

The gig economy: More than 160 million in US and EU rely on “independent work”

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Up to 162 million individuals in the United States and the European Union, or 20 to 30 percent of the working-age population, engage in “independent work,” a phenomenon that makes up what is being called the “gig economy,” according to a McKinsey Global Institute report released this month.

The report defines this independent work as a position that meets three basic criteria: a high degree of autonomy; payment by task, assignment, or sales; and a short-term relationship between the worker and the customer. These jobs include things like freelance work, driving for Uber, sales on Etsy, renting out rooms on Airbnb, and various temp jobs.

The report divides those who take part in independent work into four categories under the headings: “free agents,” those who both actively choose independent work and collect their primary income from it; “casual earners,” defined as workers who supplement their main income with independent work and do so by choice; “reluctants,” who make their primary income from this work but would prefer traditional jobs; and “financially strapped,” workers who do independent work out of necessity.

The group referred to as the “reluctants” make up 14 percent of independent workers, which equates to 23 million people. The “financially strapped” comes in slightly ahead, at 16 percent, or 26 million people. This adds up to almost 50 million people who take second or third jobs in the independent sphere out of necessity.

The report does not include what are becoming known as “fissured workers,” those whose jobs are considered non-core functions such as technical support, janitorial services and security, and are therefore being turned over to vendors and subcontractors, often resulting in another form of casualized labor.

The report explains that independent work provides many “macro benefits” to the economy by increasing labor force participation and the number of hours worked in the economy. Also among the beneficiaries of this layer of workers are the owners of startups, who rely on such cheap labor to avoid the “burden” of full-time employees. In other words, those on the receiving end of the “benefits” of the casualization of the labor force are not the workers, but the capitalist class, the petty-bourgeois, and aspiring petty-bourgeois layers who are no longer forced to supply long-term fixed jobs to their employees.

As the study notes, independent workers have limited access to income security protections, such as unemployment insurance, workers’ compensation, and disability insurance. Since pay is often awarded as a lump sum according to the type of project, rather than by hours worked, minimum wage laws may not apply and retirement security is virtually nonexistent. Most casualized laborers are not provided health insurance, forcing them to turn to the overpriced Obamacare exchanges, or individual insurance market, or pay tax penalties for not being insured.

In addition, workers are considered to be “independent contractors” by the IRS, which requires paying self-employment tax in addition to income tax. This type of work creates other obstacles as well, such as reduced access to credit, the risk of not being paid for work that is already performed, and complex tax filing, licensing and regulatory compliance requirements.

However, many of the obstacles cited above have come to apply not only to part-time work, but to full-time jobs as well. With workers’ pensions being liquidated in many major US cities going through economic crises, Obamacare health care plans on track

to increase by 25 percent in 2017, and wages remaining stagnant across the board, the “benefits” of full-time employment are becoming more and more a thing of the past.

The reality of the situation is that casualizing the workforce means only that the working class may now “choose” how they wish to be exploited, be it a “traditional” 9 to 5 job, or under the more novel guise of “independent” work.

Often packaged as creating “options” for workers, as this study suggests, the reality is that these new forms of employment provide options and increased profits for the ruling class. The push for more part-time and independent work is an attempt to curb the declining rate of profit, inherent in the capitalist system, by finding new ways to squeeze labor at a lower cost. It stokes competition between workers who are now forced to enter a race to the bottom within the independent sphere, as well as between those in the independent sphere and in full-time employment.

Possibly most affected by this shift in the economy is the Millennial generation, those aged 18-30. The report notes that more than half of those under age 25 participate in independent work, not just in the United States but throughout the European Union as well.



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