Honors in the Major Thesis Proposal
For
Selective Incorporation and the Evolution of Corporate Constitutional Rights under Modern Supreme Court Jurisprudence

Rebecca Fate

James A. Beckman, J.D., L.L.M.
Thesis Committee Chair
Department of Legal Studies

David Slaughter, J.D.
Committee Member from Major Department of Legal Studies

Eric Merriam, J.D., L.L.M.
Committee Member outside Major Department of Political Science
Arguably one of the most widely discussed and burgeoning issues within the field of modern constitutional law is that of the continued expansion of corporate constitutional rights. With several recent, highly contested, and publicly well-known cases in this area, much of this discussion has revolved around the arguments for and against the continued growth of constitutional rights for corporations. In this thesis, the author will not attempt to take a side in this debate, but instead will seek to establish a better understanding of the jurisprudential approach the Supreme Court has utilized in deciding these cases. Specifically, this work will compare the Supreme Court's jurisprudential approach to corporate constitutional rights with that of the more established and better known doctrine of selective incorporation of the Bill of Rights to the states, beginning in 1925 and continuing to the present day. The comparison of these two approaches will seek to find similarities between them in order to establish that the doctrine of selective incorporation may properly be employed as an analogy for the Court's approach to the evolution of corporate constitutional rights. Using this analogy, predictions for the future of corporate constitutional rights under Supreme Court jurisprudence will be made, specifically whether corporations will continue to be afforded additional constitutional protections in upcoming years.

Selective incorporation is the process by which the Supreme Court of the United States has applied various provisions and protections of the Bill of Rights to the states. These first ten amendments to the United States Constitution were created to ensure individual rights and freedoms against the federal government. The question soon became whether these amendments, and the protections they afford, are applicable to state and local governments as well. From their ratification through 1833, the Bill of Rights remained inapplicable to states, although there was no official court ruling on the matter. In the 1833 *Barron v. Baltimore*, however, the Supreme
Court definitively stated that the Bill of Rights (specifically the Fifth Amendment's Takings Clause) did not apply to state governments. Four decades later, in the *Slaughter-House Cases*, the Court once again rejected attempts to apply the Bill of Rights to the States by rejecting the use of the Privileges and Immunities clause as a basis for application. Following these decisions, however, judicial opinions on the issue began to change, and, starting in 1925, the selective incorporation process formally began with the case *Gitlow v. New York*, in which the Supreme Court ruled for the first time that the First Amendment freedom of speech clause applies to the states. The Court came to this conclusion by finding that the "liberty guarantee" protected from infringement by the states in the due process clause of the Fourteenth Amendment includes the liberty of freedom of speech. This same reasoning was used in the following nine decades to apply nearly every clause and protection of the Bill of Rights to the states, with a few notable exceptions. The term selective incorporation is explanatory of the particular approach used, as clauses were applied to the states on a case-by-case basis, rather than all at once. Such an approach was, and in some ways still is, contested, with disagreements about whether the Privileges and Immunities Clause would have been better textual basis for incorporation than the Fourteenth Amendment, as well as whether incorporation of the First Amendment through the Eighth Amendment should have happened all at once (a process known as total incorporation). Ultimately, selective incorporation has become one of the most important and widely studied jurisprudential approaches in United States history as a matter of federal constitutional law.

