Institutional Change and Experimentation: Democratizing the Capitalist Firm—Why and How?

CRIMT, Montréal, May 22, 2015

Isabelle FERRERAS
Tenured Fellow, Belgium National Science Foundation, Brussels
Professor of Sociology, University of Louvain
1. **WHY?**

A critical, sociological perspective on the *place of work* leading to…


2. **HOW?**

A research focus: Consider firms as political entities

& A proposal: Experiment with a new form of *economic* bicameralism at the level of the firm = the idea of the *Bicameral firm*

Etymology: the origins...

- Oikos-nomos
- Sub-ordinatio
- Domus

Private Sphere

Economy
- Firm
- Work
...leading to a historical perspective
Contested domain

Private Sphere

Domestic interaction regime

WORK FIRM Economic Activities

Public Sphere

Civic -democratic-interaction regime

The battle along the history of development of capitalism and democracy
A historical perspective about the *locus* of economic activities

- The history of “capitalist democracies” (Cohen&Rogers 1982) since the industrial revolution is best understood as a **history of the battle for the emancipation of work from the private sphere**, and its expansion into the public -democratic- sphere.

- With 3 periods:
  - XIXieth: The 1st (spatial only) phase is the transition, spurred by the industrial revolution in the 19th century, which slowly **moved the workplace out of households into factories**;
  - XXieth: Work becomes a central locus of political action via workers’ and union movements, through the **creation of labor law as distinct** from other types of law (commerce,etc.), and **first collective labor rights** (right to associate/union, collective bargain,), **and then specific institutions** (Works Council, *Mit-Bestimmung* …European Works Council);
A historical perspective about the *locus* of economic activities

- **XXIst:** The 3rd, and current phase, deepening this transition from private to public, is spurred by the transformation of the *industrial model* into a *service-based model*, where the workplace itself is becoming *embedded into the norms of the democratic public sphere* (Ferreras 2007, forthcoming).

Today the *work experience* is a *political experience* rooted in the *critical intuition* of workers expecting *democratic justice* in the workplace.
1. *Why?*

A critical, sociological perspective on the *place* of work leading to...

2. *How?*

**A research focus:** Consider firms as political entities

**& A proposal:** Experiment with a new form of *economic* bicameralism at the level of the firm = the *Bicameral firm*
A Research Focus: What is a Firm?

- From this understanding of work, urgent need to recast our understanding, and our theory of what firms are:

  ➡ Traditional theories of the firm (liberal and marxist) are inadequate:
  The firm as an organization defined by 1 specific rationality: instrumental (for capital: investment for profit, for labor: for wage)
  ➡ Need for a ‘Political Theory of the Firm’ based on the analysis of work as a political experience:
  The firm as a political entity where 2 types of rationality - instrumental and political - concur to the reality and success of the firm, not just.

The next step? Keep up with experimenting!
 i.e. To push further work’s transition to the public sphere…
Renewing our Perspective: Considering the Firm as a **Political Entity** in transition

from private to public…
from the government of a few to the government of the many…
from the despotic to the more participatory, if not democratic yet…
➡ We’ve been there already!
➡ Learning from our past experiments!

**The history of liberal revolutions** is a part of the **history of democracy**.
It has meant to **setting limits to the heteronomy** (of a king or of a few over the many).
A New Perspective: Considering the Firm as a **Political Entity** in transition

**One key institutional innovation keeps coming back** from Antiquity to modernity:

The *bicameral moment*, i.e. the recognition of two constituent bodies

**Rome in 494 BC** (see Titus-Livius) = Patricians/Plebeians;

**Britain, 1688** : King William of Orange‘s Glorious Revolution = Lords/Commons,
and on, with all modern federal States.

=> **The dominant group *accept* to be vetoed by the representatives of the previously disenfranchised group.**
Today’s Capitalist Firm: Considered as Moved by Instrumental Rationality Only

See it as a *Monocameral* Firm
Proposal: to Recognize the 2 Rationalities, the Two Constituent Bodies, that Constitute the Firm

the Bicameral Firm

Shareholders = Investors in capital
1 share = 1 vote

Chamber of Representatives of the Capital Investors

Workers = Investors in person
1 person = 1 vote

Chamber of Representatives of the Labor Investors

Executive Committee

= top management

election

majority vote/veto power

majority vote/veto power
Learning from the **History of Bicameralism**

The 3
=> re-reading political philosophers and legal theorists:
A
condition for:
1/ ____________________________
*Commons*
2/ ____________________________
3/ ____________________________
many)
=> same requirements vàv the __________
based on its
in its two rationalities:
Today’s Capitalist Firm in social-democratic Europe
Still a Monocameral Firm

Shareholders
General Assembly

vote

Board of Directors

vote

Executive Committee

Workers

Works Council/Union Rep.
Today’s German Co-determination Firm
Still a Monocameral Firm

Shareholders
General Assembly

May elect 50% +1

Employees

May elect 50%

Board of Overseers

May vote

Executive Committee
Proposal

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Executive Committee
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election

majority vote/veto power
Transition to: Worker-owned & -governed firms

the Labor *Monocameral* Firm

- **Workers’ General Assembly**
  - 1 person = 1 vote

- **Board**
  - Election
  - Majority vote/veto power

- **Executive Committee**
  - = Top management
We can act now!

The
is reaching a
2 avenues forward:
- **more ‘rule of capitalists’**
destroy political democracy
- **more ‘equality’**
role played by unions, which will reinforce political democracy
= thick citizenship
=>
urgency… —
historic mission; plausibility of a common narrative in a plural globe; global firms increasingly financialized and disintegrating; robots replacing HR; political arenas and actors loosing credibility, …)
POUR ALLER PLUS LOIN:

Isabelle Ferreras, 2012,

*Gouverner le capitalisme ?*

*Pour le bicamérisme économique,*


forthcoming in English - soon :-)