

Self-Employment in the Age of Knowledge

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Balancing Acts: Self-Employment in the Age of Knowledge

Google “self-employment” and you’ll literally find seventy-eight million four hundred thousand links. Click on just a few, and you’ll quickly discover that the vast majority of articles espouse the virtues of being independent, entrepreneurial, autonomous. You’ll find tips on building a “business” to branding yourself, from personal grooming to cultivating the appropriate mindset. All in all, the picture is positive. And it had better be, since in 2005, before the other shoe dropped and the probable recession turned into a potential depression, the US Census issued a press release stating that the nation had added one million “self-employed businesses”, and that the ranks of the self-employed had now reached 18.6 million workers - a growth rate of 5.7% between 2002 and 2003, and a number representing 10.3% of the workforce. Only a year later, the Freelancers Union published an issue brief online stating that “independent” workers comprised just over 30% of the workforce. The disparity between these numbers tells a tale of differing definitions, conflicting interpretations and shifting perspectives on the form of labor self-employment represents, and of the importance of the phenomenon of self-employment to understanding changes to the American labor force over the last thirty years.

Two divergent theoretical accounts of the new social economy can be found at the root of the conflict. On the one hand, scholars such as Yochai Benkler, Nigel Thrift, Adam Arvidsson and Nicolai Pietersen hold that a new economy is developing in which social production is ever more important. This development undermines the neoliberal stance that the most natural and productive human ethic is that of self-interest. Increasing concern over the social value of products will yield a new business ethic of social responsibility. On the other hand, scholars such as Richard Sennett and Alan Lui

argue that the merging of the social and the corporate is causing fundamental damage to the wellbeing of humankind. The human emotional need for a fulfilling work life is undermined, and this new relationship produces a form of sociality that values “user friendliness” as opposed to true human-to-human bonds. By examining the phenomenon of self-employment vis-a-vis these opposing theoretical strains, we can better understand how the tension between these perspectives plays out in the everyday world of the individual worker as well as American society at large.

At their core, positive accounts of the meaning of the changing dynamic between capital and labor perceive the primary flaw of the capitalist model as its ability to overpower the needs of the public. Thus, the remedy is viewed as strengthening the power of the consumer. In *The Wealth of Networks*, Yochai Benkler perceives the development of the internet as the harbinger of a shift from an information economy to a “networked information economy.” In a networked information economy, social production becomes increasingly significant. Social production is non-market based, and occurs outside of the profit paradigm. For Benkler, this shift in production undermines Adam Smith’s thesis that it is human nature to seek profit. Citing examples such as Wikipedia and Linux, Benkler argues that in the social economy people labor for reasons that are not economic. For Benkler, this shift naturally increases and bolsters important values such as democracy, individual freedom and social justice by allowing the average person access to communicate ideas within the public sphere via the internet. Prior technologies such as the printing press, radio and television have economically prohibited the individual from access to the means of production and therefore reinforced the industrial model for communications. In the industrial model a capitalist uses the economic leverage of owning the press or the television station as a

way to extract surplus value from labor in the form of profit. However, the advent of network technology fundamentally erodes this model, because sharing becomes the most effective way to produce information within this technological arena. This shift in the dynamic between labor and capital allows for some areas of production to be separated from the monetary. This positive change holds the potential for the development of policies that support individual freedom, democratic values and commons. And further, business success now requires the “integration of users into the process of production.”¹

Both Nigel Thrift in *Re-inventing Invention: New Tendencies in Capitalist Commodification*, and Adam Arvidsson and Nicolai Pietersen in *The Ethical Economy* argue that this new need to integrate users into the production process drives businesses toward ethical behavior, thus positively changing the position of business in the capitalist model. For Thrift, the tendency of capitalism is to seek available resources to exploit. Over recent years, Western capitalism has faced a “crisis of profits” due to competition from markets such as China and India, as well as “overcapacity and overproduction” making it harder and harder to extract profit.² However, this process is changing as “new fuel sources for capitalism are coming together as a powerful system” that can be tapped for energy.³ For Thrift, this new source of fuel is forethought or affect. Thrift argues that it has become increasingly important that the consumer encounter a product in a way in which is “satisfactory”. For Thrift, this is a way in which the changing political economy intervenes on the horizon of time, as the determination of whether the encounter is satisfactory incorporates and exploits the forethought of the consumer. Forethought falls under the realm of affect as it entails

