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Defending the Abusively Discharged Employee: In Search of a Judicial Solution

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I. INTRODUCTION

The industrial expansion of the last 100 years has spawned a presumption that, without some formal agreement to the contrary, a worker is employed at the "will" of his employer. An employer's exercise of such arbitrary control can lead to hardship for a worker which is difficult to remedy. An employee may make great financial and psychological investments in reliance on an employer's representations of a secure future, but find no avenue of redress when terminated in bad faith or for a non-job-related reason. Under this presumption, all workers may face the dilemma of risking their livelihoods and chances of being rehired if they file an injury claim, participate in a judicial proceeding, or make complaints about illegal company practices. Terminated employees may lose economic stability, self-esteem and psychological gratification, and gain only the stigma inherent in such a discharge. By contrast, even if an injured worker brings a lawsuit for wrongful discharge, an employer risks only money damages and may win his case merely by pointing to the presumption that he may terminate at will.

Concern for the interests and expectations of workers has led to a recent nationwide trend toward abolishing the obstacles posed by the "employment at will" presumption. Courts have begun to question an employer's right to terminate for reasons not related to performance on the job.

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1. This presumption provided for discharges at the mere whim of the employer. See infra text accompanying note 8.

2. "In purchasing labor does the employer buy the right to regulate the employee's day as he sees fit? Does he purchase the right to ignore the proprieties of conduct, or must he treat the employee with decency and respect for his physical and psychological needs?" P. Selznick, Law, Society, and Industrial Justice 135 (1969).


4. One must not merely view the employment relationship from simply the employer's perspective. While such protection may lead to a few small employers being "stuck" with employees for whom they don't personally care, the benefits of a secure and respected labor force far outweigh these interests. As one court recently found, "it is now recognized that a proper balance must be maintained among the employer's interest in operating a business efficiently and profitably, the employees' interest in earning a livelihood, and society's interest in seeing its public policies carried out." Palmateer v. International Harvester Co., 85 Ill. 2d 124, 126, 421 N.E.2d 876, 878 (1981).
More courts now accept the premise that there are "areas of an employee’s life in which an employer has no legitimate interest."  

This trend has not yet appeared in New Mexico courts. Because fewer New Mexicans are self-employed each year, and most employees in New Mexico are unorganized, most workers in New Mexico still face arbitrary dismissal of their complaints when they sue for wrongful discharge. This article will first demonstrate that in light of the foundations of the "employment at will" presumption and the sociological realities of today, employees in New Mexico should be accorded protection from abusive discharges by abolishing the presumption of "employment at will." Attorneys, as the conduit from the community to the judicial system, possess a special responsibility for helping return a sense of fair play to the workplace. Therefore, the second purpose of this article is to show the general practitioner in New Mexico how to find and recognize aspects of the employment relationship which could serve as a basis, in tort or in contract, for a cause of action for wrongful or abusive discharge.


6. A recent New Mexico case, Bottijliso v. Hutchinson Fruit Co., 96 N.M. 789, 635 P.2d 992 (Ct. App. 1981), appeared to ignore the movement toward granting a cause of action for wrongful discharge, and may be read to reject it. However, the decision is arguably narrow, because it may be confined to the "precise" instance of discharge for filing a workmen's compensation claim. In addition, the Hutchinson Fruit decision suffers from various misconceptions. First, the court mistook the granting of such a cause of action as a "proposed legislative change," 96 N.M. at 790, 635 P.2d at 993. It held that "[t]he sagacity of making changes in the workmen's compensation statutes, or rights created thereunder, has been generally held to be outside the province of the courts." Id. at 794, 635 P.2d at 997. Second, the court "adhered" to the "at will" rule under an inappropriate mutuality doctrine that "an employee may sever his employment at any time voluntarily." Id. at 791, 635 P.2d at 994. See infra text accompanying note 22. Third, the court admitted that it has acted to abolish common law defenses that are outdated, and gave as examples sovereign immunity, assumption of the risk, and contributory negligence. It then ironically concluded that the legislature should decide because of the "long-standing recognition of the 'at will' rule." Id. Cf. Hicks v. State, 88 N.M. 588, 544 P.2d 1153 (1975), which held:

The doctrine of sovereign immunity has always been a judicial creation without statutory codification and, therefore, can also be put to rest by the judiciary. [Citations omitted.] Merely because a court made rule has been in effect for many years does not render it vulnerable to judicial attack once it reaches a point of obsolescence. Id. at 589–90, 544 P.2d at 1154–55.

7. In September of 1981 there were 37,000 self-employed people in New Mexico amidst some 471,400 jobs (7.85%). In 1970, however, there were 294,00 jobs, with 25,300 self-employed (8.85%). Employment Security Department, Department of Research and Statistics. Telephone interview with Larry Blackwell, Economic Analyst III (Nov. 1981).


9. The terms "wrongful discharge" and "abusive discharge" are used interchangeably in this article, because the author views all wrongful discharges as "abusive." See infra text accompanying notes 23–32.
II. THE "EMPLOYMENT AT WILL" DOCTRINE SHOULD BE ABOLISHED

A. Historical Perspectives

The "employment at will" doctrine is based on the premise that an employment relationship without a specific duration is terminable by either party at any time "for good cause, for no cause or even for cause morally wrong, without being thereby guilty of legal wrong."

The doctrine is of relatively recent origin. Early English common law did not recognize such an open-ended relationship, but instead provided that a hiring for an indefinite period should be considered to be a hiring for one year. Blackstone wrote:

If the hiring be general, without any particular time limited, the law construes it to be a hiring for a year; upon a principle on natural equity, that the servant shall serve and master maintain him, throughout all the revolutions of the respective season, as well when there is work to be done and when there is not.

At first, most jurisdictions in the United States adopted the British common law rule. There was no presumption that an employee worked "at will," because the original master/servant relationship existed then in a highly personalized setting with a sense of commitment and responsibility on the parts of both parties.

As the nineteenth century progressed and production increased, the master/servant relationship became more commercial and impersonal. Employer and employee came into less contact with each other, and, as a result, "many workers became farther removed from ownership." In addition, the last third of the nineteenth century produced three financial panics and a severe depression. The labor force, desperate for work,
was not in a position to insist upon job security from employers, or upon the principle of "natural equity" which Blackstone had described. The pure capitalism concepts of the late nineteenth century did not provide economic benefits to a worker as a matter of "natural equity." Only if some economic incentive existed would such benefits be provided, and there were no such incentives. Under pure capitalism, the worker lost any economic and social right to be secure in his livelihood. This loss can be explained as simply a natural consequence of the laissez faire approach to freedom of contract. This laissez faire theory served to alter the mutual responsibility which once existed between employers and the work force. What remained was a precarious relationship based solely on economics, which was subject to the "master's" whim.

In 1877, Horace Gray Wood, an Albany lawyer, codified this laissez faire mood in his treatise, *Master and Servant*, writing:

> With us the rule is inflexible, that a general hiring is prima facie a hiring at will, and if the servant seeks to make it out a yearly hiring, the burden is upon him to establish it by proof. . . . [I]t is an indefinite hiring and is determinable at the will of either party. . . .

Despite accusations of "scholarly disingenuity" for Wood's sources substantiating this inflexible rule, the courts began to cite Wood's rule, that general hiring is hiring at will, as authority in defense of the arbitrary discharge of employees.

The unrestrained right to discharge an employee at will grew until it gained constitutional protection. In *Adair v. United States*, a federal statute prohibiting employers from discharging employees for their union activities was declared unconstitutional as an unjust interference with freedom to contract and the right of the employer to acquire "property." In *Adair*, the employer argued that he had a property right in regulating his workplace in such a manner that he could fire at will, and that the statute deprived him of this right without due process of law. The Court agreed. In support of its decision, the Court stated that the employee had a corresponding right, guaranteed by due process, to leave such employment at will. This established the mutuality doctrine that "the right of the employee to quit the service of the employer, for whatever reason, is the same as the right of the employer, for whatever reason, to dispense

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16. The spread of the concept may also be attributed to the social Darwinism fervor of the period which espoused theories of natural selection. The theory suggested a clear division between those who were the superior "masters" and those who were the weaker "servants."


18. For a discussion of Wood's use of cases "far off the mark," "scholarly disingenuity" in describing history, and failure to state any policy grounds, see Feinman, supra note 14, at 126.


with the services of the employee. Because either party had the right to terminate, the Court reasoned, an "at will" presumption left the parties equal, and a statute should not interfere with that equal bargaining power. The Court's argument failed to recognize the reality of those times when work was such a rare commodity that an employee could not readily exercise his right to quit and seek or begin other employment. The Great Depression sharpened this reality and brought to light the abuses inherent in absolute power to terminate on the part of the employer.

In the 1930s, Congress again acted to correct these abuses. The Supreme Court finally acceded to the change. In National Labor Relations Board v. Jones & Laughlin Steel Corp., the Court upheld protection of an employee's right to argue for better working conditions under the National Labor Relations Act. The Court first agreed, in general terms, that the public's interest in industrial peace, as expressed by the legislature, could outweigh the absolute power to discharge. The Court also finally recognized that the inequality of bargaining power and the growing immobility of workers made an employee entirely "dependent ordinarily on his daily wage for the maintenance of himself and family; that if the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and resist arbitrary and unfair

21. Id. at 174-75. See also Coppage v. Kansas, 236 U.S. 1 (1915). Note the view of mutuality in Pitcher v. United Oil & Gas Syndicate, 174 La. 66, 139 So. 760 (1932), which held:

An employee is never presumed to engage in services permanently, thereby cutting himself off from all chances of improving his condition; indeed in the land of opportunity it would be against public policy and the spirit of our institutions that any man should thus handicap himself; and the law will presume . . . that he did not so intend. And if the contract of employment be not binding on the employee for the whole term of such employment, then it cannot be binding upon the employer; there would be lack of mutuality.

Id. at 67, 139 So. at 761.

