Governing the Firm: Workers' Control in Theory and Practice

Gregory K. Dow
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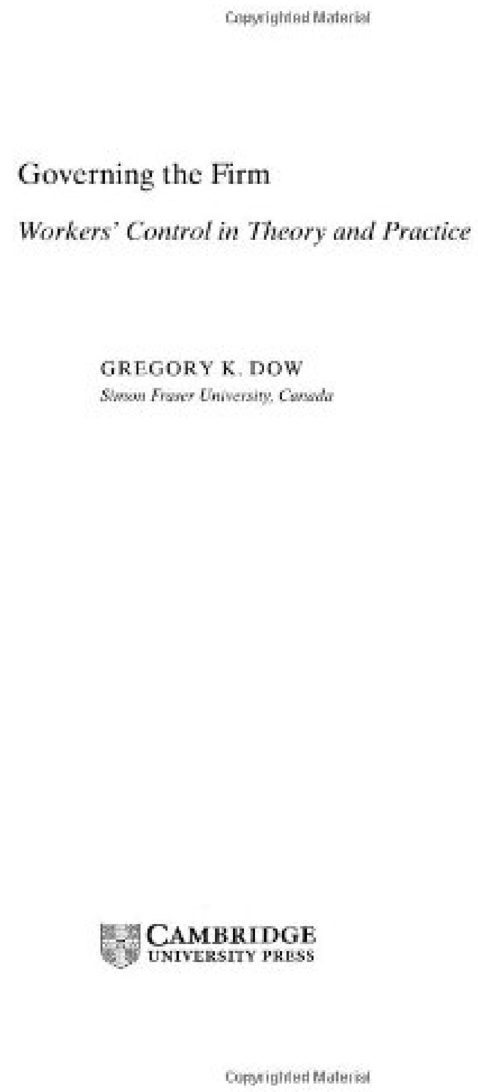
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Governing the Firm

Workers' Control in Theory and Practice

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Gregory K. Dow : Governing the Firm: Workers' Control in Theory and Practice before purchasing it in order to gage whether or not it would be worth my time, and all praised Governing the Firm: Workers' Control in Theory and Practice:

1 of 1 people found the following review helpful. A Thorough StudyBy BMIn Governing the Firm, Professor Gregory K. Dow conducts an exhaustive review of the academic research on worker management, both in the real world and in theory (as the title suggests). The primary focus of the book is the economics literature on the subject, though some attention is given to other related fields. At most the level of prerequisite technical knowledge is at the level of an

undergraduate intermediate microeconomics course; the majority of the book, however, is easily readable for someone familiar with basic economic concepts.Though highly informative, Dow's dry, academic writing style can be difficult to get through at times.Dow first discusses the normative aspects of labor managed firms (LMFs), then covers empirical cases of labor management, turning next to the relevant economic theory, and finally syntheses the previous discussion and presents his own ("modest") policy proposal. Dow stresses throughout the book that when discussing the merits of LMFs and capital managed firms (KMFs), one must use the replication principle: if some aspect of LMFs results in a particular outcome, one must show that it is impossible for KMFs to replicate an identical characteristic. For example, it is sometimes argued that LMF productivity is superior to that of KMFs because workers get a share in profits. However, there is no reason KMFs cannot similarly give a share of profits to workers.He is most concerned with the question of why LMFs are so rare. The answer is not obvious, especially considering that LMFs operate at similar productivity levels as KMFs (and often at higher levels) and survive for longer once created. Many hypotheses have been advanced to explain the lack of LMFs in the world economy, but Dow posits that the inalienability of labor (and alienability of capital) leads to the dearth of LMFs through a number of channels. For instance, workers struggle to borrow to finance LMFs because they often cannot present collateral for loans due to their relatively low wealth as compared to capital managed firms, since capital can be repossessed but labor cannot be (it is inalienable).Dow's policy proposal is pragmatic and does not seek an implausible revolution of the economic system (as some writers do). Current investors would be paid the fair market price for their shares as firms are slowly transitioned from KMFs to LMFs. While Dow is diligent about the economics, his "getting-to-there-from-here" discussion neglects to discuss how such a policy proposal would gain traction. The clear answer is through grassroots organizing and a substantial popular movement; only then can proposals seeking fundamental change in our economic system have any chance of succeeding.7 of 8 people found the following review helpful. A serious approach to employee controlBy Hal9000Dow makes a thorough survey of the literature and establishes a solid theoretical framework for workers' control. In the end of the book after nearly 200 pages, he finally presents a formula for transferring control (and ownership) away from capital suppliers and to labor suppliers. It is a thoughtful book though perhaps existing more in the realm of theory than actual practice. The case for capital controlling the firm while not theoretically exclusive, remains empiracally dominant and I don't think he provides a strong enough argument why worker control is better.In any case, a very thoughtful book with some insightful ideas, highly recommended!

Most large firms are controlled by shareholders, who choose the board of directors and can replace the firm's management. In rare instances, however, control over the firm rests with the workforce. Many explanations for the rarity of workers' control have been offered, but there have been few attempts to assess these hypotheses in a systematic way. This book draws upon economic theory, statistical evidence, and case studies to frame an explanation. The fundamental idea is that labor is inalienable, while capital can be freely transferred from one person to another. This implies that worker-controlled firms typically face financing problems, encounter collective choice dilemmas, and have difficulty creating markets for control positions within the firm. Together these factors can account for much of what is known about the incidence, behavior, and design of worker-controlled firms. A policy proposal to encourage employee buyouts is developed in the concluding chapter.

"In market economics, most firms are owned and managed by those who supply finacial capital, not by the people who work in them. Why? This is a topic that sometimes generates more heat than light. However, in this dispassionate analysis, Greg Dow perceptively examines the rich and diverse literature on this topic and comes up with important insights. This book will immediately become the standard reference on worker ownership and management and is thoroughly recommended for both specialists and non-specialists alike." John Pencavel, Stanford University"It's been a long time since the appearance of so important a book on worker participation and the governance of enterprises. Dow lays out the states of our knowledge and of our ignorance clearly and readably, inviting us to join him in thinking about what might be the next steps forward. No better introduction to the subject matter is available." Louis Putterman, Brown University"What difference does it make when workers rather than capital owners control firms, electing managers, and owning (for better or worse) the fruits of their labor? Greg Dow's Governing the Firm provides the economic analysis and empirical facts based on the experience production cooperatives around the world to answer this question. It's the best book on the subject." Samuel Bowles, University of Massachusetts, Amherst