¹ Benkler, 121

² Thrift, 283

³ Thrift, 283

extrapolating into the future in a sensory way - it is a thinking ahead to how a product will make you feel, how it is relevant emotionally. In the new social economy a commodity must resonate with the senses such that closing the car door or chewing the crunchy cereal feels right.⁴ The satisfactory fusion of affect with product offers a sense of “rightness.” This need for rightness drives businesses to incorporate the non-productive realm of the sensory into production. For Thrift, the need to incorporate the “user experience” into models for production offers consumers a greater influence, as so many are concerned with “ethical consumption”. Thus, the capitalist exploitation of the senses yields a potentially positive result.

In *The Ethical Economy*, Arvidsson and Pietersen continue along this line of thinking, expanding it with the thesis that the innovation of social economy (or knowledge economy or experience economy) contains a logic of value. Within the previous economic mode, the social or affective did not have productive value, and thus, fell outside the capitalist system. For Arvidsson and Peitersen, the need for corporations to incorporate the social into production, places intangibles within the system and thereby creates a hierarchy of value. The act of objectifying affect ironically forces a shift in the power dynamic of capital, causing the user experience to be incorporated into production. The capitalist economy will still handle material production, but the production of knowledge and the immaterial occurs in the new social economy that operates based on social ethic. For Arvidsson and Peitersen, the shift toward a social economy is not simply the shift to an economy where some production occurs outside of the capitalist model or that user satisfaction is more important to corporate profit, but that by incorporating the social, capitalist mode changes its system of value. This

⁴ Thrift, 288

system of value is expressed hierarchically via the brands with which consumers associate themselves. Since “value is increasingly generated outside of the wage relation in diffuse practices of social production that cannot be easily managed or measured”, company profits rest on their ability to capture “socially produced wealth” and therefore depend less on salaried workers.⁵ Thus, the impact of “the ethical economy” on workers is that they no longer have access to relationships with a single employer and must generate income in other ways.

These positive accounts of a burgeoning new political economy interpret the shift in the relationship between labor and capital as one in which business interests become fused with the social positively, thus incorporating the consumer into current modes of production more fully. The end result is a world in which a problematic power dynamic of capitalism is balanced by the consumer, user or social. Yet, none of these scholars address the issue of how the addition of the immaterial, affective, non-productive realm to the economically productive impacts the value of labor time.

Less enthusiastic accounts of the impact of incorporating the social into the productive tend to view the transition from the perspective of labor versus the perspective of production and consumption. In *The Corrosion of Character*, Richard Sennett paints a poignant picture of the meaning of these global economic changes to the individual worker. Sennett identifies an altered relationship with time as underlying a crisis of work. Whereas Thrift links the commodification of forethought to potentially greater empowerment for the consumer, Sennett identifies this altered relationship with time as the cause of a loss of power and individual emotional crisis. For Sennett, time is

⁵ Arvidsson, Peitersen, Chapter 2, page 29

expressed in the new economy as “no long term”.⁶ Because career today rests on social relationships and affective skills, skills acquired over time are no longer needed. Whereas in the past workers could rely on long term employment, today short term engagements are the norm. This lack of continuity erodes strong social ties; it generates a sense of “drift” and disorientation in the individual. Thus, the affect that is absorbed by the corporate in Thrift’s analysis is ironically one devoid of true sociality in Sennett’s conception. The flipside of the capture and exploitation of forethought can be viewed as the breakdown of the continuity of time, and consequential devaluing of accumulated experience. The exploitation of social bonds can be viewed from the angle of the destruction of those bonds, and reattachment of them to the corporate in the form of brand association.⁷ And the global economic transformation we are currently undergoing can be viewed not as development of an “ethical economy”, but rather as the development of an economy in which ethics, understood as human-to-human social bonds, are not valued. The destruction of these bonds facilitates high risk, “winner take all” markets, and the concept of meritocracy fades in favor of luck.⁸ By examining broader social circumstances through the eyes of the individual, Sennett problematizes the conception of the development of a social economy in which the worker gains power and influence over the corporation or capital.

