

Self-Employment and Independence

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Self-employment is as ubiquitous as it is philosophically neglected. Nearly half of the workforce in developing countries, and two-thirds in regions like South Asia, are self-employed.¹ And although the employment share of the self-employed negatively correlates with countries' GDP per capita, such that it accounts on average for just one in seven workers in affluent countries, in recent decades (nonagricultural) self-employment has ceased to decline and is now on the rise in such countries.²

Despite its prevalence, however, recent philosophizing about work has largely neglected self-employment.³ This neglect is particularly puzzling when it comes to republican analyses of labor relations, at the core of which is the value of independence. For independence from a boss is precisely what self-employment promises to deliver. Indeed, much classic theorizing about work championed self-employment as a means to escape the “servile dependency upon their superiors” that, according to Adam Smith, wage labor comprised.⁴ And independence from a boss is also the chief reason that the self-employed today cite for preferring self-employment to employee work.⁵

In this chapter I inspect the argument from independence, as I will refer to it, for protecting and promoting self-employment, which comes in roughly two versions. According to the “brute power” version of the argument, self-employment is valuable because being subject to the power

¹ International Labour Organization, *Small Matters: Global Evidence on the Contribution to Employment by the Self-Employed, Micro-Enterprises and SMEs* (Geneva: ILO, 2019), 12.

² Patrice Muller et al., *Annual Report on European SMEs 2016/2017: Focus on Self-Employment* (European Commission, 2017), 46–82; Mark Baker, et al., “To What Extent Do Policies Contribute to Self-Employment?” OECD Economics Department Working Papers, No. 1512 (2018), 1–31.

³ Exceptions include Elizabeth Anderson, “Equality and Freedom in the Workplace: Recovering Republican Insights,” *Social Philosophy and Policy* 31, no. 2 (2015): 48–69; Jahel Queralt, “Protecting the Entrepreneurial Poor: A Human Rights Approach,” *Politics, Philosophy and Economics* 18, no. 4 (2019): 336–357; and Daniel Halliday, “On the (Mis)classification of Paid Labor: When Should Gig Workers Have Employee Status?” *Politics, Philosophy and Economics* 20, no. 3 (2020): 229–250.

⁴ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (Oxford: Oxford University Press, 1976), III.4.4.

⁵ Christopher Dawson, et al., “Why Do Individuals Choose Self-Employment?” IZA Discussion Paper, No. 3974 (2009), 1–39, at 34.

of a boss is objectionable as such, no matter how suitably checked this power may be. On the “arbitrary power” variant of the argument, by contrast, self-employment is valuable because it confers independence not from the power of a boss as such, but from the risk of this power being deployed in a way that fails to track workers’ interests—a risk that, given the open-endedness of employment contracts, may not be possible to entirely root out.

Both versions of the argument from independence rest on egalitarian premises, of two kinds. First, they stem from a complaint, whose specific content each version outlines differently, about the power inequality that the employer-employee relationship involves. Accordingly, they challenge the view, common among contemporary republicans and relational egalitarians, that, depending on the terms under which they occur, employment relations can be entirely unobjectionable. Second, both versions of the argument favor making self-employment accessible not just for some, as classic republicans often championed, but for all, demanding that barriers to becoming and remaining self-employed be universally removed as a result.

Some such barriers involve outright intrusions from governments, like bans on self-employment or bribe extraction from public officials. Other barriers are regulatory, like the legal hurdles that governments often create and uphold. For example, registering a business takes 97 days and 179.7 percent of the per capita income in Haiti, but just one day and 2.1 percent of the per capita income in Georgia.⁶ Yet other barriers, albeit not governmental in origin, like the financial constraints and poor skills that some would-be self-employed workers endure, governments can nonetheless mitigate them by actively promoting self-employment—for example, through capital injections, tax breaks, and training programs.

But how compelling is the argument from independence? I will argue that not as much as is often believed—or not enough, in any event, to conclude that self-employment merits not only protection from governmental intrusion and regulatory hurdles, but also promotion, given the forgone opportunities to promote employee work that promoting self-employment often entails. I proceed as follows. After introducing the notions of self-employment and independence in section 1, I inspect the “brute power” version of the argument in section 2, and argue that it yields false positives. If dependence on the power of a superior is objectionable as such in the workplace, I argue, then it is likewise objectionable—implausibly so—in other realms, such as in the state.

⁶ “Starting a Business,” Doing Business: Measuring Business Regulations, <https://www.doingbusiness.org/en/data/exploretopics/starting-a-business>, accessed August 30, 2021.

Now, although the brute power concern may not be valid, some workers may have a preference for independence as such all the same. But, as I argue, attempts to justify that this preference should be satisfied on the basis of the value of occupational freedom or, alternatively, on the basis of fair play duties stemming from the positive externalities that self-employment may generate yield reasons to protect, but not to promote, self-employment.

The “arbitrary power” variant of the argument, which I examine in sections 3 and 4, does prompt compelling reasons to promote, and not just to protect, self-employment. But it only does so, I argue, when managers’ power is unsuitably checked. When managerial power is deployed under terms that suitably track workers’ interests, such reasons are less stringent. And they are more easily outweighed by competing reasons, like those stemming from the further forms of dependence that self-employment may prompt—on suppliers and purchasers, in the case of the self-employed, and on self-employed bosses, in the case of the employees of small businesses.

Republicans and relational egalitarians are right to believe, I conclude, that employment relations need not be inequalitarian or objectionable. Much depends on the specific terms under which such relations take place. None of this necessarily entails, however, that self-employment merits no promotion, all things considered. Independent considerations, which section 5 briefly discusses in closing, may perhaps generate more compelling reasons to promote, and not just to protect, self-employment.

