

Oberlin

Digital Commons at Oberlin

Honors Papers

Student Work

2016

Prosperity in the On-Demand Economy: Reinvigorating the American Labor Force

Ziya Mehmet Smallens
Oberlin College

Follow this and additional works at: <https://digitalcommons.oberlin.edu/honors>



Part of the [Political Science Commons](#)

Repository Citation

Smallens, Ziya Mehmet, "Prosperity in the On-Demand Economy: Reinvigorating the American Labor Force" (2016). *Honors Papers*. 245.

<https://digitalcommons.oberlin.edu/honors/245>

This Thesis is brought to you for free and open access by the Student Work at Digital Commons at Oberlin. It has been accepted for inclusion in Honors Papers by an authorized administrator of Digital Commons at Oberlin. For more information, please contact megan.mitchell@oberlin.edu.

Prosperity in the On-Demand Economy:

Reinvigorating the American Labor Force

By
Ziya Smallens

Submitted in accordance with the Oberlin College Honor Code.

Oberlin College
Politics Department
Honors Program
April 2016

Table of Contents

Introduction.....	4
Chapter 1: Rethinking Labor Relationships.....	8
I. The Trend of Growth and Transition into the Gig Economy	8
a. A Note on Terminology	24
II. Flaws in Past Measurements of the Contingent Workforce.....	25
III. Definitions of Workers and Exchanges in The Gig and On-Demand Economy.....	33
a. Who Works in This Sector of the Economy?	33
b. Subjective Experiences of Gig and On-Demand Workers	37
c. How Do We Refer to These Workers?.....	42
IV. Unique Employment Relationships in the Gig and On-Demand Economy.....	43
V. Impact on Traditional Industries.....	49
VI. The Role of Technology.....	51
Chapter 2: The Dangers of the New Employment Landscape	59
I. Case Studies: On-Demand Platforms.....	59
a. Uber	59
b. Airbnb.....	69
c. TaskRabbit and other On-Demand Labor-Brokering Services	77
Chapter 3: Historical Precedents	83
I. History of Workplace Provided Benefits, Voice, and Countervailing Power	83
a. Historical Parallels to Worker Organization in the Gig and On-Demand Economy	90
II. History of Government-Sponsored Benefits, Voice, and Countervailing Power	98
III. Old Protections Are No Longer Viable.....	107
a. Unraveling of Government-Sponsored Protections	109
b. Unraveling of Workplace Based Protections.....	111
Chapter 4: Opportunities to Shape the Gig and On-Demand Economy.....	114
I. The Potential for On-Demand Platforms.....	114
II. What Solutions Best Serve Workers?.....	120
III. The Façade of Gig and On-Demand Lexicon	125
IV. New Category of Employment	128
V. The Role of Public Policy.....	135

VI.	The Role of Labor Intermediaries	142
VII.	In Conclusion	150
Glossary	153
Bibliography	156

Introduction

In the 21st century, the American labor market is best defined by instability. Since the 1970s, more and more Americans have been forced into precarious work arrangements that fail to ensure job security, livable wage-rates, or employee satisfaction. A dark cloud swirls around the labor market in the form of contingent work. Contingent workers are not guaranteed the same protections and securities as traditional employees. Firms revel in an employment landscape that allows them to deploy and terminate workers with ease. Contingent work has carved its own position in the economy in the form of the Gig economy. The Gig economy marks a pivot in American employment relationships: where the postwar labor market served to fortify long-term commitments between firms and their workers, the Gig economy has propelled workers towards vulnerability.

Despite its casualization of the American economy, the Gig economy has also inspired the emergence of a new, and potentially significant, form of commercial exchange in the On-Demand economy. The On-Demand economy is comprised of app-based platforms that connect consumers with workers who provide a single service or form of exchange. On the surface, this sector of the economy simply exacerbates a structural trend towards precarity. This assessment is short-sighted. On-Demand platforms offer groundbreaking forms of commercial exchange. Consumers can request a service, and within minutes, have their whims conveniently satisfied. Recent technological advancements have inspired the growth of business models that were implausible less than two decades ago. Today, most On-Demand platforms placate the desires of consumers. These platforms have the potential to generate consumer

demand and ensure the provision of vital services to the weakest among us. With the On-Demand economy, workers can benefit from the ability to assert sovereignty in a labor market that has subjugated them for the past several decades.

Currently, the On-Demand economy is hindered by the fact that it is a product of the wider Gig economy. The former may inspire innovation and creative forms of exchange, but it still operates under the auspices of the latter. Therefore, On-Demand workers are pushed into unstable and unpredictable employment arrangements. The predominant systems responsible for protecting and advocating for American workers were constructed in the early 20th century, during the New Deal. The public policies and institutions ushered in by the New Deal have undoubtedly enhanced the livelihoods of millions of Americans. Despite this fact, these systems and forms of protections have frayed over the past several decades; they were never intended to satisfy the needs of workers in the Gig and On-Demand economy. If the rules and regulations outlined by the New Deal were imposed on firms in the On-Demand economy, the results would be disastrous. While conventional policy prescriptions could theoretically benefit workers, they would smother the emerging On-Demand economy, and inhibit the flexibility it avails to workers.

Macrostructural trends have provoked the rise of the nefarious Gig economy as well as the potentially valuable On-Demand economy. Both sectors of the economy challenge the traditional methods by which workers are guaranteed security and stability. The goal of this Thesis is to investigate how labor protections and benefits can be reimagined in order to empower American workers whilst simultaneously fostering innovation and flexibility in the On-Demand economy.

Chapter 1 examines the transformation of the American labor market since the 1970s. There is a plethora of indicators that demonstrates a structural shift towards precarious work arrangements and these statistics underpin my research project. What's more, the federal government has failed to capture the size of the Gig and On-Demand workforce and non-governmental organizations have had to pick up the slack. Chapter 1 also offers an in-depth analysis of the inner-workings of the On-Demand economy.

Chapter 2 is comprised of case studies performed on three popular On-Demand platforms: Uber, Airbnb, and TaskRabbit. The case studies reveal that all three platforms vary from one another in terms of generating consumer demand, impacting local economies, and skirting existing regulations. The case studies also contemplate the experiences of On-Demand workers and how the three platforms creatively employ technology.

Chapter 3 considers the existing systems and institutions that protect and advocate for American workers. This chapter primarily surveys government- and workplace-sponsored benefits and sources of collective organization. There are historical parallels to the experiences of On-Demand workers and they are worthy of consideration. However, Chapter 3 ultimately concludes that the predominant institutions and public policies responsible for advancing the interests of American workers have been rendered inadequate in the Gig and On-Demand economy.

Chapter 4 explores how public policies and institutions can act to unleash the potential of the On-Demand economy while also protecting and liberating workers. This chapter re-examines many of the concepts discussed throughout this Thesis and

considers how they can be applied to best serve both employers and employees. This Thesis concludes that the On-Demand economy can thrive in an environment where workers are guaranteed legitimate protections.

A glossary at the end of the document clarifies some of the terminology used in this Thesis.

Chapter 1: Rethinking Labor Relationships

I. The Trend of Growth and Transition into the Gig Economy

There is a precedent for tectonic shifts in the American employer-employee relationship, the first of which occurring in the Artisanal era. The following account borrows heavily from the historical overview found in Katherine Stone's *From Widgets to Digits*. During the Artisanal era – primarily the 17th and 18th centuries - the production process was perceived as a partnership. This is primarily due to the fact that skilled workers held leverage over employers in the form of human capital: they, and only they, knew how to complete the jobs they were assigned to. The labor relationships prevalent in this era are distinct from contemporary employer-employee relationships because greater power was held in hands of workers. Their skills granted them independence and they typically used their own tools when carrying out a job. Manufacturers, who would recruit skilled artisans, supplied the “workplace, the raw materials, and marketing.”¹ Offering an environment to work in was largely the extent to which the employer held tutelage over the production process. Oftentimes, skilled workers would recruit and pay unskilled workers by offering them a cut of their overall compensation.² Characterizing this era of employment through a contemporary lens is challenging. In fact, even using the terms employer and employee is misleading: there was little-to-no expectation of maintaining a long-term relationship. Artisans moved job-to-job, confident in the fact that demand for their talents would remain relatively constant.

¹Stone, Katherine Van Wezel. *From Widgets to Digits: Employment Regulation for the Changing Workplace*. Cambridge, UK: Cambridge UP, 2004. 15-16.

²Stone. *From Widgets to Digits*. 15-16.

While the Artisan era was far more rudimentary than the Industrial employer-employee relationship, it introduced unions to the American workplace. In the 19th century, craft unions “codified the traditional workplace rules into” a unilaterally enforced code of conduct. Instead of being negotiated with individual manufacturers, the set of rules were decided upon at union meetings and conventions and “enforced through censorship, expulsion, and fines.”³ Skilled workers held the first labor force monopoly in America.⁴⁵

The supremacy of craft unions began to erode during the first-wave of Industrialization in the 19th century. The rise of factories and managers’ opposition to unionization bode poorly for artisans. The production process became more mechanized and, as a result, demand for unskilled labor increased. What’s more, the legal system began introducing doctrines that undermined the power of craft unions. One of the most critical, the “at-will doctrine,” made employment relationships more flexible by allowing either party to terminate the employment contract at any time for any reason.⁶ The quest for increased productivity led manufacturers down a path determined to break apart unions and the monopoly they held on skilled labor. The union busting practices that brought the Artisanal era to a close spurred a transformative shift in the employer-employee relationship, giving birth to the Industrial era.

The Industrial era of the late 19th to early 20th century is best characterized by mass production for national markets. The dismantling of craft unions led to a “crisis of

³Stone. *Widgets to Digits*. 18.

⁴Stone. *Widgets to Digits*. 18.

⁵Stone. *Widgets to Digits*. 18.

⁶Stone. *Widgets to Digits*. 20-26.

discipline and morale on the shop floor.”⁷ A “labor problem” emerged in the form of unmotivated workers expressing radical opposition to management. Not only did the labor problem breed bad relations between employers and employees, it also hindered the productive capacity of factories.⁸ In order to motivate workers and maintain high levels of productivity, manufacturers felt it necessary to reinforce the bonds holding them and their employees together. Thus, industrialists introduced methods of incentivization. Frederick Taylor’s system of wage determination created a two-tier wage system in which the most productive workers earned higher wages. Eventually, the “Taylorist” rubric matriculated into “scientific management” which sought to reduce the production process to a blueprint that allowed a factory to “control for the flow of all work through the production process.”⁹

Scientific management is predicated on the belief that all production knowledge can be described in scientific terms, “reduced to written form, and transmitted as discrete instructions to each worker on a need-to-know basis.”¹⁰ While Taylorism as an overall practice was outlawed by congress, the individual solutions it prescribed to employers became commonplace. Some political economists, like Harry Braverman, have criticized scientific management because it grants a greater degree of authority to factory owners. Braverman notes that this practice “reflect[s] nothing more than the outlook of the capitalist with regard to the conditions of production... it enters the workplace not as the representative of science, but as the representative of

⁷Stone. *Widgets to Digits*. 27-30.

⁸Stone. *Widgets to Digits*. 27-30.

⁹Stone. *Widgets to Digits*. 28-35.

¹⁰Stone. *Widgets to Digits*. 28-35.

management masquerading in the trappings of science.”¹¹ Braverman believes that scientific management is nothing more than a mechanism deployed to satisfy the needs of employers at the expense of workers. During the same period, personnel management, the other side of scientific management’s coin, offered employers a solution to high employee turnover: safety nets and internal promotion schemes. In a workplace utilizing personnel management, workers could expect proper job classification, wage standardization, and rationalization of wage structures. Some industrialists also offered promotional opportunities, where workers could climb a firm’s internal hierarchy. Therefore, being hired to the lowest level job came with the possibility of climbing the ranks to a more desirable position with higher compensation.¹²

Where scientific management depersonalized the industrial workplace, personnel management offered solace in the form of a better work environment. Personnel management paved the way for Fordism, a 20th century production process where low-skill workers were motivated by the prospect of relatively high wages, benefits, social services, and a policy that “mitigated against frivolous or arbitrary dismissals.”¹³ The 20th century industrial process was the country’s first major step towards balancing the demands of the market with the needs of employees. The role industrial unions played in institutionalizing Fordism is critical, and will be discussed at length in a later section in this Thesis, but for current purposes it is simply worth noting that many low-skill industrial workers in the 20th century felt dignified by their employment relationships relative to the early Industrial era. The advent of Fordism signified a shift in employer-

¹¹Braverman, Harry. *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*. New York: Monthly Review, 1975. Print. 59.

¹²Stone. *Widgets to Digits*. 38-42.

¹³Stone. *Widgets to Digits*. 44-46.

employee relationships where workers continued to occupy a subordinate role within the firm but were treated as collaborators rather than disposable commodities.

Industrial workers in the postwar American economy found its labor market both predictable and understandable. Workers could rely on institutional norms and expectations about what they received from the firm at which they were employed. One major norm, “the firm as family,” ensured that “seniority, not individual merit, played a key role in wages, in which job duties were tightly specified by contract” and, while layoffs were tolerated, most were “followed by recall” (where terminated workers are summoned back to work). Again, unions played a crucial role in institutionalizing these norms, but nonunion firms also adopted such practices. For example, IBM established direct relations with its employees so workers could voice grievances. IBM employees could also expect their job to come with a “strong implicit job security commitment.”¹⁴ A plethora of union and nonunion firms operated under the assumption that the employer and employee shared a long-term commitment.¹⁵ The employee’s career was defined by the enterprise that employed him or her.

During this period, firms faced external pressure in the form of wage determination. Not only did the laws of supply and demand dictate the average wage-rates in a given industry, but employees also expected different levels of pay based on skill and seniority. Furthermore, in order for a firm to attract workers, it had to set wage-rates that correlated with those set by peer firms. Broader economic indicators, like the unemployment rate or product market developments, also influenced wage-rates. Finally, a firm’s own balance sheet played a role in wage determination: generally

¹⁴Osterman, Paul. *Securing Prosperity: The American Labor Market: How It Has Changed and What to Do about It*. Princeton, NJ: Princeton UP, 1999. 20-25.

¹⁵Osterman. *Securing Prosperity*. 20-25.

speaking, when a firm was more profitable, the expectation was that employers would share those increased profits with employees.¹⁶ The factors dictating wage determination during the postwar Industrial era depict an era of predictability. Wage structures were reliable and slow to adjust to conventional economic forces. Workers employed by such firms expected both long-term commitment and wage stability, which ensured security when it came to their own livelihood.

From a structural perspective, there were some key players that helped to establish stable employer-employee relationships. First, and as previously mentioned, unions played a crucial role by not only advocating for the workers they represented but by also pushing nonunion firms to adhere to similar standards due to the “threat effect,” in which nonunion firms acquiesced to the demands of employees in order to dissuade them from unionizing. Unions set standards for how firms in a given industry should orient themselves. Second, American corporate governance operates in a way that gives stockholders leverage in dictating firm behavior. During the postwar industrial era, “the ownership of stock was widely dispersed, and boards of directors provided very little effective oversight.” In short, stock ownership was less concentrated and when stockholders did exert influence they typically stressed firm growth as a whole rather than cost-cutting. Finally, the United States government played a role in influencing the labor-market by providing low-wage workers with increased access to public education. It is worth noting, however, that the United States government did not play as active a role in the labor market as European governments.¹⁷

¹⁶Osterman. *Securing Prosperity*. 27-29.

¹⁷Osterman. *Securing Prosperity*. 29-31.

It's important to re-iterate that 20th century industrialism and Fordism established structural norms that created a virtuous cycle in the American economy. In the case of Henry Ford, his employees were paid generous wages so they could afford the cars they manufactured on the assembly line. Fordist wage-setting practices weren't altruistic; they benefited both the worker and the firm. Policies enacted during the New Deal allowed workers to "keep a sizable portion of the pie that resulted from mechanization and increased productivity."¹⁸ Workers played an important and distinct role in ensuring increased productivity and in return they were assured "higher wages... a measure of job security as well as health care, a decent retirement [plan] and other worker protections" like sick pay, worker's compensation, and unemployment insurance.¹⁹

By creating an environment in which employees received desirable compensation, firms helped establish a middle-class that could reliably consume the goods they produced. The so-called virtuous cycle didn't only work to the advantage of employers and employees, it served as the backbone for unparalleled economic growth in the mass-market American economy. Today's policy-makers fondly remember the Fordist era. Virginia Senator Mark Warner frequently speaks of his father who, when returning from World War II, worked at the same company for 40 years. He earned "steady advancement over his career... [his] family was economically secure through a social contract with his [father's] employer: defined benefits like health care and other

¹⁸Hill, Steven. *Raw Deal: How the "Uber Economy" and Runaway Capitalism Are Screwing American Workers*. New York: St. Martin's, 2015. 160.

¹⁹Hill. *Raw Deal*. 158-160.

insurance, and the promise of a decent and dignified retirement.”²⁰ Unfortunately, the virtuous cycle that characterized the postwar Industrial era grew frayed by the end of the 20th century. Workers today face an eroding social contract not dissimilar to the experiences of skilled workers at the end of the Artisanal era.

Since the 1970s, more and more American workers have gravitated towards precarious work, which is defined as “work that is insecure and uncertain, and in which the worker – rather than the employer or the government – bears most risks associated with employment.”²¹ There are a few quantitative techniques used to capture the growth of precarious employment. One indicator is employee tenure: the average length of time an individual spends with his or her employer. Since the 1970s, employee tenure has declined for men in the private sector in particular.²² More specifically, in 1993 the median years of tenure for American men was 12.8 years. In 1998 it was 9.4 years.²³ Another indicator of increasing precarity is the proportion of workers who suffer from long-term unemployment. Nearly a quarter of unemployed workers following the 2001 recession suffered from long-term joblessness. One source argues that the high-rate of long-term unemployment is due to both sluggish rates of job growth and the challenges faced by displaced industrial workers.²⁴ An additional indicator of growing precarity is the increasing rate of nonstandard work arrangements including contracting and temporary work. The temporary help agency sector grew “at an annual rate of over 11%

²⁰Warner, Mark. "Public Policy Challenges and Opportunities in a Digital Economy." *The Huffington Post*. *TheHuffingtonPost.com*, 09 July 2015.

²¹Marsden, Peter V. *Social Trends in American Life: Findings from the General Social Survey since 1972*. Princeton: Princeton UP, 2012. 315

²²Marsden. *Social Trends in American Life*. 315-318.

²³Osterman. *Securing Prosperity*. 42.

²⁴Marsden. *Social Trends in American Life*. 318-319.

from 1972 to the late 1990s.”²⁵ The final and potentially most significant indicator of increasing precarity is the shifting of risk from employers to employees. A good marker for this shift is the movement from defined benefit plans, where an employer guarantees their employees a certain level of benefits, towards defined contribution plans, where “employers pay a fixed premium and employees assume the remaining risk.”²⁶ When taking all four indicators into account, it is clear that workers have experienced a significant shift towards precarious employment arrangements since the 1970s.

Americans engaged in precarious work arrangements suffer from increased job and economic insecurity, structural job dislocation, and overall job dissatisfaction. According to the General Social Survey, the trend towards increasing job insecurity from 1970 to the mid-2000s correlates with rising unemployment rates. When controlling for the unemployment rate, the “odds of perceiving greater risk of job loss [grew] by an estimated 1.5% per year between 1977 and 2006... the odds of being at risk of a costly job loss [grew] by nearly 2% per year.”²⁷ Some have argued that the increasing perception of insecurity is a result of macrostructural conditions that have provoked overall labor force precarity. There is also evidence that growing precarity does not only lead to greater job insecurity but also a “general increase in economic insecurity” as a whole.²⁸ Decreasing expectations of a long-term employment relationship with a single employer has given rise to a workforce defined by insecurity.

Professor Paul Osterman has argued that transformation of the American labor market during the latter-half of the 20th century can be characterized in two ways:

²⁵Marsden. *Social Trends in American Life*. 319.

²⁶Marsden. *Social Trends in American Life*. 318-319.

²⁷Marsden. *Social Trends in American Life*. 324.

²⁸Marsden. *Social Trends in American Life*. 321-335.

increased mobility in the labor force and the shifting balance of power between employers and employees.²⁹ Osterman offers a convincing argument by demonstrating that, despite an improving economy in the 1990s, the rate of job dislocation trended upwards. In 1994, roughly 12% of all workers experienced dislocation whereas roughly 13% of workers did in 1996.³⁰ Osterman also cites the rise of contingent work - an employment arrangement where “the employee lacks the level of job security a given employer” grants a traditional employee - as cause for concern.³¹ From 1991 to 1996, the fastest growing American industry was “Personnel Supply Services,” the industry responsible for brokering temporary workers.³² Furthermore, census data indicates that, of all the jobs created between 1988 and 1996, 22% were in “business services and engineering/management services... [that] provide contract and contingent labor.”³³ Osterman is troubled by the increased deployment of contingent workers because it embodies America’s macrostructural transition towards precarious employment relationships. Increased precarity also has major ramifications in terms of social services: America’s health and pension infrastructure is predicated on the assumption of a long-term commitment between a firm and a worker.

The mechanisms through which American workers receive social services acts as the bedrock for what some have called a “psychological contract.” The postwar psychological contract implied that both parties in an employment relationship held certain expectations about what that relationship entailed. During this era, “the employer was seen as a caretaker for the employee... [productive workers] were virtually

²⁹Osterman. *Securing Prosperity*. 4-5.

³⁰Osterman. *Securing Prosperity*. 45-48.

³¹Osterman. *Securing Prosperity*. 54.

³²Osterman. *Securing Prosperity*. 56.

³³Osterman. *Securing Prosperity*. 54-56.

guaranteed a job by their employer until retirement... [and] the employer [offered their workforce] career development and promotions and [in return] the employee gave loyalty and commitment to the” firm.³⁴ However, as the American labor force drifted towards precarity, the postwar psychological contract began to erode. Thus enters a new psychological contract where “both employees and employers have lower expectations for long-term employment, employees are responsible for their own career development, and commitment to the work has replaced commitment to the job and organization.”³⁵ The new psychological contract serves as the bedrock for a different kind of employment landscape, where workers are devoted to their own accumulation of human capital rather than an individual firm. As previously discussed, America’s social insurance system isn’t equipped to guarantee security for workers who adhere to the new psychological contract. Today, a worker’s primary provider for health coverage, pensions, disability, and long-term care is their employer, not the government. The new and increasingly mobile employment landscape “contributes to the erosion of the social safety net... as employees move from job to job, they typically lose whatever employer-sponsored benefits they once had.”³⁶ This predicament spells potential catastrophe for workers operating under the new psychological contract.

Economic developments in the 21st century have stoked increasing mobility in the labor market. According to a report released by the Freelancers Union, many contemporary workers subscribe to a “eggs-in-many-baskets” strategy due in part to the accessibility of social networking technologies, the Great Recession disrupting the presumed stability of traditional work arrangements, and increased global competition

³⁴Stone. *Widgets to Digits*. 91.

³⁵Stone. *Widgets to Digits*. 90-91.

³⁶Stone. *Widgets to Digits*. 244-245.

for white-collar work.³⁷ While one should hesitate to draw a correlative or causal relationship between the Great Recession and a spike in precarious employment, even members of the Government Accountability Office acknowledge that an increase in the amount of part-time and temporary work coincided with the Great Recession.³⁸ Some policymakers, like Virginia Senator Mark Warner, argue that changing employer-employee dynamics offer opportunities for freedom and flexibility in the labor market, but at the same time, precarious work arrangements “do not provide traditional safety net protections for workers” like unemployment insurance, workers’ compensation, or pension and retirement planning.³⁹ The drift towards labor market precarity during the latter half of the 20th century has not only persisted, but intensified, in the 21st century. One study shows that non-permanent - also known as contingent - workers have grown from 17% of the overall workforce to 36% in the past 25 years. The study also portends that, by 2020, these workers will account for 43% of the overall workforce.⁴⁰ If such forecasts are correct, then by 2020, nearly half of the American workforce will be excluded from the safety net that served to protect the majority of workers in the postwar industrial era.

Currently, it is unclear how many Americans are engaged in nontraditional employment arrangements. A later section of this Thesis will discuss the lack of accurate data concerning the size of the contingent workforce, but for current purposes, it is important to depict the environment in which contingent workers operate.

³⁷Freelancers Union & Upwork. "Freelancing In America: 2015." *An Independent Study Commissioned by Freelancers Union & Upwork* (2015). 01 Oct. 2015. 4.

³⁸Interview with Members of the Government Accountability Office." Interview by Ziya Smallens. 21 Oct. 2015.

³⁹"Gig Economy." *Mark R. Warner: U.S. Senator from the Commonwealth of Virginia*. Senator Mark Warner, 2015. Web.

⁴⁰Townsend, Tess. "Study Says Work Force Shifting Increasingly Toward Freelance." *Inc.com*. Inc., 13 Aug. 2015.

Contingent workers, when compared with traditional employees, earn about 10.6% less per hour. When not controlling for hours worked, they earn about 27.5% less per week and 47.9% less per year than traditional employees.⁴¹ Considering that contingent workers, unlike traditional employees, are not guaranteed vital benefits like worker's compensation or health insurance, a fairly stark image comes to view. According to the General Social Survey, in 2010 40.4% of the American workforce was engaged in an "alternative work arrangement," up from 35.3% in 2006.⁴² An alternative work arrangement is not analogous to contingent work, as this categorization includes self-employed and standard part-time workers, but this statistical trend further confirms what has been discussed up to this point: the American workforce is continuously drifting towards precarity and instability.⁴³ Some private firms have also published reports refuting the statistics provided by the federal government. Those reports will be discussed in greater detail in a later section of this Thesis.

Corporations have increasingly relied on contingent workers in order to cut costs. In the 1990s, managers viewed contingent workers as a substitute to outsourced labor, because they "provide firm flexibility in reconfiguring resource deployment... and reduce response times to major environmental changes."⁴⁵ In a 1998 report released by The Academy of Management, one researcher argues that "we appear to be racing toward a

⁴¹"Contingent Workforce: Size, Characteristics, Earnings, and Benefits." GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015. 6.

⁴²"Contingent Workforce: Size, Characteristics, Earnings, and Benefits." GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015. 4.

⁴³"Contingent Workforce: Size, Characteristics, Earnings, and Benefits." GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015.

⁴⁴Weber, Lauren. "New Data Spotlights Changes in the U.S. Workforce." *The Wall Street Journal*. The Wall Street Journal, 28 May 2015

⁴⁵Hitt, M. A., Keats, B. W., and Demarie, S. M. "Navigating in the New Competitive Landscape: Building Strategic Flexibility and Competitive Advantage in the 21st Century." *Academy of Management Perspectives* 12.4 (1998): 22-42. 29.

protean, freelance economy in which a typical company will consist of a small core of long-term employees... surrounded by an ever changing cloud of” temporary workers.⁴⁶ Contingent labor grants firms increased flexibility, not only in cutting costs, but also in shifting the size of their workforces. It is far easier to terminate a contingent worker than a standard one, and in a globalized economy, managers seek to reduce risk any way they can. Contingent labor offers firms short-term solutions to corporate crises and resource deficiencies but few safeguards for the workers themselves. In a 2015 report, the Bureau of Labor Statistics outlined the general cost difference for full-time and part-time employees. According to the report, “employer retirement and savings benefit costs for full-time workers in private industry averaged \$1.57 per hour worked (4.3% of total compensation), [which is] significantly higher than 32 cents for part-time workers (2.0 percent).”⁴⁷ Hiring a full-time employee is substantially more expensive than hiring a part-time or contingent worker.

As prospects for full-time employment fade, workers operating under the new psychological contract are forced to cover the costs of protections employers typically provide. Some analysts have categorized the nonstandard portion of the labor force as the “1099 economy,” referring to the fact that workers operating outside of traditional employer-employee relationships don’t file W-2 tax forms with the IRS. Instead, they file the 1099-MISC form, which classifies them as “independent contractors.”⁴⁸ In 2010, the IRS received roughly 82 million 1099-MISC forms; in 2014 that number climbed to 91 million. The number of 1099 forms being filed, since 1989, is greater than the number of

⁴⁶Hitt, Keats, and Demarie. "Navigating in the New Competitive Landscape."

⁴⁷Bureau of Labor Statistics U.S. Department of Labor. "Employer Costs For Employee Compensation - June 2015." *U.S. Bureau of Labor Statistics*. United States Department of Labor, 09 Sept. 2015.

⁴⁸Hill. *Raw Deal*. 5.

W-2s.⁴⁹ Business owners warmly welcome this development because, when a given workforce files 1099 instead of W-2 tax forms, labor costs can be reduced by 30% or more.⁵⁰ 1099 workers are only paid for the specific number of hours they work, so the “extraneous” parts of a conventional employee’s workday – time spent in the bathroom or at the water cooler – incur no additional cost to the firm.⁵¹ Rather than being paid by the hour, 1099 workers are paid for the tasks they complete on a piecemeal basis.

A worker who files a 1099 tax form is forced to cover the employer’s portion of the Social Security and Medicare payroll tax. This deducts an extra 8% from an individual’s income annually. These workers also face higher health-care premiums because they are not part of a larger health-care pool. Researcher Steven Hill argues that long-term 1099 workers can be referred to as “perma-temps.” These are workers who are technically private contractors but whose day-to-day duties reflect those of a traditional employee. They perform many of the same tasks but are provided none of the benefits that traditional employees receive. The United States plays host to more temporary workers, individuals deployed by “employee leasing firms,” than ever before – 2% of the overall workforce – and the increasing reliance on perma-temps, Hill argues, can be considered a form of “domestic outsourcing.”⁵² Rather than shipping jobs overseas, jobs are now outsourced domestically via contingent work. These workers occupy many positions that used to be filled by full- or part-time workers. Corporations deploying perma-temps, like Nissan, have effectively abandoned the old

⁴⁹Kessler, Sarah. "Here's How Many Gigs Are In The Gig Economy." *Fast Company*. Fast Company, 16 Sept. 2015. Web.

⁵⁰Hill. *Raw Deal*. 6.

⁵¹Hill. *Raw Deal*. 5.

⁵²Hill. *Raw Deal*. 21-25.

psychological contract that implied a long-term commitment between a firm and its workers.

The American safety net that defined employment relationships in the postwar Industrial era is slowly becoming an anachronism. Key forms of social insurance operate under the assumption that American workers are engaged in an employment relationship best defined by loyalty. In today's economic climate, most firms do not operate as a family, and this is due largely to macrostructural shifts in the global economy. Firms face more competition and there is more pressure for managers to cut costs. This Thesis will investigate how macrostructural trends since the mid-20th century have been magnified by the advent of the Gig and On-Demand economy. Even board members of major On-Demand platforms, like President Obama's former campaign manager David Plouffe, recognize that the growth of America's contingent workforce is troubling and that we, as a society, "should be careful not to accelerate [this] trend."⁵³

The paradigm defining American employment relationships has undergone a shift. Despite the significant drift towards precarity, the assumptions that underlie the relationship "between businesses and workers - and the benefits and protections that have evolved to support this relationship - have not kept pace with the rapid changes" workers have experienced.⁵⁴ With a new psychological contract comes new expectations that have yet to be codified. The next section of this Thesis will dig deeper into the number of American workers operating outside of the traditional employment landscape.

