Democratizing Corporations with Economic Bicameralism

Toward the Democratic Firm

Isabelle Ferreras

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A Thought Experiment: The Other 2008

It’s August 2008 and the world is shaken by a global financial crisis. It is common knowledge that people working in the banking and financial industry knew all along what was going on in the everyday life of their firms, and their testimony sends shock waves through society: bank employees were well aware they were selling contracts customers wouldn’t be able to
honor if they ran into trouble. Deregulation, which had begun in the 1980s and continued apace under the Clinton presidency, had meant that the customary caution of banks in the old days was no longer custom. A bank director interviewed by The Guardian explained: “Consumers enjoyed buying houses that ultimately they couldn’t afford, but mortgages were shoved down their throats without any care on the part of the bankers. In the old days, the bank would say: “We don’t think you can afford that mortgage, so we won’t lend you money.”¹ The same was true of banks’ employees: they were well aware that traders with superstar auras and incomprehensible financial products held the entire industry in thrall. As one Wall Street derivatives trader, Ian Hart, recalled, “risk managers at many banks knowingly failed to voice their fears about the way their companies operated. A risk manager once told me that to raise an issue that undermined the bank’s multi-billion-dollar profits would have been to "sign his own death warrant". This inability to challenge trading desks generating billions in phantom profits was endemic.”² These employees, however, had not been able to speak out effectively, for they had been subject to the norms, rules, and expectations imposed by capital investors seeking maximum return on their investment – a very real form of despotism so ordinary it had gone almost unnoticed for decades, thanks in large part to Milton Friedman and the economic theory of the firm. These bank and financial workers had not been considered as equal contributors to decisions relating to the government of their firms, despite their crucial knowledge about how they operated. No one, it seems, had noticed that it might be not just useful, but critical, for them to be granted and to exercise a protected right to weigh in the decisions of their firms, in particular those regarding strategy and long-term planning.

In the middle of this crisis, a challenger to the status quo, Barack Obama, a fresh face in politics was elected president of the Unites States of America. These “too big to fail” banks were bailed out by the federal government in order to avoid total economic collapse: given the global reach of these institutions, their implosion would indeed have had a terribly adverse impact on the everyday lives of workers in Western economies, not to mention workers of the world with any degree of connection to the workings of globalization, from Madagascar to Mongolia. Our democracies had been feeling the tremors of globalization since the 1990s, with the rise of offshoring, outsourcing, and global supply chains, in the context of, what Richard Freeman has pointed out, the doubling of the global labor force. At the same time, workers in the West saw little to no return on the gains in global productivity these phenomena brought about. Western capital holders, on the other hand, profited enormously from these gains. Beginning in the 1990s, the salaries, bonuses, and dividends that the financial industry paid itself soared to staggering heights. As they led humanity to


the verge of economic collapse and ecological disaster, the holders of capital lived in a luxury reminiscent of Versailles or the Gilded Age, comfortably and even delightfully cushioned from the impact of their choices.

So far, of course, this narrative has required no stretch of the imagination: all of this actually happened. So let’s to go back to the shock waves caused by the testimonies of those bank and financial industry employees and ask a question: What if the world had really sat up and paid attention to them? What if the newly elected American president, recognizing as he did the importance and reach of these firms, had also recognized the opportunity of this watershed moment? These firms had grown more powerful than many states, but now, in the autumn of 2008, they were begging for help from the very state authorities whose reach they tended (and sought) to elude. What if the new President had seized that moment? Imagine him standing before a special meeting of the United Nations General Assembly and announcing, “The time has come to usher in a new phase in world history. Now is to moment to recognize that these firms, with their immense power and unprecedented reach, are true political entities. Unchecked, they have led us to the edge of catastrophe. There is a course to be set for them, and we must set it: globalized firms must be made compatible with our commitment to a just, free, and democratic society. We wish the economy to remain pluralistic and dynamic, compatible with free societies’ embrace of equality, solidarity, and dignity, the cornerstones of democracy. And yet we also recognize that the economy is now global, that it has created connections and interactions that transcend national boundaries. We must therefore find innovative ways to democratize these global political entities, to enact principles of self-government, to establish checks and balances that hold those in power to account, and to secure labor’s right to organize and its access to institutional representation on a level equal to that which has already been secured for investors in capital. These times require that the principles of government by the people, from the people, and for the people be affirmed in the economy, too. Any firm seeking access to public funding and support must in return set in motion a democratic transition throughout the chain of subsidiaries to which it is connected. This is our opportunity to continue the work of those who laid the foundations of our democracies – if we are to advance toward a more democratic world, we must follow the path of economic democracy.”

Now imagine, if you will, the president-elect, having recognized that the time had come to democratize the economy, had ordered his transition team to work on a plan for economic democratization that ensured that these firms were equipped to govern themselves in a manner compatible with higher norms of efficiency, a plan that recognized that corporate charters have, until now, only accounted for a portion of the investments required for a firm’s success; that is, capital investment but not labor investment. And imagine that, as a result, this team had created a transition plan under which any bank or financial institution requesting public money was required to undertake an institutional transformation and to alter its charter (by-laws) so that it followed the principles of bicameral legislature, giving labor investors an equal right to be included in the representative government of firms, a
right previously granted to capital investors alone (of which they had thus far made very poor use). Finally, imagine that, following the bicameral bailout of the banking and financial industry, all firms in need of public support had been required to restructure so that they were governed with a bicameral parliament.

Let’s jump our imagined scenario forward a decade, to the year I am writing this piece, in 2018. The effects have been huge. Trade unions have transformed their culture and are now seen as key formations of a more equitable society. The levels of inequality so alarmingly documented by Piketty’s 2013 best seller’s Capital in the Twenty-First Century have dropped. The provision of public goods has risen just as dramatically, as health care, education, transportation, justice and policing have become fairer and more abundant. Pollution, global warming, and other serious threats to the environment are being addressed more seriously than ever before. Public authorities have regained the possibility to nurture a conception of equality that is so central to the credibility of the democratic project. Now, ten years in, workers in some firms, having acquired the skills they need to govern and manage their workplaces, have taken advantage of ESOP (Employee Stock Ownership Plan) legislation (which has existed under United States law since 1974) to become their own capital investors, and transition further to monocameral labor government. In these firms, the corporation’s shares are purchased by a trust established on behalf of labor investors, often backed by community-development-oriented lending banks. In November 2016, after two terms under President Obama, the first woman president of the United States is elected to succeed him, alongside a progressive Congress, both with a clear mandate to continue fostering public investment in public goods provision. Real wages have been on the rise for a decade. For the first time in forty years, the bottom line of income distribution has moved up, and income inequality has been continuously decreasing. The percentage of the population living below the poverty line in the United States has shifted from 12.5% in 2007, before the crisis, to 5% in 2016.\(^3\) Capital markets have been marking sustainable growth, albeit at a slower pace than in the preceding decades, as gains are now redistributed more evenly, and at a steady rate, to labor investors, as well. In the West, the economy has been thriving, and transnational firms based in America have spread the bicameral model across the world, making it possible for extend the reach of democratization into China and Russia, too. A series of new trade agreements has conditioned free trade upon the adoption of a provision for bicameral structure for firms, and in 2024, the world led, by the United States, the European Union and Canada, adopts a binding treaty on the democratization of the structures of economic agents, which must now be bicameral; the only monocameral structures that are accepted are those where labor investors also hold all of a firm’s capital. The despotic government by corporation typical of firms in the late twentieth and early

