Inside the Law: Canadian Law Firms in Historical Perspective

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Introduction

This collection of essays edited by Carol Wilton chronicles the changing character of Canadian law firms from the "golden age" of the sole practitioner in the nineteenth century to the mega-firms of the late twentieth. Most of the essays describe the changing profession through a case study of a single lawyer or firm, and Wilton has collected a representative sample of firms from across the country. Some of the firms remained small or disappeared, while others grew into full-service corporate commercial law firms of several hundred lawyers. Most of the essays focus on the personalities of the lawyers involved, their family connections and their links to the business world. Some place the lawyers in the background, focusing instead on the firm. However, in varying degrees all the authors describe the profession in the context of social and, particularly, economic change.

Three contributions attempt something other than the case study approach. Wilton's introductory essay surveys the major changes in the way Canadian lawyers have practised law from 1820 to the present. It is a useful overview, linking economic and social conditions to the changes in the profession, and providing some initial coherence to the collection. Dale Brawn's study of Manitoba lawyers to 1959 provides a survey of a different sort. He analyzes the Manitoba bar and finds a sharp divide between the interests of small and large firm lawyers. Finally, John Hagan and Fiona Kay probe the significance of gender in the hiring and promoting of lawyers in Ontario firms. They conclude that the increasing hierarchy of the legal profession prevents associate lawyers, and women in particular, from joining the partnership.

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The essays reveal that despite the inherent conservatism of the profession, it is by no means static and unchanging. As corporations and government grew in size and complexity, law firms grew as well to offer an increasing range of specialized services. The sole practitioner and small firm remain, but downtown firms with dozens of partners and hundreds of lawyers, each practising in a very narrow area of law, occupy the centre stage of the legal profession. In this collection of essays, Wilton does indeed take the reader “inside the law” to study the structures of law firms and the lawyers that built them.

I. The Nineteenth Century

In his study of Beamish Murdoch, Philip Girard suggests that the career of this Nova Scotian lawyer spanned the “heyday of the sole practitioner in North America”, an era that began in the early nineteenth century and ended roughly with the assassination of its most famous practitioner, Abraham Lincoln. Girard focuses on the first twenty years of Murdoch’s legal career, 1822-42. In those early years Murdoch’s clients were small merchants, mechanics, traders and artisans, all from “a modest class background.” For these clients he provided a few relatively simple services, particularly debt collection. However, with his courtroom successes increasingly reported in the emerging press, Murdoch’s reputation grew. Girard argues that for the relatively unconnected Murdoch, newspaper reports were an important medium through which to establish a name. In fact, his lack of connection became part of his public persona. The press portrayed him as an independent, unbeholden to the interests of any particular merchant family, business or church, and in 1826 he transferred this image into a seat in Nova Scotia’s Assembly. Murdoch’s election, suggests Girard, was the first political expression of Halifax’s emerging middle class.

As demand for his services grew, Murdoch’s practice shifted from a range of basic legal services for a broad middle class client base, to a practice of complex legal services provided to a smaller and significantly more affluent group. However, despite the change in his practice he remained a sole practitioner. In the early nineteenth century it would have been surprising for him to practice in any other way. As Girard suggests, it was accepted that “sole practice was the ‘natural’ way for a lawyer to offer his services.” Furthermore, without significant corporate concen-

3. Ibid. at 70.
4. Ibid. at 78.
tration or extensive government regulation, there was no particular advantage for lawyers to organize themselves differently. The needs of business in the early nineteenth century could be met by the generalist lawyer.