⁵³"California Case Threatens Uber's Business Model, Future Of Freelance Economy." Interview by Kelly McEvers. *NPR*. NPR: National Public Radio, 11 Nov. 2015. Web.

⁵⁴Portable Benefits. "Common Ground for Independent Workers - What's The Future of Work?" *Medium*. 10 Nov. 2015.

a. A Note on Terminology

A major focal point for this Thesis is the structural transformation of American employment relationships. For this reason, many terms have been utilized by various sources to refer to different employment relationships. A glossary is included at the end of this Thesis, which clarifies the different terms employed, but at this point in time, a brief overview of two of the most common terms, The Gig and On-Demand economy, is necessary.

The Gig economy refers to the American contingent workforce in the 21st century. Rather than being employed by a single employer in a committed and long-term employer-employee relationship, Gig workers are subjected to a more marginal, and at times somewhat tenuous, relationship with managers. Gig workers work job-to-job with multiple firms and/or managers; they accrue their income, at least partially, from various sources, rather than a single place of work. These workers perform a variety of tasks, sometimes even in multiple industries. On Monday, a given Gig worker could work for a landscaping company and on Wednesday they could tutor high school students.

The On-Demand economy is an off-shoot of the Gig economy, where app-based platforms serve to punctuate the contingent nature of this sector of the economy. In the On-Demand economy, contingent work is facilitated by app-based platforms like Uber, Airbnb, and TaskRabbit. These platforms match workers with consumers seeking services on a task-by-task basis. The following section will primarily discuss the Gig workforce at large, because most statistics collected by the federal government or

private firms are concerned with the overall contingent workforce. Very little data has been collected on On-Demand workers exclusively.

II. Flaws in Past Measurements of the Contingent Workforce

Calculating the size of the Gig and On-Demand workforce is a labyrinthine task. The Government Accountability Office published a report in 2015 which sought to estimate the size of the contingent workforce but the results are underwhelming. According to the report, contingent workers comprise somewhere between 5% and 30% of the overall labor force. One issue researchers ran into is the definition of contingent work. The conservative estimate (closer to 5%) is drawn from a definition that focuses on the duration of employment whereas the broader estimate (closer to 30%) is drawn from a definition that focuses on the non-traditional nature of this category of work. As a closing observation, the report asserts that current discourse surrounding the size of the contingent workforce is “shaped to some extent by both a scarcity of some types of data and an overabundance of other types of data.”⁵⁵

During a phone call with two members of the GAO, I asked for further elaboration on the insufficiency of federal data. They cited a couple reasons. First, the Bureau of Labor Statistics has not conducted the contingent work supplement, the primary survey on contingent work, since 2005, which predates the advent of the On-Demand economy. Furthermore, surveys conducted by the federal government rely on employment categorizations that have not been refined for the modern app-based employment environment. The frequency of data collection is subpar and the existing

⁵⁵“Contingent Workforce: Size, Characteristics, Earnings, and Benefits.” GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015.

data is imprecisely categorized.⁵⁶ “The data is totally worthless,” says Senator Mark Warner.⁵⁷ According to federal statistics, there could be anywhere between 3 and 53 million contingent workers in the labor force.⁵⁸ Federal data fails to even capture the existence of the On-Demand economy. The Associate Commissioner for Employment and Unemployment Statistics at the BLS admits that the federal government fails to offer a “simple accounting of all of the various types of worker arrangements” in the American economy.⁵⁹

The methods the federal government employs to collect labor force data are anachronistic. An anonymous employee in the U.S. Senate notes that “we’ve struggled with a lack of data... the markers are not well defined... and the categories don’t apply to today’s workforce.”⁶⁰ Some individuals working within the federal government have advocated for agencies like the IRS, the BLS, and the United States Census Bureau to aggregate their data and collaborate in their attempts to account for and categorize American workers in the 21st century. There is also ample opportunity for private firms, like LinkedIn, and academic Institutions, like Harvard or MIT, to contribute to the debate - in fact, some institutions already have.⁶¹ Unfortunately, it seems that the BLS will not be able to bolster its data-gathering apparatus in the near future as forthcoming legislation in the Senate has proposed millions of dollars in cuts to the agency. The

⁵⁶“Interview with Members of the Government Accountability Office.” Interview by Ziya Smallens. 21 Oct. 2015.

⁵⁷DePillis, Lydia. “We’re Doing a Terrible Job of Measuring the Modern Workforce, and the Feds Know It.” *Washington Post*. The Washington Post, 9 Oct. 2015. Web.

⁵⁸DePillis. “We’re Doing a Terrible Job of Measuring the Modern Workforce, and the Feds Know It.”

⁵⁹DePillis. “We’re Doing a Terrible Job of Measuring the Modern Workforce, and the Feds Know It.”

⁶⁰“Interview with Employees of a United States Senate Office.” Interview by Ziya Smallens. 15 Jan. 2016.

⁶¹“Interview with Employees of a United States Senate Office.” Interview by Ziya Smallens. 15 Jan. 2016.

agency's annual spending has already decreased by ~10% since 2010.⁶² It's likely that underfunding the BLS will further diminish its capacity to capture statistically significant shifts in America's labor force.

According to federal data, "the share of people who hold multiple jobs is... in decline." As of the 2015, the percentage of American workers who hold multiple jobs is 4.8%. That's down from 5.5% in 2005 and 6.3% in 1995.⁶³ Other statistics, like the growing number of workers filing 1099 tax forms rather than W-2s, challenge this conclusion. There is a fundamental lack of coherence when it comes to the government's data mining infrastructure. Many experts argue that the statistics provided by the BLS are simply not reliable. According to researcher Steven Hill, underground economic activity in 2012 accounted for \$2 trillion, or 13%, of the country's GDP.⁶⁴ That is double the number in 2009 - just three years prior. He also notes that, in recent years, while the number of unemployed individuals has decreased, the official rate of employed Americans stands at its lowest level since 1983.⁶⁵ Hill argues that both of these statistical anomalies can be chalked up to the fact that "the current [data gathering] methodologies are particularly unsuited for today's fragmenting labor force" primarily because the BLS utilizes employment surveys that originated in 1940s, during the peak of postwar employment arrangements. Individuals who work outside of that paradigm are simply "invisible."⁶⁶

⁶²Abraham, Katharine G., Davis, Steven J., and Haltiwanger, John C. "Don't Starve the BLS." *Roll Call*. Roll Call, 09 Oct. 2015. Web.

⁶³Zumbrun, Josh, and Sussman, Anna Louie. "Proof of a 'Gig Economy' Revolution Is Hard to Find." *WSJ*. The Wall Street Journal, 26 July 2015. Web.

⁶⁴Hill. *Raw Deal*. 126.

⁶⁵Hill. *Raw Deal*. 124-126.

⁶⁶Hill. *Raw Deal*. 124-126.

Recently, some private sector firms have attempted to calculate the size of the Gig and On-Demand workforce. In 2015, the Freelancers Union collaborated with Elance-oDesk to publish a comprehensive survey on the size of the “new workforce.”⁶⁷ The Freelancers Union offers a wide variety of services to non-permanent workers in the American workforce which will be discussed in further detail in a later section of this Thesis. Their survey, *Freelancers in America*, defines a freelancer as an individual who has “engaged in supplemental, temporary, or project- or contract-based work in the past 12 months.”⁶⁸ Under their framework, a freelancer is a refined characterization of a contingent worker; the definition employed by the Freelancers Union is simply tailored to the organization’s particular interests. According to the survey, 53 million Americans (34% of the U.S. workforce) are working as freelancers. 32% of freelancers surveyed have noticed an increase in demand for their services in the past year while 15% have noticed a decrease. The survey also argues that freelancers added \$715 billion to the economy in the past year.⁶⁹

It is critical to note that surveys conducted by private firms like the Freelancers Union are not infallible. It is in the firm’s best interest to inflate the significance of the work their members perform. That being said, the BLS recently recruited Sara Horowitz, the founder of the Freelancers Union, to write a blog post on the agency’s website. Her post reaffirms the claims made in the survey, particularly that 53 million Americans work as freelancers.⁷⁰ Still, the BLS is not necessarily endorsing the numbers provided by Horowitz, but rather providing a platform for leaders in the Gig and On-Demand

⁶⁷Greenhouse, Steven. "Tackling Concerns of Independent Workers." *The New York Times*. The New York Times, 23 Mar. 2013. Web.

⁶⁸Freelancers Union & Upwork. "Freelancing In America: 2015." 3.

⁶⁹Freelancers Union & Upwork. "Freelancing In America: 2015."

⁷⁰Horowitz, Sara. "Freelancers in the U.S. Workforce." *U.S. Bureau of Labor Statistics*. U.S. Bureau of Labor Statistics, Oct. 2015. Web.

economy. The BLS isn't validating the Freelancers Union's numbers, but they aren't refuting them either. In 2015, a group of business and labor leaders in the Gig and On-Demand economy penned an open letter calling for a slate of public policy proposals to reform the institutional mechanisms through which workers receive protections. The letter also cites the numbers provided by the Freelancers Union, arguing that roughly 53 million Americans work as freelancers.⁷¹ The Freelancers Union's claims are perceived as credible among many leaders in the Gig and On-Demand economy.

Another private firm throwing their hat in the statistical ring is MBO Partners. MBO Partners provides self-employed individuals the opportunity to connect with other consultants as well as potential clients. As a platform, it helps provide "Independents" opportunities to find work.⁷² In their fifth annual report, MBO Partners attempted to calculate the number of "Independents" in the American economy. Similar to the Freelancers Union's definition of freelancers, they define "Independents" as Americans "of all ages, skill, and income levels who turn to freelancing, contract work, consulting, temporary assignments or on-call work regularly each week for income, opportunity and satisfaction."⁷³ According to their data, the number of independent workers in the United States has grown 12% in the past five years. In 2015, they argue, the number of Independents aged 21 or older "held firm at 30.2 million."⁷⁴ The numerical estimates provided by MBO Partners may be lower than the Freelancers Union's, but they contend that the economic impact of Independents is still substantial. Where the Freelancers Union credited under a trillion dollars in economic activity to freelancers,

⁷¹Portable Benefits. "Common Ground for Independent Workers - What's The Future of Work?" *Medium*, 10 Nov. 2015

⁷²"Get To Know MBO." Who We Are. MBO Partners, n.d. Web.

⁷³MBO Partners. "MBO Partners State of Independence in America 2015: Five Years of Insight on the Growth of the Independent Workforce." (2015). MBO Partners, Inc. 3.

⁷⁴MBO Partners. "MBO Partners State of Independence in America 2015." 4.

MBO Partners argue that these workers generate more than \$1.15 trillion in revenue - nearly 7% of the country's GDP.⁷⁵ Their report is highly optimistic about the growth of gig work: according to their calculations, the independent workforce is growing at a rate that is "more than four times greater [than] the growth of the overall workforce."⁷⁶

Perhaps the most reliable non-public sector resource to conduct a poll gauging the size of the Gig and On-Demand economy is Time magazine. In December 2015, Time collaborated with strategic communications and global public relations firm Burson-Marsteller, along with the Aspen Institute Future of Work Initiative, to poll 3,000 individuals. According to their results, 22% of U.S. adults - 45 million people - have "offered some kind of good or service" in the Gig and On-Demand economy.⁷⁷ Additionally, 44% of U.S. adults "have participated in such transactions, playing the roles of lenders and borrowers, drivers and riders, hosts and guests."⁷⁸ That's more than 90 million people - a number larger than the number of Americans who identify as Republican or Democrat. The numbers provided by Time demonstrate that the Gig and On-Demand economy is much more pervasive than some assume. Its economic impact is not only derived from the number of individuals working through platforms like Uber or Airbnb but also by the millions of Americans turning to such platforms for goods and services. The Freelancers Union, MBO Partners, and TIME all argue that a major transformation is taking place - some even compare it to the Industrial Revolution.⁷⁹ Once again, it is important to remember that these firms do not play a disinterested role.

⁷⁵MBO Partners. "MBO Partners State of Independence in America 2015." 3.

⁷⁶MBO Partners. "MBO Partners State of Independence in America 2015." 5.

⁷⁷Steinmetz, Katy. "Exclusive: See How Big the Gig Economy Really Is." *Time*. Time, 6 Jan. 2016. Web.

⁷⁸Steinmetz, Katy. "Exclusive: See How Big the Gig Economy Really Is." *Time*. Time, 6 Jan. 2016. Web.

⁷⁹Freelancers Union & Upwork. "Freelancing In America: 2015."

This is especially true for the Freelancers Union and MBO Partners: their profitability depends on growing activity in this sector of the economy.

While On-Demand platforms play a pivotal role in the overall Gig economy, the three surveys discussed thus far do not provide a nuanced view towards the On-Demand economy itself. Steve King, a researcher who analyzes small business economy at Emergent Research, has been trying to pinpoint the economic clout of On-Demand platforms. In an interview conducted with Mr. King, he provided some numbers from a forthcoming study to be published by Emergent Research: there are 3.2 million workers in the On-Demand economy in particular. However, 79% of those workers work part-time - less than 35 hours per week - while the remaining number work full-time.⁸⁰ Other researchers have made a similar observation: at Uber, most drivers utilize the service as a means to earn supplementary income.⁸¹

The previous section of this Thesis cited the growing number of 1099-MISC tax forms as an indicator of a growing non-permanent American workforce. Since 2000, the number of individuals filing 1099 forms has grown by 22%. During that same period, the number of W-2 forms being filed has stagnated, falling by roughly 3.5%.⁸² What's more, in 2010, the IRS received about 82 million 1099 forms; in 2014 the agency received 91 million.⁸³ Many sources have pointed to this trend as an indicator that the Gig economy has grown at a troubling rate.⁸⁴ A forthcoming study to be published by professors Alan Krueger and Lawrence Katz indicates that, since 2005, "the number of workers in

⁸⁰"Interview with Steve King." Interview by Ziya Smallens. 20 Oct. 2015.

⁸¹Mishel, Lawrence. "Uber Is Not the Future of Work." *The Atlantic*. Atlantic Media Company, 16 Nov. 2015. Web.

⁸²Ferenstein, Gregory. "The Gig Economy Appears To Be Growing. Here's Why." *Forbes*. Forbes Magazine, 12 Dec. 2015. Web.

⁸³Kessler. "Here's How Many Gigs Are In The Gig Economy."

⁸⁴Dourado, Eli, and Christopher Koopman. "Evaluating the Growth of the 1099 Workforce." *Mercatus on Policy at George Mason University* (2015): n. pag. Dec. 2015. Web.

alternative arrangements has climbed by more than half, rising to nearly 16% of the workforce from 10% a decade ago.”⁸⁵ The same study notes that the On-Demand economy, whilst growing, has yet to significantly impact the American labor market. However, statistics clearly indicate that the overall Gig economy is rapidly growing; seeing as the On-Demand economy occupies a unique role within the overall Gig economy, app-based platforms are working to perpetuate a structural drift towards labor market precarity. Due to a dearth of data, the extent of their influence, in this regard, is unclear.

If the statistics outlined thus far make one point clear it is that the Gig and On-Demand has grown alongside a structural shift towards precarity in the American labor force. Federal statistics have failed to accurately depict this transformation and surveys conducted by private firms present a macro-level perspective. At the time of writing this, Secretary of Labor Tom Perez has just announced that the BLS will team up with the Census Bureau to revive the Contingent Worker Supplement for the first time since 2005. His goal is to provide lawmakers with “reliable, credible insight into what’s going on across a range of work arrangements – from independent contractors to temporary employees to workers holding multiple jobs at the same time.”⁸⁶ Members of the federal government, at the highest level, are finally recognizing that the conventional methods of surveying the American workforce are no longer sufficient.

Millions of Americans, somewhere between 30-50 million, are engaging with the Gig and On-Demand economy in some capacity. At least a couple million are seeking

⁸⁵Sussman, Anna Louie, and Zumbrun, Josh. "Contract Workforce Outpaces Growth in Silicon-Valley Style 'Gig' Jobs." *WSJ*. The Wall Street Journal, 25 Mar. 2016. Web.

⁸⁶Perez, Tom. "Innovation and the Contingent Workforce." *U.S. Department of Labor Blog: Promoting & Protecting Opportunity*. United States Department of Labor, 25 Jan. 2016. Web.

some form of work - whether part- or full-time - through On-Demand platforms. Who are they?

III. Definitions of Workers and Exchanges in The Gig and On-Demand Economy

a. Who Works in This Sector of the Economy?

The federal government has done a woefully inadequate job at classifying and categorizing Americans engaged in non-permanent or alternative work arrangements. As previously discussed, the government has only scratched the surface in regards to the risks these workers face. The GAO summarizes that “contingent work tends to lead to lower earnings, fewer benefits... and a greater reliance on public assistance.... [and] contingent workers earn about 10.6 percent less per hour than standard workers.⁸⁷ Both the GAO and BLS offer a slate of contingent work classifications based on past data. According to their statistics, there are seven types of contingent workers: Agency temps, Direct-hire temps, On-call workers and day laborers, Contract company workers, Independent contractors, Self-employed workers, and Standard part-time workers. The first four categories - Agency and Direct-hire temps, On-Call workers and day laborers, and Contract company workers - comprise what the GAO and BLS refer to as “core contingent workers,” meaning workers that most accurately represent the precarious and nonpermanent nature of contingent work. Altogether, from 1995 to 2005, the percentage of contingent workers in the American workforce held steady. In 1995, 32.2% of American workers were considered contingent workers. That number fell to 29.9% in 1999 and rose back up to 30.6% by 2005. During

⁸⁷"Contingent Workforce: Size, Characteristics, Earnings, and Benefits." GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015. 1-5.

that same period the number of Core contingent workers hovered between 5.5% and 6% of the workforce. Core contingent workers in particular “are more likely to be younger, Hispanic, have no high school degree, and have low family income.”⁸⁸

Under the GAO and BLS’s classifications, the seeds of the Gig and On-Demand economy are evident. However, it is also apparent that the seven categories - aside from Independent Contractors or Self-employed workers - cannot be applied to workers in the contemporary Gig and On-Demand economy. Most definitions provided by the GAO and BLS operate under the assumption that workers either work with a single manager or that companies broker nonpermanent workers out to other firms. In the contemporary Gig and On-Demand economy, workers can be directly recruited by individuals and they can also work in more than one industry. The Independent Contractor category is less obtuse as it applies to individuals who “obtain customers on their own to provide a product or service.” This category has also grown over time, from 6.7% of the workforce in 1995 to 7.4% in 2005.⁸⁹ One major flaw with the Independent Contractor category is that it generalizes the experiences of individuals: today, a given work day for an Independent contractor can vary greatly.

Another category that roughly captures the experiences of Gig and On-Demand workers is Self-employed workers. Under this category, individuals don’t receive a wage or salary but also don’t self-identify as Independent contractors, like restaurant or shop owners. Again, the predominant flaw with the categories outlined by the GAO and BLS is that they are drawn from a 20th century paradigm for alternative work

⁸⁸“Contingent Workforce: Size, Characteristics, Earnings, and Benefits.” GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015. 1-5.

⁸⁹“Contingent Workforce: Size, Characteristics, Earnings, and Benefits.” GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015. 11.

arrangements.⁹⁰ At no point do they consider the fluid nature or the app-based realm of the On-Demand economy.

The previous section of this Thesis demonstrated that some of the most substantive studies concerning the Gig and On-Demand economy have been conducted by private firms. The 2015 *Freelancers in America* survey provides an analysis of the different types of “freelancers” in the American workforce. The study classifies five types. The first, Independent Contractors, accounts for the largest block of the freelance workforce (40%) and can best be described as the “traditional freelancer” who has no employer and performs contingent work on a project-to-project basis. Under the Freelancers Union’s classifications, 21.1 million Americans identify as Independent Contractors. 14.3 million individuals (27% of the freelance workforce) classify as Moonlighters: professionals with a primary job who moonlight performing freelance work, like web developers who do projects for other companies on the side. 9.3 million individuals (18% of the freelance workforce) classify as Diversified workers: people who draw income from multiple sources through both traditional employers and freelance work, like an individual who works as a receptionist for 20 hours a week and fills the rest of his or her income by driving for Uber or writing on a freelance basis. 5.5 million individuals (10% of the freelance workforce) classify as Temporary Workers: Individuals with a single employer, client, job or contract project where their employment status is temporary, for instance, someone who works as a business strategy consultant on a client-by-client basis for months at a time. Finally, 2.8 million individuals (5% of the freelance workforce) classify as Freelance Business Owners: business owners who

⁹⁰“Contingent Workforce: Size, Characteristics, Earnings, and Benefits.” GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015.

manage between one to five employees. They consider themselves as both a freelancer and a business owner, like a social marketing guru who hires a small team to build an agency.⁹¹

The Freelancers Union offers a slate of categories that is much more insightful than any analysis offered by the federal government. While not perfect, the five categories outlined in the study do capture the general spectrum of work in the emerging Gig and On-Demand economy as well as acknowledge the impact of On-Demand platforms in transforming the way individuals seek opportunities for supplementary, or even primary, income. However, none of the categories outlined by the Freelancers Union are exclusively concerned with the On-Demand economy.

The job-scheduling process in the On-Demand economy is distinct from that of the overall Gig economy. In the Gig economy, scores of workers are deployed through temp agencies (Temporary Workers) or bounce job-to-job in a single industry (Independent Contractors). In the On-Demand economy, workers are not assigned duties by a larger organization. Instead, On-Demand workers exhibit relative autonomy in scheduling their workday. They choose when and where they work and, depending on their platform(s) of choice, in which industry. On-Demand platforms present workers with a range of employment opportunities that they can choose from. In a single day, a given On-Demand worker could spend three hours driving for Uber and four hours working as an editor through TaskRabbit. Such workers are not, in theory, held dominion to a single firm or industry. The Freelancers Union offers one category - the Diversified worker – that could apply to On-Demand employment arrangements, but this

⁹¹Freelancers Union & Upwork. "Freelancing In America: 2015." 5.

category still implies that workers are tied to traditional industries, which is not always the case.

In many ways, the Gig and On-Demand economy presents new opportunities for the American workforce, but it also presents familiar flaws. In the view of Steven Hill, the Gig and On-Demand economy is an extension of what he calls the “grey economy” where discouraged workers are driven towards working “under the table” rather than through traditional employment schemes. Data presented in the next section of this Thesis will challenge this point, but again, the same data is offered by firms that have reasons to depict a rosier picture than may be true. As a “1099 employee” - which full-time freelancers, independents, and Gig workers file as - workers are taxed double for Social Security and Medicare. In terms of taxation, they are compelled to play the role of both the employer and employee.⁹² They must provide for their own healthcare, retirement, and they must deduct their own income tax and mail it to the IRS. This issue speaks to a larger characteristic of the Gig and On-Demand economy: the lack of regulation.

b. Subjective Experiences of Gig and On-Demand Workers

Whilst my analysis has found that the collapse of full-time and secure employment prospects has driven workers towards the Gig Economy, evidence also suggests that opportunities offered in this sector of the economy can potentially satisfy the needs and desires of displaced workers. According to the *Freelancers in America* survey, the most common reasons cited for freelancing is to “earn extra money” (68%) and to “have flexibility in [one’s] schedule” (42%). More than half of freelancers began freelancing due to personal choice, rather than financial necessity (53%). The biggest

⁹²Hill. *Raw Deal*. 6-37.

obstacles Freelancers face is a lack of stable income and the process of finding work; however, respondents note that new technology makes both obstacles less daunting.⁹³

Respondents also note some other obstacles, such as getting paid on time (31%), knowing what skills are in demand (23%), the availability of affordable benefits (21%), and paperwork and administrative overhead (13%). One of the most fascinating statistics is that 77% of respondents believe that the best days of their freelancing careers are ahead of them.⁹⁴ As thorough as the study is, it's important to be cautious when working with data provided by private firms that have incentives to broadcast an optimistic portrayal of the Gig and On-Demand economy. Nonetheless, the Freelancers Union, whilst making broad and even hyperbolic claims, does illustrate the range of experiences for those working in the Gig and On-Demand economy.

The MBO Partners study published in 2015 also offers an in-depth view of different forms of nonpermanent, firm-to-firm work in the American economy. According to their data, 58% of respondents chose "independent work" by choice rather than necessity. 45% note that they make more money in this work arrangement than they would in a traditional one. Of the roughly 32 million Americans partaking in Independent work, 17.8 million do it full-time (more than 35 hours per week) and 12.4 million do it part-time. MBO Partners argues that there is potential for 30-45% of the nonfarm workforce to join the Independent workforce by 2020. In 2015, 43% of full-time Independents felt more "secure" than they would in a traditional work arrangement; that's up from 33% in 2011.⁹⁵ The term "security" is ambiguous, but Steve King from

⁹³Freelancers Union & Upwork. "Freelancing In America: 2015." 7.

⁹⁴Freelancers Union & Upwork. "Freelancing In America: 2015."

⁹⁵MBO Partners. "MBO Partners State of Independence in America 2015." 4.

Emergent Research elaborates that security, in this context, refers to “employment security... [due to the fact that this form of work allows for] multiple income streams.”⁹⁶

Some Independent workers, including many millennials who make up 30% of full-time “Independents,” believe that this work arrangement allows oneself to dilute the threat of losing work, an eggs-in-many-baskets strategy. Nearly all of the respondents who identify as part-timers (91%) rely on a traditional job in order to maintain a steady source of income. Furthermore, many part-timers view Independent work as means to enhance their market value by learning new skills on-the-job; in other words, an opportunity to acquire more human capital.⁹⁷ The report argues that millennials are driving the popularity of Independent work, citing the rapid growth of millennials in the Gig economy. Millennials accounted for 1.9 million of full-time Independents in 2011 (12% of the total); in 2015 they accounted for 5.35 million (30% of the total). Still, and seemingly contradictory, millennials express that they are challenged by Independent work and that they would prefer a traditional job more-so than their non-millennial peers (29% versus 12%).⁹⁸

MBO Partners admits that there exists an “unsatisfied” contingent of Independent workers. These respondents express fears that they are not in control of their careers, work, work schedules, or workplaces. 28% of all Independent workers would prefer a full-time payroll job.⁹⁹ Steve King from Emergent Research - who, again, claims that 3.2 million individuals partake in On-Demand work - insists that “many” On-Demand workers do not want to be classified as full-time employees. According to him,

⁹⁶King, Steve. *Twitter*. Twitter, 15 Oct. 2015. Web. <<https://twitter.com/Smallbizlabs/status/654684845679906816>>.

⁹⁷MBO Partners. “MBO Partners State of Independence in America 2015.” 12-13.

⁹⁸MBO Partners. “MBO Partners State of Independence in America 2015.” 10-11.

⁹⁹MBO Partners. “MBO Partners State of Independence in America 2015.”

individuals working through platforms like Uber do not wish to be subjected to the restrictions that comes with employee status; “[in that event] a lot of them will quit,” he says.¹⁰⁰ The statistics offered by MBO Partners demonstrates that the Gig economy is precarious. A formidable portion of the Independent workforce, especially millennials, continue to perceive traditional employment as a more sustainable career path. However, it is also clear that the conditions for Independent workers are improving. Not only are more and more people turning towards Independent work as a viable career path (the number of full-timers “has risen from 15.9 million [in 2011] to 17.8 million in 2015” and the number of part-timers rose from “from 12.1 million in 2014 to 12.4 million in 2015”) but an increasing number of Independent workers believe that it is a more secure employment arrangement than a traditional one.¹⁰¹

Once again, it’s important to consider that these statistics have been provided by a private firm rather than an unbiased publicly-funded resource. Perhaps respondents perceive the Gig economy as more secure due to the fact that traditional career paths have eroded over the past half-century. It could also be the case that the Gig economy genuinely entices a significant portion of the labor force. Regardless, both the Freelancers Union and MBO Partners shed light on this sector of the economy, and the experiences of those who navigate it, in a way the federal government has failed to.

The study published by Time Magazine also offers insight into the minds of Gig workers. According to the study, “about one third [of the 45 million gig workers] ... describe it as their primary source of income or say they can’t get work in a more traditional job.” Such workers also “treasure the liberty” presented by the Gig economy.

¹⁰⁰“Interview with Steve King.” Interview by Ziya Smallens. 20 Oct. 2015.

¹⁰¹MBO Partners. “MBO Partners State of Independence in America 2015.” 3.

71% of respondents have had a positive experience in the Gig economy while a shockingly low 2% report having a negative experience. 58% of “offerers” - individuals who work in or offer services through the Gig economy - believe that the industry is “exploiting a lack of regulation.” However, 49% of full- and part-time offerers oppose increased regulation, whereas only 47% of full-time and 36% of part-time offerers favor increased regulation.¹⁰² Time magazine is potentially the most reputable private firm to publish a in-depth report or study on workers in the Gig and On-Demand economy. Their data demonstrates that there really is no consensus in terms of how to improve working conditions in this sector of the economy. Many of these workers are galvanized by the prospect of having more control over their work life, but this freedom comes with great uncertainty.

On-Demand firms like Airbnb operate in a way not dissimilar to actors in the “grey economy.” As a service, Airbnb allows individuals to rent out spare space in their place of living, whether it be a castle or an apartment. A detailed analysis of Airbnb will be provided in a later section of this Thesis, but for current purposes, it is important to demonstrate that the process of becoming a host - an individual who rents space out to guests - is surprisingly simple. During the exchange, both hosts and guests must use their real names and their identities can be verified either by presenting drivers licenses or Facebook profiles. That’s it. That is the extent of the verification process for those either hosting or renting. Both hosts and guests can be publicly rated on Airbnb’s site and the prospect of poor user reviews acts as incentive to provide quality service. Airbnb does offer some protections, and it has been making improvements, but the bottom-line is that there is a high level of risk. In the words of one columnist, “Airbnb’s

¹⁰²Steinmetz, Katy. "Exclusive: See How Big the Gig Economy Really Is." *Time*. Time, 6 Jan. 2016. Web.

real innovation is not online rentals. It's 'trust.' It created a framework of trust that has made tens of thousands of people comfortable renting rooms in their homes to strangers."¹⁰³ But is trust enough? In some cases, no. Take for instance an incident in Spain where a 19-year old living with an Airbnb host was sexually assaulted.¹⁰⁴ Similar incidents resulting from a lack of regulation have also transpired and will be discussed in a later section of this Thesis. However, the do-it-yourself quality of services like Airbnb allow people to commodify skills and goods that, prior to the On-Demand economy, had little-to-no value in the marketplace. Trust may not be enough to ensure security for those operating in the Gig and On-Demand economy but its homebrew nature is also what draws consumers to platforms like Airbnb.

c. How Do We Refer to These Workers?