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\(^3\) The actual rate in 2016 was 12.7%. See the Center for Poverty Research, University of California, Davis [https://poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states](https://poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states)
The twenty-first century is a thing of the past. In 2017, in an exceptional partnership, a group of researchers led by Thomas Piketty teams up with the IPCC (Intergovernmental Panel on Climate Change), to release a report in which they observe that for the first time since 1970s, income inequalities have been decreasing for five years in a row, with the lowest income bracket gaining the most ground; at the same time, decisions by firms to decrease the carbon emissions associated with their activity have been unprecedentedly swift and decisive. The status of moral personhood is now extremely difficult to obtain, aside from in a few tax havens, which remain a threat. This threat is attenuated by the fact that in most countries across the globe, economic structures are required to function as bicameral firms, in which labor investors are as central to government as capital investors. Democracy in the twenty-first century is flourishing again – for all the citizens of the world.

Unfortunately, I hardly need to point out that this is a total fantasy... Democracy in the twenty-first century is not flourishing. Everywhere, citizens are looking to the tempting demagoguery of strong leaders promising to ‘fix’ the system. This is an all-too familiar temptation, the same one that led Germany to democratically elect Adolf Hitler less than a century ago.\(^4\) Citizens all over the world are once again making alarming choices in the voting booths. Faced with rising inequality and unemployment, diminishing resources to pay for housing, healthcare, or the kind of education that might offer their children a better future, and the fearful prospect of stagnation or loss of their own social status,\(^5\) their panicked and angry votes are understandable. Inequality is very real, and a growing threat. In the United States, “the wealthiest 400 (individuals) now have more wealth combined than the bottom 61 percent of the U.S. population, an estimated 70 million households, or 194 million people. That’s more people than the population of Canada and Mexico combined,” write Collins and Hoxie (2015). And this is before we factor in the stunning levels of inequality measurable along ethnic lines: “African-Americans overall make up 13.2 percent of the U.S. population, but have only 2.5 percent of the nation’s total wealth. Latinos make up 17 percent of the U.S. population and hold 2.9 percent of total private wealth. ... What about the divide in median wealth? Typical white households in the United States now hold $141,900 in net worth. The African-American household median: $11,000. The Latino: $13,700.” (Collins and Hoxie 2015)

This crisis in democracy is in large part a crisis of imagination, due to the way we conceive of what is economic and what is political, and the way we conceive of work. I argue that it can be addressed by acknowledging that the firm is part of our larger public space and a political entity in which all of its investors, not capital investors only, must be treated as citizens, and

\(^4\) See Karl Polanyi’s (1944) analysis of Hitler’s rise to power in Germany.

granted a say in its government – and that firm employees have actually already grasped this important fact.

So far in our history we have limited democracy’s scope to a relatively narrow sliver of life that society considers as “political.” The economic realm is not considered to be a part of that arena. The traditions of political and economic liberalisms regard this exclusion as foundational, and even natural. In the political realm, the ideal of equality for all citizens through democratic norms for government is upheld, at the very same time as special and exclusive political rights are attached to the property of capital investors in the economic realm. This separation of the political from the economic has been upheld without question for so long that it is difficult to imagine a way to change it – difficult, sometimes, to even notice it’s there. And yet it is there. It is experienced by worker-citizens in the West as a vivid tension, and should be read as a fundamental contradiction marking our times, a contradiction between democracy and capitalism. This contradiction is rapidly reaching crisis point. Indeed, I would argue that it is destroying the credibility of political democracy, sapping away citizens’ faith that “the system” – that is, the current workings of political democracy – can actually address the problems they face.

A Dangerous Tension: the Capitalism/Democracy Contradiction

The tension described above arises from a historical inconsistency: the political regime in which our everyday life takes place has evolved much faster over time than the political regime governing employment. Essentially, adult members of our societies are citizens in all places but our workplaces, where the political regime remains one of domestic subordination. This is reflected in the very word “economy,” which comes from the Greek oikos-nomos, meaning “household management.” Historically, this made sense, since the master-slave, master-apprentice, master-servant, and master-serf relationship all took place in and around the oikos. From Antiquity through the Middle Ages and beyond, these were the primary forms of employment, and this framework carried over as the world industrialized. Farm, factory, shop, and workshop continued as closed oikoi privately managed by a ‘master’ (or his delegates). But the world has changed since Antiquity. The public sphere (Habermas 1989) has expanded, and as I showed elsewhere (Ferreras 2007, 2012, 2017) the economy, particularly the service economy, has become more and more a part of it. In the twentieth century, workplace sociability, the changing institutional structure and organization of firms, and unionization all contributed to this phenomenon, and I would argue that now, at the beginning of the twenty-first century, that the shift in most Western democratic countries to a service-dominated economy has given the workplace one clear and conclusive “push” into the public sphere: more and more employees work in frequent or

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6 Indeed, the first employment contract in Antiquity were for the hiring of slaves from one master to another. (See Ismard, Paulin, Endicott Manuscript)
constant contact with customers, or under their gaze – in public, in other words. In democracies, public spaces are governed through democratic political processes, and so this shift has deepened employees’ expectation that democratic justice, which underpins the culture of our civic life, should be a part of that work experience. Outside the workplace, workers are enjoined to behave as responsible citizens, as voters capable of taking a stance on major “political” questions (“Who should govern the country?”). Arriving at their jobs – the very place they know best, where they are best qualified to assess situations and make decisions, they cease to be citizens and become instruments, resources, “human capital,” a phrase that takes on a rather eerie ring when one realizes that firm government is run unilaterally by those whose rights depend entirely on capital ownership.

But from neoclassical economics’ traditional perspective on the economy, anything economic is decidedly not public. An employee, when she steps into her workplace, steps into the oikos: she’s gone to the boss’s house, so to speak, where only the boss’s rules apply. That perspective speaks of the owner of the firm – which is legally nonsensical. Interestingly, this holds true across the Marxist/market-economist divide: from either perspective, the models of work organization and customer service relationships prevalent today take for granted domestic-style relations between the employer and the customer on the one hand and the employee on the other. Whether labor is viewed as the “labor input” in the capitalist firm’s production equation or the material manifestation of the dystopian ideal Marx described as driving capitalism, the domestic regime of interaction governs work. To a Marxist it leads to a specific form of alienation. To a neoclassical economist, it is merely efficient. In either case, however, the worker is essentially a commodity, one tool of production among many, in the service of a project decided upon by a corporation’s capital investors, for whom he or she is an instrument. For Marxists and neoclassical liberals alike, this instrumentality cuts both ways: by choice or by necessity, workers are employed so that a firm’s capital investors can make money, and they submit to employment by the firm in order to make money themselves. This viewpoint is fundamentally flawed on two levels, first, because, as mentioned above, the economy and the workplace are no longer actually ‘private,’ and second, because research shows that workers (and note that some types of shareholders have a long such tradition too, for that matter) do not actually conceive of their work in instrumental terms alone.

