

employed include employers, own-account workers, members of producers' cooperatives, and unpaid family members. However, the designation "self-employed person" does not usually apply to those who are in a position to hire a large workforce (that is, to upper-management personnel who have a significant stake in the assets of the firm in which they are nominally self-employed). Such individuals are more appropriately referred to as "capitalists," who derive their income primarily from ownership and investment rather than from the performance of labor. Since 1967 the Current Population Survey conducted by the U.S. federal government has asked self-described self-employed individuals whether the businesses they operate are incorporated. Those who answer affirmatively are deemed to be salaried employees; those who answer in the negative are defined as self-employed.

A self-employed person operating a small-scale, unincorporated business such as a family farm, a retail outlet, a service-contracting firm, or a professional practice may rely on the labor of assistants, whether waged or unwaged, in producing or providing a good or service, but most of the value added is contributed by the self-employed person. The self-employed include many farmers and professionals (e.g., medical doctors, dentists, lawyers, architects) as well as "freelance" workers such as writers, consultants, musicians, and artists who sell the products of their labor (rather than their ability to work) on the market, or who work on an "individual assignment" basis.

The developed capitalist world has seen a secular decline in the number of self-employed since the end of World War II (1939–1945). In 2005 the self-employed constituted 7.5, 12.4, and 14.7 percent of the labor force in the United States, Germany, and Japan, respectively. In the United States, as in most other industrialized countries, the downward trend in the self-employment rate is overwhelmingly attributable to the decline of small-scale agriculture and the movement of much of the self-employed farm population to waged and salaried employment, usually in nonagricultural sectors. However, the trend also reflects a more general decline of small and medium-sized businesses and the concomitant concentration of capital in large corporations. Changing tax laws have encouraged many small business proprietors to incorporate, with the consequence that they have been redefined as salaried employees. New corporate practices, such as franchising, have also had an impact on the measurement of self-employment.

Corporate downsizing, cutbacks in social assistance to the economically indigent, and efforts to reduce the size of the public sector since the profitability crises of the 1970s have contributed to a slowing or even a partial reversal of the long-term trend toward a decline in self-

SELF-EMPLOYMENT

An individual who is self-employed works for himself or herself rather than as an employee of another individual or organization, obtaining an income through ownership of a business or professional practice in which he or she contributes much of the labor needed to produce or distribute a good or service. According to the Organization for Economic Cooperation and Development, the self-

employment. Although sometimes presented as a revival of "entrepreneurial spirit," an increase in small-business activity may actually reflect the disappearance of "good" corporate or public-sector jobs for highly skilled, formerly salaried employees or for semiskilled or unskilled wage earners. During periods of high unemployment and underemployment, a spike in self-employment is likely to occur. In the 1990s, for example, Canada led the industrial nations in a "shift to self-employment" (with self-employment accounting for 18% of all employment by 1998) over a period in which unemployment and underemployment reached near-record levels (Lowe 2000).

Three additional empirical facts about self-employment deserve to be highlighted. First, self-employment is highest among those who are the most and the least educated, with the well educated typically receiving above-average earnings and the poorly educated below-average earnings, relative to employed workers. Second, the gender gap in earnings is greater between self-employed men and women than it is between their employed counterparts. And finally, the self-employed tend to put in longer hours for their earnings than do the employed, raising quality of life concerns that are magnified by their need to independently finance—or go without—the "benefits" (e.g., pensions, health care insurance, etc.) that are received by many employed workers.

At the ideological level, the persistence of self-employment (and small business in general) in the developed capitalist countries contributes significantly to obscuring the central dynamic of modern capitalism: the division, interdependence, and conflict between capital and wage labor. The self-employed, in Marxist terms, constitute a "petty bourgeoisie" within a global economy whose productive assets are decisively concentrated in the hands of several hundred huge transnational corporations that employ a tiny fraction of the world's workforce. As such, self-employed persons are compelled to "exploit themselves" or face economic ruin. At the same time, their atomized existence, precarious competitive position, and sometime dependence on wage labor predispose them to embrace the ideological nostrums of "free enterprise" and "self-responsibility" to an extreme degree, to view the labor movement with suspicion or outright hostility, and to oppose more generous welfare-state policies.

In 2005 the self-employed constituted 34.9, 35.7, and 45.8 percent of the labor force in Brazil, Mexico, and Turkey, respectively. In the countries of the global South, the destruction of traditional subsistence agriculture and "independent commodity production" by export-led, neoliberal development has produced a new class of impoverished urban "entrepreneurs" struggling to survive with the most meager of economic assets. This phenomenon, which has taken on massive proportions in the bar-

rios and shantytowns surrounding major Latin American cities, is a striking reminder that "self-employment" is very often a manifestation of chronic unemployment and underemployment, of which about one-third of the global labor force (1 billion people) were the victims in the year 2000.

SEE ALSO *Bourgeoisie, Petty; Education, USA; Employment; Globalization, Social and Economic Aspects of; Middle Class*

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