22. 208 U.S. at 174-75. This mutuality doctrine today still impedes efforts to abolish "employment at will." See discussion of Bottijliso v. Hutchinson Fruit, 96 N.M. 789, 635 P.2d 992 (Ct. App. 1982), supra note 6. This applicability of the doctrine has been dispelled by some courts, however. These courts view the "at will" rule as a "harsh outgrowth of the notion of reciprocal rights and obligations in employment relationships." Palmateer v. International Harvester Co., 85 Ill. 2d 121, 421 N.E.2d 876 (1981); see also Pugh v. See's Candies, Inc., 116 Cal. App. 3d 311, 171 Cal. Rptr. 917 (1981). In Pugh, the court found that "[a] contract which limits the power of the employer with respect to the reasons for termination is no less enforceable because it places no equivalent limits upon the power of the employee to quit his employment." Id. at 925. These cases hold that the enforceability depends "on consideration and not mutuality of obligation. Toussaint v. Blue Cross, 408 Mich. 579, ______, 292 N.W.2d 880, 885 (1980). Simply because an employee was able to include the right to be treated fairly in his bargain does not necessitate his giving up his right to quit. The Michigan Supreme Court, in Toussaint, found that an employer may actually have received "an orderly, cooperative and loyal workforce" in exchange for granting the employee "the peace of mind associated with security and the conviction that he will be treated fairly." Id. at ______, 292 N.W.2d at 892.


treatment.” This recognition of the employee’s role and stake in the economic system began to erode the presumption that an employer had an unqualified right to discharge. The highest court in the land now understood that “[t]he general reason behind this development in the common law seems to have been to give maximum freedom to expanding industry.”

Today, partly because of the lessons of the Great Depression, the need to protect expanding industry is not the only goal to be considered. Greater protection of the worker and the consumer is the trend in both the legislature and the courtroom. In the light of these recognized economic realities, the “employment at will” presumption is an anachronism and should be abandoned.

B. Sociological Realities

An understanding of the purely social impacts of absolute employer discretion over employment indicates as clearly as do the historical and economic analyses that the “employment at will” presumption should be abolished. Today’s immobile labor market presents higher stakes for employees, and leaves the employer with enormous power over a worker’s livelihood. The Illinois Supreme Court recently explained this phenomenon by stating: “With the rise of large corporations conducting specialized operations and employing relatively immobile workers who often have no other place to market their skills, recognition that the employer and employee do not stand on equal footing is realistic.” Thus, a worker’s loss in being fired is not only economic, but social. She carries the stigma of having been discharged, with a concomitant loss of self-esteem. She may also have difficulty finding another job.

Modern social realities demonstrate how an employer’s absolute right

25. Id. at 33.
27. See infra note 130.
28. See, e.g., cases and statutes infra notes 128, 174.
31. The author prefers to use “she” at various points throughout the article in order to assist the trend away from male-oriented classifications.
32. Other states have recognized the economic and social evils of the “at will” presumption. Monge v. Beebe Rubber Co., 316 A.2d 549, 551 (N.H. 1974) (“We hold that a termination by the employer of a contract of employment at will which is motivated by bad faith or malice or based on retaliation is not the best interest of the economic system or the public good.”); see also Palmateer v. International Harvester Co., 85 Ill. 2d 124, 126, 421 N.E.2d 876, 878 (1981) (“[U]nchecked employer power . . . has been seen to present a distinct threat to the public policy carefully considered and adopted by society as a whole.”)
to discharge leads to abuses. Even a failure to rehire an employee imposes on him "a stigma or other disability that foreclose[s] his freedom to take advantage of other employment opportunities." 33 Work also "plays a crucial role in the individual's psychological identity and sense of order." 34 As one court explained:

Every man's employment is of utmost importance to him. It occupies his time, his talents and his thoughts. It controls his economic destiny. It is the means by which he feeds his family and provides for their security.

In days gone by, a man's occupation literally gave him his name. Even today, continuous secure employment contributes to a sense of identity for most people. 35

Therefore, it is likely than an abusive discharge will "affect the self-esteem of employees no less severely than it affects their economic well being." 36

The "psychological comfort inherent in ordered relationships binds workers to their jobs," and, when coupled with today's increased occupational immobility, makes them vulnerable to the expanding economic power of their employers. 37 This vulnerability arises primarily because the "substance of life is in another's hands." 38 While the abuses of this inequality of bargaining power were substantiated many years ago, 39 it is only recently that courts have begun to recognize that the "economic relationship between the parties require[s] some modification of the unfettered right to discharge." 40 Replacing a worker's fear that his livelihood

33. Board of Regents v. Roth, 408 U.S. 564, 573 (1972). In Roth, failure to rehire a state university professor brought a due process challenge. The court did not allow the claim because the professor failed to demonstrate a stigma or other disability that foreclosed his freedom to take advantage of other employment opportunities. The employee must demonstrate any stigma. The court will not presume a stigma from the refusal to re-employ. Bishop v. Wood, 426 U.S. 341, 348 (1976). The employee might demonstrate this through post-termination refusals to hire. Also the older the worker, the greater the difficulty of finding other employment. See infra text accompanying note 110.

34. Report of Special Task Force to Secretary of HEW, Work in America 825, at 2–23 (1972) [hereinafter cited as Work in America].


36. Work in America, supra note 34, at 22.


38. Blades, supra note 29, at 1404 (quoting F. Tannenbaum, A Philosophy of Labor 9 (1951)).


40. Perks v. Firestone Tire & Rubber Co., 611 F.2d 1363, 1364 (3d Cir. 1979). In Perks, an employee was required to take a polygraph test as a condition of employment. The court allowed a "tortious discharge" action, if the discharge resulted from the plaintiff's failure to submit to the examination. Id. at 1366.
rests upon the whim of his "master," will help restore a degree of respect
to the profession of working.\footnote{41} Yet, granting a cause of action for abusive discharge is not a unilateral
bargain which unfairly ties the hands of the employer. It is in the interest
of all concerned to restore confidence in the abilities and opportunities
of workers for secure employment by recognizing their stake in the eco-
nomic system. A recent conference on "Work in America" found that "[w]orkers are unlikely to perform well if they have inadequate job
security."\footnote{42} The conference concluded that "[j]ob security is basic to employee cooperation with change. It will enhance both productivity and the quality of working life."\footnote{43} One commentator noted:

Productivity depends upon more than strict managerial authority and hierarchial order. The continuity and expertise supplied by a stable workforce, the benefits from loyalty, and the savings from reduced training costs and lower turnover all contribute to the long-run success of an enterprise.\footnote{44}

Thus, the abandonment, or at least modification, of the "employment at will" presumption could prove advantageous for all concerned.\footnote{45}

III. ESTABLISHING A CAUSE OF ACTION

The sociological realities indicate that it is only a matter of time before the presumption of employment "at will" is abolished. As that presum-
tion disappears, employees' suits against employers for wrongful dis-
charge will increase. An attorney who takes such a case must analyze
and prepare the case carefully.

For the practicing attorney with a possible wrongful discharge case, the first step is to examine the kinds of facts which can give rise to a suit for abusive discharge, and to consider the approaches which may establish a cause of action for the client. One approach has been to

\footnote{41} The concept of "work" as a "profession" arose recently in light of the research of Studs Terkel. Terkel asks, "Ought not there be an increment earned though not yet received, from one's daily work—an acknowledgment of man's being?" S. Turkel, Working, xv (1972). Terkel's excellent study demonstrates the growing separation of employers from the needs of their employees. He says: "Bob Cratchit may still be hanging on, . . . but Scrooge has been replaced by the conglomerate. Hardly a chance for Christmas spirit here. Who knows Bob's name in this outfit—let alone his lame child's." Id. at xvi.


\footnote{44} Note, Protecting At Will Employees Against Wrongful Discharge: The Duty to Terminate Only in Good Faith, 93 Harv. L. Rev. 1816, 1835 (1980).

\footnote{45} The United States remains one of the few industrial nations which has not passed general protection against "socially unwarranted dismissals" based on reasons unconnected with employment. For a discussion of such practices in France, Great Britain, Germany, and Sweden, see Summers, supra note 8, at 508-19.
examine carefully the “agreement” between the parties to determine if there has been a breach of contract.\(^{46}\) Another approach is to determine whether the circumstances surrounding the discharge are so violative of principles of public policy that the employee should be able to have a remedy sounding in tort.\(^{47}\) While a lawyer may wish to argue both, a hybrid cause of action based on the contractual relationship, but sounding in tort, appears most appropriate.\(^{48}\)

**A. Express or Implied Practices**

In New Mexico, the “employment at will” presumption does not prevail over an express or implied contract for employment which specifies some duration. The New Mexico courts have recognized the common law right to discharge an employee at any time “for just cause or not,” but have made it clear that the right does not exist if it “is restricted by agreement.”\(^ {49}\)

Therefore, a lawyer who accepts a wrongful discharge case must determine exactly what was the agreement between the employer and the employee. To make this determination, the lawyer should examine the intent of the parties as evidenced in negotiations, business usage, the situations of the parties, and the nature of the circumstances surrounding the employment.\(^ {50}\)

The attorney must make a thorough factual examination in order to determine whether an employer’s conduct restricted his right to discharge the employee. An evaluation of these facts may yield an employer’s implied or express practice which precludes abusive dismissals or suggests that an employee has given some additional consideration sufficient to support a claim of protection from arbitrary treatment. Different facts may give rise to different pleading strategies.

1. **Assurances**

The easiest case to argue is where there has been some oral or written agreement concerning conditions of discharge. This usually takes place...

\(^{46}\) This has often been called an implied contract. See Shapiro & Tune, supra note 37, at 335.

\(^{47}\) See cases cited infra note 128.

\(^{48}\) See infra text accompanying notes 217–219.

