

Contents

<i>List of Tables and Figures</i>	<i>page</i> x
<i>Preface</i>	xi
1 Introduction	1
1.1 Economic Systems	1
1.2 The Control Dimension	4
1.3 Looking for Clues	8
1.4 A Projected Synthesis	12
1.5 The Plan of the Book	18
2 Normative Perspectives	23
2.1 Why Care About Workers' Control?	23
2.2 Equality	24
2.3 Democracy	27
2.4 Property	32
2.5 Dignity	34
2.6 Community	38
2.7 The Author Shows His Cards	41
3 Workers' Control in Action (I)	45
3.1 Surveying the Terrain	45
3.2 The Plywood Cooperatives	50
3.3 The Mondragon Cooperatives	57
4 Workers' Control in Action (II)	67
4.1 The Lega Cooperatives	67
4.2 Employee Stock Ownership Plans	76
4.3 Codetermination	83
5 Conceptual Foundations	92
5.1 The Theory of the Firm	92
	vii

viii	<i>Contents</i>
5.2 The Nature of Authority	98
5.3 The Locus of Control	101
5.4 Why Firms Cannot be Owned	107
5.5 Asset Ownership	110
5.6 Residual Claims	114
6 Explanatory Strategies	117
6.1 The Symmetry Principle	117
6.2 The Replication Principle	119
6.3 Transaction Costs	121
6.4 Optimal Contracting	126
6.5 Adverse Selection	129
6.6 Repeated Games	132
6.7 Historical Explanations	135
6.8 Cultural Explanations	138
6.9 The Strategy to be Pursued	140
7 A Question of Objectives	142
7.1 What do LMFs Maximize?	142
7.2 The Illyrian Firm	143
7.3 Membership Markets and Labor Markets	148
7.4 Membership Markets and Stock Markets	152
7.5 Imperfect Membership Markets	156
7.6 What does the Evidence Say?	161
7.7 Some Lessons	163
8 Views from Economic Theory (I)	165
8.1 Explaining the Rarity of Workers' Control	165
8.2 Asset Ownership: Incentives and Information	166
8.3 Asset Ownership: Bargaining and Investment	168
8.4 Can Asset Specificity Explain the Rarity of Workers' Control?	172
8.5 Work Incentives without Risk Aversion	173
8.6 Work Incentives with Risk Aversion	178
8.7 Can Work Incentives Explain the Rarity of Workers' Control?	179
9 Views from Economic Theory (II)	185
9.1 Capital Constraints	185
9.2 Debt Financing	186
9.3 Equity Financing	188
9.4 Can Capital Constraints Explain the Rarity of Workers' Control?	189
9.5 Portfolio Diversification	193
9.6 Can Portfolio Diversification Explain the Rarity of Workers' Control?	197

Cambridge University Press

0521818532 - Governing the Firm: Workers' Control in Theory and Practice

Gregory K. Dow

Table of Contents

[More information](#)

<i>Contents</i>	ix
9.7 Collective Choice	200
9.8 Can Collective Choice Explain the Rarity of Workers' Control?	204
10 Transitions and Clusters	207
10.1 Organizational Demography	207
10.2 Formation Rates	207
10.3 Worker Takeovers	212
10.4 Degeneration	221
10.5 Investor Takeovers	224
10.6 Survival Rates	226
10.7 Business Cycles	228
10.8 Clusters	230
11 Toward a Synthesis	234
11.1 The Causal Tapestry	234
11.2 Credible Commitment toward Labor	240
11.3 Credible Commitment toward Capital	245
11.4 The Composition of Control Groups	249
11.5 The Commodification of Control Rights	251
11.6 Intellectual History and Current Debates	253
11.7 Is Workers' Control a Unitary Phenomenon?	256
12 Getting There from Here	260
12.1 Practical Considerations	260
12.2 A Modest Proposal	262
12.3 Reassuring Shareholders	273
12.4 Governing Firms	276
12.5 Trading Jobs	279
12.6 Sample Calculations	282
12.7 The Long and Winding Road	287
<i>References</i>	291
<i>Index</i>	313