An exhausting number of terms are thrown around when defining individuals who work in the Gig and On-Demand economy: Contingent workers, Freelancers, Independents, nonpermanent workers, 1099 workers, et cetera. The vast array of overlapping terminology hinders the ability for experts and academics to discuss the problems these workers face with precision. Luckily, one leading theorist, Rachel Botsman, published a "dictionary" for the new economy. In it, she provides a wide-range of definitions spanning from "umbrella terms" that refer to a group of ideas or characteristics shared by various firms to "market mechanisms" that refer to the way goods and services are dispensed. In the dictionary, she provides separate definitions for many terms that other writers and researchers use somewhat interchangeably.

¹⁰³Friedman, Thomas L. "Welcome to the 'Sharing Economy'." *The New York Times*. The New York Times, 20 July 2013. Web.

¹⁰⁴Lieber, Ron. "Airbnb Horror Story Points to Need for Precautions." *The New York Times*. The New York Times, 14 Aug. 2015. Web.

According to Botsman, the “Gig economy” refers to “systems that break up a traditional company ‘job’ into individual ‘gigs’ that independent workers are paid to do for a time.” She refers to the business model of some firms like TaskRabbit which pays “task runners” for every singular task they perform. The “On-Demand Economy” refers to “systems that instantly match buyers and sellers to deliver goods and services immediately when people need them.” In this way, the On-Demand Economy is an offshoot of the overall Gig economy. In the simplest terms, the On-Demand Economy is a sphere in which gigs are facilitated by app-based platforms and are largely time-sensitive. Thus, the On-Demand Economy is inextricably linked with the technology its very existence depends on.

It’s important to draw a distinction between these two terms and other terms that have been used to describe the Gig and On-Demand Economy. The “Sharing Economy” refers to “systems that facilitate the sharing of underused assets or services, for free or for a fee, directly between individuals or organizations.” Airbnb’s business model could fall under this category; however, this definition lacks the universality of the “Gig Economy.” Also, “Collaborative Consumption” refers to “systems that reinvent traditional market behaviors... in ways and on a scale not possible before the internet.” This term is too nebulous for the exchanges under consideration in this Thesis.¹⁰⁵

IV. Unique Employment Relationships in the Gig and On-Demand Economy

In the past half-decade an ongoing debate has transpired over increasing flexibility in the American workplace. Some academics have considered flexible work

¹⁰⁵Botsman, Rachel. "The Sharing Economy: Dictionary of Commonly Used Terms." *Medium*. N.p., 19 Oct. 2015. Web.

arrangements, which can be defined as “a spectrum of work structures that alters the time and/or place that work gets done on a regular basis.”¹⁰⁶ A flexible work arrangement can manifest as workers having more control over the amount of hours they work, where they work, and how they schedule their work schedule. In 1985, 12.4% of the labor force worked on a flexible work schedule. By 2004, 27.5% of the labor force worked on such a schedule.¹⁰⁷ One potential reason the number grew so dramatically is that new technologies and mass communication structures facilitate a worker’s ability to engage in flexible work arrangements.

Since the 1980s, many employers have abandoned the goal of fostering a large core of long-term employees. In some cases, long-term employees are laid off and then rehired as temporary workers, a form of recall.¹⁰⁸ In the eyes of many managers, workers are more dispensable. Professor Paul Osterman notes that the capacity for contingent workers to provide essential services to a given firm has increased substantially. In his view, “temporary help firms take responsibility for an entire work function, for example, call centers that handle customer relations.”¹⁰⁹ The norms and expectations that once dictated the behavior of American firms - the old psychological contract - has undergone a transformation.

A long-term structural trend in the American economy is that workers are now more easily deployed and terminated. The Gig and On-Demand economy operates in a way that exacerbates this trend. When it comes to On-Demand services, workers can be deployed at the literal push of a button. The universal order is further upturned by the

¹⁰⁶Workplace Flexibility 2010, Georgetown University Law Center, "Flexible Work Arrangements: A Definition And Examples" (2006). *Memos and Fact Sheets*.

¹⁰⁷Workplace Flexibility 2010, Georgetown University Law Center, "Flexible Work Arrangements: A Definition And Examples" (2006). *Memos and Fact Sheets*.

¹⁰⁸Stone. *From Widgets to Digits*. 15-16 & 68-87.

¹⁰⁹Osterman. *Securing Prosperity*. 55-58.

fact that On-Demand platforms disrupt the fundamental dynamic between a manager and their workers. In the On-Demand economy, workers are paid and monitored vis-a-vis the app-based platforms through which they find work. This dynamic is similar to how temp workers are hired by temp agencies rather than the firms they are deployed to. However, the instantaneous and pervasive nature of On-Demand platforms magnifies the scale at which this phenomenon occurs: anybody in a city like New York can recruit an On-Demand worker at any point in time. Thus, there are three parties at play in labor relationships in the On-Demand economy: the individual offering a service, the buyer seeking the service, and the platform that facilitates the entire exchange. On-Demand platforms present unique labor relationships that challenge longstanding assumptions about the exchange of goods and services in the American economy.

One of the more impressive characteristics of the On-Demand economy is its dependence on trust. Writing for the *New York Times*, Thomas Friedman argues that platforms like Airbnb have “spawned [their] own ecosystem[s]... it used to be that corporations and brands had all the trust.” Today, a total stranger “can be trusted like a company and provide the services of a company.”¹¹⁰ Not only does the On-Demand economy subvert traditional labor relationships but it also challenges conventional consumption patterns. Millions of Americans are perfectly willing to meet up with or seek the services of complete strangers because they trust app-based platforms and the workers they deploy.

On-Demand firms also utilize tactics to further decouple themselves from the workers they recruit. For example, Uber classifies itself as a technology rather than

¹¹⁰Friedman, Thomas L. “Welcome to the ‘Sharing Economy’.” *The New York Times*. The New York Times, 20 July 2013. Web.

transportation company. As a result, workers are forced to drive their own personal vehicles and the platform does not cover the cost of maintenance or repairs.¹¹¹ In the Gig and On-Demand economy, workers commodify their own goods and services rather than utilizing firm-based capital; this is different than a traditional employer-employee relationship where workers operate capital provided by an employer. Uber's classification as a technology company is a good example of a firm creatively trying to cut costs. Hiring an employee, rather than an independent contractor, can be 20-30% more expensive according to some sources.¹¹² Currently, a major debate is transpiring over Uber classifying its driver fleet as independent contractors instead of employees. Critics argue that Uber exerts enough influence over its drivers for them to be considered employees while the company claims that drivers have enough control over their work schedules to not be considered employees. Of course, this is a vast simplification of the debate, which will be discussed in greater detail at multiple points in this Thesis.

According to NYU Stern Professor Arun Sundararajan, there are clear benefits and costs to classifying Uber drivers - and On-Demand workers in general - as employees. Drivers could potentially work more hours but they would also have less autonomy when setting their work schedules.¹¹³ Some academics, like Harvard's Benjamin Sachs, express that the "causal arrow is backward" in the arguments posed by pro-flexibility advocates. He argues that classifying a segment of workers as employees doesn't necessitate their employer exerting more control. "The bottom line,"

¹¹¹Karsten, Jack, and West, Darrell M. "Who Protects Workers in the On-demand Economy?" *The Brookings Institution*. The Brookings Institution, 27 Aug. 2015. Web.

¹¹²Surowiecki, James. "Gigs With Benefits?" *The New Yorker*. Condé Nast, 6 & 13 July 2015. Web.

¹¹³Sachs, Benjamin. "Uber: Employee Status and 'Flexibility'" *On Labor: Workers, Unions, and Politics*. On Labor, 25 Sept. 2015. Web.

says Sachs, “is that workers can choose when and how much to work, and can even work without immediate supervision, and still be employees within the meaning of the law.”¹¹⁴ Recall that Steve King countered this particular argument speaking from a perspective that has worked firsthand with Uber drivers. What is abundantly clear is that there is a lack of consensus when it comes to the employment classification of Uber drivers. Uber’s app-based On-Demand employment schematic is new territory for workers, academics, and business owners.

Some academics have taken umbrage with the fact that app-based platforms don’t adhere to the same standards and regulations as traditional industries. Uber drivers do not face the same hurdles that traditional taxi drivers do and folks renting out space on Airbnb don’t have to uphold the same standards as traditional hotels or motels. Some have gone as far to compare On-Demand services with “ticket-scalpers.”¹¹⁵ Seeing as the On-Demand economy, as a phenomenon, is less than a decade old, the federal government has yet to regulate it to the extent that traditional services and exchanges are. Nonetheless, the forms of exchanges and services offered via app-based platforms are distinct from traditional industries. Again, trust plays a critical role. Consumers are willing to meet up with complete strangers. Any average citizen with a car can become an Uber driver. This is not the case with taxi companies. Any average citizen can deliver groceries through Taskrabbit. This is not the case when ordering from a restaurant. At this point in time, the lack of institutional protections surrounding the On-Demand economy is largely due to the fact that the government has

¹¹⁴Sachs, Benjamin. "Uber: Employee Status and "Flexibility"" *On Labor: Workers, Unions, and Politics*. On Labor, 25 Sept. 2015. Web.

¹¹⁵Blanchard, Oliver A. "Stop Calling It the 'Sharing Economy.' That Isn't What It Is." *Olivierblanchard.net*. Olivier A. Blanchard, 29 July 2015. Web.

yet to set it on the policy agenda. However, the On-Demand economy by nature shouldn't be regulated to the extent that traditional industries are. Consumers are driven towards these services partially because they guarantee an ease of access and convenience. A user's whims can be satisfied at the push of a button. Later sections of this Thesis will consider the idiosyncrasies of the On-Demand economy - and thus, why On-Demand firms should not be held to the same standards as traditional ones - in greater detail.

As the Gig and On-Demand economy poses an affront to the 20th century safety net and the mechanisms through which workers are assured protections and public services, many have called for a refurbished welfare state. Noah Lang of TechCrunch insists that it is "time to unbundle benefits from employment classification and empower [the] new economy to protect and train a flexible workforce."¹¹⁶ Some experts have even pointed towards the Gig and On-Demand economy as impetus for a new classification of labor - a classification that lands somewhere between employee and independent contractor. According to Bloomberg BNA, a "growing number of lawmakers, industry leaders and worker advocates" have come to the conclusion that the "two-category employment and tax classification systems simply might not" satisfy the needs of workers in the Gig and On-Demand economy.¹¹⁷ Establishing a portable benefits system may be a more realistic goal in the foreseeable future but there may come a point where it would be more sustainable for Gig and On-Demand workers to be assured a base-level of benefits and securities separate from those guaranteed to

¹¹⁶Lang, Noah. "The Real Reason On-Demand Startups Are Reclassifying Workers." *TechCrunch*. TechCrunch, 22 Nov. 2015. Web.

¹¹⁷Opfer, Chris. "Uber Economy Could Spawn New Worker Classification." *Bloomberg BNA*. Bloomberg L.P., 18 Nov. 2015. Web.

traditional employees. What's most evident is that, as of yet, the employment classification of On-Demand workers is up for debate. They operate on a spectrum that doesn't adhere to 20th century standards for workplace organization.

Recently a major paper written by Seth Harris of Cornell University and Alan Krueger of Princeton University has proposed a new category of labor: The Independent Worker. Their goal is to establish a clearly defined middle ground between employees and independent contractors.¹¹⁸ The details of their policy proposal will be discussed at a later point in this Thesis. Many experts and leaders in this sector of the economy have called for the need to fortify a more sustainable environment for Gig and On-Demand workers to navigate. In the previously referenced open letter, leaders in the Gig and On-Demand economy stressed the importance of establishing a "path forward that encourages innovation, embraces new models, creates certainty for workers, business, and government and ensures that workers and their families can lead sustainable lives and realize their dreams."¹¹⁹ The fundamental characteristics of the Gig and On-Demand economy undermine 20th century assumptions about American employment relationships. The paradigm through which individuals navigate this new realm of work must reflect how much employment relationships have evolved since the New Deal.

V. Impact on Traditional Industries

The On-Demand economy has been received as a source of disruption by many business owners, managers, and employees in traditional industries. It is important to shed light on the ongoing dispute between new platforms and conventional firms. As

¹¹⁸Harris, Seth D., and Krueger, Alan B. "A Proposal for Modernizing Labor Laws for Twenty-First-Century Work: The 'Independent Worker'." The Hamilton Project. Dec. 2015. Web.

¹¹⁹Portable Benefits. "Common Ground for Independent Workers - What's The Future of Work?" *Medium*, 10 Nov. 2015

has been established, the main discrepancy between ride-sharing platforms, like Uber and Lyft, and conventional taxi companies has to do with regulation. One former Uber driver argues that the platform is nothing more than “an app-based taxi service for non-professional, unregulated and underinsured drivers.”¹²⁰ While this analysis is not brought forth by a particularly impartial perspective it speaks to the source of Uber’s profitability: its drivers play by looser rules than conventional taxi companies. Not to mention, Uber is far more convenient for consumers. Some apps, like Flywheel, have come to fruition in recent months with the goal of empowering traditional taxi drivers. The app utilizes a cloud-based software system - TaxiOS - allowing the exchange between a driver and passenger to be facilitated almost exclusively through a smartphone. It allows passengers to order taxis on-demand and track their drivers via GPS. Some see Flywheel as a “savior” for the taxi industry. Flywheel’s chief financial officer, Oneal Bhambani, believes that the app will allow the taxi industry to “get through this and grow.”¹²¹ What exactly is “this”? He’s referring to the ability for app-based ride-sharing services to undermine the taxi industry by providing more convenience to consumers as well as less barriers to entry for hopeful drivers.

Airbnb has also posed some major challenges for the hotel industry as well as the rental rates in some urban areas. Much like Uber, as a service, Airbnb operates more efficiently and with greater ease than traditional hotel and motel chains. Where hotels and motels are expected to adhere to a set of legal standards, renters on Airbnb hardly face any regulation at all. Most of the hurdles renters face on Airbnb are imposed by the platform itself. Additionally, hotel managers face a greater tax incidence than

¹²⁰Hill. *Raw Deal*. 71.

¹²¹Kokalitcheva, Kia. "Flywheel to Modernize Taxi Technology with Just a Smartphone." *Fortune*. Fortune Magazine, 29 Oct. 2015. Web.

individuals renting through Airbnb.¹²² The treasurer of San Francisco estimates that, as of October 2015, Airbnb owed the city \$25 million in back taxes.¹²³ It makes sense that Airbnb would be regulated to a lesser extent than hotels, as consumers are willing to face increased risk for the sake of lower prices, but as the case with Uber, it is also evident that the federal government has simply failed to regulate the platform in any tangible manner. A few localities have made headway in imposing regulations on Airbnb and they will be discussed in the Airbnb case study.

The On-Demand economy poses a threat to traditional industries by nature of offering consumers convenience as well as lower prices. Many argue that one way to address this situation is by imposing more regulations on firms thriving in the On-Demand economy. However, for these firms to retain the attributes that appeal to consumers in the first place, they cannot be regulated in the same manner or to the same extent that traditional industries are. The issue is that, as it stands, the lack of regulation and consumer protections in the On-Demand economy is derived from negligence rather than intent. To confront the root of the problem, policymakers must formulate an outcome where platforms like Uber and Airbnb can complement, rather than substitute, the taxi and hotel industries. In my view, there is room for both forms of exchange.

VI. The Role of Technology

Advancements in communications technology has always driven transformation in the workplace. At the dawn of the 21st century, some academics identified the need

¹²²Byers, John, Proserpio, Davide and Zervas, Georgios. "The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry." *SSRN Electronic Journal SSRN Journal* (2013): n. pag. Web.

¹²³Hill. *Raw Deal*. 47.

for firms to develop strategic flexibility in the globalized playing field.¹²⁴ Firms must utilize the latest technology at their disposal for the sake of enhancing their capacity to respond to market fluctuations and reorganize rapidly. Modern communication structures shorten product life cycles and make patents less effective. Firms are pressed to bring their goods or skills to market at a faster pace. Today, firms, according to one source, “face significant uncertainty, ambiguity and an increasing number of strategic discontinuities.” The American firm exists in a state of perpetual disequilibrium. This forces managers and business owners to choose between “the stability necessary to allow development of strategic planning and decision processes and instability that allows continuous change and adaptation to a dynamic environment.”¹²⁵ Workers are expected to bear the brunt of growing instability and some argue that firms need to introduce “horizontal structures” into the workplace by easing the barriers within a firm’s organization.¹²⁶ In other words, horizontal structures seek to de-specialize workers by blurring the lines between different jobs. This also makes the average employee more disposable.

The rapid rise of the On-Demand economy can largely be attributed to technological advancements. A paper published by the Journal of the Association for Information and Science Technology argues that growth in this sector of the economy is “fueled by developments in information and communications technology... growing consumer awareness, proliferation of collaborative web communities, as well as social

¹²⁴Hitt, Keats, and Demarie. "Navigating in the New Competitive Landscape."

¹²⁵Hitt, Keats, and Demarie. "Navigating in the New Competitive Landscape." 24-25.

¹²⁶Hitt, Keats, and Demarie. "Navigating in the New Competitive Landscape."

commerce/sharing.”¹²⁷ Whilst social dynamics have certainly played a role in driving people towards the Gig and On-Demand economy, it is important to zero in on the role technology plays in abetting new employment relationships. According to the Freelancers Union’s 2015 survey, the internet and social media platforms have “revolutionized” the process of finding and accessing work. What’s more, 32% of freelancers have noted an increase in demand for their services from 2014 to 2015, implying that an increasing number of Americans are turning to app-based platforms for goods and services.¹²⁸

Technology eases the barriers to entry for workers in the Gig and On-Demand economy. 65% of workers surveyed indicate that the internet makes it easier for them to find contingent work. 42% have found and completed freelance projects exclusively online. 31% claim they can find a job assignment online in less than 24 hours.¹²⁹ These statistics validate the impulses driving workers towards the On-Demand economy in search of full-time work: this sector offers an abundance of non-permanent work arrangements. On-Demand platforms allow people to market their skills more widely and with broader reach. Some organizations go as far to argue that the efficiency such platforms allow in connecting managers and job-seekers could raise global GDP and markedly lower unemployment.¹³⁰ On-Demand platforms also promote transparency in the labor market. Workers list their skills and credentials up-front-and-center.

¹²⁷Hamari, Juho, Sjöklint, Mimmi, and Ukkonen, Antti. "The Sharing Economy: Why People Participate in Collaborative Consumption." *Journal of the Association for Information Science and Technology J Assn Inf Sci Tec* (2015): n. pag. Web.

¹²⁸Freelancers Union & Upwork. "Freelancing In America: 2015." 4.

¹²⁹Freelancers Union & Upwork. "Freelancing In America: 2015."

¹³⁰Manyika, James, Lund, Susan, Robinson, Kelsey, Valentino, John, and Dobbs, Richard. "A Labor Market That Works: Connecting Opportunity With Talent in the Digital Age." *McKinsey & Company* (June 2015): n. pag. Web. 5-6.

The technology on which On-Demand services rely not only provides benefits in terms of increased efficiency, it can also enable the cultivation of a cohesive community. The online platform Etsy - which does not technically provide On-Demand services, but rather, connects users with other users who buy and sell homemade goods (therefore, more akin to the Sharing economy) - is a good example of a marketplace that values both “community and craftsmanship.”¹³¹ The platform tweaks its search engine to accentuate sellers who receive the highest ratings from buyers. Etsy’s goal is to optimize the user’s experience in a way that forms long-lasting connections between buyers and sellers. Etsy CEO Chad Dickerson has gone on record saying that the platform’s “superpower is connecting disaggregated networks of people in the Etsy economy... when you build networks based on people, you’re building community.”¹³² Dickerson may be exaggerating the strength of Etsy’s communal bonds but his company’s success does speak to the fact that On-Demand platforms aren’t simply efficient, they can provide users with a community-oriented experience.

In most cases, unfortunately, advancements in technology create more pressure than ease for American workers. One example is “just-in-time” scheduling employed by many large-scale retailers. This form of scheduling relies on computerized management; schedules are assigned based on “what times of day or the month [a manager] expect[s] the most business, splitting up hours across a large workforce that’s available on a moment’s notice and sometimes sending people home if traffic is

¹³¹McAlister, Matt. "Could the Gig Economy Transform Every Industrial Process?" *The Guardian*. Guardian News and Media, 13 Nov. 2015. Web.

¹³²McAlister. "Could the Gig Economy Transform Every Industrial Process?"

slow.”¹³³ Low-wage workers are held dominion to the needs of large corporations. According to the Washington Post, 41% of “early-career, hourly workers get their schedules less than a week in advance.”¹³⁴ The problem has grown so pervasive that some members of congress have penned legislation with the goal of providing workers greater flexibility in determining their work schedule.¹³⁵ Introducing automated mechanisms to the workplace may help cut costs, but in many cases, it negatively impacts the day-to-day lives of low-wage workers.

On-Demand platforms are far from exempt when it comes to utilizing new technologies to the detriment of their workforces. Uber in particular has been placed under much scrutiny for its practices. One academic paper claims that Uber employs a form of “artificial management” that asserts a higher level of control and surveillance over its fleet of drivers than a human manager would. The group of researchers who penned the paper insist that the platform “exerts control over when and where drivers work.”¹³⁶ These and similar criticisms laid against Uber will be considered in greater detail in Uber’s case study. At this point, it’s simply important to note that the same technology that presents consumers with greater convenience may also cause headaches for the workers providing services.

While currently not the case, there is potential for the same advancements in technology that draw consumers to On-Demand platforms to provide workers with greater utility. Steve King envisions a portable mechanism to provide benefits to

¹³³DePillis, Lydia. "The next Labor Fight Is over When You Work, Not How Much You Make." *Washington Post*. The Washington Post, 08 May 2015. Web.

¹³⁴DePillis. "The next Labor Fight Is over When You Work, Not How Much You Make."

¹³⁵Miller, Harkin, Warren, DeLauro Introduce Legislation to Establish Fair Work Scheduling Practices." *Committee on Education & The Workforce*. Congressional Democrats, 22 July 2014. Web.

¹³⁶Dwoskin, Elizabeth. "At Uber, the Algorithm Is More Controlling Than the Real Boss." *WSJ*. The Wall Street Journal, 04 Nov. 2015. Web.

workers in the Gig and On-Demand economy. In his hypothetical example, a platform could reorient itself in a way that, with each exchange, a portion of the user's fee, the worker's commission, and the platform's cut can go towards some kind of universal fund that will ensure an additional level of security for said worker. I have been highly intrigued by this model, and the proposal itself will be discussed in a later section of this Thesis. What's critical to note is that On-Demand platforms could very easily be updated to ensure a more effective benefits-provision system for workers. King notes that leaders in the "industry will complain they can't do it because technical difficulties, but it's not a challenge."¹³⁷

He recalls that a similar scenario played out a few years ago when the online retailer Amazon claimed it was unfeasible to pay sales taxes. In reality, Amazon was simply avoiding the incurrence of additional costs. In this case, state legislatures sought to increase revenues by imposing a sales tax on online retailers. Despite Amazon's opposition, the issue was not one of feasibility. Online retailers like Amazon support "a streamlined system simplifying the current hodgepodge of state and local levies."¹³⁸ The Texas state government resolved the dispute with Amazon in a manner that indicates the company was more concerned with incurring additional costs rather than facing infrastructural hurdles. Officeholders in Texas cut a deal where Amazon created 2,500 new jobs and invested \$200 million in a new distribution center in Texas if the state

¹³⁷Interview with Steve King." Interview by Ziya Smallens. 20 Oct. 2015.

¹³⁸Kopytoff, Verne G. "Amazon Pressured on Sales Tax." *The New York Times*. The New York Times, 13 Mar. 2011. Web.

forgave \$269 million in back sales taxes. Amazon agreed to maintain the jobs and investments for at least five years.¹³⁹

On-Demand platforms also offer a potential avenue for massive political action. In San Francisco, Airbnb mobilized its users into a political operation not dissimilar to that of a labor union. In 2015, the Proposition F ballot initiative threatened Airbnb's market supremacy in San Francisco. The dispute will be discussed in full detail in the Airbnb case study. The On-Demand platform took charge in fighting the ballot initiative by organizing "voting blocs in other cities where it operates... the company... [hopes to create] 100 'clubs' made up of Airbnb home-sharers." Platforms like Airbnb gain market dominance through a "kind of guerrilla growth strategy" where they recruit a "modest team of workers in a city and immediately start providing their services to the public."¹⁴⁰ The especially strategic firms, like Airbnb, employ the technology at their disposal to fend off regulation with populist fervor and a loyal user base. What if these same tactics were used to advocate for On-Demand workers themselves?

One of the most promising attributes of the On-Demand economy is how the technology can be appropriated to advocate for workers. On-Demand platforms also have the capacity to revitalize struggling industries by transforming their business models. In Brooklyn, one seltzer company has turned to the On-Demand economy as a means to reimagine their antiquated door-to-door seltzer business by offering it through a fresh method of transmission. According to owner Alex Gomberg, "we still use the bottles from the 1940s and 50s, we still use wooden crates, and we hand deliver them."

¹³⁹Copelin, Laylan. "Documents: Amazon Risking Little in Texas Sales Tax Deal." *Statesman*. Austin American-Statesman, 18 July 2012. Web.

¹⁴⁰Dougherty, Conor, and Isaac, Mike. "Airbnb and Uber Mobilize Vast User Base to Sway Policy." *The New York Times*. The New York Times, 04 Nov. 2015. Web.

What's the twist? The seltzer can now be ordered through email or Facebook. While this may not be as convenient or contemporary as employing an app-based platform, Gomberg's success indicates that consumers prioritize convenience and creativity. Today, barbers, doctors, and tailors can all be summoned to some one's home via app-based platforms.¹⁴¹ A new niche is being carved out for old-school services. The same technology that spells convenience for consumers could potentially work to fortify security for struggling businesses and precarious workers alike.

¹⁴¹Hester, Jessica Leigh, and Poon, Linda. "How Old-Fashioned Jobs Flourish in the On-Demand Economy." *CityLab*. The Atlantic, 17 Nov. 2015. Web.

Chapter 2: The Dangers of the New Employment Landscape

I. Case Studies: On-Demand Platforms

A. Uber

Founded in 2009, Uber describes itself as a platform responsible for “changing the logistical fabric of cities around the world.”¹⁴² A product of the age of convenience, Uber allows users to call drivers at the literal push of a button. The platform was first introduced as nothing more than a map on a smartphone. While the technical infrastructure underpinning the app is highly sophisticated, its ultimate purpose is using GPS to connect drivers and users.¹⁴³ Uber considers itself a source of local economic growth, reliability, and convenience.¹⁴⁴ As of 2015, the company has amassed a market value of \$51 billion, an amount greater than Delta, United Airlines, and even General Motors.¹⁴⁵ The variety of services offered by Uber has gradually expanded alongside its popularity. UberX, the cheapest service, connects users with drivers who drive relatively low-cost sedans. UberXL, the service intended for large groups of people, connects users with drivers using SUVs or mini-vans. Finally, UberSelect promises users a luxury sedan while UberBLACK, the platform’s most secure and expensive iteration, offers “commercially registered and insured livery vehicles.”¹⁴⁶ Recently, the company introduced UberEATS, which allows drivers to “pick up food from a distribution center,

¹⁴²“The Uber Story.” *Uber*. Uber, n.d. Web. <<https://www.uber.com/our-story/>>.

¹⁴³Nilsen, Sverre Rørvik. “I Drove for Uber for a Week, and Here’s What It Was like.” *Business Insider*. Business Insider, Inc, 04 Feb. 2015. Web.

¹⁴⁴“The Uber Story.” *Uber*. Uber, n.d. Web. <<https://www.uber.com/our-story/>>.

¹⁴⁵Hill. *Raw Deal*. 4.

¹⁴⁶Herrera, Doug. “What’s the Difference between UberX, XL, UberSelect, and Black Car?” *RideSharingDriver*. RideSharingDriver, 16 Dec. 2015. Web. <<http://www.ridesharingdriver.com/whats-the-difference-between-uberx-xl-uberplus-and-black-car/>>.

store it in their car, and deliver it” to users.¹⁴⁷ By offering a variety of services through a single medium the company has signaled its desire to consolidate the entire app-based ride-sharing market. Uber is a paragon of versatility in the On-Demand economy.

The company doesn't own any of the cars used by its drivers or directly employ the drivers themselves; instead, they file as 1099 contractors. CEO Travis Kalanick insists that Uber is part of the “technology industry” rather than the transportation industry.¹⁴⁸ This is why the platform is able to circumvent the regulations levied upon traditional taxi companies. According to Steven Hill, Uber, and peer ride-sharing platforms, play the role of “matchmaker.”¹⁴⁹ They connect customers and drivers and then take a cut of the fare as a sort of finder's fee. According to Hill, Uber's cut has risen from 5% of every fare to 20-25%.¹⁵⁰ Not only is Uber far more convenient than a conventional taxicab, it's cheaper in most American cities.¹⁵¹ Uber does perform background checks on would-be drivers, but the rigor of this process has been called into question.¹⁵² Aside from submitting to background checks, aspiring drivers must also be at least 21 years of age and operate a vehicle that was manufactured in 2000 or later (2005, in some cases).¹⁵³ Satisfying these three requirements is relatively painless compared to the requirements set by competing industries. Traditional taxi drivers are compelled to pay application fees and bus drivers must undergo a “three week training

¹⁴⁷Herrera, Doug. "Driving for UberEats: What it's like delivering food for Uber" *RideSharingDriver*. RideSharingDriver, 29 March. 2016. Web. <<http://www.ridesharingdriver.com/driving-for-ubereats-what-its-like-delivering-food-for-uber/>>.

¹⁴⁸Hill. *Raw Deal*. 70-72.

¹⁴⁹Hill. *Raw Deal*. 73.

¹⁵⁰Hill. *Raw Deal*. 73.

¹⁵¹Silverstein, Sara. "We Did the Math: Is Uber Really Cheaper than a Taxi?" *Business Insider*. Business Insider, Inc, 08 Apr. 2015. Web.

¹⁵²Hill. *Raw Deal*. 75.

¹⁵³"Driving Jobs." *Uber*. Uber, n.d. Web. <<https://www.uber.com/driver-jobs/>>.

program.”¹⁵⁴ At Uber, once an individual passes the requisite background check, and confirms their age and condition of their vehicle, they are free to work.

A report released in January 2015 claims that, in the United States, Uber deploys over 163,000 drivers as of 2014 but that 80% of those drivers work part-time. Over half of them drove fewer than 15 hours per week. However, the Wall Street Journal reports that, as of December 2015, “Uber... boasts 400,000 drivers, up from none four years ago.”¹⁵⁵ Based on Uber’s internal data, the average wage for drivers is \$17 an hour in Los Angeles, \$23 an hour in San Francisco, and \$30 an hour in New York.¹⁵⁶ It is worth noting that Uber drivers have to cover the cost of everyday expenses like gas, car maintenance, tolls, vehicle depreciation, insurance, car washing, traffic tickets, and whatever other costs they may incur on the job. One Uber-distinct feature, “surge pricing,” is “driven by a complicated computer algorithm based on the supply of both customers and drivers at any particular time.”¹⁵⁷ The platform is readily equipped to instantaneously respond to market mechanisms. If passenger demand is high, like it is on a federal holiday, then fares can become “wildly unpredictable, escalating to 10 times the normal rate.”¹⁵⁸ Some journalists, like Hill, have called the ethics of this mechanism into question, fearing that it could be used to take advantage of a local crisis or natural disaster.

