, and business scholars with legal training will play an increasingly important role in their study.

The program for the degree of Doctor of Business Administration at the University of Washington offers an apt illustration of the academic frontiers of business law. At Washington, four fields must be offered for the general examination for the D.B.A. degree; of these one must be either Economics or Business and Its Environment. Most candidates offer the latter, and all are required to do so if their programs contain a field other than Economics from outside the College of Business Administration. The program in Business and Its Environment includes courses in Responsibilities of Business Leadership, Legal Aspects of Business Administration, Business History, Business Fluctuations, and Business Economics. A majority of D.B.A. and M.B.A. candidates take most of the course offered. The five-man staff responsible for these courses cooperates closely and interchanges ideas fully. The staff holds two law degrees and four Ph.D.'s from such recognized centers of graduate study as California, Chicago, and Columbia.

The seminar in Legal Aspects of Business Administration does not cover the same material as the undergraduate courses, but rather attempts to bring together at a high level of significance for the art of business management, materials drawn from the areas of overlap between law and economics. Among the subjects studied intensively have been restraint of trade and monopoly, resale price maintenance, price discrimination, public utility ratemaking, agricultural control emergency economic controls, the patent laws, trade unionism, and others. Extensive reading is required from managerial, legal, and economic materials, and elaborate research papers are expected of all students. This type of combined training in advanced legal and economic problems and research methods illustrates the potentialities for the business law teacher and scholar in the expanding graduate curriculum of the modern business school.

3. Business Law as a Field of Research. Any discussion of business law the graduate program leads naturally into consideration of the role of research in business law. I suspect that our graduate schools are deluding themselves,
some degree at least, with their insistence that the chief, if not the sole, purpose of graduate work is training in research. The graduate schools have a much more complex job to perform. But research is nevertheless a vital factor in all graduate work—and in all university-level teaching, whether graduate or undergraduate. A university exists not only to transmit knowledge but also to create it. Debate concerning the relative priority of these two functions is endless and endlessly inconclusive; the important fact is that both are essential. The "better" institutions always have been strong in research, but the importance of truly great teaching never should be underestimated.

There have been many truly great teachers of business law, and their influence has been both wide and noble. The average level of teaching in our field has been high, and I have heard of relatively few dull or uninspiring courses in business law. The subject seems to be one which lends itself well to good teaching, and good teaching has been its greatest achievement. In the light of these facts, it seems rather ungracious to say that good teaching is not enough, but this is the truth. If teaching has been the glory of business law, research has been its bane. I am convinced that business law has genuine and substantial contributions to make to the advancement of human knowledge in important fields, not least of which is the art and science of management. It seems to me that the full flowering of business law as an academic specialty depends upon its achieving a record in research comparable to that which it has achieved in teaching.

Many of the best business law teachers have, of course, been prolific writers, and have won distinction as much for their writing as for their teaching. Probably no other academic subject has so many good textbooks in proportion to the number of potential authors. And a really good textbook is, in my opinion, a work of genuine scholarship—-to be a good text it must be. Furthermore, every lawyer knows that the law is not a unified body of generally accepted knowledge, but rather a dynamic, inductively generalized system of tentative hypotheses drawn from the intensive study of original sources. No one can write a text without studying the cases, and studying the cases is what legal research amounts to. Many of those who speak patronizingly of business law textbooks as not constituting research are persons who are uninformed regarding the nature of legal research and the role of the textbook in a case-oriented discipline; or who, lacking the grand vision and driving energy necessary to produce a work of sweeping compass, have limited their own scholarship to more modest efforts.

In spite of all this, it is a fact that business law needs more emphasis on research. Too few business law teachers have developed the habit of regular scholarly investigation. Of those who have, too few have addressed themselves to really distinctive problems in basic legal and managerial theory. We are, perhaps, reasonably wealthy in the "garden variety of legal research," but we cannot very well expect to compete successfully in these well-turned furrows with the law schools and law reviews. We must do something different. And since we operate within the context of professional education for business, it is the problems of business, rather than the traditional problems of lawyers, that we ought to attack. As professors of business law, we need to bring our legal training and our legal traditions of disinterested objectivity, devotion to the common good and unremitting hard work, to the solution of business problems of the most advanced type.

With few exceptions, we have fallen short of this mark. Yet, in time, I believe that teachers and students of business law will rise to the unlimited opportunity offered by modern interest in interdisciplinary research. Such writers as Sir Henry Maine, A. V. Dicey, Roscoe Pound, John R. Commons, Judge Jerome Frank, Thurman Arnold, A. A. Berle, Jr., George W. Stocking, Corwin D. Edwards,
Walter A. Adams, Carl Kaysen, Jerome Hall, Edwin S. Sutherland, Chester I. Barnard, and W. W. Crosskey, Jr., have shown us some of the possibilities. I have every hope that we will live up to them.

4. Interdisciplinary Aspects of Business Law. I already have mentioned the interdisciplinary character of business law as one of the attractive features of the profession and one of the reasons why its research opportunities appear potentially so fruitful. This interdisciplinary character deserves separate emphasis. The building of bridges between distinct specialties has been one of the historic functions of business law. The failures of the profession have been largely failures to build these bridges, and the successes of the profession have been largely successes in building them. The interdisciplinary character of business law is one of the chief arguments for the inclusion of business law in the business curriculum. The interdisciplinary character of business law is what prevents it from being merely a poor relation of law school teaching, and gives it a unique mission. We live in an age in which new specialties are growing out of old; an age in which diverse skills may be brought to bear on the solution of striking new problems. The future of business law lies in the successful exploitation of the advantages of its ambiguity.