Although sole practice was the "natural" way for lawyers to practice law until the 1880s, not all lawyers fit the mould. Jamie Benidickson’s essay on Aemilius Irving illustrates that while most worked as sole practitioners or in small family based partnerships, this was not the only option. Between 1855 and 1872 Irving was in-house counsel for the Great Western Railway, based in Hamilton. Other studies cited by Benidickson suggest a correlation between increasing train accident litigation and the hiring of in-house counsel. However, despite a disastrous accident that killed fifty people in 1854, Benidickson downplays the link in the hiring of Irving. He argues that Great Western hired Irving to reduce the costs for the range of legal services it required. The work of an in-house counsel for a railway company involved defending personal injury claims, but also defending claims for shippers’ losses when cargo was lost or damaged, resisting punitive municipal taxes, responding to government regulation, drafting of corporate and commercial agreements, and commercial litigation. Irving was paid a salary out of which he was expected to provide his own support staff. Although Irving made the transition to in-house work with considerable aplomb, some of his contemporaries were not so sanguine. Nineteenth century lawyers were unaccustomed to seeing one of their own as a "hired servant" of a corporation and, reflecting the conservatism of the profession, many opposed his working relationship with Great Western.

On the basis of these two case studies, the book would appear a collection of biographical essays on men who litigate debt collection and personal injury cases, and draft contracts for a living. While there is a good deal of that, the next series of essays describes fundamental changes in the practice of law. The changes are driven, the authors argue, by changing forms of business organization and the demand for more intricate legal services.

II. Establishment Firms in the Twentieth Century

The fifty year period beginning in the 1890s and lasting though the depression of the 1930s is the era that the book charts most thoroughly. As Wilton comments in her introduction, it was a time of transition and

then uncertainty. Rapid growth in the decades before the First World War brought larger businesses and new forms of corporate organization, and with them emerged a new type of the law firm—one with an identity distinct from its prominent partners. This is revealed in Declan Brendan Hamill’s study of the relation between the Montréal firm of Campbell, Meredith (now McMaster Meighen) and the Montréal Stock Exchange (“MSE”). His essay is the first in the book to take the law firm rather than the lawyer as the principal subject of study. He does so by analysing eighty opinion letters produced by the firm between 1895 and 1933 for the MSE. Throughout, Hamill emphasizes the facilitative nature of the legal work. The lawyers at Campbell, Meredith created a system of corporate governance and regulation for the MSE, allowing it to flourish as a self-governing institution. With more than five lawyers in 1895, Campbell, Meredith was uncharacteristically large for a Canadian firm. It was, Hamill suggests, one of a new breed of law firms that were able to provide a range of specialized legal services to increasingly large corporate clients. The golden age of the sole practitioner was over; corporate counsel were the rising stars, commanding the highest rates and changing the nature of the profession.

Ian Kyer describes the transition of Beatty Blackstock from its comfortable place in the Toronto establishment when William Beatty left the firm in 1906 to an aggressive entrepreneurial firm guided by the Fasken brothers when it adopted their name in 1915. Unlike Hamill’s study where the individual lawyers recede behind the firm, Kyer presents the personalities and their family connections. Beatty Blackstock was an establishment firm, and its fifteen lawyers at the turn of the century made it one of the largest in the country. The lawyers belonged to Toronto’s establishment church, St. James Anglican Cathedral; they supported the Conservative party; and they were connected to prominent wealthy families. Kyer reveals an era where family ties not only determined entry into the legal profession, but also generated work. He suggests that marriage was a means of securing business and employment. Beatty, in particular, was connected through marriage to the Gooderham and Worts families, and consequently secured the legal work flowing from their manufacturing and financial empire.

The Fasken brothers, on the other hand, were unconnected to the Toronto establishment. According to Kyer, they valued legal talent over

family connections and as they reshaped the firm in their image in the early twentieth century, they sought lawyers who were best able to service their growing mining interests in northern Ontario. Family connections counted for less. Although perhaps unremarkable now, the Faskens’ transformation of Beatty Blackstock challenged a legal profession that, in the nineteenth century, valued “character” and the qualities of a “gentleman” most highly.

T.D. Regehr’s study of the families and personalities that ran the Toronto firm of Blakes from 1858-1942 reveals that the transformations at Beatty Blackstock were not unique in the profession. However, changes at Blakes occurred gradually, and perhaps not fundamentally until after the Second World War. Over the period studied, Regehr found that all the senior partners at Blakes “enjoyed excellent family, political, and business connections.” In fact, most of the partners were related by blood or marriage to one of the legal patriarchs in the Blake, Cassels or Lash families. Although Regehr reports that no sons or daughters of firm lawyers were hired after 1942, the prospect concerned the partners enough that in the early 1970s they created an official anti-nepotism policy. The contrast is stark—from a firm built on family to one that excludes family—and it reveals a fundamental shift in the nature of the profession.

