

CIES-ISCTE_PRAXIS_ETUI - Lisbon Conference

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Reviving worker participation in Portugal and Europe :
Towards a progressive agenda to democratise the economy

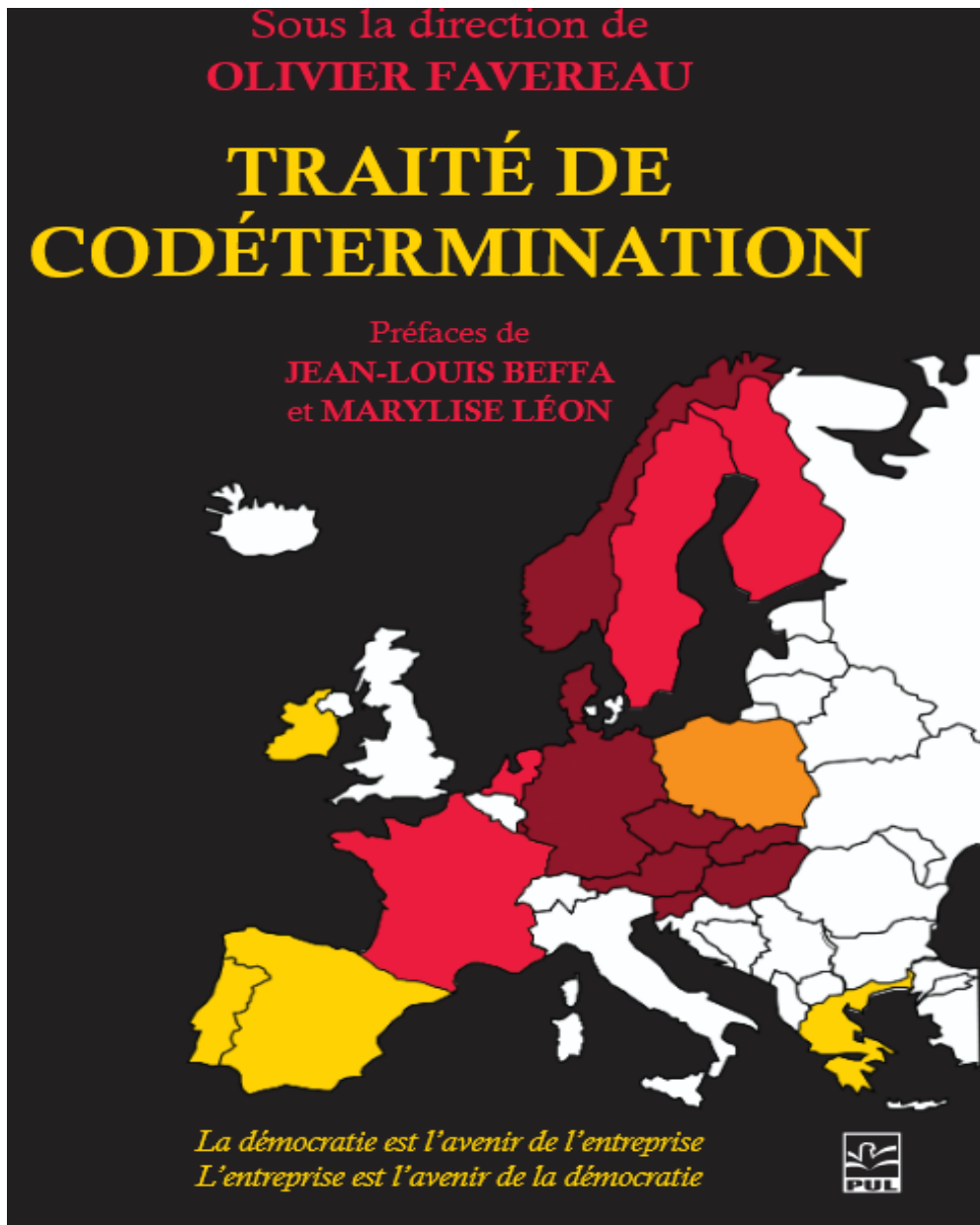
Panel 3 : **Theoretical insights on economic democracy**