Corporate personhood and corporate legal rights have also been an important topic within United States judicial history. The evolution of corporate personhood is long, complex, and somewhat meandering in its evolution. Legal scholar Yvette Ann Walker places this history nicely into three theories, each representing a different stage of the legal status of corporations.
The first theory is known as the “concessionary theory,” which imagines corporations as strictly "legal fictions" with only those rights given to them by the state (in their charter). However, as statutes began to emerge that allowed corporations to form without a formal charter from the state legislature and the relationship between the state and corporations began to decline, the process of incorporating a business became more of an individual venture. With this change came a new conception of what the legal importance of a corporation was, the “real entity theory,” which suggests that corporations are more than a legal fiction and hold significance outside of the strict parameters of legal documents. This theory began the establishment of a distinct personality for corporations and provides a legitimate basis for the sanctioning of this personality via special rights. At this same time, however, many scholars began to argue the opposite viewpoint, asserting that corporate personhood language was “not a signal that firms had an independent presence.” This argument continues, at least in essence, today. The final stage of this evolution towards corporate personhood, according to Walker, came as corporations began unprecedented growth in both size and scope. This expansion lead to the “natural entity theory,” which suggested that corporations exercise an independent existence from both the state and the individuals who make it up, acting as separate entities in and of themselves. The United States Congressional Dictionary Act of 1948 supports this interpretation that corporate personhood is separate and equivalent (at least in most ways) to natural personhood. In it, Congress stated that in “any Act of Congress, unless the context indicates otherwise ... the words ‘person’ and ‘whoever’ include corporations.” Though not directly dealt with in this thesis, the evolution of corporate criminal responsibility also coincides with the progression of corporate personality, as courts began finding criminal liability for corporations themselves and not merely for the agents thereof. This criminal liability for corporations has even been found to include
many crimes beyond merely financial ones, including negligent and reckless homicide. This too represents the changing view of the courts as to the status of corporations and corporate personhood. Walker suggests modern corporate theory is essentially of a mix of original "real entity" and "natural entity" theory. This modern corporate theory admits that corporations are artificial creations, but also asserts that they are "real and independent actor[s] with goals and actions separate from the individuals composing [them]." The Supreme Court's interpretation of whether a corporation should be granted certain constitutional rights depends largely on what type of corporate personhood theory to which they subscribe. The mix of theories laid out by Walker as the basis for modern corporate theory appears to be the basis for modern Supreme Court jurisprudence.

Much like selective incorporation, the process of applying constitutional provisions to corporations began early in U.S. Supreme Court history, with most scholars agreeing that the 1886 case of Santa Clara County v. Southern Pacific Railroad Company stands as the first Supreme Court case to apply constitutional provisions specifically to a corporation. Although this is not clearly stated in the opinion itself, this case has been repeatedly cited as evidence that the Supreme Court has already settled whether the Fourteenth Amendment applies to corporations. This assertion appears only in a headnote issued by the Court Reporter, although Chief Justice Waite was also quoted (before arguments were made) as saying "The Court does not wish to hear arguments on the question whether the provision in the Fourteenth Amendment to the Constitution, which forbids a State to deny to any person within its jurisdiction the equal protection of the laws, applies to these corporations. We are all of opinion that it does."

Covington & L. Turnpike Road Co. v. Sandford, decided in 1896, explicitly asserts that corporations have due process and equal rights guarantees under the Fourteenth Amendment,
citing Santa Clara as precedence. Like selective incorporation, further constitutional provisions have been applied to corporations on a case-by-case, clause-by-clause basis. The author of this thesis will argue that the current jurisprudential approach being employed by the Supreme Court of the United States to apply various constitutional rights to corporations is fundamentally the same process as that historically utilized by the Court to make the Bill of Rights applicable to the states, the doctrine, once again, known as selective incorporation.

Many law review articles and other scholarly works have been written regarding both selective incorporation and the constitutional rights of corporations. Selective incorporation is, of course, in no way a new or cutting edge topic within the law, and discussions of it can be found in numerous articles and books. The topic of selective incorporation is also not strictly historical or an arcane jurisprudential doctrine, however, as the Court utilized this same process in 2010 in order to apply the Second Amendment to the states. Corporate personhood (and the rights associated with this personhood), has also become a particularly divisive topic recently, especially following Supreme Court decisions in *Citizens United v. Federal Election Commission* as well as *Burwell v. Hobby Lobby Stores, Inc.*, in which the Supreme Court appears to have greatly expanded corporate constitutional rights in regards to both freedom of speech and freedom of religion. Developing in fairly quick succession, these decisions have led to a major increase in the interest in this topic. There have been numerous articles both supporting and disapproving of these decisions published within the last ten years or so. Many of these articles discuss the history of corporate personhood and its purpose within the legal field, as well as the intent of the framers when drafting the constitution to argue for or against these developments. Regardless of how one feels about it, however, it is clear that the Supreme Court of the United States has a long history of cases involving constitutional rights of
corporations, and they have consistently decided in favor of them. This thesis will seek to address not whether or not this jurisprudential approach is valid, as many others have done, but rather to evaluate the type of approach being utilized by the Supreme Court and, if correct, to use it to predict the future of this line of case law. With the recent developments in both of these areas, the time seems right for a fresh evaluation of the Court’s approach as well as a comparison between these two seemingly distinct jurisprudential areas.