In *The Laws of Cool*, Alan Lui examines the changing political economy via the change to the identity of the worker. For Lui, the social dynamic or affect that is in the process of being absorbed by the corporation of the new economy is identity and class. Lui identifies the advent of Taylorism as a critical moment that develops out of the need to remove a human target for workers’ anger, and shift feelings onto a process or

⁶ Sennett, 22

⁷ this idea is extrapolated from Celia Lury, Naomi Wolf and Karin Knorr Cetina

⁸ Sennett, 89

technological system.⁹ As a result of this innovation, forms of management evolve around the control worker emotion or affect. While historically the establishment of “feeling rules” lay in the private realm, corporations began to control this domain, establishing emotional parameters.¹⁰ In this way, the interior world of the worker comes to possess “the corporate”, and is absorbed into the wider culture. The outsider to the corporate cultural identity comes to bear the weight of the feeling of alienation, which is no longer acceptable within the emotional experience the incorporated worker.¹¹ Corporate culture becomes user friendly.¹² This user friendliness carries the burden of the workers need to emotionally weave together how they feel with how they behave. Thus, to remain within the corporate system, the worker must transform their identity, their inner feelings to correspond to the affect they need to display for personal survival and success. Thus, for Lui, alienation becomes expressed through friendliness itself.¹³ The advent of the team yields a “postrepresentational identity” that is really just “simulation...backed up by no reality”.¹⁴ So, for Lui the subsumption of identity and class by capital, is the subsumption of a fictitious identity. The loss of identity is analogous to the loss of history itself, as the historical roots of identity are suppressed and rendered insignificant, without value. The social becomes simulacra in this realm and finds no other realm available for the expression of the self. The need of the corporation to exploit the social does not yield greater human agency or consumer influence. For Lui this is the ultimate breakdown of sociality – it is the opposite of social; it is anti-social. So, unlike Arvidsson and Peitersen’s approach in *The Ethical Economy*, for

⁹ Lui, 90

¹⁰ Lui, 89

¹¹ Lui, 100-1

¹² Lui, 161

¹³ Lui, 123

¹⁴ Lui, 51

Lui, the absorption of the social into the corporate, does not give the social value, but rather renders it valueless.

These less enthusiastic accounts of the social economy view the current economic transition from the perspective of the worker, whereas the more positive accounts view the transition from the perspective of the consumer. From the perspective of the consumer, the exploitation of affect may be of little importance on the surface or even provide some benefits. However, once the impact on the worker is evaluated, it seems that the exploitation of affect both devalues work and the individual. In the everyday world, the worker is typically also a consumer, and the consumer typically also a worker. So, even if the incorporation of the social into production produces some positive benefits to the consumer, they are erased by the negative impact on the worker. In order to manifest any positive benefits on side of consumption, the negative costs on side of labor would need to be remedied.

Examination of the phenomenon of self-employment in the new economy shows how this problematic state for workers manifests in an economy where they can no longer exploit labor time for value. In the 1940s the majority of the self-employed were seasonal workers, whereas today over 90% are in non-agricultural industries.¹⁵ In spite of being non-salaried workers, agricultural workers could rely on seasonal employment. Whereas today's self-employed workers are mainly found in service industries. These workers find themselves in unpredictable circumstances that fluctuate with the overall economic circumstances of the country. Over recent years, self-employment has been on the rise in the United States, but the increase has not seemed as dramatic as it is because the Census Bureau statistics camouflage the significant change to the types of workers

¹⁵ Hipple, 13

who are self-employed, making it is hard to fully perceive the shift. Further, the self-employed represent only part of a larger category of “nonstandard” workers. The Freelancers Union incorporates regular part-time, direct hire temps, temp agency employees, regular self-employed, independent contractors who are self employed, independent contractors who are waged or salaried, on-call and day laborers, as well as contract company employees into their statistics showing over 30% of workers outside of the mainstream workforce. These workers typically receive significantly lower wages and are excluded from benefits including health insurance and a pension.¹⁶ The Freelancers Union estimates that 40% of independent workers are without health insurance. It is of note that the top growing jobs are in self-employed professions; home health aide, one of the lowest paid professions, fell into two of the top three categories of fastest growing careers according to the Bureau of Labor Statistics.¹⁷

It is no accident that the majority of self-employed jobs, as well as the fastest growing jobs, are in the service sector. Service workers find themselves in a situation where their sociality is more valuable than their skills. Typically, service professions require the “user friendliness” that Lui describes. Further, all self-employed careers rely on the affective and social skill of sales. However, because there is no way of quantifying the social, even if hierarchical relationships do exist as Arvidssen conceives, the worker is categorized as self-employed, compensated based on individual production, and must weather the instability of the marketplace. In fact many self-employed professions require the worker to purchase brand association from the corporation. For example, real estate and financial services are structured in this way. The worker exploits the brand, and the corporation exploits the worker’s social network.