\(^{49}\) Jones v. International Union of Operating Engineers, 72 N.M. 322, 327, 383 P.2d 571, 576 (1963). This agreement “may be express or implied; a course of conduct may give rise to a contract implied in fact.” Hillis v. Meister, 82 N.M. 474, 475, 483 P.2d 1314, 1315 (Ct. App. 1971). These agreements arguably have a strong basis in New Mexico, in that “[p]ublic policy encourages freedom between competent parties of the right to contract, and requires the enforcement of contract unless they clearly contravene some positive law or rule of public morals.” Lynch v. Santa Fe Nat’l Bank, __N.M. __, 627 P.2d 1247, 1253 (Ct. App. 1981), cert. denied (1981) (escrow account upheld) (quoting General Elec. Credit Corp. v. Tidenberg, 78 N.M. 59, 428 P.2d 33, 40 (1967)).

\(^{50}\) “The primary objective in construing a contract is to ascertain the intent of the parties.” Schultz & Lindsay Constr. Co. v. State, 83 N.M. 534, 535, 494 P.2d 612, 613 (1972).
at the employment interview. One commentator analogized the interview to other types of contract negotiations "wherein the parties set the terms of the contract, albeit in a ritualized and symbolic way." 51 Employees often receive various assurances at the recruiting stage. The lawyer must find out what an employee was told at the time of hiring. The employer and employee might have discussed job security or promotions. The employer might have led the employee to feel that she could be fired only for certain reasons. These facts are all important. While a contract without specific duration has been deemed a contract at will, the trend has been to allow the intentions of the parties to be the "ultimate guide." 52 Some courts have held that promises that an employee would only be fired for "just cause," if relied upon by the employee to her detriment, would create a cause of action for wrongful discharge. In Ryan v. Upchurch, 53 an Indiana federal district court heard a case involving a woman who accepted a position because she was promised that she would not be discharged except for cause. These assurances further induced her to take part in the company's pension and profit-sharing plan. The company terminated Ms. Ryan and failed to give her a reason. The lower court determined that "if the employer made a promise, either express or implied, . . . that employment is not terminable by him 'at will,' " and the employee has either "given any other consideration, . . . begun or rendered some of the requested service, or has acted in reliance on the promise," the assurances are a valid unilateral contract which cannot be breached without showing just cause. 54 The court cited Professor Corbin for the proposition that "when parties make a contract of employment without specifying the length of service, but indicate that it is not terminable at will, the legal effect is that the parties are bound for a reasonable time." 55 The Seventh Circuit Court of Appeals reversed this far-reaching decision and warned that "not every promise by an employer will bind him to a contract." 56 The court of appeals, however, reiterated that an employee could have a cause of action, but must show a "detrimental reliance on [the] employer's promise" not to fire her except for cause. 57 Ms. Ryan had failed to make such a showing.

The recruitment discussion need not mention the terms "just cause"

51. Comment, Employment at Will and the Law of Contracts, 23 Buffalo L. Rev. 211, 214 n.21 (1974). The lawyer can ascertain this promise of employment during satisfactory performance by examining the facts and circumstances of the employment. Promotions, more authority and raises may be indications that the employee has performed satisfactorily and can expect to have a secure position.
54. Id. at 215–216.
56. 627 F.2d 836, 837 (7th Cir. 1980).
57. Id. at 838 n.2.
in order to bind the employer. In *Toussaint v. Blue Cross & Blue Shield*,\(^{58}\) the vice president of the company assured Ebling, a co-appellant, as an inducement for him to accept employment, that the vice president would personally review Ebling’s job performance. The vice president further assured Ebling that he would not be discharged “if he was doing his job.”\(^ {59}\) Ebling was fired without any prior complaints and without the hearing provided by the oral “employment contract.”\(^ {60}\) The Michigan Supreme Court justices concluded:

> When a prospective employee inquires about job security and the employer agrees that the employee shall be employed as long as he does the job, a fair construction is that the employer has agreed to give up his right to discharge at will without assigning cause and may discharge only for cause (good or just cause). The result is that the employee, if discharged without good or just cause, may maintain an action for wrongful discharge.\(^ {61}\)

Therefore, New Mexico lawyers must probe carefully for express promises. Established New Mexico case law “requires the enforcement of contracts, unless they clearly contravene some positive law or rule of public morals.”\(^ {62}\)

2. Company Policy

Company policies concerning standards for discharge, either written statements communicated to the employee or prevailing practices, can have binding effect. Some courts have used handbook provisions on severance pay, bonuses and other compensation, which imply continued employment, to defeat the “at will” presumption.\(^ {63}\) With more and more courts looking past an “at will” label to determine the intent of the parties, attorneys must scrutinize “the language used, the purpose to be accomplished and the circumstances under which the agreement was made”\(^ {64}\) to determine whether they constituted an offer to contract.

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\(^{58}\) 408 Mich. 579, 292 N.W.2d 880 (1980).

\(^{59}\) Id. at 884.

\(^{60}\) Id. at 884 n.5.

\(^{61}\) Id. at 880. The termination precluded Ebling from exercising a stock option plan. He was awarded $300,000 at trial. The Michigan Supreme Court upheld the judgment.


\(^{63}\) See Pineman v. Oechslin, 637 F.2d 601 (2d Cir. 1981) (Connecticut courts enforce employer promises such as bonus, pension plans, etc., based on reliance); Hoefer v. Atlas Tack Corp., 581 F.2d 1 (1st Cir. 1978) (employer cannot fire employee to avoid paying pension payments laid out in pension plan); Jackson v. Minidoka Irrigation Dist., 98 Idaho 330, 563 P.2d 54 (1977) (vacation pay in handbook is part of employment contract).

A handbook may contain a written job description, standards for termination, or assurances of job security, any of which can be construed to overcome the “at will” presumption. In *Maloney v. E. I. Du Pont de Nemours & Co.*, a printed employment form made no mention of “employment at will,” but specified “discharge for cause, layoffs for certain lengths, and other forms of termination.” The court found that the handbook’s failure to state that “discharge may be at Du Pont’s whim,” coupled with various company policies, made employees feel that they had a permanent place to work. The court held that the contract was for as long as the employee satisfactorily performed his job.

In *Perry v. Singerman*, the United States Supreme Court upheld a university professor’s claim to tenure which was based on his reliance on a “de facto tenure policy” as spelled out in the Faculty Guide. In *Perry*, the Faculty Guide said that “the Administration wishes the faculty member to feel that he has a permanent tenure as long as his teaching services are satisfactory.” The court recognized the need to protect the employee’s reliance on the contractual agreement, saying:

> [T]he law of contracts in most, if not all, jurisdictions long has employed a process by which agreements, though not formalized in writing, may be “implied.” . . . Explicit contractual provisions may be supplemented by other agreement implied from “the promisor’s words and conduct in light of the surrounding circumstances.” . . . And “the meaning of [the promisor’s] words and acts is found by relating them to the usage of the past.”

The *Perry* court noted that employees have property rights in their jobs. The Court noted, however, that the entitlement need not follow “rigid,
technical forms," but should, in reality, denote "a broad range of interests that are secured by existing rules or understanding." In Brawthen v. H. & R. Block, a California court found that the circulation of a policy sheet to managers, stating that their positions would be secure if they performed satisfactorily, served as evidence of such a separate binding agreement. The court found that the award of over $200,000 to the employee included "reasonably certain" anticipated profits and upheld the award. Therefore, employees who have relied on such statements have a viable claim that such offers were not gifts or gratuities, but "[a]n offer on the part of the employer, with whom the offer originates, in order to procure efficient and faithful service and continuous employment." When an employee enters into the service upon that inducement, "it becomes a supplementary contract of which he cannot be deprived without cause."

Recently, in Toussaint v. Blue Cross & Blue Shield, an employee received oral assurance that "he would be with the company 'as long as [he] did the job.'" He asked about job security and was told "that if [he] came to Blue Cross, [he] wouldn't have to look for another job because [the recruiter] knew of no one ever being discharged." Toussaint's case was strengthened "because he was handed a manual of Blue Cross personnel policies which reinforced the oral assurances of job security." The manual claimed that the policy of the company was to release employees "for just cause only." The Michigan court held that:

72. Id.
73. Id.
74. 52 Cal. App. 3d 139, 124 Cal. Rptr. 845 (1975).
75. Id. at 148, 124 Cal. Rptr. at 851.

The Cain court stated:

We cannot agree that all we have here is a mere gratuity, to be given, or to be withheld, as whim or caprice might move the employer. An offer was made, not merely a hope or intention expressed. The words on their face looked to an agreement, an assent. The cooperation desired was to be mutual. Did the offer consist of a promise? "A promise is an expression of intention that the promisor will conduct himself in a specified way or bring about a specified result in the future, communicated in such manner to a promisee that he may justly expect performance and may reasonably rely thereon." (Corbin on Contracts, § 13) The essence of the announcement was precisely that the company would conduct itself in a certain way with the stated objective of achieving fairness, and we would be reluctant to hold under such circumstances that an employee might not reasonably rely on the expression made and conduct himself accordingly.

346 Mich. at 578, 78 N.W.2d at 301.
77. Id.
79. Id. at ____, 292 N.W.2d at 884.
80. Id. at n.5.
81. Id.
82. Id.
1) a provision of an employment contract providing that an employee shall not be discharged except for cause is legally enforceable although the contract is not for a definite term—the term is "indefinite," and

2) such a provision may become part of the contract either by express agreement, oral or written, or as a result of an employee's legitimate expectations grounded in an employer's policy statements.

4) A jury could also find for Toussaint based on legitimate expectations grounded in his employer's written policy statements set forth in the manual of personnel policies.  

Therefore, a policy handbook with assurances should at least get the client past a summary judgment motion.

Where there is a company policy, Toussaint indicates that there need not be a meeting of the minds in contract. The Toussaint court stated: "No pre-employment negotiations need take place and the parties' minds need not meet on the subject." All the Touissant court required to bind the company was that "[t]he employer contemplated mutual adherence to stated company policies and goals and derived benefits from a cooperative and loyal work force." Thus, a case involving written company policies may be even easier to win than one involving specific oral assurances.