On this first level, if we explore this fundamental shift in the conceptual location of the workplace, away from the space it once occupied within the private sphere and into the public sphere, we note that it took place in a broader context of increasing equality. As work evolved into the public sphere, the public sphere itself evolved. The subjects of the autocratic regimes of the past became today’s democratic citizens. This is a particularly fruitful observation, to which we will return further on in this chapter. For now, I’d like to examine how being a citizen affects the experience of being a worker.

As we have seen, there are sound historical reasons for governing the workplace under the
regime of domestic subordination. But work is now performed by citizens, and serving others within the context of a commercial economic transaction that is regulated by a work contract should not have to imply assuming the status of a domestic servant. In my own 2007 study of cashiers’ subjective experiences of their work, workers referred most often to civic interactions: they defined and derived meaning from their relations with customers, with their hierarchy, and with each other using civic language (Martuccelli 2002 246) typical of the public sphere. To them, donning a cashier’s smock did not mean shedding their expectations of equal dignity for all, which involved (sometimes forced) respect for others, equal consideration, and the right to maintain a private life without letting its specificities affect the impartiality with which one is considered. This seems like a fair expectation: in a workplace, why should interactions not be governed by the regime typical of the public spaces of democratic societies? We know this is not the case, however: the relationship between employee and customer, as well as that between employee and management, is a service relationship. Despite all the tools of our advanced democracies, in other words, workers are still stuck in the past, following a regime of domestic servitude. This situation causes serious tensions, and even open conflict in the contemporary workplace. There is no reason for work to be incompatible with someone’s status as a citizen and equal participant in the public sphere—not, at least, according to the employee’s expectations.

Again, these tensions are due to a serious failure in imagination. Just as we have failed to expand the scope of the public sphere to include the firm, we have failed to understand the true meaning of work to those who perform it. As I mentioned above, economists across the spectrum share the view that work is largely instrumental. But the whole body of research in sociology and anthropology of work has shown that it is far more complex than that. Studying how people perceive, define, and relate to their experiences in the workplace has demonstrated time and again that not only do workers dislike being treated as instruments, they do not feel that their own relationship to their work is instrumental. For one thing, individuals perceive their relationship to their work in terms of meaning far more than they do in instrumental terms. In other words, they define their work as “being included, being useful, being independent, doing interesting work,” and so on, as much as they define it as “earning money to be able to meet your needs outside of work” (see Ferreras 2007, 2012, Méda & Vendramin 2015). This seems obvious for people engaged in labor we are used to defining as meaningful, such as doctors, teachers, or scientists, but holds true even for workers in low-skill jobs that are repetitive and draining, with no opportunity for career advancement: the whole person goes to work, not just the part of her that is directly engaged in discharging the tasks to which she is assigned. Second, and again, no matter where and no matter the type of work, workers experience their labor with what I came to call, in the tradition of the critical sciences, and the Frankfurt School in particular, a critical intuition of democratic justice (Ferreras 2012, 2017).

By this I mean that a notion exists among employees that it would be fair and just to be considered as “equals” in the workplace—citizens if you will—on equal footing. Each individual
at work possesses their own individual ideas about justice. Justice might be measured through performance (merit-based) or it might require family situation to be taken into account; then again it might use seniority as an ordering principle, or merely value formal equality (in the determination of work schedules, for instance). Different substantive conceptions about what is just are present in any work environment, and those who work are aware that their co-workers do not necessarily share their vision of how any given aspect of worklife should be decided. All of them, however, share the same intuition that their individual vision should matter. Put another way, they do not see why that vision is not taken into account when decisions are made. In this we may distinguish the outline of a meta-conception of justice that transects individual ones: workers share an intuition that all coworkers have a legitimate claim to participate in forming the specific conception of justice that will in the end regulate their life in the workplace. They aspire to, or they intuit that a decision about how to organize life in the workplace can only be felt as just once each worker’s voice has been taken into account (Ferreras 2007). This procedural norm, intuitively identified as the standard that should govern the organization of a collective and the substantive choices of the criteria of justice that structure it, is none other than the principle of democratic justice –at work.

This gives rise to a problem: when this critical intuition of democratic justice goes unrecognized in the workplace, a fundamental tension emerges, at times unstated, but clearly felt. I anchor the reading of this tension in the study of capitalism by Karl Marx as a social system threatened by its inner contradictions, that is, a social system so unstable due to its fundamental contradictions that they do have the power to precipitate its collapse. Yet, contrary to Marx or the Frankfurt School (Adorno, Horkheimer), in the study of the contemporary Western world, I do not see democracy as an ideological layer superimposed on the capitalist structure of society, I see it as a critical intuition that challenges the current ordering of social forces. Hence, in the vein of the works conducted by Cohen and Rogers to define Western societies in the second half of the twentieth-century, I think it is relevant to define our societies as “capitalist democracies” (Cohen & Rogers 1983). Doing so I wish to highlight the fundamental tension that characterizes our contemporary times, which I analyze as a contradiction in a Marxian understanding between democracy and capitalism as this contradiction seems to have the power indeed to –if not to destroy capitalism in the short turn, at least to destroy democracy itself.

If a critical intuition of democratic justice is integral to the work experience, it is in no small part because democracies promise citizens equality–of rights, status, and voice. But that promise has been shut out of the workplace. Citizens aspire to and expect a voice in their lives and futures–in and outside the workplace–and the power structures of the contemporary corporate firm mute, deny, and even strangle that voice by granting exclusive
political rights only to certain citizens, those with capital investments. While democracy is built on the idea that all citizens deserve equal say in the government of their present and future, capitalism removes that equal say from the government of firms, giving rise to an experience of constant contradiction. In everyday work life, it may be glimpsed in words of anger or of resignation, in ordinary indignation, in gestures of discouragement or exasperation. It may be observed behind phenomena affecting workplace efficiency, such as absenteeism, lack of motivation, or lagging innovation. More intensely and more personally, it may take the form of the “workplace suffering” manifest in physical and psychological problems of all sorts, and most dramatically in work-related suicides.