¹⁶ Hudson, 1

¹⁷ <http://www.bls.gov/news.release/ooh.t01.htm>

The realms of consumption, labor and production overlap as the worker uses the collective affect of the corporation in the form of the brand, and the corporation exploits the sociality of the worker. Further, the role of home health aide is one that in previous generations was taken on by family members. Again, we see how work occurring in what was typically considered the affective domain is becoming economic, however in an unproductive arena.

Increasing self-employment can be seen as arising from the crisis of the value of labor, and the breakdown of the relationship of labor to capital. In *Labor and Monopoly Capital*, Harry Braverman explains the distinction between productive labor and unproductive labor.¹⁸ Productive labor produces surplus value or profit for the capitalist. Unproductive labor is all labor that is not exchanged against capital, and that does not directly increase capital. Unproductive labor is labor that has no surplus value. All true self-employment falls into the realm of unproductive labor. A home health aide who is hired directly by an employer falls under the category of unproductive labor, whereas a home health aide who is hired out by a company is productive in this conception.

The change in the social form of labor from that which is, from the capitalist standpoint, unproductive to that which is productive, means the transformation from self-employment to capitalist employment, from simple commodity production to capitalist commodity production, from relations between persons to relations between things, from a society of scattered producers to a society of corporate capitalism.¹⁹

Thus, on the one hand the dynamic of social production seems to breakdown the capitalist model of work, but on the other hand it suggests that there can be work outside of the capitalist model. On the one hand, by incorporating the social into production, companies must consider the consumer experience more fully. But, on the

¹⁸ Braverman, 411

¹⁹ Braverman, 412

other hand, incorporating the social leads to a breakdown in the stability of labor, which has the ironic result of leading to the demise of consumer spending. Unfortunately, as we are witnessing in today's economy, without steady, reliable income, consumption falls. As Arvidsson points out consumer debt can be understood in this way. However, if present times are instructive, we can see clearly that as insecurity increases consumers cut back on their perceived needs and reduce debt. This slowing of consumer spending is problematic for everyone, as reduced consumer spending results in reduced production, which results in reduced employment, generating a vicious downward cycle. So, both sides of the consumer/worker coin need to be in balance for either side to thrive in this new world.

In *The End of Work*, Jeremy Rifkin analyzes the impact of this process of technological change on labor. For Rifkin, the inevitable consequence of technological change is the reduction of jobs, high unemployment and high percentages of contingent workers. This produces a "race to the bottom" effect, whereby consumption, production and labor all dwindle, widening poverty and inequality in the United States and abroad. For Rifkin, policies need to be implemented that address the inevitability of the end of work. The ideal and most viable policies would bolster "the third sector" by paying workers for work that is currently done voluntarily. After all, Bush's "Points of Light" initiative had resonance; and it is in the realm of civil society that social production has already existed. In *The Future of Success*, former Secretary of Labor Robert Reich argues that all workers will soon be impacted by the changing economy. Although between ten and thirty percent of workers today are identified as having unstable work due to self-employment, many more workers are classified as full employees, but have income instability due to bonus pay, commission based pay or unpredictable reductions in

hours. By providing everyone who wants to work, but cannot find a job, with a job in public service, we can “cushion against shocks.”²⁰ And in *Nice Work if You Can Get It*, Andrew Ross points out that self-employment originally arose out of demands by workers for greater flexibility and autonomy. The upside of many of the current economic developments has been to allow workers more flexibility and autonomy in their work. Thus, consideration of basic income or a social wage would make sense on the social level of insuring the life satisfaction of citizens. Many of these ideas have already been implemented in other parts of the world. But, somehow, in the United States, we are not even able to breach these topics in a voice above a whisper. And unfortunately, a thousand points of light are no match for the sun. And, sadly, the setting sun of corporate capitalism still has the power to prevent these ideas from resonating.

²⁰ Reich, 242

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