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VITA ACTIVA AND THE NATURE OF ECONOMIC ENTERPRISES: A POLITICAL
THEORY OF THE FIRM

BY
CAMERON FLEMING

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Abstract

This thesis considers whether the contemporary capitalist firm can be understood in political terms independent of its association with the broader economic or political systems within which it is located. Viewed through an Arendtian framework of the Athenian *polis* and *vita activa* - and its Aristotelean connection between necessity and unfreedom - it becomes possible to understand the firm in such a manner. The modern elevation of the economic role of the household to the level of society - concomitant with the emergence of government as administration - results in the social, rather than individual, production of the satisfaction of biological necessity. This development makes it possible to question Arendt's assertions regarding the antipolitical nature of the labourer (*animal laborans*) and the apolitical nature of the worker (*homo faber*), thus opening the way for a resumption of political eligibility for citizens. However, because of the rise of the social and its associated gigantism, there does not seem to be a properly political space where *animal laborans* and *homo faber* can exercise these political capacities. This thesis proposes that such a political space can indeed exist, albeit in an unorthodox and unexpected location. By looking to a model of the Athenian *polis* which draws its inspiration from the thought of Hannah Arendt, it is thus possible to reconceptualize the economic enterprise as a private *polis* inhabited by worker-citizens.

Cette thèse considère que l'entreprise capitaliste contemporain peut être compris en termes politiques indépendants de son association avec les grands systèmes économiques ou politiques au sein duquel il est situé. Vue au travers d'un cadre d'Arendt de la *polis* athénienne et *vita activa* - et sa connexion aristotélicienne entre la nécessité et la non-liberté - il devient possible de comprendre l'entreprise dans une telle manière. L'élévation moderne du rôle économique du ménage au niveau de la société - concomitante avec l'émergence de l'État comme l'administration - se traduit par la production sociale plutôt qu'individuelle, de la satisfaction de la nécessité biologique. Ce développement permet de remettre en question les affirmations de Hannah Arendt sur la nature antipolitique de l'ouvrier (*animal laborans*) et le caractère apolitique de l'ouvrier (*homo faber*), ce qui pourrait ouvrir la voie à une reprise de l'éligibilité politique pour les citoyens. Cependant, en raison de la hausse du social et de son gigantisme associé, il ne semble pas y avoir un espace proprement politique où des *animal laborans* et *homo faber* peut exercer ces capacités politiques. Cette thèse propose qu'un tel espace politique peut effectivement exister, mais dans un endroit peu orthodoxe et inattendu. En regardant vers un modèle de la *polis* athénienne, qui puise son inspiration dans la pensée de Hannah Arendt, il est ainsi possible de redéfinir l'entreprise économique comme simple *polis* habitée par des travailleurs-citoyens.

Introduction

Why a political theory of the firm?

In the factory code, the capitalist formulates his autocratic power over his workers like a private legislator, and purely as an emanation of his own will, unaccompanied by either that division of responsibility otherwise so much approved of by the bourgeoisie, or the still more approved representative system. The code is merely the capitalist caricature of the social regulation of the labour process which becomes necessary in co-operation on a large scale and in the employment in common of instruments of labour, and especially of machinery. The overseer's book of penalties replaces the slave-driver's lash. All punishments naturally resolve themselves into fines and deductions from wages, and the law-giving talent of the factory Lycurgus so arranges matters that a violation of his laws is, if possible, more profitable to him than the keeping of them.¹

-Karl Marx

In the century and a half since Marx penned these words the state has enacted legislation in order to reduce the unchallengeable power of the factory boss, the working conditions for the average employee have improved drastically, and the image of the worker as chattel has largely been replaced. Yet there remains something intuitively appealing in seeing the owner of the economic enterprise as a sort of law-giving Lycurgus. This thesis is motivated by a desire to determine whether the contemporary business firm can - or could potentially - be conceptualized as a distinctly political entity, and if so, in what manner.

The fields of economics, sociology, and law have long traditions of theorizing the nature of the business firm. The problem of the firm, although occasionally confronted in the past and enjoying a renewed interest contemporarily, is still underrepresented in the political theory literature. The aim of this section is to elaborate why a political theory of the firm is a desirable

¹ Karl Marx, *Capital: Volume I*, London: Penguin Books (1990), 549-50.

and necessary addition to the existent literature dealing with economic enterprises. This thesis agrees with Christopher McMahon that the scope of political theory needs to be expanded, and that, “in modern societies, the political theory of the state requires supplementation with the political theory of organizations.”²

The importance of the firm

The economic firm plays a pervasive role in the contemporary world. Not only do firms organize production - ostensibly their primary function - but they also reflect the priorities of the economic system in which they are embedded, influence broader political structures, and profoundly affect individuals in their working lives. The manner in which work is organized within an economic enterprise determines both the nature of work and the structure of the social relations prevailing in the firm.³

First, the environment *internal* to the firm constitutes a sizable and significant component in the lives of individuals. The effects of work on the individual are varied, and might include a sense of autonomy, feelings of dignity and self-respect, economic security, or in many cases, the opposite of all these. This reflects a view of individuals at work as: “not only a part of a useful division of labor but persons with values and a particular conception of the good life. Moreover what a community such as a firm provides is not only a job but also community ties and friends. For many of us who spend most of our life in that kind of community, it is an important source

² Christopher McMahon, “The Political Theory of Organizations and Business Ethics,” *Philosophy & Public Affairs* 24, no.4 (1995), 292.

³ Peter Hamilton, “Social theory and the problematic concept of work,” in *The Politics of Work and Occupations*, ed. Geoff Esland and Graeme Salaman, 42-73 (Toronto: University of Toronto Press, 1980), 42.

of meaning.”⁴ As such, an understanding of the workplace can produce results interesting to both perfectionist and non-perfectionist political philosophies - the reasons for examining workplace relations do not end with the cultivation of the good life, nor can they be entirely contained within an instrumentalist framework.⁵

Second, when we shift our attention to the interaction between the business firm and the *external* political and economic environments a different set of concerns arise. The role the economic enterprise plays in the contemporary capitalist economy has society-wide ramifications for distributive justice, notions of political equality, and the manner in which we interact with the ecological environment. Business firms are also active participants in the political processes of the state: “Business organizations simply have become – through their zealous lobbying, contributions to political action committees (PAC), public declarations, participation in public debates, provision of information, participation in public consultation processes, and so on – significant actors of the “advocacy politics” of democratic societies.”⁶

Additionally, in the contemporary world these effects are not limited to the governance of individual nation states. As Scherer, et al., state, “Economic activities inevitably cross the territory-bound validity of state regulation and bureaucracy. Technological progress now also

⁴ Pierre-Yves Néron, “Business and the *Polis*: What Does it Mean to See Corporations as Political Actors?” in *Journal of Business Ethics* 94 (2010), 339.

⁵ As an early example of the perfectionist concern with work see John Stuart Mill, *Principles of Political Economy*, Oxford: Oxford University Press (2008), especially Book IV, Chapter VII. For a non-perfectionist view of workplace organization, see Richard Arneson, “Meaningful Work and Market Socialism,” *Ethics* 97, no.3 (1987), 517-545.

⁶ Néron, 343.

enables companies to split their value-chain processes and distribute their production sites worldwide. Companies are no longer subject to the rules defined by a nation state.”⁷

Given such wide-ranging and deeply-felt influence over the economy, the state, and the individual it ought to be of little surprise that increasing attention is being paid to the firm in the literature of political theory. Yet, with only occasional exception, these theories tend to take the political status of the firm as a given, rather than providing a framework that would define a clear political conception of the economic enterprise. In the same way that discussing the nation state would be incoherent without being conceptually equipped with a theory of the state, so too with the business firm and its study in political theory. As will be demonstrated below, although valuable in a number of ways, where the majority of political theory literature falls short in its dealings with the firm is precisely in its lack of attempts to qualify the firm in distinctly political terms.⁸

Aims and outline of this thesis

First and foremost, this thesis aims to define the contemporary business firm as an entity eligible for consideration as an independent political community. Because of this, broader political and economic structures within which the firm is located - and the interplay between these structures and the firm - are largely disregarded throughout this project. This means that

⁷ Andreas Georg Scherer et al., “Global Rules and Private Actors: Toward a New Role of the Transnational Corporation in Global Governance,” *Business Ethics Quarterly* 16, no.4 (2006), 512

⁸ Throughout this thesis the terms business firm, economic enterprise, and corporation will be used interchangeably. Within certain contexts there may be conceptual distinctions between these terms, however for the purposes of the argument herein, no such distinction need be present.

common concerns, such as distributive justice, political influence, and the nature of prevailing property relations, do not come to play a role here.

Also beyond the scope of this thesis are any institutional prescriptions for the contemporary economic enterprise. Although it will become clear that certain common features of existing business firms are incompatible with the definition of politics adopted herein, any suggestions as to how best to bring about the politically conceived firm described below are necessarily the subjects for future research.

By beginning with a particular conception of the political, this thesis offers a novel approach to the political problem of the firm. This thesis relies upon a theoretical framework - outlined in greater detail below - based upon Hannah Arendt's concept of the political and its accompanying place within the *vita activa*. Utilizing this framework allows for an argument in favour of reconceptualizing the contemporary economic enterprise as a *private public realm* which is eligible for study as a distinctly political entity.

In simplified form, the argument to be presented in this thesis unfolds as follows. Hannah Arendt's concept of the political is deeply connected to her understanding of the situation of the Athenian *polis*. Key to this understanding is the opposition of freedom and necessity - one had to have mastered the problem of biological necessity (in Athens this was achieved by slave labour at the level of the household) in order to qualify for freedom as a citizen in the political realm. As a result, the modern age and its society of labourers (where all human activity has become tied to the need to "make a living") is ineligible for participation in politics/freedom.

The modern age is marked by a move from the political to the social in the common (public) realm. This shift, brought about in part by economics and the behavioural sciences,

elevates the economic role of the household to the level of society - concomitant with the emergence of government as administration. Herein we find that social, rather than individual, production accomplishes the satisfaction of biological needs.

This development makes it possible to question Arendt's assertions regarding the antipolitical nature of the labourer (*animal laborans*) and the apolitical nature of the worker (*homo faber*), thus potentially opening the way for a renaissance of political eligibility for citizens. The problem remains, however, that the traditionally political public arena (contemporarily represented by the nation-state) has been evacuated of practically all political content by way of this transition to a society of jobholders.

That this problem is significant rests in the importance Arendt places on the spatial aspect of politics. If labourers and workers are to be deemed politically eligible, a political space is required for these potential citizens to engage in action/speech rather than behaviour. Arendt laments the absence of a tangible and permanent common place in which people might gather to speak to one another - a loss resulting from the ascension of the social realm.

There are a number of ways to view the workplace as capable of constituting a political space in the Arendtian sense. First, this can be achieved through considering the organization of process, namely, the economic enterprise, as an attempt to affect what Arendt considers a transient and cyclical process - labouring - with the nature of (relative) permanence. Alternately, by recognizing that the workplace contains the potential to encapsulate the space of appearances that typified the Athenian *polis* due to its relatively small size and the capacity for knowable and meaningful interaction between workers. It is exactly this sort of striving toward a form of earthly immortality alongside the attempt to distinguish oneself and one's excellence which, for Arendt, underlies the motivation behind *polis* life. In light of this analysis, it is

possible to re-conceptualize the economic enterprise as a private *polis* inhabited by worker-citizens.

Outline

The remainder of this section outlines the requirements for a theory of the firm to be properly considered a *political theory* as well as an explicit discussion and justification of the theoretical framework and conceptual definitions informing this thesis. Chapter two takes a broad look at the academic literature on the subject of the economic enterprise, starting with works from the economic and sociological disciplines. Following this, political theory literature is reviewed with an eye toward innovative approaches to the politics of the business firm, but mainly in an effort to show that a properly political conception of the firm is largely absent from the literature. Chapter three begins to lay the groundwork for the theoretical construction of the political firm which is to follow via considerations of the relationship between freedom and necessity in Arendt's work and the ramifications for political eligibility which arise from this relationship. The 'rise of the social' is discussed alongside the closing of political space which this brings about. Chapter four looks to investigate - on Arendtian terms - how the worker and labourer in contemporary society may find themselves capable of political status. This is accomplished by looking to the different manners in which an individual may find themselves in relation to necessity, and explicates the ways in which, therefore, the Aristotelean-Arendtian connection between necessity and unfreedom can be overcome. Finally, chapter five explores the idea of the political firm. Beginning with a discussion of the workplace's potential to be a location for action, speech, and excellence, the chapter moves into an explanation of the ways in

which the firm can be considered as a *private polis* - a political realm influenced by the Arendtian ideal of the political.

What is a political theory of the firm?

Desiderata

So as to avoid disagreement about conclusions when an argument about axioms would suffice, a purported political theory of the firm ought to outline both what is meant by political theory and how, specifically, the firm can fit into this framework. This section begins with such a discussion of politics and political theory and then moves on to consider some of the challenges faced in constructing a political theory of the firm. Next, an introduction to the theoretical framework guiding this thesis is provided, and definitions are elucidated for the key concepts which will be encountered throughout the thesis.

Defining Politics and Political Theory

*...one of the basic problems confronting the political philosopher when he tries to assert the distinctiveness of his subject-matter: what is political? what is it that distinguishes, say, political authority from other forms of authority, or membership in a political society from membership in other types of associations?*⁹

The basic problem touched upon above by Sheldon Wolin is doubly realized by the theoretical project of this thesis. Herein, the goal is to redefine as political a type of association -

⁹ Sheldon Wolin, *Politics and Vision*, Boston: Little, Brown and Company (1960), 4.

the contemporary business firm - which is generally considered as residing firmly in the private economic realm. Thus, not only must a justification be given for why the firm ought to be understood as a political entity, but also for why it *ought not* to be considered *nonpolitical*. The claim that the contemporary economic enterprise can be included within the rubric of political theory is necessarily controversial. Rather than simply hiding within the idea that political theory is an “unapologetically mongrel sub-discipline”¹⁰ and bounding forward unworried about the interplay between this work and the overall tradition, this thesis shoulders the burden of demonstrating its place within the field.

The arguments and evidence contained within this paper are crafted so as to be in agreement with the statement that, “to count as political theory, an argument must be about the public relationships of men, must believe them to be essential to human life, and must concern itself, to some degree, with the larger questions of purpose and meaning that men invariably raise and seek to answer.”¹¹ It is of course no guarantee that this definition will suit everyone’s tastes, but it is clearly neither so vague so as to include any and every proposed project, nor so specifically suited to this particular project that it can be dismissed offhand.

This thesis is ultimately engaged with a project which seeks to reconceptualize the economic enterprise from being a strictly *private private* space to being a *private public* space. Thus, whether one agrees that the requisite conditions outlined above have been met will depend to a great degree on whether or not one finds the argument presented hereafter to be compelling. If one feels there is no reasonable basis to grant a public character to the business firm, then one

¹⁰ Anne Phillips et al., *The Oxford Handbook of Political Theory*, Oxford: Oxford University Press (2008), 5.

¹¹ Shiraz Dossa, *The Public Realm and the Public Self: The Political Theory of Hannah Arendt*, Waterloo: Wilfrid Laurier University Press (1989), 4.

will obviously decide that this work has not addressed the public relationships of men in a meaningful manner.