There are three main, pressing reasons to pursue the project of expanding democracy into the economy as a means to resolving the contradiction between capitalism and democracy. The first stems from the problems cited in the preceding paragraph: an argument for economic democracy may be made purely in terms of efficiency. Alleviating the suffering caused by the tensions inherent in this contradiction would improve the welfare of all those who invest their time, effort, and capital in firms, thereby improving the productivity and ensuring the longevity of the firms themselves. The second is rooted in something far deeper, and far more urgent: if Marx was correct about the contradictions of capitalism, being so structurally intense that it was enough to bring down the capitalist system on its own, without any social movement, this one that I am pointing our attention to –between capitalism and democracy has us face the real risk for our current capitalist democracies that it will pull democratic society down as well. Expanding democracy into the economy through the major firms that drive it may be our only hope to save our democratic states. Finally, beneath our desire to preserve and expand democracy lies the desire for justice. Workers are citizens, not instruments. Their civic lives are built around a promise of equal voice on which their work lives fail to deliver. It is high time our societies delivered on that promise.

Which Way Out?

There are just two ways out of this contradiction. The first is to give more power to capitalists, the route we are currently taking, electing officials who promise to "run our
governments like businesses,” trading transparency for expediency and expertise and public goods for private profits. Since businesses run on a regime of government based on domestic servitude, granting political rights to capital investors only while leaving all those who invest their labor in the firm subordinate, with little to no voice in its direction or its future, this way out of the contradiction is the road to capitalist despotism, of which the current president of the United States, a demagogue corporate millionaire, may fairly be seen as the figurehead. Donald Trump’s “America First” platform promotes more rights to capital investors and captains of industry. Trump himself is the proud despot of his own firm, starting with the name itself: shares in the Trump Corporation are not publicly traded, meaning that none of its activities are subject to the minimum accountability that the SEC requires of publicly traded companies. Trump’s despotic disposition has carried over to his public office. This was abundantly evident in James Comey’s testimony to the Senate Intelligence Committee in June 2017 after he was fired by the Trump administration. Comey reported that the new President was trying to establish “some sort of patronage relationship with” him and had no respect or understanding of the idea that a public servant might choose to act with independence in pursuit of the common good, rather than engaging in the kind of subordinate relationship that Trump expects of anyone employed by “his” organization.

There is little reason to explore this way out of the democracy/capitalism contradiction any further: its disastrous effects fill the pages of our newspapers every day. So let us turn to the second way out, which is through more democracy, specifically, by extending (Wright and Rogers 2015) and deepening (Fung and Wright 2001) democracy into the economic arena. Democracy, as Dewey wrote of it so eloquently, is an experiment, an ideal, a project – something that is always becoming. In and of itself, then, it is flexible and fluid enough to include the capitalist economy, unlike capitalism, which, it seems, can hardly tolerate an excess of democracy. This way forward could not only inject new life into the democratic project, it could potentially inject new life into the economy itself, and, ultimately, move us beyond capitalism.

The centuries-long struggle for human emancipation must now set its sights on the corporate firm. The corporate firm can be set on such a path. In today’s world of global finance capitalism, labor is the new frontier in humanity’s struggle for rights – which is in fact a continuous struggle for human emancipation. For anyone concerned with nurturing the democratic project, the state of disenfranchisement faced by workers the minute they enter the workplace is cause for alarm. Firms are one of the main forces behind democratic politics’ loss of credibility, and for the disaffection expressed by a growing number of citizens. But although they are the main locus of public life in which is most lacking today, they have managed to stay off our political radar. The term emancipate comes from the Latin emancipare: ‘to free a slave,’ derived from e-manu-capare: to cease to hold by the hand. In the Roman Forum, slave owners signaled their intent to purchase a slave by taking him by the hand. The word thus implies release from slavery, guardianship, domination,
alienation – from constraint in general, be it physical, moral, intellectual, or other. In concrete terms, it is used to describe a situation in which a given category of the population is granted the same rights that others have already secured. Humanity has fought to emancipate colonies, slaves, ethnic groups, and women. Now it is time to emancipate workers.

The Proposal

The Corporation as a Subset of the Firm, a Political Entity Waiting to Be Reconstructed

Organizing their capital through the corporation, investors enjoy the de facto right to govern firms. No equivalent right to organize their investment has been granted to workers, on the other hand. Although it is legal in many places for workers to organize in some fashion, they possess no fitting institutional mechanism equivalent to the corporation through which they might contribute to the government of their firms. The most expedient way to expand democracy into the economic realm would be to recognize the right of workers to organize in the same sense as the one recognized to capital investors so far; that is, through an institutional mechanism that gives them the rights to participate in governing the political entity in which they are jointly involved – the firm.

While the terms ‘corporation’ and ‘firm’ are often conflated, let me insist on the idea that what is a corporation is actually, in legal terms, only the organizing vehicle for capital investors (Ferreras 2017). In other words, it should only be considered a part of the broader entity that is the firm. Firms, strangely enough, have no real existence in the law – not yet, at least. The corporation has been chosen as a kind of proxy for the firm, anointed as the vessel that holds the legal personality required for a business endeavor to operate in our social and legal systems. Yet, this is nothing more than a historically contingent convention. The granting of legal personality is a decision of tremendous import. It means an entity can be granted rights and responsibilities, shield its individual investors and be the legal party in court. These rights include entering into private contracts for both labor and trade, but they often go far beyond that; in the United States, for example, they extend to free speech, and, by extension, to participation in politics. Legal personality is what shields shareholders from being held personally responsible for the wrongdoing, and separates the business holdings of the entity from their personal assets. Even a majority shareholder in a firm who is deeply involved in its operations cannot be prosecuted for any harm the corporation might have caused in the course of its operations. This means that shareholders are totally protected from any accountability for the wrongdoings of firms.

Contrary to what most people think, shareholders own shares in a corporation, but nothing more than that: they do not “own the corporation” (Robé 1999, 2011). Hence, when one speaks of the “owners of the firm”, this is an abusive use of language that makes no legal
sense. Shares may be bought and sold, listed and delisted. It is possible to know precisely who own these shares. Corporations have special tribunals, courts, and arbitrage systems in which their problems are adjudicated – thus escaping the court systems of specific states–in which the voices of shareholders are the only legitimate ones heard. But no one owns them. They are distinct, “real entities” (Chassagnon 2011) granted legal personality. Then, how about firms? The people who work there? The communities affected by its operations? The customers who buy the goods it produces? And who has a right to a say in the life of a firm? Once we work with this crucial –legal- distinction between the corporation and the firm, it becomes clear that a corporation is only one element in a larger, and very real entity, deeply connected to the corporation but extending well beyond it. And if the concept of ownership of the corporation does not hold in the case of the corporation, it is certainly even less a relevant concept for the firm. As I have argued in my book Firms as Political Entities, a firm is actually best understood as a form of political entity that no one owns. We know of many examples of such political entities owned by no one: states. By political, I mean that it is an entity whose existence depends on ongoing decisions about the goals of the coordinated actions pursued within it, which are bound up in issues of efficiency and justice, depend on many forms of investments, and affect the lives of all those involved.

