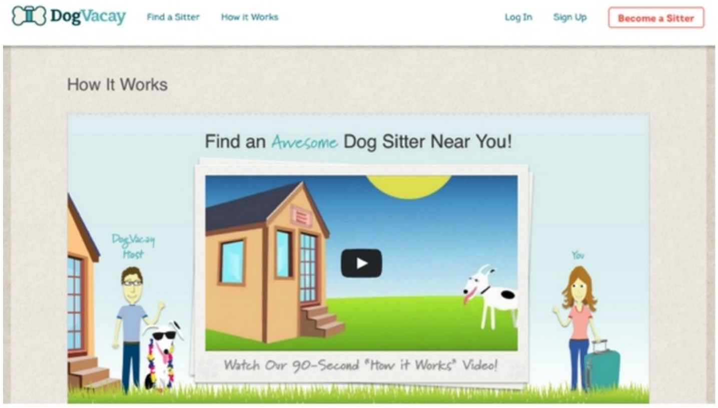
Written by [Bob Adelmann](#) on August 5, 2015

“Gig” Economy Ending Lifetime Careers, Opening Opportunities



According to the *Financial Times* — referring to the “gig” or contractor/freelance economy — the “new world of work is both more exciting and less secure.” And an increasing number of former employees are celebrating that new world by participating in it, leaving collectivists and statists gasping and wondering who will pay for the benefits they have promised if everyone starts working for himself?

The number of independent contractors is growing. And not just in the United States, either. London’s *Financial Times* reported earlier this week that while traditional employment rates in the OECD countries have yet to bounce back fully from the Great Recession, rates in the part-time economy have increased greatly: “Across the OECD, an average of one in three jobs are ‘non-standard.’”

The one-third estimate, according to Slideshare, understates freelancers’ numbers. In the United States alone, estimates are that 80 million people are now engaging in, and enjoying the benefits of, the new world of work, while four out of five millennials think that the best opportunities for the future lie in the world of independent workers.

Yet the pejorative “gig economy” is flung at the new business model by people such as Hillary Clinton and Virginia’s senior senator, Mark Warner, to pillory the emerging world of work, rather than using less-loaded, sensible replacements such as “part-time,” “temporary,” “free lancer,” “self-employed,” or the increasingly common “independent contractor.”

Statists such as Clinton and Warner, while disdainful of the new business ethic, are trying to catch up and then do a reversal. They wish to challenge the term “independent contractor” and change it back to “employee” where someone can be forced to pay for the welfare state.

Hillary Clinton reflected her oh-so-dated view of how the world used to work in a recent speech to her supporters: “This ‘on demand’ or so-called ‘gig economy’ is creating exciting opportunities and unleashing innovation but it’s also raising questions.” Questions like:

> If someone gets sick, who will take care of them?
>
> If someone quits employment in favor of self-employment, who will pay for health insurance, and unemployment insurance, and disability insurance, and retirement benefits?
>
> If someone is paid in cash, how can that be tracked? How will the government capture its fair share of that transaction?

Warner, until recently considered a viable alternative to Hillary Clinton in her run for the presidency, and honorary chairman of the liberal-leaning Forward Together PAC, said that the change in the economy is getting away from Washington’s efforts to regulate everything:

> The U.S. workforce is increasingly composed [of] freelancers, independent contractors and the

> otherwise self-employed. Yet, Washington has mostly remained on the sidelines….
>
> That means that companies do not have to pay costs such as health insurance or retirement benefits. They also typically do not pay a share of unemployment or workers' compensation coverage.

Holding a parallel opinion are interventionists Nick Hanauer and David Rolf, who wrote in the leftist *Democracy Journal*:

> Gone is the era of the lifetime career, let alone the life-long job and the economic security that came with it, having been replaced by a new economy intent on recasting full-time employees into contractors, vendors and temporary workers.

Note their phraseology: The economy is "intent" on "recasting" those traditional full-time, tax-paying desk jockeys. Not accurate: It's those very employees who are making their own decisions to leave those positions and venturing forth into the new economy, seeking ways better to serve customers who are willing to pay them directly.

That simply won't do, if one reads this *New York Times* editorial:

> Technology is making it possible for companies to do business in ways that can be good for consumers and workers. But [there's that conjunction again] this emerging [economy] still needs to be governed by sensible regulations devised to protect workers.
>
> [After all] there's a long history of businesses that try to deprive workers of the protections and benefits they are entitled to under the law by wrongly treating them as independent contractors.

The statists view the changes through a very subjective lens. What the change in the business model really represents is the ongoing "creative destruction" first observed by Joseph Schumpeter in his ground-breaking analysis, *Capitalism, Socialism and Democracy* in 1942:

> [It is] a process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.

As the old model has disintegrated, the new one has been populated by names that are now part of the lexicon — Uber, Lyft, Airbnb — as well as relative unknowns following in their wake: Zaarly, TaskRabbit, DogVacay, Car2Go. And these new entities are increasingly funded by non-banks, such as Lending Club.

Missing from complaints about the "gig economy" is any mention of how people are faring in the new economy. Charles Cooke, commenting at National Review Online, explained exactly how they are doing:

> For us [consumers], the arrival of such a system is salutary, not scary. It is an end to waiting in the rain for a state-approved cab…. It is the source of golden opportunities to those who wish to construct odd or custom-built work schedules, or to make money without answering to a boss.

What these new entrepreneurs are doing, of course, is substituting one boss for another. In the decaying model, one receives a salary from an employer in a structured environment. In the blossoming model one receives pay directly from a customer who is buying a service.

At bottom, the new world of work is the economy's response to answering customers' questions and providing for their needs and wants.

By definition these free market entrepreneurs cannot be corralled like so many sheep into the statists' collective pen, and that's what frightens statists the most.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American *magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.*