3. Implied Covenants of Good Faith

When she applies for a position, a prospective employee is sometimes told that she will have a job for so long as she performs satisfactorily. These assurances provide a strong basis on which to challenge the discharge of an employee for non-job-related motives because they imply a secure position unless the employer demonstrates some "genuine dissatisfaction" with the employee's performance. Even without explicit assurances, some courts have recognized a covenant of good faith in all employee-employer agreements.

This concept is not of recent origin. It was clearly expressed in the 1907 decision of Corgan v. George F. Lee Coal Co. In Corgan, the

83. Id. at ____, 292 N.W.2d at 885.
84. Id. at ____, 292 N.W.2d at 896.
85. Id. at ____, 292 N.W.2d at 892.
86. Id.
87. Clem v. Bowman Lumber Co., 83 N.M. 659, 662, 495 P.2d 1106, 1109 (Ct. App. 1972) (The satisfaction must be real and in good faith.).
89. 218 Pa. 386, 67 A. 655 (1907).
Pennsylvania court concluded that under a contract lasting "for so long as he . . . satisfactorily performs his duties . . . , the dissatisfaction of the master must be genuine." In 1948, the Maryland court, in *Ferris v. Polansky*, held that

[where an] employer agrees to employ another as long as the services are satisfactory, the employer has the right to terminate the contract and discharge the employee, whenever he, the employer, acting in good faith is actually dissatisfied with the employee's work. . . . Dissatisfaction . . . must be real and not pretended, capricious, mercenary, or the result of dishonest design.

The court decided that a discharge was "wrongful" if the employer feigns dissatisfaction.

More recently, in *Cleary v. American Airlines, Inc.*, a California court confirmed this analysis. The employee in *Cleary* was dismissed after 18 years of allegedly satisfactory service. He brought suit, claiming a violation of a published company policy that provided for a "fair, impartial and objective" hearing. While the court did not examine the contents of the specific policy, it used the policy to support its conclusion that "this employer had recognized its responsibility to engage in good faith and fair dealing rather than in arbitrary conduct with respect to all of its employees." In addition, the court found that the length of service makes a termination without good cause offensive to "the implied-in-law covenant of good faith and fair dealing contained in all contracts, including employment contracts."

An attorney seeking to present a case for abusive discharge must examine whether the client has performed satisfactorily at the job. If so, a discharge may offend the implied covenant of good faith and give rise to liability even without specific assurances or company policies. This will often be true despite an understanding by both parties that an employee can be discharged without cause. In Massachusetts, the court found that in *every* contract:

[T]here is an implied covenant that neither party shall do anything which will have the effect of destroying or injuring the right of the

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90. *Id.* at ____ , 67 A. at 656–57.
91. 59 A.2d 749 (Md. 1948).
92. *Id.* at 752.
93. *Id.*
95. *Id.* at ____ , 168 Cal. Rptr. at 729.
96. *Id.*
other party to receive the fruits of the contract, which means that in
every contract there exists an implied covenant on good faith and
fair dealing. 98

Similarly, in South Carolina, a federal district court protected against
terminations which were “contrary to equity and good conscience.” 99

Historically, New Mexico courts have protected employees from dis-
charges made in bad faith. In *Atma v. Munoz*, 100 the New Mexico Supreme
Court adopted the rule that “a promise by one party to a contract to
perform on his part to the satisfaction of the other party is binding; but
the dissatisfaction must be real and in good faith.” 101 Therefore, attorneys
must find out whether the employer can prove actual dissatisfaction with
the employee’s services.

B. Additional Consideration

Beyond express or implied practices, courts have enforced agreements
of employment for indefinite duration when the circumstances indicated
the existence of “additional consideration.” This consideration, often
required to be independent of services rendered, 102 serves as evidence
that the agreement provides for some type of job security.

The courts originally recognized additional consideration only when
employees surrendered tort claims, 103 or brought accounts to the busi-
ness. 104 Recently, some courts and commentators have found additional
consideration in the sacrifices of other employment:

[An] employee who spends a significant part of his working life for
one employer to the exclusion of others has conferred a substantial

v. Beebe Rubber Co.*, 114 N.H. 130, 316 A.2d 549, 552 (1974)); see also *Zimmer v. Wells

99. *DeTreville v. Outboard Marine Corp.*, 439 F.2d 1099, 1100 (4th Cir. 1971) (allowed tort
action for wrongful termination of franchise agreement despite unilateral termination clause).

100. 48 N.M. 114, 146 P.2d 631 (1944).

101. Id. at 118, 146 P.2d at 633. The New Mexico court indirectly reaffirmed the covenant of
good faith in *Clem v. Bowman Lumber Co.*, 83 N.M. 659, 495 P.2d 1106 (Ct. App. 1972), by
refusing recovery to a fired employee because the employer proved genuine dissatisfaction with
the employee. The trial court in the *Clem* case used language which appeared to recognize a cause of
action for abusive discharge sounding in tort: “failure of the evidence to establish any tortious
conduct on defendant’s part.” 83 N.M. at 662, 495 P.2d at 1108. But see infra text accompanying
note 213.

102. *Garza v. United Child Care, Inc.*, 88 N.M. 30, 536 P.2d 1087 (Ct. App. 1975); see *Roberts
v. Atlantic Richfield Co.*, 88 Wash. 2d 887, 568 P.2d 764 (1977) (consideration in addition to the
required services which results in a detriment to the employee and a benefit to the employer). The
court declared that longevity of service was not enough to be “additional consideration.” See also
*Ryan v. Upchurch*, 474 F. Supp. 211 (S.D. Ind. 1979); Schroeder v. Dayton Hudson Corp., 448 F.

103. *Sax v. Detroit, G.H. & M. Ry.*, 125 Mich. 252, 84 N.W. 314 (1900); Harrington v. Kansas
City Cable Ry., 60 Mo. App. 223 (1895).

benefit on the employer. There seems to be even more truth in the assertion that such an employee has suffered a real detriment in the irretrievable loss of productive years, especially when his seniority and experience are not likely to be readily transferrable to new employment.

In *McNulty v. Borden, Inc.*, the court allowed an action for wrongful breach of a contractual relationship where the plaintiff had rejected many offers of employment upon the employer’s representations that the employee would be promoted. The court viewed the employee’s sacrifice of other jobs as sufficient additional consideration to extend the duration of an employment contract for a reasonable period of time.

The District of Columbia Circuit Court of Appeals, in *Maloney v. E. I. Du Pont de Nemours & Co.*, found that the plaintiff was induced to leave his original job with a promise of permanent employment. The parties executed a written employment contract, but it was indefinite as to wage and duration. The court found both additional consideration and an intent to continue the contract “as long as [plaintiff] performed satisfactorily and economics permitted.” Thus, a promise of permanent employment can be binding because the employee “assumes what may be a substantial burden of diminished employment mobility” upon working with one company so long.

All of these policies are even stronger when the discharged employee is an older worker whose occupational mobility has been severely reduced because he is “locked in” to a particular job or skill. In *Ward v. Consolidated Foods Corp.*, a 60-year-old supervisor was induced to leave his job under assurances that the new position would be “permanent.” The court found that the company had reduced the expenses inherent in training a new employee by promising Ward a secure position. Because Ward had borne the cost of his education, and had an investment of a lifetime in a particular industry, the court found additional consid-

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107. 352 F.2d 936 (D.C. Cir. 1965).
108. *Id.* at 938.
109. *Id.* at 939. The court saw the conditions of trade secrecy placed on Maloney as sufficient additional consideration because trade secrecy could have a “chilling effect on negotiations with prospective employers who want to avoid the threat of litigation.” *Id.*
112. *Id.* at 486. Some courts have found that an offer of permanent employment does not mean a fixed period, but only a promise of a steady job of some permanence, as distinguished from a temporary job or temporary employment. *See* Johnson v. National Beef Packing Co., 220 Kan. 52, 551 P.2d 779 (1976). *But see supra* text accompanying note 78.
eration. The case was remanded for a jury determination of whether good cause existed for the termination.

In Rowe v. Noren Pattern & Foundry Co., an employer lured an employee away from a position in which he was one and one-half years from vesting a pension. The employer promised the employee the protection of union membership after forty-five days. The employee was terminated after forty-three days. He challenged his firing, and claimed that he would not have switched jobs "but for the guarantee of the protection of a union contract." The court found that where the job given up is tenured or permanent, and the new job is promised to be permanent, additional consideration exists. The court allowed the employee protection.

New Mexico accepted the general rule requiring "additional consideration" in its holding in Garza v. United Child Care, Inc. The New Mexico Court of Appeals, in defining the term "permanent employee," declared that "[w]here a contract for permanent employment provides additional consideration, the employee can recover damages for his discharge when made without just cause." In light of this holding, New Mexico attorneys must examine the circumstances surrounding the agreement to determine if the employee gave "any consideration, other than employment and payment of wages." A recent California case, however, Pugh v. See's Candies, Inc., may make an "additional" consideration requirement a thing of the past. The added consideration requirement appeared to the Pugh court to be "contrary to the general contract principle that courts should not inquire into the adequacy of consideration." In Pugh an employee was discharged after some 32 years on the job. The court explained the development of the "independent consideration" rule as most likely serving only an "evidentiary function." The Pugh court cited Corbin as clearly providing that

114. Id. at ____, 283 N.W.2d at 718.
115. Id. at ____, 283 N.W.2d at 716. Rowe also stands for the principle that oral assurances may come outside the statute of frauds. The court declared that "[w]here an oral contract may be completed in less than a year, even though it is clear that in all probability the contract will extend for a period of years, the statute of frauds is not violated. Id. at ____, 283 N.W.2d at 715. The court reasoned that the plant could close down or the employee could be fired for just cause in the first year. Id. In addition, his reliance in giving up a prior job where he had been employed 13½ years was "sufficient to circumvent the statute of frauds." Id.
117. Id. at 31, 336 P.2d at 1087.
118. Id.
120. Id. at 325, 171 Cal. Rptr. at 925.
121. Id.
"[a] single and undivided consideration may be bargained for and given as the agreed equivalent of one promise or of two promises or of many promises."... Thus there is no analytical reason why an employee's promise to render services, or his actual rendition of services over time, may not support an employer's promise both to pay a particular wage (for example) and to refrain from arbitrary dismissal.\(^{122}\)

The court found that it was only more probable that the parties intended a continuing relationship with a limitation of dismissal power "when the employee has provided some benefit to the employer, or suffers some detriment, beyond the usual rendition of service."\(^{123}\)

An employee who has suffered the detriment of decreased mobility or who sacrifices other employment may meet the "additional consideration" requirement which is required by some courts. This is especially true where employees have moved their families,\(^{124}\) or have taken some other major action, while apparently relying on an employer's assurances. A close investigation by an attorney into an employee's job history, options which the employee has passed up and major reliance expenditures could provide a basis for a cause of action under an "additional consideration" theory.