There is unlikely to be immediate agreement that a work which isolates the firm from its broader political and economic environments is reflective of political theory's "public character and its comprehensive intention."¹² Might it then be necessary, alongside McMahon, to locate the firm within the lower rungs of a federal-type division of political functioning?¹³ This thesis argues that such a placement unnecessarily obscures the project of the politicization of the business firm. A key element of the argument to follow revolves around a contemporary depoliticization at the level of the nation state - and offers as a potential remedy the realization of political spaces at the level of the workplace. In this context, a federally conceptualized positioning of the political firm would be incoherent.

Given a disparity of views about what constitutes political theory, it ought to come as no surprise that there exists an even wider debate over the definition of politics. Definitions range from minimalist accounts which see politics through a strictly instrumental lens, to those that point to politics as having an intrinsic value and making up a major component, if not the chief component, of a good human life. Returning to the thought of Wolin, his definition of politics is found falling toward the minimalist, instrumental conception:

(a) a form of activity centering around the quest for competitive advantage between groups, individuals, or societies; (b) a form of activity conditioned by the fact that it occurs within a situation of change and relative scarcity; (c) a form of activity in which the pursuit of advantage produces consequences of such a magnitude that they affect in a significant way the whole society or a substantial portion of it.¹⁴

¹² Dossa, 4.

¹³ Christopher McMahon, "Comments on Hsieh, Moriarty and Oosterhout," *Journal of Business Ethics* 71, no.4 (2007), 371.

¹⁴ Wolin, *Politics and Vision*, 10.

Many existent political theories of the firm rely on similar definitions, and it is certainly possible to construct an analogy between the contemporary economic enterprise and the nation state along these lines. However, this thesis argues that conditions which are inherent to the workplace and the nature of the individuals employed therein require a further-reaching definition of politics. A theory which looks to the politics of the firm as of an instrumental importance will end up as an *economic* theory, where a particular political arrangement within the workplace better achieves pre-existing economic goals such as efficiency or profitability.

In the work of Hannah Arendt we find a non-instrumental conception of politics, one equating politics with freedom and the mastery of necessity:

freedom, which only seldom - in times of crisis or revolution - becomes the direct aim of political action, is actually the reason that men live together in political organization at all. Without it, political life as such would be meaningless. The *raison d'être* of politics is freedom, and its field of experience is action.¹⁵

The importance of conquering the necessities of life in order to gain access to this political realm of freedom is rooted in the Aristotelean influence present in Arendt's thinking, and is expressed thus: "to be able to live in a polis at all, man already had to be free in another regard - he could not be subject as a slave to someone else's domination, or as a worker to the necessity of earning his daily bread."¹⁶

The use of the Arendtian conception of politics - as synonymous with freedom and as a key component of the good life - is inevitably controversial. Jon Elster describes this notion of politics negatively as:

the view that the forum should be completely divorced from the market, in purpose as well as in institutional arrangement...Politics on this view is not *about* anything. It is the

¹⁵ Hannah Arendt, *Between Past and Future*, Cleveland: Meridian Books (1969), 146.

¹⁶ Hannah Arendt, *The Promise of Politics*, New York: Schocken Books (2006), 116.

agonistic display of excellence, or the collective display of solidarity, divorced from decision making and the exercise of influence on events.¹⁷

The Arendtian view of politics as having an inherent value is in opposition to the merely minimalist, distributional, or instrumental definitions of politics which are popular throughout the political science literature. As such, possible objections to this definition of politics are confronted and dealt with throughout this thesis. The justification reflects the particular challenges and structures inherent to the political organization of the workplace, and, the fact that it would be inappropriate to utilize either an instrumental conception of politics or one which does not involve a connection with the good life. Namely, the economic enterprise is already organized according to instrumental concerns - whether optimally or not is irrelevant here - and a normative theory which aims to reconceptualize the firm as a distinct political entity independent of its location in the wider societal realm is likely to be able to accomplish this only via just such a value-laden understanding of the political. This assertion is expanded upon in the review of existent literature below, as well as within the body of the argument.

Challenges

Néron warns of three challenges which are likely to confront any attempt to construct a political theory of the firm. These consist of the *over-inclusion problem*, the *differentiation problem*, and the *political implications of speaking politically about the firm*.¹⁸ The strength of

¹⁷ Jon Elster, "The Market and the Forum," in *Deliberative Democracy*, ed. James Bohman and William Rehg, 3-33 (Cambridge, MA: The MIT Press, 1997), 26.

¹⁸ Néron, 345.

his analysis warrants discussing each of these potential problems in turn with regard to this thesis.

The diagnosis of the *over-inclusion problem* asserts that it is “highly problematic to simply talk about every problem or intellectual project in business ethics as ‘political’ ones” and that while it is “tempting for theorists of the political nature of corporations to...use a political language in such a way to think about every business relation,”¹⁹ this temptation must be resisted as a distortion of the phenomena. This concern echoes Wolin's warning about metaphor in political theory: “Ever since Plato, theorists have recognized the fruitfulness of metaphorical thinking, but they have also come to realize that at certain crucial points a metaphor may become misleading, primarily because the metaphor has a thrust of its own which leads to grotesque implications for the object or events which it is supposed to illuminate.”²⁰

There are two ways in which this thesis addresses the *over-inclusion problem*. First, this work inserts a thick boundary between the internal and external environments of the firm. This distinction checks the temptation to apply political theory to every effect produced by economic enterprises. Secondly, this thesis focuses on a very narrow question: *can* the business firm be considered a political entity? Thus, this political theory of the firm fits squarely into Néron's category of “corporations as political communities.”²¹ By centering this study around a clearly delineated set of internal relationships with an explicit guiding question, the *over-inclusion problem* is avoided.

¹⁹ Ibid.

²⁰ Sheldon Wolin, “Political Theory as a Vocation,” *The American Political Science Review* 63, no.4 (1969), 1076.

²¹ Néron, 337.

The *differentiation problem* consists of the risk of a political theory of the firm simply mirroring existent non-political theories of the firm without saying anything unique or particularly useful. This is particularly salient for scholars working within the rubric of business ethics, as the potential for overlap is greatest there. As the review of the relevant literature which follows will demonstrate, this thesis is theoretically innovative in its approach to a political theory of the firm and can be easily distinguished from theories arising from other disciplines as well as those within political theory. This is due in large part to the adoption of the Arendtian concept of politics which *precedes* the analysis of the firm as a political entity in this thesis.

The *political implications of speaking politically about the firm* represents a challenge because, “the very idea of using a language with strong political connotations is, from the start, a controversial one. It suggests unobvious ways to *publicly talk* about business ethics.”²² Néron cites the reluctance of executives within the business community to confront the moral issues raised by viewing the economic enterprise as a political entity as reflective of the ideological minefield which may await the politicized firm. However, this challenge does not present a real problem for this thesis, because given the normative implications of this project, it can be viewed as an opportunity. A political theory of the firm has the ability to contribute to a discourse with the potential to illuminate some of our intuitive moral concerns with the organization of work in contemporary capitalist societies.

²² Ibid., 348.

Theoretical framework and conceptual definitions

The ultimate aim of this thesis is to determine whether the economic enterprise is eligible for study as an independent political entity. More specifically, where most political studies of economic enterprises attempt to determine which type of *administrative* governance is most appropriate, this thesis looks to determine which type of *political action* might best suit the economic enterprise. This distinction between administration and political action is both important and oft-overlooked, and warrants clarification and expansion. As the next chapter demonstrates, where theories which attempt to argue that the economic enterprise is parallel to the nation-state fall short is in accepting the administrative nature of the state as the proper mode of political action, and then transferring this structure and functioning to the already administrative realm of the workplace. Moving away from this view which seeks to establish democratic participation *in* the administration of the economic enterprise, this thesis conceptualizes political action as a phenomenon capable of occurring *in a space created and bound by administrative functioning*, while not itself administrative. To accomplish this novel distinction, this thesis utilizes a theoretical framework based around Hannah Arendt's concept of the political and specifically her use of *vita activa* in order to better capture a non-administrative notion of political action. At the same time, a difference will emerge between the thought of Arendt and the assertions of this thesis with regard to the *possibilities* that such a space of political action is capable of emerging within an administered realm.

In order to conceptualize the contemporary workplace as a *private polis*, it is therefore necessary to interact with and confront the implications arising from Arendt's historical analysis of the changes within the hierarchical ordering of the components of the *vita activa*. For Arendt,

the *vita activa* is divided into labour, work, and action. These “are fundamental because each corresponds to one of the basic conditions under which life on earth has been given to man.”²³

This umbrella concept and its components are utilized in this thesis because they encapsulate, respectively, three aspects of the economic enterprise: the maintenance of life (via wages), the production of things, and the interaction among people as agents.

Labour is the condition of the *animal laborans* and refers to those activities which are guided by the dictates of necessity and provide for the sustenance of the life process itself.

It is “the activity which corresponds to the biological process of the human body, whose spontaneous growth, metabolism, and eventual decay are bound to the vital necessities produced and fed into the life process by labor. The human condition of labor is life itself.”²⁴ Labour, because of its connection to the life *process*, is cyclical and perpetual. This Arendtian assertion plays a key role in this thesis because of the connection between politics-action and reification; if labourers are engaged in a non-ending ethereal process, they have no hope of achieving the earthly immortality strived for in the political. As Arendt states:

It is indeed the mark of all laboring that it leaves nothing behind, that the result of its effort is almost as quickly consumed as the effort is spent. And yet this effort, despite its futility, is born of a great urgency and motivated by a more powerful drive than anything else, because life itself depends upon it.²⁵

A central part of the argument to follow is a refutation of Arendt's claim that labour is antipolitical, a refutation based on the conditions prevailing in contemporary capitalist societies generally and the business firm specifically.

²³ Hannah Arendt, *The Human Condition*, Chicago: University of Chicago Press (1998), 7.

²⁴ Ibid.

²⁵ Ibid., 87.

Work is the second aspect of the *vita activa* and is the domain of man as *homo faber*, or fabricator. Where the labourer toils solely to sustain life, the worker engages in production for the sake of the work itself. The earning of money - or biological maintenance - is secondary to the craft possessed by the worker. The role of work, according to Arendt:

corresponds to the unnaturalness of human existence, which is not imbedded in, and whose mortality is not compensated by, the species' ever-recurring life cycle. Work provides an "artificial" world of things, distinctly different from all natural surroundings. Within its borders each individual life is housed, while this world itself is meant to outlast and transcend them all. The human condition of work is worldliness.²⁶

This stands in contradistinction to the transience of the labour process, yet for Arendt, *homo faber* is also ineligible for political status, because: "the specifically political forms of being together with others, acting in concert and speaking with each other, are completely outside the range of his productivity."²⁷ Since man as fabricator produces in isolation, his appearance in public is commercial in nature, and his relationship to other people is only realized in exchange. Thus, for Arendt, he is inherently subject to a life defined in terms of Marxian commodity fetishism, preventing him access to the public *political* realm. However, in Arendt's discussion of modernity, she asserts that man *qua* labourer and man *qua* worker have been effectively folded into one another, to the detriment of man *qua* worker. This is because of the twin factors of the increased rationalization of production, and the increased impermanence of the products of work in the context of our consumption-based economy. This thesis will argue that this merging of work with labour under the conditions of modernity allows workers within the same firm to confront each other in social, rather than material relations, and that this erodes the

²⁶ Ibid., 7.

²⁷ Ibid., 162.

presence of commodity fetishism and opens a path to the political, *within the economic enterprise*.

Finally, the realm of action belongs to man as a political being and its importance lies in both its ability to create new and unpredictable beginnings as well as its propensity for revealing the true essence of the actor. Also of note is action's unique status as the only aspect of the *vita activa* which is incapable of being undertaken in isolation:

Action, the only activity that goes on directly between men without the intermediary of things or matter, corresponds to the human condition of plurality, to the fact that men, not Man, live on the earth and inhabit the world. While all aspects of the human condition are somehow related to politics, this plurality is specifically *the* condition - not only the *conditio sine qua non*, but the *conditio per quam* - of all political life.²⁸

Of all the spaces where action is possible, for Arendt the quintessential *political* location for action and speech is the Athenian *polis*.

Arendt's use of the *vita activa* is closely connected to her thinking on the Athenian *polis*. For Arendt, the *polis* is both an historical reality and a political ideal worthy of admiration. It is the space where action and speech are able to transcend the fleetingness of their exercise, and "revealed so clearly the basic possibilities for human activity."²⁹ As Arendt saw it, the Athenian *polis* had two functions, related to the exercise of excellence and the desire for a form of earthly immortality. First, it was "intended to enable men to do permanently, albeit under certain restrictions, what otherwise had been possible only as an extraordinary and infrequent enterprise for which they had to leave their households."³⁰ Secondly, the *polis* was meant "to offer a

²⁸ Ibid., 7.

²⁹ David L. Marshall, "The Polis and Its Analogues in the Thought of Hannah Arendt," *Modern Intellectual History* 7, no.1 (2007), 130.

³⁰ Arendt, *The Human Condition*, 197.

remedy for the futility of action and speech; for the chances that a deed deserving fame would not be forgotten, that it actually would become “immortal,” were not very good.”³¹

The *polis* “is the organization of the people as it arises out of acting and speaking together, and its true space lies between people living together for this purpose, no matter where they happen to be.”³² It is the assertion of this thesis that just such a relationship can be established internal to the economic enterprise, even though Arendt herself was deeply skeptical of this possibility. While discussing various systems of workers’ councils in *On Revolution*, Arendt states the following:

The same men, entirely capable of acting in a political capacity, were bound to fail if entrusted with the management of a factory or other administrative duties. For the qualities of the statesman or the political man and the qualities of the manager or administrator are not only not the same, they very seldom are to be found in the same individual; the one is supposed to know how to deal with men in a field of human relations, whose principle is freedom, and the other must know how to manage things and people in a sphere of life whose principle is necessity.³³

Her concern here is deeply intertwined with her simultaneous equating of necessity with unfreedom and of productive activities with necessity. Indeed, she fears disastrous results wherever the powerful natality of action is mingled with the prerogatives of the biological life process, writing: “The councils in the factories brought an element of action into the management of things, and this indeed could not but create chaos.”³⁴ The argument put forth by this project claims that the workplace can, in very significant ways, be considered as distinct from the sphere of necessity as described by Arendt. While management and administration may be irreconcilably different and mutually exclusive with political action, there is reason to

³¹ Ibid.

³² Ibid., 198.

³³ Hannah Arendt, *On Revolution*, New York: Penguin Books (2006), 266.

³⁴ Ibid.

believe that these may be able to exist within the same *private public* realm as represented by the contemporary workplace. Much as the Athenian household head was able to leave the private sphere of necessity to appear in the public political realm, this same movement between necessity and freedom is possible for the worker in the firm.

The relationship between the existence and functioning of the Athenian *polis* on the one hand, and the three aspects of the *vita activa* on the other can be expressed in a relatively straightforward manner. First, those who would gain access to the public political sphere had to first master the necessities of life; in Athens this was accomplished by way of slave labour at the level of the household. Second, the human world relies upon *homo faber* for the construction of its physical reality and sense of permanence. This world stands in contrast to the cyclical consumption of biological man, and therefore must be built in order to endure successive generations. Third, within this human world, a space for action and speech can be created, taking place where “the physical, worldly in-between along with its interests is overlaid and, as it were, overgrown with an altogether different in-between which consists of deeds and words and owes its origin exclusively to men’s acting and speaking directly *to one another*.”³⁵ This interplay is of relevance throughout this thesis as we look first to attempt to establish the political eligibility of the modern worker-labourer, and secondly, to conceptualize the workplace as a *private public* political sphere, using the Arendtian vision of the Athenian *polis*.