5. Business Law as a Cultural Subject. The place of business law in the liberal arts curriculum has been so well discussed in recent books and articles that it is unnecessary here to belabor the fact that law is a social science rich in interest and significance for every thinking man. As such, the law ought to resume its historic place in the undergraduate liberal arts curriculum, and it is gratifying to see cultural courses in law offered at some of our leading institutions. In practice the business law course often has served the purpose of the cultural study of law, sometimes with outstanding results. I, for one, hope that my colleagues in the field of business law will press forward vigorously in the development of more courses explicitly dedicated to this purpose. Business law teachers are and should be admirably equipped by training and interest for innovations of this type, and I am confident that they and their associates in departments of political science and schools of law will find in such courses stimulating and mutually rewarding opportunities for interdisciplinary cooperation. The current interest in law as a cultural subject offers business law teachers an opportunity they should not miss.

Some Problems of the Profession

The future of every profession rests upon its ability to attract able and original minds. Business law is no exception. This is its primary problem: to induce men likely to succeed brilliantly in business or in law practice to give up the material rewards of those occupations, undertake additional years of arduous study in business and the social sciences, and enter an interdisciplinary specialty which, though demanding unusual talents, offers inadequate material rewards.

1Berman, On the Teaching of Law in the Liberal Arts Curriculum (Brooklyn, Foundation Press: 1956).
2Eliot, Law in the Liberal Arts Curriculum, 9 J. Legal Ed. 1 (1956); Hancock, Teaching Law in the Liberal Arts Curriculum, 7 Stanford L. Rev. 320 (1955); Raphael, Law in the Liberal Arts College, 31 College and University 207 (1956); Currie, The Place of Law in the Liberal Arts College, 5 J. Legal Ed. 428 (1953), Freund, Law and the Universities, 1953 Wash. U. L. Q. 367. See also Powell, Law as a Cultural Study, 42 A.B.A. Rep. 572 (1917).
Doubtless the life of a scholar never will lead to wealth. But the academic man, however much motivated by a passion for learning for its own sake, however willing to take up the burdens of a life of social service, is likely to do his job better in an environment affording for him and his family the decencies of modern life, and some of the luxuries, too. The business law professor, like his associates in other fields, needs the leisure to read and to think; the means to travel and to patronize the arts. Yet, in all honesty, we must tell the young man considering a career in business law that few specialties offer greater disproportion between demands and compensations. It is a conservative, realistic goal to ask that present general academic salaries be doubled, in real terms, over the next five years, and, in addition, that special attention be given to especially underpaid fields such as business law.

A radically improved academic pay scale will do much to hold the services of the better business law professors and to attract promising younger men, but this is only a first step. It is essential to make business law not only more attractive economically, but also more attractive intellectually. We need not only better pay, fringe benefits, and working conditions, but also an academic environment in which stimulating teaching and original research will thrive. This is only partly dependent upon money; leadership and example are equally important. Business law, like other subjects, thrives in those institutions favored with forward-looking administrations and intellectually productive senior scholars. Really creative research flourishes where administrative officers recognize and reward it, colleagues stimulate and encourage it, and men likely to do it are sought out for recruitment. Good research is both a product of the profession and a product of the general institutional environment within which the profession functions. The scholarly problems of business law lie in both areas. Systematic financial support for research expenses, a rational system of status and monetary rewards for both good teaching and good research, and the cultivation of an esprit de corps in professional schools of business, are vital factors in the future of business law.

These problems are common to many fields. One peculiar to business law is the development of a generally accepted standard of graduate training. We have nothing quite comparable to the Ph.D. in its universal acceptance as the capstone of formal education. The general feeling that a creditable performance in a first-class law school represents an attainment which is at least the equal in time, rigor, and research training of the Ph.D., is a feeling based on sound judgment. But this is not quite the problem. Graduate work is something more than an exercise in persistence. The question is not whether the law degree or the Ph.D. is better for the prospective business law professor, but whether there is any graduate program, leading to any degree, which really meets his unique combination of needs. Probably the best available curriculum consists of a degree from a first-class modern law school, emphasizing economic and sociological materials, as well as the case method, plus supplementary study of the social sciences and particularly of the more advanced problems of business administration. But this type of program involves serious problems both of relevance and of duplication, and does not lead to positions offering rewards proportional to the additional investment. Some type of graduate program especially adapted to the needs of our profession may, in time, prove feasible.

Business law, as an academic specialty, also needs to resolve the conflicting demands of teaching and practice. Up to a point, each is good for the other, but in many schools that point has been passed. Only rarely does the department relying primarily upon part-time personnel make an outstanding record. Ultimately, a combination of better academic salaries and more demanding professional standards in teaching and research may resolve the problem of the part-time teacher.
Finally, the profession of business law has much to gain from the continued development of its national professional organization, the American Business Law Association. Now thirty-four years old, this Association has steadily increased in size, influence, and service to the profession. It affords opportunities for the intellectual stimulation and personal friendships which are important elements in the life of any profession; publishes a biennial Bulletin devoted primarily to scholarly articles reflecting the research interests of the membership; works for the advancement of the profession, and participates in the activities of the national Council for Professional Education for Business. The American Business Law Association is supported only by membership dues, and therefore must tailor its services to fit its budget. More ample funds would permit a considerably more ambitious publishing program, direct support of research, and more effective representation of the interests of business law. Furthermore, a strong national professional association distinctly encourages the maintenance of high standards of performance by the membership, and encourages the profession to adopt that attitude toward its work which is characteristic of the learned professions' tradition of social service and disinterested scholarship. The strength of the American Business Law Association is a good measure of the strength of business law.