1. Which Self-Employment? Whose Independence?

Before turning to the two versions of the argument from independence, it pays to clarify the notions of self-employment and independence, and how this argument links them. Let us start with self-employment, which philosophers and social scientists have often conceived of as a kind of anachronism—as a category fated to vanish due to market competition with large firms. “The factory [now] rules, and the days of handicraft, of independent production, are numbered,” socialist theorist Karl Kautsky stated at the end of the nineteenth century.⁷ But the rumors of the death of self-employment have been greatly exaggerated. For the decline of the employment share of the

⁷ Karl Kautsky, *The Class Struggle* (Chicago, IL: Charles H. Kerr & Co., 1910), 12.

self-employed has not simply halted in recent decades. In many wealthy economies, it has reversed.⁸

The nature of self-employment and the composition of the self-employed workforce have also shifted of late. Social theorists in the past typically equated the self-employed with the petty bourgeoisie, and contrasted them with both capitalists and wage workers. Unlike capitalists, George Steinmetz and Erik Olin Wright for example argued, the petty bourgeois earn their income at least partly through their work. And, unlike wage workers, they do so without selling their labor to an employer in exchange for a salary.⁹ But self-employment today offers a more complex picture. Traditional petty bourgeois self-employment (e.g., artisans, restaurateurs) is now in decline. And self-employment is growing in professional-managerial occupations (e.g., communications, consulting) and in unskilled occupations (e.g., construction, manual services) in which it was rare in the past.¹⁰ Moreover, defining the self-employed as those who earn an income through their work without selling their labor for a salary, as Steinmetz and Wright do, is insufficiently discriminating. It fails to clearly distinguish those who really work for themselves from those engaged in new forms of “dependent” or “bogus” self-employment, which firms nowadays increasingly resort to as a means to bypass employer liabilities, like collective agreements and social security taxes.¹¹

No wonder, then, that self-employment is increasingly defined as independence from an employer, which courts and labor organizations often test using three conditions: autonomy over how to run one’s business, authority to hire and dismiss staff, and having more than one client. On this view, one in three self-employed workers in the European Union count as dependent self-employed workers, as they fail to satisfy one or more of these conditions.¹² There is an ongoing debate about whether these workers should be classified as independent contractors, as employees,

⁸ Muller et al., *Annual Report on European SMEs*, 46–82.

⁹ George Steinmetz and Erik O. Wright, “The Fall and Rise of the Petty Bourgeoisie: Changing Patterns of Self-Employment in the Postwar United States,” *American Journal of Sociology* 94, no. 5 (1989): 973–1018, at 979.

¹⁰ Richard Arum and Walter Müller, eds., *The Reemergence of Self-Employment* (Princeton, NJ: Princeton University Press, 2004), ch. 1.

¹¹ Colin Williams and Frédéric Lapeyre, “Dependent Self-Employment: Trends, Challenges and Policy Responses in the EU,” ILO Employment Working Paper, No. 228 (2017): 1–64.

¹² *Ibid.*, 16.

or as a separate category.¹³ In what follows, however, I set such workers aside and focus on those who, meeting the three conditions just mentioned, are truly independent.

But why, if at all, is independence from a boss valuable? The value of independence is central to, and has been submitted to careful inspection by, republican thought. On this view, whose chief value is political freedom, “liberty consists in an independency upon the will of another,” as Algernon Sidney’s classic formula has it.¹⁴ How free people are hinges, then, on how dependent they are on the *arbitrary* power of another person—that is, on a power that is not forced to track, or to be justified in terms of, their interests.¹⁵ Yet, as we will see in section 2, an alternative view proposes that, what undermines freedom is dependence on the power of others *as such*, no matter how suitably such power may be forced to track the interests of those on the receiving end of the power relation.¹⁶ But, on the republican view, which I will discuss in sections 3 and 4, what undermines freedom is dependence not on the power of others as such, but on their arbitrary or uncontrolled power.¹⁷

On this last view, employee work potentially undermines workers’ freedom not only, and not chiefly, because employees depend on those who own, rather than toil on, the means of production in order to make ends meet. Independent contractors, like restaurateurs and attorneys, may also depend on their suppliers and purchasers for their subsistence, as I will discuss in section 3. But, although they may be subject to their suppliers’ and customers’ power, independent contractors are not directed by them as to how, when, and with whom to do their job. In entering an employment contract, workers submit to a particular—and particularly worrisome, from a republican standpoint—kind of power: the power that their employers, and the managers acting on the employers’ behalf, wield to direct them during their working hours. They submit, in brief, to their authority—understood, as I here will understand it, in its empirical or *de facto*, rather than its moral, sense, as the ability to issue commands whose content is generally conformed to.

¹³ Within philosophy, see Halliday, “On the (Mis)classification of Paid Labor.”

¹⁴ Algernon Sidney, *Discourses Concerning Government* (Indianapolis, IN: Liberty Classics, 1990), 17.

¹⁵ Philip Pettit, *Republicanism: A Theory of Freedom and Government* (Oxford: Oxford University Press, 1997), and *On the People’s Terms: A Republican Theory and Model of Democracy* (Cambridge: Cambridge University Press, 2012).

¹⁶ Christian List and Laura Valentini, “Freedom as Independence,” *Ethics* 126, no. 4 (2016): 1043–1074, at 1058ff.

