“The contradiction between capitalism and democracy is at a point of no return.”
by Isabelle Ferreras

Le Monde, Sunday-Monday, October 12-13, 2019, Page 27 (English translation)
What future for capitalism? In a Le Monde op-ed, researcher Isabelle Ferreras makes
the case for “economic bicameralism,” which would give workers and shareholders
an equal voice in the government of large firms.

https://www.lemonde.fr/idees/article/2019/10/11/la-contradiction-entre-capitalisme-et-
democratie-atteint-un-point-de-non-retour_6015153_3232.html

Democratize Firms

If capitalism has a future, democracy may not. Nationalist populists, bolstered by
transnational firms whose algorithms prioritize expressions of fear and antagonism,
are stoking citizens’ legitimate anger. Faced with the unbridled power of the very
private entities they seek to woo, political leaders are attempting to conceal how
powerless they are to reduce inequalities and save the planet. But people are no
fools: the contradiction between democracy and capitalism is reaching a point of no
return.

Capitalism is a system of government that grants political rights based on the
ownership of capital. Democracy is a system of government that is based on the
recognition that all people are equal “in dignity and in rights.” For a time, it seemed
possible to imagine that capitalism and democracy were compatible. Milton Friedman
even claimed that they were interdependent, each fortifying the other in a virtuous
cycle. This fable endured throughout the era of nation-states with strongly defined
borders. Since that time, however, the globalization of economic exchange has
allowed companies to become more powerful than our democratic nations. In a
revealing gesture in 2017, Denmark became the first of these democratic nations to
name an “ambassador” to the Big Four in Silicon Valley.

Capitalist companies ought to be understood as political entities, made up of two
classes of investor, capital investors and labor investors (a group that includes but is
not limited to direct employees — think of platform workers or independent
subcontractors, for example). Hard as it is to imagine an England governed
exclusively by a Chamber of Property Owners — by the House of Lords, in other
words — that is exactly what plays out every day in capitalist companies: the
despotism of capital investor representatives. Thomas Piketty documented this
ownership ideology extensively in his latest book.

The Despotism of Capital

The extractive logic of this powerful system of government subjugates labor investors
and is exhausting the planet, as well as forcing democratic countries into competition
with big corporations. In June, in a surge of democracy internal to their “political
entity,” over 8,000 Amazon employees petitioned the company’s shareholders to
push Amazon to reduce its fossil fuel emissions and comply with guidelines defined
by the Intergovernmental Panel on Climate Change (IPCC). Their demands were
ignored.
In twentieth-century France, as well as many other western countries, works councils were set up to provide employees with access to representation at the company level – “they are citizens in the polis; workers must be citizens in their companies, too,” in the words of the Auroux laws of 1982. Today, this Labor Investors’ Chamber of Representatives, an assembly with no veto power, is known as the “Economic and Social Committee” (ESC).

“OUR RESPONSIBILITY IS TO DEMOCRATIZE OUR ECONOMIES, STARTING WITH ITS CENTRAL INSTITUTION, THE FIRM.”

The French Pact Law of 2019 seeks to safeguard limited liability companies by including a handful of “stakeholders,” particularly employees, in their boards. But is it possible to take seriously a form of democratization that would merely add a sprinkling of representatives of the people (employees) to the House of Lords (shareholders)? Rather than allowing capitalist despotism to take over our democracies – a process that is well advanced in the United States – our responsibility is to democratize our economies, starting with their central institution, the firm. Firm governments must be made compatible with the democratic project.

**Employee-citizens**

Concretely, a majority of representatives in a firm’s ESC would need to approve any strategy proposed by the board, and would exercise collective veto rights over all issues handled by the board, including the appointment of the CEO and the distribution of profits generated by the firm. ESCs must be granted prerogatives worthy of 21st-century employee-citizens. That is what the twenty-five century history of political bicameralism teaches us, and that is what inspires this proposal for economic bicameralism within the firm.

“FIRMS MUST BECOME AN ANCHOR POINT FOR DEMOCRACIES, GIVING LABOR INVESTORS THEIR SAY IN THE ENDS OF THEIR WORK AND IN COMPANY GOALS.”

Creating a system of representation specific to workers, closely linked to the existing structures of union representation within and outside firms, would make it possible to connect out to sectoral bargaining, and beyond. This would nourish the possibility of inter-firm solidarity among employee-citizens, within borders and across them – a key challenge in the absence of powerful transnational political institutions.

Firms must become an anchor point for democracies, giving labor investors their say in the ends of their work and in company goals. For example, as Amazon employees hoped, to be able to choose work that serves human survival by abandoning the use of fossil fuels, rather than focusing on enriching the House of Shareholder-Lords.

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