Democratizing firms when democracy is in crisis

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- At the beginning, a surprising fact : there exists no systematic survey of codetermination as a model and as a concept
- 20 authors from 8 disciplines : economics, management, law, political philosophy, sociology of work, european history, accounting science, anthropology
- Work stretched from 2015 to 2025
- **Initial common thread** : *Shareholders are neither the owners of the corporation nor of the firm – only of their shares*
- **Final common thread** : *Codetermination is/should be the « normal » form of corporate governance, in its 2-fold sense*
 - More frequent than share-holder value
 - Normatively superior to that alternative

Codetermination as a model : the what-question

Codetermination as a model rests on two pillars and one size-condition

- **1st pillar** : the contribution of labor to strategic decisions
 - **Plenary model** : the board equally divided between capital and employee representatives [paradigm: *german firms >2000 employees*]
 - **Partial model** : BLER around 30% [paradigm: *scandinavian firms*]
- **2nd pillar** : the contribution of labor to organisational decisions
 - **Plenary model** : dual system of labor representation (= works council) with genuine codecision rights [paradigm : *german betriebsrat*]
 - **Partial model** : single channel of labor representation (= trade-union representatives with veto rights) [paradigm : *scandinavian firms*]
- **The size-condition** (of the 1st pillar)
 - **Plenary model** : extended to small-size firms [paradigm : *scandinavian firms*]
 - **Partial model** : restricted to big firms (1000 to 2000 employees) [paradigm : *german firms*]

→ *More than half of the european firms conform at least to the partial model. The standard shareholder value model is a minority configuration on the european continent.*

Codetermination as a concept : the why-question

The concept behind the model ?

- **(plenty of) Rationalizations** (of the 1st pillar)
 - **Bounded rationality** within a 2-class world under a Rawlsian veil of ignorance [Ch.2 & 7]
 - **Non-Domination** of Labor according to the neo-republican concept of liberty [Ch.7]
 - **C-Authority** of management with a concept of democracy as reflexive authority [Ch.8]
 - **Pluralist governance** with 3 « **constitutive parties** » (Capital, Management, Labour)[Ch. 20]
 - Codetermination ↔ concept of « **social liberty** » (Honneth) within the capitalist firm [Ch. 21]
- **(a lot of) Implications**
 - Firm redefined as a **power-dispositive for collective creation** [Ch.3 & 11]
 - **Accounting** redefined in order not to measure Labor only as a cost but also as a source of value [3 ways are investigated : Ch. 13, 14, 15]
 - Codetermination invites us to redefine the project of **European Union** as a unique attempt to build a political community not only on competition through the market but also on cooperation within the firm [cf. Vth directive : Ch.19, 20, 21]

The most apparent shortcomings of the plenary model point to the most natural extensions of the concept

- /1/ **Quid about ecological transition** ? Isn't it more urgent than reconciling labor and capital ?
- **Answer** : (as for the 1st pillar) it would be surprisingly easy to transform codetermination into « ecodetermination », by adding the apparatus of 'benefit societies' [Ch.11]
- /2/ **The field of application isn't it limited to the ancient private industries** ?
- **Answer** : (as for the 2nd pillar) giving 'voice' to execution work is indeed quite a general principle, useful within the administration or with respect to digitalization [Ch.3, 8]
- /3/ **When democracy is in crisis, isn't it a waste of time to extend it to firms** ?
- **Answer** : Inequality is one main source of the crisis. Codetermination tackles the problem *at its root* within the firm, with respect either to capital and finance (1st pillar) or to the highest strata of management (2nd pillar). [Ch.2,3,4,9, 10,11,16,17, 18]
→ *Indeed empirically it could be shown that there is less inequality (Gini coeff, Rate of poverty, ratio of 1st decile to the last one) in countries with codetermination*