If the nineteenth century belonged to the sole practitioner, the early twentieth belonged to the corporate solicitor. Marchildon and Cahill’s essay on the Halifax based Stewart law firm from 1915-1955 illustrates the growing links between large corporate interests and the corporate commercial lawyer. They argue that no Canadian lawyer better typified the mantle of “lawyer prince” than James McGregor Stewart, who joined the Halifax law firm of Harris in 1915 and eventually made it his own. Stewart became a director of many prominent Maritime and Canadian companies, vice-president of the Royal Bank, and was the legal advisor and personal confidant to the immensely wealthy and reclusive Izaak Walton Killam. He was, the authors suggest, “nationally recognized as the Maritime linch-pin of the pan-Canadian corporate elite. . . .” Much as the Fasken brothers fused business and law in Toronto, Stewart did the same from his Halifax base. He was able to straddle the worlds of law and

10. Ibid. at 207
12. Ibid. at 281.
venture capital, succeeding in both, and his entrepreneurial ethic infused the organization of this firm. The law office was run like a business, not a family firm. Partners were encouraged to seek directorships and to participate directly in a client’s business affairs. Stewart hired students with top marks and promoted them within the firm. Family connections were not ignored, but like the anti-nepotism policy at Blakes many years later, Marchildon and Cahill suggest the Stewart firm had a bias against hiring family members.

In this period, then, there are two significant changes. First, law firms such as Campbell, Meredith grew to the point where they acquired an identity beyond their prominent lawyers. Second, the composition of the establishment firms began to change from family based businesses to working partnerships of élite, but unrelated lawyers. From these studies of central Canadian and Maritime law firms, one is left with the sense not only that the profession was changing to accommodate the needs of business, but also that the comfortably old ways of Victorian and Edwardian empire were collapsing. Although the contributors describe this transformation and link it to the changing needs of corporate Canada, they miss the opportunity to link it to the more fundamental cultural and social changes. The pivotal event is the First World War, arguably Canada’s coming of age. Its horrors demanded a questioning of the assumptions on which the system that had produced the war was built. Although Wilton may be correct that the manpower shortages caused by the war brought few lasting changes to the legal profession,13 the social and cultural change wrought by the war is inestimable. The war’s end brought peace but not prosperity, and although the Allies won, it heralded the end of British hegemony and the decline of an empire of which Canada was a part. As these fundamental points of reference for an earlier generation shifted, so to did the institutions of society, including its law firms.

Wilton comments that by 1952 only two firms (one in Montréal and the other in Toronto) had more than twenty lawyers.14 The Osler firm in Toronto was close behind. Since the late nineteenth century it had been one of Canada’s largest firms, and by the end of the Second World War it had grown to seventeen lawyers, the third largest in the country. Curtis Cole’s essay on the firm in the 1950s and 1960s touches on the inter-war period and reveals a history similar to that of Blakes—a firm dominated by several families and their business interests.15 The Oslers groomed

family successors. In the immediate post-war period the firm was led by Hal Mockridge, the great-nephew of Britton Bath Osler who founded the firm in 1862, and the nephew of Britton Osler who had been the dominant partner from the 1920s. It was not until the 1970s that Mockridge’s, and thereby the Osler family’s, control of the firm would subside. Until then the partnership itself, not to mention the wider firm, was far from democratic. However, in the 1950s, the firm began hiring lawyers unconnected with prominent Toronto families. Cole focuses on the careers of two—Bertha Wilson and Purdy Crawford—to illustrate the changing nature of the legal profession.

