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## Isabelle Ferreras

*Firms as Political Entities. Saving Democracy through Economic Bicameralism*, Cambridge University Press: Cambridge, 2017. Translator and editor: Miranda Richmond Mouillot. 226 pp.: 9781108415941, £75.00 (hbk); 229 pp.: 9781108235495, £18.99 (pbk); 9781108246767, US\$80 (eBook Adobe Reader)

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Can capitalism be democratised? *Yes, it can!* Isabelle Ferreras provides us with a recipe for human emancipation within capitalism: intervening inside the firm, the last bastion of despotic rule. Expanding on her essay *Gouverner le capitalisme?* (2012), Ferreras builds her argument on three discussions: the redefinition of the firm as a polity, the democratisation of capitalism, and ways to enhance workers' power in the firm, touching upon industrial democracy debates. Drawing on political theory terminology in an accessible and eloquent manner, the author proposes 'Economic Bicameralism' as a new, better and feasible institutional form for governing the firm.

In her suggestive utopia, two distinct 'Chambers' would represent the firm's shareholders ('the investors of capital') and the firm's workers ('the investors of labour') as the supreme decision-making body. To some extent, the Chambers would resemble supervisory boards in two-tier structures typical from some corporate governance systems, but with expanded competences and equal power over decisions. They would constitute a sort of 'legislative power' over the 'executive power' embodied by the firm's executive board, and the main strategic decisions would be jointly decided by a majority vote in each Chamber. The two opposed rationalities coexisting in the firm (the 'instrumental', typical of shareholders, and the 'expressive', typical of workers) would thus be forced to cooperate fruitfully with each other in a corporate 'government' on ends instead of a mere corporate 'governance' of means.

First, Ferreras situates her proposal in a historical incremental continuum towards individual emancipation from the 'private' to the 'public sphere'. The analogy is made between the world of work, where firms remain 'plutocracies' ruled by wealthy capital investors, and Western societies, where the transition from despotism to democracy was sustained by bicameral moments, such as the plebeians' assemblies of Ancient Rome or the British two-house parliament.

Then, Ferreras elaborates on a political theory of the firm and its different dimensions. Firms function thanks to capital and labour investors and their distinct instrumental and expressive rationalities. The economic theory of the firm does not fully capture this complex reality when it reduces the firm to the legal corporation, as a mere vehicle of instrumental rationality and object of policy. In contrast, the author argues that '*[[f]irms are better understood as political entities*' (p. 2) and subjects of policy. They are institutions that deploy themselves '*in the context of contested power relations*', and which '*must constantly work to (...) redefine [their] own common goals*' (p. 105).

*Why* should capital and labour investors be equally involved in the government of the firm? For the author, this would be fair and ‘legitimate’ in line with standards of democratic justice, but also ‘reasonable’ and ‘intelligent’ in terms of government efficiency. In a way, her claim reformulates the material content of the right to property under liberal capitalism, as it disentangles the right of ownership from that of *disposing over* what is owned (p. 55). As Western economies move away from the industrial to the services economy, workers increasingly expect voice at work, she argues. Individual expectations of direct voice do not necessarily translate into collective expectations of indirect voice in the firm’s government though, and an overoptimistic account of the services economy may overlook growing disparities and new alienated forms of work. The argument of democratic justice remains therefore the most convincing in my view.

Now, ‘*how to achieve collective self-determination in a workplace*’? (p. 11). Two interesting aspects vest Ferreras’ Economic Bicameralism with transformative potential. First, it picks up a full-parity system where worker representatives can potentially block decisions, only possible in German codetermination for the coal, iron and steel sector (*Montan Codetermination Act of 1951*). Secondly, workers and shareholders’ representatives are treated as members of clearly differentiated groups within the firm’s ‘legislative body’. Such a representative system is foreign to existing board-level employee representation systems and deviates from the widespread formal equality rule. It intends to counter existing patterns of disadvantage. Workers would not need unanimous voice anymore, but only 50 per cent plus one votes in their representative ‘Chamber’ to challenge shareholders’ or management’s views. This would grant them enhanced autonomy from capital and favour equality, which constitutes in my view the most original and radical innovation of Ferreras’ contribution. However, the separation of powers between the Chambers and the firm’s ‘executive body’ should also be considered. In principle, the Chambers should participate in all issues without exception (p. 132), particularly the firm’s strategic policy, managers’ appointment (p. 149) and presumably, statutory changes. However, their power is limited to ‘legislative review’, as the executive retains the initiative and full delegation of everyday operational decisions (p. 148). Managerial decisions would surely gain from democratic legitimacy, but the extent to which workers’ real lives would be improved remains unclear.

Turning now to the feasibility of the proposal, we should recall that the most ambitious national codetermination models are today under pressure and failed to generalise trade union demands for full-parity representation (Hyman, 2016: 15). With the rise of global financial capitalism, trade union power is in decline (Peters, 2011). Participation in the firm’s government is not always a burning topic on unions’ agendas, and especially not for their rank-and-file. The deregulatory labour reforms that followed the 2008 financial crisis revealed the risks of relying on institutional arrangements while disregarding organisation. Admittedly, after decades of lethargy, mismanagement scandals have revived debates on industrial democracy, and calls for involving workers in company decision-making are gaining access to the public debate in the UK, France or Belgium and the European Union. All attempts are however much more limited than the book’s suggestion of Economic Bicameralism. Ferreras’ radical proposal visibly swims against the tide so far but can nevertheless nourish the ongoing debates.