Over the past few years, Uber has established itself as an international powerhouse. At its launch in 2010, service was limited to San Francisco. The platform first went international in 2011 by expanding operations to Paris. By 2014, Uber was

¹⁵⁴“Driving Jobs.” *Uber*. Uber, n.d. Web. <<https://www.uber.com/driver-jobs/>>.

¹⁵⁵Ip, Greg. “As the Gig Economy Changes Work, So Should Rules.” *WSJ*. The Wall Street Journal, 09 Dec. 2015. Web.

¹⁵⁶Hill. *Raw Deal*. 85.

¹⁵⁷Hill. *Raw Deal*. 90.

¹⁵⁸Hill. *Raw Deal*. 90.

available in 240 cities in 46 countries.¹⁵⁹ The company's attempts to enter foreign markets have, in some instances, been met with resistance. Governments in Australia, Belgium, Germany, and the Philippines, for example, "have instituted short-lived bans on the service or levied stiff fines on its drivers" out of fear that the platform "drains money from" domestic transportation markets.¹⁶⁰ Regardless, such incidents have not stunted the firm's overall growth: On Christmas Eve 2015, the five-year-old firm completed its one billionth ride.¹⁶¹ I previously noted that Uber has recruited somewhere between 160,000 and 500,000 part- or full-time drivers in the United States. Some sources contend that, globally, over 1 million drivers are active on the platform.¹⁶² Uber has opened up a Pandora's box: while, on the surface, it may operate as a simple ride-sharing platform, it has introduced the On-Demand model to millions of consumers and workers around the world.

In the previous chapter, I discussed the extent of influence artificial management exerts over a given workforce. One academic paper published by the Data and Society Research Institute and NYU posits that, despite Kalanick's claims, Uber's software is not passive; it exerts control over a driver's workday the way a human manager would. In fact, the researchers found that "the level of control and surveillance [the platform] exert[s] is often far greater" than human management.¹⁶³ Driver evaluations are facilitated by an automated ratings system: through the app, riders evaluate a given driver on a one-to-five star scale. The software then tallies the driver's overall scores to

¹⁵⁹Milian, Mark. "Uber's International 'Launch Playbook' Includes Some Tough Lessons." *Bloomberg.com*. Bloomberg L.P., 20 Nov. 2014. Web.

¹⁶⁰Milian. "Uber's International 'Launch Playbook' Includes Some Tough Lessons."

¹⁶¹Kokalitcheva, Kia. "Uber Completes 1 Billion Rides." *Fortune*. Time Inc. Network, 30 Dec. 2015. Web.

¹⁶²Rosenblat, Alex. "The Truth About How Uber's App Manages Drivers." *Harvard Business Review*. Harvard Business Publishing, 06 Apr. 2016. Web.

¹⁶³Dwoskin, Elizabeth. "At Uber, the Algorithm Is More Controlling Than the Real Boss." *WSJ*. The Wall Street Journal, 04 Nov. 2015. Web.

provide an occasional evaluation and compares those scores with other drivers. Thus, customers act as middle managers, and drivers can evaluate passengers as well. Furthermore, the software doesn't dictate when drivers work but it does "prod" them - the service alerts drivers when surge pricing is "due to kick in."¹⁶⁴ Uber drivers are also compelled to accept ride requests without knowing the passenger's destination and are unable "to determine if that fare would be financially worthwhile."¹⁶⁵ Furthermore, drivers are encouraged to provide riders with bottled water, phone chargers, and other services at their own expense.¹⁶⁶

Kalanick upholds that Uber, and On-Demand platforms in general, are a source of empowerment for American workers. "Go to anybody who is an employee somewhere and ask them if they'd like to set their hours versus having shifts [scheduled for them]," says Kalanick.¹⁶⁷ In exchange for increased autonomy, Uber drivers forego the protections and benefits granted to traditional employees. The risks Gig workers face has already been discussed in great detail and Uber drivers are not exempt from those dangers. The AFL-CIO recently published a "set of principles" for workers in the On-Demand economy arguing that the government needs to "broaden access to portable benefits delivered by governmental mechanisms."¹⁶⁸ Labor advocates, like the AFL-CIO, argue that, even though workers juggling multiple jobs willingly face increased risk, they should be ensured greater stability than currently is the case. Over the past

¹⁶⁴Dwoskin, Elizabeth. "At Uber, the Algorithm Is More Controlling Than the Real Boss." *WSJ*. The Wall Street Journal, 04 Nov. 2015. Web.

¹⁶⁵Singer, Natasha. "Twisting Words to Make 'Sharing' Apps Seem Selfless." *The New York Times*. The New York Times, 08 Aug. 2015. Web.

¹⁶⁶Singer. "Twisting Words to Make 'Sharing' Apps Seem Selfless."

¹⁶⁷Foroohar, Rana. "In the New World of Work, Is Uber the Villain or a Hero?" *Time*. Time Inc. Network, 09 Dec. 2015. Web.

¹⁶⁸"Our Principles on the On-Demand Economy." *AFL-CIO*. AFL-CIO: America's Unions, n.d. Web.

several months Uber has been criticized for classifying its driver fleet as independent contractors rather than employees.

In 2015, California established itself as ground zero for the employee-independent contractor debate. Critics say that Uber disguises employees as independent contractors: the service sets prices, evaluates a driver's performance, and dismisses workers at will. Uber proponents claim that the platform simply connects customers with drivers; it doesn't dictate *where* drivers work, whether or not they have to accept a passenger, or a driver's work schedule. Despite Uber's insistence on the contrary, a California labor commissioner ruled that a driver who filed a claim against the company was, in fact, an employee. This particular ruling applied only to that individual driver.¹⁶⁹ Much to the firm's chagrin, a San Franciscan federal judge recently granted that same suit class-action status, meaning that Californian Uber drivers who joined the service before June 2014 can sue the company over their employment status as a single party. The class-action certification only applies to employee status and tips, not for general expenses.¹⁷⁰ The suit may be exclusive to California but the company fears that the forthcoming ruling could set a precedent for the entire nation. In an interview with NPR, Uber board member, David Plouffe, insists that employee status would hurt, rather than help, Uber drivers. "They like the classification... they can sign up to [drive] when they're home from school, can sign up when they've lost some hours at their main job... they can stop doing it whenever, voluntarily," says Plouffe. He points to the fact that the service's "busiest time is bar closing time" between 11:30 to 3:00

¹⁶⁹Surowiecki, James. "Gigs With Benefits" *The New Yorker*. Condé Nast, 6 & 13 July 2015. Web.

¹⁷⁰Baldwin, Roberto. "California Uber Drivers Can Join in Class-action Lawsuit." *Engadget*. AOL, 01 Sept. 2015. Web.

AM.¹⁷¹ If drivers were classified as employees they would lose the flexibility that allows them to drive on their own schedule. Plouffe refused to speculate about Uber's next move if the Californian case doesn't swing in the firm's favor. According to Fortune magazine, the reclassification of Uber's driver fleet in California - nearly 160,000 drivers - could cost the company over \$4 billion dollars.¹⁷²¹⁷³ 64% of that cost would be derived from driver reimbursement for "miles, gas and tolls," 15% would be derived from "payroll taxes" for Social Security and Medicare, and 12% would be derived from workers' compensation.¹⁷⁴

In other states, Uber has found some success in maintaining its market supremacy. State legislatures in Ohio and Florida are "moving ahead" with regulations that would codify the independent contractor status of Uber drivers.¹⁷⁵ Similar legislation has already passed in North Carolina, Arkansas, and Indiana. Not only has Uber publicly expressed support for such initiatives but the company has actually deployed representatives to help "negotiate language" in the Ohio bill.¹⁷⁶ It is somewhat uncommon, notes one expert, for public policy, instead of the judicial system, "to weigh in on the labor practices of companies."¹⁷⁷ This may indicate that disputes surrounding regulation in the On-Demand economy will play out in federal and state legislatures

¹⁷¹"California Case Threatens Uber's Business Model, Future Of Freelance Economy." Interview by Kelly McEvers. *NPR*. NPR: National Public Radio, 11 Nov. 2015. Web.

¹⁷²"California Case Threatens Uber's Business Model, Future Of Freelance Economy." Interview by Kelly McEvers. *NPR*. NPR: National Public Radio, 11 Nov. 2015. Web.

¹⁷³Weinberg, Jon. "Gig News: Uber Driver Class Action Significantly Expanded." *On Labor: Workers, Unions, and Politics*. On Labor, 11 Dec. 2015. Web.

¹⁷⁴Gandel, Stephen. "Uber-nomics: Here's What It Would Cost Uber to Pay Its Drivers as Employees." *Fortune*. Time Inc. Network, 17 Sept. 2015. Web.

¹⁷⁵Somerville, Heather, and Levine, Dan. "Exclusive: Uber Winning Make or Break Legal Battles across America." *Reuters*. Thomson Reuters Corporation, 11 Dec. 2015. Web.

¹⁷⁶Somerville and Levine. "Exclusive: Uber Winning Make or Break Legal Battles across America."

¹⁷⁷Somerville and Levine. "Exclusive: Uber Winning Make or Break Legal Battles across America."

rather than the judicial system. Some states have begun categorizing ride-sharing platforms like Uber and Lyft as Transportation Network Companies (TNCs).

As Uber's classification battle has gained traction in the media, some experts have come out of the woodwork advocating for Uber drivers to be granted employee-status. One attorney, who has represented workers in the Gig economy, claims "Uber drivers cannot be classified as independent contractors because the company evaluates driver performance, claiming the right to deactivate drivers who receive poor customer ratings." She also postulates that Uber could "give Uber drivers employee status and increase [its own] share of profits—now set at 20 percent—to pay for the provision of labor benefits."¹⁷⁸ Harvard professor Benjamin Sachs flat-out rejects the notion that granting drivers employee status will inhibit the flexibility of their work:

"If a court determines that... [Uber] drivers [are] 'employees...' [the firm] would not somehow then be required to exercise additional control over when and how long the drivers worked, or over other aspects of the job that are currently flexible. Uber would be required to comply with minimum wage laws, safety and health laws, and anti-discrimination laws, and it would be required to contribute to unemployment insurance and withhold payroll taxes and the like. But it could do all of this without taking away the flexibility that the drivers currently enjoy."¹⁷⁹

According to experts like Sachs, the debate isn't really about impacting the flexibility of Uber's business model. It's about imposing additional costs on the firm and providing drivers with more benefits.

In 2015, the Oregon Bureau of Labor and Industries published an advisory opinion asserting that Uber drivers should be classified as employees. The agency

¹⁷⁸Weinberg, Jon. "Gig News: Uber Driver Class Action Significantly Expanded." *On Labor: Workers, Unions, and Politics*. On Labor, 11 Dec. 2015. Web.

¹⁷⁹Sachs, Benjamin. "Uber: Employee Status and 'Flexibility'" *On Labor: Workers, Unions, and Politics*. On Labor, 25 Sept. 2015. Web.

came to this conclusion by applying “a six factor ‘economic realities’ test.”¹⁸⁰ The advisory opinion found that, among other conclusions, Uber exerts a significant degree of control over its workers: drivers do not have the ability to exercise “managerial functions,” Uber sets fare rates without input from drivers, and drivers act as an “integral” part of the firm’s business model.¹⁸¹ Under Oregon law, says the state’s Bureau of Labor and Industries, Uber drivers are employees.

In light of polarized debate surrounding employment classification in the On-Demand economy some experts argue there may be a third option. “The fundamental nature of work is changing and I don’t believe in the future that it’s just going to be a binary choice between a 1099 worker or a W-2 worker,” says Senator Mark Warner.¹⁸² A new classification could allow for increased flexibility while ensuring a base-line of security. Enter Seth Harris of Cornell University and Alan Krueger of Princeton University. In a recent paper, the two professors envision a new category of labor: The Independent Worker. Formulated with full-time Gig workers in mind, the category hopes to address the fact that “many workers in the so-called online gig economy should have more rights and protections than most do now... [but that] ‘forcing these new forms of work into a traditional employment relationship could be an existential threat to the emergence of online-intermediated work.’”¹⁸³¹⁸⁴ The viability of the Independent Worker proposal will be explored in greater detail at a later point in this Thesis. What’s important

¹⁸⁰Weinberg, Jon. "Gig News - October 20, 2015." *On Labor: Workers, Unions, and Politics*. On Labor, 20 Oct. 2015. Web.

¹⁸¹United States. Bureau of Labor and Industries of the State of Oregon. Commissioner. By Brad Avakian and Christie Hammond. *Advisory Opinion Regarding: The Employment Status of Uber Drivers*. Bureau of Labor and Industries, 14 Oct. 2015. Web.

¹⁸²Opfer. "Uber Economy Could Spawn New Worker Classification."

¹⁸³Scheiber, Noam. "A Middle Ground Between Contract Worker and Employee." *The New York Times*. The New York Times, 10 Dec. 2015. Web.

¹⁸⁴Harris and Krueger. "A Proposal for Modernizing Labor Laws for Twenty-First-Century Work."

to consider, in the case of Uber especially, is that the labor classification issue is currently stoking discord in the On-Demand economy. Policy proposals hoping to alleviate such disputes have just come to fruition and it is likely that other proposals will be discussed in the near future. Time is ticking and some local jurisdictions have already taken action.

In December 2015, Seattle's city council unanimously voted in support of a resolution that allows Uber, Lyft, and other ride-sharing workers to unionize. The ordinance is the first of its kind in the country. The fledgling App-Based Drivers Association worked with the local Teamsters union to advocate for the legislation.¹⁸⁵ Despite the symbolic significance of the ordinance, it poses logistical problems as it technically contradicts federal law. David Plouffe has described the proposal as "flatly illegal."¹⁸⁶ The bill seeks to circumvent the National Labor Relations Act of 1935, which doesn't apply to independent contractors, by relying on one loophole: the NLRA "doesn't bar state and local governments from enacting their own legislation that would allow independent contractors to organize."¹⁸⁷ This debate is ongoing and the outcome has yet to be seen.

In February 2016, Uber drivers in New York City, particularly those driving to and from LaGuardia airport, went on strike. Writing for *Fortune*, Kia Kokalitcheva claims that drivers were protesting fare cuts levied on them during a holiday season demand slump. An Uber spokesman claims that, since the cut, "drivers have spent spent 39% less time between trips which has increased average hourly earnings by 20% compared to two

¹⁸⁵Wingfield, Nick, and Isaac, Mike. "Seattle Will Allow Uber and Lyft Drivers to Form Unions." *The New York Times*. The New York Times, 14 Dec. 2015. Web.

¹⁸⁶Soper, Taylor. "Uber Policy Advisor David Plouffe Calls Proposed Seattle Ordinance to Unionize Drivers 'puzzling'" *GeekWire*. GeekWire, 04 Dec. 2015. Web.

¹⁸⁷Alba, Davey. "Inside Seattle's Bold Plan to Let Its Uber Drivers Organize." *Wired*. Condé Nast Digital, 14 Dec. 2015. Web.

weekends” prior.¹⁸⁸ Despite such claims, labor leaders seized the opportunity to bring Uber drivers into the fold. As of February 3, 2016, The International Brotherhood of Electrical Workers, Local 1430, filed a petition with the National Labor Relations Board in the hopes of representing “600 Uber drivers who make pickups at LaGuardia Airport.”¹⁸⁹ It has yet to be seen whether or not these drivers will join the IBEW.

As is the case with the class-action suit in California, the dispute transpiring in New York City continues to rage on. The fate of Uber drivers has yet to be decided. What is clear is that ride-sharing platforms like Uber present American workers with a new type of labor relationship. Conventional political and legal solutions have yet to quell fury on both sides of the debate.

B. Airbnb

Founded in San Francisco during the summer of 2008, Airbnb describes itself as a “trusted community marketplace for people to list, discover, and book unique accommodations around the world.”¹⁹⁰ Users can book a room via the company’s website or its app-based platform. According to the company’s own data, Airbnb has connected over 60,000,000 guests with hosts, operates in over 34,000 cities and over 190 countries, and boasts over 2,000,000 listings worldwide.¹⁹¹ Surveying Airbnb is a different task than surveying Uber; where the primary concern with Uber is the experiences of its drivers and the labor relationships the platform bears, my interest in Airbnb is derived, not from the treatment of renters, but from the repercussions of the

¹⁸⁸Kokalitcheva, Kia. "Uber Drivers Protest Wage Cuts In NYC and San Francisco." *Fortune*. Time Inc. Network, 01 Feb. 2016. Web.

¹⁸⁹Skelding, Conor. "Union Files to Represent Uber Drivers Serving LaGuardia." *POLITICO: New York*. Capitol News Company, 03 Feb. 2016. Web.

¹⁹⁰"About Us." *Airbnb*. Airbnb, Inc., n.d. Web. <<https://www.airbnb.com/about/about-us>>.

¹⁹¹"About Us." *Airbnb*. Airbnb, Inc., n.d. Web. <<https://www.airbnb.com/about/about-us>>.

platform's unregulated nature. How does Airbnb affect local economies? What kind of safeguards does the platform provide its users?

Steven Hill believes that Airbnb embodies the Gig and On-Demand better than most platforms. Airbnb hosts provide "a niche for travelers looking for low-cost accommodations, particularly during high-season times when hotel vacancies are scarce."¹⁹² As of October 2015, the company is valued at \$25 billion, the same as the Hyatt chain of hotels, and the firm employs a thousand people around the world.¹⁹³ According to LinkedIn, Airbnb employs Public Policy Managers, Data Analysts, Community Organizers, Software Engineers, and other positions that entail full-time roles.¹⁹⁴ Hill claims that the platform also acts as "a catalyst for massive law-breaking, a tax rogue and, tragically, an impetus for the eviction of longtime tenants."¹⁹⁵

There have been reports - in San Francisco, for example - of landlords evicting tenants for the sake of renting through Airbnb and other short-term rental platforms. According to San Francisco's Rent Board, 2,000 units were evicted in 2013, 13% more than was the case in 2012.¹⁹⁶ The *San Francisco Chronicle* found that two-thirds of the private or shared rooms available through Airbnb "are entire houses or apartments with no owner present during the rental period." Nearly a third of San Franciscan rentals "are controlled by people with two or more listings."¹⁹⁷ Statistics such as these indicate that landlords in San Francisco have been appropriating the platform as a more convenient form of long-term renting as opposed to offering short-term hospitality. This

¹⁹²Hill. *Raw Deal*. 42.

¹⁹³Hill. *Raw Deal*. 42.

¹⁹⁴"Search." *LinkedIn*. LinkedIn Corporation, n.d. Web. 6 Apr. 2016.

<https://www.linkedin.com/vsearch/j?locationType=Y&page_num=1&f_C=309694&trk=jobs_biz_prem_all_header>.

¹⁹⁵Hill. *Raw Deal*. 42.

¹⁹⁶Hill. *Raw Deal*. 45.

¹⁹⁷Hill. *Raw Deal*. 50.

phenomenon is not exclusive to San Francisco: an investigation conducted the Attorney General of New York found that “almost half of Airbnb’s \$1.45 million in revenue [in New York state] came from hosts who had at least three listings on the site.”¹⁹⁸ The multiple listings imply that these renters use the platform professionally. The report also found that nearly 2,000 units brokered through Airbnb were rented for more than half a year in 2013, “taking them effectively off the market for local residents.” Almost three-quarters of the Airbnb rentals listed in New York City during 2013 were illegal due to zoning and municipal regulations. Attorney General Schneiderman concludes that, in New York, the platform has raked in ~\$40 million thanks to “illegal” listings.¹⁹⁹

In terms of safety precautions, Hill insists that Airbnb underperforms, as it only offers free smoke and carbon monoxide detectors to hosts.²⁰⁰ At this point, it has become abundantly clear that part of what characterizes the On-Demand economy is a lack of regulation. Airbnb in particular has received a lot of criticism from journalists and even users for its *laizze faire* attitude towards ensuring its users safety. Hosts verify their IDs by “connecting to their social networks and scanning their official ID or confirming personal details;” however, Hill discovered that he could sign up as a host without undergoing a background check, ID verification, or any kind of confirmation of his personal details.²⁰¹ Proponents praise Airbnb’s ability to generate demand by commodifying unused space in a given home or apartment and CEO Brian Chesky insists that allowing renters to make some additional income is the intended purpose of the platform. “In the last 12 months in Paris, we’ve generated \$240 million in economic

¹⁹⁸Hill. *Raw Deal*. 55.

¹⁹⁹Hill. *Raw Deal*. 55-56.

²⁰⁰Hill. *Raw Deal*. 61.

²⁰¹Hill. *Raw Deal*. 62.

activity,” Chesky said in July 2013.²⁰² In writing for the New York Times, Thomas Friedman notes that, on Airbnb, “no one is anonymous” because guests and hosts are able to verify the other’s identity via driver’s license or passport.²⁰³ In terms of quality assurance, Airbnb operates in a way similar to Uber: guests and hosts can rate each other online. This acts as the only incentive for renters to deliver a pleasant experience. Additionally, the platform “automatically provides \$1 million in insurance against damage or theft” to as many hosts as possible, depending on their country’s laws.²⁰⁴

Airbnb allows for increased efficiency insofar that it allows individuals to make use of their under-utilized inventory. Some academics argue that the rapid rise of home-sharing platforms like Airbnb is partially due to their ability to “scale supply in a near frictionless manner” as well as provide a variety of living options.²⁰⁵ In terms of impacting the pre-existing hospitality industry, a 2013 study on Airbnb’s market impact in Austin, Texas found that the platform’s market entry coincided with a “statistically significant decrease in occupancy rate [for traditional hotels] and an even bigger decrease in hotel room prices.” The same study found that Airbnb works to the detriment of independent hotels more-so than chain hotels.²⁰⁶ Specifically, a 10% increase in Airbnb listings is correlated with a “statistically significant 0.34% decrease in monthly hotel room revenue.”²⁰⁷ The authors of the study conclude that Airbnb is altering consumption patterns to the detriment of non-chain hotels and motels. It seems to be the case that Airbnb acts as a complement to chain hotels and a substitute to independent ones. In terms of local governance, Airbnb is exempt from paying

²⁰²Friedman. "Welcome to the 'Sharing Economy'."

²⁰³Friedman. "Welcome to the 'Sharing Economy'."

²⁰⁴Friedman. "Welcome to the 'Sharing Economy'."

²⁰⁵Byers, Proserpio, and Zervas. "The Rise of the Sharing Economy." 2.

²⁰⁶Byers, Proserpio, and Zervas. "The Rise of the Sharing Economy." 5.

²⁰⁷Byers, Proserpio, and Zervas. "The Rise of the Sharing Economy." 16.

municipal taxes, which hurts a locality's short-term revenue. It is possible that platforms like Airbnb attract increased consumption in a given city or town in the long-run, which could act as a boon to local businesses.

In 2015, Zak Stone's father died while using a rope swing in a house his family rented through Airbnb. The tree the swing was attached to broke in half and crushed his father's head. The story sparked a major debate surrounding the platform's liability issues. Months prior to this incident, Airbnb began offering "free, automatic secondary coverage for liability" but then made the coverage primary following Mr. Stone's death. It covers up to \$1 million per incident.²⁰⁸ The firm set a \$10 million annual limit on this policy, which has raised some questions about the platform's ability to cover each and every Airbnb user in the case of crisis. Writing for the *New York Times*, Ron Lieber echoes a point that's been made before: "without good data, we're all flailing about looking for anecdotes."²⁰⁹ Hosts renting through platforms like Airbnb and HomeAway need not abide by the plethora of safety regulations levied on traditional hotels and motels. Pundits have grown weary of the regulation gap between On-Demand hospitality platforms and the traditional hospitality industry.

During the 2015 elections, Airbnb faced other obstacles in the form of increased regulation vis-a-vis ballot initiatives. In San Francisco, Proposition F threatened to "curb the number of days a host can rent on the... platform - capping both hosted and unhosted rentals at 75 days per year."²¹⁰ If passed, the initiative would have confronted the long-term rental issue impacting local economies head-on. Lucky for Airbnb, the

²⁰⁸Lieber, Ron. "Death in Airbnb Rental Raises Liability Questions." *The New York Times*. The New York Times, 13 Nov. 2015. Web.

²⁰⁹Lieber. "Death in Airbnb Rental Raises Liability Questions."

²¹⁰Logan, Bryan. "Airbnb Dodged a Bullet in Its Hometown." *Business Insider*. Business Insider, Inc, 04 Nov. 2015. Web.

initiative was defeated with 55% of the San Franciscan electorate voting no.²¹¹ In the weeks and months leading up the election, the proposal became a major point of debate. First, supporters of Proposition F formed an unlikely coalition comprised of “affordable housing and tenants rights activists, property owners, and politicians whose decades-long careers and lives have intersected with some of the city’s most landmark planning decisions.”²¹² The bulk of donations in support of the would-be ordinance came from the hotel workers union. The pro-Proposition F coalition raised roughly \$390,000. In response, Airbnb opened its war chest and funneled \$8 million into defeating the ballot initiative. The company hired experienced local political operatives and even deployed a formidable ad campaign and organized “extensive precinct walks.”²¹³ Whatever the resources going into supporting or defeating the initiative, Proposition F was defeated by an impressive margin, implying that San Franciscans truly didn’t want to introduce the types of regulations outlined by the proposal.

While Proposition F’s ultimate goal was to restrict long-term rentals through home-sharing platforms, one source argues that it presented a “flexible kind of regulation that is badly suited for a dynamic and fast-changing market.” The proposal “also leans on the threat of neighbor-to-neighbor litigation in which residents are entitled to civil penalties, which could chill the entire market.”²¹⁴ Pitting neighbors against one another, under the threat of civil penalties, is bound to breed discord. It is true that, currently, Airbnb acts as an easily scalable free market platform but, as the electoral outcome implies, voters don’t want to impose rigid regulations that would impact the

²¹¹United States. Department of Elections. City and County of San Francisco. *November 3, 2015 Official Election Results*. N.p.: n.p., n.d. Web. <<http://www.sfelections.org/results/20151103/#>>.

²¹²Cutler, Kim-Mai. "Airbnb, Proposition F And The Shared Hypocrisy Of Bay Area Housing." *TechCrunch*. AOL, 03 Nov. 2015. Web.

²¹³Cutler. "Airbnb, Proposition F And The Shared Hypocrisy Of Bay Area Housing."

²¹⁴Cutler. "Airbnb, Proposition F And The Shared Hypocrisy Of Bay Area Housing."

viability of platforms like Airbnb altogether. Still, the San Franciscan Office of Economic Analysis insists that new regulations must be imposed on Airbnb. According to the agency's "REMI model," removing a "single [rental] unit from the market [has] a total economic impact on the city's economy of approximately -\$250,000 to -\$300,000 per year."²¹⁵ If this is truly the public cost of long-term renting through app-based home-sharing platforms, then Airbnb works to the detriment of local economies."²¹⁶

Proposition F may have failed, but the costs Airbnb imposes on San Francisco's local economy continues to draw ire from officeholders. Furthermore, a different ballot initiative concerned with Airbnb's influence on San Franciscan policy making, Proposition C, won the support of nearly 75% of the electorate.²¹⁷ The measure poses increased regulation on "expenditure lobbyists, any person or group, including nonprofits, labor unions and for-profit companies" that spend more than \$2,500 in one month to "urge city officials" by forcing them to "register with the Ethics Commission and disclose their activity."²¹⁸ Proposition C gained bipartisan support in city hall and the Ethics Commissions cites Airbnb as an example of an organization "exerting influence" on city policymaking by "funding outside groups to contact city officials or turn up to testify at public meetings."²¹⁹ While Airbnb's activity may have served as impetus for the ballot initiative it is not clear that the support it gained on Election Day was a

²¹⁵United States. City and County of San Francisco. Office of the Controller - Office of Economic Analysis. *Amending the Regulation of Short-Term Residential Rentals: Economic Impact Report*. Office of Economic Analysis, 18 May 2015. Web.

²¹⁶United States. City and County of San Francisco. Office of the Controller - Office of Economic Analysis. *Amending the Regulation of Short-Term Residential Rentals: Economic Impact Report*. Office of Economic Analysis, 18 May 2015. Web.

²¹⁷United States. Department of Elections. City and County of San Francisco. *November 3, 2015 Official Election Results*. N.p.: n.p., n.d. Web. <<http://www.sfelections.org/results/20151103/#>>.

²¹⁸Sabatini, Joshua. "Prop. C Passes for More Transparency in Lobbying." *The San Francisco Examiner*. San Francisco Media Company LLC, 04 Nov. 2015. Web.

²¹⁹Sabatini. "Prop. C Passes for More Transparency in Lobbying."

referendum on Airbnb and its presence in San Francisco, seeing as the proposal did not mention Airbnb by name. A similar argument could be made for Proposition F's failure.

Airbnb utilized some groundbreaking tactics in organizing a political base against Proposition F. Most of the nearly \$8 million dollars raised by groups opposed to Proposition F was allocated towards "mobilizing Airbnb hosts and users."²²⁰ Chris Lehane, a Washington political operative acting as Airbnb's head of global policy and public affairs, also worked to frame Proposition F as a "hotel-industry-led attack on the middle class" in order to foment greater public support. Under Lehane's leadership, the platform is preparing for future battles by "working to organize voting blocs in other cities... sort of like local unions."²²¹ Some pundits have referred to Airbnb and its peers' tactics, whereby multi-billion-dollar companies direct their war chests toward galvanizing grassroots support, as a "guerilla growth strategy."²²² When mayor Bill de Blasio voiced support for regulating Uber, the company responded by "tweaking its smartphone app with a special 'de Blasio' feature to show users in New York how hard it would be to get an Uber ride" with would-be regulations in place.²²³ Old-school organizing tactics, once employed by labor unions, take on a new flavor and operate on an unprecedented scale in the On-Demand economy thanks to technological innovations.

For all of Airbnb's past refusals to comply with demands for increased transparency, a shift may be transpiring within the firm. In December 2015, Airbnb released a trove of internal data. The data shows that, from November 2014 to November 2015, "some 75 percent of revenue earned by active hosts in New York City

²²⁰Dougherty and Isaac. "Airbnb and Uber Mobilize Vast User Base to Sway Policy."

²²¹Dougherty and Isaac. "Airbnb and Uber Mobilize Vast User Base to Sway Policy."

²²²Dougherty and Isaac. "Airbnb and Uber Mobilize Vast User Base to Sway Policy."

