

## PART I

## CRITICAL HISTORY OF POWER IN THE FIRM

*The Slow Transition of Work from the Private  
to the Public Sphere*

If we read the history of Western “capitalist democracy” (Cohen and Rogers 1983) as the progressive departure of labor from the *domus* to the public sphere, and identify this shift as a desirable one, a transition that should be pursued to completion, then we must understand its origins and scope<sup>1</sup>. The shift – a process of emancipation – occurred over three major historical periods, beginning slowly in the eighteenth and nineteenth centuries with the industrial revolution, when workers physically departed from the domestic arena, leaving farms and households for factory jobs. It continued through the twentieth century, when work was slowly recognized as a vehicle for membership in society and even for citizenship, structured by the ad hoc establishment of labor law. This evolution was not inevitable: rather, it came about through considerable efforts to restructure power dynamics, the fruit of a social, intellectual, and political struggle in the Western capitalist democracies that involved the mobilization of workers through unions and organized labor movements. By the close of the nineteenth century, labor law in Western European countries was its own branch of law, considered separate from private law. Major institutional innovations continued throughout the twentieth century, the most significant of which was the invention of collective bargaining. The right to collective bargaining and union representation, benefits agreed upon by employee-management negotiations, works councils, workplace health and safety committees, and, most recently, European Works Councils, may all be understood as incremental movements away from the private sphere in the twentieth century, from a regime of domestic

<sup>1</sup> This thesis was first developed in Chapter 1 of Ferreras (2007), and is here expanded.

subordination to a regime answerable to the norms of the public sphere within our democratic societies –where, at the very least, power cannot be arbitrary and is held accountable; where, ideally, those subjected to norms participate on an equal footing in determining these norms. Today, as I will show, the increasingly predominant role of the service industry in the economy is shifting labor even further into the public sphere. This, I shall argue, occurs through the mobilization of cultural conventions typical of the democratic public sphere in the workplace. This raises questions about the nature of firm *government*, for despite workers' expectations of democratic justice in the workplace, firms continue to be governed as if the old rules of the domestic sphere still applied – the head of the *domus* rules, and, quite often, can hire and fire at will. At best, these rules define a strict framework within which labor investors may participate in a firm's *management*. They do not (yet) offer the possibility for those who invest their labor in the firm to participate in determining the rules that apply to them, and the ends that they collectively pursue. And yet if we are able to assemble a long-term picture, they indicate a pathway to democratizing the capitalist economy. This slow process of transition is still underway.

## I

## Stage One

*The Workplace and Its Emergence from  
the Household*

As the industrial revolution gathered momentum over the eighteenth and nineteenth centuries, and workers left sculleries and fields for factory floors, work began to depart from the private sphere. Until that time, it had been a domestic activity in both senses of the word: it was both based in the home and subject to household rules<sup>1</sup>. In antiquity, labor was done by slaves; in the Middle Ages, by serfs; in both cases, laborers were subject to the rules of a master, a domestic regime. During the Renaissance, the merchant class established trade relations, commissioning goods from artisans in order to sell them in the marketplaces of nascent cities, in this way pulling power away from the monarchy and the aristocracy. Under this regime, workers were independent production units, but remained economically dependent on the merchants who ordered their goods. They generally owned the means of production (ploughs, spinning wheels, looms, etc.) and managed their own affairs. Their work life, however, still took place in the home, in domestic surroundings. The industrial revolution brought about a dramatic social transformation: many of these small farmers and artisans, once employed in the countryside, left behind their work and life conditions to work in factories as members of the proletariat. As Marx saw it, the creation of this new socioeconomic class was one of the necessary conditions for capitalism to exist as a productive and social system. The gathering of working men and women in the communal spaces of urban factories and workshops, which marked

<sup>1</sup> The term “economy” conveys precisely this idea, coming from the Greek *oikos* (home) and *nemein* (the principles of management), “economy” literally meaning *the management, the rules of the household*.

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the transformation of the economy's physical dimension, constituted the first stage of work's emancipation from the private sphere. Work, in the form of wage labor, literally withdrew from the home.

