

Who are the True Heirs of the American Revolution?:

Workplace Democracy and America's First Principles

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IN CONGRESS, JULY 4, 1776.
A DECLARATION
BY THE REPRESENTATIVES OF THE
UNITED STATES OF AMERICA,
IN GENERAL CONGRESS ASSEMBLED.

WHEN in the Course of human Events, it becomes necessary for one People "to dissolve the Political Bands which have connected them with another," and to assume among the Powers of the Earth, the separate and equal Station "to which the Laws of Nature and of Nature's God entitle them," a decent Respect to the Opinions of Mankind requires "that they should declare the causes which impel them to the Separation.

We hold these Truths to be self-evident, "that all Men are created equal," "that they are endowed by their Creator with certain unalienable Rights," that among these are Life, Liberty, and the Pursuit of Happiness—That to secure these Rights, Governments are instituted among Men, "deriving their just Powers from the Consent of the Governed," that whenever any Form of Government becomes destructive of these Ends, "it is the Right of the People to alter or to abolish it, and to institute a new Government, laying its Foundation on such Principles, and organizing its Powers in such Form, as to them shall seem most likely to effect their Safety and Happiness." Prudence, indeed, will dictate that Governments long established should not be changed for light and transient Causes; and accordingly all Experience hath shewn, that Mankind are more disposed to suffer, while Evils are sufferable, than to right themselves by abolishing the Forms to which they are accustomed. But when a long Train of Abuses and Usurpations, pursuing insupportably the same Object, evinces a Design to reduce them under absolute Despotism, it is their Right, it is their Duty, to throw off such a Government, and to institute new Guards of their Liberties and Phisical Security.

American Revolutionary War \neq War of Independence

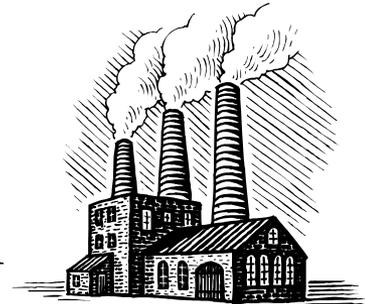
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- Some saw the Revolutionary War only as a war of independence so America would have its own independent monarchy and aristocracy, instead of just being colonies of England's monarchical-aristocratic society.
 - Yet the Revolutionary War created (or consummated):
 - a republic instead of a monarchy, and
 - a democracy instead of an aristocratic society.
 - To understand the American Revolution, one needs to review:
 - what is a monarchical society?
 - what is an aristocratic society?

Monarchical Society: Ownership

- "In theory, the ruler owned the whole realm, but in practice the territorial possessions of the royal house were the main source of revenue and of favors in peace and war. These possessions were scattered, and the realm as a whole was governed through various forms of delegated authority."

[Bendix, Reinhard. 1978. *Kings or People: Power and the Mandate to Rule*. p. 7]

- Contrast ownership of the “Realm” with modern-day ownership of a “corporation.”



"Ownership" is hereditary

- Seeing the King's Realm as his property fit with the notion of inherited rulership or hereditary monarchy.
- Compare to inheritance of corporate ownership.

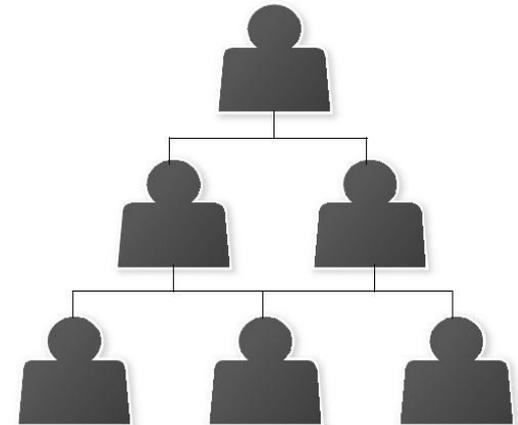
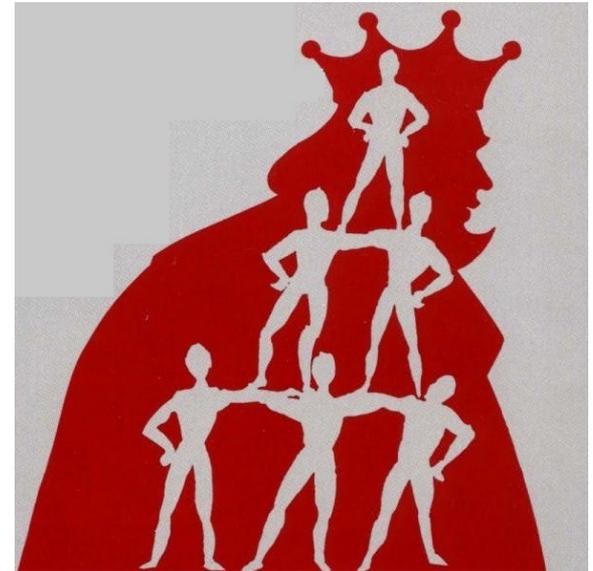


Monarchical Society: Dependence

- "Monarchy presumed what Hume called 'a long train of dependence,' a gradation of degrees of freedom and servility that linked everyone from the king at the top down to the bonded laborers and black slaves at the bottom."