Defining firms as political entities offers a new way to raise critical questions about firm government and accountability. The institutional design for capital investors in firms is highly developed, and the bodies established by corporate law as the vehicle of representation of capital investors must be taken seriously. But abandoning the shortsighted notion that the corporation is the firm, and acknowledging that the firm is a much broader and fundamentally political entity allows us to step back and see that the firm’s government must also represent its other constituency, its labor investors, and serve their interests, as well. The government of firms requires proper institutionalization, with appropriate sets of rights granted to all who invest in them, whether they are investing capital or labor. Currently, as the diagram below makes clear, only those who invest capital have been granted the right to representation.

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9 Note that it is therefore inappropriate to discuss the question of firms in terms of property rights, as a firm, taken as an entire entity, surpasses any conception of property in a way that a corporation does not.
There is no equivalent representative body for a firm’s labor investors. Although employees do have – minimal- voice in some settings, such as the right to be consulted on certain issues through Works councils, or the German “Mitbestimmung” system, the government of firms has remained monocameral (a unique chamber of the legislature) –even in the case of the setting giving more power to employees’ representatives, the German Co-determination system. As the specific systems of industrial relations have developed through the course of the history of capitalist democracies, these institutional settings and collective rights gained by the labor movement speak as evidence that the intuition that labor investors should have a voice in the government of the entity to which they make such a vital contribution is not a new one. But these representative bodies have nowhere near the weight corporations have over the fate of firms. For labor investors’ voices to be truly heard, they must possess the same degree of power as the voice of capital.

10 A system put in place after WWII, the German Mitbestimmung (co-determination) industrial relations system at the level of the firm is remarkable: corporations which employees more than 2000 employees are supervised by a Board which is composed of an equal number of members of employee and employer representatives. Beyond this formal parity, the president of the Board has an extra voice and is ultimately chosen by the employer’s side. This is why German legal scholars speak of a system of “false parity”. We will come back to this comparative point later in the chapter.
Transition away from Despotism

So how do we do it? Examining the history of democratic revolutions, it is striking to realize that the transition of political entities from despotism to democratization has been successfully managed through what I call a *bicameral moment*. This refers to the moment when those in power realize that they must share it equally or risk losing it altogether. Since Roman Antiquity (497 BC), when the Tribunes of the plebs were granted veto rights over all decisions made by the Patricians or through the creation of the House of Commons alongside the House of Lords in modern Great Britain, the continued prosperity of Western societies has been made possible through these moments of emancipation, in which a dominated – and often more numerous – group in a given society acceded to the same rights as the autocratic minority, and began to participate in its government. In each of these moments, a single institutional innovation was put in place, that of bicameral politics, engineered to produce productive compromise between two divergent sets of interests.

Today, it seems ridiculous to imagine that England could be governed by the *House of Lords* alone – but by this same logic, why should the contemporary capitalist firm ever be governed by the Board alone? The time has come for firms enter their own bicameral moment. Our society is in the throes of economic and democratic crisis: firms are shrinking, restructuring, offshoring, outsourcing, and closing; politicians are exploiting these realities to woo workers and citizens, who are losing their motivation in the workplace and their trust “in the system.” These problems cannot be solved from the outside. The lessons of history and the global reach of firms make nationalization unrealistic. While a full fledge transition
from capital to labor-governed (monocameral) firm can be realistic in the case of firms small enough to be properly acquired though a trust by its workers (via an ESOP plan for instance, as possible in the context of the US legislation), and properly managed by its workers’ representatives who already have the needed set of skills, the government of larger entities will require proper training and skill upscaling. Accessing the government of their own firms to acquire the skills needed to properly govern them can be gained through the bicameral legislature. Firms require governments worthy of that name: *legitimate, reasonable, and intelligent* – the three original justifications in the history of bicameralism. Our challenge today is to help firms – and the societies in which they function – to evolve towards this goal, as a way to create a stable economic fabric while remaining open to the world. Once the economic realm enters its own democratic transition, democracy as a whole can flourish once again.

The people who invest their labor in our economy’s firms want to be fully involved in the creation of the norms governing their workplace, and the most innovative businesses have already figured this out. Capitalism, as always, has taken note of the *political critique* (Ferreras 2007) of the restraints on worker productivity generated by the despotism of capital investors, and is recycling it. Its ability to undermine it by this cooption should not be underestimated: business school courses in participatory management and methods for “liberating the firm” abound, without addressing the core problem of lopsided, unicameral, and outmoded firm government? 11 It cannot be hoped that our economy will advance in any lasting, constructive way (not to mention our democratic societies as a whole) if the firms that drive it are not governed with any real equality or justice. The institutional model of bicameral politics offers a tested and reliable solution. It should be expanded to include firms. *Economic bicameralism* would consist of two houses, a “Capital Investors’ House of Representatives” (which is currently known as the Board of Directors) and a “Labor Investors’ House of Representatives.” These two houses would work together to govern the firm in the interests of all its stakeholders through an elected, representative government, in the form of the firm’s top management. To set the rules governing the existence of the firm, executive management would have to receive a majority vote in both houses. That is: a majority (50%+1) of representatives in each Chamber should be secured to pass any legislation.

11 From the seminal work of Weber to the contemporary studies of the spirit of capitalism led by Boltanski and Chiapello (1999), we know indeed that capitalism needs an ethos to generates true anthropological commitment in the efforts it requires. During the last ten years, propositions to “free,” liberate the firm (Carney and Getz 2009), flatten the hierarchy, “reinvent organizations” (Laloux 2014) or give more autonomy to workers have been taught in business schools. They reflect on the current practices of innovative businesses that seek to give workers some power and autonomy back. These practices can speak for the sheer force of capitalism as it instrumentalizes and recycles its critics in order to reinforce itself out of them.
The Three Justifications for Bicameralism

The intelligence of the legislative power exercised by equal chambers that complement, confront, and balance one another is one of political history’s most important inventions, instrumental in shifting power from the hands of a single person (tyranny or monarchy) or a small number of people (oligarchy) to a broader majority (democracy). Broadly speaking, every state’s transition to more democratic government has at least passed through a bicameral phase. It even remains highly relevant in political democracy. Certain contemporary commentators have claimed bicameralism is losing its meaning and influence, but the fact remains that more than half of nations today, including all federal countries, are governed by bicameral assemblies. Indeed, constitutional legal scholar Francis Delpérée described a “fervor for bicameralism in the four corners of the world” (Delpérée 2004 5).

Bicameral moments that created two-chamber legislatures have taken place under many different historical circumstances. Yet, I identify three conditions that philosophy of law, philosophical treatises on government, and democratic theory have repeatedly identified as necessary for government to be considered just: it must be legitimate, it must be reasonable, and it must be intelligent. Legislative representation through bicameral politics provides *legitimate* government in that it establishes who has a claim to voice in a given community and brings about compromise or concord among heterogeneous or even antagonistic claims; *reasonable* in that each party’s power is limited by being balanced by the other’s; and *intelligent* in that it provides rational representation for both sets of interests. The latter two justifications are complementary, and their effects are collateral, but also desirable in and of themselves: our common wish to be governed reasonably and intelligently, through legitimate, viable compromises between society’s two constituent bodies, drives bicameral innovation. To illustrate these three conditions, I will draw on another historical example, that of the American colonies as they federated into the United States of America. As we shall see, the parallels that may be drawn to the government of the firm are both salient and constructive.