More specifically, this work will engage in an in depth comparison of the approach currently being utilized by the Supreme Court in regards to constitutional rights of corporations with that of the doctrine of selective incorporation. It will seek to prove the similarities between these approaches, and in doing so give a better framework of understanding of Supreme Court jurisprudence regarding corporate rights. This will be done by comparing those cases that are relevant to both selective incorporation as well as corporate rights, pointing out any overlap between these two topics in terms of their case history, and then investigating the extent to which both lines of jurisprudence represent the same case-by-case approach to incorporating rights (either to the states or to corporations). An evaluation as to why this case-by-case approach was chosen in each instance will also be discussed. Finally, this new understanding of the judicial approach will bring not only a better frame of reference for the historical process of constitutional rights of corporations and add to the body of knowledge in this area, but also the ability to better predict the actions of the Supreme Court in this area in the future. Thus, this work will conclude with several predictions on the future of Supreme Court case law in this topic area based on the analysis of the historical approach and a logical continuation of that trend. While predicting future Supreme Court decisions is often difficult and highly speculative,
understanding the underlying rationale of the Court can provide valuable clues and milestones for potential new decisions and rulings.

This thesis will be organized into three sections, thematically. The first section will discuss the relevant history of, and cases related to, selective incorporation. The second will do the same for constitutional rights of corporations. The final section will consist of the evaluation and predictions mentioned above. This thesis will achieve natural symmetry by beginning with discussions on the importance of the Fourteenth Amendment for both selective incorporation as well as corporate constitutional rights. This is the obvious place to start for both topics, as the Fourteenth Amendment is the foundation for selective incorporation, and because the first constitutional amendment explicitly found by the Supreme Court to be applicable to corporations was also the Fourteenth Amendment.22 Below is a brief discussion of the material to be covered in each of these three sections, beginning with those cases that apply to both selective incorporation as well as to corporate constitutional rights.

Remarkably, a discussion of both of these processes can start with the same case, namely the *Slaughter-House Cases*. This case represents the first time the Supreme Court attempted to interpret the newly enacted Fourteenth Amendment.23 The Court in this case refused to read the Fourteenth Amendment (particularly the Equal Protection clause) broadly enough to include the businesses seeking relief, resting on the narrow interpretation that its intent was solely to prevent discriminatory laws against blacks.24 Although the businesses in question in this case (butcher’s associations, specifically) are not technically corporations, the case can be interpreted as an early dismissal of the constitutional rights of business and corporate entities. Interestingly, the case has also been read as a rejection of the proposal that the Privileges and Immunities Clause within the Constitution could be applied to state citizenship as well as national citizenship, thus rejecting
the contemporary argument for incorporation of the Bill of Rights to the States. Although many scholars suggest the Privileges and Immunities Clause would have been the more appropriate methodology for incorporating the Bill of Rights to the States (including Justice Hugo Black in his dissenting opinion in *Adamson v. California*), no other majority opinion following the *Slaughter-House Cases* attempted to use the clause in this way. Instead, those justices in favor of incorporation felt obliged to utilize a new basis in order to avoid the need to either overturn or distinguish from *Slaughter-House*. The Fourteenth Amendment Due Process Clause and the “liberty guarantee” contained therein thus became the new textual basis for incorporation. Some debate still remains regarding the potential use of the Privileges and Immunities Clause by the Supreme Court, with some indication that its future use is still possible.