The theoretical framework is picked up again beginning in chapter three, where its key elements will be elaborated upon and analyzed in order to ascertain the prospects for an Arendtian conception of politics as applied to the contemporary economic enterprise. For now,

³⁵ Arendt, *The Human Condition*, 182-3.

having established the underlying logic guiding this thesis, we turn to a review of the relevant scholarly literature concerned with the contemporary business firm.

Theories of the Firm

The firm, as a core economic component since the earliest days of the industrial revolution, has been the focus of much scholarly writing, across a variety of academic disciplines. The aim of this section is not to provide a comprehensive guide to the available literature, but first, to highlight the ways in which work in other fields is relevant to this particular political theory of the firm. After considering works from the fields of economics and sociology, this chapter turns to the various analyses of the firm available within the political theory literature. This is assessed according to the unique contributions on offer and on specifically what *sort* of theory of the firm is being presented by these thinkers.

Other fields

Economics

Three main strands of economic thinking on the nature of the firm will be explored in this section. They will be referred to as *transaction cost theories*, *contract theories* and *ownership-control theories*, and they represent different reasoning for the existence and proliferation of contemporary business firms as a form of economic organization.

The first serious economic study of the firm begins with Ronald Coase asking, “having regard to the fact that if production is regulated by price movements, production could be carried

on without any organization at all, well might we ask, why is there any organization?”³⁶ Coase concludes that there are *transaction costs* associated with utilizing the price mechanism, and that therefore, at some margin it is more profitable to have factors of production coordinated hierarchically rather than through the market. Definitionally, we find: “A firm, therefore, consists of the system of relationships which comes into existence when the direction of resources is dependent on an entrepreneur.”³⁷

At this point, Coase is confronted with a problem: if the costs of market transactions are reduced by hierarchical organization, why are there multiple firms operating within a market environment, rather than just one enormous firm? The solution to this is located in the fact that as there are costs involved in undertaking market transactions, so too are there costs involved with organization. These diminishing returns to management can arise in two ways, according to Coase. First, the firm may experience increasing costs of internal organization - for example, at the margins it may be less profitable to add to the bureaucratic structure required to coordinate internal transactions versus undertaking the same transactions on the external market. And secondly, an ever-enlarging firm may confront efficiency losses - if, for example, the size of the firm becomes so unwieldy that management can no longer best allocate the factor of production under their control.³⁸

That a clear conceptual boundary exists between firm and market is intuitively satisfying, yet is not universally agreed upon. Richardson states that, “the dichotomy between firm and market, between directed and spontaneous coordination, is misleading” because it overlooks

³⁶ R.H. Coase, “The Nature of the Firm (1937),” in *The Nature of the Firm: Origins, Evolution, and Development*, ed. Oliver E. Williamson and Sidney G. Winter, 18-33 (Oxford: Oxford University Press, 1993), 19.

³⁷ *Ibid.*, 22.

³⁸ *Ibid.*, 23.

aspects of both competition within firms and cooperation between firms.³⁹ Instead, he posits a spectrum of organizational forms existing within the economy ranging from pure competition to pure coordination, and that firms ought not to be represented as “islands of planned coordination in a sea of market relations.”⁴⁰

Richardson’s is not the sole voice contesting the coherency of the firm. Jensen and Meckling also disagree that “the firm constitutes a domain of bureaucratic direction that is shielded from market forces,”⁴¹ and instead make the claim that, “[the firm] is a legal fiction which serves as a focus for a complex process in which the conflicting objectives of individuals (some of whom may “represent” other organizations) are brought into equilibrium within a framework of contractual relations.”⁴² As such, they do not see a major conceptual difference between a contract which takes place between the firm and an outside contractor and the usually longer-term variety of contract which is entered into between the firm and its employees.

Without contesting Richardson’s organizational continuum or Jensen and Meckling’s legal fiction, it is still coherent to speak of a defined boundary between a firm and the market, or between multiple firms. For the purposes of this thesis, any conceptual blurring of the dichotomy between the market as competition and the firm as coordination is irrelevant. And

³⁹ G. B. Richardson, “The Organization of Industry,” *Economic Journal* 82, no.327 (1972), 896.

⁴⁰ *Ibid.*, 883.

⁴¹ Louis Putterman and Randall S. Kroszner, “The economic nature of the firm: a new introduction,” in *The Economic Nature of the Firm: A Reader*, ed. Louis Putterman and Randall S. Kroszner, 1-31 (Cambridge: Cambridge University Press, 1996), 17.

⁴² M.C. Jensen and W.H. Meckling, “Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure,” *Journal of Financial Economics* 3, no.4 (1976), 311.

whether, for the sake of economics, the firm is or is not a legal fiction has no bearing on the *organizational and phenomenological reality* of the economic enterprise.

Without adopting the “legal fiction” point of view, one can still find value in views of the firm as a nexus of contracts. As an immediate contrast with Jensen and Meckling, Hart offers the following distinction between employee and market contracts:

an important difference between an employment contract and a contract between independent parties is that the former allows the employer to retain the use of assets used by the employee in the event of a separation (he can hire another employee to operate them). In contrast, an independent contractor would typically own some of these assets and would be able to decide how they should be used if the relationship terminates.⁴³

Particularly interesting in the concept of the firm as a nexus of contracts is the association between contracts and promising. Without delving into consent theories of political - or in this case, economic - rule, the transformative qualities inherent in the human ability to make promises runs throughout the work of Arendt, and can be read as a parallel to the distinction between the operating of markets and the operating of firms: “binding oneself through promises, serves to set up in the ocean of uncertainty, which the future is by definition, islands of security without which not even continuity, let alone durability of any kind, would be possible in the relationships between men.”⁴⁴

The final theme present in the economic literature to be examined here explains the existence and organization of the firm by way of *ownership* and *control* of resources. The key factor driving the organization of the contemporary economic enterprise for Demsetz is the separation of ownership and control of the firm, and the effects of this separation on the

⁴³ Oliver D. Hart, “Incomplete Contracts and the Theory of the Firm,” in *The Nature of the Firm: Origins, Evolution, and Development*, ed. Oliver E. Williamson and Sidney G. Winter, 138-158 (Oxford: Oxford University Press, 1993), 151.

⁴⁴ Arendt, *The Human Condition*, 237.

principle-agent problem common to organizational economics. Different corporate structures contribute to different costs of monitoring employees for shirking behaviors. As a result, the forms of active employee control and monitoring employed by firms is likely to be correlated to the costs of these monitoring activities, which vary among types of firm.⁴⁵

Sociology

In this section, the work of Max Weber is reviewed with regard to his ideas on bureaucracy as well as his denial that the business firm ought to be considered a political entity. Weber would disagree with any attempt to grant political status to the economic enterprise. He is explicit about the distinction between political and non-political forms of association. Rather than relying on the common usage of the term political, which may be related to “things that have to do with relations of authority within what is...the state,”⁴⁶ Weber utilizes a definition which focuses on the, for him, distinguishing characteristic of the political:

the political group is...characterized by the fact that the authority of its administrative staff is claimed as binding within a territorial area and this claim is upheld by force. Whenever corporate groups which make use of force are also characterized by the claim to territorial jurisdiction, such as village communities or even some household groups, federations of guilds or of trade unions, they are by definition to that extent political groups.⁴⁷

While it would be quite possible to make a move from the above definition to inclusion of the business firm based on the state's enforcement of private property rights, this is not necessary for two reasons. First, the current project aims to consider the firm *independent* of its position in the

⁴⁵ Harold Demsetz, *Ownership, Control, and the Firm: The Organization of Economic Activity*, Oxford: Basil Blackwell Ltd (1988), 195.

⁴⁶ Max Weber, *Theory of Social and Economic Organization*, New York: The Free Press (1964), 154.

⁴⁷ Ibid.

broader political system, whereas following a property rights argument would lead to the sort of federal understanding which McMahon advocates. Secondly, the definition of politics which is employed in this thesis is itself in disagreement with Weber's taxonomy. For Arendt, force and violence are prepolitical actions which do not belong within the publicly constituted political realm.

The sorts of ownership and management structures typical of contemporary corporations fit within the system of formal rationalization outlined by Weber in his work *Theory of Social and Economic Organization*. This formal rationalization involves an organization-wide impersonal obedience to authority which is delineated hierarchically from the top down. Orders of action, meting of discipline, and control of conduct are the prerogatives of superiors at each level of the hierarchy. Managerial personnel derive their authority from the ownership of the means of production, although they themselves are not owners.⁴⁸ A key component of Weber's notion of the corporate group is that there is a person in an identifiable position of authority. Of necessity then, there is also: "a probability that certain persons will act in such a way as to tend to carry out the order governing the group." Weber lists a number of reasons why these hierarchical orders are maintained, but the logic relevant to this discussion is based in remuneration in the form of salary or other financial incentives.⁴⁹

The literature reviewed thus far demonstrates a degree of convergence and allows certain conclusions to be drawn. First, sufficiently for the purposes of this thesis, a coherent boundary can be drawn between the firm and its external environment. This is of obvious importance

⁴⁸ Ibid., 331.

⁴⁹ Ibid., 146.

where one of the stated goals of this thesis is determining an independent political conception of the firm. Secondly, however construed, the existence of the contemporary business enterprise is contingent on some constellation of contractual relations. Finally, running through the three disciplines outlined above, and dominant in the political theory literature which follows, the firm involves relations of power exercised between individuals and groups. Not only does this assist in justifying a political theoretic examination of the economic enterprise, but gives a starting point for how relationships within the firm ought to be morally conceived of.

Political theory and the firm

Participatory theories

Carole Pateman identifies and defines a particular strand within the rubric of democratic theory as *participatory democratic theory*. Pateman herself is a proponent of such a theory, which she describes thusly:

The theory of participatory democracy is build round the central assertion that individuals and their institutions cannot be considered in isolation from one another. The existence of representative institutions at national level is not sufficient for democracy; for maximum participation by all the people at the level socialisation, or ‘social training’, for democracy must take place in other spheres in order that the necessary individual attitudes and psychological qualities can be developed. This development takes place through the process of participation itself.⁵⁰

The first major participatory theorist turning their attention to the issue of workplace governance is John Stuart Mill, who visits the subject of workers’ control of economic enterprises in *Principles of Political Economy*. Mill’s purpose in penning this work was to

⁵⁰ Carole Pateman, *Participation and Democratic Theory*, Cambridge: Cambridge University Press (1970), 42.

provide a fair comparison between communism and economic systems based around private property. His assertion is that the appeal of communism is due to its ideal being measured against the prevailing state of private property, whereas, “to make the comparison applicable, we must compare Communism at its best, with the regime of individual property, not as it is, but as it might be made.”⁵¹ Key to this idealized system of private property is the elimination of the antagonism between capital and labour, to be achieved through the institution of workplaces based upon cooperative principles. He sees labour-managed firms as being not only desirable, but practically inevitable:

The form of association, however, which if mankind continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief, and workpeople without a voice in the management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves.⁵²

For Mill, the realization of workers’ control and its accompanying democratic spirit would produce three chief effects. First, by placing workers under an authority of their own making, the principal agent problem would be significantly ameliorated, leading to an increase in overall industrial productivity. Secondly, such an organization would bring about moral and educative effects for the working class. Mill asserts that we would find “the conversion of each human being’s daily occupation into a school of the social sympathies and the practical intelligence.”⁵³ Finally, workers’ control “would be the nearest approach to social justice, and

⁵¹ John Stuart Mill, *Principles of Political Economy*, Oxford: Oxford University Press (2008), 15.

⁵² *Ibid.*, 147.

⁵³ *Ibid.*, 153.

the most beneficial ordering of industrial affairs for the universal good, which it is possible at present to foresee.”⁵⁴

Carole Pateman’s look at the eligibility of the workplace for democratic governance in *Participation and Democratic Theory* considers the firm and its location within broader political systems. Her focus is on participatory theories of democracy, and on the role participation in industry must necessarily play if these theories are to be meaningfully realized. In line with Mill’s thinking on workplace participation, Pateman is chiefly concerned with the educative effects of worker participation and adds to this an optimism toward the possibilities for citizens to experience a greater sense of political efficacy at the level of the nation-state.

The thesis displays a pessimism about the possibilities for recapturing the social organization of the nation state in a political sense. As such, the interest with intermediate democratic-political institutions located between the individual and the state is not connected to a desire to increase political efficacy (in actuality or perception). It is here that this thesis most clearly diverges with Carole Pateman’s exploration of participatory democratic theories, where the key concern is with furthering the democratization of broad political systems against the fears which her democratic theorist contemporaries expressed regarding greater levels of citizen participation in democratic processes.

Where this thesis converges with and draws from Pateman’s work is with her attempts to qualify the industrial workplace as a political system rather than as a strictly economic system/organization. She explicitly avers that, “spheres such as industry should be seen as political systems in their own right.”⁵⁵ Because of this, Pateman makes strides toward

⁵⁴ Ibid., 156.

⁵⁵ Pateman, *Participation and Democratic Theory*, 43.

elaborating a *political* theory of the firm, although what she ends up with (intentionally so) is a *participatory-democratic* theory of the firm. Hence, there is no autonomy for the firm - it is political only derivatively, as a preparation for participation in the broader phenomena of state-level politics.

Socialist theories

Like Pateman, Andre Gorz's work *Strategy for Labor* confronts the interplay of the systems of governance in economic firms with the broader political and economic systems in which it is embedded. But where Pateman looks to participatory democracy at the level of the firm in order to strengthen existent democratic institutions at the national level, Gorz foresees worker control over firms as a precursor to a society-wide transformation away from exploitative capitalism to a decentralized socialism.

For Gorz, the workplace is a still-viable arena of struggle within a post-industrial society where the Marxian analysis of class can no longer be coherently applied. Much of his work is relevant to this thesis and its theoretical framework, in that Gorz's theoretical premise is based on the problems and potentials of post-necessity labouring (jobholding). He states, "while it is still necessary to demand the satisfaction of immediate needs, this struggle no longer brings the entire social order into radical question."⁵⁶ The interplay between necessity, work, politics, and society illuminates important aspects of the question being addressed by this thesis.

⁵⁶ Andre Gorz, *Strategy for Labor: A Radical Proposal*, Boston: Beacon Press (1968), 4.

Rawlsian approaches

The current literature in the field relating to workplace governance has been dominated by scholars in the Rawlsian tradition who have taken interest in the ramifications of workplace relations for their theories of justice. Rawls himself broaches the subject of democratic and worker-controlled firms explicitly in his work *Justice as Fairness: A Restatement* while attempting to address Marxist critiques of his conception of property-owning democracy. His response is Millian in character, aligned with the hope that worker-controlled economic enterprises, even operating within an ostensibly capitalist system, can contribute (or at least not detract from) justice as fairness. By noting that “Mill’s idea of worker-managed firms is fully compatible with property-owning democracy,”⁵⁷ Rawls spurs further research into this possibility.