The transition from autocratic firm governance to rule by partnership committee is illustrated in R.H. Roy’s study of the Vancouver’s Bull, Housser and Tupper from 1945-1990. With the post-war expansion of the firm came the need to systematize its operation. The firm instituted a formalized billing system in the 1950s, and control of the firm gradually devolved from Reginald Tupper’s paternalistic rule to a management committee and eventually to other committees. Gone was the era when one person could oversee the entire operation. Bureaucracy replaced autocratic rule.

In her introduction to this collection of essays, Wilton argues that law firm histories are rare, that those which exist are of the “in-house” variety and are mostly, “anecdotal, uncritical, and somewhat ahistorical.” Unfortunately, the same could be said about Roy’s essay on Bull, Housser. This is a particular concern given that it is the only law firm history west of Calgary included in the collection. Roy provides little more than an anecdotal history of the firm, highlighting several dominant personalities and the tribulations of articling, but providing little or no analysis. His is the one essay in the collection to describe the expansion of the 1980s, and importantly he does mention the firm’s attempt to forge links on the Pacific rim, particularly in China and Hong Kong. However, Roy describes Bull, Housser’s association with the Toronto firm of McMillan Binch as little more than the result of a Price Waterhouse compatibility study and “warm feelings” between partners. Roy is not the only author to fall into the trap of anecdotal story-telling. As a general criticism of the collection, there is an over-emphasis on the personalities of the lawyers involved, and not enough on the wider social and cultural norms that infused the legal profession. The impact on the profession of the changing economy receives attention, but the changing world of ideas is largely unexplored.

III. Small Firms in the Twentieth Century

The history of small firms in the first half of the twentieth century is of small businesses struggling to survive through the dislocation and economic uncertainly of two world wars and the depression. Henry Klassen’s essay on George Downes describes the life of a prairie lawyer practising in Strathcona on the edge of Edmonton, then a growing regional centre, between 1903 and 1930.\(^\text{18}\) Downes never specialized. He was a small businessman, practising law alone or in partnership with one or two other lawyers, providing an array of basic legal services in a manner that Beamish Murdoch would have recognized a hundred years earlier. His clients were individuals or other small proprietors needing help collecting debts, drafting contracts, transferring property or administering their estates. He established and maintained a client base through a network of personal ties, built on active participation in municipal politics, local clubs and the church. He was a part of the community in which he lived. In fact, he believed his own prosperity depended on the prosperity of the region, and was a vocal town booster, advocating transportation links to improve economic prospects.

Klassen describes Downes’s practice and others like it as a “catalyst for economic expansion.”\(^\text{19}\) The legal services he provided were essential for a growing prairie town. However, Downes went beyond providing legal services; he created a niche for himself as a financial intermediary, linking investment money from Ontario with a capital hungry prairie. The amount of money involved was not great, but it was part of his contribution to the growing local economy. Despite his best efforts, two things worked against Downes: the collapsing world economy and his own aspirations to grandeur. He eventually left the practice of law in 1930 because of ill health and a diminishing client base as economic recession hardened into depression.

Louis Knafla’s study of Calgary’s Goodall and Cairns from 1920-1942 reveals many of the same struggles, met somewhat more successfully.\(^\text{20}\) Goodall based his practice on a mix of collections, conveyancing, and corporate and securities work for southern Alberta’s emerging oil and gas industry. Although Goodall lost many of his clients during the depression, he had secured enough work in the 1920s and early 1930s to survive the depression. Cairns, on the other hand, worked primarily on debt collection and foreclosure cases. His small but secure stable of


\(^{19}\) Ibid. at 248.

\(^{20}\) “Goodall and Cairns: Commercial, Corporate and Energy Law in Alberta, 1920-1942”, in Inside the Law, supra note 1.
corporate clients provided enough work through the depression. "The final portrait of the firm," writes Knafla, "is one of staying alive in business."21 The interwar years were tough on the prairies, and those in the legal profession did not escape hardship.