On the other hand, Ferreras recognises that at least ‘*two rationalities compete for influence*’ in the capitalist firm (p. 93), ‘*always structured around fundamental cleavages*’ (p. 120). However, she assumes that workers and capital ultimately pursue a common superior goal (the ‘*prosperity of the firm*’). In her reasoning, it is not the structure of Economic Bicameralism as such that brings them to cooperate and precludes deadlocks from happening without needing a casting vote; it is rather the pre-existence of this *joint* (incidentally, *instrumental*) *rationality* inherent to the firm’s public space that makes consensus and final reconciliation possible between labour and capital’s

conflicting projects, as ‘both parties would suffer so greatly from the diminished productivity that would ensue’ (p. 134). Even if firm’s *success* (p. 127) could be measured in terms of financial or social performance, this contradicts the very idea of different rationalities driving the firm. The book thus adheres to a liberal, pluralist and deliberative conception of democracy, while excluding the agonistic condition of ‘the political’. For some approaches though, this would imply denying the very *political* nature of the firm! (Mouffe, 2005).

Solving in roughly 200 pages these long-enduring debates is admittedly an ambitious project. Some of the high expectations raised by the introduction risk not being fully satisfied. First, the book does not (intend to) develop a complete substantive and functional political theory of the firm, as it only focuses on its internal dimension (p. 110). It declares an exploratory aim (p. 95), inviting other scholars to contribute to a collective research agenda. Secondly, the book does not propose a ‘one size fits all’ recipe for democratising capitalism in any context. It only targets large and ‘mature’ companies governed by a board of directors and an executive committee, where trade unions and other forms of workers’ representation are assumed to be present. The book’s roadmap is humbler than initially announced but remains a worthwhile appetiser for a democratising agenda.

Given the interest this book may generate among a progressive readership, it is regrettable that it did not engage further with related streams of thought in the political and social sciences, addressing trade union renewal debates, or the limitations of, and need to ‘democratise’, representative democracy. Also, how could Economic Bicameralism articulate with other participatory forms or levels of workers’ representation in the firm? More empirical data and evaluation of real experiments of board-level employee representation, particularly the German *Montan* model as the sole ‘perfectly balanced’ case of codetermination mentioned, could have strengthened the argument.

A main point of critique relates to the failure of the author to develop two essential links between her theory and her concrete policy proposal of Economic Bicameralism based thereon, which in my view uncovers some contradictions.

First, after dismantling the understanding of the firm as limited to the legal corporation and its shareholders (p. 97; p. 106), the author does not provide concrete criteria for a positive definition of the contours of the firm as a polity. Any perspective intending to act and think politically should first trace a frontier and decide on a space of inclusion and exclusion (Mouffe, 2005). Seemingly, Ferreras intends to transform an existing structure of power without paying the price to make it possible, namely defining the geographical and personal community concerned. Who should be entitled to representation in the firm’s ‘legislative body’ (decision-making body), and over whom should the ‘government’ rule? The debate around the C-566/15 *Erzberger* case<sup>1</sup> illustrates the implications of including or not workers from foreign subsidiaries in the supervisory boards in transnational companies. Labour lawyers hotly debate the concept of ‘worker’ in the era of outsourced, digital and atypical work, and national laws and case-law timidly address the challenges of the fissured, networked and global firm by providing criteria to expand employer obligations and collective labour rights to groups of undertakings. Under her pluralist logic, Ferreras does not exclude the potential right for other interest groups from civil society (i.e. consumers, users or neighbours) to participate in the firm’s goal setting. Clearly, the delimitation of the firm is per se a political matter, but omitting this milestone paradoxically forces the author to anchor Economic Bicameralism again in the capitalist *corporation*.

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1 Case C-566/15 *Erzberger* [2017] ECLI: EU: C:2017:562.

The second missing element, although crucial for the feasibility of Ferreras' proposal, is a theory of collective action in the firm. How would workers' individual aspirations for fairness translate into real, concrete and collective political demands? The author argues that '*the network of labor investors lacks structure and is not organized in any way within the institution of the firm*' (p. 98), overlooking the active role unions and other forms of representation may play in groups of undertakings. A mediating political process of organising and interest building is required for workers to have collective voice and engage in political exchange with capital (Offe and Wiesenthal, 1980). Ferreras only tangentially recognises the historical role of labour movements' mobilisation in her rather deterministic account of the process towards workers' emancipation (p. 23). Despite the many contrasting positions found in debates on workers' participation, she wraps up in one single page the expected implications arising for trade union culture and strategy (pp. 150–151). Still, the book designates trade unions to embody workers' representation in the Economic Bicameral model, but with a mere functional role in the running of the institution: they should secure solidarity against risks of corporate patriotism.

All in all, the book is a refreshing addition to re-emerging debates on industrial democracy. It offers an exciting intellectual challenge and a creative spinning of theoretical arguments drawing on different disciplines and scholarly sources. With her brave and provocative policy contribution, Ferreras leans out from the academic ivory tower, engaging with burning social and political concerns. Her powerful and progressive language is also timely, at a moment when workers' participation is increasingly being reformulated and colonised by mainstream corporate governance and corporate social responsibility discourse. Plenty of questions remain open but these constitute fruitful paths for future research. The broader audience, particularly corporate managers, trade unionists and policy-makers of the reformist left, should welcome the publication and benefit from its engaging arguments. Be it the swansong of democracy at work, or the announcement of a social refounding of capitalism, this book guarantees food for thought and will leave the reader eager for the next instalment.

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