In a recent article, Samuel Arnold utilizes Rawls’s difference principle to argue “that our occupational structure, with its steep hierarchies of command and sharp separation of conception and execution in people’s work, is unjust.”⁵⁸ The essence of Arnold’s argument is that Rawls’s “somewhat obscure primary good of ‘powers and prerogatives of offices and positions of responsibility and authority’,” should not be understood as limited to positions and offices in the public sphere, but applies to the division between mundane and complex work as well.⁵⁹ As a result, he concludes that we ought to make people better off by increasing the range of

⁵⁷ John Rawls, *Justice as Fairness: A Restatement*, Cambridge: Belknap Press of Harvard University (2001), 178.

⁵⁸ Samuel Arnold, “The Difference Principle at Work,” *The Journal of Political Philosophy* 20, no.1 (2012), 95.

⁵⁹ *Ibid.*, 114.

responsibilities and participation available to them in the workplace in line with the difference principle espoused by Rawls.

Nien-He Hsieh has written extensively on the relationship between Rawlsian justice and the internal organization of the workplace. He argues that concerns about the nature of work are salient in evaluating the justness of political and economic institutions, and that this can be found expressed by Rawls in two ways. First, Rawls's account of just economic institutions includes provisions for the opportunity to access meaningful work. Secondly, Hsieh argues that Rawls could endorse that a protection from arbitrary interference is a necessary component of just work.⁶⁰

The primary solution to these issues offered by Hsieh is the reorganization of the workplace in order to allow for greater contestation of, or participation in, management decisions for workers within economic enterprises. The basic minimum income which is provided for in Rawls's property-owning democracy gives workers some greater degree of freedom to exit from an oppressive work environment. However, if there is a possibility for the exercise of arbitrary interference inherent to the prevalent form of economic organization, the heightened ability to exit does not go far enough. If processes of contestation and participation were institutionalized they would provide an additional protection for citizens as workers within the economy.⁶¹ Hsieh also sees greater participation as a potential solution to a problem that arises with the desirability of meaningful work. It is conceded that some work by its very nature will be monotonous and non-stimulating, and to that end he states, "The thought is that if the content of the work itself cannot be made meaningful, the overall work experience can be made

⁶⁰ Nien-He Hsieh, "Justice at Work: Arguing for Property-Owning Democracy," *Journal of Social Philosophy* 40 no.3 (2009), 408.

⁶¹ Ibid.

more meaningful by requiring the exercise of judgment, initiative, and intellect at the organization level.”⁶²

Martin O’Neill probes the possibilities for economic democracy within Rawls’s conception of justice and determines they are compatible with, and in fact required, for justice as fairness. He provides three separate lines of argument asserting the necessity of functional economic democracy within the institutional framework of a just society.

First, O’Neill asserts that the right to participate in economic decision-making at the workplace may be added to the list of basic liberties which is given by Rawls. Although Rawls himself rejects this possibility,⁶³ O’Neill argues that there is a strong case for believing that some degree of control of workplace conditions may be “among the necessary conditions for the full exercise and development of the two moral powers, and is therefore not one of the fundamental ‘bases of self-respect’ that are to be protected by constitutional guarantees.”⁶⁴

Drawing on the importance Rawls attributes to the stability of any possible just society, O’Neill sees the exercise of economic democracy by the citizenry as contributing to this stability by way of the development of citizens who are democratically active and engaged. Again utilizing Rawls’s emphasis on the development of the two moral powers of individuals, O’Neill justifies entrenched participation in workplace decision-making and economic democracy as conducive to this development and thus it acts a long-term stabilizing influence for the institutions required of a just society.

⁶² Ibid.

⁶³ John Rawls, *Justice as Fairness*, 114.

⁶⁴ Martin O’Neill, “Three Rawlsian Routes toward Economic Democracy,” *Revue de Philosophie Economique* 8 no.2 (2008), 41.

He also argues convincingly that the nature of the distribution of wealth via the government and its interactions with the economy requires not only an after the fact redistribution by way of taxation, but also a prior wide dispersal of power and authority throughout the population in economic matters. Applying the difference principle to social primary goods allows O'Neill to claim that workplace democracy would "realize the value of equality through *ex ante* compression of objectionable economic inequalities, and through the organization of economic life in a way that reduced the likelihood of social domination or loss of status."⁶⁵

Rawlsian approaches, although noteworthy in many respects, are pursuing a different project than this thesis. Beginning from considerations of justice, these theories locate the workplace within its broader environment and are not interested in pursuing an independently political evaluation of the contemporary business firm.

Democratic theories

Many contributions to the debate over the proper form of governance for economic enterprises have been made by those working within the analytic school of democratic theory. It is especially necessary to look to this school of thought in order to properly distinguish these works from the goals of this thesis, because upon first glance the projects being undertaken appear to be quite similar. Two scholars, Robert Dahl and Christopher McMahon, will be given particular attention within this section due to the comprehensiveness of their respective looks at the need for democratic governance within business firms. A number of minor works on the

⁶⁵ Ibid., 49.

topic will also be touched upon in order to demonstrate the diverse reasoning present throughout this branch of political theory.

Dahl's argument in favour of the democratization of economic enterprises begins with an argument affirming "the view that in a certain kind of human association, the process of government should as far as possible meet democratic criteria, because people involved in this kind of association possess a *right*, an inalienable right to govern themselves by the democratic process."⁶⁶ Following this, Dahl's work hinges on providing justifications for two sets of axiomatic claims. The first of these is a list of assumptions about the moral and organizational requirements for an association to be eligible for democratic consideration. The second is a set of criteria outlining Dahl's requirements for a process to be considered democratic.

Thus, the remainder of Dahl's project consists in demonstrating that the contemporary business firm can qualify as an association eligible for democratic governance, and that other concerns - such as efficiency, or a right to the unlimited accumulation of private property in the means of production - do not trump his primary moral assertions.

Dahl's work places itself in contrast with participatory theories such as Pateman's, opting for a skeptical position in opposition to "high hopes for huge changes in attitudes, values, and character from greater democracy at work."⁶⁷ Instead, Dahl argues deontologically in favour of a primary right to democratic decision making - within his previously established framework - without concern to the potentially desirable moral *outcomes* which may or may not arise from a democratized economic sphere. Approaching the firm from this viewpoint of democratic theory allows Dahl to construct a convincing democratic theory of the firm, although utilizing a

⁶⁶ Robert A. Dahl, *A Preface to Economic Democracy*, Berkeley: University of California Press (1985), 56.

⁶⁷ *Ibid.*, 98.

conception of politics which is at odds with that put forward in this thesis. The problem encountered in Dahl is that his work begins from the assertion that the contemporary nation-state is the proper space for the practice of democratic politics. He then moves from the enormous and administratively oriented level of the state to the level of the workplace, making the case that the parallel case between the two is sufficient for the moral justification of implementing workplace democracy. Based upon its Arendtian framework, this thesis posits that the nation-state is not the right origin for thinking of democratic politics, and instead opts to look prior to the nation-state - to the *polis* - for the sort of politics desirable and appropriate to economic enterprises.

Christopher McMahon's argument looks to first properly understand the type of authority which is exercised in the management of economic enterprises before determining the morally proper set of relationships which should prevail therein. He argues that managerial authority ought to be considered as an authority serving the function of assuring the best possible group outcome in a coordination game.⁶⁸ This type of authority "facilitates cooperation among individuals with contrary aims without eliminating disagreement, at least in the sense of securing the adoption by all of the same substantive goals. Rather, it makes it possible for each member of the group to promote his or her goals more effectively."⁶⁹

McMahon rejects outright any connection between democratic governance and value-laden theories of the political, asserting that, "the question of democracy in the managerial sphere be approached as it is in the governmental sphere, not by considering whether it is called

⁶⁸ A coordination game occurs when multiple players have disparate preferences, yet a greater payoff for all individuals can be achieved only if all players are able to settle on the same outcome. If the players act without coordination and aim for their respective optimal payoffs, the outcome is worse for all players, even if the coordinated action is suboptimal for various players.

⁶⁹ Christopher McMahon, *Authority and Democracy*, Princeton: Princeton University Press (1994), 44.

for by certain conceptions of the good life, which may not be widely shared, but rather by considering whether it is required if managerial authority is to be appropriately exercised.”⁷⁰ As with Dahl, this alignment of managerial administration and politics is unable to sit comfortably at the same table as the Arendtian notion of the political. McMahon’s considerations are largely instrumental, while his moral concerns are often rooted in the political problem of the relationship between the economic enterprise and the broader political structure in which it is to be found. For example, a central concern to McMahon’s work is his worry that, “there are many respects in which employees may regard themselves as contributing in their work to a moral or political agenda that they do not share,” which involves the tacit support of these political or moral agendas without a compensatory say in how they are to be determined.⁷¹ As such, workplaces ought to be organized in a way which allows the workers a democratic say in such cases which are likely to affect the political outcomes in already existent external political realms.

Michael Walzer approaches the governance of the firm from the angle of ownership, with an eye to the possibility that the ownership of material goods - especially in the means of production - can lead to “sustained control over the destinations and risks of other people.”⁷² While eyeing the entrepreneurial spirit in a positive light and declaring it necessary, he believes that neither the ability to innovate nor the willingness to assume risks gives anyone a right to exercise the power associated with ownership of the means of production. His conclusions about the political eligibility of economic enterprises mirror that of this thesis when he says of

⁷⁰ Ibid., 169.

⁷¹ Ibid., 177.

⁷² Michael Walzer, *Spheres of Justice*, New York: Basic Books (1983), 291.

workers that they are: “participants in the enterprise that causes the effects; they are bound by its rules. Ownership constitutes a “private government,” and the workers are its subjects.”⁷³ The question remains as to how these relationships ought to be normatively conceived of. For Walzer, the firm fits into a federally tiered system of government, where some areas of democratic control are located within the firm, while others are found with stakeholders in the community, the industry, or the state.

Joshua Cohen makes an argument for the desirability of socialism based upon a framework of the extension of democracy into the economic sphere. There are four pillars to Cohen’s argument, two of which deal with relations internal to the firm and two of which are concerned with external effects. The *parallel case argument* and the *psychological support argument* both look to the internal environment of the economic enterprise. Versions of these arguments are found in the work of Dahl and Pateman discussed above, respectively. The *structural constraints argument* and *resource constraint argument* are concerned with the political and distributional effects of business firms within the broader external political and economic environments, and as such are not relevant to this thesis. Cohen finds the *parallel case argument* to be the most compelling for justifying the extension of democratic rights to the economic sphere, stating: “since enterprises comprise forms of cooperation for common benefit, and workers have the capacity to assess the rules that regulate workplace cooperation, they have a right to determine those rules through their own deliberation. The deliberative ideal of justification carries over from the state to firms.”⁷⁴

⁷³ Ibid., 293.

⁷⁴ Joshua Cohen, “The Economic Basis of Deliberative Democracy,” *Social Philosophy and Policy* 6, no.2 (1989), 46.

An argument *against* the eligibility of the economic enterprise for democratic politics is put forth by Richard Arneson in a 1993 essay. He dismisses the parallel case argument made by Cohen and others on the basis that the availability of exit options from the firm versus the paucity of such options at the level of the nation state amounts “to a morally consequential difference.”⁷⁵ Since there are many different workplaces from which one can choose - theoretically at least - in this case “having options and enjoying democratic rights may be substitutes for one another.”⁷⁶ This objection to the parallel case argument contains two errors. First, it conflates choice with determination, ignoring that there is a substantial difference between being able to make a choice from a menu and being able to contribute to the content of said menu. Secondly, the choices available to the dissatisfied worker, although potentially large, are not able to be categorized with the same range as the autocracy/democracy dichotomy. Without individuals being able to reasonably access a *wide* variety of governance styles in their working life, the purported availability of options shrinks substantially.

Arneson’s second point against democratic rights at the level of the workplace is based on even less solid footing. Here, he argues against guaranteeing “all individuals the inalienable and nonwaivable right to workplace democratic rights, on all fours with inalienable and nonwaivable rights of democratic citizenship at the national level.”⁷⁷ With this Arneson seems to imagine a tyrannical sort of mandatory democracy at the workplace level, and here his own parallel case between the nation state and the firm falls apart. Arneson’s protection of those who may not want a democratic voice in the economic sphere fails to acknowledge that it may be

⁷⁵ Richard J. Arneson, “Democratic rights at national and workplace levels,” in *The Idea of Democracy*, ed. David Copp et al., 118-148, Cambridge: Cambridge University Press (1993), 139.

⁷⁶ *Ibid.*, 141.

⁷⁷ *Ibid.*

completely legitimate to not exercise a right without that right of necessity being alienable.

Arneson's objections make clear that he does not view the contemporary business firm as an entity eligible for political consideration, however, even if we grant him the validity of his argument, he is still drawing on a particular interpretation of democracy, and not a particular interpretation of the *political*.

Clearly the argument being undertaken in this thesis is not attempting to make a parallel case between the modern nation state and the business firm. But can the parallel case between an idealized Athenian *polis* and the contemporary economic enterprise be sustained in the presence of available exit options from the workplace? And can it do so while maintaining its level of abstraction away from the political and economic contexts within which it is embedded without reducing itself to a weaker and subordinate equivalent to a municipal political body? These are the questions to be addressed by the argument which unfolds in the next three chapters.

Freedom, Necessity, and the Social Realm

This chapter serves an exegetical purpose, aiming to describe what Arendt considers to be the prerequisite and also the disqualifying factors for political status at the individual or state-wide levels. This thesis is not the first work to assess these relationships as significant for Arendt's thinking. Levin states:

[Arendt's] thought revolves around two fundamental polarities: the polarities of necessity and freedom. The characteristic activity carried on in the realm of necessity is labour, that in the realm of freedom is political action. The tension between these two realms is described by Arendt as the opposition between private and public, shame and honour-and most significant of all-futility and permanence⁷⁸

This interconnected series of dichotomies contains some of the most serious concerns which this thesis must overcome, but also contains the seeds for its success.

First in this chapter, the relationship between freedom and necessity as interpreted by Arendt is examined. This examination includes the logic behind locating freedom in the public realm and necessity in the private realm, as well as how the individuals associated with the three aspects of the *vita activa* exist in relation to the political. Secondly, an outline of what Arendt describes as the *rise of the social* is presented along with the political consequences emerging from this shift in modern priorities. Ultimately, this chapter points to the ways in which the emergence of the social realm results in a closing of the political space, with a concomitant blurring of the line between the public and the private as well as the evaporation of opportunities for the exercise of individual political efficacy.

⁷⁸ Martin Levin, "On *Animal Laborans* and *Homo Politicus* in Hannah Arendt: A Note," *Political Theory* 7, no.4 (1979), 523.

Necessity and unfreedom

This section sets about to accomplish three things. First, the connection between freedom and necessity is explored, including Arendt's conceptual understanding of each term. Secondly, the locating of necessity in the private realm of the household is contrasted with the locating of freedom in the public realm of the *polis*. Lastly, the conclusion Arendt draws from these two points - that therefore man as *animal laborans* and man as *homo faber* are ineligible for participation in the freedom of the political realm - is described.