C. Public Policy

After considering the possibility of a purely legal set of arguments based on contract, the attorney in a wrongful discharge case should consider what policy arguments might be made against the discharge of the client, based on the circumstances of the case. An employer's motive in discharging an employee may be so contrary to the public interest that the court will intervene to curb dismissals even of "at will" employees. Justice Day, in his 1915 dissent in *Coppage v. Kansas*,\(^ {125}\) wrote:

> It may be that an employer may be of the opinion that membership of his employees in the National Guard, by enlistment in the militia of the State, may be detrimental to his business. Can it be successfully contended that the state may not, in the public interest, prohibit an agreement to forego such enlistment as against public policy? Would it be beyond a legitimate exercise of the police power to provide that

\(^{122}\) Id. at 325-26, 171 Cal. Rptr. at 925 (citations omitted). See 1 A. Corbin, Corbin on Contracts § 125, at 535-36 n.68.

\(^{123}\) 116 Cal. App. 3d at 326, 171 Cal. Rptr. at 925.

\(^{124}\) See Brawthen v. H & R Block, Inc., 52 Cal. App. 3d 139, 124 Cal. Rptr. 845 (1975) (employee's move to take position was additional consideration); see also Hackett v. Foodmaker, Inc., 69 Mich. App. 591, 245 N.W.2d 140 (1976) (employee's moving his family from California and quitting the Navy was additional consideration).

\(^{125}\) 236 U.S. 1 (1915).
an employ[ee] should not be required to agree, as a condition of employment, to forego affiliation with a particular political party, or the support of a particular candidate for office? It seems to me that these questions answer themselves.126

Twenty years later, in National Labor Relations Board v. Jones & Laughlin Steel Corp.,127 the Supreme Court found that the absolute right to discharge at will violated the public’s interest in industrial peace. Today, at least twenty states recognize the “public policy” exception.128

What is considered a “fundamental public policy,” however, differs with each jurisdiction. Therefore, lawyers must understand how courts have identified policies, and which kinds of policy arguments have been recognized in the context of an action for wrongful discharge.

1. Defining Public Policy
   a. What Policy?

   One of the most difficult tasks in asserting an abusive discharge cause of action based on “public policy” is defining just what is meant by the

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126. Id. at 37.
127. 301 U.S. 1 (1937); see also Glenn v. Clearman’s Golden Cocks Inn, 192 Cal. App. 2d 793, 13 Cal. Rptr. 769 (Ct. App. 1961), which held that “[i]t would be a hollow protection indeed that would allow employees to organize, and would then permit employers to discharge them for that very reason, unless such protection would afford to the employees the right to recover for the wrongful act.” Id. at 772.

term. Courts generally define public policy as a broad equitable principle that “no citizen can lawfully do that which has a tendency to be injurious to the public or against the public good.” Courts have split, however, over who should define public policy and what the public policy should be. One extreme requires that “the employer’s interest in running his business as he sees fit must be balanced against the interest of the employee in maintaining his employment, and the public’s interest in maintaining a proper balance between the two.” The other requires a clear and compelling policy which is spelled out by the legislature.

Failure of the courts to unify behind a general policy against abusive discharge has led to inconsistent results and complicated distinctions between “clear” and “indefinite” policies. Some courts have exploited these difficulties and have effectively restricted the public policy exception. For example, many courts simply have been conservative in identifying a public policy strong enough to support a cause of action when breached. In Percival v. General Motors Corp., a General Motors executive was fired for allegedly disagreeing with the corporation’s deceptive practices in its disclosure of required information to the government. The Eighth Circuit Court of Appeals recognized that “a discharge is wrongful and actionable if it is motivated by the fact that the employee did something that public policy encourages or that he refused to do something that the public policy forbids or condemns.” The court, however, felt that discouraging disagreement with company policies was not a sufficient breach of public policy to allow the plaintiff to recover. Therefore, the employer’s right to terminate at will prevailed.


130. Monge v. Beebe Rubber Co., 114 N.H. 130, 316 A.2d 549, 551 (1974). This view as reiterated in Illinois, where the supreme court held that “it is now recognized that a proper balance must be maintained among the employer’s interest in operating a business efficiently and profitably, the employee’s interest in earning a livelihood, and society’s interest in seeing its public policies carried out.” Palmateer v. International Harvester Co., 85 Ill. 2d 124, 421 N.E.2d 876, 878 (1981).


132. 539 F.2d 1126 (8th Cir. 1976).

133. Id. at 1130.

134. One court recently cited the sources of public policy as including “legislation; administrative rules, regulations or decisions; and judicial decisions. In certain instances, a professional code of ethics may contain an expression of public policy. Absent legislation, the judiciary must define the cause of action in case-by-case determinations.” Pierce v. Ortho Pharmaceutical Corp., 84 N.J. 58, 417 A.2d 505, 512 (1980).
The majority in *Geary v. United States Steel Corp.* also found no clear and compelling public policy to warrant judicial relief. In *Geary*, a salesman for the company feared that a product was unsafe and warned the employer. After the product was removed from the market, the company terminated Geary. Despite a vigorous dissent arguing that a "strong public policy [in preventing injury] . . . has been offended," the majority felt that Geary's action was a mere expression of an "educated" view and was therefore unprotected. The court justified its decision by focusing on the fact that the employee bypassed his supervisors and made such a "nuisance" of himself that discharge was necessary to "preserve administrative order in its own house." While its real fear appeared to be an "increased caseload and the thorny problems of proof," the court did not foreclose the possibility of bringing such actions. The court noted that there are "areas of an employee's life in which his employer has no legitimate interest," implying that different facts might have resulted in a different holding.

To further add to the confusion over public policy, courts have sometimes made a distinction between a public "community interest" and a matter of purely private concern to the employee. In such cases, the courts gave the community interest more weight, and placed a burden on the plaintiff to prove harm to the community. Courts have considered individual animosity arising from business judgments and requests by stockholder-employees to see corporation books to be inapplicable to a public community interest rationale. In *Scroghan v. Kraftco Corp.*, an employee was terminated after announcing his intention to attend law

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136. Id. at 181.
137. Id. at 180.
138. Id. at 179.
139. Id. at 178.
140. Id. at 180.
141. Courts which require statutory expression of specific public policies have failed to place "employment at will" into its proper perspective. The unfairness of this position was made evident recently, in *Martin v. Platt*, Ind. App. 386 N.E.2d 1026 (1979), where the Indiana court viewed two retaliatory discharges for an employee's truthfully reporting kickbacks taken by a superior as violative of only an "undeclared" public policy. Id. at 1028. The court refused to override the general "at will" rule unless a statute specifically prohibited discharge. It felt that it must wait for legislative determination. Thus, both Indiana public policy and a truthful, law-abiding employee suffered. Cf. *Bottijliso v. Hutchinson Fruit Co.*, 96 N.M. 789, 635 P.2d 992 (1981), where the New Mexico Court of Appeals also chose to hide behind the legislature.
142. See infra text accompanying note 145.
ABUSIVELY DISCHARGED EMPLOYEE

school in the evenings. The employee attempted to raise a broad community interest in continuing education, but the court would not deal with this strictly “private” concern. The court refused to extend the protection unless an employee was engaging “in a lawful activity in which the community has an interest.” In Scroghan, the court’s narrow reading of the public policy exception had the effect of reinstating the “at will” presumption. The employee did not recover.

In a particularly egregious case, Lampe v. Presbyterian Medical Center, the Colorado Court of Appeals also followed the strict “at will” rationale by upholding a discharge of a head nurse who refused to reduce her staff’s overtime because of her belief that it would jeopardize the care of the patients. The court, while recognizing the “public policy” theory, deemed the hiring to be “at will” and would not recognize a claim of abusive discharge. The choice which the court forced on Nurse Lampe was to put the lives of her patients on the line, or to be fired and suffer the pains of unemployment. This example of insensitivity toward the employee, patients, and public truly demonstrates the harshness of resorting to strict, antiquated presumptions such as “employment at will.”

Some courts find it easier to restrict the right to discharge an “at will” employee when the policy is “clear and compelling,” as spelled out by the legislature. This undoubtedly makes things easier for the courts, but it may be an abdication of judicial responsibility. The legislature did not create the “employment at will” doctrine. Interpretation and protection from abuses of that doctrine, therefore, should fall upon the judiciary. The Connecticut Supreme Court, in Sheets v. Teddy’s Frosted

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146. This position is difficult to reconcile with the Geary court’s concern that “there are areas of an employee’s life in which his employer has no legitimate interest.” 456 Pa. at ____. 319 A.2d at 180. See infra note 127.

147. 551 S.W.2d 811, 812 (Ky. Ct. App. 1977); see also Ward v. Frito-Lay, 95 Wis. 2d 372, 290 N.W.2d 536 (1980) (employee’s discharge for living with another employee upheld).


149. Nurse Lampe argued that if she had not refused the reduction of overtime, she might have been brought before a disciplinary board for negligence. The court ignored this argument. Id. at ____., 590 P.2d at 516.