²²³Dougherty and Isaac. "Airbnb and Uber Mobilize Vast User Base to Sway Policy."

who share their entire home came from people who have only one or two rental listings on the platform.”²²⁴ The firm estimates that this percentage will rise to 93% by 2016. Mr. Lehane says that “the vast majority of the community is doing this in the right way.”²²⁵ Airbnb continues to insist that the majority of its users turn to the platform as a “lifeline” to make ends meet. Still, the data provided does little to quell growing concerns about Airbnb’s liability risks as well as the company’s impact on local economies. Airbnb’s stated goal in sharing its internal data is to work with regulators to “draft more comprehensive, up-to-date legislation that deals with the short-term-rental phenomenon.”²²⁶ Whatever the validity of this claim, conventional approaches towards policymaking are not the most effective in confronting the risks posed by the On-Demand economy.

C. TaskRabbit and other On-Demand Labor-Brokering Services

Launched in 2008, TaskRabbit is an On-Demand platform that connects companies and users with “Taskers” who complete small jobs on a gig-to-gig basis. The firm claims that it allows users to “outsource [their] household errands and skilled tasks to trusted people in [their] community,” framing the platform as a means to strengthen neighbor-to-neighbor relations in modern American society.²²⁷ While TaskRabbit hasn’t proven as profitable as Uber or Airbnb, CEO Leah Busque contends that the platform quadrupled its revenue in 2015 and “is in line to become profitable in 2016.”²²⁸ This trend implies that demand for the service is growing. Through TaskRabbit, users can

²²⁴Isaac, Mike. "Airbnb Releases Trove of New York City Home-Sharing Data." *The New York Times*. The New York Times, 01 Dec. 2015. Web.

²²⁵Isaac. "Airbnb Releases Trove of New York City Home-Sharing Data."

²²⁶Isaac. "Airbnb Releases Trove of New York City Home-Sharing Data."

²²⁷"About Us." *TaskRabbit*. TaskRabbit, n.d. Web. <<https://www.taskrabbit.com/about>>.

²²⁸Bercovici, Jeff. "TaskRabbit Quadruples Its Business, Says It Will Turn Profitable in 2016." *Inc. Inc.*, 01 Mar. 2016. Web.

recruit a Tasker to buy their groceries, edit a paper, or construct a furniture set from Ikea. TaskRabbit and other On-Demand labor-brokering platforms, like Upwork or Freelancer.com, epitomize the essence of the Gig and On-Demand economy where workers are recruited by multiple temporary job-providers on a task-by-task basis. Where Uber and Airbnb provide a very particular service to consumers, generalized labor-brokering platforms, like TaskRabbit, allow for a greater level of versatility. Steven Hill reports that TaskRabbit takes a 10-20% cut from a worker's commission per task, although Wired claims the platform takes a cut anywhere between 12-30%; higher percentages are deducted from "lower-value jobs."²²⁹²³⁰ The commission for each completed task is deposited into the Tasker's TaskRabbit account and they receive a payout every Friday. It's also worth noting that Taskers are only compensated for the tasks they complete rather than being paid by the hour. Taskers cover the cost of commuting to and from tasks out of their own pocket and they are not reimbursed for users who, at the last minute, decide they no longer require the Tasker's services.

TaskRabbit also utilizes "gamification techniques" where Taskers are rewarded for each task they complete. They are also ranked on a "leaderboard" that lists the top-rated Taskers; higher-rated Taskers are able to charge higher rates.²³¹²³² Taskers are vetted through a "three-step process" that begins with them filling out an application and leads to an "automated phone or video interview that poses a series of questions designed to weed out deadbeats."²³³ The process is punctuated by the platform

²²⁹Hill, Steven. "What Happens to Jobs in the 'Uber Economy'?" *CNN*. Time Warner, 22 Oct. 2015. Web.

²³⁰Tsotsis, Alexia. "TaskRabbit Turns Grunt Work Into a Game." *Wired*. Condé Nast Publications, 15 July 2011. Web.

²³¹Tsotsis, Alexia. "TaskRabbit Gets \$5M From Shasta Ventures, First Round And Others To Help People Get Stuff Done." *TechCrunch*. AOL, 04 May 2011. Web.

²³²Tsotsis. "TaskRabbit Turns Grunt Work Into a Game."

²³³Tsotsis. "TaskRabbit Turns Grunt Work Into a Game."

performing a federal criminal background check on the aspiring Tasker. 70% of Taskers hold at least a bachelor's degree, 20% hold a master's degree, and 5% hold a PhD.²³⁴ TaskRabbit is accessible to those looking for full-time work, those searching for an additional stream of revenue, or for unemployed individuals searching for a stopgap between jobs.

Some have likened labor-brokering platforms to a form of labor auctioning: any individual or firm can temporarily deploy a worker by choosing one from of a collection of profiles. Upwork operates on a slightly different model than TaskRabbit. Where TaskRabbit is a more generalized platform, Upwork's intended purpose is to match users and firms with "freelancing creatives" who develop websites, software and apps, design logos, write articles, act as translators, provide customer or technical services, and more.²³⁵ Steven Hill voices concern that putting workers in direct competition with other workers around the globe has acted to significantly reduce hourly income.²³⁶ Upwork and Elance are two of the biggest firms in the online labor-brokerage market. According to the company's internal data, in February 2013, Elance "was being used by approximately 500,000 businesses and 2 million registered freelance professionals" and Upwork "was even bigger, with 2.7 million freelancers and 540,000 clients worldwide."²³⁷ The two companies merged in December 2013 under the moniker Upwork. As of 2015, Upwork hosts 9 million registered freelancers, 4 million registered clients, and \$1 billion worth of work is performed through the platform on an annual basis. The company asserts that its mission is to "create economic and social value on

²³⁴Newton, Casey. "Temping Fate: Can TaskRabbit Go from Side Gigs to Real Jobs?" *The Verge*. Vox Media, 23 May 2013. Web.

²³⁵Hill. *Raw Deal*. 102.

²³⁶Hill. *Raw Deal*. 102.

²³⁷Hill. *Raw Deal*. 103.

a global scale by providing a trusted online workplace to connect, collaborate, and succeed.”²³⁸

On TaskRabbit in particular, Taskers are able to set their own prices for the services they provide. One Tasker described this price-setting environment as a “race to the bottom.”²³⁹ What’s more, Taskers sign a contract with TaskRabbit that allows the firm to “terminate or suspend [one’s] right to use the Service at any time for any or no reason.”²⁴⁰ One component of the On-Demand labor-brokerage model is that workers don’t get paid for on-the-job downtime, like time spent at a water cooler or bathroom breaks. They only get paid for the specific tasks they complete. One could argue this a fairer method of compensation but it is yet another example of the subversion of conventional employer-employee relationships. The fundamental issue posed by On-Demand labor-brokering platforms is that risk, instead of being imposed on the firm, is now imposed on its workers. This falls in line with macrostructural trends in the American labor market since the 1970s.

TaskRabbit, Upwork, and platforms of the like also embody a recurring theme in the On-Demand economy: while the methods these firms employ in matching job-providers and workers is highly efficient, they bypass the traditional channels through which workers receive benefits and protections. In the words of the former chair of the President's Council of Economic advisers, Laura Tyson, America’s “‘social contract’ has long relied on employers to deliver unemployment insurance, disability insurance, pensions and retirement plans, worker’s compensation... paid time off and protections

²³⁸“About Us.” *Upwork*. Upwork Inc, 2015-2016. Web. <<https://www.upwork.com/about/>>.

²³⁹Hill. *Raw Deal*. 108.

²⁴⁰“TaskRabbit Terms of Service.” *TaskRabbit*. TaskRabbit, 01 Mar. 2016. Web. <<https://www.taskrabbit.com/terms>>.

under the Fair Labor Standards act.”²⁴¹ Tyson warns of the emergence of a two-tier workforce in the American economy. One-tier is “populated by fully employed high-skill workers with generous employer-provided (and tax-advantaged) benefits” along with high-skill individuals who are able to self-finance benefits thanks to the generous incomes they earn as independent contractors or self-employed workers; the second-tier is comprised of “a large pool of contingent middle- and low-skill workers without the benefits, income, or security on which a robust and resilient middle-class depends.”²⁴²

Recently, the National Domestic Workers Association published a “Good Work Code” that offers an eight-pillar rubric for improving working conditions in the Gig and On-Demand economy: “safety, stability and flexibility, transparency, shared prosperity, a livable wage, inclusion and input, support and connection, and growth and development.”²⁴³ In the minds of some academics and American labor advocates, there’s no reason for On-Demand workers to be excluded from employment discrimination laws or from the right to unionize or collectively bargain. It is also unclear why platforms like Uber, TaskRabbit, and Upwork are exempt from paying Social Security or Medicare taxes - or making payments into an analogous benefits-provision system. Professors Seth Harris and Alan Krueger do, however, see the value in excluding Gig and On-Demand workers from the minimum wage and overtime laws due to the fact that they engage in unpredictable and alternative work schedules. These

²⁴¹Tyson, Laura, and Mendonca, Lenny. "Worker Protection in the Gig Economy." *Project Syndicate*. Project Syndicate, 28 Nov. 2015. Web.

²⁴²Tyson and Mendonca. "Worker Protection in the Gig Economy."

²⁴³Wolff-Mann, Ethan. "Uber & Lyft Aren't Among 'Gig Economy' Companies Pledging to Treat Workers Well." *Time: Money*. Time Inc. Network, 13 Nov. 2015. Web.

workers hold more autonomy in choosing the hours they work and can terminate their arrangement with a given On-Demand firm at will.²⁴⁴

²⁴⁴Opfer. "Uber Economy Could Spawn New Worker Classification."

Chapter 3: Historical Precedents

I. History of Workplace Provided Benefits, Voice, and Countervailing Power

One of the key features of the postwar labor market was the mutual commitment a firm shared with its workforce. This was the case for many unionized and nonunionized businesses and bred what Paul Osterman calls the “organization man.”²⁴⁵ The organization man lived his life within, unsurprisingly, one organization. In this environment, both managers and other white-collar workers faced little risk of layoff and blue-collar workers were assured some semblance of security. Many blue-collar layoffs were followed by recall. Because most firms faced formidable competition, the labor market was less competitive for job-seekers; firms were compelled to offer steady wages in order to attract potential employees. This era of employment emphasized continuity and fairness. Wage setting and overall business practices were stickier, less subject to change than they are today.

What has yet to be investigated in this Thesis is the role union-management agreements played in establishing industry-wide norms that worked to benefit the average worker. “At their peak,” in 1945, “unions represented 35.5% of the private sector labor force.”²⁴⁶ Unions held wide influence in setting labor conditions for nonunion firms due to the previously discussed threat effect and set industry-wide standards for firm organization in a given industry. Osterman recounts that, “the

²⁴⁵Osterman. *Securing Prosperity*. 25.

²⁴⁶Osterman. *Securing Prosperity*. 30.

unionized system of seniority, job classifications, and temporary layoffs followed by recall was widely influential even in the nonunion manufacturing sector."²⁴⁷

Internal labor markets make it so both firms and workers are obligated to an implicit contract of mutual long-term commitment. Theoretically speaking, they ensure "that the pricing and allocation of labor is governed by a set of administrative rules and procedures."²⁴⁸ In the postwar Industrial model, internal labor markets served to arrange jobs based on seniority or some trend of internal progression where entry-level jobs lie at the bottom of the totem pole and came with the prospect of mobility. In many cases, existing employees were recruited to fill vacancies in senior-level positions. Stone posits that Internal Labor Markets exist for three reasons: to provide informal on-the-job training that increases the value of a given labor force, reduce employee turnover, and "yield savings in recruitment, screening, and training costs."²⁴⁹ During the postwar era, from a structural perspective, firms were more willing to forego future earnings for the sake of maintaining a stable and dependable workforce. When employees were first hired, the firm initially worked at a loss due to the cost of training. Eventually, workers would grow more productive and the marginal value of the items they produced would outpace the cost of hourly compensation. Later, when a worker neared retirement, the firm's return on this investment would diminish but the worker's income would not be reduced. At this point, the employee was to be able to recoup the initial cost - an entry-level wage - their employer imposed on them.²⁵⁰ As has been well established, today's industry-wide norms have shifted. Workers are much more disposable, the demand for

²⁴⁷Osterman. *Securing Prosperity*. 29-30.

²⁴⁸Stoikov, Judith, Doeringer, Peter B. and Piore, Michael J. "Internal Labor Markets and Manpower Analysis." *Industrial and Labor Relations Review* 25.2 (1972): 273. Web. 8-10.

²⁴⁹Stone. *From Widgets to Digits*. 53.

²⁵⁰Stone. *From Widgets to Digits*. 55.

highly skilled industrial labor has diminished, and firms can more easily outsource or automate aspects of existing jobs. This is why some theorists have likened the contemporary American labor market to a race-to-the-bottom.

Katherine Stone argues that internal labor markets were directly influenced by the presence and power of industrial trade unions. Quoting Paul Osterman, Stone writes, unions pressed firms to “establish seniority arrangements and other protections for job security that are the hallmarks of internal labor markets” despite employer resistance. This practice outlined an “implicit security principle” where companies were unable to easily terminate their least efficient workers, older workers were paid more than the value of their marginal product, and employers were deprived of the flexibility to make agile adjustments in response to growing competition or fluctuations in the labor market.²⁵¹ Despite Osterman’s implications on the contrary, Stone demonstrates that internal labor markets predated the industrial trade union model.²⁵² She does admit, however, that unions:

“Have adapted the internal labor market arrangements to workers’ needs by regularizing the practices and enforcing the implicit promises they contain. Unions have also achieved, through bargaining, higher wages, more safe and humane working conditions, better fringe benefits, and fairer treatment for workers within internal labor markets.... unions have often been successful in adapting job structures to workers’ needs.”²⁵³

In the 1930s, many unskilled or semiskilled workers were represented by the Congress of Industrial Organizations - which would later merge with the American Federation of Labor - who fortified solidarity between workers based on employment status, not worker skill. Internal labor markets were further institutionalized through

²⁵¹Stone. *From Widgets to Digits*. 60.

²⁵²Stone. *From Widgets to Digits*. 61.

²⁵³Stone. *From Widgets to Digits*. 61.

“union-designed grievance and arbitration systems” that worked to implicitly guarantee “job security and orderly promotion.”²⁵⁴ They also enforced narrow job definitions that “forced employers to utilize more workers than might have been necessary to complete specific tasks” for the sake of ensuring greater job security for a given workforce.²⁵⁵ In this way, unions promoted behavior that contradicted market norms for the sake of worker security. After the 1955 merger, the AFL-CIO made its primary objective to “emphasize collective bargaining and contract administration as the core function of unionism.” Stone notes that unions have been “extremely effective” in navigating collective bargaining.²⁵⁶ Data captured by the General Social Survey indicates that, since the 1970s, actual job insecurity grew at a less rapid rate for unionized workers than for nonunion workers.²⁵⁷ However, perceived risk did not differ among union and nonunion workers, likely due to the fact that workers belonging to unions are more apt to express dissatisfaction at their place of work. Peter Marsden infers that unions play a significant role “in mobilizing discontent by providing members with a voice option as an alternative to exiting the workplace.”²⁵⁸

In *What Do Unions Do?* Richard Freeman & James Medoff examine two different perspectives towards unions and their role in the workplace, labor force, and economy at large. Freeman and Medoff argue that unions have two faces: The Monopoly Face and the Collective Voice/Institutional Response Face. The Monopoly Face perspective contends that unions channel their monopolistic control in the labor market to raise wages above competitive levels, which consequently reduces national output and

²⁵⁴Stone. *From Widgets to Digits*. 63.

²⁵⁵Stone. *From Widgets to Digits*. 63.

²⁵⁶Stone. *From Widgets to Digits*. 217.

²⁵⁷Marsden. *Social Trends in American Life*. 333.

²⁵⁸Marsden. *Social Trends in American Life*. 333.

distorts the distribution of income. Unions are monopolistic in the sense that they amass “collective organizations of workers with diverse interests...[and] bargain over wages with employers... [but their] ability to raise wages is limited by the fact that... higher union wages will induce employers to reduce employment.” In an environment where unions are forced to compete in a free market, without monopolistic control, their long-term viability would be at risk. Freeman and Medoff postulate that in such an environment, “unions could survive... [by] organizing [an] entire industry or sector.” They could also survive by “organizing firms with the lowest costs of production, raising wages at the expense of above-normal profits.” Union organizing tactics are most potent in noncompetitive firms that can raise wage-rates without endangering their long-term viability.²⁵⁹ There are some clear parallels to draw between the environment envisioned by Freeman & Medoff and the labor market Gig and On-Demand workers navigate. If Gig and On-Demand workers were to collectively organize, it would make sense for them to be organized across entire industries rather than a firm-by-firm basis due to the flexible nature of their work. Gig and On-Demand workers are able to find work through multiple platforms. Additionally, production costs for firms like Uber or TaskRabbit are very low and these firms in particular could maintain long-term profitability while also offering larger commissions.

From the perspective of the Collective Voice/Institutional Response Face, industrial trade unions are a mechanism that allow workers to collectively negotiate and communicate with managers. Unions endow workers with “‘Voice’... the use of direct communication to bring actual and desired conditions closer together.”²⁶⁰ Whether a

²⁵⁹Freeman, Richard B., and James L. Medoff. *What Do Unions Do?* New York: Basic, 1984. Print. 6-7.

²⁶⁰Freeman and Medoff. *What Do Unions Do?* 8.

given workforce wants to discuss the quality of a product produced by a firm or the subpar working conditions within that firm, Voice equips workers with the capacity to formulate an institutional response to management. Through this mechanism, safety conditions and the speed of production in a given workplace have been determined through collective organization. What's more, collective Voice allows workers to reveal their "true preferences to an employer" without fear of termination.²⁶¹ Of course, federal law only guarantees collective Voice protections to workers classified as employees, which complicates the ability of Gig and On-Demand workers to collectively advocate for their needs.

Proponents of the "Monopoly Face" perspective argue that wage gains for unionized workers provoke growing inequality in the overall labor market. In their view, union-led wage-setting practices tend to displace nonunion workers, which increases the supply of nonunion labor, subsequently reducing their wages. Proponents of the "Voice/Response" perspective suggest a different causal relationship:

"Union decisions are based on a political process in which the majority rules, and given that the majority of workers are likely to have earnings below average in any workplace, unions can be expected to seek to reduce wage inequality within firms."

From this point of view, unions work to shrink the role managers play in the wage-setting process; they help establish equal pay for workers in the same job as opposed to institutionalizing wage-rates that abide by the "manager's perception of individual merit."²⁶²

In an attempt to mitigate the two contrasting perspectives, Freeman & Medoff conducted their own study concerning the role of unions in the American labor force.

²⁶¹Freeman and Medoff. *What Do Unions Do?* 9.

²⁶²Freeman and Medoff. *What Do Unions Do?* 16-17.

Their “most far-reaching conclusion is that, in addition to well-advertised effects on wages, unions alter nearly every other measurable aspect of the operation of workplaces and enterprises, from turnover to productivity to profitability to the composition of pay packages.”²⁶³ Overall, unions are found to have a positive influence on the social and economic system: in most cases they are associated with greater efficiency, a reduction in overall income inequality, and increased “economic and political freedom.”²⁶⁴ Freeman & Medoff admit that there are drawbacks to unions, but such drawbacks are a minor part of the overall equation. Focusing on the undesirable effects of unions is, in their words, an “exceedingly inaccurate representation of what unions do.”²⁶⁵

Other studies indicate that union workers receive a clear wage and benefit advantage compared to nonunion workers. This has been referred to as the union wage premium, however, contemporary union workers procure the greatest advantage in the form of total compensation. According to the Bureau of Labor Statistics’ National Compensation Survey for March 2015, 79% of union workers participate in job-provided health insurance, whereas only 49% of nonunion workers do.²⁶⁶ Additionally, the AFL-CIO reports that 76% of union workers participate in defined-benefit pension plans whereas only 16% of nonunion workers do and 83% of union workers receive paid sick leave whereas only 62% of nonunion workers do.²⁶⁷ The vast majority of union workers receive vital protections and benefits many nonunion workers struggle to obtain. Union workers, on average, also earn \$300 more in median weekly earnings than their

²⁶³Freeman and Medoff. *What Do Unions Do?* 19.

²⁶⁴Freeman and Medoff. *What Do Unions Do?* 19.

²⁶⁵Freeman and Medoff. *What Do Unions Do?* 20.

²⁶⁶AFL-CIO, comp. *The Union Difference*. Rep. AFL-CIO: America's Unions, June 2015. Web.

²⁶⁷AFL-CIO, comp. *The Union Difference*. Rep. AFL-CIO: America's Unions, June 2015. Web

nonunion peers.²⁶⁸ Despite the gap in earnings, the most striking discrepancy between the two segments of workers is the gap in benefits. The numbers outlined by the AFL-CIO indicate that unions work with managers to negotiate compensation packages that ensure much greater security and stability than is otherwise the case. Many nonunion firms fail to provide workers with private-pension plans, healthcare, or paid sick leave. For these workers, the issue isn't a wage gap; it's that they don't receive crucial protections altogether.

A. Historical Parallels to Worker Organization in the Gig and On-Demand Economy

Simply surveying the role organized labor and collective bargaining plays in American history is not sufficient in attempting to understand the needs of workers in the Gig and On-Demand economy. When looking towards the past in surmising the needs of the future, it is critical to acknowledge historical parallels. The Writers Guild of America is one such example of an organization that caters to the needs of a highly flexible and nonpermanent sector of the economy: writers in the entertainment industry. The organization first formed in 1933 as the Screenwriters Guild, and throughout its decades-long existence, has sought to mediate disputes concerning the “ownership of creative work, the adjudication of credits, and the liminal boundaries of membership and community.”²⁶⁹ Similar to working in the Gig and On-Demand economy, screenwriting is “varied and collaborative... [and] often rote.”²⁷⁰ The ability to transplant words from

²⁶⁸ AFL-CIO, comp. *The Union Difference*. Rep. AFL-CIO: America's Unions, June 2015. Web.

²⁶⁹ Banks, Miranda J. *The Writers: A History of American Screenwriters and Their Guild*. New Brunswick: Rutgers UP, 2015. Print. 2.

²⁷⁰ Banks. *The Writers*. 5.

paper to screen requires the support and interest of multiple parties. Some have classified screenwriting as “no collar” labor, as writers work flexible hours and often write from home or in a coffee shop.²⁷¹

The life of a screenwriter is one where the individual is largely in control of their own work schedule, not dissimilar to Uber drivers or Taskers. Generally speaking, in terms of income, these workers earn what they put into their work, unlike wage-laborers who are paid by the hour rather than for the individual tasks completed. At its inception, the Guild’s purpose was to “establish uniform working conditions for all writers within the motion picture industry” and to protect writers from transgressions like undue salary cuts or not being properly credited for their content they write.²⁷² The Guild also introduced a merit-based membership system where “active membership required meeting one of three criteria: three months of studio employment as a staff writer, a screen credit for a feature film, or three screen credits on film shorts.” Writers who didn’t meet this criteria were relegated to “junior status.”²⁷³ The Guild didn’t gain traction because writers were clamoring for union representation, they simply desired a mechanism through which to openly communicate and negotiate with studio heads; it offered a means to acquire leverage in their business dealings. This was of great importance to writers working in Hollywood’s dog-eat-dog environment where younger, less experienced, and lower-paid workers needed some form of institutional support. By 1940, the Guild aspired to fight for both “long-term employees and independent contractors” by constructing a “two-tier

²⁷¹Banks. *The Writers*. 8.

²⁷²Banks. *The Writers*. 44.

²⁷³Banks. *The Writers*. 45.

contract for employees and independent writers” in order to secure “the rights of all professional screenwriters.”²⁷⁴

As the Guild grew in size and scope, it faced some bumps along the road. In 1954, the Screenwriters Guild re-branded itself as the Writers Guild of America, now representing writers for film, radio, and television. The now massive Guild separated itself into two branches, one on the West coast and one on the East. The WGA amalgamated the Screenwriters Guild, the Radio Writers Guild, and the Television Writers Guild.²⁷⁵ Following the merger, it became evident that writers in different forms of entertainment have different needs. For example, most Hollywood screenwriters typically worked under contract whereas many television writers worked freelance. Thus, negotiating as one large umbrella organization made it harder to satisfy the needs of all WGA members. However, the WGA’s massive size and wide range of interests allowed for powerful expressions of solidarity. For instance, if film screenwriters wanted to strike due to a dispute with studio heads, the WGA could pool resources from other union members working in other forms of entertainment, who would not go on strike, in order to fund the strike in Hollywood.²⁷⁶ Thus, despite the fact that writers in various entertainment mediums have different needs, being grouped together under one umbrella organization granted them significant leverage in asserting collective power during labor disputes.

The dwindling clout of American union power is well-known and the WGA is not exempt from this trend. In the late 20th and early 21st century, major media outlets began to conglomerate. With the growing strength of media conglomerates, “labor’s

²⁷⁴Banks. *The Writers*. 61.

²⁷⁵Banks. *The Writers*. 135.

²⁷⁶Banks. *The Writers*. 138-143.

position became more precarious... [writers] saw deregulation as a step backward, a loss of creative control, and a harbinger of what writing would be like in this new conglomerated landscape.”²⁷⁷ Despite labor’s diminished influence, the WGA continued to test the limits of collective action. During the 2007-08 WGA strike, union members turned to the internet in order to garner sympathy from the general public. When the writers of *America’s Next Top Model* went on strike, they turned to Myspace and YouTube to befriend “thousands of fans” and post updates online. The writers “made their case - for health benefits, residuals, regulated wages, and a pension plan - visible not only on the streets of Los Angeles but also in virtual communities.”²⁷⁸ The WGA’s tactics in this scenario demonstrate the potential for online communities to align themselves with the labor movement, especially when it involves industries consumers are invested in. The same tactics can be, and in some ways already have been, employed by Uber drivers, Airbnb users, and others working for labor-brokering On-Demand platforms.

A more contemporary organization that offers a historical parallel for organizing contingent and Gig workers, and one that has already been mentioned, is the Freelancers Union. Founded by Sara Horowitz in 1995, the union started as an organization called Working Today. Initially, the organization sought to advocate for freelancers by lobbying and forming relationships with policymakers in New York state. During this period, freelancing was far more common in cities like New York than in most regions of the country. One source claims that 30% of freelancers in New York City are “well educated and well paid... [and have] earned a college or graduate

²⁷⁷Banks. *The Writers*. 201.

²⁷⁸Banks. *The Writers*. 214.

degree.”²⁷⁹ Some contend that, in terms of government-sponsored benefits and collective bargaining rights, freelancers have been relegated to second-class status since the 1947 Taft-Hartley Act. The Act “expressly excluded independent workers... from the definition of ‘employee.’”²⁸⁰ As consequence, Gig workers are not covered by vital New Deal legislation that was designed to protect employees. Freelancers are exempt from many anti-discrimination protections, and prior to the Affordable Care Act, many of these workers found health insurance inaccessible, especially those who have preexisting conditions.

Working Today was established with the goal of reforming America’s “social safety net [and] developing systems so that people in nontraditional employment arrangements can access affordable benefits.”²⁸¹ In its formative phase, Working Today applied a “two-pronged approach” with the launch of the Freelancers Union in 2001 and its efforts to educate both policymakers and the public about the needs of contingent workers. The goal of the Freelancers Union is to bring workers together in order to offer its members “access to benefits at reasonable rates” through its Portable Benefits Network. Aspiring members must meet certain criteria, such as working in one of the Union’s “six qualified industries” and having “worked at least twenty hours per week for the eight weeks prior to joining the plan, or [having] earned \$10,000 during the six months prior to joining.”²⁸² Working Today successfully lobbied insurance companies to establish group-plans for its members, providing roughly 4,000 freelancers with affordable healthcare.

²⁷⁹Kelly, Sarah N., and Tramontano, Christine. "Working Today." *New York Law School Law Review* 50.2 (2005-2006): n. pag. New York Law School, Jan. 2005. Web. 597.

²⁸⁰Kelly and Tramontano. "Working Today." 598.

²⁸¹Kelly and Tramontano. "Working Today." 601.

²⁸²Kelly and Tramontano. "Working Today." 602.

Today, the Freelancers Union is still in operation, as evidenced by the *Freelancers in America* report published in 2015. It's important to note that the Union is not a functional substitute for postwar labor unions. Where postwar labor unions advocate for workers by negotiating collective bargaining agreements in a given workplace, the Freelancers Union replicates the behavior of 19th century friendly societies. The organization's primary function is offering mutual aid: The Union gathers its members resources in order to provide them with some form of social insurance. The Freelancers Union "is one of the nation's fastest-growing labor organizations, with more than 200,000 members," primarily from New York State.²⁸³ Horowitz hopes the organization will boast one million members by 2016 (it is unclear whether or not they have approached this number).

Instead of bargaining with employers, the Union's central purpose, as of 2013, is providing members with affordable health insurance. At its height, the Freelancers Union's health insurance apparatus, which was forced to shutdown after the enactment of the Affordable Care Act, covered "23,000 workers in New York" and earned "\$105 million in annual revenue."²⁸⁴ Horowitz believes that the Freelancers Union has set itself apart from traditional labor unions because, while still large and influential, the organization is more akin to "old guilds... that focused on workers' individual autonomy, trying to build their own careers, with the backing of a collective organization to assist them."²⁸⁵ She sees the Union as a means to endow Gig workers with "meaningful independence" by allowing them to navigate a precarious environment with the support of a larger organization. "That's what the new mutualism is about," says Horowitz,

²⁸³Greenhouse. "Tackling Concerns of Independent Workers."

²⁸⁴Greenhouse. "Tackling Concerns of Independent Workers."

²⁸⁵Greenhouse. "Tackling Concerns of Independent Workers."

“bring[ing] people together without” forcing them to lose “any individual aspects of themselves.”²⁸⁶ With the Freelancers Union, Sara Horowitz is aiming for a pragmatic approach towards organizing Gig workers. Their way of life is one of intrinsic risk, but this reality doesn’t disqualify them from joining an organization that amalgamates their interests. “We serve workers 360 degrees,” says Horowitz, “it’s not just about their work. It’s about their whole life.”²⁸⁷

Seeing as the On-Demand economy is inextricably linked with the Internet and digital platforms, it is helpful to survey recent collective bargaining attempts within digital enterprises. In June 2015, the staff of Gawker Media voted to unionize and join the East coast branch of the WGA. 75% of the staff voted in favor of the measure and 25% voted against it.²⁸⁸ Prior to the vote, some staff members took to the comments section to voice why they voted for or against the measure. One of the highest-rated comments in support of unionization was posted by staff member Anna Merlan. She notes that she very much enjoys working for Gawker media, and that while “we’re in a very good place right now... we also exist in a bubble. When it bursts, I’d like us to have fair labor practices in place to protect everyone and provide for them in the event of ‘downsizing.’”²⁸⁹ She insists that, “we need a grievance structure in place, in case we’re ever working for people who aren’t as cool as [Executive Editors] Tommy Craggs and Lacey Donohue.” Perhaps Merlan’s perspective is validated by the fact that, in July 2015, Craggs did indeed part ways with Gawker.

²⁸⁶Greenhouse. "Tackling Concerns of Independent Workers."