Yet this emancipation was only partial: Marx, in writing about it, identified this dramatic transformation, but was hesitant about what status to accord it. On the one hand, he contested the domination by those who controlled the means of production – the capitalists – of the production process; given that he likened their domination to that of a master over his slaves or a lord over his serfs, one might conclude that Marx did not see the industrial revolution as a step forward in the emancipation of work from the private sphere. On the other, his description of the proletarian workers' experience reveals a more complex attitude: Marx held out hope that the proletariat could become a force capable of ending the human "prehistory" that was the advent of capitalism, precisely because the proletariat labored together in shops and factories, giving their class the possibility of transforming itself from a "class in-itself" to an effective "class for-itself" (Marx 1847: 218–220). In his view, this historical transformation depended first on the fact that workers shared the same work conditions, and second on their becoming conscious that this was the case. Sharing the material conditions of work life was what crystallized the proletariat into a working class capable of action. Marx knew that a common experience of deplorable work and living conditions was not sufficient to launch collective action as ambitious as raising the consciousness of a class for-itself, but he deemed it an essential step in the process. It is crucial to appreciate how, even in Marx's view, the physical relocation of work from the domestic sphere via the gathering of the laboring masses into factories unilaterally controlled by capitalists and their foremen represented a crucial step in the historical development of capitalism. From our perspective here, its significance comes from the fact that it was the first step in the emancipation of work from the private sphere.

In *The Protestant Ethic and the Spirit of Capitalism*, Max Weber also noted how the decoupling of economic activity from the domestic space was among one of the key transformations enabling the development of capitalism. He spoke extensively of the spatial separation of places of work from places of residence, and identified "the separation of business from the household," as a decisive step in the rise of merchant capitalism (Weber 1958: 21–22). In the same vein, Weber cited the invention of a distinctive kind of bookkeeping for what would, from then on, be considered two independent economic units, household and business. It was

this multilevel separation of home and work, Weber noted, that allowed for the invention of wage labor, a social precondition for the development of capitalism.

#### ABOUT THE LOCUS OF ECONOMIC ACTIVITIES

During this first historical period, the emancipation of work from the private sphere was only spatial and geographical in nature. At that time, public debate over work, and over wage labor in particular, was drowned out by the debate over the place of commercial activity in society. What this book identifies as the first stage of work's emancipation from the private sphere should be viewed in the context of a more general discussion at that time about the foundational categories of the social. What should be retained, however, is that economic activity, particularly work, was still understood as situated within the private sphere, for reasons related to the fight against political despotism. For in seventeenth- and eighteenth-century Europe, the intensification of trade was envisaged as a solution to the problem of rivalry between nations. In *The Spirit of Laws* (1748), Montesquieu developed his theory of *doux commerce* (gentle commerce), which he described as a “cure for destructive prejudices” whose “natural effect” was a state of peace generated by trade. Thirty years later, Adam Smith's *Wealth of Nations* (1776) powerfully echoed this view. Each work argued that at the international level, the political logic of confrontation among nations could be replaced by the potentially more appeasing logic of economics. Within the young nations both authors had in mind, the issue of society's foundations was the order of the day: Enlightenment thinkers, in reaction to the governments of princes, despots, and other absolute monarchs, sought to justify the individual exercise of freedom. To this end, Smith, the founding father of liberalism, offered an alternative to the contractualism of his contemporaries Hobbes, Locke, and Rousseau. In Smith's eyes, the market worked in favor of freedom, not tyranny, and was the desirable way to generate social obligation. Smith believed that the market could guarantee a base of social obligation and harmony, which he described with the metaphor of the *invisible hand*.

In his review of Smith's influence, Pierre Rosanvallon argues that his thinking laid the groundwork for a representation of society that offered a new understanding of the foundations of social harmony while renewing the theory of the foundations of the social: “the mechanisms of the market, by substituting themselves for the procedures of reciprocal engagement central to contracts, allowed society to be viewed from a biological

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rather than political perspective....It was not in politics, but in economics, that [one] sought the foundations of society” (1989: 46–47). In view of the risks posed at the time by the public sphere, which was dominated by authoritarian powers, Smith thought liberty could be justified through the radical innovation of “understanding society as an economic market and not as instituted through politics” (Rosanvallon 1989: 48).

By generating “social harmony,” to use Smith’s own words, the great organizing force of the market, driving exchanges among producers and consumers, employers and workers, became a practical and intellectual tool considered comprehensive enough to both organize and reflect on society. Work was no longer based in the home: it was a good to be traded in the marketplace and carried out in factories and workshops. It had, in other words, emerged from private *space*. It had not, however, been emancipated from the private *regime*. Indeed, this new view of how society was organized still turned on the opposition between public and private regimes. Work, as a good like any other to be exchanged in the market, remained in the private sphere – a sphere that, for all that it had been enlarged and renewed, was not seen as touched by the political. Nor did liberal theorists believe it should be: politics in their time was the business of despots. According to Rosanvallon (1989), this was the victory of Adam Smith’s economic thesis: he succeeded in introducing the concept of a self-sufficient and self-regulating civil society, one that was nonhierarchical, and “invisibly” efficient. This meant it was free from the negative influence of political authority, whose arbitrary power was, at the time, used to quell individual aspirations to freedom.