For Arendt's politics, where "the meaning of politics is freedom,"⁷⁹ understanding the Aristotelean relationship between necessity and freedom is paramount. At its simplest, this means that one cannot be free so long as one is *subject* to necessity, where necessity is made up of the cyclical production and consumption of those things integral to maintaining the biological life process itself. And freedom is defined predominantly by its opposition to necessity, as "in full independence of the necessities of life and the relationships they originated."⁸⁰

Another quality which distinguishes necessity from freedom in Arendt's political thought, and allows us to escape the definitional loop conveyed in the previous paragraph, is found in the relationship of each to plurality. Whereas necessity is experienced by the individual in isolation as the demands of the biological life process, freedom is incomprehensible without the presence of others as it is actually "the reason that men live together in political organization

⁷⁹ Arendt, *The Promise of Politics*, 108.

⁸⁰ Arendt, *The Human Condition*, 12.

at all.”⁸¹ When discussing the difference between the political sense of freedom, and the internal freedom expositied in the Christian tradition, she avers:

This freedom which we take for granted in all political theory and which even those who praise tyranny must still take into account is the very opposite of “inner freedom,” the inward space into which men may escape from external coercion and *feel* free. This inner feeling remains without outer manifestations and hence is by definition politically irrelevant.⁸²

The difference between the plurality required for freedom and the isolation attached to necessity forms the basis of Arendt’s distinction between the private and public spheres, reaching their clearest expression in the opposition of household with *polis*. Arendt places freedom in opposition to necessity, noting time and again that one must *master* - her choice of words will be important in the following chapter - life’s biological necessities in order to be free in the sense required for political participation in the *polis*: “the realm of the *polis*, on the contrary, was the sphere of freedom, and if there was a relationship between these two spheres, it was a matter of course that the mastering of the necessities of life in the household was the condition for freedom of the *polis*.”⁸³

In addition to the distinction between plurality and isolation, Arendt also draws an association between the privacy of the household and the need to keep some parts of life - namely those connected with necessity - hidden from the gaze of the public realm: “it has always been the bodily part of human existence that needed to be hidden in privacy, all things connected with the necessity of the life process itself, which prior to the modern age

⁸¹ Arendt, *Between Past and Future*, 146.

⁸² Ibid.

⁸³ Arendt, *The Human Condition*, 31.

comprehended all activities serving the subsistence of the individual and the survival of the species.”⁸⁴

Lest we fall into thinking that the unfreedom of the household realm applied only to those labouring to provide the household head with the means to sustain the life process, it ought to be noted that neither the ruled *nor the ruler* experienced freedom within the relationships prevailing in the household, for, “to be free meant both not to be subject to the necessity of life or to the command of another *and* not to be in command oneself. It meant neither to rule nor to be ruled.”⁸⁵

The upshot of this is that the household is the sphere of human existence concerned with the activities required for sustaining the life process, where “men lived together because they were driven by their wants and needs.”⁸⁶ Because those activities concerned with subsistence require privacy for their performance while freedom requires the presence of others, the private realm can be considered prepolitical, apolitical, or antipolitical. It is only in the public realm of the polis where freedom can exist.

It is due to their respective relationships with necessity that *animal laborans* and *homo faber* are deemed to be ineligible for freedom and political status. To wit: “Neither labor nor work was considered to possess sufficient dignity to constitute a *bios* at all, an autonomous and authentically human way of life; since they served and produced what was necessary and useful, they could not be free, independent of human needs and wants.”⁸⁷

⁸⁴ Ibid., 72.

⁸⁵ Ibid., 32.

⁸⁶ Ibid., 30.

⁸⁷ Ibid., 13.

Because of this, there are obvious consequences for those whose lives are respectively encapsulated by the three categories of the *vita activa*. The eligibility of *animal laborans* (labour), *homo faber* (work), and the *zoon politikon* (action) for participation in the public realm, where in this instance, “public realm” is used synonymously with “political realm,” is best summed up by Arendt as follows: “Aristotle distinguishes three classes (to use Marx’s terminology) of men: those who labor for others and are slaves; those who labor for themselves in order to earn their livelihood and are not free citizens; and those who, because they possess slaves and labor neither for themselves nor for others, are admitted to the public realm.”⁸⁸

Returning definitionally to Arendt’s conception of labouring, it is considered complete futility, forever trapped in sustaining the life process and forced to begin again producing the means of biological subsistence immediately following consumption. The antipolitical nature of labour is created by the stringent categories of Arendt’s thought on freedom and necessity, leading Beltran to state that, “by disjoining freedom and necessity, Arendt is unable to invest labor with political significance. She understands labor as inescapably meaningless - endless and incapable of revealing singularity.”⁸⁹

Homo faber is historically able to occupy a more dignified position in the common world for a number of reasons. This status accorded the worker is due to the role of work in constructing the edifices of the human world which are meant for continued use rather than immediate consumption, and thus have the potential to approach the earthly immortality of the political. Additionally, the process of working is a step removed from the life process - indeed, *homo faber* controls the process of production, allowing for an escape from the endless cycle of

⁸⁸ Arendt, *The Promise of Politics*, 91.

⁸⁹ Cristina Beltran, “Going Public: Hannah Arendt, Immigrant Action, and the Space of Appearance,” *Political Theory* 37, no.5 (2009), 600.

production for consumption. Finally, *homo faber* has a role to play in public where he must appear in order to exchange the use objects he has created in isolation. There are tantalizing - or fundamentally confused - moments where Arendt acknowledges *action* in the process of exchange, almost opening the door for political consideration:

while the public realm as exchange market corresponds most adequately to the activity of fabrication, exchange itself already belongs in the field of action and is by no means a mere prolongation of production; it is even less a mere function of automatic processes, as the buying of food and other means of consumption is necessarily incidental to laboring.⁹⁰

Yet, once *homo faber* is subsumed into the rise of a manufacturing class, the products which initially were prioritized primarily for use and secondarily for exchange are reversed in their functions and the status of *homo faber* is reduced. Arendt concludes, “workmanship, therefore, may be an unpolitical way of life, but it certainly is not an antipolitical one. Yet this precisely is the case of laboring, an activity in which man is neither together with the world nor with other people, but alone with his body, facing the naked necessity to keep himself alive.”⁹¹

The only aspect of the *vita activa* to be directly connected with, and requiring of, freedom is that of action-speech, which is “specifically *the* condition...of all political life.”⁹² It is to the contemporary relationship between individuals, governments, and necessity - as well as the ramifications of the nature of this relationship for freedom and politics - which we now turn our attention.

⁹⁰ Arendt, *The Human Condition*, 209.

⁹¹ *Ibid.*, 212-3.

⁹² *Ibid.*, 7.

The rise of the social

The strict distinction between the private household realm governed by necessity and the public political realm of freedom breaks down for Arendt when the concerns typically associated with household management are elevated into a society-wide project. The social realm comes to play a dominant role in the modern age when “housekeeping, its activities, problems, and organizational devices [emerge] from the shadowy interior of the household into the light of the public sphere.”⁹³ Levin describes the state of affairs when the social realm has emerged into the space previously occupied by the political: “The private has superseded the public, politics yielded to economics and freedom has been submerged by necessity.”⁹⁴ This section will look first at how the social can be understood as the elevation of the economic concerns of the household to the level of the state. Second, we turn to the blurring of the classical distinction between public and private realms precipitated by the emergence of the social realm. Third, the relationship between the rise of the social and the ascendancy and predominance of the statistical and behavioral sciences is explored, along with the way this emphasizes predictability over the spontaneity of action.

One of the strongest claims Arendt makes in reference to the modern era is her assertion that the social has overtaken the political in making its home in the public realm. The social consists of the transposition of economic concerns to the level of the state, with the effect that, “we see the body of peoples and political communities in the image of a family whose everyday

⁹³ Ibid., 38.

⁹⁴ Levin, 529.

affairs have to be taken care of by a gigantic, nation-wide administration of housekeeping.”⁹⁵

Much as freedom and necessity are mutually exclusive in her work, so too with the parallel concepts of the political and the economic:

the collective of families economically organized into the facsimile of one super-human family is what we call “society,” and its political form of organization is called “nation.” We therefore find it difficult to realize that according to ancient thought on these matters, the very term “political economy” would have been a contradiction in terms: whatever was “economic,” related to the life of the individual and the survival of the species, was a non-political, household affair by definition.⁹⁶

The economic is, for Arendt, “the public organization of the life process itself,” thus marrying together the common world of human affairs and the cyclical futility represented in the person of *animal laborans*. These definitional and causal chains become extremely important when reading Arendt, because in this case, the linkage between the public realm and biological necessity results in the assignment of nonpolitical status to the entirety of the modern age. If those in the ancient household could not be free because of their subjection to necessity, those in modern society similarly cannot be free:

Perhaps the clearest indication that society constitutes the public organization of the life process itself may be found in the fact that in a relatively short time the new social realm transformed all modern communities into societies of laborers and jobholders; in other words, they became at once centered around the one activity necessary to sustain life.⁹⁷

The areas of human existence which deal with the provision of the means of biological sustenance have traditionally been located within the household, as, “the needs and wants of the human body and the natural functions to which the body is subject are inherently private.”⁹⁸

This is the linking of necessity and the activities of the household discussed above. However,

⁹⁵ Arendt, *The Human Condition*, 28.

⁹⁶ *Ibid.*, 29.

⁹⁷ *Ibid.*, 46.

⁹⁸ Dossa, 59.

the effect of the rise of the social is not only a one-way phenomenon shifting private necessity into public economics. For Arendt, the most devastating consequence of this change may well be the conformity that is foisted upon the members of society when government becomes a matter of administration rather than a sphere of freedom. With this conformity dominating the common human world, the possibilities for distinction and excellence - in short, the plurality that is integral to Arendt's view of the political - recedes to the individual's private realm: "society equalizes under all circumstances, and the victory of equality in the modern world is only the political and legal recognition of the fact that society has conquered the public realm, and that distinction and difference have become private matters of the individual."⁹⁹ This public equality is the conformity and futility against which Arendt struggles, leading one Arendt scholar to see as a chief element in her writings, "Arendt's quest for distinctiveness as a response to the homogenizing tendencies of modernity."¹⁰⁰ The rise of the social, although consisting of a broad element of equality, all but eliminates the plurality of human life which is key to Arendt's conception of the political.

The rise of the social is concurrent to, and interrelated with, the rise of the statistical and behavioral in the social sciences. With distinction and difference relegated to the private realm, the public realm has become a sphere of behavior rather than action, leading Arendt to state:

It is decisive that society, on all its levels, excludes the possibility of action, which formerly was excluded from the household. Instead, society expects from each of its members a certain kind of behavior, imposing innumerable and various rules, all of which tend to "normalize" its members, to make them behave, to exclude spontaneous action or outstanding achievement.¹⁰¹

⁹⁹ Arendt, *The Human Condition*, 41.

¹⁰⁰ Marshall, 131.

¹⁰¹ Ibid., 40.

Whereas the Arendtian concept of the political is conceived of as a realm where new beginnings and unique actions are continuously undertaken, the social stands in stark contrast with this. The disciplines which aim to study these two spheres, politics and sociology, possess the same distinction as the reality being investigated: “For the sociologist, the patterns produced by everyday life are the primary object of knowledge, and can be discerned by abstracting from all that is particular, accidental and non-repeatable in human action and focusing on regular sequences of activity about which generalizations can be constructed.”¹⁰² Arendt’s view on such oppositions is in obviously stark contrast, stating:

Modes of behavior can never be the object of systematic research, or they can be only if one excludes man as an active agent, the author of demonstrable events in the world, and demotes him to a creature who merely behaves differently in different situations, on whom one can conduct experiments, and who, one may even hope, can ultimately be brought under control.¹⁰³

The consequences of this ‘rise of the social’ are significant and substantial. Taken to its conclusion, the concerns and the conditions which dominate the public realm in the modern age render society as a whole unfree and thus incapable of inhabiting a political realm. Yet, if there appears to be widespread agreement that household rule is distinct from the rule of the state, why does Arendt insist that the transposition of subject matter from the household to the state in its move from private to public brings with it the same ramifications?

¹⁰² Philip Walsh, “The Human Condition as social ontology: Hannah Arendt on society, action and knowledge,” *History of the Human Sciences* 24, no.2 (2011), 123.

¹⁰³ Arendt, *The Promise of Politics*, 105.

Closing of the political space

A result of the prevalence of administration, governmentality, and bureaucracy in the affairs of the modern state has been a further lessening of opportunities for citizens to engage politically. The erosion of political space will be dealt with in this section in two ways: first, as an empirical observation based on people's reduced *sense* of political efficacy, and secondly, as the disappearance of the possibilities for the *category* of political space in the Arendtian sense.

The problem of political efficacy has been discussed above in relation to the participatory theories of economic governance expressed in the work of Mill and Pateman. Pateman looks to political efficacy as a psychological phenomenon, one which can be affected by the possibilities for meaningful participation in the organizations relevant to an individual's life.¹⁰⁴ Dahl gives clear expression to the sort of problem faced by the individual in relation to the bureaucratic machinery of the government of the contemporary nation-state, presenting the issue of efficacy by way of: "Complexity and giantism have created such a distance between our actions and their consequences that our capacity for moral action has been dangerously impoverished."¹⁰⁵

The risk in relying on empirical rather than normative conceptions of political efficacy is that a confusion may arise between the notion of what constitutes the political for writers such as Pateman and Dahl, and the political as used by Arendt. Where Dahl and Pateman can coherently express the possibility of a content-laden politics which is currently less accessible or even

¹⁰⁴ Pateman, *Participation and Democratic Theory*, 45.

¹⁰⁵ Dahl, *A Preface to Economic Democracy*, 98.

inaccessible to a citizenry, this option is closed for Arendt. The conditions for political action - freedom from necessity, for example - constitute in a very important sense the very possibilities which represent the content of Arendtian politics. Thus, now that we have looked at the *sense* of political efficacy engendered by the contemporary dominance of the social in the public realm, it is important to also lay out the ways in which this development renders Arendt's notion of politics impossible at the level of the nation-state.

How then, are the possibilities for this politically organized world eliminated by the introduction of economic concerns into the realm of government? At its simplest, because of the opposition of freedom and necessity, and the correlate between politics and freedom, any area where the predominant condition is *subjection* to necessity must be ineligible for political action. The ascendance of statistical and behavioral sciences has reconfigured the citizenry as a population, crowding out spontaneity and individuality of action from the public sphere. The magnitude of this problem is taken up by Owens when, discussing the Arendtian social realm, she states:

Like the domestic realm of the ancient Greek *oikos*, the modern social realm would be dominated by the rhythms of the life process, but these were no longer confined to the household; they burst out into the public realm perverting its purpose. The political was reduced to a function of the social; politics became government administration thus depriving moderns of the fully human life only found in civic engagement and full membership in the public, political world.¹⁰⁶

The result is a nonpolitical world inhabited by individuals who are ineligible for freedom or political participation due to the conditions of the modern world. The requirements for freedom and its correlate in the political sense are presented by Arendt as follows:

¹⁰⁶ Patricia Owens, "Not life but the world is at stake: Hannah Arendt on citizenship in the age of the social," *Citizenship Studies* 16, no.2 (2012), 298.

in order to be free, man must have liberated himself from the necessities of life. But the status of freedom did not follow automatically upon the act of liberation. Freedom needed, in addition to mere liberation, the company of other men who were in the same state, and it needed a common public space to meet them - a politically organized world, in other words, into which each of the free men could insert himself by word and deed.¹⁰⁷

This alerts us to the existence of a two-step problem along the path to establishing political eligibility. First, without overcoming the problem of necessity, individuals lack the freedom required for political participation. Secondly, even where individuals are not subject to necessity, there must be a space and a public in which and before whom one can act. It is important to avoid conflating these two issues, and to be successful, this project must address both.