²⁸⁷Greenhouse. "Tackling Concerns of Independent Workers."

²⁸⁸"Gawker Media Votes to Unionize." *Gawker*. Gawker Media, 04 June 2015. Web. <<http://gawker.com/gawker-media-votes-to-unionize-1708892974>>.

²⁸⁹"How We're Voting on the Union, and Why." *Gawker*. Gawker Media, 28 May 2015. Web. <<http://gawker.com/how-were-voting-on-the-union-and-why-1707427120>>.

Despite the support Merlan's comment received from coworkers and Gawker readers, other staff members voiced concern towards the unionization process. In another comment that received high-ratings, staff member Kevin Draper, a self-avowed "leftist," states that he is "going to vote against" the measure.²⁹⁰ Draper insists that he is in support of Gawker unionizing but that he is far too "disillusioned by the process we have undertaken so far" and has little faith in "our ability to band together and negotiate a contract that improves our collective standing."²⁹¹ Another dissenter, Leslie Horn, insinuates that the WGAE has rushed the unionization process for the sake of "positive PR." She notes that Gawker would be "the first digital media company to unionize" and that the "editorial staff has been rushed to vote on whether or not to unionize."²⁹² Maybe the best course of action would be to unionize outside the auspices of the WGAE.

In March 2016, Gawker media ratified their collective bargaining agreement. The contract recognizes the WGAE as "the sole and exclusive bargaining agent" in negotiating wage-rates and employment conditions "for all full-time and regular part-time non-executive editorial employees."²⁹³ The contract also institutionalizes the benefits packages Gawker already guarantees employees, sets terms for "grievance procedure[s]" (thereby endowing workers with Voice), and establishes minimum salaries for various job titles.²⁹⁴ Gawker has established itself as the first digital media outlet to abide by the norms and practices of traditional labor unions.

Staff members at another digital media outlet, Al Jazeera America, also voted to form a union in October 2015. The vote, administered by the National Labor Relations

²⁹⁰"How We're Voting on the Union, and Why." Gawker.

²⁹¹"How We're Voting on the Union, and Why." Gawker.

²⁹²"How We're Voting on the Union, and Why." Gawker.

²⁹³Writers Guild of America, East and Gawker Media. *Collective Bargaining Agreement*. 23 February 2016. Gawker. Web. 1.

²⁹⁴Writers Guild of America, East and Gawker Media. *Collective Bargaining Agreement*. 3-7.

Board, passed by a margin of 32-5. Some employees have accused Al Jazeera America's management of "delay[ing] and defer[ing]" attempts to collectively organize. While the company has published statements voicing support for the collective bargaining agreement, management has continued "to limit the size of the bargaining unit by nine people, out of a total of 50" and dispute "who qualified as management and who did not."²⁹⁵ Eventually, the company relented, and publicly affirmed that they "respect the decision [our employees] have reached through this democratic vote."²⁹⁶

II. History of Government-Sponsored Benefits, Voice, and Countervailing Power

The American government has never played as active a role in the labor market as some European governments but it has institutionalized some crucial forms of social protection. In 1932, congress passed the Norris-La Guardia Act which codified a given workforce's right to organize and collectively bargain thereby prohibiting federal courts from issuing "injunctions in many types of labor disputes." In 1935, the National Labor Relations Act granted workers "an enforceable right to engage in concerted action for mutual aid and protection, to organize unions of their own choosing, and to engage in collective bargaining." The NLRA gave rise to the National Labor Relations Board, the body responsible for enforcing collective bargaining rights. And in 1937, The Fair Labor Standards Act established a federal minimum wage and "set maximum hours for employment."²⁹⁷ These three pieces of legislation, along with others, served to define industrial employment relationships for nearly a century. Legislation passed during the

²⁹⁵ James, Brendan. "Al Jazeera America Digital Employees Win Vote to Unionize." *International Business Times*. IBT Media, 06 Oct. 2015. Web.

²⁹⁶ James, Brendan. "Al Jazeera America Digital Employees Win Vote to Unionize."

²⁹⁷ Stone. *From Widgets to Digits*. 119-120.

New Deal era bestowed American workers with institutional support in the form of collective bargaining rights and humane working conditions.

New Deal era legislation was also complemented by landmark Supreme Court rulings. Two cases in particular were notably significant. First, the reversal of the *West Coast Hotel v. Parrish* ruling established that state-based, rather than federal, attempts to set minimum wages for women's labor is constitutional. Two years later, in *Jones and Laughlin v. NLRB*, the Court found the NLRB to be "a constitutional exercise of Congress's power under the Commerce Clause."²⁹⁸ During this period, all branches of the federal government worked to embolden American workers and institute a base-level of stability in the labor market.

Perhaps one of the most significant pieces of legislation passed during the New Deal is the Social Security Act. Roughly 167 million American workers pay Social Security taxes and 59 million people, primarily retirees and their dependents, receive monthly payments from the program. Social Security's intended purpose is to replace ~40% "of an average wage earner's income after retiring."²⁹⁹ To be eligible for Social Security benefits one must either be retired, disabled, survivors of workers who have died, and/or dependents of beneficiaries. One common misconception about Social Security is that, when an individual pays the Social Security tax, the payment is allocated towards that individual's personal Social Security account. Instead, the program allocates today's taxes towards payments for current recipients.

The Social Security & Medicare tax operates in a way that benefits workers classified as employees. Those employed for some one else pay a 6.2% Social Security

²⁹⁸Stone. *From Widgets to Digits*. 120.

²⁹⁹United States. Social Security Administration. *Social Security: Understanding the Benefits*. 10024th ed. Vol. 05. N.p.: Social Security Administration, 2016. Print. SSA Publication. 4.

tax and a 1.45% Medicare tax; their employers match those rates. On the other hand, self-employed and nontraditional workers have to foot the bill for both themselves and the non-existent employer: they must pay a 12.4% Social Security tax and a 2.9% Medicare tax.³⁰⁰ An individual's eligibility for Social Security benefits is dictated by a "credits" system. In 2015, individuals earn one credit for each \$1,220 they make in earnings and are limited to four credits per year. Most individuals "need 40 credits (10 years of work) to qualify for benefits." There are some exceptions in the case of young people in need of disability payments or dependents of current recipients.³⁰¹ Medicare is typically associated with Social Security when discussing government-sponsored protections as it is the quintessential health insurance program for American seniors.

Both Social Security and Medicare were formulated with traditional employment relationships in mind. As previously stated, Social Security is a government-sponsored pension system designed to replace ~40% of a recipient's income. Therefore, Social Security payments are intended to be supplemented by a private pension provided by a recipient's (former) employer. The program operates under a two-pronged approach where workers receive relatively ungenerous payments through Social Security with the assumption that they also receive payments through a separate employer-sponsored pension program. In principle, the two pension plans amalgamate to fortify a sustainable standard of living for recipients. In the postwar era, labor unions negotiated with employers to advocate for employer-sponsored pension plans; this is no longer the case in the Gig and On-Demand economy. Thus, Social Security was designed for an employment environment that millions of American workers no longer navigate. For Gig

³⁰⁰Social Security Administration. *Social Security: Understanding the Benefits*. 5-6.

³⁰¹Social Security Administration. *Social Security: Understanding the Benefits*. 8-9.

and On-Demand workers, Social Security does not operate as intended, and no functional substitute currently exists. The comparison between Social Security's efficacy in the postwar labor market and the Gig and On-Demand labor market is analogous to a living wage versus a minimum wage; For Gig and On-Demand workers, Social Security offers bare-minimum support. What's more, the transformation of the American labor market, as outlined in Chapter 1, poses problems for Gig and On-Demand workers when it comes to qualifying for Social Security payments. The program's credits system was formulated with the assumption that American workers derive their income from a single employer rather than multiple job-providers. The program does ensure credits for "self-employed" workers by allowing them to earn a credit "for each \$1,260 in net earnings," but again, the Social Security and Medicare tax for self-employed individuals is twice as high as it is for conventional employees.³⁰² In the Gig and On-Demand economy, Social Security acts as a barebones safety net rather than one factor in a larger equation.

Another crucial component of the American safety net is the Unemployment insurance benefits system. The program was constructed with the goal of serving Americans who are unemployed for reasons outside of their control. Unemployment insurance payments are intended to provide temporary financial assistance. Each state administers their own program that abides by federal guidelines. Thus, state-level officeholders can determine the rules surrounding eligibility for benefits, benefit payment rates, and the duration of eligibility. In order to qualify for UI, individuals must "meet the State requirements for wages earned or time worked during an established period of

³⁰²United States. Social Security Administration. *Social Security: How You Earn Credits*. 10072nd ed. Vol. 05. N.p.: Social Security Administration, 2016. Print. SSA Publication.

time referred to as a ‘base period.’” Furthermore, they must also “be determined to be unemployed through no fault of [their] own (determined under State law), and meet other eligibility requirements of State law.” In a majority of states, Unemployment insurance payments are exclusively funded by taxes imposed on employers.³⁰³

Clearly, states hold a considerable level of autonomy in administering the Unemployment insurance program. The program also assumes that recipients, prior to unemployment, were engaged in a traditional employer-employee relationship. In general, the benefits one receives are based on a percentage of their income over a recent 52-week period.³⁰⁴ Unemployment insurance is jointly financed through both federal and state employer payroll taxes:

“Generally, employers must pay both state and Federal unemployment taxes if: (1) they pay wages to employees totaling \$1,500, or more, in any quarter of a calendar year; or, (2) they had at least one employee during any day of a week during 20 weeks in a calendar year, regardless of whether or not the weeks were consecutive. However, some state laws differ from the Federal law and employers should contact their state workforce agencies to learn the exact requirements.”³⁰⁵

A Self-Employment Assistance program is also administered through the Unemployment insurance benefits system. This sub-program “offers dislocated workers the opportunity for early re-employment. The program is designed to encourage and enable unemployed workers to create their own jobs by starting their own small businesses.” Through this mechanism, states can pay an “SEA allowance” in lieu of regular unemployment insurance benefits to help unemployed workers build a business and become self-employed. Recipients receive a weekly allowance. Currently, only

³⁰³United States. Department of Labor. Employment & Training Administration. *State Unemployment Insurance Benefits*. United States Department of Labor, 10 July 2015. Web.

³⁰⁴United States. Department of Labor. Employment & Training Administration. *State Unemployment Insurance Benefits*. United States Department of Labor, 10 July 2015. Web.

³⁰⁵United States. Department of Labor. Employment & Training Administration. *UI Tax Information*. United States Department of Labor, 10 July 2015. Web.

Delaware, Mississippi, New Hampshire, New York, Oregon, Rhode Island, and Vermont take part in the program.³⁰⁶ Seeing as the Unemployment insurance program was constructed with traditional workers in mind, perhaps the SEA's model can be appropriated to benefit Gig and On-Demand workers subjected to long-term job dislocation.

In March 2010, the Obama administration successfully spearheaded the passage of the Affordable Care Act. The ACA's ultimate goal was to expand access to affordable health care, but the legislation has also benefited contingent workers by increasing the portability of health insurance. The ACA allows workers to "change jobs or insurers without danger of losing access to coverage or having benefits excluded because of a pre-existing condition."³⁰⁷ In the context of healthcare, portability describes the ability for an employee to "maintain access to health insurance coverage and comprehensive benefits" following the cessation of a given employment relationship. Portability also refers "to the ability of those purchasing insurance on their own to drop one insurance policy and buy another."³⁰⁸ Thanks to the ACA, insurers can no longer deny coverage because of an applicant's pre-existing conditions or impose premium surcharges due to the applicant's health status or claims record.

The Brookings Institute also notes that the health insurance exchange model established by the ACA should serve as a model for a reformed benefits-system built to

³⁰⁶United States. Department of Labor. Employment & Training Administration. *Self-Employment Assistance*. United States Department of Labor, 10 July 2015. Web.

³⁰⁷The Center on Health Insurance Reforms, Georgetown University Health Policy Institute. "Health Insurance Market Reforms: Portability." *The Henry J. Kaiser Family Foundation* #8421. Mar. 2013. Web. 2.

³⁰⁸The Center on Health Insurance Reforms, Georgetown University Health Policy Institute. "Health Insurance Market Reforms." 1.

serve Gig and On-Demand workers.³⁰⁹ Lawrence Summers, former Secretary of the Treasury, believes that “with the passage of the Affordable Care Act, a significant element of economic security is guaranteed within the United States regardless of employment status.”³¹⁰ The same level of economic security is not guaranteed by other elements of the American safety net, including Social Security or the Unemployment insurance system.

MBO Partners has also weighed in on the discussion surrounding the ACA and the nonpermanent labor force. According to their data, the number of “full-time Independents” with health insurance has significantly climbed from 64% in 2013 to 82% in 2015.³¹¹ Emergent Research claims that the “increase in coverage can largely be attributed to the Affordable Care Act... which went into effect in 2014.”³¹² The firm claims that the ACA introduces both “carrot and stick incentives” for Gig and On-Demand workers; health care is more affordable and accessible but the individual mandate imposes fines on individuals who don’t sign up for a health care plan. The firm concludes that the ACA has proven itself “a good thing” for most Gig and On-demand workers by making their lives “easier and more secure.”³¹³

The ACA makes healthcare more accessible through the insurance exchange model. October 1, 2013 marked the launch of the Health Insurance Marketplace, the venue on which individuals - not covered by employer-sponsored healthcare, Medicare,

³⁰⁹Karsten and West. "Who Protects Workers in the On-demand Economy?"

³¹⁰Summers, Lawrence H., and Ed Balls. "Report of the Commission on Inclusive Prosperity." *Inclusive Prosperity Commission* (2015): n. pag. The Center for American Progress, Jan. 2015. Web. 107.

³¹¹King, Steve. "Freelancers Embrace Health Insurance." *Small Business Labs: Freelancers Embrace Health Insurance*. Small Business Labs: Tracking and Forecasting the Trends and Shifts Impacting the Future of Small Business, 01 Sept. 2015. Web. <<http://www.smallbizlabs.com/2015/09/freelancers-embrace-health-insurance.html>>.

³¹²King. "Freelancers Embrace Health Insurance."

³¹³King. "Freelancers Embrace Health Insurance."

or Medicaid - can “shop” for an insurance plan. Marketplaces are managed by a state’s government or the federal government if a state doesn’t establish its own marketplace. There are various levels of coverage: Bronze, Silver, Gold, and Platinum; Bronze plans are the cheapest (covering ~60% of healthcare costs) and Platinum plans are the most expensive (covering ~90% of healthcare costs). The exchange model also expands access to health care subsidies and tax credits. If an individual reports drastic fluctuations in income the subsidies will adjust in response.³¹⁴ This is especially helpful for Gig and On-Demand workers who don’t maintain a reliable stream of income.

With the ACA comes some crucial protections: “individuals who earn below roughly \$46,000 and families of four who earn less than \$94,000 are likely to qualify for federal tax credits” when shopping on state or federal exchanges.³¹⁵ The law also allows for private insurance exchanges, like the Freelancers Union’s now defunct health insurance company, which offered “group rates to workers in certain areas of New York.” The downside is that if private plans don’t meet “minimum requirements” members may be forced to pay the individual mandate.³¹⁶

In 2014, the Freelancers Union ended its private insurance company because the ACA made its existence unfeasible. The Union’s leaders insist that the company “would have [had] to raise premiums by 14 percent across the board” in order to stay in business and such price hikes would pose “a direct conflict with [the Freelancers Union’s] reason for going into the insurance business in the first place.” Sara Horowitz says that it would have been challenging “to offer insurance at [the] levels required by

³¹⁴Freelancers Union. "What ACA Means For You." *Freelancers Union Blog*. Freelancers Union, 17 Oct. 2013. Web. <<https://blog.freelancersunion.org/2013/10/17/what-aca-means-you/>>.

³¹⁵Marte, Jonnelle. "The Freelancer's Guide to Obamacare." *MarketWatch*. MarketWatch, 23 Oct. 2013. Web.

³¹⁶Marte. "The Freelancer's Guide to Obamacare."

the Affordable Care Act.” Instead, the Freelancers Insurance Company’s members were automatically enrolled in “one of an array of Empire BlueCross BlueShield plans with benefits that the union says mirror what it has, an assertion some members dispute.”³¹⁷ The closure of the Freelancers Union’s private insurance company presents a potential downside of the ACA. Leslie Moran, a spokeswoman for a New York insurance trade group, says that the closure of the FIC “underscore[s] the realities of the Affordable Care Act in terms of some of the costs that are imposed on companies trying to provide benefits to consumers.”³¹⁸

Paul Osterman contends that the ACA “doesn’t necessarily increase the portability of benefits... [but it does] provide a safety net for those who don’t have employer-based benefits.”³¹⁹ He states that, if one considers health care as an issue that is now “taken care of,” he is unsure whether the ACA could serve as the model for a broader portable benefits system outside of health care. Furthermore, Osterman notes that not as many employers provide workers with pension plans the way they do health care.³²⁰ With health insurance, if an individual finds a plan through the insurance exchange, their healthcare needs are entirely satisfied. The public pension system America has in place, as has been discussed, is Social Security, which is inadequate for workers without a private pension plan due to its two-pronged approach. Currently, there is no government-sponsored program that enhances the portability of private pension plans. Such a system would be highly beneficial for workers in the Gig and On-Demand economy.

³¹⁷Hartocollis, Anemona. "Freelancers Union to End Its Health Insurance Plans in New York." *The New York Times*. The New York Times, 30 Sept. 2014. Web.

³¹⁸Hartocollis. "Freelancers Union to End Its Health Insurance Plans in New York."

³¹⁹"Interview with Paul Osterman." Interview by Ziya Smallens. 22 Jan. 2016.

³²⁰Interview with Paul Osterman." Interview by Ziya Smallens. 22 Jan. 2016.

III. Old Protections Are No Longer Viable

At this point, it is safe to conclude that labor relationships in the Gig and On-Demand economy challenge longstanding norms in the American labor market. Postwar labor standards are an anachronism. Today, firms face more competition and their “fundamental organizational structures” have been called into question, advancements in technology allow for new methods of management and control over a given workforce, and the “financial community” has much more influence over “the motivation and objectives of firms.”³²¹ Pay-setting practices have drifted from postwar norms, a transformation that Paul Osterman chalks up to the waning influence of labor unions. The ability for unions to shape managerial behavior in both union and nonunion firms has greatly diminished. Osterman argues that public policy must address the imbalance of power in the labor market by “building effective institutions for facilitating [labor] mobility.”³²²

Existing government-sponsored protections must be updated as well: Osterman notes that the Unemployment insurance benefits system is biased against non permanent workers because the system is predicated on serving individuals who have lost full-time jobs rather than workers who operate outside of the full-time employment paradigm. Self-employed workers are excluded.³²³ Gig and On-Demand workers should be protected by a portable benefits system that isn’t tied to a single employer. They should also have the ability to consult some form of labor intermediary that advocates for their needs. The construction of such a labor intermediary doesn’t necessarily require government intervention through public policy, but the long-term objectives of

³²¹Osterman. *Securing Prosperity*. 33-36.

³²²Osterman. *Securing Prosperity*. 117.

³²³Osterman. *Securing Prosperity*. 126-127.

firms in the Gig and On-Demand economy, from a structural perspective, must shift. Workers need an institutional mechanism to engage with their managers.³²⁴ The contemporary labor market is fluid and public policies must serve to protect people in the midst of a job search; perhaps local labor market institutions could make this task more manageable. The current safety net outlined by public policy envisions a labor market that is relatively static.³²⁵ Workers operate in new terrain but the rules that dictate their ability to navigate that terrain are stuck in the 20th century.

What's more, the collective power of labor has nearly disintegrated. In the mid-1950s, "the unionization rate was greater than one in three workers; now it's closer to one in nine [in the public sector]... and one in 16 in the private sector."³²⁶ It just so happens that labor's decline coincides with decreased living standards for the American working class. Organized labor no longer holds the leverage it once did in bargaining with employers for better wages, job security, or safety-net provisions.³²⁷ Lawrence Summers notes that, as the "traditional employer-employee relationship" has unraveled, it is "more difficult to provide [workers with] basic economic security."³²⁸ As a result, working families are forced bear the burden of risk with only the bottom-of-the-barrel welfare system providing them any form of institutional support.

Laura Tyson offers yet another perspective that bemoans the deficiency of government-sponsored protections. She believes that, in the Gig and On-Demand economy, benefits should be tied to individual workers rather than their employment relationships. These protections should be universal, "applying to all workers and all

³²⁴Osterman. *Securing Prosperity*. 145.

³²⁵Osterman. *Securing Prosperity*. 125.

³²⁶Hill. *Raw Deal*. 200.

³²⁷Hill. *Raw Deal*. 204.

³²⁸Hill. *Raw Deal*. 223.

forms of employment,” and they should be “pro-rated, linking employer benefit contributions to time worked, jobs completed, or income earned.”³²⁹ Recall that in late 2015, a group of business and labor leaders in the Gig and On-Demand economy penned an open letter calling for the institutional reform of government-sponsored protections. Among their demands was a “portable vehicle for worker protections and benefits.”³³⁰ The American safety net should allow for increased independence, ensure pro-rated and universal protections, and encourage innovation when it comes to collective organization. Labor advocates in this sector of the economy acknowledge that flexible work arrangements are inextricably linked with increased risk, but the risks Gig and On-Demand workers currently face are far too daunting.

A. Unraveling of Government-Sponsored Protections

In a labor market best defined by stability and predictability, it makes sense for employers to be responsible for providing full-time employees with health care, private pension plans, and unemployment insurance. But, as has been proven, many Americans live outside of this reality. “It makes no sense to have a well-developed safety net for one category of employment and virtually none for other kinds of productive work,” says Professor Sundararajan.³³¹ Senator Mark Warner reiterates this point: “Somebody may be doing very, very well as an... Airbnb user and Uber driver and part-time consultant... but if they hit a rough patch, they have nothing to stop them until they fall... back upon government assistance programs.”³³² In these cases, taxpayers

³²⁹Worstell, Tim. "The Problem With Worker Protections And Benefits In The Gig Economy." *Forbes*. Forbes Magazine, 01 Dec. 2015. Web.

³³⁰Portable Benefits. "Common Ground for Independent Workers - What's The Future of Work?" *Medium*. 10 Nov. 2015.

³³¹Surowiecki, James. "Gigs With Benefits?" *The New Yorker*. Condé Nast, 6 & 13 July 2015. Web.

³³²Page, Susan. "Sen. Mark Warner: Rethinking the Social Contract in the Age of Uber." *USA Today*. Gannett Company, 03 June 2015. Web.

are forced to subsidize Gig and On-Demand workers due to the inadequacies of existing public policies. In the instance of tragedy – an Uber driver gets in a car accident, a Tasker gets injured - there is no safety net for these workers to fall back on besides the public coffers. This is not sustainable, especially when the Gig and On-Demand economy is growing. Even Uber CEO Travis Kalanick admits that worker benefits should be portable, universal, and pro-rated.³³³

While policymakers have been criticized for dragging their feet when it comes to introducing new forms of protections, some officeholders have made the call for transformation. United States Secretary of Labor Tom Perez is concerned “that some observers have framed [the debate surrounding protections in Gig and On-Demand economy as] a false choice of protecting workers OR promoting innovation... There are scores of innovative employers who reject this false choice as well.”³³⁴ He points to tackling the issue of employee misclassification as a priority for the Department of Labor and insists that “it is a false choice to suggest that complying with common sense consumer and worker protection laws creates a barrier to innovation.”³³⁵ Senate Democrats Bob Casey and Al Franken have even introduced a bill to address employee misclassification. In a press release published in July 2015, the two Senators argue that “when a worker is wrongly classified as an independent contractor, there is a denial of basic protections like fair labor standards, health and safety protections.” Senators Casey and Franken co-authored *The Payroll Fraud Prevention Act* with the intention of protecting employees from being misclassified as independent contractors, “thereby

³³³Foroohar. "In the New World of Work, Is Uber the Villain or a Hero?"

³³⁴Benoff, Jared. "Secretary Perez Answers Your Questions on Employee Misclassification." *U.S. Department of Labor Blog*. U.S. Department of Labor, 28 July 2015. Web.

³³⁵Benoff. "Secretary Perez Answers Your Questions on Employee Misclassification."

ensuring access to safeguards like fair labor standards, health and safety protections, and unemployment and workers' compensation benefits."³³⁶

Outside of employee misclassification, some younger office-holders have raised questions about the Gig and On-Demand economy. In May 2015, a bipartisan "Sharing Economy Caucus" was formed with the goal of "bring[ing] attention to this booming sector and its impact on our society and economy." Sharing Economy Caucus members publicly cite Uber and Airbnb as inspirations for its formation.³³⁷ Policymakers have yet to substantively address the dangers of the Gig and On-Demand economy but they have at least begun to set their sights on the issue.

B. Unraveling of Workplace Based Protections

Sara Horowitz believes that the "new psychological contract" that defines American employment relationships makes it so both employers and employees have low expectations for long-term commitment, security, and internal promotional opportunities.³³⁸ It's important to emphasize that many Americans continue to work for large firms, similar to the ones that helped institutionalize the "old psychological contract," but that, increasingly, many of these workers are not classified as employees.³³⁹ In these cases, tasks are either assigned to temporary workers or outsourced altogether. The modern American firm strives for "affective commitment," where a worker internalizes the firm's objectives and makes it their goal "to do what is

³³⁶United States Government. United States Senate. *Casey, Franken Introduce Bill to Address Payroll Fraud. U.S. Senator Bob Casey of Pennsylvania*. Robert P. Casey, Jr., 29 July 2015. Web.

³³⁷United States Government. United States Congress. *Swalwell, Issa Announce the Sharing Economy Caucus. Congressman Eric Swalwell*. Congressman Eric Swalwell, Fifteenth District of California, 12 May 2015. Web.

³³⁸Stone. *From Widgets to Digits*. 91.

³³⁹Stone. *From Widgets to Digits*. 94.

best for the organization,” as opposed to “continuance commitment,” which is a worker’s “commitment to stay with an organization.”³⁴⁰

Some academics are of the opinion that workers in the Gig and On-Demand economy should employ collective organizing tactics that are rooted in social connections. This strategy accentuates communal coalition building and grassroots mobilization in order to exert collective pressure on a given firm.³⁴¹ One academic argues that the capacity for “social unionism” to achieve tangible gains is based upon two factors. First, the “range of opportunity” available to a would-be union in a given context; this refers to the strength of existing institutional arrangements like local governments or business owners. The other factor is concerned with the steps taken by existing organizations to advocate for workers; organizers must seize any opportunities to acquire influence within existing power structures.³⁴² This approach towards worker mobilization is unique in that it isn’t dependent on governmental intervention. Sara Horowitz has praised non-governmental approaches towards organizing workers, but she also acknowledges that the government plays a key role in ensuring “sustainable flexibility,” where the government “enable[s] and empower[s]” workers in order to construct a sustainable support system.³⁴³

Today, industrial union power has dwindled. Katherine Stone postulates that unions need to reestablish their ability to strengthen communal bonds by providing mutual assistance, especially for immigrant workers. She argues that unions must embrace New Craft unionism, “an occupation based form of unionism that bargains with

³⁴⁰Stone. *From Widgets to Digits*. 95.

³⁴¹Turner, Lowell, and Cornfield, Daniel B. *Labor in the New Urban Battlegrounds: Local Solidarity in a Global Economy*. Ithaca: ILR/Cornell UP, 2007. Print. 3.

³⁴²Turner and Cornfield. *Labor in the New Urban Battlegrounds*. 10.

³⁴³Horowitz, Sara. "Freelancers in the U.S. Workforce." *U.S. Bureau of Labor Statistics*. U.S. Bureau of Labor Statistics, Oct. 2015. Web.

industry-wide employer groups to establish minimum standards and provide training” as well as enable “employees to move freely between employers in [an] industry.” She also points to Citizen Unionism, a “locality-based form of unionism that uses collective pressure to induce corporations to become good corporate citizens of the geographic area in which they are located.”³⁴⁴ Citizen Unionism is somewhat similar to social unionism: both methods have the goal of organizing workers based on geographic proximity and the strengthening of communal bonds. Additionally, the Freelancers Union operates in a way that abides by some of the principles outlined by New Craft and Citizen Unionism. Instead of bargaining with individual firms, the Freelancers Union endows its members - who work for multiple firms in the same sector of the economy - with “mutual aid” by representing them “360 degrees.”³⁴⁵ All three of Stone’s ideas imply that today’s workforce is in a much more precarious place: firms shed workers with ease. Collective organizing practices must adapt, once again, to a world where workers are not only more disposable, but also more easily recruited by firms. Labor advocates must pivot towards communal and locally sourced organization rather than organizing workers on a firm-by-firm basis.

³⁴⁴Stone. *From Widgets to Digits*. 219.

³⁴⁵Greenhouse. "Tackling Concerns of Independent Workers."

Chapter 4: Opportunities to Shape the Gig and On-Demand Economy

I. The Potential for On-Demand Platforms

In this concluding chapter of my Thesis I will discuss the potential of On-Demand platforms and the ways in which institutions, public policies, and regulatory mechanisms can be reformed in order to best serve workers in this sector of the economy. Discourse surrounding the On-Demand economy tends to limit itself to present-day affairs. One could go as far to say that the On-Demand economy, as a term, is synonymous with today's popular platforms, like Uber and Airbnb. The On-Demand economy has the potential to offer so much more than ride- or room-sharing, and some firms have already begun to push the envelope.

In Chapter 1, I discussed how app-based technology has worked to revitalize antiquated industries, like door-to-door seltzer delivery in Brooklyn. The On-Demand economy promises much more than a simple nostalgia trip. Doorbell Barbers sends a barber to a user's home at the push of a button.³⁴⁶ Barkly is an On-Demand service for dog walkers (that allows users to meet up with would-be walkers beforehand).³⁴⁷ Kitchensurfing is an On-Demand service for private chefs, which subverts the conventional model for app-based meal delivery platforms like GrubHub or Seamless.³⁴⁸ This sector of the economy is bustling with innovation and creativity, sparking demand for services and forms of exchange not thought possible before the emergence of

³⁴⁶Polansky, Jay. "Stamford-Based Doorbell Barbers Provide On-Demand Haircuts." *Stamford Daily Voice*. Stamford Daily Voice, 17 Nov. 2015. Web.

³⁴⁷"Barkly - On-demand Dog Walking App." *Barkly*. Barkly, 2015. Web. <<http://barkly.us/>>.

³⁴⁸Dawson, Gloria. "Kitchensurfing: Are On-Demand Private Chefs the Next Wave of Meal Delivery?" *Eater*. Vox Media, 07 Dec. 2015. Web.

modern communications technologies. Still, these services are just scratching the surface. I am most intrigued by platforms that have the potential to redefine the provision of vital social services.