¹⁷ In both views, what undermines freedom is dependence on the *power* of others, whether or not such power may be actualized. A slave who is subject to the power of a master or a woman who is subject, under coverture, to the power of a noninterfering husband are unfree all the same, whether the powerful party may happen to interfere with their choices or not. See Pettit, *Republicanism*, 63–64; List and Valentini, “Freedom as Independence,” 1051–1058.

Employers' authority is particularly worrisome, from a republican standpoint, because it is not limited to ensuring that the employee complies with the terms of the employment contract, which both parties have agreed upon at the outset of the relationship. Employers also wield residual authority over those aspects of the relationship that remain unspecified in the contract. And, given that employment contracts are particularly open-ended—as seeking to contractually specify the terms of the relationship for every contingency would be prohibitively costly, inefficient, and difficult for courts to enforce (see section 3)—employees are liable to a kind of power whose purview is far beyond their control, and which is particularly easy to abuse.¹⁸

It is unsurprising, then, that classic republicans typically conceived of employee work as a form of servitude. Aristotle, for example, equated it with “a sort of limited slavery.”¹⁹ Cicero defined the salary of wage laborers as “a pledge of their slavery.”²⁰ And Immanuel Kant distinguished those who “earn a living ... only by selling that which is his” from those who allow “others to make use of him,” and argued that only the former should be granted the franchise.²¹ It is likewise unsurprising that some classic republicans saw self-employment as a superior alternative to wage work. Amid the rise of cities and commerce in the seventeenth century, which prompted the emergence of yeoman farmers, artisans, shopkeepers, and other self-employed “masterless men,” commercial republicans like John Locke and Adam Smith regarded self-employment as a way to escape dependence on the authority of a superior, which wage work and other forms of subordinated labor implied.²²

Contemporary republicans, by contrast, have given little thought to self-employment. Many of them are as concerned with employee work as classic republicans were. But they have instead focused on alternative ways to keep arbitrary management at bay, such as strengthening employees' rights to quit abusive jobs, to go on strike, and to have a say over firm decisions.²³

¹⁸ Nien-hê Hsieh, “Rawlsian Justice and Workplace Republicanism,” *Social Theory and Practice* 31, no. 1 (2005): 115–142; Anderson, “Equality and Freedom,” 60–61; Iñigo González-Ricoy, “Little Republics: Authority and the Political Nature of the Firm,” *Philosophy and Public Affairs* 50, no. 1 (2022): 90–120.

¹⁹ Aristotle, *Politics* (Cambridge, MA: Harvard University Press, 1932), 1260b.

²⁰ Marcus Tullius Cicero, *De Officiis* (Cambridge, MA: Harvard University Press, 1913), XLII.

²¹ Immanuel Kant, *Political Writings* (Cambridge: Cambridge University Press, 1970), 7.

²² Anderson, “Equality and Freedom,” 53–54.

²³ See, respectively, Robert S. Taylor, *Exit Left: Markets and Mobility in Republican Thought* (Oxford: Oxford University Press, 2017), ch. 3; Alex Gourevitch, “Quitting Work but Not the Job: Liberty and the Right to Strike,” *Perspectives on Politics* 14, no. 2 (2017): 307–323; Keith Breen, “Freedom, Republicanism, and Workplace Democracy,” *Critical Review of International Social and Political Philosophy* 18, no. 4 (2015), 470–485.

And those who, like Anderson, see self-employment as a means to skirt dependence on an employer have often discarded its universalization as an option that is largely out of step with modern economies.

Perhaps contemporary republicans are right to neglect self-employment as an alternative to employee work, given the competing reasons we may have to disfavor it, including those of economic efficiency, as I will discuss in the closing section. But this leaves unanswered the more fundamental question of whether the value of independence from a boss, which policymakers and workers themselves often cherish, yields reasons, as defeasible as these may be, to promote or at least to protect self-employment. In what follows, I address this question by exploring the “brute power” and the “arbitrary power” variants of the argument from independence, starting with the former.

2. The Brute Power Concern

Why, if at all, is self-employment valuable? The self-employed make less money, work longer hours, bear greater mental hazards, and more often become jobless than those who draw a paycheck from an employer.²⁴ Yet, unlike wage workers, they are independent from a boss. According to the “arbitrary power” version of the argument from independence, which sections 3 and 4 will address, independence is valuable because it eradicates the risk of arbitrary management. According to the “brute power” variant, by contrast, what is valuable is independence from bosses’ power *in itself*, no matter how suitably checked such power may be. On this view, independence is valuable because it implies not having to submit to an employer’s power to command, supervise, and sanction. It implies, in brief, not having to submit to the power of someone who can tell you when and how to do your job, who can snoop on your work email, and who can demote you if you lose a customer.

²⁴ David G. Blanchflower, “Self-Employment: More May Not Be Better,” NBER Working Paper, no. 10286 (2004); Ari Hyytinen and Olli-Pekka Ruuskanen, “Time Use of the Self-Employed,” *Kyklos* 60, no. 1 (2007): 105–122; Reto Odermatt, Nattavudh Powdthavee, and Alois Stutzer, “Are Newly Self-Employed Overly Optimistic about Their Future Well-Being?” *Journal of Behavioral and Experimental Economics* 95 (2021): 101779; C. Mirjam Van Praag and Peter H. Versloot, “What Is the Value of Entrepreneurship? A Review of Recent Research,” *Small Business Economics* 29, no. 4 (2007): 351–382.