150. Geary v. United States Steel Corp., 456 Pa. at ____. 319 A.2d at 180 n.16 (mandates of public policy need to be clear and compelling); Percival v. General Motors Corp., 539 F.2d 1126 (8th Cir. 1976) (termination for allegedly disagreeing with the corporation’s deceptive practices in its disclosure of information to the government was not such a “well-defined public policy” as to allow relief).

151. A misconception must be overcome concerning the fear that allowing such relief to employees will result in a flood of litigation. See Geary v. United States Steel Corp., 456 Pa. at ____. 319 A.2d 174, 182 (1974) (Roberts, J., dissenting). The Arizona Court of Appeals recently rejected the adoption of a public policy exception to “employment at will” and claimed that “[t]he effect of adhering to such a rule would be to expose an employer to a lawsuit every time he discharges an employee with a contract terminable at will.” Daniel v. Magma Copper Co., 127 Ariz. 320, ____, 620 P.2d 699, 703 (Ct. App. 1980). As one Pennsylvania justice put it, however, the argument “is nothing more than an unarticulated fear of the mythological Pandora’s box. . . . The reality is that
Foods, Inc., recently recognized the difficulty in drawing a line between actionable and nonactionable policies, but still said: "We are, however, equally mindful that the myriad of employees without the bargaining power to command employment contracts for a definite term are entitled to a modicum of judicial protection when their conduct as good citizens is punished by their employers." The court needed no explicit statute prohibiting discharges, finding that "it is enough to decide that an employee should not be put to an election whether to risk criminal sanction or to jeopardize his continued employment."

b. Who Recognizes the Policy?

New Mexico lawyers may be faced with the task of convincing the court that it has the power to override the "at will" presumption and create a cause of action for the abused worker. Various jurisdictions have refused to find a cause of action for wrongful discharge for fear that they will be acting as a legislature. Most recently, in Bottijliso v. Hutchinson Fruit, the New Mexico Court of Appeals fell victim to this misconception in its decision that "in light of [its] long standing recognition of the 'at will' rule, the issue of whether a new cause of action should be recognized in this state for retaliatory dismissal is more appropriately addressed to the state legislature than to the judiciary."

The Hutchinson Fruit decision leaves what would constitute a tortious act, or at least a breach of an agreement in any other setting, barred by... a cause of action for wrongful discharge... will help to check a serious menace in our society, the arbitrary dismissal power of employers." Geary v. United States Steel Corp., 456 Pa. at 319 A.2d at 182.

Deciding a case on such a basis would be a sad formulation in light of the above sociological realities. A flood of litigation argument is arguably not even a proper subject for judicial determination. Niederman v. Brodsky, 436 Pa. 401, 261 A.2d 84 (1970). To bring such an action, an employee would still have to demonstrate a colorable claim which could withstand a summary judgment motion. The resulting small increase in litigation which might occur is hardly a reason to deny relief to an employee who has suffered economically and psychologically at the hands of an abusive employer.

152. 179 Conn. 471, ______, 427 A.2d 385, 388 (1980) (quality control director of frozen food products challenged his discharge in retaliation for his insistence that his employer comply with federal law. The court found that the employee was employed "at will," but he was able to make a tort claim for retaliatory discharge).

153. Id. at ______, 427 A.2d at 388; see also Adler v. American Standard Corp., 290 Md. 615, 432 A.2d 464 (1981), which recognized the public policy exception, stating that "modern economic conditions differ significantly from those that existed when the at will rule was first advanced in the latter part of the nineteenth century." Id. at ______, 432 A.2d at 470. The court noted that it could amend the common law "at will doctrine" when it was "no longer suitable to the circumstances of our people." Id. at ______, 432 A.2d at 471. The court also stated that new causes of action should be recognized when "compelled by changing circumstances." Id.

154. 179 Conn. at ______, 427 A.2d at 389. The employee had insisted that the company comply with the requirements of the Food, Drug & Cosmetic Act.

the unfounded explanation that the employment was presumed to be at
the "will" of the master.156 New Mexico courts must re-educate them-
selves to the established principle that the "law be forced to adapt itself
to new conditions of society, and, particularly, to the new relations be-
tween employers and employ[ee]s, as they arise."157

In order to assist in this process, the lawyer in a wrongful discharge
action must begin by convincing the court that it is not the first, nor is
it alone, in making these types of decisions. After all, the concept of
caveat emptor was not ended through legislation, but through judicial
intervention in the field of products liability.158 Many courts have rec-
ognized their proper roles in bringing the common law up to date. In
New Jersey the court pointed out that

\[\text{[t]he law should be based on current concepts of what is right and}
 just and the judiciary should be alert to the never-ending need for}
keeping its common law principles abreast of the times. Ancient
distinctions which make no sense in today's society and tend to
discredit the law should be readily rejected. . . .159\]

The Supreme Court of Oregon agreed, and took it upon itself "to create
or recognize new torts when confronted with conduct causing injuries
which we feel should be compensable," so as "to grant redress for
injury resulting from conduct which universal opinion in a state of civ-
ilized society would unhesitatingly condemn as indecent and outra-
geous."160 A Pennsylvanian justice criticized his colleagues' inaction
demonstrating that "[w]hen a seemingly-absolute right or the conditions
of an existing relationship are contrary to public policy then a court is
obligated to qualify that right in light of current reality."161

The Maryland Supreme Court recently summed up the "current reality"
when it amended the common law "at will" rule in Adler v. American

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156. Consequently, "[i]f the law on duration of service contracts had followed the teaching of
pure contract law, the agreement discerned from the parties' intentions would have been enforced,
rather than resorting to a presumption of employment at will." Feinman, supra note 14, at 132.
158. Prosser, The Fall of the Citadel, 50 Minn. L. Rev. 791, 800–05 (1966); see also Hicks v. State, 88 N.M. 588, 544 P.2d 1153 (1976); Williams v. Smith, 83 N.M. 336, 491 P.2d 1147 (1971); Bottijiso v. Hutchinson Fruit Co., 96 N.M. at 794, 635 P.2d at 977 ("The Courts in New
Mexico have not hesitated to recognize the existence of new causes of action or to abolish certain
common law defenses where public policy or statutory grounds are found to warrant such judicially
sanctioned change.").
159. O'Sullivan v. Mallon, 390 A.2d 149, 150 (N.J. 1978) (quoting Schipper v. Levitt & Sons,
Inc., 44 N.J. 70, ______., 207 A.2d 314, 325 (1965)).
160. Nees v. Hoch, 272 Or. 210, 536 P.2d 512 (Or. 1975) (created public policy exception for
retaliatory discharge).
(dissenting opinion).
Standard Corp. It stated: "[M]odern economic conditions differ significantly from those that existed when the at will rule was first advanced in the latter part of the nineteenth century." Justice Holmes long ago made it clear that often 'the most absolute seeming rights are qualified, and in some circumstances become wrong.' A rule designed "to protect a burgeoning and mobile economic society" does not conform to today's economic and sociological realities. Even the conservative New Mexico court recently recognized that it has the power to amend the common law when changing social realities demand amendment. In Claymore v. City of Albuquerque, the court disallowed the old common law defense of contributory negligence and adopted the more modern concept of comparative negligence. Similarly, in M & M Rental Tools, Inc. v. Milchem, Inc., the court created a new cause of action in tort, interference with prospective contractual relations. It is difficult to reconcile the New Mexico court's actions in Claymore and M & M with their insistence in Hutchinson Fruit that amendment of the "at will" doctrine, which was created by the courts, is best left to the legislature.

The difficulties encountered from defining public policy exceptions to the "at will" rule demonstrate the need for a general policy opposing all abusive discharges. The New Mexico courts can take the initiative by abolishing the "employment at will" presumption and replacing it with a protective scheme which grants traditional judicial tort relief to one's cognizable injuries. An employer who wrongfully discharges a worker should not be able to hide behind his status as "master" to preclude a remedy. Once a lawyer can convince the court to disregard the antiquated "at will" presumption analogies to standard tort elements should provide the relief.

2. Recognized Public Policies

Some courts have recognized certain policies which will support a cause of action for abusive discharge. Attorneys should carefully examine whether these policies might apply in their wrongful discharge cases. It is important that the lawyer ascertain all of the employee's opinions about the possible motives behind the termination. The attorney should ask about an employee's past vocal complaints concerning company procedure or working conditions, possible criminal sanctions which

163. Id. at 620, 432 A.2d at 470.
164. Fidelity & Deposit Co. v. Tafoya, 270 U.S. 426, 434 (1926).
168. See infra text accompanying note 211.
169. See supra text accompanying note 128-154.
could apply to the employee who did not complain, relations with supervisors outside of work, the dates upon which pensions might vest, and recent worker's compensation claims or jury service. The creative lawyer may be able to shape a public policy to fit a specific case. An understanding of policies which have succeeded in this context will increase the chances that a policy argument will succeed.

a. Discriminatory Motive

It is clearly within the public's interest to prohibit discharges which are based on a discriminatory motive. In *Greiss v. Climax Molybdenum Co.*, the Colorado federal district court recently recognized that breach of this public policy can give rise to a cause of action for abusive discharge. Other jurisdictions have allowed suit for discharges based on race, sex, and age discrimination. These courts have found that a cause of action based on a discriminatory motive is necessary to avoid a chilling effect on one's statutory rights. This policy is a strong one and may be particularly persuasive to the court by virtue of its being clearly spelled out by the legislature.

b. Worker's Compensation Claims

Several jurisdictions have provided that an employee should be free from the fear of being discharged in retaliation for filing a worker's compensation claim. In *Greiss v. Climax Molybdenum Co.*, the Colorado federal district court recently recognized that breach of this public policy can give rise to a cause of action for abusive discharge. Other jurisdictions have allowed suit for discharges based on race, sex, and age discrimination. These courts have found that a cause of action based on a discriminatory motive is necessary to avoid a chilling effect on one's statutory rights. This policy is a strong one and may be particularly persuasive to the court by virtue of its being clearly spelled out by the legislature.