Beyond the argument over the textual basis for incorporation of the Bill of Rights to the states explored above, there was also some substantial disagreement, even within the Supreme Court itself, about the judicial approach to be utilized. A short discussion of this is important to fully understand selective incorporation as a judicial approach, and to develop an understanding of the potential motives on the part of the Court for choosing this particular one. This will also be helpful to the reader in better understanding how this process applies to the evolution of the treatment of corporate constitutional rights. In particular, an argument waged over whether the Court should continue on a selective, incremental basis, incorporating clauses as they came, case-by-case, or if the Court should sweepingly incorporate the entirety of the Bill of Rights via “total incorporation”. This argument has become largely academic now that the majority of Bill of Rights has been incorporated, but it still holds important insight into the Court’s approach, and it may still be relevant to the discussion of whether “total incorporation” has applicability to corporations. Justice Hugo Black was highly in favor of the doctrine of total incorporation, at
least of the first Eight Amendments. He stated this view clearly in his concurring opinion in *Duncan v. Louisiana*, writing, “the words ‘No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States’ seem to me an eminently reasonable way of expressing the idea that henceforth the Bill of Rights shall apply to the States.”27 This approach was ultimately rejected in favor of the more incrementalist approach advocated by Justice Frankfurter, likely in large part due to the rejection of the Privileges and Immunities Clause as the textual basis for incorporation upon which Justice Black based his argument. Under the Due Process clause approach that was ultimately utilized instead, rights were incorporated on the basis that they were found to be included in the liberty protected under the Fourteenth Amendment from state intervention.28 The Court, under this jurisprudential approach, likely felt obligated to argue the merits of each clause of the Bill of Rights separately as to whether it should in fact included in this liberty protection. Although ultimately the Supreme Court has found all but a small few of the clauses of the Bill of Rights are in fact required under the Due Process clause, this approach none the less leaves open the possibility of finding that certain clauses are not required under due process protections and therefore do not apply to the states. An example of this finding can be found in *Hurtado v. California*, in which the Court found that the right to an indictment by a grand jury does not apply to the states.29 This work will briefly touch on this history of the selective incorporation process as it is pertinent to establishing what other approaches were available to the Court and to explain why they chose the one that they did. This choice will then be compared to the one the Supreme Court made in regards to applying constitutional rights to corporations.

Further overlap of the relevant case history of these two topics can be seen in *Chicago, B & Q.R. Co. v. City of Chicago*.30 Although the Court did not yet explicitly use the language of
incorporation later laid out in *Twining v. New Jersey*,\(^{31}\) and *Gitlow v. New York*,\(^{32}\) this case represents the first time the Supreme Court found that clause of the Bill of Rights applied to the states via the Fourteenth Amendment (thus having the same functional affect as later selective incorporation cases)\(^{33}\). The petitioner in this case, whom the Court held was protected under the Takings Clause of the Fifth Amendment, also happens to be a corporation, making this case a very early example of the Supreme Court’s jurisprudence in regards to corporate constitutional rights as well. Although this thesis will touch only briefly on the timelines of the two topics, it is clear they have many similarities and an acknowledgement of this fact seems pertinent.

Of course to fully understand the historical basis for the evaluation of these two judicial approaches, a thorough review of the case history of each will need to be conducted. As stated previously, each section will begin with a brief discussion of *The Slaughter-House Cases*,\(^{34}\) as well as *Chicago, B & Q.R. Co. v. City of Chicago*.\(^{35}\) For selective incorporation, other major cases throughout the history of the process will be discussed in depth, beginning with *Twining v. New Jersey*\(^{36}\) and *Gitlow v. New York*,\(^{37}\) and moving through to the most recent case, *McDonald v. Chicago*.\(^{38}\) A briefer examination of the many other incorporation cases in between will also be carried out in order to establish a better understanding of the approach utilized, specifically the clause-by-clause breakdown of constitutional rights, and the numerous cases needed to incorporate all of them. This thesis will then address those rights that have not been incorporated (either due to lack of a case, or because the Supreme Court has specifically found that they do not apply), with an emphasis on the reasoning behind findings that certain rights should not be incorporated. The major case in this area will be *Hurtado v. California*,\(^{39}\) but will also include discussion of other un-incorporated rights such as the Seventh Amendment right to a jury trial in civil cases. A similar methodology will be followed in the section on corporate constitutional
rights, with an analysis of each case involving the progressive application of constitutional protections to corporate entities. Major cases for examination in this section include *Hale v. Henkel,* 40 *U.S. v. New York Cent. & H.R.R. Co.*, 41 *G.M. Leasing Corp. v. U.S.*, 42 and *U.S. v. Martin Linen Supply Co.* 43 Of course special attention will also be paid to the more recent and controversial issues of whether freedom of speech and freedom of religion are applicable to corporations under Supreme Court case law. 44 Here, too, special attention will be paid to those rights that have been found not to apply to corporations, with an analysis of whether they fit within the proposed judicial approach, or if they represent a deviation from that approach. Such cases include *Hale v. Henkel,* 45 and *California Bankers Ass’n v. Shultz.* 46 Cases within each section will be organized primarily chronologically to allow for better historical context and analysis.