Although I will argue that this view is unconvincing, it is far from implausible, as anyone who has endured an inquisitive boss, however considerate and checked by labor law and union oversight, can probably attest. Indeed, this view may explain why a marked preference for self-employment exists even in countries whose labor law reasonably safeguards employees from managerial abuse—such that 64.5 percent of the Swiss, 63.3 percent of Italians, and 64.2 percent of New Zealanders claim to prefer it to employee work, if given the choice—and why independence from a boss is the chief reason that the self-employed cite for this preference.²⁵ It is less obvious, however, what exactly grounds the complaint that dependence on a boss as such prompts. It cannot be that the authority of employers, even when suitably regulated, always makes room for potential abuse, given the open-endedness of employment contracts. For if this prompts a legitimate complaint, it is a complaint whose source is not subjection to the authority of an employer as such, but rather subjection to their abusive authority.

Maybe, however, what renders dependence on a boss morally objectionable as such—thus yielding reasons to favor self-employment over employee work—is that it undermines workers’ agency, and not just in the sense that bosses routinely issue directives whose content preempts, on pain of demotion or dismissal, competing reasons for action that workers may have. The complaint persists, albeit perhaps in a tempered form, when no such conflict arises. For, in general, employees act as they do because their bosses say so, backed by the threat of penalty, even when they would have acted similarly had they received no direction to act in that particular way. It is the alien source of the directive, not its content, or not just its content anyway, that arguably prompts the complaint, which self-employment addresses by removing managerial authority altogether.

The trouble with this view is that it is not discriminating enough. It yields false positives, for if dependence on others’ authority is objectionable as such, in terms of undermining the freedom of the dependent party, then such dependence is also *ex hypothesi* objectionable in the state, in college, or in the family. It would entail, for example, that living under a state, however democratic, is morally objectionable—and that there is no difference, in terms of how free its subjects are, between an autocratic state and a faultlessly democratic one. Given that this implication is implausible—although perhaps not if you are a philosophical anarchist—working under a boss as such cannot be objectionable either. After all, we all live embedded in an intricate,

²⁵ Blanchflower, “Self-Employment,” 33; Dawson, et al., “Why Do Individuals Choose Self-Employment,” 34.

but not necessarily objectionable, network of dependencies. We routinely depend on the will of our doctors and teachers, parents and descendants, tax collectors and police officers, among countless others, without this dependence being necessarily objectionable. “I may be dependent on others for access to some of the things necessary for a decent quality of life,” Philip Pettit contends, “without necessarily being dominated by them.”²⁶ So perhaps what prompts a valid complaint is dependence not on an authority *simpliciter*, but rather on an arbitrary authority, as I will discuss in the next section. And this drastically weakens, and perhaps entirely disposes of, the reasons for self-employment that independence from a boss as such may prompt.

There are, of course, discontinuities between the forms of dependence we see in the workplace and those we see in other realms. Take the state. One difference is that it would be morally impermissible for public officials to issue directives that are as exacting, and whose compliance is as exactly monitored, as those that bosses permissibly issue. Another is that it would be impermissible for public officials to assign ends to citizens—given that legitimate states are typically meant to merely enable citizens to pursue their own ends—in the way that employers permissibly do, within limits, when they tell their employees which financial products to sell, how to treat farmed animals, or what to put into baby food.²⁷ But are these differences enough to render managerial authority intrinsically more objectionable than state authority, in a way that would yield reasons to favor independence in the workplace that are lacking in the state? I think not. For, even if such differences were relevant enough—which some question²⁸—they may be offset by other differences that make state authority, at a minimum, no less intrinsically worrisome than managerial authority. One such additional difference is that state officials can permissibly inflict physical force in order to elicit compliance, while employers cannot. Another is that state authority can only be avoided at great cost, if at all, while employees can avoid the authority of their employers by quitting, which is much less costly.²⁹

There is nothing objectionable, in brief, in being subject to the power of a boss as such. Yet some workers may prefer not to have a boss, no matter how suitably checked her power may

²⁶ Pettit, *Republicanism*, 159.

²⁷ John Rawls, *Political Liberalism* (New York: Columbia University Press, 1996), 41–42; Kolodny, “Is There an Objection,” 10.

²⁸ Jeffrey Moriarty, “On the Relevance of Political Philosophy to Business Ethics,” *Business Ethics Quarterly* 15, no. 3 (2005): 453–471, at 458–459.

²⁹ For a more detailed discussion of these differences, and their relevance for how to conceive of managerial authority, see Kolodny, “Is There an Objection;” González-Ricoy, “Little Republics.”

be, all the same. A separate question, then, is whether there are independent reasons to socialize (some of) the costs that satisfying a preference for independence as such involves—a question that may be usefully addressed in two ways.

One such way is in terms of occupational freedom, which we may conceive of in roughly two senses. According to one view, which is grounded in the value of self-ownership, freedom of occupational choice is wholly negative. It exclusively demands that regulatory barriers to becoming and remaining self-employed—like bulky registration procedures or steep fees—be removed, as they trespass on workers’ right to their occupational decisions not being interfered with. According to a second view, which is grounded in the value of autonomy, occupational freedom is both negative and positive. It demands not only that barriers to self-employment be removed, but also that occupational options be made available. Now, the second view probably entails that those with a marked preference for occupations that the labor market cannot meet—because jobs as a restaurateur, plumber, or attorney are scant—should be able to become self-employed at a bearable cost. In fact, the second most popular reason that the self-employed give for their decision is the nature of their occupation.³⁰ But, even accepting this view, it is much less clear whether occupational freedom likewise demands that those wishing to enter self-employment due to a strong preference for independence, rather than in order to fulfil an occupational preference that the market cannot meet, be supported (for example, through legal assistance, start-up funding, or tax breaks) when jobs in their fancied industries abound. Freedom of occupational choice targets occupations, not the conditions under which occupations are pursued.

