BOOK REVIEWS

Firms as Political Entities: Saving Democracy through Economic Bicameralism. By Isabelle Ferreras. Cambridge, UK: Cambridge University Press, 2017. 226 pp. ISBN 9781108415941, $99.99 (Cloth); ISBN 9781108402521, $28.99 (Paperback).

DOI: 10.1177/0019793918791140

This book is super interesting, but it is also super difficult to review. On its face, it is a proposal for a radical revision of corporate governance structures in advanced developed economies. The proposal is to substitute the current structure, which is built around the shareholder value model, with a bicameral legislature, one chamber of which is composed of representatives of the shareholders, the other of representatives of the workers. Read in this way, the reader is drawn immediately into a debate about what exactly this structure would look like, how it would operate, and whether such a radical innovation in one of the basic institutions of industrial society is feasible at all. But the most interesting part of the book, at least for me, is the argument about why this new structure is desirable at all. That argument is built around a view of the changing nature of work in our society and the nature of the firm as an institution in which work is performed. In this sense, the book belongs to the burgeoning academic literature about the "future of work," except that in the debate that has already become so stylized, almost ritualized, Ferreras's argument is refreshingly different and original.

The argument is that work during the period in which the corporation originally developed was an activity that basically involved the relationship between the worker and "things," that is, physical objects, products, and the tools or machines used to produce them. It took place in the private sphere, in the factory or, before that, in the household. But contemporary work is increasingly service work, and as such it is an activity that involves the interaction of people with one another, the collaborative arrangements involved in the innovative firm or the relationship between the workers and customers or clients in the service industries. Because it involves relationships among people, it is necessarily public. For that reason as well, it is inherently *political*, and one should therefore look to political institutions for models of the arrangements required to govern it in a just and efficient way.

But in the service economy, the political problem that needs to be resolved is the conflict between the instrumental rationality of the shareholders and the expressive rationality of the workers. As I understand this point, the argument is that when work was essentially private and involved the interaction with physical objects, it was instrumental for the workers as well; it was motivated by the desire to gain money, which could then be used to sustain their "real" selves, the activities that expressed their essential nature as human beings. But once work moves into the public sphere, and becomes an activity that revolves around interaction with other people, it becomes an expression of who the worker really is. It becomes an expression of his or her essential self. The ability to fulfill through work their self-conception becomes critical and cannot be reduced simply to monetary compensation. I find this part of the argument—that work was once instrumental and only now has become expressive—the least convincing part. I am not convinced that workers ever had a solely instrumental attitude toward work. I am reminded of the slogan of the Lawrence textile strike in 1912 about bread and roses: "We want bread but we want roses too." The women who marched under that banner were a long way from modern day service workers. But in the end this may not matter because the issue here is whether the shareholder model of the corporation recognizes the affective aspect of work and the conflicts it poses to the instrumental rationality of those who hold the shares.

Another issue, however, is whether any model of corporate governance can effectively address these affective issues. And here the problem is that the book does not generate a very clear picture of what exactly these affective issues are. The closest it comes to doing so, at least for me, is in a vignette about a supermarket cashier who complains about being verbally assaulted with a crude epithet by one of the customers in her checkout line and being unable to respond because "the customer is always right." This vignette brought to mind a study I did some time ago about identity politics in a large corporation: I asked one of my respondents there why he had joined the black caucus and what he really wanted to achieve in doing so. He replied immediately and directly that he wanted to be able to walk down the hall without having every white woman he passed clutch her purse. These issues are real enough; the question is whether they can be addressed in the workplace, and what exactly one could ask the employer to do to resolve them. The current concern with sexual harassment in the workplace and the various web-based training programs that companies are deploying speak to that point, and perhaps we will see whether these issues can be effectively addressed, whatever the governing structure of the workplace actually in place. But it is not clear that this is exactly what Ferreras has in mind.

The other part of Ferreras's argument is a repudiation of the shareholder value model of the corporation. Here she basically builds on the work of Jean-Philippe Robé, a practicing corporate lawyer and legal scholar, which shows that the corporation is a legal entity that developed as a vehicle for mobilizing capital by limiting the liability of the investors; it never coincided with the institutions in which work was performed. Again, Robé's research is very interesting and important in undermining the credibility of the shareholder value model, and Ferreras does a service in introducing it to an English-speaking audience. But the ascendency of the shareholder value model as the chief defense and justification for corporate governance and the intellectual bulwark against worker intrusion into management is relatively recent. Until corporate governance began to gain traction in the 1970s, there were a variety of other models of governance that limited the power of stockholders in their control over the corporation and that actually were embodied in legislation and practice. They differed from one country to another, but together they offered a menu of alternatives, and traces of these other models remain in operation. They managed to attain intellectual plausibility and effective adherence at one point in history. The Robé critique of the shareholder value model leaves room for any of these other alternatives. It does not point particularly to a bicameral legislature.

Despite these misgivings—but also because of the broader argument in which it is embedded—one cannot help but be drawn into the enterprise of thinking about what a bicameral workplace governance would look like and how it might fit into the current constellation of workplace institutions. Upon reflection, it might not be as offbeat or as radical as it sounds. The definition of who has a stake in the enterprise and/or who needs to be protected from it has become increasingly complex and confused. This circumstance is partly attributable to what David Weil calls fissuring: the progressive off-loading of activities that once were performed within the jurisdictional boundaries of the firm through subcontracting and franchising. But also, it is partly due to offshoring to locations in other national jurisdictions that have no direct control over the firm that places them there and actually controls their operations. So far, the workers in these other places and their governments and supporters have been remarkably complaisant, despite the horrendous violations of the work standards of most civilized countries and the considerable cost in terms of injury and death. But if they ever were to assert their claims in a forceful and commanding way, the creation of a second chamber within the firm with rights to consult, if not actually veto, some range of managerial decisions might be an attractive compromise. A bicameral governance structure might then arise spontaneously. This pattern is how Ferreras argues it arose historically as a political institution in virtually all democratic nation states. It did so in most of these countries, it seems, leaving ambiguous or unanswered the questions of boundary, jurisdiction, membership, and indeed ultimately the power of the second chamber relative to others of the component institutions, involved in governing the firm just as these questions are left unanswered in this book.

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