170. 488 F. Supp. 484, 487 (D. Colo. 1980) (alleged wrongful termination violated rights under a labor contract. The court held that "absent an agreement or statute, an employer may discharge an employee for cause or without cause, except when there is a discriminatory motive."); see also NLRB v. Acker Indus. Inc., 460 F.2d 649 (10th Cir. 1972); Young v. Southwestern Bell Tel. Co., 424 F.2d 256 (8th Cir. 1970) (per curiam) (can discharge without cause unless the motivating cause is protected union activity).

171. 488 F. Supp. 484, 487 (D. Colo. 1980) (alleged wrongful termination violated rights under a labor contract. The court held that "absent an agreement or statute, an employer may discharge an employee for cause or without cause, except when there is a discriminatory motive."); see also NLRB v. Acker Indus. Inc., 460 F.2d 649 (10th Cir. 1972); Young v. Southwestern Bell Tel. Co., 424 F.2d 256 (8th Cir. 1970) (per curiam) (can discharge without cause unless the motivating cause is protected union activity).

172. Davis v. United States Steel Supply, 581 F.2d 335 (3d Cir. 1973) (abusive discharge suit available because race discrimination is contravention of public policy).


disability claim.\textsuperscript{175} The consensus is that "[t]he fear of being discharged would have a deleterious effect on the exercise of a statutory right" and would "undermine a critically important public policy."\textsuperscript{176} In \textit{Frampton v. Central Indiana Gas Co.},\textsuperscript{177} the court compared a cause of action for retaliatory discharge to that of the landlord/tenant policy against retaliatory evictions: "The fear of retaliation for reporting violations inhibits reporting and, like the fear of retaliation for filing a claim, ultimately undermines a critically important public policy."\textsuperscript{178} In \textit{Sventko v. Kroger},\textsuperscript{179} the Michigan Court of Appeals endorsed this cause of action and concluded that "the better view is that an employer at will is not free to discharge an employee when the reason for the discharge is an intention on the part of the employer to contravene the public policy of this state."\textsuperscript{180} As in \textit{Frampton}, the court found the public policy easily because of the statutory provision for filing Michigan claims. This indicated to the court a legislatively defined policy that their filing not be hampered.

In \textit{Bottijliso v. Hutchinson Fruit Co.},\textsuperscript{181} the New Mexico Court of Appeals gave the legislature’s policy-defining role a new twist. The court chose not to recognize a cause of action in tort for a worker discharged for exercising his rights under the Workmen’s Compensation Act.\textsuperscript{182} In \textit{Hutchinson Fruit}, the court returned to a Tenth Circuit Court of Appeals holding in the 1953 case of \textit{Odell v. Humble Oil & Refining Co.}\textsuperscript{183} that the New Mexico courts "have not judicially restricted the right of an employer to terminate an employee hired 'at will' except where the dismissal is predicated upon a fraudulent basis."\textsuperscript{184} The \textit{Hutchinson Fruit} court appeared to base this holding on legislative action in the area of workmen’s compensation. Because the legislature had enacted a com-


\textsuperscript{177} Id. The court also stated: "Upholding retaliatory discharge opens the door to coercion and other duress-provoking acts." \textit{Id.}

\textsuperscript{178} \textit{Id.}

\textsuperscript{179} Id. at 651, 245 N.W.2d at 153.

\textsuperscript{180} Id. at 789, 635 P.2d 992 (Ct. App. 1981).

\textsuperscript{181} In this section of this article, the New Mexico Act will be referred to by its current title, "Workmen’s Compensation." The state of New Mexico continues to adhere to its outdated title for the Act. To eliminate the gender-based form of this Act, the title should be changed from "Workmen’s" Compensation to "Worker’s" Compensation. \textit{Note, 12 N.M. L. Rev. 1, 562 n.15} (1982).

\textsuperscript{182} Bottijliso v. Hutchinson Fruit, 96 N.M. at 794, 635 P.2d at 997 (citing Odell v. Humble Oil & ref., 201 F.2d 123, 127 (10th Cir. 1953)).
prehensive statute, the court declined to get involved: "The sagacity of making changes in workmen's compensation statutes, or rights created thereunder, has been generally held to be outside the province of the courts." 185 It is not clear, however, how allowing a cause of action for abusive discharge will be inconsistent with legislative policy in the area of workmen's compensation. In the end, the court appeared to fall back on the antiquated view that public policy warrants no new cause of action because of "New Mexico's long-standing recognition of the 'at will' rule." 186 Thus, the court did not use legislatively defined policy to form its inquiry into whether the discharge was against public policy as did the courts in Frampton and Sventko. Instead, the court used the "lack of" legislative action to uphold the "at will" presumption.

It is too early to tell whether this decision will hamper the development of a cause of action for abusive discharge in New Mexico. The Hutchinson Fruit case may be limited to the "precise" question in the field of worker's compensation due to the existence of comprehensive legislation in the area in New Mexico. 187 The court indicated in its decision that courts in New Mexico have "not hesitated to recognize the existence of new causes of action or to abolish certain common law defenses where public policy or statutory grounds are found to warrant such judicially sanctioned change." 188 Therefore, while the court awaits the legislature's action to amend its workmen's compensation statute, it may be willing to recognize an action for abusive discharge which clearly violates public policy in an area less pre-empted by legislative action.

c. Jury Duty and Public Service

Another form of abusive discharge which is repugnant to public policy is an employer's dissatisfaction with an employee for taking time off for jury duty. In Nees v. Hoch, 189 the Oregon Supreme Court protected the community interest in having employees serve on jury duty. When Ms. Nees would not ask to be excused from serving, she was discharged. The court noted that "there can be circumstances in which an employer discharges an employee for such a socially undesirable motive that the employer must respond in damages for any injury done." 190 The Nees

185. Id. at 794, 635 P.2d at 997.
186. Id. See supra note 6.
187. See supra note 6.
189. 272 Or. 210, 536 P.2d 512 (1975).
190. Id. at 512, 536 P.2d at 515 (1975). Some courts have held that a retaliatory discharge by an employer which is contrary to an express public policy of the state will give rise to a cause of action in tort for both compensatory and punitive damages. See Leach v. Lauhoff Grain Co., 51 Ill. App. 3d 1022, 366 N.E.2d 1145 (1977). The courts have denied punitive damages, however,
court found a public policy in favor of protecting those called for jury duty through a statute declaring that it was in the public’s interest to have the most competent jurors serve. The public policy forbidding discharge for jury duty might apply to other types of public service.

In 1953, in _Odell v. Humble Oil & Refining Co._, the employer wrongfully discharged an employee for testifying under subpoena before a grand jury which indicted the employer. The court refused to allow him to bring an action for abusive discharge because “rights under the contract would not constitute a tort against them unless the violation thereof amounted to a tort at common law.” Recent decisions in other jurisdictions directly contradict such a holding, and the common law is evolving to provide such a remedy. Therefore, a cause of action may now exist for any retaliation which results from an employee’s performing any type of service in the governmental system.

d. Refusal to Perform an Illegal Act

Society has an interest in seeing that illegal acts are not performed and that those who know about such illegality may disclose it without retaliation. This public policy has also led to a limitation on an employer’s right to discharge. The situation first arose in the famous case of _Petermann v. International Brotherhood of Teamsters_. Mr. Petermann refused to give perjurious testimony before a committee and was subsequently discharged. The court recognized the “at will” presumption, but felt that “[i]t would be obnoxious to the interests of the state and contrary to public policy and sound morality to allow an employer to discharge any employee . . . on the ground that the employee declined to commit perjury. . . . To hold otherwise would be without reason and contrary to the

where they found that no cause of action existed at the time of the employer’s abusive conduct because there would be no deterrent effect on the employer’s action. See _Nees v. Hoch_, 272 Or. 210, , 536 P.2d 512, 517 (1975) (no punitive damages because it established a new tort that beforehand could not have been determined to be actionable); _Brown v. Transcon Lines_, 284 Or. 597, 588 P.2d 1087 (1978).

191. Today some states have statutory proscriptions prohibiting abusive discharges in such instances. See _Mich. Comp. Laws Ann. § 725.145(a) (1968); N.M. Stat. Ann. § 38-5-18 (Supp. 1981). Remember that the trier of fact is always free to infer that there was another reason, other than refusal to avoid jury service, for the discharge. See _Reuther v. Fowler & Williams, Inc._, 255 Pa. Super. 28, , 386 A.2d 119, 122 (1978).

192. 201 F.2d 123 (10th Cir. 1953).

193. _Id._ at 127.

194. See _Palmateer v. International Harvester Co._, 85 Ill.2d 124, 421 N.E.2d 876 (1981) (complaints of criminal activity of fellow employee to police and follow-up investigation for police is protected by the state’s public policy so as to provide a cause of action for retaliatory discharge); see _supra_ cases cited in note 128.

195. _See supra_ note 128 for a list of jurisdictions which either recognize the tort of abusive discharge or appear to be ready to do so.

196. This has been referred to as protecting “whistle-blowers.” See Westin, ed., _Whistle Blowing: Loyalty and Dissent in the Corporation_ (New York, 1981).

spirit of the law." The court found that the public's interest in enforcing the penal code outweighed the employer's interest in discharging the employee at will.

The holding in Petermann was strongly reinforced in the 1980 California decision of Tameny v. Atlantic Richfield Co. Mr. Tameny was fired for his refusal to participate in an illegal scheme to fix gasoline prices. Cut off from his livelihood, he brought a tort action against his employer. The court decided that "an employer's authority over its employee does not include the right to demand that the employee commit a criminal act to further its interests, and an employer may not coerce compliance with such unlawful directions by discharging an employee who refuses to follow such an order." The court stated that such use of the discharge power "violates a basic duty imposed by law on all employers." The court found that a tort action was the appropriate route for an employee damaged by such an act of coercion. The court declared: "The days when a servant was practically a slave of his master have long since passed."