A second approach is in terms of the positive externalities that those with a marked preference for independence could produce if they were able to become self-employed. If, as a result of this preference being satisfied, the self-employed produce positive externalities—such as creating jobs, fostering innovation, or increasing aggregate productivity—that others willingly accept, then we may have reason to make the beneficiaries bear some of the costs of becoming and remaining self-employed. This argument is plausible because it meets two conditions that are needed for positive externalities to generate fair play duties to share some of the costs of producing them—namely, that the producers of the relevant externalities incur costs and that they produce them intentionally. I think that, on a plausible understanding of these conditions, like the one

³⁰ Dawson, et al., “Why Do Individuals Choose Self-Employment,” 11

Serena Olsaretti has offered, we can safely argue that the positive externalities that the self-employed may produce would qualify.³¹ For, although the self-employed may find joy in being their own boss, they also incur significant costs in becoming self-employed. And although creating jobs or fostering innovation may not be their primary aim, they do not produce such benefits unintentionally.

This argument is subject, however, to at least two difficulties. The first is that it is unclear whether self-employment yields, on balance, positive externalities. After reviewing the empirical evidence, Van Praag and Versloot conclude that, compared to large firms, the self-employed create and destroy jobs at similarly high rates, leading to more volatile employment creation. They fail to spend more on R&D and produce fewer patents, fewer new products, and fewer technologies. And they contribute less to the value of productivity levels.³²

Second, even if we assume that the self-employed, or some of them anyway, produce net positive externalities as a result of their marked preference for being their own boss, many of these externalities may be “open benefits,” in Simmons’ classic terms: benefits that can only be avoided at great cost.³³ We cannot readily infer, then, that their putative beneficiaries willingly accept such externalities from the fact that, for example, they apply to jobs that self-employed businesses offer. Some of these workers may legitimately complain that the only reason they have to apply for those jobs is their desire to escape unemployment and destitution, and that, when it comes to deciding how to allocate scarce public funds, they would prefer job openings in large firms to be favored over job openings in mom-and-pop shops, whose pay and working conditions are on average not as good (more on this in section 4).

3. The Arbitrary Power Concern

According to the “arbitrary power” variant of the argument, to which we now turn, independence from a boss is valuable not in itself, but rather because it eradicates the risk of arbitrary management. This variant of the argument is much more congenial to republicanism, which

³¹ Serena Olsaretti, “Children as Public Goods?” *Philosophy and Public Affairs* 41, no. 3 (2013): 226–258, at 242–247.

³² Van Praag and Versloot, “What Is the Value,” 376–379.

³³ A. John Simmons, *Moral Principles and Political Obligations* (Princeton, NJ: Princeton University Press, 1979), 138–139.

opposes dependence not on others' power as such but rather on others' *arbitrary* power. To assess this variant, I introduce a distinction between vertical and horizontal forms of dependence, which correspond, respectively, to dependence on a superior's authority and to dependence on other contractors, such as suppliers and purchasers.³⁴

Start with *vertical dependence* on a superior's directive power, which employers wield over staff, and which may be arbitrary on various levels, including direct command and supervision, decisions about the conditions under which employees work, including the conditions that shape the corporate culture of their company, and decisions that, although not directly about employees' tasks or their conditions, nevertheless significantly affect them, such as relocations.³⁵ On these three levels, employers may be able to abuse their open-ended authority by issuing directives that fail to track, or to be justified in terms of, their employees' interests. For workers surely have an interest in not being liable to the reckless allocation of perilous tasks, in eluding the capricious rescheduling of hours, in being able to comfortably speak out against bullies and sexual harassers, and in having a say over board-level decisions that significantly affect them.

Niko Kolodny has argued, however, that republicanism is not discriminating enough as to which managerial directives are objectionable.³⁶ If what renders managers' power over staff objectionable is that it fails to be justified in terms of the latter's interests, Kolodny argues, then managerial power is rarely ever unobjectionable, for managers tend to serve the interests of the client or the firm, rather than those of workers. "If the question is what is in the interests of the worker," Kolodny claims, "the answer, presumably, would be not to have to work at all."³⁷

But this objection stems from an overly narrow understanding of what is in the interest of the worker, and of when managerial decisions may serve or neglect this interest. Given that work is especially well placed to serve the interest that people have in making a social contribution, as well as in socialization, self-realization, and social recognition and esteem, it is questionable whether not having to work at all is what is in workers' interests.³⁸ Indeed, an interest in working that goes beyond its pecuniary dimension is something that workers routinely avow when,

³⁴ I adapt this distinction from Nicholas Vrousalis, "Workplace Democracy Implies Economic Democracy," *Journal of Social Philosophy* 50, no. 3 (2019): 259–279, at 264.

³⁵ Hsieh, "Rawlsian Justice," 92.

³⁶ Kolodny, "Is There an Objection," 18–19.

³⁷ *Ibid.*, 18.