Imagine ordering a doctor to your home at the push of a button. Enter Heal, an On-Demand house call service that promises medical care in two hours or less. The platform promises users a “background-checked [and] licensed primary care physician” who can be summoned to an individual’s home, or “literally wherever [they] are,” at their own convenience for a \$99 flat fee. Heal’s website also provides personal profiles for every doctor available.³⁴⁹ As of March 2016, Heal’s area of operation is limited to Southern California, but has steadily expanded. The care offered through the platform is limited: “among other things, [physicians] can diagnose and treat moderate ailments like bronchitis, give flu shots, stitch up a nasty cut or write a prescription.” Users have to file insurance paperwork at their own convenience.³⁵⁰

Heal isn’t the first service of its kind, and one can hope that competition in this sector will ensure quality care, but the platform’s existence does speak to the potential of the On-Demand economy. Heal’s convenience and ease of access could greatly enhance the standard of living for disabled and elderly Americans across the country. Not to mention, services like Heal could prove to be highly profitable. Another platform, Honor, provides an “Uber-like marketplace” that matches trained caregivers “with the elderly and infirm.”³⁵¹ In January 2016, Honor granted its workforce employee status.

³⁴⁹“Heal – On-Demand Doctor House Calls for Adults & Kids.” *Heal*. Heal, 2016. Web. <<https://getheal.com/>>.

³⁵⁰Jolly, Jennifer. “An Uber for Doctor Housecalls.” *Well*. The New York Times, 05 May 2015. Web.

³⁵¹Solomon, Brian. “Senior Care Startup Will Give Equity, Employee Status To Caregivers.” *Forbes*. Forbes, 20 Jan. 2016. Web.

The workers classified as full-time employees became eligible for health benefits along with stock equity.³⁵²

Honor offers promise in a sector of the economy that has subordinated millions of workers. Not only does the platform have the potential to transform at-home care-giving for the weakest among us, it does so with dignity. Where so many On-Demand platforms fail to ensure stability for its workers, Honor has taken the initiative to do so. Of course, it is relatively simple for a small firm like Honor to make this shift, as it has been in operation for only a year or so. For Uber, this transition would be much more disruptive and costly. Still, Honor's efforts deserve recognition. "Our whole thing at the get-go was that you can't provide great care to someone if you're not in a great place in your own life," says CEO Seth Sternberg.³⁵³ What's more, On-Demand platforms can be deployed in ways that benefit the public good. For example, in Saudi Arabia, Uber offered free rides to women voting for the first time in the 2015 elections.³⁵⁴

On-Demand platforms also have the potential to promote global efficiency. According to the McKinsey Global Institute, online job-matching platforms like LinkedIn or UpWork "could add \$2.7 trillion, or 2.0 percent, to global GDP and increase employment by 72 million full-time-equivalent positions" by 2025. Furthermore, roughly "540 million individuals could benefit from online talent platforms" by this same point in time as they serve to decrease the length of an individual's job-search. Nearly 200 million inactive or part-time workers could find additional work through job-matching platforms. Through job-matching platforms, tens of millions of workers could find more

³⁵²Solomon. "Senior Care Startup Will Give Equity, Employee Status To Caregivers."

³⁵³Solomon. "Senior Care Startup Will Give Equity, Employee Status To Caregivers."

³⁵⁴Malo, Sebastien. "Uber Offers Free Lifts to Women Voting for First Time in a Saudi Election." *Thomson Reuters Foundation News*. Thomson Reuters Foundation, 11 Dec. 2015. Web.

preferential work arrangements and roughly 100 million “could shift from informal to formal employment.”³⁵⁵ By 2025, On-Demand labor-brokering platforms could galvanize labor force participation, reduce unemployment, and markedly increase labor productivity.

For all the On-Demand economy has to offer there is some cause for concern. Journalist Farhad Manjoo has declared “the end of the on-demand dream.”³⁵⁶ He notes that, across the industry, “prices are rising, service is declining, business models are shifting, and in some cases, companies are closing down.”³⁵⁷ Manjoo considers Uber’s success an anomaly and bemoans efforts made by other start-ups to replicate its business model. Steven Hill recently penned an editorial buttressing Manjoo’s assessment. Hill contends that entrepreneurs are unable to recognize that, in most cases, the On-Demand model “is not scalable or sustainable at the billionaire unicorn level without ongoing [venture capitalist] welfare subsidies.”³⁵⁸ In the past couple years, the On-Demand economy has operated under a gold rush mentality where some firms managed to stay afloat thanks to enthusiastic investors. Manjoo cites that, in 2016, “investor appetite for on-demand companies has cooled.”³⁵⁹ It’s possible that this could actually benefit the On-Demand economy. Without venture capitalists arbitrarily inflating a given firm’s market value, companies will be forced to rely on consumers rather than patrimony in order to thrive.

³⁵⁵Manjoo, Farhad, Lund, Robinson, Valentino, and Dobbs. "A Labor Market That Works." "In Brief."

³⁵⁶Manjoo, Farhad. "The Uber Model, It Turns Out, Doesn't Translate." *The New York Times*. The New York Times, 23 Mar. 2016. Web.

³⁵⁷Manjoo. "The Uber Model, It Turns Out, Doesn't Translate."

³⁵⁸Hill, Steven. "Good Riddance, Gig Economy: Uber, Ayn Rand and the Awesome Collapse of Silicon Valley's Dream of Destroying Your Job." *Salon*. Salon Media Group, 27 Mar. 2016. Web.

³⁵⁹Manjoo. "The Uber Model, It Turns Out, Doesn't Translate."

Despite Manjoo's claims on the contrary, TaskRabbit is on track to turn a profit in 2016 and both Uber and Airbnb have amassed jaw-dropping market values. The successes of all three platforms surveyed in this Thesis indicate that firms can prosper in the On-Demand economy. Any start-up is prone to failure. Even Steven Hill admits that, outside of the On-Demand economy, "three out of four startups fail, and more than nine out of 10 never earn a return."³⁶⁰ On-Demand platforms, which brandish a form of exchange less than two decades old, are even more prone to failure; business owners are navigating new commercial terrain. It may be the case that only a handful of On-Demand firms can reach the level of Uber or Airbnb, but it's far too early to label the On-Demand economy a bust. Valid as some of Manjoo's concerns may be, the future of the On-Demand economy is unclear and I am cautiously optimistic.

American workers have been drifting towards precarity for decades and many pundits and academics have offered scathing critiques towards the labor conditions found in the Gig and On-Demand economy. From a structural perspective, workers have been left to fend for themselves. But services like Honor indicate that On-Demand platforms deserve their own unique position in the American economy. At the essence of the On-Demand economy lies accessibility, convenience, and opportunities to generate consumer demand. The technology that underpins the existence of ride-sharing, home-sharing, and on-demand labor-brokering platforms was nonexistent less than two decades ago. For platforms like Heal and Honor - which offer vital services through a remarkably accessible medium - to thrive, they cannot be subjected to the same political and regulatory standards as traditional industries. Under conventional standards, On-Demand firms would be forced to scale back the size of their labor

³⁶⁰Hill. "Good Riddance, Gig Economy."

forces, take larger cuts from their workers' commissions, and consumers would be subjected to longer wait times and face higher costs. In this scenario, fledgling On-Demand firms would also require larger sums of seed money in order to cover the increased cost of starting a business in this sector of the economy. As a result, venture capitalists would be less willing to invest in potentially groundbreaking endeavors. In the On-Demand economy, onerous regulations would stifle innovation. Even On-Demand skeptics, like Steven Hill, admit that the form of commercial exchange fostered in this sector of the economy could redefine traditional industries "in ways that we can't yet anticipate."³⁶¹ If On-Demand firms were compelled to abide by the same standards as mid-20th century industrial firms, potential investors would be less willing to take necessary risks, consumer appeal would be diminished, and potentially lucrative firms would flounder.

The overall Gig economy embodies the casualization of American employment relationships and is largely problematic for American workers. As a subset of the Gig economy, the On-Demand economy shares some of these attributes. However, the On-Demand economy also has the potential to liberate American workers and provide consumers with unique and potentially vital services. At the current point in time, On-Demand workers are suffering. Today, the size of the full-time On-Demand workforce is minimal, but it will continue to grow as new platforms develop. What's more, many Americans are drawn towards On-Demand work, not as a source of primary income, but as a source of supplementary income. Such individuals do not require the same forms of protections as full-time employees. Workers in this sector of the economy require legitimate forms of social protection, but such protections must adapt to the environment

³⁶¹Hill. "Good Riddance, Gig Economy."

these workers navigate. It's not sufficient to apply the rules and regulations that dictated static labor relationships in the postwar industrial workplace to firms in the emerging On-Demand economy. They simply abide by different employment schematics.

The organizing tactics employed by Uber and Airbnb, as discussed in Chapter 2, indicate that the technology that buttresses these platforms can be utilized to advocate for the downtrodden and mobilize the grassroots. The same technology can be used to painlessly provide benefits to On-Demand workers via micro-transactions. The On-Demand economy can serve to empower and liberate the American workforce. The playing field just needs to be refined.

II. What Solutions Best Serve Workers?

For decades, the postwar labor market was both stable and predictable. The American workplace was characterized by industry-wide norms, consistent wage-setting practices, and strong firm-worker commitment. The New Deal ushered in a virtuous cycle where the firm acted as a family. Since the 1970s, the traditional employer-employee relationship has eroded. Workers find themselves in a much more precarious state and are privy to long-term job dislocation. In the 21st century, workers are both deployed and dismissed with great ease. At this point in time, the federal government has failed to accurately detect the size of America's Gig and On-Demand workforce. Based on academic perspectives and studies conducted by private firms, it is evident that roughly 30-50 million Americans are working in the Gig and On-Demand economy in some capacity. This is compounded by the fact that the number of workers filing 1099 tax forms is outpacing that of W-2 forms.

In an earlier era, firms prioritized garnering a formidable core of long-term employees. This is no longer the case and the government has failed to reorient public policies towards addressing the risks posed by the new employment landscape. Firms in the On-Demand economy are distinct from traditional firms, therefore they should not be regulated through the same mechanisms. Conventional policy prescriptions and collective bargaining tactics are an anachronism in an environment where workers jump job-to-job and bear the brunt of increased corporate instability. On-Demand platforms have grown ubiquitous over the past few years due to technological advancements. With new technology comes new means to exert control over workers, but concurrently, new technology also provides a rubric for workers to organize and enhance communal bonds. Today, the convenience of modern technology spells subjugation for the Gig and On-Demand workforce; there is potential for it to offer empowerment.

On-Demand firms have readily taken advantage of an unregulated playing field. Uber categorizes itself as a technology company rather than a transportation one. It matches drivers with customers and takes a sizable cut from a driver's commission. Some studies have implied that the artificial management employed by Uber is more domineering than human management. Many labor advocates have also questioned the employment classification of Uber drivers: should they be classified as employees or independent contractors? Some academics contend that neither category may satisfy the needs of these workers. Airbnb is a global home-sharing platform that relies on trust in lieu of regulation. Some users and pundits have taken umbrage with the lack of protections offered to consumers. The platform's verification process for renters is bare-boned and Airbnb does not perform on-site investigations in regards to the safety of the

space being rented. In some American cities, regulators have raised questions about how the platform serves to hike local rental rates. In San Francisco, Airbnb deployed guerilla organizing tactics in attempts to fend off potential regulation; Uber utilized similar tactics in New York City. Many Gig and On-Demand workers resort to an eggs-in-many-baskets strategy when it comes to employment security and few services better embody this strategy than labor-brokering platforms like TaskRabbit and UpWork. Labor-brokering platforms allow workers to diversify the range of jobs they perform, but the ability for workers to set their own wage-rates provokes a race to the bottom that leaves one's income at the mercy of the market. In the On-Demand economy, traditional employment channels and protections have been bypassed for the sake of convenience and decreased operational costs. All of the aforementioned platforms have amassed considerable market value, and in some ways liberated American workers, but they have also rendered the American safety net ineffective in this sector of the economy.

In the postwar era, trade unions represented a sizable portion of the American workforce. Thanks to the threat effect, their influence ebbed beyond unionized firms and helped establish industry-wide norms that rewarded seniority, set stable job classifications, and made it so most layoffs were followed by recall. Many firms cultivated internal labor markets and unions provided an institutional apparatus for workers to voice grievances and negotiate with managers. Quantitatively speaking, unions work to fortify more substantial compensation packages for the workers they represent than would otherwise be the case. Today, firm-based unionization is less effective. A later section of this chapter will discuss how Gig and On-Demand workers can gravitate towards a form of collective organizing that revolves around communal

ties as well as the mutual aid these workers can provide one another. There are historical precedents for organizing nontraditional workers. The Writers Guild of America is a massive umbrella organization that represents writers in the entertainment industry, and while it has struggled to satisfy the needs of all its members, it also provides an institutional apparatus for expressions of solidarity. Since the 1990s, the Freelancers Union has operated under the rubric of new mutualism: instead of coordinating with employers directly, the Union offers its members pathways to affordable benefits as well as empowerment vis-a-vis communal identity. Both organizations boast a merit-based membership system. Recently, some online outlets like Gawker and Al-Jazeera have unionized their labor forces; in these instances, some managers and workers have voiced skepticism over the fact that these workers were organized through conventional tactics and, in Gawker's case, under the umbrella of a traditional labor organization.

During the New Deal era the American government institutionalized collective organizing tactics and introduced vital protections, like Social Security. Social Security is a government-pension system designed to replace ~40% of a beneficiary's income. The program subsidizes a minimum pension that is intended to be supplemented by private employer-based pensions. Less and less workers, especially those in the Gig and On-Demand economy, are provided private-pension programs through their work arrangements. Furthermore, Gig and On-Demand workers, whose income is (at least partially) derived by working task-to-task for multiple firms, struggle to qualify for benefits due to the program's credit-based system. They can classify themselves as self-employed workers in order to amalgamate their income streams, but under this classification, workers are forced to pay higher Social Security and Medicare tax rates.

As of yet, there is no public-pension program that addresses the needs of Gig and On-Demand workers. The Unemployment Insurance system was also constructed with long-term employees in mind. Individual states hold a considerable level of autonomy in administering the program, which is reserved for dislocated workers found to be laid off for reasons outside of their control, rather than contingent workers struggling to find work. Finally, the most recent addition to welfare state, the Affordable Care Act, offers some promise in terms of protecting Gig and On-Demand workers. Thanks to the ACA, the accessibility of health insurance is no longer contingent upon an individual's employment status, and a significant number of Gig and On-Demand workers have found a healthcare plan through the insurance exchange. The ACA's market exchange model, monitored by the government, provides workers with a transparent mechanism to weigh the benefits and costs of different plans. This model may be appropriate for health care, but a different approach may be necessary for providing workers with a portable public-pension system.

Workers in the Gig and On-Demand economy require new public policies and innovative methods of collective organization. The safety net must buttress a more mobile labor market prone to high levels of turnover. Traditional employer-employee relationships have been unraveling for decades and existing protections are rooted in the 20th century paradigm. Benefits should be tied to workers, not the firms they work for. Gig and On-Demand workers need portable, universal, and pro-rated benefits, or else they will be forced to turn to the public coffers when they fall on hard times. In the Gig and On-Demand economy, tasks are brokered out to workers by a variety of sources. These workers are not guaranteed a stable or long-term relationship with a

single job-provider. Gig and On-Demand workers must be organized on a social and communal basis, and it is possible that a non-governmental approach may be most effective.

This Thesis will now consider ways to re-think protections and securities for workers in this sector of the economy. At the heart of the On-Demand economy lies a vibrant entrepreneurial spirit. Recently, emerging platforms have promised to provide vital services as well as customer convenience. In the new playing field, convenience and accessibility must be maintained, but workers also require a functional substitute for the old protections that no longer ensure stability.

III. The Façade of Gig and On-Demand Lexicon

In posing reforms for the Gig and On-Demand economy, it is important to deconstruct the terminology employed by entrepreneurs and pundits. In the past, some commentators have turned “towards the New Deal as an example of an epoch in which people mobilized against the market.”³⁶² In other words, free-market advocates tend to rely on a rhetorical strategy that discredits the protections guaranteed by New Deal-era policies by arguing that those very protections undermine the will of the market. Conservatives pundits have long demonized the welfare state and branded safety net provisions as detriments to overall economic growth. It is important to note that such rhetorical strategies are part of a partisan agenda rather than objective attempts to analyze American political economy. The truth is, since the New Deal, the federal government has played an influential role in shaping and regulating the economy. One

³⁶²Osterman. *Securing Prosperity*. 18.

objective of this Thesis is to demonstrate that the government's role in shaping the economy must adapt in order to satisfy the needs of the modern American labor force.

Uber prides itself a harbinger of convenience. Airbnb defines itself as a trusted community marketplace. TaskRabbit contends that it serves to strengthen communal ties by bringing people together. All three platforms utilize a rhetorical strategy that perpetuates a bottom-up narrative. The platforms emphasize the role they play in empowering local communities as well as liberating American workers. As this Thesis has discussed thus far, community and worker empowerment is only one side of the story. Steven Hill credits “techno-visionaries” with coining a do-it-yourself lexicon that promises workers that they can acquire true independence or even become CEOs of their own freelancing business.³⁶³ He defines the philosophical backbone of the On-Demand economy as a mixture of “progressive utopianism, free-market libertarianism, environmental aspiration, and anti-government mistrust” that has widespread appeal, ideologically speaking.³⁶⁴ Like many of Mr. Hill's critiques, this assessment is heavy-handed. However, there is merit to the point he is making about On-Demand mavericks: they frame their platforms as, not just tools of convenience, but means of worker empowerment. Many of the firms surveyed in this Thesis have played a part in challenging would-be regulations that, in some cases, would ultimately benefit their workers. It is not a coincidence that taking an anti-regulatory stance happens to benefit the profit-margins of firms in the On-Demand economy.

Some academics have taken note of this strategy. Writing for the New York Times, Natasha Singer voices concern that the “terminology” found in the Gig and On-

³⁶³Hill. *Raw Deal*. 2.

³⁶⁴Hill. *Raw Deal*. 181.

Demand economy “frames technology-enabled transactions as if they were altruistic or community endeavors.” Uber is described as a “ride-sharing” service and Airbnb insists that “trust is what makes it work.”³⁶⁵ Framing these platforms as such perpetuates a trend where workers, instead of firms, are forced to bear the brunt of risk. Altruistic rhetoric “lend[s] an aura of incontestability to app-enabled transactions;” it pushes public opinion against potential regulations.³⁶⁶

Rhetoric, when it comes to commercial branding, is consequential. The unregulated nature of the On-Demand economy has major consequences for workers who are not guaranteed vital social protections. Professor Olivier Blanchard considers exchanges in the On-Demand economy a form of piracy, plain and simple. Professor Blanchard believes that Uber “is lionizing the ticket-scalpers of the hired car industry just because they use a popular app” and users are “praying to the altar of ‘disruption.’”³⁶⁷ To him, it’s not fair that Uber drivers play to a different set of rules than taxi drivers; it grants them, he implies, a competitive advantage solely derived from a faulty regulatory infrastructure. Overall, Professor Blanchard is incredibly pessimistic about the On-Demand economy’s capacity to fortify sustainable labor relationships. Instead of employing common terminology, he prefers to refer to the On-Demand economy as the “microtransaction economy.” In his view, this sector of the economy should be reserved for the occasional petty exchange.³⁶⁸ In this regard, I disagree with Professor Blanchard. His perspective lacks vision. Yes, currently, the On-Demand economy is woefully under-regulated, which allows firms to prosper at the expense of traditional

³⁶⁵Singer. "Twisting Words to Make 'Sharing' Apps Seem Selfless."

³⁶⁶Singer. "Twisting Words to Make 'Sharing' Apps Seem Selfless."

³⁶⁷Blanchard. "Stop Calling It the 'Sharing Economy.' That Isn't What It Is."

³⁶⁸Blanchard. "Stop Calling It the 'Sharing Economy.' That Isn't What It Is."

businesses that abide by long-standing regulations. That being said, if adequate protections were introduced in this sector of the economy, I believe that On-Demand workers could secure a sustainable standard of living. Today, these platforms are not as collaborative as their founders claim. And maybe a collaborative experience isn't what makes them attractive in the first place. Instead, and in my view, it may be their convenience and ease of access.

IV. New Category of Employment

Regulators are confounded by labor relationships in the Gig and On-Demand economy. In the past, elected officials have turned towards the Fair Labor Standards Act's definition of employee - an individual who is compelled "to suffer or permit work" - and administered the previously discussed economic realities test when adjudicating a worker's employment status. According to the administrator of the Department of Labor's Wage and Hour Division, David Weil, the FLSA's definition of employment should be applied broadly. In an "Administrator's Interpretation" published through the Department of Labor, Mr. Weil refers to the On-Demand economy in writing that:

"Technological advances and enhanced monitoring mechanisms may encourage companies to engage workers not as employees yet maintain stringent control over aspects of the workers' jobs, from their schedules, to the way that they dress, to the tasks that they carry out. Some employers assert that the control that they exercise over workers is due to the nature of their business, regulatory requirements, or the desire to ensure that their customers are satisfied. However, control exercised over a worker, even for any or all of those reasons, still indicates that the worker is an employee."³⁶⁹

Without naming any particular firms, or even the On-Demand economy itself, Mr. Weil is clearly positioning himself and his administration in support of employee classification for On-Demand workers.

³⁶⁹U.S. Department of Labor. Wage and Hour Division. *The Application of the Fair Labor Standards Act's "Suffer or Permit" Standard in the Identification of Employees Who Are Misclassified as Independent Contractors.* United States Department of Labor. United States Department of Labor, 15 July 2015. Web.

As has been implied, it is unclear whether classifying these workers as employees is the best strategy. Partisanship has begun to rear its head in the middle of the debate, where some Democratic leaders have advocated for “employee rights” and some Republican leaders are dismayed by the prospect of increased regulation in this sector of the economy.³⁷⁰ As is the case with political discourse at large, the demarcation of partisan lines has muddied the waters in terms of attaining logical outcomes.

Another factor to take into consideration is that not all On-Demand firms operate under the same business model; employee classification could work for some firms and not for others. Writing for TechCrunch, Noah Lang offers insight into the reasons why some On-Demand firms have made the shift to an employee-based workforce. He notes three “operational characteristics” that dictate whether or not employee classification makes sense for a given firm. In his view, employee status makes sense for firms that offer a specialized experience, boast a high customer-to-worker ratio, and/or provide a convenient, rather than a “truly on-demand,” service. A truly on-demand service is one where timeliness is a prime motivating factor for consumers, like Uber; it is hard to schedule a reliable and fixed work schedules at a firm that offers a truly on-demand service due to the whimsical peaks and valleys in consumer demand.³⁷¹ Under the current employment paradigm, not all On-Demand companies can be held to the same standard. What do business owners do when they are confronted with the prospect of regulation? They adapt. If Uber drivers were classified as employees, the company would likely respond by downsizing its fleet and taking a larger cut from each driver’s

³⁷⁰Weinberg, Jon. "Gig News - October 20, 2015."

³⁷¹Lang. "The Real Reason On-Demand Startups Are Reclassifying Workers."

commission. Professor Sundararajan notes that, if Uber drivers were classified as employees, “it’s very unlikely [that their] take-home pay would rise... they would be able to drive more hours, but they’d have less flexibility in how they worked.”³⁷² Maybe On-Demand workers would be better served by a third employment classification that guarantees some benefits and excludes them from others.

Secretary of Labor Tom Perez admits that employee misclassification is an issue worth confronting, but he is skeptical about the formulation of a new category of employment.³⁷³ When pressed about the concept during an interview, Secretary Perez deflected the question, saying that “such a solution would require legislative action from Congress.”³⁷⁴ Senator Mark Warner has expressed some interest in a third category of employment. He bemoans the fact that, currently, workers are forced to file as employees (W-2) or independent contractors (1099). He admits that “there may need to be a third classification.”³⁷⁵

Seth Harris and Alan Krueger have provided the most comprehensive policy proposal in formulating a new category of employment: The Independent Worker. A policy brief published by the Hamilton Project cites the “online gig economy” as impetus for the Independent Worker classification. The brief notes that “the existing legal framework” surrounding the American labor market “is based on the expectation of a traditional long-lasting employment relationship in which the employee is reliant on the

³⁷²Surowiecki, James. "Gigs With Benefits" *The New Yorker*. Condé Nast, 6 & 13 July 2015. Web.

³⁷³Weinberg, Jon. "Gig News - November 3, 2015." *On Labor: Workers, Unions, and Politics*. On Labor, 03 Nov. 2015. Web.

³⁷⁴Benoff. "Secretary Perez Answers Your Questions on Employee Misclassification."

³⁷⁵Medici, Andy. "U.S. Sen. Mark Warner: Here's Why We Must Rethink Employment, Benefits in the Uber 'gig' Economy." *Washington, D.C. Business Journal*. Washington Business Journal, 06 Nov. 2015. Web.

employer for her livelihood.”³⁷⁶ The Independent Worker would occupy the “gray area” between an employee and independent contractor. Harris and Krueger have cited “three guiding principles” for providing benefits and protections to Independent Workers:

“1. Immeasurability of work hours. The worker classification system should recognize that, in these relationships, the line between work and nonwork can be impossible to measure, and that some work involves hours that cannot be apportioned to a company and measured for the purpose of assigning benefits.

2. Neutrality. The worker classification system should ensure that businesses do not have an incentive to organize themselves to fit a certain status to gain an unfair advantage over other employers.

3. Efficiency. The worker classification system should enable workers and businesses to maximize the joint benefits that their relationships produce.”³⁷⁷

This Thesis has already alluded to the “triangular relationship” in the On-Demand economy. There is the worker, the consumer, and the app-based platform that connects the two. Independent Workers would have the ability to work for multiple platforms at will but they may also be required to submit to criminal background checks or held to the whims of firm-dictated wage-setting practices.

In terms of benefits, Independent Workers would be able to organize and collectively bargain with the platforms for which they work. The National Labor Relations Act could potentially be amended to guarantee these workers their rights, but Harris and Krueger imply that collective organizing could be guaranteed through an exemption to existing antitrust laws. Independent Workers would also be able to pool “employer-provided benefits at a lower cost and higher quality than the workers could obtain on their own in the private market.” It is unclear exactly what type of benefits they would be guaranteed. Independent Workers would also be protected by “federal employment

³⁷⁶Harris and Krueger. *"A Proposal for Modernizing Labor Laws for Twenty-First-Century Work."*

³⁷⁷Harris and Krueger. *"A Proposal for Modernizing Labor Laws for Twenty-First-Century Work."* 4.

discrimination laws” and the platforms for which they work would be compelled to provide “tax-withholding services.” Harris and Krueger argue that, if employers were to “withhold taxes as an advance payment toward an employee’s final tax liability... [it would] help employees... smooth their after-tax income throughout the year, and enable them to avoid the quarterly payments and relevant paperwork filed by other workers.” Finally, On-Demand firms would also be responsible for paying “half of independent workers’ contributions toward the Federal Insurance Contributions Act (FICA) payroll taxes for Social Security and Medicare.”³⁷⁸

The goal of the Independent Worker category is flexibility. Therefore, under this classification, workers would be excluded from receiving some protections. Due to the “immeasurability of work hours” in the Gig and On-Demand economy, Harris and Krueger wager that it is unrealistic to guarantee these workers a minimum wage or “overtime pay for hours worked in a week in excess of forty” hours. Independent Workers, in their view, should forfeit these protections for the sake of maintaining autonomy in coordinating their work schedules. Independent Workers would also be exempt from Unemployment Insurance, because at the current time, that program is built with dislocated employees in mind. The rationale buttressing the Unemployment Insurance system doesn’t apply to Independent Workers who choose when and whether they work. Harris and Krueger do not conclude whether or not employers should be compelled to take responsibility for on-the job injuries, therefore, whether or not employers should provide Workers’ Compensation Insurance; Independent Workers typically do not perform their duties on a particular job site, so it may make sense for platforms to be exempt from providing this benefit. Finally, Harris and Krueger are of the

³⁷⁸Harris and Krueger. “A Proposal for Modernizing Labor Laws for Twenty-First-Century Work.” 4-5.

opinion that, if a given platform does not provide health insurance, it should be compelled to pay 5% of an Independent Worker's earnings (net of commissions) towards their health care.³⁷⁹

The Independent Worker proposal has drawn praise and condemnation from many corners of the political community. Writing for the Wall Street Journal, Greg Ip sees the Independent Worker category as a way to potentially extend "basic rights to workers in the On-Demand economy... [without] burdening all employers with costs that ultimately hurt economic growth."³⁸⁰ It's important to note that the Independent Worker proposal was formulated with the future in mind. Harris and Krueger are envisioning what the workforce could look like years from now. While under a million Americans are currently working in the On-Demand economy full-time, this number could grow "exponentially."³⁸¹ However, the new category could negatively impact today's workforce. Rebecca Smith, deputy director of the National Employment Law Project, voices concern that "developing a whole new category of workers, especially to respond to what is a tiny part of the labor market, would engender a race by other businesses to reclassify their workers in order to avoid accountability."³⁸² This is a valid concern, but it also may be the price paid for fundamentally reforming labor laws and the American safety net. Secretary Perez echoes these concerns. As of yet, he has not commented on the Independent Worker proposal, but he remains "undeniabl[y] fearful that the on-demand conversation is used as an excuse to further roll back the safety net." He warns

³⁷⁹Harris and Krueger. "A Proposal for Modernizing Labor Laws for Twenty-First-Century Work."

³⁸⁰Ip. "As the Gig Economy Changes Work, So Should Rules."

³⁸¹DePillis, Lydia. "This Is What the Social Safety Net Could Look like for On-demand Workers." *The Washington Post*. The Washington Post, 07 Dec. 2015. Web.

³⁸²DePillis. "This Is What the Social Safety Net Could Look like for On-demand Workers."

that the risk of doing “something that is unduly hasty” could result in more harm than good.³⁸³

Legislators and interest groups across the aisle have expressed concern over the Independent Worker proposal. Organized labor is weary of any reform that will “water down worker protections.” One Republican Senator insists “that the last thing we need to do is come up with some new regulations to stifle... innovation.” David Rolf, a Service Employees International Union Vice President and leading voice in the American labor movement, believes that “new categories would give employers an incentive to reclassify existing workers.” What’s more, he doesn’t “see the labor movement or the mainstream of the Democratic party supporting” the Independent Worker proposal.³⁸⁴ Labor advocates, like Professor Steven Greenhouse, have voiced vehement opposition towards the notion that workers in the Gig and On-Demand economy should be exempt from any, or most, of the protections guaranteed to traditional employees.³⁸⁵ Some have also argued that introducing a portable vehicle for benefits is a more realistic short-term goal, but neither of these proposals should be entirely discredited.

In an interview I conducted with Paul Osterman, he expressed skepticism towards the Independent Worker proposal. “The devil is in the details,” he says, “I don’t think the numbers yet justify the need for a new category of employment.”³⁸⁶ He believes workers are best served by strengthening already existing protections and labor standards across the board. But what if existing protections, at the current time, are structurally ill-equipped to satisfy the needs of On-Demand workers? Harris and

³⁸³Scheiber. "A Middle Ground Between Contract Worker and Employee."