The goal of this thesis is to establish a new line of study regarding corporate constitutional rights, and will not seek to weigh in on the issue of its constitutional, historical, or moral validity, as many other works have done, nor will it make a judgment as to the positive or negative effect of these decisions on our democratic system. Instead, this work will objectively evaluate the judicial approach the Supreme Court has historically utilized in deciding what rights apply to corporations, arguing that selective incorporation is at least a valid analogy for this process, and may even be considered an equivalent approach, just one with a different legal basis. With the recent decisions in *Citizens United* and *Hobby Lobby,* many are eager to make suggestions about what is to come regarding corporate constitutional rights, but without a proper understanding of the history of this topic and the Court’s methodology in deciding these cases, such predictions hold little meaning. This work will therefore be unique not only in the comparison of these two jurisprudential approaches, but also in its ability to make predictions
based on this new understanding of the Court’s approach. Of course, as the makeup of the Court changes and justices holding different views of corporate legal personality take the bench, these predictions may change. As of the time of this writing, the vacant seat left by Justice Scalia’s passing makes any predictions particularly difficult, especially when one considers that recent corporate rights cases have been decided on a five-to-four basis, mostly along ideological lines. The views of the new justice regarding corporate legal personality and corporate constitutional rights may completely change the Court’s direction, and these developments will need to be watched closely during the justice’s confirmation hearings as well as his or her early days on the Court.
Notes

6 Within Amendments One through Eight, there remains two complete amendments and three clauses that have not been incorporated. These are the Third and Seventh Amendments as well as the Fifth Amendment guarantee of a grand jury indictment, the Sixth Amendment right to a jury selected from residents of the state and district where the crime occurred, and the Eighth Amendment protection against excessive fines.
8 Ibid.
9 Ibid.
10 Ibid.
11 Ibid.
12 Ibid.
17 Covington & L. Turnpike Road Co. v. Sandford, 164 U.S. 578 (1896).
18 McDonald v. City of Chicago, 561 U.S. 742 (2010). The Court found explicitly in this case (in a 5-4 decision) that the 2nd Amendment should be incorporated under the Fourteenth to apply to the states.


22 *Santa Clara County v. Southern Pac. R. Co.*, 118 U.S. 395 (1886).


29 *Hurtado v. California*, 110 U.S. 516, (1884). The court states this is because the Fifth Amendment (from which this protection arises) has its own due process clause. The separation of the two clauses is assumed to be intentional and not superfluous, and thus it can only be concluded that the protection is not implicit in due process. It is important to note that this case is now very old, however, and there remains the possibility that the Court may reverse this decision in the future.


34 *Slaughter-House Cases*, 83 U.S. 36 (1872).


38 McDonald v. City of Chicago, 561 U.S. 742 (2010).


40 Hale v. Henkel, 201 U.S. 43, (1906). Found the Fourth Amendment rights against unreasonable search and seizure applied to corporations, but that Fifth Amendment protection against self-incrimination did not.


Bibliography


Covington & L. Turnpike Road Co. v. Sandford, 164 U.S. 578 (1896)


Slaughter-House Cases, 83 U.S. 36 (1872).