³⁸ Anca Gheaus and Lisa Herzog, "The Goods of Work (Other than Money!)," *Journal of Social Philosophy* 47, no. 1 (2016): 70–89.

financially able to get along without having to work at all, they choose to work all the same, even when the jobs available are not particularly stimulating.³⁹

Moreover, although this is a point that republicans rarely acknowledge, workers have an interest not just in working, but also in the productive efficiency of the companies they work for and, accordingly, in their managers efficiently serving the interests of the firm or client. For workers have an underlying interest in not having their working conditions undercut if their company does poorly and in not losing their jobs if it goes bust. Workers' interests in having a job, as well as in the efficiency of the companies they work for, need not outweigh the other legitimate interests they no doubt have when trade-offs arise. In other words, not every managerial decision to improve efficiency will be justified in terms of workers' overall interests, once we factor in these other interests. Yet, many such decisions will be justified in terms of the interests that workers, and not just the firm or its customers, have. To be sure, there is the question of which means may suitably track workers' overall interests in order to minimize arbitrary management, as I will discuss below. But, for now, it suffices to note that, contrary to what Kolodny suggests, not every managerial decision will be objectionable on the republican view. Only those that fail to track, or fail to be justified in terms of, employees' overall interests, including their interest in the productive efficiency of the company they work for, will be so.

Self-employment is valuable, then, because it yields independence from the risk of having a boss who may fail to track the staff's overall interests, including their interests in not being underpaid relative to their marginal productivity or sexually harassed, but also in their companies being smoothly run. A plausible objection, however, is that if becoming self-employed is valuable just as a means of avoiding arbitrary management, then alternative means may also do the trick. Recent debates on how to keep arbitrary management at bay, such that bosses are forced to track workers' interests, pursue precisely this. Whether it is through strengthened rights to change jobs or to strike or through more exacting workplace regulation or board-level employee representation, means other than self-employment could perhaps make bosses suitably accountable to workers'

³⁹ See, among others, Reshmaan Hussam, et al., "The Psychosocial Value of Employment," NBER Working Paper, no. 28924 (2021); Syon P. Bhanot, Jiyoung Han, and Chaning Jang, "Workfare, Wellbeing and Consumption: Evidence from a Field Experiment with Kenya's Urban Poor," *Journal of Economic Behavior and Organization* 149 (2018): 372–388; Axel Marx and Hans Peeters, "An Unconditional Basic Income and Labor Supply: Results from a Pilot Study of Lottery Winners," *Journal of Socio-Economics* 37, no. 4 (2008): 1636–1659.

interests, rendering the reasons for self-employment that stem from the value of independence less stringent and easier to defeat.

Consider two rejoinders, however. One is that means such as an improved right to strike, or to quit abusive jobs, however successful in keeping bosses in line, fail to eradicate managerial domination. Workers' ability to quit the work but not the job—as Alex Gourevitch has referred to the right to strike—or to quit the job altogether if at risk of being abused—as Robert Taylor advocates—may, depending on the circumstances, induce bosses to track workers' interests in deploying their powers.⁴⁰ But they may also yield a situation of mutual domination, rather than one of nondomination.⁴¹ For even if management and staff were to wield roughly equal power over each other, there would be no assurance that they would not deploy it arbitrarily.

A regulatory approach to arbitrary management—whereby bosses' authority is checked by labor law, collective agreements, and professional and craft standards—may be more modally robust. This approach may do better at providing all parties with certainty about how the others may act under both actual and nonactual circumstances. But it is liable to a second rejoinder—namely, that arbitrary management cannot be entirely rooted out because employment contracts are particularly incomplete. Moreover, they are desirably so for efficiency reasons. To cut a long story short, given that, on the influential view of the firm that Coase and others have developed, it is often more efficient to replace market exchanges between independent contractors with an administrative hierarchy—such that a person or group wields open-ended authority to direct workers as productive contingencies unfold—attempting to legally or contractually specify the terms of the relationship for every possible state of the world would drastically undercut such authority, undermining the superior efficiency of firms relative to the market.⁴² And given that, as argued above, the productive efficiency of the firm is in workers' interest, such attempts may not just harm firms but also unsuitably track employees' interests.

Now, although considerations of productive efficiency may discourage some means to check employers' authority, like those requesting that labor contracts be specific about everything that employees may be asked to do, they do *not* justify such authority's being unfettered or

⁴⁰ Gourevitch, "Quitting Work"; Taylor, *Exit Left*, ch. 3.

⁴¹ Andreas T. Schmidt, "Domination without Inequality? Mutual Domination, Republicanism, and Gun Control," *Philosophy and Public Affairs* 46, no. 2 (2018): 175–206.

⁴² Ronald H. Coase, "The Nature of the Firm," *Economica* 4, no. 16 (1937): 386–405; Oliver Williamson, *Markets and Hierarchies* (New York: Free Press, 1975).

unaccountable to its subjects.⁴³ The reason is not only that workers have interests other than the productive efficiency of the companies they work for—interests that would surely prevail if their managers were to improve the firm’s bottom line by cutting down on toilet breaks or by firing pregnant women. It is also that many of the regulations that safeguard employees from arbitrary management, such as protections against sexual harassment or taste-based discrimination and board-level employee representation, are likely to actually boost productive efficiency.⁴⁴ In brief, suitable regulatory means are available to force employers to track workers’ overall interests, and to significantly reduce the risk of arbitrary management. When such means are in place, the reasons for self-employment that stem from the value of independence become much less stringent and easier to defeat.