Thus, the Arendtian pessimism surrounding the rise of the social - which takes for granted that because the public realm of the nation state is dominated by processes of administration, there exists no space within society for politics - must be confronted and overcome. Also in need of refutation is the strand of post-Arendtian optimism which, in light of the success of economic administration and its concomitant freeing of more and more of the citizenry from subjection to necessity, seeks to reestablish political space at the level of the nation state. The following chapters provide these refutations while asserting that contemporary labourers can be considered eligible for political participation, and that the possibility exists for establishing a political space, not at the level of the nation state, but rather within the modern economic enterprise.

¹⁰⁷ Arendt, *Between Past and Future*, 148.

Establishing Political Eligibility

Arendt is firm in her assertions that man *qua* labourer (*animal laborans*) is antipolitical and man *qua* fabricator (*homo faber*) is apolitical. It is the task of this section to instead establish, on terms acceptable to Arendt's own framework (reading Arendt against herself¹⁰⁸), that the contemporary worker can be considered eligible for political status. There are two prongs to this approach: first, demonstrating that the shift to the social described in the previous chapter cannot be understood as merely a transference of household concerns to the level of the nation state. That, much as Aristotle is careful to distinguish between the art of ruling over a household and the art of ruling in the *polis* as qualitatively different, so too with the nature of the production of the means of subsistence at these two levels. Secondly, it will be argued that there is also a qualitative difference between the position of the individual *qua* member of the labour market and the individual *qua* employed worker/labourer. While the individual who is out of work and actively looking for work can be defined by their subjection to biological necessity, those who have found employment - thus exiting the labour market - have a different set of concerns in modern capitalist states.

¹⁰⁸ Beltran, *Going Public*, 600.

Social production and the satisfaction of necessity

This section proposes that the work of Hannah Arendt offers three ways in which an individual may stand in relation to the problem of biological necessity, which in turn offer different ramifications for the political status of these individuals. One may be *subject* to necessity, *master* of necessity, or exist in a situation where necessity is *ruled by no one*. This third possibility is implicitly found in Arendt's discussion of the rise of the social realm, and provides an opportunity to challenge, on Arendt's own terms, her prognosis for the realm of the political in the modern age.

Most readings of Arendt's social realm liken the relationship between populations in the modern age and society-wide economic concerns with mass *subjection* to necessity rather than collective *mastery* of necessity. The modern elevation of the economic role of the household to the level of society - concomitant with the emergence of government as administration - results in the social, rather than individual, production of the satisfaction of biological necessity. Where Arendt views this as the bureaucratic - and potentially extremely tyrannical - rule of no one associated with government as administration, the reading of Arendt presented here skews toward understanding the connection between populations and necessity as an example of *no* rule. As such, the perceived stifling influence of necessity over all aspects of life in the modern age is highly overstated. Instead of viewing the prevalence of the social in the public realm as destructive of the political status of the populace, this reading allows for the possibility of political eligibility for *animal laborans* and *homo faber* in the modern age. Key to this argument is the assertion that, especially in the modern age, "it is not at all certain that the demands of

physical necessity are so intense as to forever condemn *animal laborans* to the senseless privacy of the ‘household.’”¹⁰⁹

Subjection to necessity

Throughout Arendt’s work, the relationship between necessity and the individual is described almost entirely in terms analogous to the master/slave relationship. This section first considers the individual in a slavish relationship with necessity - ground which has been sufficiently covered above - before moving on to the individual who is the master of necessity. Examples of Arendt’s terminology includes that, “necessity *ruled* over all activities performed in [the household]”¹¹⁰ and that:

... to be able to live in a polis at all, man already had to be free in another regard - he could not be *subject* as a slave to someone else’s domination, or as a worker to the necessity of earning his daily bread. Man must first be liberated or liberate himself in order to enjoy freedom, and being liberated from *domination* by life’s necessities was the true meaning of the Greek word *scholē* or the Latin *otium* - what we today call leisure.¹¹¹

These relationships, of course, are a direct result of the equation of unfreedom and necessity which Arendt raises again and again. In this sense it seems very straightforward that someone subjected to, or dominated by, necessity cannot be eligible for the freedom of the political realm. However, in the investigation of the mastery of necessity to follow, the very tip of a wedge can be driven in between freedom and necessity where Arendt is ordinarily seen as maintaining a strict boundary.

¹⁰⁹ Dossa, 64.

¹¹⁰ Arendt, *The Human Condition*, 30; emphasis mine.

¹¹¹ Arendt, *The Promise of Politics*, 117; emphasis mine.

Mastery of necessity

The highly demanding language associated with achieving freedom appears frequently in Arendt's thought, such as that, "it was a matter of course that the mastering of the necessities of life in the household was the condition for freedom of the *polis*."¹¹² But there are also statements which blur the distinction between freedom and necessity by acknowledging that, against the simplest reading of Arendt, it is neither *complete* freedom nor *complete* necessity that is being discussed. This more subtle relationship is discussed in the context of the relative ease of labour in the modern age, with Arendt warning that, "Man cannot be free if he does not know that he is subject to necessity, because his freedom is always won in his never wholly successful attempts to liberate himself from necessity."¹¹³ That these attempts are never wholly successful is where the discussion of the mastering of necessity begins.

The notion of mastering necessity is not the same as ultimately overcoming or eliminating necessity, a distinction made by Arendt on many occasions: "Emancipation from labor, in Marx's own terms, is emancipation from necessity, and this would ultimately mean emancipation from consumption as well, that is, from the metabolism with nature which is the very condition of human life."¹¹⁴ If eliminating necessity is the same as eliminating the life process altogether, we must have recourse to understanding a range in which necessity affects an individual. It cannot be so simple as freedom beginning at the moment necessity ends with no overlap.

¹¹² Arendt, *The Human Condition*, 31.

¹¹³ *Ibid.*, 121.

¹¹⁴ *Ibid.*, 131.

Therefore, the individual's concern with the satisfaction of their biological necessities must always exist along a spectrum. Even the wealthiest Athenian household head would still have to concern himself with the production of basic human needs via directing the activities of his slaves - or in the very least directing the delegation of this direction - and there is no one short of a god who is able to disregard the requirements of consumption in order to satisfy the maintenance of life. There exist two possibilities for the other extreme of the spectrum: "those who labor for others and are slaves [or] those who labor for themselves in order to earn their livelihood."¹¹⁵ That both of these would be considered unfree in ancient Athens makes sense when we imagine the possibilities of overlap between these two pursuits: the well-fed slave with a benevolent master may well enjoy a situation less burdened by necessity than the struggling labourer trying with difficulty to eke out the barest of biological needs.

That the contemporary world, as a society of consumers or jobholders, places *animal laborans* and *homo faber* in a position far more analogous to that of the head of the ancient Athenian household than that of the slave is a running theme throughout the argument pursued throughout this chapter.

Necessity freed from rule

We have already encountered the Arendtian explanation of the social as a transposition of the economic concerns of the household to the level of society as a whole. And this section has provided an overview of the possible relationships between an individual and necessity which Arendt explicitly describes. This thesis claims that there exists another, although implicit,

¹¹⁵ Arendt, *The Promise of Politics*, 91.

relationship between the individual and necessity in Arendt's work, one that only arises with the social takeover of the public realm. Key to this implicit understanding of necessity is the nature of relations between individuals, and between individuals and society, in the modern age.

Arendt states: "What the modern era expected of its state, and what this state indeed achieved to a large extent, was the release of men to develop their socially productive energies, to produce in common the goods they required for a "happy" life."¹¹⁶ Herein it is asserted that the common production of goods potentially brings about a necessary - though not sufficient - condition for a form of political freedom for which workers would be eligible.

The social realm in the modern world is governed by an administrative bureaucracy tasked with organizing the economics of necessity across the whole of the population. In such circumstances it becomes less clear as to how the relations of ruler and ruled are configured with regard to the individual. The relationship between *rule* and bureaucracy is elucidated by Arendt in *The Human Condition*:

It is true that one-man, monarchical rule, which the ancients stated to be the organizational device of the household, is transformed in society - as we know it today, when the peak of the social order is no longer formed by the royal household of an absolute ruler - into a kind of no-man rule. But this nobody, the assumed one interest of society as a whole in economics as well as the assumed one opinion of polite society in the salon, does not cease to rule for having lost its personality. As we know from the most social form of government, that is, from bureaucracy (the last stage of government in the nation-state just as one-man rule in benevolent despotism and absolutism was its first), the rule by nobody is not necessarily no-rule; it may indeed, under certain circumstances, even turn out to be one of its cruelest and most tyrannical versions.¹¹⁷

This theme of bureaucracy as ruler is picked up by other Arendt scholars, such as when Owens categorizes the nature of household rule emerging onto the level of the population as, "among other things...the model of the patriarchal family was transfigured onto collective life as a whole,

¹¹⁶ Arendt, *The Promise of Politics*, 142.

¹¹⁷ Arendt, *The Human Condition*, 40.

except that the despotism of the father was replaced by the anonymous rulership of the bureaucrat.”¹¹⁸

Rather than adopting this view of the rule of nobody as a stifling and tyrannical bureaucratic *rule* - which it ought to be noted, is not an inevitability, but rather will only occur “under certain circumstances” - this thesis instead looks to Arendt’s explanation of the no-rule of *isonomy* for an image of the rule of nobody which inhabits the social realm:

Freedom as a political phenomenon...was understood as a form of political organization in which the citizens lived together under conditions of no-rule, without a division between rulers and ruled. This notion of no-rule was expressed by the word *isonomy*, whose outstanding characteristic among the forms of government, as the ancients had enumerated them, was that the notion of rule (the ‘archy’ from ἀρχειν in monarchy and oligarchy, or the ‘cracy’ from κρατειν in democracy) was entirely absent from it. The *polis* was supposed to be an *isonomy*, not a democracy.¹¹⁹

This no-rule is premised on a distinctly Athenian notion of freedom and its accompanying form of equality, whereby: “*isonomia* does not mean that all men are equal before the law, or that the law is the same for all, but merely that all have the same claim to political activity.”¹²⁰

The claim of this thesis is that the concept of *isonomia* can be transposed onto the social realm, in that all have an equal claim to *economic* activity. This claim is backed up by part of Walsh’s reading of Arendt, where he notes that, “the ‘rise of the social’ refers not to the invention of a new realm of human activity, but to the transvaluation of an existing one.”¹²¹ The social realm for Arendt is concerned not with elements of control, nor inherently with the stifling of action. The antipolitical nature of the social realm comes about because of its concern with

¹¹⁸ Owens, 299.

¹¹⁹ Arendt, *On Revolution*, 20.

¹²⁰ Arendt, *The Promise of Politics*, 118.

¹²¹ Philip Walsh, “The Human Condition as social ontology: Hannah Arendt on society, action, and knowledge,” *History of the Human Sciences* 24, no.2 (2011), 124.

organizing the satisfaction of necessity for the population. If one is not concerned with reestablishing a political space in the realm currently occupied by the social, there is no need to be particularly worried with the advent of administrative governmental bureaucracies, at least not in terms of subjection. That necessity has usurped a realm previously reserved for political action does have ramifications for the *exercise* of political freedom, but says nothing about the elimination of the *possibility* of political freedom. Arendt herself does not rule out the concurrence of eligibility for political freedom with an inability to exercise this freedom.

On multiple occasions throughout Arendt's work the unique position of the household head is discussed with reference to his ability to be sometimes located within - and subject to - the unfree realm of the household where he managed the conditions which allowed him at other times to enjoy the freedom of the public and political realm. In *The Human Condition* we find, "within the realm of the household, freedom did not exist, for the household head, its ruler, was considered to be free only in so far as he had the power to leave the household and enter the political realm, where all were equals."¹²² The same view of freedom is also found in *On Revolution*. There, Arendt describes the relationship between rule and freedom, saying, "the Greeks held that no one can be free except among his peers, that therefore neither the tyrant nor the despot nor the master of a household - even though he was fully liberated and was not forced by others - was free."¹²³

Important here is the assertion that the same individual can be subject to necessity within the household (as ruler), yet the form of this subjection (the use of slave labour to master necessity) is exactly what provides the basis for the individual's freedom in the public and

¹²² Arendt, *The Human Condition*, 32.

¹²³ Arendt, *On Revolution*, 21.

political realm of the *polis*. This allowance for a duality within the individual with respect to the relationship with biological necessity provides an opening to argue for the possibility that workers and labourers within a society of consumers or society of jobholders are able to partake in the same duality. The duality of freedom and unfreedom embodied within the single person of the Athenian household head is important for the image of the labourer in modern society which is being constructed in this thesis. The labourer *qua* commodity is unfree, but *qua* socially interdependent producer she is able to encounter necessity in a situation freed from the categories of rule.

As Arendt's conceptual opposing of necessity and freedom is largely derived from Aristotle, it is instructive to attempt to trace the earlier linkage between rule and necessity which this thesis claims is broken in light of the rise of the social realm. Aristotle states: "For as household management is the kingly rule of a house, so kingly rule is the household management of a city, or of a nation, or of many nations."¹²⁴ The kingly rule described by Aristotle is revealing in its distinctness from Arendt's rise of the social. For Arendt, "society is the form in which the fact of *mutual dependence* for the sake of life and nothing else assumes public significance and where the activities connected with sheer survival are permitted to appear in public."¹²⁵ This mutual dependence does indeed come to be destructive of the political realm, but it occurs within the public realm, a realm where members of the populace are equal in their eligibility to engage in economic activities - versus the kingly rule which effectively transforms the political realm into a private realm, where equality is absent.

¹²⁴ Aristotle, *The Politics*, Cambridge: Cambridge University Press (1996), 85.

¹²⁵ Arendt, *The Human Condition*, 46. Emphasis mine.

As Aristotle traces the development of the various levels of association found among humans, he notes the variations in their *telos* with regard to the satisfaction of biological necessity. First of all, the household, which for Aristotle is created out of the association of man with slaves and women, serves to procure the “satisfaction of daily needs.”¹²⁶ Following this, the village is formed as a combination of households, with the purpose of satisfying the vaguely described “something *more* than daily needs,”¹²⁷ and seemingly fulfilling nothing more than the analytical function of demonstrating an origin for kingly rule above the level of the household. Finally, the state is formed, which “came about as a means of securing life itself, [and] continues in being to secure the *good* life...Moreover, the aim and the end is perfection; and self-sufficiency is both end and perfection.”¹²⁸

In a passage contrasting freedom from sovereignty Arendt states that “no man could be free, because sovereignty, the ideal of uncompromising self-sufficiency and mastership, is contradictory to the very condition of plurality. No man can be sovereign because not one man, but men, inhabit the earth.”¹²⁹ Yet, as we see, the *polis* is brought into being to accomplish the good life by *means* of its capability for existing in a self-sufficient manner - and this *polis*-based self-sufficiency, by Arendt’s own definitions, cannot be considered as destructive of plurality, but rather that it is this plurality itself which gives rise to the self-sufficiency allowing for the political flourishing and freedom of the public realm of the *polis*. It is the assertion of this thesis that the self-sufficiency of the *polis* can therefore be understood to include the collective relationship which allows a population to be freed from the rule of necessity.

¹²⁶ Aristotle, *The Politics*, London: Penguin Books (1992), 58.