The Condition of Legitimate Government

Looking at another historical example, that of American colonists, shows that the legitimacy of inclusion in representative government relies simultaneously on three claims – that of accountability, that of exit opportunity, and that of investment of person. As Hélène Landemore (2017) has pointed out, in the case of American colonists, their claim to a voice in British Parliament was plausible and ultimately legitimate for three intertwined reasons. First, was the problem of unaccountable government; in the case of the colonists, they had been subjected to the unaccountable decisions of the Crown for as long as they had lived in the colonies; in the case of firm employees, they are subject to the unaccountable decisions of management for as long as they are employed in the firm. While unaccountable government is always unfair to some degree, it may not be problematic in certain limited
circumstances, but the colonists’ second reason for their claim, which was lack of easy or meaningful exit, made the unaccountable nature of their government unacceptable. Just as colonists could not realistically pick up and leave the colonies that had become their homes, most firm employees cannot realistically be expected to find other employment if they object to their firm’s government. Any number of factors, including age, specialization, and job market conditions, make exit difficult and even impossible. The third reason, again related to the first two, is a personal and substantial investment of self in the governed community. American colonists had uprooted their families and poured their resources into their new homes in the colonies, making exit not only unrealistic, but deeply unfair. It is much the same for firm employees, who often move for their jobs, as well as having invested in specialized education and devoted their time, their minds, and often their health to the welfare of their firms. In the case of the founding of the United States of America, this understanding of legitimate voice was the bedrock of all justifications for universal suffrage in the newly created Union. In the case of firms, it not only justifies employee participation in firm government, it casts a shadow of doubt over the legitimacy of shareholder voice, since on the whole shareholders invest money, not their persons, in firms, and in the case of publicly traded companies, have ample opportunity for exit.

Another historical example offers another angle establishing legitimacy for bicameral government. William of Orange, at the turn of the eighteenth century and in the wake of the English Revolution, placed legislative power in the hands of parliament, and retained executive powers for the throne. At the same time, he upheld England’s recognition of a fundamental distinction between the House of Commons, which represented the people, and the House of Lords, which “represented property” (Shell 2001 9): both together were considered to be the legitimate source of legislative power, and both together were considered necessary to balance and legitimate the power of the executive, thus ensuring the proper functioning of British society. England resolved the social conflict of its revolution by recognizing that the country was composed of two sets of interests, two classes with conflicting constituencies. Only by engineering a way for them to work together could the crown hope to retain and effectively exercise executive power. Rather than trying to suppress or efface this conflict, it set up a government whose legitimacy depended on the ability of the two classes to cooperate with each other. A bicameral firm with a house of representatives for both labor investors and capital investors would bring about such a balance of powers within the firm.
The Condition of Reasonable Government

The theory of the separation and balance of power is fundamental to the second condition of just government, that it be reasonable. This is what attracted America’s founding fathers to bicameral politics, though they did not at first justify bicameralism in those terms; it was initially adopted as a means of balancing power among states. Congress was created to federate individual states into a union, with a bicameral representative body whose Senate recognized states as individual entities with equal rights and powers, and whose House of Representatives federated the population as a whole, across those states.

In a sense, one might say that a ‘reasonable’ government provides a productive resolution to the fears of parties with opposing interests of the other party’s ascendancy. In the case of the United States of America, as Gordon Wood points out, the separation and balance of powers was a response to criticism from anti-federalists, who were opposed to the idea of a House of Representatives on the grounds that it gave too much power to ‘the people’ – that is, to people not members of the elite. As Elaine Swift (1996) explains it, the Senate was designed as an “American House of Lords” whose members, limited to two per state, could boast “high social and economic status, substantial political autonomy, and sweeping legislative and executive power” instead of a title (Swift 1996 47). In other words, as Giancarlo Doria points out, the Senate would be “a bulwark against the excesses of democracy, and particularly of popular transient impressions – as part of that system of check and balances which they were beginning to consider the true essence of the new, republican government” (Doria 2006 24).

Reasonable government exercises a pacifying function through the balance of two sets of powers, acting as a bridge, a buffer, or a facilitator between them, as well as between the two sets of powers taken together and the executive (Shell 2001 10). In the case of the fledgling United States it struck a reasonable balance between the interests of individual states and the nation as a whole, but also acknowledged the need for a balance of powers between the ‘common people’ and ‘the elite,’ each of whom feared that rule by one would

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12 The United Kingdom and the United States use different terms to describe the same idea: in general, the English refer to the theory of mixed government and Americans to checks and balances.

13 See the Federalist Paper #39 by James Madison: “the House of Representatives will derive its powers from the people of America; and the people will be represented in the same proportion and on the same principle as they are in the legislature of a particular State. So far, the government is national, not federal. The Senate, on the other hand, will derive its powers from the States as political and coequal societies; and these will be represented on the principle of equality in the Senate, as they are now in the existing Congress. So far, the government is federal, not national” (Doria 2006 13)

14 Doria (2006 24) also points out that bicameralism was a ready solution for the American founding fathers, since the federated states were already organized into bicameral parliaments. According to Doria, this is further proof that America’s founders were not motivated by the goal of a federal union, but by their desire to achieve a balance of power; indeed, at the state level this was the principle used to justify bicameralism.
disempower the other – although in a supposedly classless society this acknowledgment was largely a tacit one. The same fear and mistrust exist in firms today: although different countries acknowledge it more or less openly, the ‘labor/capital’ divide is very real, and keenly felt. Granting them equal representation in a bicameral government is a reasonable response to the concerns of both interest groups in a way that monocameral firm government, as it vastly over represents the interests of capital, cannot be.

The Condition of Intelligent Government

Among the classic justifications for bicameral politics Intelligent government is the ultimate one. Two chambers representing two sets of interests but united under the common goal of governing a single entity will, through cooperation, debate, and due process, exercise power more wisely and make more intelligent decisions than they would working alone. In John Stuart Mill’s words, bicameral politics counters “the evil effect produced upon the mind of any holder of power, whether an individual or an assembly, by the consciousness of having only themselves to consult.” (Mill 1861 385). A second chamber ensures there is a place for mature and reasoned argument in the legislative process; as Shell puts it, it “allow[s] for second thoughts” (2001: 10). Democratic government, in other words, is epistemologically superior (Landemore 2014, Landemore and Elster 2012)

One final condition must be present for bicameral rule to function: full parity. If both groups do not have veto power over each other’s decisions, there can be no equity in the representation of the two party’s voices, and therefore no just government.