When we factor in *horizontal forms of dependence*—that is, dependence on suppliers or purchasers, whose wills the self-employed are compelled to observe on pain of going under—things get even more complicated for the argument from independence. We should be careful, however, to avoid inferring personal dependence from dependence on the aggregate, lest we fall into an ecological fallacy. Although self-employed workers cannot depend on their bosses—for they have none—they no doubt depend on their customers and suppliers. Yet, in a competitive market, they do not depend on any single customer or supplier, whose particular wills they can easily skirt. “A tradesman or artificer,” Adam Smith argued, “derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any of them.”⁴⁵ Pettit expresses a similar view: “I may not be dependent on any given individual or group—my dependence may be *anonymous*, as it were—and so may not be exposed to domination by any agent in particular.”⁴⁶

Horizontal forms of dependence, however, are not always innocuous. Take the easy case first: market concentration obtains. When the self-employed depend on a single supplier or purchaser, or on a handful of them, as when a single creditor has market power to set extortionate

⁴³ For more detailed discussion, see Iñigo González-Ricoy, “Firm Authority and Workplace Democracy: A Reply to Jacob and Neuhäuser,” *Ethical Theory and Moral Practice* 22 (2019): 679–684, at 682–683, and “Little Republics,” 115–120.

⁴⁴ See, for example, Simon Jäger, Benjamin Schoefer, and Jörg Heining, “Labor in the Boardroom,” *Quarterly Journal of Economics* 136, no. 2 (2021): 669–725.

⁴⁵ Smith, *Wealth of Nations*, III.4.17.

⁴⁶ Pettit, *Republicanism*, 159; my italics.

interest rates, dependence may no longer be anonymous, to use Pettit's term. Worse, contingent on how concentrated the market turns out to be, such dependence may no longer be solely horizontal either. It may become vertical, as when companies use their market power to direct self-employed suppliers as to when and how they should do their work.

Yet wholly horizontal and anonymous dependence in competitive markets may also be objectionable. Horizontal dependence on suppliers and purchasers is no doubt distinct from vertical dependence on an employer, who wields powers to command and supervise when and how one works. And anonymous dependence on manifold market actors is likewise distinct from interpersonal dependence on a single supplier or purchaser, who may end up wielding vertical power as well. Yet, depending on the circumstances, entirely horizontal and anonymous forms of dependence may also yield abuse, albeit not because market competition as such influences how the self-employed organize their work in order to remain competitive. Abuse may occur when market competition turns arbitrary power in the realm of employee work into arbitrary power over self-employed workers.

To unpack this idea, consider how market competition may affect the ways that self-employed organize their schedule and pace of work. Ari Hyytinen and Olli-Pekka Ruuskanen, who have traced the timing of the tasks that Finnish self-employed workers perform in a typical working day, find that the self-employed follow routines almost identical to those that wage laborers follow.⁴⁷ In principle, self-employment confers independence in deciding when and how to work. In practice, however, market imperatives compel the self-employed to start their workday, allocate hours, and take breaks very much as those who work under the thumb of an employer do.

Now, the fact that market competition compels the self-employed to organize their work much as employees organize theirs does not, as such, prompt a valid complaint. This is the natural interdependence, as it were, that market competition yields—competition that, under suitable conditions, importantly improves overall economic outcomes, which stand to benefit everyone.⁴⁸ But suppose that employers deploy their staff in terms that grossly fail to track their interests. Suppose, for example, that employers, determined to improve their companies' bottom line, routinely allocate unpaid overtime, reschedule working hours on short notice, and assign tasks that

⁴⁷ Hyytinen and Ruuskanen, "Time Use of the Self-Employed," 110–115.

⁴⁸ Christopher McMahon, "Morality and the Invisible Hand," *Philosophy and Public Affairs* 10, no. 3 (1981): 247–277; Joseph Heath, *Morality, Competition, and the Firm: The Market Failures Approach to Business Ethics* (Oxford: Oxford University Press, 2014).

seriously threaten their employees' health. When this occurs, market competition may compel the self-employed to follow suit, on pain of going broke, turning bosses' vertical arbitrary power over wage workers into horizontal arbitrary power over self-employed workers.

To sum up: the reasons for protecting and promoting self-employment, although stringent when workplace safeguards are absent or lax, are much weaker and easier to defeat when such safeguards are in place. Moreover, the self-employed rarely are wholly independent, for they are liable to horizontal forms of dependence. These are particularly worrisome when market concentration obtains, but are not necessarily innocuous when markets are competitive, as competition may turn arbitrary power within hierarchical firms into arbitrary power over self-employed workers.

4. What about Wage Workers?

Having inspected how self-employment bears on self-employed workers' vertical and horizontal independence, we now briefly turn to how it bears on wage laborers. I will first inspect wage workers in general, and next zoom in on a particular subset of them: those who are employed by self-employed owners of small businesses.

An important argument for making self-employment accessible at a bearable cost is that, when opportunities to become self-employed are abundant, employees can credibly threaten their bosses with resorting to them, if often only implicitly, to keep potential abuses at bay. This is particularly relevant in developing economies, in which workplaces are often loosely regulated and employees' legal rights are poorly monitored and enforced. For example, studying industrial jobs in Ethiopia, Christopher Blattman and Stefan Dercon find that self-employment, despite being financially more volatile, offers conditions that workers often prefer, given how serious the safety risks of factory work are.⁴⁹ They find that two-thirds of sweatshop employees quit within the first months of starting their jobs, resorting to farming, street trade, and other forms of self-employment instead. And the case seems to generalize. Richard Arum and Walter Müller find that self-employment is more prevalent in countries with loose labor market regulation, and suggest that

⁴⁹ Christopher Blattman and Stefan Dercon, "The Impacts of Industrial and Entrepreneurial Work on Income and Health: Experimental Evidence from Ethiopia," *American Economic Journal: Applied Economics* 10, no. 3 (2018): 1–38.

this link stems from the incentive that workers have to become self-employed when employee protection is inadequate.⁵⁰

The point here is not merely that self-employment, as argued above, offers wage laborers an alternative when employee work involves dependence on arbitrary management. The point is rather that, when such an option is available under conditions that make it modally robust, bosses have a powerful incentive to track employees' interests. When most people can only become self-employed at an unbearable cost, workers can exit a particular job but cannot exit employee work altogether. By contrast, when employee work is not the only game in town, and workers can resort to self-employment with ease if at risk of being abused, bosses have an incentive to restrain themselves, on pain of losing firm-specific human capital and incurring recruitment and training costs if turnover increases. And although this reason for self-employment is weak when employee work is suitably checked, it is stringent when such checks are absent or lax.

