Does the expanding gig economy contribute positively to sustainable economic growth?

Traditionally, democratic capitalism has prioritised economic growth with many negative consequences endogenous to the system wilfully ignored. However, the economic landscape has shifted with society increasingly concerned with the *sustainability* of the economic growth itself, adding a third dimension to society's decision-making; Environmental, Social and Governance (ESG) considerations are emblematic of this new dimension and manifest the endogenous consequences previously overlooked. It is within this context that the expansion of the gig economy and the *nature* of its implications for growth must be considered. It is important to provide stricter categorisations as to what is meant by the 'gig economy' and 'sustainable economic growth' so that more meaningful conclusions may be drawn. Indeed, the 'Gig Economy' is an umbrella term introduced by Tina Brown (2009), which describes a labour market characterised by short-term, flexible freelance jobs, often facilitated through online sites such as Uber and DoorDash. The market rejects archetypal worker-employee relations through a unique *Modus Operandi* which emphasises worker agency and has subsequently permeated globally. 'Sustainable economic development' can be understood as "reducing absolute poverty (through) providing lasting and secure livelihoods that minimize resource depletion, environmental degradation, cultural disruption and social instability" (Barbier, 1987). This essay contends that whilst the gig economy does have positive impacts on economic growth, it does so in an *unsustainable* way, as it is culturally disruptive and harms social stability. This is because at its core the gig economy is predisposed to workers' rights abuse and market upheaval (under the current regulatory framework). The question therefore becomes how the government can implement effective policy to reconcile the gig economy expansion with sustainable growth.

"The Gig Economy is normalising labour conditions it took generations of political struggle to stamp out in this country"- (Long-Bailey, 2018)

Perhaps the quote above best illustrates the gig economy's biggest flaw, it is atavistic and incompatible with sustainable economic growth in its current form as it is socially disruptive. Indeed, introducing a different style of work brings its benefits, but these are undermined when one considers the harsh reality gig workers often face. In the United States, a national survey of gig workers shed light on numerous issues such as the absence of worker's compensation, paid sick days, family leave, health/safety protections as well as discrimination and sexual harassment concerns (Economic Policy Institute 2022). With no binding contract mandating the provision of these basic workers' rights, employers compete in a race to the bottom regarding work conditions and workers are left vulnerable (De Ruyter and Brown 2019). The survey further found that 14% of gig workers earned less than minimum wage and 31% were unable to pay their utility bills the month prior to the survey (Economic Policy Institute 2022). These figures underscore the consequences of transient contracts which seem predisposed to worker exploitation; the lack of economic security has subsequent ripple effects which impact families and thus exacerbate the instability of society. On a national scale, the expansion of the gig economy and the increased income instability may exacerbate societal inequality which has been shown to heighten levels of violent crime (Samir, 2020; Kelly, 2000). This embodies the undermining of societal values that may manifest given greater mal-treatment of workers, moreover, this instability will negatively impact family dynamics as well as further the strain already placed on social fibres as division between workers and employers is bolstered. The negative knock-on effect on mental health and the breakdown of societal trust elicits a conclusion that the gig economy has inherent qualities that cause 'cultural disruption' and 'social instability.' Therefore, any possible economic growth that has stemmed from this sector would likely be classed as unsustainable in the context of Barbier's definition, therefore buttressing the notion that the gig economy's expansion is incompatible with sustainable economic growth.

In addition, by examining the function of Uber in the ride-service industry, gig work can be seen to cause conflict between gig platforms and traditional entities, such as London's Black Cab drivers- suggesting it is disruptive culturally and to the market. The 2016 public protests of these drivers against the erosion of incomes centred around accusations against uber for non-compliance with the terms and conditions attached to the car-service sector, which had negatively impacted the Black Cab business (Guardian, 2016). This evinces the inter-platform frictions that the gig economy's expansion produces; the expansion has also led to frictions within the gig platforms themselves. In a similar vein, Uber drivers protested in response to Uber 'unilaterally reducing terms in response to new car-share entrants in the market', further evidence of division between employer and employee, as well as strain on social fibres (Guardian Australia 2018). These inter and intra-platform conflicts threaten the integrity of the carriage industry as a whole by harming public perception, thus jeopardizing trust in drivers and weakening the foundations upon which the industry is built. Whilst this example is limited to one industry, the pattern of struggle between entities and the subsequent damaging of societal bonds is conspicuous across differing markets (such as the food service industry) and solidifies the notion that economic growth from the gig economy is unsustainable under Barbier's definition as it is culturally disruptive.