John Honsberger's history of his own firm, Raymond and Honsberger, provides another view of small firm lawyers in the twentieth century.22 Throughout, he emphasizes the flexibility of a small firm practice, suggesting that small firms are better able to adapt to changing business conditions and their lawyers are able to maintain control over their working lives. However, the simple fact of being small did not prevent the firm's founder, E.E.A. DuVernet, from working himself to an early death at age forty-nine. He left a mass of financial obligations for the remaining partners to untangle. During the 1920s recession the firm shrank until only the elderly Raymond and the young Honsberger (the author's father) remained as partners. The firm had recovered some stability and prosperity when the depression hit. Through the 1930s the two partners had a yearly income of less than $1000. In 1936, their revenue after expenses was $145 each. In comparison, they paid their secretary $825 for the year. In an economy without money, barter became a means of survival. On one occasion, Honsberger took several live chickens from a farmer as payment for an account. On another, he accepted two suits from a tailor to set against money owed. The firm recovered and eventually created a name for itself in insolvency law, but the memory of this early history dampened the entrepreneurial aspirations of later partners.

While the large firms benefited from an expanding resource sector, those small firms that managed to survive the depression and the wars were the beneficiaries of a post-war housing boom and the development of publicly funded legal aid.23 This is evident in the Honsberger's essay and in Philip Sworden's study of the Hamilton firm Millar, Alexander, Tokiwa, and Isaacs from 1962 to 1993.24 Like Honsberger, Sworden lauds the flexibility of the small firm environment that enabled lawyers with British, Japanese, Caribbean and Mohawk heritage to become partners. The firm built its business processing real estate transactions, and the partners believed their multiracial firm was attractive to many immigrant Canadians who were settling in Southern Ontario and buying houses. There is no doubt that in terms of race, this small Hamilton firm was well ahead of its time.

21. Ibid. at 328.
Although the small firm lawyers of the twentieth century were and are performing legal tasks recognizable to the much vaunted sole practitioners of the nineteenth century, there is a sense that the small firm lawyers now occupy a legal backwater. The power, prestige and cachet of the profession lies with corporate counsel at large downtown firms. The one exception may be the area of criminal law, but a discussion of that practice is notably absent from this collection.

IV. Professional Stratification

This sense of division in the profession is highlighted by Dale Brawn’s study of the Manitoba bar to 1959. It reveals a “highly differentiated and stratified bar.” Brawn bases this claim on a series of empirical observations. First, few lawyers who began practising in small firms ever moved to larger ones; the movement was always from large to small. Secondly, there was a strong correlation between firm size and client base: large firms served large corporate clients while small firms served small businesses and individuals. As a result, Brawn argues that despite the perception of a unified profession whose members perform similar tasks, the reality was quite different. These observations echo the findings of Arthurs, Weisman and Zemans in their survey of the Canadian legal profession. They argue that despite obvious differences, “[t]he Canadian legal profession clings strongly to the notion that all its members engage in a common activity, share common attitudes, pursue common interests, and participate equally in the common enterprise of delivering legal services to the public.” Further, this ideology of professional solidarity mediates the significant differences within the profession and enables it to appear unified in the face of internal or external challenges. However, the clients—and hence the interests of small and large law firms—are not coextensive. Small firms tend to the legal requirements of ordinary life, large ones handle major business concerns. This divergence is a potential problem when, as Brawn indicates, to 1959 lawyers from large firms dominated the Law Society of Manitoba, effectively set the agenda at the Manitoba Law School, and were appointed in disproportionate numbers to the bench. Almost certainly the particular values of big

26. Ibid. at 427.
28. Ibid. at 163.
firm lawyers and those of their clients pervaded each of these institutions. In the introduction to the first of a three volume study, *Lawyers in Society*, Philip S.C. Lewis poses the question, “Is there a problem about the creation, use, and control of expertise in society?” When a self-governing profession is dominated by one faction as Brawn’s analysis suggests, there will be problems with the control of expertise both within the legal profession and in the wider society. The following discussion of hiring practices suggests one serious shortcoming.

