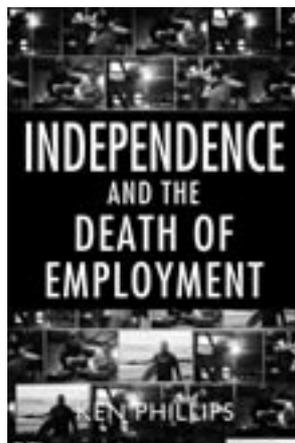


Dancing on the grave of employment

Chris Berg reviews
*Independence and the Death
 of Employment*
 By Ken Phillips.
 (Voltan,
 2005, 207 pages)



William is a 24-year-old shearer from Queensland.

I've worked on shearing teams which are staunch in their observance of the [industrial] Award. They have the 3 minute bell which is a warning to all the shearers that the end of the run will happen in 3 minutes and they have to finish up their last sheep... They do not do any weekend work or extra hours during the week or any hours outside the exact allocated hours in the Award...

However, this is too restricted for me. I would rather have the choice whether I wanted to work weekends. I believe it is up to the individual... I believe that if I want to work weekends then that should be okay.

This attitude is repeated in dozens of industries all around the country. Independent contractor status is, as Ken Phillips's new book *Independence and the Death of Employment* makes clear, increasingly seen as a more flexible alternative to traditional, heavily regulated employment structures.

And independent contracting status, while the most obvious manifestation of this new attitude to work, is by no means the only one. Phillips notes the existence of 'independent employees'—workers who work in firms, and are nominally under the command-and-control contract and structures of employment, but in their 'actions, desires, thoughts and ambitions' are independent none the less. These workers can be a firm's greatest asset but also its greatest

weakness: endlessly creative and innovative if the incentives are right, but resistant and often resentful at having their actions controlled.

Phillips's book is a comprehensive, paradigm-shifting overview of these and a countless range of other issues, essentially trying to answer the basic question, 'what is employment?'

Most economists tend to think of employment as a work-for-pay relationship. But Phillips suggests that this is incorrect. He alleges that employment is a relationship of legal and behavioural control—precisely the argument that the labour Left have been pounding away at for centuries. The evolution of legal precedent and the formalization of industrial relations in dedicated bodies has rigidly defined employment in this way.

Employment law distorts many of the objectives of work regulation. In the context of the law, employees are considered witless and lacking in control. The employer is supposed to be responsible for their witless employees. *Independence and the Death of Employment* controversially argues that employment degrades human beings and removes responsibility.

Employers take the blame for employees' actions – discrimination or for breaking work safety instructions.

But this is merely the framework

with which the legal system approaches employment. Phillips's argument is that the experience of employment is quite the opposite. Independent contractors and the phenomenon of 'independent employees' belie the fact that a job is more than mere servitude.

Career desires, power urges, ego trips and personal self-interest are the dominant motivations in the firm. Individuals in the firm will be ambivalent toward the firm's making losses if the individual is unaffected.

Economists have long recognized this as an agency problem—managers, for example, don't always operate in the interests of shareholders. But the solution is not more highly regulated employees but allowing greater independence, which workers are already striving for, to create the appropriate incentives for mutual benefit.

And the legal framework and regulatory impulses of government which surround employment must catch up. These are changes that are being made already—sometimes against great resistance. The Queensland shearers' desire to practise as independent contractors formed the backdrop to an eighteen-month legal case between the Australian Workers Union and the State of Queensland.

Independence and the Death of Employment is a combination of manifesto, self-help book, and rigorous analysis. It represents a massive shift in thought on labour regulation and employment, and will be heavily scrutinized and criticized by analysts from across the political spectrum. But whatever change it represents in intellectual thought, it is dwarfed by the massive change in how Australians work today.

Chris Berg is Editor of the IPA Review. The book is available from www.contractworld.com.au.

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