Though the shortcomings of the gig economy are prominent, the viability of the gig economy remains contentious within academic discourse as the benefits are similarly apparent. An important benefit often cited by gig economy advocates is how the growing presence of workers on flexible zero-hour contracts contributes positively to market efficiency. Brown et al have shown that the erosion of long-term contracts increases demand sensitivity, enabling businesses to attain allocative efficiency more quickly, especially in the case of elastic goods (2019). This permits businesses to operate at optimum levels and boost productivity, essential components of economic growth. Additionally, the increased allocative efficiency mitigates the chance of surpluses or shortages at a micro level which is essential to the aggregate economy's overall health and stability as welfare losses are minimised (Kamakura et al, 1988). Nonetheless, this increased market efficiency is at the cost of cultural and social stability, which implies it may positively contribute to economic growth but not necessarily to *sustainable* economic growth.

Proponents similarly point toward gig works unparalleled ability to add novelty to the market, most notably through the ability to monetise assets such as cars and homes as well as capitalise on skills that might otherwise lie idle. Globally, there are roughly 3.5 million Uber drivers (Backlinko, 2023*)*, six million Airbnb hosts with listed homes (SearchLogistics 2023) and 18 million freelancers on Upwork (Demandsage 2023). Despite only representing a fraction of the gig economy's true international scope, these figures aptly demonstrate its capacity to prevent assets from lying idle, leading to optimal resource utilization and waste minimisation. More specifically, gig work on sites such as Airbnb tends to be a secondary form of income, magnifying disposable income, and therefore stimulating consumer spending which improves aggregate demand within the economy, positively contributing toward economic growth. Lastly, under the pressure of declining state pension entitlements and a pervasive trend of ascending retirement ages (AgeUK, 2019), gig work provides an alternative to conventional fixed employment, which is unappealing to near-retirees (Duvvury, 2018; AgeUK, 2019). Incorporating older generations into the contemporary labour market brings with it many advantages. The plethora of knowledge and experience held by older professionals can be harnessed to contribute positively to ongoing projects and mentor younger professionals. Greater labour market accessibility would enable more efficient allocation of valuable human capital whilst simultaneously improving the quality of future human capital which has been shown to positively impact economic growth (Sultana et al, 2022). Alternatively, from the perspective of those on the verge of retirement, they can enjoy stronger financial security, once again stimulating consumer spending, and a more seamless transition into retirement through working in the gig economy. These advantages are borne out in statistics, with 27% of older workers freelancing or in gig work (AARP 2023). Thus, from a purely economic perspective, the expanding gig economy does positively contribute to economic growth. However, it would seem that this prioritises growth over living, as it implies seniors *should* renter the workforce when socially, seniors should be enjoying retirement and thus is not necessarily sustainable.

In conclusion, from a purely growth-driven stance, the gig economy contributes greatly to economic growth as a result of its capacity to enhance demand responsiveness, introduce innovation into industries and improve labour market accessibility. Indeed, it has already established itself as an integral part of the economy and its role in society is likely to grow. It is clear however, that market forces and the current regulatory framework do not allow the 'gig economy' to operate sustainably as it is predisposed to worker exploitation and is culturally and socially disruptive. It is therefore necessary that the government implements an effective strategy with an appropriate legal framework to reconcile the gig economy expansion with sustainable economic growth. By cultivating a suitable environment, we may benefit from the gig economy's contribution to economic growth without compromising sustainability. Possible steps could include mandating greater transparency of online platforms, enforcing laws already in place and re-defining the idea of the corporate-employee relationship, minimising cultural disruption and social insecurity brought about by workers' rights being abused. It is within this context that the gig economy may become a key component of sustainable economic growth in the future.