[Wood, Gordon S. 1992. *The Radicalism of the American Revolution: How a Revolution Transformed a Monarchical Society into a Democratic One Unlike Any That Had Ever Existed*. p. 19]

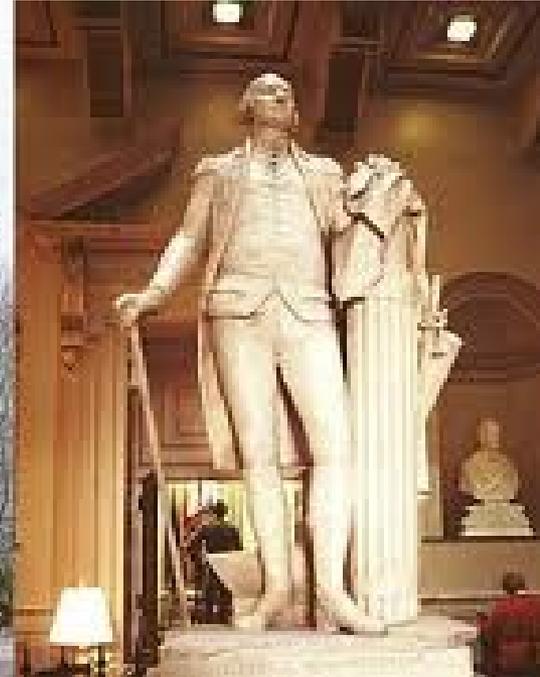
- Compare to a corporate organizational chart.



Monarchical idea:

Father of the country = King/Owner

- At end of Revolutionary War, there was a movement to make George Washington into the American monarch. But GW had civic republican, not monarchist, ideals.
- Washington very publicly announced his retirement from public affairs and returned, like the Roman general, Cincinnatus, to his farm at Mount Vernon.
- But we still have the idea of the entrepreneur as the father-founder of a company to become the "owner."



An American hereditary aristocracy?



- In 1783, the American Continental Army & Navy officer corps formed a *hereditary* society, the *Order of the Cincinnati*, with GW as its first president.
- But there was a "great popular outcry" that this was the start of an American *aristocracy*. GW then forced it to temper the hereditary clause and to avoid any direct political involvement.
- But we still have the idea of the top managers/officers becoming significant "owners" in a new company.

American became a republic, not a monarchical/aristocratic society.



- "Far from remaining monarchical, hierarchy-ridden subjects on the margin of civilization, American had become, almost overnight, the most liberal, the most democratic, the most commercially minded, and the most modern people in the world." [Wood, Gordon S. 1992. *The Radicalism of the American Revolution: How a Revolution Transformed a Monarchical Society into a Democratic One Unlike Any That Had Ever Existed*, pp. 6-7]

What happened to the monarchical ideas?

They migrated to the economic sphere.



- The idea that the Father/Founder of a country should become the King/Owner re-emerged as the economic idea that the Founder/Entrepreneur should become the (major) owner of a company.
- The idea that the officer corps should become the new aristocracy re-emerged as the idea of top managers becoming significant owners of a new company.
- And the idea of treating these monarchical/aristocratic rights as property making them hereditary re-emerged as the economic idea of property in corporate shares that could be inherited or even sold to anyone regardless of their relation to the company.

Why shouldn't a Father/Founder own what he creates?



- He should!—if what he created is a *thing*.
- But should a father own his adult children?
- Should the "Father of a country" own the country?
- Should the "Father of a company" own the company?
- In each case, the rights of the *people* involved trump the father's right to creation of a *thing*.
- The "unalienable rights" of self-government of those people allow only delegation, not alienation, of those rights.
- Thus Founder/Entrepreneur may be President/CEO in a company-as-economic-republic but not the "owner."

James M. Buchanan on Constitutional Liberty



- "The justificatory foundation for a liberal social order lies, in my understanding, in the normative premise that individuals are the ultimate *sovereigns* in matters of social organization, that individuals are the beings who are entitled to choose the organizational-institutional structures under which they will live. ..."
- "The central premise of *individuals as sovereigns* does allow for delegation of decision-making authority to agents, so long as it remains understood that individuals remain as *principals*."

James M. Buchanan on Constitutional Liberty (cont.)



- "The premise denies legitimacy to all social-organizational arrangements that negate the role of individuals as either sovereigns or as principals." [Buchanan, James M. 1999. *The Logical Foundations of Constitutional Liberty: The Collected Works of James M. Buchanan Vol. I*, p. 288]
- Thus democratic classical liberalism "denies legitimacy" to the *employment contract* since it is an alienation, *not* a delegation. The employees are not principals and the employer is not their delegate.
- The people working in a company should be the *citizens* in the company as an economic-republic, not the subjects where "Feudalism has only moved indoors." (Cornuelle)

A very different *non-democratic* civic republican analysis

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- There is a current body of libertarian thought to organize cities or states as stock corporations, e.g., startup cities.
 - People living there are subjects, not citizens.
 - Governance rights held by stock-holders.
 - But then the city- or state-corporation sets up a Stock Ownership Plan (SOP) so subjects can become part-owners of their city or state.
 - This is *not* how civic republicanism was implemented in America.

The irony of debates about workplace democracy

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- So many who loudly claim allegiance to the anti-monarchical republican heritage of the American Revolution and to American democratic ideals in general will immediately revert to the economic monarchical anti-republican views in the workplace.
 - The true heirs of the classical republican and democratic ideals of the American Revolution are those who consistently apply its ideals to what people do all day long, i.e., to the workplace.