**Proposal**: the *Bicameral Firm*

=> A Two Chamber Parliament
Who Are Labor Investors?

Anyone who invests labor in a firm may be considered as one of its labor investors. Clearly, then, employees directly and contractually employed by the corporation fall into this category, but they are not necessarily the only ones. Subcontracted workers, outsourced workers or independent contractors are often just as vital to the firm’s operations, and in these cases must rightfully be included in the constituency of labor investors, as well. This does not, as I understand it, include all subcontracted workers: a firm employee who caters to a diversified portfolio of client-firms does not necessarily have a right to voice in a given firm, whereas a worker in a firm that manufactures products exclusively for a parent company should be as the future of her investment is directly impacted by the decisions made by that firm. In the platform economy, the category of labor investors extends beyond the classic understandings of employment, however. Those who contribute in labor in the endeavor might do it through a significant investment of their time that does not fit the category of wage work nor does it even imply a (labor) contract, such as users who are content providers, yet they should also be considered labor investors.

Establishing a Labor Investors’ House of Representatives has the added benefit of broadening community representation within a given firm, meaning that the interests and perspectives of community members, although not recognized as such, should be indirectly represented in a far more effective manner. It is to be hoped that this would strengthen firms’ ecological commitments, since community members have a vested interest in preserving the places where they live. While it is to be hoped that environmental protection policy will transcend the firm, the community, and even the state, my proposal for Economic Bicameralism is intended to foster the reconstruction of political functions and entities that have been destroyed by legal engineering in order to avoid taxes and locate key rents in specific parts of the value chain. My intent is to offer a tool that will help us to transcend the current legal limitations that bind firms to earnings-driven corporations perceived as networks of contracts in order to reconstruct the political entities that they are.

But Wait – How is This Different from German Co-Determination?

The German Mitbestimmung (co-determination) system of representation is known as the most advanced form of workplace democracy—before the full-fledged worker-owned and governed cooperative firm. Is the bicameral firm not a kind of co-determination German firm? No. It is a distinct and original proposal. The first major difference between Economic Bicameralism and Mitbestimmung is that the latter is still a unicameral system: its single chamber, the board of overseers or supervisory board, is composed of an equal number of employee and shareholder representatives (hence the “co” in codetermination). While this looks equitable in theory, this single chamber Parliament is chaired by a president appointed by the shareholder representatives, and not the employee representatives. This president not only runs the board, he or she casts the deciding vote in case of deadlock. In the crisp
words of German legal scholar Franz Gamillscheg (1979), German codetermination is a form of “false parity.” In reality, shareholders enjoy a one-vote majority at all times, as the president they appointed is always able to cast the deciding vote. Conversely, Economic Bicameralism is not weighted in either direction: it requires a majority in both the Labor Investors’ and the Capital Investors Chamber of Representatives to appoint a president or approve any decision. Each chamber thus has equal veto power.

The second important difference between Economic Bicameralism and Mitbestimmung is that economic bicameralism is not merely a form of labor-management parity. It is not a technique for managing—or even co-managing—firms at all. Although its ends may include the management of production, innovation, and hierarchy, their scope is much broader than that, encompassing all decisions affecting the direction, activity, return on investments, and future of the firm. It is thus a form of government, in which capital and labor investors are represented equally and weigh in on all strategic decisions on the same footing. In a bicameral firm, decisions must be approved by a majority (50% + 1 vote) in both chambers. Mitbestimmung requires a simple majority within the single Board of Directors, which is weighted toward shareholders because, as already said, they, not the labor investors, have the right to appoint its president.

The Key Role of Trade Unions

As recent research has shown, the decline in unionization in recent decades has fueled the growth of the income gap in our economies (Jaumotte and Osorio Buitron 2015). Economic bicameralism’s design seeks to counteract and participate to reverse this decline, and thus, hopefully, help to shrink that gap.

The goal of economic bicameralism is to change the way power is held over and in the firm. Current institutional settings of industrial relations and collective labor rights (bargaining
rights, union rights, etc.) were designed with an understanding of the economy and the firm that placed firms within the regime of domestic subordination, and subscribed to the notion that labor was instrumental. Their intent was to provide an institutional channel for labor outside of the actual working of the firm, rather than involving firms’ forgotten investors in their actual government. This is however a central, explicit goal of economic bicameralism. Given a fundamentally different power system, there is no reason to believe that our current labor unions could not adapt their working methods to continue providing effective forms of representation for labor investors. Indeed, given their history, it seems only fitting and natural for unions to become a vehicle for labor investors’ collective representation in the firm. They would be well positioned to help prepare employees to run for election to the Labor Investors’ Chamber of Representatives. Although it might be objected that unions do not have a history of prioritizing the advancement of firm interests, this is only logical given the history of capitalism to date, since so far labor organizations have, at best, been co-opted into co-managing firms (i.e. manage the means given a fixed, undeniable framework), not govern them (i.e. decide on the goals). If unions have from time to time acted irresponsibly under current systems of co-management one might actually argue that such behavior was provoked by the fact that their cooperation is something of a sham: at the end of the day, all parties know that in a corporation-ruled firm, the capital investors have all the real power. With the exception of a few cases of true-parity Mitbestimmung, they have never been asked to participate in the actual government of capitalist firms, and never been placed in a position of direct and practical responsibility over firms’ futures. If labor investors were placed on equal footing with capital investors and could participate in decisions regarding the firm’s future, then it is to be expected that they would behave responsibly toward their fellow worker-citizens, and hold themselves accountable for decisions affecting the life of the firm.

Another key concern with Economic Bicameralism is that it is not meant to provoke economic conflict or intensify firm competition by enlisting workers to upholding a new brand of corporate patriotism. In this sense, the historical role of unions is crucial: they are and should be the traditional vehicle for solidarity among labor investors, across trades and industries, and already possess an arsenal of tools to help devise strategies to strengthen that solidarity within and among firms.

**Respect for Private Property**

I side with Ralf Dahrendorf (1957) when he criticized Marx for having generalized from a specific historical situation hence considering ownership of the means of production as defining the coordinates of the class struggle. According to Dahrendorf, it is power that divides one class from another. Hence, to make sense of the economic situation and the despotism of capital investors, we must understand private property in such a way that it generates power. And this is done through the bundling of political rights with property. Still, as M. R. Cohen (1927: 26) aptly pointed out nearly a century ago, “History is full of examples
of valuable property privileges abolished without any compensation, e.g. the immunity of nobles from taxation, their rights to hunt over other people’s lands, etc. It would be absurd to claim that such legislation was unjust.” Private property is a relative, historically situated concept that needs to be considered in the context of the social relationships it depends on and foster. Economic Bicameralism does respect the private property of capital owners. It simply reorganizes the rights associated with private property. Shareholders are not deprived of their rights; instead, their rights are extended to the firm’s other class of investors, its labor investors.