¹²⁷ Ibid.

¹²⁸ Ibid., 59.

¹²⁹ Arendt, *The Human Condition*, 234.

The degree of complicated economic interdependence in the modern age means that with the rise of the social, the problems of necessity are mastered at the level of society, thus labourer *qua* socially interdependent producer can transcend the unfree realm of the labourer *qua* commodity - if there is a political space available for her to emerge into.

Labouring beyond the labour market

The consumption of labour-power is completed, as in the case of every other commodity, outside the market or the sphere of circulation. Let us therefore, in company with the owner of money and the owner of labour-power, leave this noisy sphere, where everything takes place on the surface and in full view of everyone, and follow them into the hidden abode of production, on whose threshold there hangs the notice 'No admittance except on business'.¹³⁰

Even while accepting the argument presented in the first section of this chapter, one might still object that the premise of social production of necessity does not seamlessly lead to the possibility of Arendtian freedom for workers and labourers since the worker-labourer must still attend to their individual part in the social production of biological necessity. This section buttresses the previous by claiming that the while the individual *searching* for employment on the labour market may be unfree in the sense being considered, the individual who has *secured* employment can be thought of as related to necessity in a markedly different manner. This assertion is defended via two lines of argument. First, the distinction between market and firm is shown to be of significant import for the individual worker, thereby moving the individual from a condition of being subjected to necessity beyond a threshold level to a point where necessity is substantively mastered. Second, the ramifications of this threshold condition are examined with

¹³⁰ Marx, *Capital Volume I*, 279.

reference to the concept of surplus labour, providing another way of establishing political eligibility for the labourer within the workplace.

The first step in this analysis is to discover whether, as with Marx above, there are meaningful consequences that take place in the move from the individual within the labour market to the individual within the business firm. In line with the economic theories of Coase and his interlocutors, there is a meaningful conceptual boundary where market relationships end, and hierarchical or coordinative relationships begin.¹³¹ Certainly the agreement constituting a labour contract takes place within the labour market, however, this action immediately removes the labourer from the labour market and places him or her categorically into the “territory”, so to speak, of the economic enterprise. The situation is analogous to that posited by political contract theorists, whereby the contractual agreement to exit the state of nature *constitutes* the exit from the state of nature. And in much the same way as such an agreement fundamentally changes the relationship between individuals, so too the employment contract alters the relationship between the individual and the problems of biological necessity. The argument being presented in this thesis is only strengthened by the addition of the conditions prevailing within the contemporary welfare capitalist state, where one is unlikely to fail to meet their biological needs even in the absence of paid work or productive labouring.

The completion of the hiring procedure transfers the individual from the labour market to what is often dubbed the *internal labour market* (ILM) of the firm. The internal labour market is characterized by “long-term commitments between employers and employees, defined career paths, limited ports of entry for each career path, wages tied to job (rather than personal)

¹³¹ A detailed discussion of the transaction cost theories of Coase as well as contract theories of the firm can be found in chapter two above.

characteristics, and pay structures that exhibit rigidities across occupations and time.”¹³² This internal structure is best understood as a secondary relationship which emerges after the labourer has left the external labour market. Even if we were to grant ILMs taxonomical status as markets - a questionable endeavour in itself, since an ILM is “the set of practices that *insulate* their workers’ jobs and wages from the external market”¹³³ - the effect being explored under the rubric “labouring beyond the labour market” is a threshold effect, and the entirety of the internal labour market takes place incrementally, completely within a range which already exceeds the threshold level.

The threshold referenced in vague ways above can be understood in a clearer fashion by looking to any of a variety of sources which are generally in agreement about wages for labouring - insofar as the natural wage of labour is the amount the individual can produce with that labour. The relationship between necessity and the wage of labour is elaborated comprehensively throughout the work of Marx. For Marx, wages are what the labourer receives in exchange for the sale of *labour-power*: “This labour-power the capitalist buys for a day, a week, a month, etc. And after he has bought it, he uses it up by letting the worker labour during the stipulated time.”¹³⁴ Furthermore, “the worker, during one part of the labour process, produces only the value of his labour-power, i.e. the value of his means of subsistence.”¹³⁵ Attempting to empirically ascertain a level of wage which satisfies this threshold condition would be fruitless - but determining this threshold in terms of meeting at least the minimum

¹³² Erica L. Groshen and David I. Levine, “The Rise and Decline (?) of U.S. Internal Labor Markets,” *Federal Reserve Bank of New York* (New York, NY: FRBNY, 1998), 2.

¹³³ *Ibid.*, 1.

¹³⁴ Karl Marx, *Wage-Labour and Capital; Value, Price and Profit*, New York: International Publishers (1995), 17.

¹³⁵ Marx, *Capital*, 324.

requirements of necessity melds with the reading of Arendt being proposed throughout this thesis.

Simply achieving the threshold condition marked by the move from the external to the internal labour market does not get us to a situation whereby the worker has surmounted the problem of biological necessity and is eligible for political freedom. Creating nothing but one's own subsistence out of labour still falls within the cyclical futility of labour as described by Arendt. Since the natural wages of labour are equal to the produce of that labour, if the worker's entrance into the firm accomplished nothing beyond this there could be no conceptual difference between the market and the firm for the purposes of this thesis. To successfully make the move to potential political freedom, the concept of surplus labour offers a definitional demonstration that the working life of the labourer is not to be understood in the futility of Arendtian terms, but that it very clearly exceeds its boundedness with necessity and goes on to create, through capital accumulation, something more permanent than the action associated with it.

Allowing Marx to finish the discussion of the labour process started above, the nature of surplus labour is revealed:

During the second period of the labour process, that in which his labour is no longer necessary labour, the worker does indeed expend labour-power, he does work, but his labour is no longer necessary labour, and he creates no value for himself. He creates surplus-value which, for the capitalist, has all the charms of something created out of nothing. This part of the working day I call surplus labour-time, and to the labour expended during that time I give the name of surplus labour.¹³⁶

This surplus value goes toward the accumulation of capital, a process which is distinguishable from the ethereal futility of the labouring process is isolation. Within a system of corporate capitalism, this capital is reinvested in the corporation, bolstering its structure and longevity - a point which will come to be useful in the discussion of the political firm to follow.

¹³⁶ Ibid., 325.

Compare this situation with the state of labour where production is not strictly concerned with commodity exchange: “It is however clear that in any economic formation of society where the use-value rather than the exchange-value of the product predominates, surplus labour will be *restricted by a more or less confined set of needs*, and that no boundless thirst for surplus labour will arise from the character of production itself.”¹³⁷ Herein is the condition of labouring which is best suited to Arendt’s concerns with the inescapable fueling and sustaining of biological necessities.

That surplus labour is expropriated is of no matter to the argument regarding the *potential* eligibility of labourers and workers. It is enough to demonstrate that within the working day at the contemporary economic enterprise there exists the possibility for production extending beyond the bounds of an individual’s biological necessities. As things stand in the current economic and political structure, this expropriation is more akin to the slave-based economic support of the household head - in our example the owners or shareholders of the company - than to the freedom and equality of the Athenian citizenry.

Much as thinkers such as Arneson overemphasize the importance of the worker's ability to exit the economic relationship of a particular economic enterprise, it could be argued that this section underemphasizes the ramifications of the employer's power to terminate the employment relationship. Does the employment individual face a precariousness in their situation that undermines the claims made above? There are both empirical and conceptual reasons why this objection can be withstood.

First, as the opening paragraph of this thesis points out, legal protections available to workers - particularly those in the advanced liberal democratic states - do give a meaningful

¹³⁷ Ibid., 345. Emphasis mine.

degree of assurance that the arbitrary whims of the employer can be held in check. As such, there is a sufficient element of job security prevailing throughout contemporary economic relations. Secondly, although the prevailing structure of workplace organization does grant unequal power to the employer, there is no conceptual barrier to imagining a different organization of employment such that this concern is abated. Such an imagining is, of course, a subject which much be tabled as a matter for future research.

The argument through this chapter has asserted that the employed worker enters into a different relationship with necessity than the unemployed worker by means of *guaranteeing* the means of subsistence. Noting the way in which appropriated surplus labour represents a step beyond the cyclical futility of Arendtian labouring presents another pathway toward envisioning the modern worker as potentially eligible for political consideration. At this point, this thesis now turns to its ultimate question. Can the contemporary economic enterprise be reconceptualized as a distinctly political entity?

The Political Firm

Having now established a case in favour of seeing workers and labourers as eligible for political participation in the contemporary age, it remains to be demonstrated that there exists an appropriate *space* for the exercise of this political capacity. That space is an integral part of the political equation is obvious throughout Arendt's thought, where we see it stated clearly that: "Freedom itself needed therefore a place where people could come together - the agora, the market-place, or the *polis*, the political space proper."¹³⁸ As discussed above, the shift toward an administrative and bureaucratic government apparatus concerned with securing the necessities of the life process renders the traditionally political space of the state unable to harbour a properly political public realm. This thesis suggests that the workplace may be able to provide just such a political space - an assertion that is not without its obstacles and skeptics.

Before embarking on this chapter, it will be wise to again revisit Arendt's explicit interrogation of the prospects for creating a political space within the economically-driven sphere of the workplace. In *On Revolution*, she excoriates the historical application of the council system of revolutionary politics to the factory floor.

The councils in the factories brought an element of action into the management of things, and this indeed could not but create chaos. It was precisely these foredoomed attempts that have earned the council system its bad name. But while it is true that they were incapable of organizing, or rather of rebuilding, the economic system of the country, it is also true that the chief reason for their failure was not any lawlessness of the people, but their political qualities.¹³⁹

And in a conception of politics that revolves around the public display of excellence, expectations for the success of this project are likely to be tempered by Arendt's statement that,

¹³⁸ Arendt, *On Revolution*, 21.

¹³⁹ Ibid., 266.

“while dire necessity made labor indispensable to sustain life, excellence would have been the last thing to expect from it.”¹⁴⁰

Yet, in the same manner in which Alexandra Kogl is inspired by Arendt’s thought to look at everyday life through a political lens, this thesis looks to the workplace, agreeing with Kogl that: “the ways in which certain Arendtian impulses would seem not only to allow but to require interrogation of everyday life, rather than a quarantining of it as merely biological, intimate, or otherwise nonpolitical.”¹⁴¹

This chapter explores three different aspects of the firm as a political entity: space, action, and the private-public divide. First, the Arendtian requirements for a political *space* are described, and the manner in which the contemporary economic enterprise might meet these qualifications is provided. Secondly, the potential for political *action* within a delineated political space is explored. Finally, it is argued that the contemporary business firm might be fruitfully thought of as a sort of private *polis* inhabited by worker citizens.

A space for politics

The connection between politics and space is deeply embedded in Arendt’s thought. Where freedom is understood as, “participation in public affairs, or admission to the public realm,”¹⁴² and, “the life of a free man needed the presence of others,”¹⁴³ the spatial element of

¹⁴⁰ Arendt, *The Human Condition*, 48.

¹⁴¹ Kogl, 516.

¹⁴² Arendt, *On Revolution*, 22.

¹⁴³ *Ibid.*, 21.

this togetherness is vitally important. As Arendt says, “Freedom itself needed therefore a place where people could come together - the agora, the market-place, or the *polis*, the political space proper.”¹⁴⁴ More than its physical boundaries though, this coming together is represented by an organizational space, one that takes place *between* people as much as it takes place *within* boundaries: “The *polis*, properly speaking, is not the city-state in its physical location; it is the organization of the people as it arises out of acting and speaking together, and its true space lies between people living together for this purpose, no matter where they happen to be.”¹⁴⁵

The heavy requirements for entry into the *polis* combined with the nature of the interactions and the demanded level of participation among citizens give rise to the necessity of a small size and census. “The Greeks, whose city-state was the most individualistic and least conformable body politic known to us, were quite aware of the fact that the *polis*, with its emphasis on action and speech, could survive only if the number of citizens remained restricted.”¹⁴⁶ This restriction is in stark contrast to the gigantism and detachedness of the modern nation-state - which is among the reasons the political space was declared closed above.

The nature and origin of political spaces arises in a consistent manner throughout the trajectory of Arendt’s work. Established by way of a prepolitical act, a space is established in which equals may come together in agonistic relations which are underlain by freedom. Arendt places this establishment in the hands of the legislator who, through the laws, brings the political space into being:

For the Greeks, law is neither an agreement nor a contract; it certainly does not arise between men in the back-and-forth exchange of words and action, and thus does not itself

¹⁴⁴ Ibid.

¹⁴⁵ Arendt, *The Human Condition*, 198.

¹⁴⁶ Ibid., 43.

belong in the political arena, but is essentially conceived by a lawgiver and must first exist before it can ever enter into the political realm. As such, it is prepolitical, but in the sense that it is constitutive for all further political action and interaction. Just as the walls of a city, to which Heraclitus once compared the law, must first be built before there can be a city identifiable by its shape and borders, the law determines the character of its inhabitants, setting them apart and making them distinguishable from the inhabitants of all other cities. The law is a city wall that is instituted and erected by one man, inside of which is created the real political realm where many men move about freely.¹⁴⁷

For Arendt the *polis* is less the organic inevitability as depicted by Aristotle, and more an act of supreme intentionality and design. There is a contrast between the lawfully bounded political space and the world beyond the walls and laws of the city: “All laws first create a space in which they are valid, and this space is the world in which we can move about in freedom. What lies outside this space is without law and, even more precisely, without world; as far as human community is concerned, it is a desert.”¹⁴⁸

Time and again Arendt draws upon the image of geographical isolation in distinguishing between political and nonpolitical relationships. In describing the situation of the *polis* relative to its external environment, this analogy gives a strong sense of the necessity for a political space to be both bounded and of a small size. Indeed, “the borders of national territory or the walls of the city-state comprehended and protected a space in which men could move freely.”¹⁴⁹

As Arendt states:

Freedom in a positive sense is possible only among equals, and equality itself is by no means a universally valid principle but, again, applicable only with limitations and even within spatial limits. If we equate these spaces of freedom...with the political realm itself, we shall be inclined to think of them as islands in a sea or as oases in a desert.¹⁵⁰

¹⁴⁷ Arendt, *The Promise of Politics*, 180-1.

¹⁴⁸ Ibid., 190.

¹⁴⁹ Arendt, *On Revolution*, 267.

¹⁵⁰ Ibid.

The distinction between the necessity-dominated realm of the household and the free sphere of the public political realm is similarly described in terms of spatially isolated outcrops in the midst of vast external worlds.

a lack of freedom was the prerequisite for the undivided unity that was as essential for living together in the family as freedom and struggle were for the communal life of the *polis*. This makes the free arena of politics look like an island, the only place from which the principle of brute force and coercion has been excluded from human relations.¹⁵¹

The distinction is made even more forcefully using the same metaphor: “the bitter need of the few to protect themselves against the many, or rather to protect the island of freedom they have come to inhabit against the surrounding sea of necessity”¹⁵²

These images also imply an element of longevity - barriers formed against the eroding powers of the desert or the sea. This illuminates an additional aspect of a political space which is important to Arendt, namely, the construction of an edifice which will outlast the individuals inhabiting it. Arendt traces this desire for earthly immortality expressed in the creation of the Athenian *polis* to the Homeric reification of the acts and speeches of the Trojan War - the *polis* results from the urge to immortalize individual acts of greatness without relying on the poet to do so. This is inherent in the formation of a political space, where, “a whole people and its political constitution, both of which harbor the possibility - and in the constitution’s case, the intention - of being immortal.”¹⁵³

Permanence and immortality are the overriding functions of the *polis* according to Arendt. These functions are described as:

¹⁵¹ Arendt, *The Promise of Politics*, 171.