Other jurisdictions have also recognized the need for a cause of action by permitting a public policy tort remedy. The New Jersey court has allowed medical employees to complain about ethical and licensing violations without fear of discharge. Similarly, the West Virginia court, in Harless v. First National Bank in Fairmont, found an employer liable in tort for terminating an employee who attempted to persuade him to conform to consumer protection laws. The lawyer must make an exhaustive analysis of all of the employee's past complaints, grievances and alleged insubordination to provide a basis for a retaliatory discharge claim.

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198. Id. at ___, 344 P.2d at 27.

199. This theory also held true in Trombetta v. Detroit, Toledo & Ironton R.R., 81 Mich. App. 489, 265 N.W.2d 385 (1978) (refusal to alter pollution control reports), and in Harless v. First Nat'l Bank, 246 S.E.2d 270 (W. Va. 1978) (complaints about employer's violations of consumer credit laws); see Palmateer v. International Harvester Co., 85 Ill. 2d 124, 421 N.E.2d 876 (1981).


201. Id. at 846, 610 P.2d at 1336–37.

202. Id.

203. Id. (citing Greene v. Hawaiian Dredging Co., 26 Cal. 2d 245, 251, 157 P.2d 367, 370 (1945)).

204. O'Sullivan v. Mallon, 160 N.J. Super. 416, 390 A.2d 149 (N.J. 1978) (the public's foremost interest in medical care provided a remedy for an x-ray technician's discharge for refusing to perform catheterizations); Pierce v. Ortho Pharmaceutical Corp., 84 N.J. 58, 417 A.2d 505 (1979) (a physician's employee's complaints against testing a controversial drug did not provide a basis for challenging his discharge on the basis of public policy. There was no evidence that the practice would have been illegal, as in O'Sullivan, supra, or that it was clearly harmful.). See supra text accompanying notes 148–49.

205. 246 S.E.2d 270 (W. Va. 1978). See also Palmateer v. International Harvester Co., 85 Ill. 2d at ___, 421 N.E.2d at 880, which found a "clear public policy favoring investigation and prosecution of criminal offenses."
e. Claim for Pension Rights

An attempt by an employer to terminate an employee to avoid vesting of a pension plan recently served as an improper motive contrary to public policy in *Savodnik v. Korvettes, Inc.* Savodnik is a fine example of how to use statutory intent to formulate a public policy limitation on abusive discharges. The court in Savodnik found a strong public policy favoring the protection of the integrity of pension plans and their participants. The New York Constitution expressed this policy, but the court also relied on the intent behind the Employee Retirement Income Security Act (ERISA) "to protect . . . interests of participants in employee benefit plans and their beneficiaries." The very passing of such an act was enough to demonstrate to the Savodnik court the "great significance income security has for the millions of the country's retired population." The court concluded:

To allow an employer to avoid the vesting of rights in a pension plan after thirteen years of service by a model employee, under the guise of the employment at will doctrine, does not sit well with this court. . . . If ever there were a case to invoke the doctrine of abusive discharge, this is it. Consequently, the attorney who contemplates a wrongful discharge action should complete a full analysis of all employee benefit plans. Not only does ERISA provide a special concern for pension rights, but these lost benefits can be the basis of a large award for the wrongfully discharged client.

D. Proving Damages

It is only in the area of damages that it may be important whether the court views the abusive discharge action as one of contract or tort. With respect to some items, a discharge case is no different from any other case in the evaluation and proof of damages. The possibility of a defense of mitigation raises the necessity of establishing and documenting that the employee has looked for another job. Financial losses after an abusive discharge can be devastating. Therefore, the attorney should inquire as to exactly what benefits were lost (medical insurance, life insurance, use of a company car, etc.). Whether the client suffered damage to her credit rating or was forced to lose a major item to creditors is another avenue to pursue. The lawyer must also find out which of the client's career and long-term objectives were impaired by the firing. These sorts of losses

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207. Id. at 826 (citing 29 U.S.C. § 1001 (1976)).
208. Id.
209. Id.
ABUSIVELY DISCHARGED EMPLOYEE

should be compensable regardless of whether the court deems the cause of action a tort or a contract action.

Exemplary and punitive damages are more likely to be awarded if courts view an abusive discharge as a tort committed during the employment relationship, rather than a breach of an agreement. A framework for this type of remedy can be drawn from the extensive tort case law surrounding wrongful motives. Professor Blades forcefully argues:

Through adaption of the general emphasis on wrongful and ulterior motives which today pervades the law of torts the courts could fashion a remedy for the abusively discharged employee and thereby give to all employees some assurance that they will be their own masters as to matters not their employers' business.

In preparation for arguing that the action sounds in tort, the lawyer should inquire into pre-incident health of the client and determine what doctors she has seen since her discharge. The client should then see a psychologist. A clear record of all physical (headaches, nausea, curtailed activities, etc.) as well as mental (troubles with sleeping, eating or nerves) injuries to the entire family would be helpful. Marital problems conceivably could give rise to a cause of action for the spouse for loss of consortium.

New Mexico has yet to declare that an employee will have a cause of action in tort for wrongful discharge. In fact, in Bottjliso v. Hutchinson Fruit Co., the court of appeals reiterated the older holding that absent fraud, a violation of an employment contract "irrespective of the motive therefor constitutes only a breach of contract and not a tort and that the recoverable damages are limited to those flowing from the contractual breach and that no punitive damages are recoverable no matter what the motive that prompted the discharge." In light of this ruling, it may be

210. An appropriate analogy exists in New Mexico in the area of economic compulsion. In Terrel v. Duke City Lumber Co., 86 N.M. 405, 524 P.2d 1021 (Ct. App. 1974), the court of appeals described the doctrine's rationale as "to discourage or prevent an individual in a stronger position, usually economic, from abusing that power by presenting an unreasonable choice of alternatives to another person in a weaker or more vulnerable position, in a bargaining situation." Id. at 422. 524 P.2d at 1038. The court found that this inequality of bargaining power was clearly established in the employee/employer context. See text accompanying note 30. Terrel, the defendant, challenged the award of consequential damages, but the court found that "[e]conomic compulsion cases lend themselves most readily to the tort analytical framework (duty, breach of duty, causation and damages)." Id. This duty to refrain from abusive discharges exists if the courts abolish the "at will" presumption.

211. Blades, supra note 29, at 1435 (emphasis in original).


214. Id. at 789, 635 P.2d at 994 (quoting Odell v. Humble Oil & Ref. Co., 201 F.2d at 128); compare Tameny v. Atlantic Richfield Co., 164 Cal. Rptr. at 843, 610 P.2d at 1334, in which the defendant argued that "because of the contractual nature of the employer-employee relationship"
necessary to demonstrate that the implied or express employment agreement is merely the basis of the relationship and that the action is brought in order to challenge the employer’s tortious conduct.

This argument is not new. It has existed for the past few years in the field of insurance contracts. Plaintiffs have been able to recover all damages, including punitive damages, which flow from an insurance carrier’s failure to act in good faith toward an insured. The Arizona Court of Appeals recently answered the question of whether a breach of contract can be a tort in the affirmative. In Noble v. National American Life Insurance Co., the Arizona Court of Appeals found that “[t]here are also certain classes of contracts which create a relation out of which certain duties arise as implied by law independently of the express terms of the contract, a breach of which will constitute a tort.”

In 1976, New Mexico, in Chavez v. Chenoweth, described this cause of action as being separate from the contract in that it is a “tort claim for unreasonable delay in paying medical expenses under the insurance contract.” The Chenoweth court decided that a tort claim could be a basis of recovery if there were evidence of bad faith on the part of the insurer. The court defined bad faith as a “frivolous or unfounded refusal to pay.” In light of the mutual duties discussed by Blackstone, and the present sociological realities which make the employment relationship a unique “contract,” the lawyer in an abusive discharge case can make a strong argument that such a tort remedy exists when an employer makes an “unfounded” decision to discontinue paying his employee. Thus, the cause of action may be considered a tort even if founded on contract. For purposes of deciding damages, the lawyer must argue these issues.

IV. CONCLUSION

When we examine our economic system in light of today’s realities, it is evident that public interest in New Mexico warrants a redefinition of the “master/servant” relationship. The courts devised the doctrine of “employment at will” to deal with a highly mobile, burgeoning capitalistic economy. Today, times have changed. With the concentration of em-

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216. Id. at ____, 624 P.2d at 875 (quoting 1 C.J. § 139, at 1017).
217. 89 N.M. 423, 553 P.2d 703 (Ct. App. 1976).
218. Id. at 429, 553 P.2d at 709.
219. Id.
ployment power in fewer and fewer hands, it is necessary to consider the interests which employees have in the system, and to strike a new balance in employer/employee relations.

The realities and inequities of today's immobile economic system call for judicial qualification of the employer's right to discharge employees for arbitrary and retaliatory purposes. As one federal district court judge recently said, "Courts cannot hide in ivory towers ignoring the economic and social realities of modern society, for it is that very society we are here to serve. As that society changes, so must our thinking." By abolishing the "employment at will" presumption in favor of an examination of the parties' intent, and installing the prevalent contract principles of good faith and fair dealing, the courts of New Mexico can guarantee to employees the benefit of their bargains. Anything less is clearly contrary to the public good.

New Mexico attorneys must begin to accept and try cases which question an employer's absolute power of discharge. The courts must take judicial notice of the economic and psychological strain which the "employment at will" doctrine inflicts on the majority of workers. Then the judiciary may move to protect employees from the whim, vindictiveness, and retaliatory actions of abusive employers. It was the courts which first "immunized" employers from liability by devising "employment at will." The courts must now step forward and care for their casualties.

220. The 500 largest industrial and retail firms constituting only .03% of all corporations accounted in 1970 for almost 30% of all private non-agricultural wage and salary workers. Compiled from Economic Report of the President, 1978 Table B-34, at 296; Statistical Abstract 1974, Tables No. 793 and 796, at 484, 486.