The argument, however, cuts both ways. Opportunities for self-employment also make it easier for employers to resort to market contracting when workplace regulation is not to their taste, narrowing the range of viable workplace regulations as a result. When governments make it easier to become and remain self-employed—for example, by providing start-up funding, training, and tax breaks—they create an incentive not only for wage workers to switch to self-employment, but also for employers to outsource the supply of labor inputs to self-employed workers, instead of hiring them as employees. By adopting policies to foster self-employment, governments indirectly socialize part of the costs that employers would otherwise have to bear, such as social security contributions, on-the-job training, and paid holidays, as well as the risks that hiring employees with a fixed salary involves. Moreover, in so doing, they also make it harder for subsequent governments to enact further workplace safeguards.

Consider next a particular subset of employees: those whom the self-employed may hire. Although governments often portray the self-employed as Schumpeter-like entrepreneurs scaling their companies up, most self-employed businesses—three in four among those with less than 20 employees—express no desire to grow big and never do so.⁵¹ And the vast majority of the self-

⁵⁰ Arum and Müller, *The Reemergence of Self-Employment*, 18–21.

⁵¹ Erik Hurst and Benjamin W. Pugsley, “What Do Small Businesses Do?” NBER Working Paper, no. 17041 (2011), 11–19.

employed in poor countries, most of whom operate informally, do not hire others and never grow big.⁵²

The fact that self-employed businesses that employ others rarely grow big is relevant for at least two reasons. One is that small firms are often exempted from the legal regulations, including employment protections, that medium and large companies have to conform to. Another is that small firms are more prone to using direct and personal supervision of their staff, instead of the bureaucratic and indirect rules that large firms usually employ. Employees of small firms are, then, not only more often dependent on bosses whose authority is less regulated, relative to employees in larger firms. They are also directed and supervised by more arbitrary means, even if some managers never happen to abuse them. Personal supervision in small firms, Randy Hodson has found, is closely linked to direct physical and verbal abuse, inappropriate firings, absence of job security, frequent layoffs, reductions in hours, and an absence of on-the-job training.⁵³ Self-employment, in brief, may yield some independence for the self-employed. But it seems to do so at the cost of yielding less independence for any employees they may hire.

5. Conclusion

Governments of various persuasions, and workers themselves, often argue that self-employment merits protection and promotion as a means to elude dependence on a boss. I have inspected two variants of this argument and found them wanting. There is nothing objectionable as such, I have first argued, in being subject to the power of a boss. And although becoming self-employed no doubt solves the risk of being abused by eradicating its cause, I have next argued, given that self-employment yields its own forms of dependence, it deserves promotion (and not just protection) only when managerial authority is unsuitably checked, as is often the case in poor economies. Republicans and relational egalitarians are right to believe, in brief, that employment relations need not be inegalitarian or objectionable. Much depends on the terms under which such relations take place.

⁵² Abhijit Banerjee and Esther Duflo, *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: Public Affairs, 2011), ch. 9.

⁵³ Randy Hodson, *Dignity at Work* (Cambridge: Cambridge University Press, 2004), 93–97.

Some may object, however, that independent considerations may recommend, on balance, that self-employment be promoted, and not just protected, when suitable workplace safeguards exist. I lack the space to discuss such considerations, including those of equality of opportunity, distributive justice, job creation, and efficiency—some of which I have inspected elsewhere.⁵⁴ But it seems doubtful. For, although philosophical reflection on self-employment is still in its infancy, employee work seems to outperform self-employment on various scores.⁵⁵ For example, the self-employed make less money, work longer hours, and bear greater mental hazards, on average, than wage workers. And self-employed businesses make a lower contribution to aggregate productivity, innovate less, and create more volatile jobs than larger companies do.⁵⁶

⁵⁴ Iñigo González-Ricoy and Jahel Queralt, “No Masters above: Testing Five Arguments for Self-Employment,” in *The Politics and Ethics of Contemporary Work: Whither Work?* ed. Keith Breen and Jean-Philippe Deranty (London: Routledge, 2021), 87–101.

⁵⁵ See Blanchflower, “Self-Employment”; Hyytinen and Ruuskanen, “Time Use of the Self-Employed”; Odermatt, Powdthavee, and Stutzer, “Are Newly Self-Employed Overly Optimistic”; Van Praag and Versloot, “What Is the Value.”

⁵⁶ For valuable comments, I thank Daniel Halliday, Lisa Herzog, Julian Jonker, Jahel Queralt, Grant Rozeboom, and audiences at the Working as Equals workshop, the 2021 Society for Applied Philosophy conference, and the Queen’s University Belfast political theory workshop. For discussion of some of this chapter’s ideas, I also thank Adrián Herranz, Luke Newberry, and Chris Zhang. Research for this chapter was supported by an ICREA Academia award and project PGC2018-095917-A-I00, “Justice at Work: A Normative Analysis of Nonstandard Forms of Employment,” funded by the Spanish Ministry of Science.