Shortly after Adam Smith, Benjamin Constant made the distinction between “the liberty of the Moderns” and “the liberty of the Ancients.” His work may be considered as the culmination of the delineation in liberal thought between the private sphere, which for him included economic transactions and constituted the space where individual freedom could grow, and the public sphere, which he considered as the locus of tyranny. For Constant, this was not necessarily despotic tyranny; it could be the tyranny of the community, as well<sup>2</sup>. Constant’s was a limp

<sup>2</sup> We are going to see that this vision, as crucial as it was at a time when politics was dominated by despots, becomes problematic when politics is liberalized and democratized. The confinement of work in the private sphere, once the public sphere has become democratic, will only lead to a serious impasse. It is the Republican tradition in political philosophy that, distancing itself from liberalism and seeing “freedom as non-domination” (Pettit 2013), worked to rethink the liberty of the ancients in order to reveal how essential it was to the health of liberal societies. See the works of Pocock, Skinner, and Pettit. In

and influential expression of liberal thought on the separation between public and private spheres in the early nineteenth century. His work consolidated the liberal view that economic exchange took place in the private sphere and sealed the status of labor as an economic good, and therefore as private, too.

For Constant, the liberty of the ancients “consisted in exercising collectively, but directly, several parts of the complete sovereignty; in deliberating, in the public square, over war and peace; . . . But if this was what the ancients called liberty, they admitted as compatible with this collective freedom the complete subjection of the individual to the authority of the community. You find among them almost none of the enjoyments which we have just seen form part of the liberty of the moderns. All private actions were submitted to a severe surveillance” (Constant 1819). By contrast, modern man, as a free individual, could carry out his *private* activities at his own convenience. The defining characteristic of the liberty of the moderns — the right to conduct one’s private affairs without interference from any government, “to dispose of property, and even to abuse it” (Ibid.). Constant deplored the fact that “among the ancients . . . the individual . . . was in some way lost in the nation, the citizen in the city” (Ibid.). Not only did Constant view the private sphere as a privileged space in which liberty flourished and modern man could exercise his freedom, he also cast doubt on the benefit an individual might gain from his involvement in public affairs: “lost in the multitude, the individual can almost never perceive the influence he exerts” (Ibid.). Constant pled for a representative form of government that would free most individuals from the worries of government and allow them to devote themselves to their private affairs<sup>3</sup> — which included working and pursuing economic gain.

This liberal view of society, while advancing ideas of citizenship and the individual that underpin modern democracy, also decoupled citizenship from economic life. This separation continues to this day. But the advance of Western democratic society has made it defunct, perhaps the greatest

particular, see Gourevitch (2015) on Republican thought and the advancement of freedom in the economic realm, from the perspective of the workers.

<sup>3</sup> Nevertheless, Constant seems to have a vague sense of the danger posed by a conception of society where civil affairs are entrusted to a group of professionals who operate the machine of the state far from the concerns of individuals: the danger of mutual ignorance. He therefore calls on officials to encourage citizens to share in the exercise of power, without which they risk losing their dearly won freedoms: “the danger of modern liberty is that, absorbed in the enjoyment of our private independence, and in the pursuit of our particular interests, we should surrender our right to share in political power too easily” (Constant 1819).

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aporia of the liberal tradition. Constant, at the close of the eighteenth century, valued private affairs over public affairs; a century and a half later, Arendt (1958), discussing the same questions, advanced the exact opposite view, arguing that involvement in the public sphere was the noblest expression of the essence of man, what she calls *action*, which Arendt opposes to *labor* and *work*, which she assigns to the private domain<sup>4</sup>. Beneath her opposition to Constant's values, however, Arendt assumes his posit that the society is based on an opposition between the public and the private domains, with labor and work contained in the realm of the latter.

We see, then, that the eighteenth and nineteenth centuries moved work's physical locus from the private sphere as workers departed farm and household to labor in shops and factories. At the same time, the era's thinkers, as they observed and interpreted the world around them, maintained a distinction between public and private whereby the private sphere was the space in which the individual could hope to enjoy freedom and agency over his own endeavors, while the public sphere was the domain in which the fight against tyranny occurred. At the time, placing work, along with other economic pursuits, in the private sphere of the factories, made it a vector for emancipation as well. And yet, this was only a first step in a slow transition . . .

<sup>4</sup> To Arendt (1958), *labor* was the specific domain of the reproductive functions of life.