V. Unprofessional Hiring Practices

One common theme throughout this collection of essays is that who you are mattered, and still matters, in the legal profession. Regehr’s essay on the early incarnations of the Blake firm is a study of nepotism, which was not unusual. When establishment firms looked outside the family for business partners, they did not stray beyond their church (Anglican), their race (white), their culture (British), their class (upper), or their political party (Liberal or Conservative). Regehr reports that as recently as the 1950s, when Blakes considered hiring a Jewish lawyer, a senior partner presented the idea to members of the Toronto Club and was told that, “it would be the end of the Blake firm.”

It seems that law firms needed the dislocation of two world wars to shake their overt discrimination and then another twenty years to adjust. According to Wilton, the late 1950s mark the division in large establishment firms between hiring practices based on kinship or family connections and hiring based on academic achievement. Law was a closed shop to women as well, until approximately the same date. Significant numbers of women began entering the profession in the 1970s. Unfortunately, Cole’s profile of Bertha Wilson in her time at Osler’s is the book’s only lengthy discussion of a female lawyer. Although few women are profiled, all the authors recognize the discrimination in the profession, except one. Roy suggests that Bull, Housser was never reluctant to hire female lawyers. He cites the 1916 hiring of Edith L. Patterson who worked for the firm for three years and then left to establish her own practice. Few other firms employed women at this time. Indeed, there were only seven women practising law in Canada in 1911. However, the questions of why she was hired during the First World War and released shortly after are unasked. When Blakes hired its first female lawyer, Alice Belva Gibson,

in 1942, she was told it was, “only because of the critical need for legal
staff brought on by the War that the Firm had been reduced to the
expedient of hiring a female lawyer.” Did the same attitudes exist at
Bull, Housser? If not, the firm was a paragon of virtue in a discriminatory
profession.

Despite this discriminatory history, the essays convey a sense of
inexorable progress towards enlightened hiring based on merit as the
profession transformed from small, family-based partnerships to large
corporations. However, in their concluding essay John Hagan and Fiona
Kay warn that while entry into the legal profession may be more
meritocratic, the increasing hierarchy within the profession creates a
“glass ceiling” that limits partnership opportunities for women. These
findings fit with Carrie Menkel-Meadow’s comparative study of the legal
profession where she observes that, “women everywhere are concen-
trated in the lowest echelons of the profession.” Hagan and Kay begin
by tracing the history of women in the profession from their early
exclusion to their entry in numbers in the 1970s. However, women have
yet to crack the partnership barrier in significant numbers. Perhaps it is
only a matter of time, but Hagan and Kay suggest the structure of the
profession is limiting their advance, particularly the trend towards a
centralized profession concentrated in large firms. The partnerships at
these large firms are supported by a broadening base of associates, but at
the same time are admitting relatively fewer associates into the partner-
ship. This affects all associates, both women and men, but women are
even less likely to advance for a number of reasons, mostly related to time
spent child-bearing and rearing. Quite clearly, there is little room for
complacency in a profession that, as Hagan and Kay and others in this
volume have shown, follows rather than leads social change.

Conclusion

Although perhaps an unexciting collection, these essays develop a genre
of legal history that for too long has remained the domain of law firm
autobiography. Lawyers have played an important role in the develop-
ment of this country, and this study of their working relationships
provides useful analysis of the people they were and the society they

31. Ibid. at 213.
32. “Hierarchy in Practice: The Significance of Gender in Ontario Law Firms”, in Inside the
Law, supra note 1.
33. C. Menkel-Meadow, “Feminization of the Legal Profession: The Comparative Sociology
Comparative Theories (Berkeley: University of California Press, 1989) at 211.
helped create. It provides a particularly good picture of the legal profession in transition at the end of the nineteenth and through the first half of the twentieth centuries. However, some pressing questions remain. Given the diversity of law firms and legal work, does it still make sense to speak of a "legal profession" as one did of lawyers in the nineteenth century? Is the practice of law too varied and the experience of lawyering too diverse to pretend that a unified profession still exists? This collection illustrates only a small fraction of the diversity, exploring the law firm and the practices of corporate/commercial counsel in some depth, but omitting everything else. In the end, one is left with the picture of a profession that has changed and will continue to change, almost in spite of itself.