Desired Effects

Looking at the return on investment capital investors have managed to extract from unjust economic structures (see Piketty), it is clear that capital investors have abused their power. Let us read again this crisp passage from J.S. Mill (1861:385): “the evil effect produced upon the mind of any holder of power, whether an individual or an assembly, by the consciousness of having only themselves to consult.” Our democratic societies can do better. And they know better. Economic Bicameralism would advance the democratic project of equality in the economy, and give a capacity for workers to transform the reality of their worklife and engage in self-government. This should not mean a layer of institutional scheme on top of all the rest of an already bureaucratic corporate firm, it will impact all the output of firms. It is supposed to change not only the distribution of the wealth generated by the firm, i.e. the returns on both capital and labor investments, but also the way the work experience and the worklife in general is designed, and experienced by workers through ensuring labor investors have an effective access to self-government, i.e. in the design of the goals of the activity and the ways it is effectively organized.

Economic Bicameralism should be envisioned as one –key– feature in a general architecture of the economic field that moves to being embedded in the overall architecture of the democratic society. Existing collective bargaining practices at economy-wide or industry level and any practices that extent beyond both actual markets and individual firms the capacity of workers and their collective agency (unions) to participate in governing the conditions that affect their lives is crucial. Of course, these existing regulations (including labor regulations, right to strike, etc.) should not been eliminated but maintained and strengthened, just as it would be foolish to stop fighting for deepening and extending democracy (Wright and Rogers 2015) at the state’s level for life in the city being already democratized. Advancing the goal of democratizing the corporate firm can only be one – yet crucial– part of envisioning a complex architecture of an economy that belongs and speaks to the norms of the democratic public sphere of our democratic societies.
From Here to There

Few designs are more replicable than bicameral legislature. Economic Bicameralism harnesses the dynamic of social dualism present in society, and transforms this structural conflict into some productive energy. Economic Bicameralism constitutes a “real utopia” (Wright 2010) particularly because it constitutes what the Marxist thinker Ernest Mandel called a “transitional demand,” which he argued helped society advance toward what was “bound to become a struggle which shakes the very foundations of capitalism” (1973: 9). Seen in this light, Economic Bicameralism offers an institutional structure that makes it possible for firms to shift from unicameral capital ownership and control (i.e. “corporate” firm) to unicameral worker ownership and control (i.e. “cooperative” firm). It can, in other words, help firms to transition to self-governed or democratic firms. To achieve full worker ownership and control (what is usually referred to in the literature through a very inapt word: self-management), labor investors would need to buy out a corporation’s shares from its capital investors. This is already an existing legal possibility in the very capitalist United States via the constitution of a trust collectively binding labor investors through an Employee Stock Ownership Plan, as permitted by the ESOP legislation at the federal level. The trust contracts with banks loans for the amount required to buy out the former shareholders. And if this is their goal, labor investors would be able to achieve governing without capital investors all the more effectively having honed their governance skills during the bicameral phase.

Incentive mechanisms

To move current monocameral capital firms to the bicameral form, one immediate incentive mechanism can easily be implemented by those democratic states willing to encourage an economy that fits better their overall commitment to nurturing a democratic society. This measure will effectively lower the corporate tax rate for firms which commits to the bicameral transition. In the past, states have lowered the corporate tax rate for reason less crucial than this one goal. It is obvious that entering a bicameral transition will require an important mobilization of both capital and labor investors of the firm. Hence, if it is not to imperil the overall economic performance of that firm; assuming the needed reorganization will require time, the devise of new processes, thus money has to be properly managed and funded. After a period of transition, it is assumed that the bicameral government will generate a more productive form of work organization as it will support the labor investors’ quest for mastery and autonomy, and meet their critical intuition of democratic justice at work –these being the key drivers of commitment in the workplace (Pink 2009; Ferreras

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15 This idea fits with Gorz’s (1964) idea of “achievable intermediate goals” capable of opening up a “practical way forward” to democratic socialism.
2007). Today, absenteeism generates enormous losses, and no light form of “partnership culture” in the workplace can seriously address this challenge. When in place, the bicameral form of government will clearly give a competitive advantage to bicameral firms which will enjoy this lower corporate tax rate to help them outcompete corporate firms. It seems only fitting a democratic society wants to discourage capital investors from investing into these despotic forms that run against its own values.

Then, to move bicameral firms to labor-investors governed firms, another favorable action can be immediately taken by public authorities in the form of adopting an ESOP legislation of the type in place in the US if they do not have one. Next to the existence of such a legislation, enabling labor investors to collectively form a trust, public authorities should then secure significant amounts of capital to be made available at a favorable interest rate for lending to these trusts formed by labor investors willing to buy out the corporate shares of their former capital investors. In those conditions, channeling and monitoring the lending of this funding, public and community banks should then be able to lift what has been one of the most intractable barriers in a capitalist economy to the development of a thriving cooperative sector: finance. In this case, the risk previously associated with lending to “worker cooperatives” will be seriously mitigated by the fact that labor investors would have been properly trained to govern the firm during the bicameral phase. The real utopia of a fully democratic firm becomes then a very real prospect.

\[16\] According to the figures published by the US Center for Disease Control and Prevention processing BLS data: “Productivity losses linked to absenteeism cost employers $225.8 billion annually in the United States, or $1,685 per employee” (January 28, 2015: https://www.cdcfoundation.org/pr/2015/worker-illness-and-injury-costs-us-employers-225-billion-annually)
To Conclude, about Corporate Social Responsibility

The first two decades of the twentieth century offer stinging proof that corporate social responsibility is a failed strategy. As labor practices in the United States today make clear, asking capital investors to respect labor’s right to organize is futile – and the consequences are dire. In an era of global finance capitalism, the corporation is even more than ever an institutional vehicle made to respond to the interests of the capital investors. Where capital investors hold all real power, organized labor is left with the crumbs. Whether or not one believes that the CSR experiment was worth trying, now that its inefficacy has become evident, the long history of human emancipation shows us that there is another way forward. Institutions matter. In the absence of a global state, deepening democracy will crucially come from extending its principle to areas that have so far been kept segregated from it: the time has come to internally democratize firms, these political entities which have such power on our lives, and the course our future will take. To do so, we have to move beyond the sole corporation and institutionalize the firm. Capital has access to representation through the Board of the corporation effectively governing the firm; labor does not - yet. Truly organizing labor means obtaining for it the same sets of rights that capital holds through the corporation. Workers need actual equal rights – which means equivalent institutional channels within a bicameral firm. The capitalist corporate firm as we know it should become as obsolete and preposterous – as medieval and even antediluvian seeming – as a monarch ruling with no parliament. If unions truly desire to further workers’ interests and dignity, if social movements wish to advance the same, they must move toward a fuller understanding of democratic citizenship that is broad enough to embrace the economic as well. The future of organized labor depends on it – as does the future of our democracies. Firms are the new frontier in the democratic experiment, where it is time for citizens – whether they are called partners, collaborators, employees or workers – to truly become equals at work.