¹⁵² Arendt, *On Revolution*, 268.

¹⁵³ *Ibid.*, 161.

First, it was intended to enable men to do permanently, albeit under certain restrictions, what otherwise had been possible only as an extraordinary and infrequent enterprise for which they had to leave their households...The second function of the *polis*, again closely connected with the hazards of action as experienced before its coming into being, was to offer a remedy for the futility of action and speech; for the chances that a deed deserving fame would not be forgotten, that it actually would become “immortal,” were not very good.¹⁵⁴

That the contemporary economic enterprise can be conceptualized in a manner which brings these concerns about futility a sort of resolution, and is well served overall by the analogy with the Athenian *polis* is the subject of the following discussion.

The firm qualified as political space

*Everyday life...is political in that it takes place within the context of human-made conditions that are shaped by collective normative judgments, but it may seem apolitical since its characteristic activities tend to be performed routinely and aim in part at meeting physical needs, generating a feeling of naturalness. This tendency is exacerbated by a late modern, capitalist pattern of the persons, practices, products, and spaces of everyday life appearing in isolation from one another, as if they had spontaneously occurring lives of their own.*¹⁵⁵

Given the distinction drawn between administration and political action at various points throughout this thesis, it should be clear that the stretch to realize Arendtian freedom within a politically constituted workplace need not bridge so yawning a chasm as might initially have been apprehended. This section consists in a comparison of the contemporary economic enterprise with the political space of the Athenian *polis*. It is a parallel case argument, but rather

¹⁵⁴ Arendt, *The Human Condition*, 197.

¹⁵⁵ Kogl, 516.

than seeing the modern democratic nation-state as the ideal unit of comparison, the *polis* is viewed as more appropriate.

Much as Arendt considers political spaces as oases scattered throughout a desert, an analogy of similar structure appears in Coase's work on the operation of the business firm within its market context. To quote, "As D.H. Robertson points out, we find 'islands of conscious power in this ocean of unconscious co-operation like lumps of butter coagulating in a pail of buttermilk.'"¹⁵⁶ It is precisely this coagulation into legally bounded and internally legislated spaces that permit us to consider the possibilities for a political realm coinciding with the contemporary workplace.

The idea of the pre-political legislator bringing the corporation into existence seems an ideal fit to the role of the entrepreneur in establishing a corporate entity. Whether or not one wishes to go so far as to consider the corporate founder as the modern day Lycurgus referenced in the epigraph to this thesis, incorporation through legal means brings into being the relationships of the firm.

In addition to allowing collectives to enter into contracts and initiate or suffer litigation, the legal status of corporate personhood is also explicitly designed to permit the economic enterprise to take on a permanence greater than the individuals constituting it at any given point in time. Much as Romulus is still invoked in the very name of Rome, so too with the contemporary examples of Ford, J.P Morgan, and Disney. The potential for the achievement of "earthly immortality" by contemporary economic enterprises is a legally enshrined fact. This view of the firm is in stark contrast to the Schumpeterian linking of capitalism with "creative destruction."

¹⁵⁶ Coase, 19.

Finally, and perhaps the most significant aspect of this parallel case argument, the size of the economic enterprise is far more amenable to the sort of politics exemplified by the Athenian *polis* compared to the contemporary nation-state. Indeed, we see from Arendt that, “politically, this means the larger the population in any given body politic, the more likely it will be the social rather than the political that constitutes the public realm.”¹⁵⁷

The agonistic displays of political excellence which typified the purpose of *polis* life in Athens required persistent and ongoing interactions between individuals who would become known to each other. Arendt states, “In acting and speaking, men show who they are, reveal actively their unique personal identities and thus make their appearance in the human world.”¹⁵⁸ The workplace, where individuals are brought into interaction with each other day after day, and which is often the sphere into which people emerge upon leaving the private realm of their households, offers the possibility of being such a sphere of appearance. The exercise of the political in the workplace by means of action, speech, and excellence is the subject of the following section.

Action, speech, and excellence

What happens - or what is capable of happening - in the political space is of course equally important with the establishment of such a space. Action - and relatedly, speech - is described as:

the only activity that goes on directly between men without the intermediary of things or matter, corresponds to the human condition of plurality, to the fact that men, not Man, live

¹⁵⁷ Arendt, *The Human Condition*, 43.

¹⁵⁸ Arendt, *The Human Condition*, 179.

on the earth and inhabit the world. While all aspects of the human condition are somehow related to politics, this plurality is specifically *the* condition...of all political life.¹⁵⁹

If the contemporary economic enterprise is to be understood as a political space it will need to be capable of containing not only the activities of production, but also meaningful action. Arendt is insistent that there is a large distinction to be made between labouring and acting - therefore the onus is on this thesis to make a compelling argument that there can also be room for action in the workplace. Arendt states: "The sphere of action is also distinguished from work or labor by five important features: unpredictability, boundlessness, irreversibility, its irreducibility to lawlike descriptions and its capacity to create 'new beginnings', which Arendt equates with human freedom."¹⁶⁰ Given the highly rationalized nature of economic production, is it possible to imagine workers acting unpredictably and boundlessly without reduction to lawlike descriptions?

It is not the position of this thesis that labouring will somehow be eliminated from the workplace, leaving behind nothing but spaces for political action and speech. Proclamations of the advent of an age of automation that will do away with the need to work or labour have been naively trumpeted for hundreds of years. But regardless of the continued necessity to engage in production, there is a case to be made for opening up the economic enterprise to a significant degree of activity which is conceptually distinct from the labouring which currently predominates. For guidance, it will be instructive to return to a distinction made by Carole Pateman between low-level and high-level participation within the realm of industry. Viewing participation through the lens of action allows for a glimpse into the potential of the economic enterprise to mimic the functions of the Athenian *polis*.

¹⁵⁹ Ibid., 7.

¹⁶⁰ Walsh, 125.

Pateman divides the activities of the workplace into two categories: lower and higher level activities, with corresponding possibilities of participation at each. She defines the two levels as, “This lower level refers broadly to those management decisions relating to control of day-to-day shop floor activity, while the higher level refers to decisions that relate to the running of the whole enterprise, decisions on investment, marketing and so forth.”¹⁶¹

In contrast with Pateman, who views the exercise of higher level participation as that most closely associated with democratic politics, the potential for Athenian-style politics can just as meaningfully occur within the circle of lower level participatory activities. An agonistic politics of exceptionalism can take place with regard to the interactions and organization associated with the labouring process itself. This sphere of lower-level participation is the space of appearances for the vast majority of the working day, and provides the most public of the workplace-related realms.

The Athenian *polis* contains all of the activities and functions which allow it to achieve self-sufficiency - including the market-place *agora* - while at the same time enclosing a legally bound political space. Similarly, there is no reason to see as inevitable that the introduction of “action into the management of things...could not but create chaos,”¹⁶² especially if the boundary between the political and nonpolitical is established and maintained within the internal legislation of the economic enterprise.

The puzzle of political space and political action still needs to be assembled in light of the status of the *vita activa* in the modern age. The change is encapsulated and the puzzle expressed by the following: “While we have become excellent in the laboring we perform in

¹⁶¹ Pateman, *Participation and Democratic Theory*, 70.

¹⁶² Arendt, *On Revolution*, 266.

public, our capacity for action and speech has lost much of its former quality since the rise of the social realm banished these into the sphere of the intimate and the private.”¹⁶³ It is with regard to the different natures of the private and public realms that this thesis now turns.

The firm as private *polis*

*What I want to drive home is this, that the man who employs, governs, to the extent of the number of men employed. He has jurisdiction over them. He occupies what is really a public office. He has power, not of pit and gallows...but of overtime and short time, full bellies and empty bellies, health and sickness. The question who has this power, how is he qualified to use it, how does the state control his liberties...this is the question which really matters to the plain man today.*¹⁶⁴

The argument thus far in this chapter has attempted to demonstrate that the structure of the firm can be understood in a way which is analogous to the political space of the Athenian *polis*. Next, the potential for a mirroring of the content of such a political space within the workplace - action and speech - has been explored. What this final section aims to accomplish is to tie these two assertions together through an exploration of what *type* of a political realm the contemporary economic enterprise might constitute.

For a moment, this thesis revisits the basics of the *polis* in relation to the basics of the contemporary economic enterprise to further the attempted comparison of the two. For Arendt, we again encounter:

¹⁶³ Arendt, *The Human Condition*, 49.

¹⁶⁴ R.H. Tawney's *Commonplace Book*, ed. J.M. Winter and D.M. Joslin, (Cambridge, 1972), 34-35, quoted in Walzer, *Spheres of Justice*, 293

to the Greek way of thinking, freedom is rooted in place, bound to one spot and limited in its dimensions, and the limits of freedom's space were congruent with the walls of the city, of the *polis* or, more precisely, the *agora* contained within it.¹⁶⁵

To proceed analogous to this, we may consider the workplace, in terms familiar to us today, as being defined by the legal boundaries of the company. This perspective on the boundaries of an economic organization allows for a clear demarcation between what is included within the space of the firm and what is therefore excluded.

External to the legal boundary of the firm are a variety of other relationships. There are relationships between the firm and other firms; relationships between the firm and the state; relationships between the firm and its customers; as well as all of the private and (work-external) public realms of the employees. For an appropriate consideration of the relationship between actors internal to the firm and these external relationships, we continue in our connection with Arendt's *polis*. Arendt follows the above statement by outlining the spaces which were not eligible for freedom, and by association ineligible for being considered as political spaces:

Outside those borders lay, first, foreign territory where one could not be free because one was no longer a citizen there or, better, a political man; and, second, the private household, where one could not be free either, because there one had no equals who alone constitute freedom's space.¹⁶⁶

The workplace *polis* is therefore best conceived of as a *private public*. Within the context of larger political and economic systems there exist bounded economic enterprises, whose internal systems are beyond the view of actors outside of the walls. The special political status of those inside the workplace *polis* is understood to apply only to relationships internal to the enterprise, and every relationship external to the firm is defined by relationships which are non-political, at least in terms of the sphere of politics herein considered. We may feel justified

¹⁶⁵ Hannah Arendt, *The Promise of Politics*, New York: Schocken Books (2005), 170.

¹⁶⁶ Ibid.

in extending the definition of the *polis* beyond its political association with society by looking to Arendt:

The *polis*, properly speaking, is not the city-state in its physical location; it is the organization of the people as it arises out of acting and speaking together, and its true space lies between people living together for this purpose, no matter where they happen to be.¹⁶⁷

This description overlays the idea of the workplace as an organization of social cooperation, and we can see that it captures the chief elements of the concept of the workplace *polis*.

Where Arendt seems to exhibit a deep pessimism about the status of politics throughout the modern age, this thesis finds room for hope. Tied to Arendt's understanding of the role of necessity in the economic organization of the public realm, the freedom required for and constitutive of the political realm seems to vanish from sight:

What changed with the advent of the modern era was not a change in the actual function of politics; it was not that politics was suddenly assigned a new dignity peculiar to it. What changed was the arenas for which politics seemed necessary. The religious realm sank back into the private sphere, while the realm of life and its necessities, which both in antiquity and in the Middle Ages was considered the private sphere par excellence, now attained a new dignity and thrust itself into the public arena in the form of society.¹⁶⁸

If the particular workplace - still considered a private realm in regard to those who are not eligible for participation in it - can come to form a public arena of deliberation and democracy for the worker-citizens within, it can stand in opposition to the private and intimate realm of the individual's household.

The meaning and importance of a private realm for the individual to inhabit is clear throughout Arendt's thought. This private realm fulfills many functions, not the least of which is to provide a place for the individual to escape the glare of the public, as well as providing a

¹⁶⁷ Arendt, *The Human Condition*, 198.

¹⁶⁸ Arendt, *The Promise of Politics*, 141.

place from which the individual can *emerge* into the public realm. She describes this purpose of privacy thusly:

the four walls of one's private property offer the only reliable hiding place from the common public world, not only from everything that goes on in it but also from its very publicity, from being seen and being heard. A life spent entirely in public, in the presence of others, becomes, as we would say, shallow. While it retains its visibility, it loses the quality of rising into sight from some darker ground which must remain hidden if it is not to lose its depth in a very real, non-subjective sense. The only efficient way to guarantee the darkness of what needs to be hidden against the light of publicity is private property, a privately owned place to hide in.¹⁶⁹

That the workplace is currently considered as part of the private realm contradicts the above statement, as well as many of our intuitions about working life. Rather than emerging from the private household into the public political realm, individuals leave the household to “go to work.” The workplace, more than anywhere else, is where the individual now inhabits a space of appearance and action. Crossing from the private realm of the household into the *private public* realm of the workplace *polis* better reflects contemporary thinking about the contrast between home and work.

¹⁶⁹ Arendt, *The Human Condition*, 71.

Conclusion

This thesis has presented a cursory look at two mutually reinforcing theoretical pillars. First, a reading of Hannah Arendt's *vita activa* has been provided which - through the lens of the social production of the satisfaction of necessity - offers up the prospect of political eligibility to *animal laborans* and *homo faber*, two categories typically described as antipolitical or apolitical. Second, a novel theory of the firm - one centered around an Arendtian conception of the political - completes the process of political eligibility for individuals in the modern age by positing the economic enterprise as the location for an independently existing political realm, one defined by its status as a *private polis*.

This initial foray into an Arendtian theory of the firm has aimed to establish that it is more fruitful to characterize the political economic enterprise as a case parallel to the politics of the Greek city-states rather than the comparison with the contemporary nation-state which dominates the political theory literature. Future research on this subject could take a number of different paths. First, an exploration of the possible nature and contents of a politics centered within the private *polis* of the firm offers interesting possibilities. Secondly, building on the exegetical aspects of this thesis, approaching the question from an angle of institutional design and structure can further reveal the potential of this reconceptualization to meaningfully change the nature of the workplace.

Normative ramifications

It is clear that the political potentialities for the economic enterprise detailed above are dependent on a drastic restructuring and reconceptualizing of the prevalent forms of organization in contemporary industry. As things now stand, the firm can be more easily conceived of as a non-familial household providing the extra-business means for the political freedom of proprietors or shareholders, and the labourers “[leaving] behind in return for their consumption was nothing more or less than their masters’ freedom or, in modern language, their masters’ potential productivity.”¹⁷⁰

The requirements of equality - not necessarily material equality - among the citizens of the Athenian *polis* would demand a fundamental restructuring of workplace relations. The dominant mode of hierarchical organization found within nearly all economic enterprises does not lend itself to the equality insisted upon in Arendt’s political theory.

Additionally, the agonistic politics of the Arendt’s thought hinges on a Greek-style participatory democracy with substantial demands on the time of citizens. The task of weaving a political sphere amongst the highly rationalized production process will likely require a rethinking of the privileged place of economic efficiency within contemporary discourse.

It is hoped that the argument outlined in this thesis provides an opening for envisioning the workplace as a political space in and of itself - one which allows for the freedom and non-subjection to necessity of both *animal laborans* and *homo faber*.

¹⁷⁰ Arendt, *The Human Condition*, 87.

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