³⁸⁴Opfer. "Uber Economy Could Spawn New Worker Classification."

³⁸⁵Greenhouse, Steven. "A Safety Net for On-Demand Workers?" *The American Prospect*. The American Prospect, Inc., 08 Dec. 2015. Web.

³⁸⁶Interview with Paul Osterman." Interview by Ziya Smallens. 22 Jan. 2016.

Krueger may not have offered the most detailed proposal, but at least they are pushing the barrier in terms of reforming the safety net.

The Independent Worker policy proposal is flawed insofar that it is, at this juncture, hypothetical. The political coalition necessary to put it into legislation does not yet exist. Furthermore, if the proposal were to be ratified, it is likely that scores of employers would re-classify existing employees as Independent Workers for the sake of cutting operational costs. These workers would find themselves, like so many others, in a more precarious work arrangement. However, it is also the case that the enactment of massive reform entails growing pains. Most statistics indicate that the Gig and On-Demand economy is growing at an impressive rate. What could be to the detriment of today's workforce could serve to ensure a base-line level of security for tomorrow's Gig and On-Demand workforce. The Independent Worker classification could serve to empower those willing to sacrifice some protections for the sake of increased autonomy.

V. The Role of Public Policy

Establishing a new category of employment is only one of many possible options in confronting the risks posed by the Gig and On-Demand economy. Experts and academics have considered a variety of proposals with the goal of increasing the portability of benefits and protections. Professor Osterman posits that, for a more mobile workforce, public policy must “protect people during [job] transitions so that the consequences of job loss and job changing are less severe than they might be otherwise” and encourage the construction of “local labor market institutions that make movement through the labor market easier and more successful than it has been in the

past.”³⁸⁷ This section will focus on the safety net rather than labor market institutions or worker organization; the next section of this Thesis will tackle those issues.

For the past few decades, labor advocates have entertained the concept of workers retaining benefits while they move job-to-job. This concept is somewhat controversial in a country like America, where the postwar safety net was built with long-term and stable employment in mind. But the construction of a portable benefits system is possible. Katherine Stone is critical of the fact that workers who “change jobs frequently risk losing their benefits, yet those who do not change jobs out of fear of losing benefits... cannot succeed in the current labor market.”³⁸⁸ She posits that Gig workers could be ensured “individual tax-preferred retirement savings programs, through expanding the use of individual retirement accounts (IRAs).”³⁸⁹ Because IRAs are set up on an individual basis, they are tied to workers rather than their employment relationships. Stone also warns that, as it stands, IRAs are held to the whims of individuals; unlike Social Security, no government administration is responsible for safeguarding a worker’s investment or administering their payments incrementally.

With the advent of the On-Demand economy, many experts have voiced support for an institutional mechanism to tie benefits to individual workers. Senator Warner has called for a benefits system that is “not tied to employment, such as the healthcare exchanges set up by the Affordable Care Act.”³⁹⁰ Steve King also notes that the ACA’s approach towards administering benefits – where health care coverage is guaranteed regardless of employment status - “can be done with Social Security.” In this scenario,

³⁸⁷Osterman. *Securing Prosperity*. 122.

³⁸⁸Hill. *Raw Deal*. 244.

³⁸⁹Hill. *Raw Deal*. 256.

³⁹⁰Karsten and West. "Who Protects Workers in the On-demand Economy?"

the cost of an Uber driver's benefits package could be covered via "micro-payments." Every time an Uber driver completes a ride, a percentage of their commission would be allocated towards their "Social Security account." The customer, driver, and the platform itself could all split the cost.³⁹¹ The debate surrounding a portable benefits system presents an especially rare case where both the AFL-CIO and Travis Kalanick (founder of Uber) are in agreement. The AFL-CIO cites the On-Demand economy as "impetus for mobile benefits... that can travel with workers, who may increasingly be working for multiple firms, or moving in and out of full-time work with a single employer." When asked for his opinion, Mr. Kalanick voiced agreement: "benefits that move with people, regardless of where they work, is a very empowering thing."³⁹² A portable, universal, and pro-rated benefits system has widespread appeal.

Instead of providing a seemingly endless lists of hypothetical proposals, this section will discuss one in particular: The Individual Security Account. The concept has been discussed under a variety of names by many experts, but Steven Hill offers a comprehensive articulation of the ISA proposal. The system would act as a portable, universal, and pro-rated benefits system. With ISAs, On-Demand firms like Uber or TaskRabbit would be compelled to pay, on top of a worker's commission, "a small levy of a few dollars per hour... invested in [a worker's] Individual Security Account." The amount paid into an ISA by a given firm would be "pro-rated" based on the number of hours an individual works or, more realistically, on a percentage of the gross wage they earn at the completion of an individual task. Under Mr. Hill's rubric, ISAs would be prearranged so that both the firm and worker's payments are allocated "via payroll

³⁹¹"Interview with Steve King." Interview by Ziya Smallens. 20 Oct. 2015.

³⁹²Foroohar. "In the New World of Work, Is Uber the Villain or a Hero?"

deductions into existing state and federal safety net programs” like Social Security or Unemployment Insurance.³⁹³ Some labor advocates, like David Rolf, have posed questions about the institution responsible for administering ISA benefits. It is unclear whether the government should be entirely responsible for monitoring this system.

The Individual Security Account was formulated with the multiemployer environment in mind. A Gig or On-Demand worker could perform tasks for a variety of firms and each job-provider would pay into the same ISA account. This is not dissimilar to the hour-bank system employed by some contractors. Each ISA account would be assigned an ID number a la Social Security Accounts. Mr. Hill offers an in-depth example:

“Donna is employed 20 hours a week by a hairdresser, contracts for 10 hours a week with TaskRabbit, and drives 10 shifts for Uber. She would earn 50% of her [ISA payments] from the hairdresser, 25% from TaskRabbit, and another percentage based on her wages driving for Uber. That would amount to earning over three-fourths of her full-time benefits (based on a 40-hour work week.)”³⁹⁴

Mr. Hill adds that the ISA system could be overseen by either the government or a private entity like MBO Partners or the Freelancers Union. Of course, the government would regulate the system’s operations, but MBO Partners already performs similar functions for “various safety-net features,” as do some labor unions, or even the Freelancers Union with the now-defunct Freelancers Insurance Company.³⁹⁵ When Gig or On-Demand workers fall on hard times, ISAs would grant them a base-line level of support. This is preferential to them turning to the welfare system. And, aside from start-up costs, the ISA program wouldn’t act as a drain on the federal budget.

³⁹³Hill. *Raw Deal*. 227-228.

³⁹⁴Hill. *Raw Deal*. 229.

³⁹⁵Hill. *Raw Deal*. 228-229.

Labor leader David Rolf has offered a proposal similar to the ISA called the Shared Security System. In an interview conducted with Mr. Rolf, he said that while there may be some slight differences between the two proposals, the “driving force behind both systems is [instituting a] universal and pro-rated benefits system that any employer-like entity can pay into.” He admits that what “Steven Hill and I and [my collaborator] Nick [Hanauer] have come up with is very similar.”³⁹⁶ With Shared Security Accounts, a worker’s benefits “would be earned and accrued via automatic payroll deductions, regardless of the employment relationship... [and the] benefits would be fully pro-rated, portable, and universal.”³⁹⁷ Mr. Rolf and Mr. Hanauer note that the concept of a pro-rated benefits system is not unfamiliar; Social Security’s credit-system is pro-rated as well. There is one key concept that differentiates Shared Security Accounts from Individual Security Accounts: the SSA offers two types of benefits. The first type of benefit is one that is “accrued over time, retaining a specific dollar value” and the other is one that provides “insurance against life events, foreseen or otherwise.” The two “benefits would be accounted for differently.” The former, “mandatory accrued benefits,” would offer:

“a minimum of five days a year of paid sick leave, 15 days a year of paid vacation leave, a matching 401(k) contribution, and the same health insurance premium contribution as currently required under the Affordable Care Act.... Employers - that is to say, whatever entity is paying the worker - would be required to contribute to the worker’s Shared Security Account with each paycheck, with the contributions pro-rated based on a standard eight-hour day, 40-hour week, and 2,080-hour year. For example, 20 days a year of combined vacation and sick leave is equivalent to a contribution of \$0.0769 for every dollar of wages paid, and that is the rate at which companies like TaskRabbit and Uber would contribute for non-hourly piecework... There would be restrictions on how and when the worker could withdraw funds.”

³⁹⁶“Interview with David Rolf.” Interview by Ziya Smallens. 28 Jan. 2016.

³⁹⁷Rolf, David, and Hanauer, Nick. “Shared Security, Shared Growth.” *Democracy Journal*. Democracy, 01 June 2015. Web.

The other type of benefit offered through the SSA, the “mandatory insurance benefit,” would aggregate “unemployment [insurance], workers’ compensation, and paid maternity, paternity, family, and medical leave.” These benefits would not be “cash benefits that the employee could accrue and cash out” at will, “but rather pooled insurance to which both the employer” and worker would contribute to based on a percentage of revenues earned by both parties.³⁹⁸

Compared to the ISA, the SSA is more ambitious in terms of proposing a two-pronged benefits system that would better protect workers in the Gig and On-Demand economy. One question remains: who collects and administers these contributions? Mr. Rolf contends that the ISA or SSA system should be “monitored, not controlled, by the government. The system [could be] administered by non-profits.” Under this rubric, workers would be able to choose their providers, much like the ACA’s insurance exchange system. Mr. Rolf believes that the “government should mandate universal, pro-rated benefits” and ensure that “50% of [the] board-members” at a non-profit responsible for administering SSA benefits are “workers themselves.” He hopes that institutionalizing worker representation, and enforcing proper regulation, would make it so the non-profits providing benefits are not “beholden to shareholders.” Worker representation could also serve to keep administration costs low.³⁹⁹ In David Rolf’s world, the SSA system would be constructed and monitored by the government but nonprofits would handle the actual provision of benefits. Workers would then be able to choose their benefits provider. Both ISAs and SSAs are highly ambitious concepts, but they are also logically practical. Neither system would act as a panacea for precarity in

³⁹⁸Rolf and Hanauer. "Shared Security, Shared Growth."

³⁹⁹"Interview with David Rolf." Interview by Ziya Smallens. 28 Jan. 2016.

the Gig and On-Demand economy, but if implemented, workers would be guaranteed a base-line level of security; benefits would be tied to individuals rather than their employment relationships. Perhaps either ISAs or SSAs could be reserved for workers classified as Independent Workers, but this scenario is far too hypothetical to welcome further analysis.

In preparation for the State of the Union, the Obama administration published a “Wage Insurance” proposal. Under this plan, “workers laid off from a job they held at least three years would be eligible for state-based wage insurance if their new job paid less than the old one” with payment caps set in place. The “insurance payment would replace half the lost wages... up to \$10,000 over two years.”⁴⁰⁰ The proposal’s goal is to reform the Unemployment Insurance system. The Obama administration believes that the Wage Insurance plan would help displaced workers get back on their feet. According to a “fact sheet” released by the White House, “the President’s plan would address holes in our UI system – including by expanding coverage to part-time, many low-income, and intermittent workers, and workers who leave work for compelling family reasons.”⁴⁰¹ The President’s Wage Insurance proposal indicates that American leaders are beginning to address growing precarity in the American labor market. The same leaders also recognize that the welfare state must be reformed in order to address the needs of American workers. It’s worth noting that the President’s proposal would increase government expenditures, whereas ISAs and SSAs would not rely on federal and state funding to the same extent. The process of developing Individual or Shared

⁴⁰⁰ Mahoney, Brian. "Obama Releases Wage Insurance Plan." *POLITICO*. Capitol News Company, 19 Jan. 2016. Web.

⁴⁰¹ Office of the Press Secretary. "FACT SHEET: Improving Economic Security by Strengthening and Modernizing the Unemployment Insurance System." *The White House*. The White House, 16 Jan. 2016. Web.

Security Accounts may call for an expanded federal bureaucracy, but neither proposal would act as a drain on the budget. In fact, by providing Gig and On-Demand workers with a branch to fall on, these proposals could potentially work to decrease federal spending. Less workers would rely on welfare payments in order to make ends meet.

VI. The Role of Labor Intermediaries

A labor intermediary is an organization that matches workers and employers while also providing workers with vital services such as information sharing and labor advocacy. It's important to distinguish labor intermediaries from traditional labor unions: a labor intermediary is an organization that exists outside of a given workplace and externally mediates employment relationships in some capacity. A labor union, on the other hand, is a self-defense organization for workers; workers can either form or join unions in order to advance their interests within a given firm.

According to Professor Osterman, there are three types of labor intermediaries. Traditional “one-on-one” intermediaries passively match workers with employers who have registered with said intermediary, like temp agencies. Customized intermediaries are more “active and aggressive” in trying to satisfy the needs of both employers and job-seekers; they ensure that both the needs of employers and workers are met. Finally, a third form of intermediary is that which not only attempts to satisfy the needs of both employers and workers but also bargains with firms or asserts collective power in order to alter firm behavior.⁴⁰² This third form of intermediary plays a similar role to traditional labor unions, as they are able to influence the decisions made by managers and business owners, but they are not synonymous with postwar industrial trade unions. Labor intermediaries are concerned with the needs of both employers and employees.

⁴⁰²Osterman. *Securing Prosperity*. 132-4.

Labor unions, on the other hand, exclusively advocate for the needs of a given workforce. Unions empower workers by endowing them with an institutional capacity to negotiate with their managers; intermediaries may advocate for workers but they do not endow a given workforce with autonomous collective power. Due to the fact that labor intermediaries are external organizations that mediate employment relationships, they serve a different purpose than unions. That being said, the third form of labor intermediary that Osterman outlines can potentially act as a functional substitute for traditional labor unions in the Gig and On-Demand economy.

As boundaries within some American firms have blurred and workers switch jobs at faster rates, the postwar unionization model has been called into question. The National Labor Relations Act is predicated upon the premise of workers forming a bargaining unit within a particular workplace. Instead of precisely defining the term, the National Labor Relations Board determines what constitutes a bargaining unit “on a case-by-case basis.” Under the NLRB’s rubric, “bargaining units tend to have static job definitions and clear departmental boundaries.... The NLRB has a preference for worksite-specific bargaining units and has adopted a presumption in favor of single facility units.”⁴⁰³ This approach towards collective organization is unsatisfactory in the On-Demand economy where workers engage in various types of tasks across a variety of platforms. For full-time On-Demand workers, the workday is not a static affair. Katherine Stone argues that “as careers become boundaryless and work becomes detached from a single employer, unions need to become boundaryless as well.”⁴⁰⁴ According to her, unions should maintain a communal role and ensure mutual

⁴⁰³Stone. *From Widgets to Digits*. 207.

⁴⁰⁴Stone. *From Widgets to Digits*. 218.

assistance to their members. Stone's argument is not dissimilar to the one posed by (Freelancers Union founder) Sara Horowitz, that unions should encourage "mutual self-help amongst members."⁴⁰⁵

This theoretical framework underpins Stone's advocacy for New Craft and Citizen unionism. As discussed in Chapter 3, New Craft unionism seeks to organize workers across entire industries and negotiate collective bargaining agreements for a segment of workers. In this scenario, unions employ an "embedded contract bargaining" model where they negotiate "a basic agreement that provides for individually negotiated agreements consistent with [their] terms."⁴⁰⁶ Citizen Unionism is a form of collective organization predicated on geographic proximity. Members of a given "Citizen union" take part in "all types of workplaces and industries in a given locality. Its goal is to pressure area-wide employers to provide area-wide workers with the income, benefits, and training they need to operate in the boundaryless workplace."⁴⁰⁷

Much like the American safety net, conventional approaches towards organizing the American labor force have been rendered inadequate by recent economic developments. Whatever the feasibility of either New Craft or Citizen unionism, both concepts seek to address the needs of Gig and On-Demand workers in ways that the postwar industrial trade union model fails to. Labor leader David Rolf posits that "the once powerful industrial labor unions that built the mid-century American middle class are in deep crisis" and unable to advocate for their members "with the scale and power necessary to reverse contemporary economic trends."⁴⁰⁸ Rolf has called for organized

⁴⁰⁵Stone. *From Widgets to Digits*. 219.

⁴⁰⁶Stone. *From Widgets to Digits*. 221.

⁴⁰⁷Stone. *From Widgets to Digits*. 227.

⁴⁰⁸Hill. *Raw Deal*. 203.

labor to harken back to its “pre-New Deal roots.” During this period, the labor movement “was more decentralized and had lots of different and competing strategies.” Through this approach, Rolf believes labor advocates can usher in the era of “labor 3.0.”⁴⁰⁹ Other experts, like Lawrence Summers, agree with Mr. Rolf. Secretary Summers notes that the NLRA guarantees the right for workers to form unions and bargain collectively with employers, but “the exercise of these rights can be difficult because of the way the law is administered” and “the time between worker petitions for representation elections and the elections themselves can take many months.”⁴¹⁰ The NLRA has already posed problems for On-Demand workers hoping to unionize. In Seattle, where the city council recently voted in favor of Uber drivers unionizing, lawmakers had to “work around” the NLRA. While the NLRA guarantees the right for employees to unionize, it does not explicitly do so for independent contractors. “The National Labor Relations Act does not preclude independent contractors from organizing,” says labor attorney Dmitri Iglitzin, “it simply does not give them any rights... [another entity] could give drivers those rights.”⁴¹¹ The NLRA, the NLRB, and the overall collective bargaining apparatus established during the New Deal has provided a vital service to millions of American workers. It’s not that this collective bargaining framework is necessarily detrimental to today’s workforce, it’s simply a product of another era, and organizing tactics must evolve.

Some labor leaders in the On-Demand economy have pursued efforts to redefine collective bargaining. The National Domestic Workers Alliance recently published a

⁴⁰⁹Hill. *Raw Deal*. 204.

⁴¹⁰Summers, and Balls. "Report of the Commission on Inclusive Prosperity." 106.

⁴¹¹Alba. "Inside Seattle’s Bold Plan to Let Its Uber Drivers Organize."

“Good Work Code” with the goal of “defining what a good work[place] looks like” in this sector of the economy. 22 firms have endorsed the Good Work Code so far. Its eight core values are “safety, stability and flexibility, transparency, shared prosperity, a living wage, inclusion and input, support and connection, and growth and development.”⁴¹² In an interview, one of the NDWA’s leaders gave an example of how one On-Demand firm, SketchDeck, is abiding by the Code: the firm provides “design services mostly to businesses” and is “developing a creative way to aggregate designers and clients in a way that compensates designers, regardless of whether or not their work generates a contract.”⁴¹³ In this case, SketchDeck is actively advocating for its On-Demand labor force.

What’s more, the NDWA and the Good Work Code offer a form of organizing that isn’t contingent upon government action. In the words of one of the NDWA’s leaders, the On-Demand economy is a “growing economy that’s still establishing its norms and values, so there’s room to build [satisfactory labor standards] into its DNA.” At this juncture, the NDWA finds it necessary to work with companies “outside of the political process,” not because policy is unimportant, but because their approach builds “an alternative center of gravity in Silicon Valley where real dialogue and real progress on these questions can take place.”⁴¹⁴ While public policy should act to bridge the gap between security and depravity in the Gig and On-Demand economy, it’s important to create a professional landscape that welcomes a variety of approaches towards labor organization. As this Thesis has argued at many points, the On-Demand economy

⁴¹²Zakaras, Michael. "Can The Online Economy Become A Labor Leader?" *Forbes*. Forbes Magazine, 23 Nov. 2015. Web.

⁴¹³Zakaras. "Can The Online Economy Become A Labor Leader?"

⁴¹⁴Zakaras. "Can The Online Economy Become A Labor Leader?"

subverts traditional labor relationships; the best way to navigate untrodden territory is by welcoming innovation rather than setting industry-wide standards that may not benefit workers in the most efficient manner possible.

David Rolf echoes these sentiments. “The enterprise-based collective bargaining model is dead,” he says, “now is the time to take risks... we ought to embrace change.”⁴¹⁵ It is for this reason that Rolf founded The Workers Lab, which studies and invests in organizations that “have the potential to build economic power for workers, at scale, and to sustain themselves financially.” Rolf contends that these organizations will not be unions “as they currently exist.”⁴¹⁶ His perspective validates the argument in favor of the third type of labor intermediary outlined by Professor Osterman. Rather than applying 20th century collective bargaining standards to the emerging On-Demand economy, workers could benefit from being represented by a labor intermediary that externally advocate for their needs. In this way, intermediaries could act as a functional substitute for labor unions.

Mr. Rolf’s goal, which has drawn condemnation from some members of the labor community, is to “amass power for workers” through means other than “the decaying collective bargaining regime of the past eight decades.” He doesn’t have a “singular theory of what will build worker power,” but that’s the point: workers are navigating untrodden territory.⁴¹⁷ Different models for organizing workers in the On-Demand economy need to be applied to a real-world context in order to discover which is most effective. Even though the Workers Lab launched just over a year ago, Rolf notes that

⁴¹⁵“Interview with David Rolf.” Interview by Ziya Smallens. 28 Jan. 2016.

⁴¹⁶Meyerson, Harold. “The Seeds of a New Labor Movement.” *The American Prospect*. The American Prospect, Inc., 30 Oct. 2014. Web.

⁴¹⁷Meyerson. “The Seeds of a New Labor Movement.”

there have already been some instances of success. He points to the “Better Builder Program,” a collaboration between the Workers Defense Project and real estate developers that seeks “to create both high-quality jobs and high-quality buildings throughout Texas” by setting industry-wide standards in the Texan construction industry. The BBP’s approach applies a worker-led labor standards enforcement strategy and employs “certification and labeling,” which guarantees that the materials being used at a given work-site are ethically sourced. With some assistance from local developers and local governments, the Better Builder Program is leveraging the “marketplace to make it annoying and costly for developers to not use the worker-led program... if developers follow the rules, they earn the [certification] label.”⁴¹⁸ The BBP’s industry-wide and locality-based approach is reminiscent of Stone’s New Craft and Citizen unionism.

When asked how member-led enforcement programs could manifest in the On-Demand economy, Mr. Rolf pointed to a given labor force’s disruptive capacity as the key factor. He gives an example: “Imagine that a group of Uber drivers in Cleveland got together and formed ‘Ride-Share Drivers United.’” The drivers could then produce a list of demands, but “they have to do something disruptive to bring the company to the table. [They could present] legislation, [go on] strike... [or threaten to] go work for Lyft... [the] real money prize is” pinpointing “what is truly disruptive.” In this way, Mr. Rolf believes that the “question isn’t how... a worker-led enforcement program [would] work, it’s the question of how do [they] disrupt effectively. Change comes from having power. Power generally comes from disruption or the credible threat of destruction.”⁴¹⁹

⁴¹⁸“Interview with David Rolf.” Interview by Ziya Smallens. 28 Jan. 2016.

⁴¹⁹“Interview with David Rolf.” Interview by Ziya Smallens. 28 Jan. 2016.

Asserting collective power in the On-Demand economy is a nonstarter if workers are unable to effectively demonstrate their ability to disrupt the platforms for which they work. As evidenced in Chapter 2, On-Demand platforms can be used to mobilize grassroots support. App-based technology allows for a depth of interaction that can be used to garner sympathy from a platform's user-base. If workers align themselves with a technologically proficient ally, it is possible that they could develop their own methods of mobilizing grassroots support, similar to the WGA during the 2007-08 strike. However, On-Demand workers should first pursue a collaborative, rather than antagonistic, approach. As the Good Work Code indicates, some firms are willing to collaborate with workers in order to develop collective organization. But if a collaborative approach proves fruitless in the future, maybe it would be preferable for On-Demand workers to demonstrate their disruptive potential.

It may also be necessary for the government to intervene in developing new methods of collective organization. Professor Osterman notes that "the Department of Labor has the resources [necessary] to fund" a Workers Lab-esque approach towards generating competing models of labor organization.⁴²⁰ He points to the National Fund for Workforce Solutions, which describes itself as a "growing national partnership of employers, workers, communities and philanthropy that strengthens local economies by implementing demand-driven strategies that create talent supply chains, advance workers into family-supporting careers, and improve workforce development systems." More specifically, the National Fund for Workforce solutions "promotes the development of employer-led industry partnerships that guide educational and training investments in

⁴²⁰"Interview with Paul Osterman." Interview by Ziya Smallens. 22 Jan. 2016.

[worker] skills and credentials."⁴²¹ In some ways, the National Fund also embodies the third-form of labor intermediary outlined by Professor Osterman. It externally fosters ties between employers and their workers with the goal of setting industry-wide standards and community-designed strategies.⁴²² This approach, a la New Craft and Citizen unionism, emphasizes setting standards that are appropriate given the communal context in which they manifest. Unfortunately, the National Fund for Workforce Solutions is funded by corporate donors like JPMorgan Chase and Co., Boeing, and the Rockefeller Foundation.⁴²³ Perhaps the National Fund could more effectively advocate for workers if it were to derive funding through the equivalent of union dues instead of corporate charity.

VII. In Conclusion

I have argued that the On-Demand economy has tremendous potential, and if we can muster the necessary political will, our institutions and elected officials can reorient the American safety net so that it is compatible with the flexibility and forms of commercial exchange fostered by technological innovations in this sector of the economy. On-Demand employment relationships should not be synonymous with precarious work arrangements. Workers can be ensured base-line protections while also having the capacity to freely navigate the On-Demand labor market.

As is the case with any emerging economic sector, the On-Demand economy, at the current time, is turbulent. Existing systems and institutions adhere to a rubric crafted

⁴²¹"About Us." *National Fund for Workforce Solutions*. National Fund for Workforce Solutions, 2016. Web. <<http://www.nfwsolutions.org/about-us>>.

⁴²²"Strategy." *National Fund for Workforce Solutions*. National Fund for Workforce Solutions, 2016. Web. <<http://www.nfwsolutions.org/about-us/approach>>.

⁴²³"Our Funders." *National Fund for Workforce Solutions*. National Fund for Workforce Solutions, 2016. Web. <<http://www.nfwsolutions.org/about-us/national-funders>>.

during America's industrial heyday. We live in a new era. Despite my cautious optimism, the On-Demand economy poses some cause for concern. Across the industry, On-Demand employment relationships are concurrent with those of the larger Gig economy, many start-ups are prone to failure, and some venture capitalists have grown skeptical. However, as was the case with the mid-20th century American economy, major institutions have the prerogative to re-define the On-Demand economy and unleash its potential.

In posing reforms, policymakers and labor advocates must thwart the allure of partisan appeals. Some business leaders in the On-Demand economy employ rhetoric that implicitly discredits the prospect of increased regulation. We mustn't resign ourselves to ideological rivalry. Over the course of this Thesis, I have come to the conclusion that conventional public policies and means of organizing workers are defunct in the On-Demand economy, but at the same time, the insecurity On-Demand workers face is untenable. A middle ground exists and some experts are within its striking distance.

Many scholars and officeholders are conflicted as to whether or not On-Demand workers should be classified as employees or independent contractors. With the Independent Worker proposal, Seth Harris and Alan Krueger hope to establish a new category of employment that will ensure a base-line level of security for Gig and On-Demand workers while also allowing them to maintain the flexibility necessary to navigate the labor market with ease. Institutionalizing a new category of employment is an ambitious project, and doing so would have unforeseen consequences, but the

Independent Worker proposal serves the purpose of arousing necessary debate and may even open the door for much-needed reform.

With Individual or Shared Security Accounts, Steven Hill, David Rolf, and Nick Hanauer offer logical proposals for instituting a portable, universal, and pro-rated vehicle that provides benefits to workers in the Gig and On-Demand economy. It is not entirely clear how such a vehicle would be put in place, but it may make sense for the government to provide oversight while non-profits compete with one another in administering benefits to workers. This system would act similarly to the health insurance exchange introduced by the Affordable Care Act.

Finally, Paul Osterman, Katherine Stone, Sara Horowitz and David Rolf all suggest that the enterprise-based collective bargaining model is not the most effective model for organizing workers in the On-Demand economy. Instead, labor intermediaries should pilot new forms of collective organization on a firm-by-firm basis, strengthen communal bonds in a given locality, and advocate for On-Demand workers across the industry. In order for On-Demand workers to procure collective power it is crucial that they acquire disruptive capacity, and the technology underpinning On-Demand platforms may prove a vital ally in this regard.

None of the proposals outlined in this Thesis can single-handedly act as a panacea for the struggles workers face in the On-Demand economy. In order for On-Demand workers to secure prosperity, the labor market must be reoriented so workers can willfully incur increased risk, and in return, be granted a greater level of autonomy. On-Demand firms will continue to generate consumer demand as long as they provide unique or even vital services through innovative mechanisms. The profitability of a given

firm is not contingent upon the subjugation of its labor force. The virtuous cycle ushered in by the New Deal can be reimagined in the On-Demand economy.

Glossary:

Airbnb

A home-sharing On-Demand platform and one of the more popular On-Demand services. The platform connects homeowners or renters with guests who can rent space for a given period of time.

Alternative Work Arrangements

- See also: Nontraditional or Flexible Work Arrangements.

Employment arrangements that break from the norms of traditional employment relationships. Under these arrangements, workers can either be self-employed, work part-time, work irregular hours, or adhere to a different set of employment standards. Alternative work arrangements can - but are not required to - welcome as much risk as precarious work arrangements.

The American Safety Net

- See also: Social Insurance System

An amalgamation of systems, institutions, and public policies, primarily established by the federal government, that serve to protect American workers from falling into poverty. The American safety was largely composed during the postwar era.

Contingent Workers

- See also: Gig Workers, Independent Workers, Freelancers, Nonpermanent Workers, Independent Contractors, 1099 Workers, the Independent Workforce

Workers engaged in an employment arrangement that does not guarantee them the same set of services, benefits, and protections that traditional employees receive. These workers file 1099-MISC tax forms as opposed to W-2s. As a result, they populate the Gig economy, where workers move firm-to-firm rather than situate themselves in a long-term employment relationship with a single employer.

(Author's note: there are some slight variations amongst these definitions; see Chapter 1 Section II for details).

Employees

Largely refers to workers engaged in traditional employment arrangements but can also refer to individuals engaged in precarious or alternative ones.

Employer-Employee Relationship

- See also: Employment Relationship

Any sort of employment arrangement in which an individual performs a task or service, long-term or not, for a single job-provider (firm, manager, or On-Demand platform). A major focal point of this Thesis is investigating how American employment relationships have evolved since the New Deal and been transformed in the Gig and On-Demand economy.

Gig Economy

A sector of the economy in which workers engage in precarious or nontraditional employment arrangements; neither employers nor their workers have the expectation of long-term commitment. Over the past half-century, the Gig economy has grown at an alarming rate as more and more workers have been excluded from traditional employment relationships and the vital protections

they entail.

Independent or Shared Security Accounts

Two proposals brought forth by Steven Hill (in the case of ISAs) and David Rolf and Nick Hanauer (in the case of SSAs) with the goal of introducing a universal, portable, and pro-rated vehicle for ensuring protections and benefits in the Gig and On-Demand economy.

The Independent Worker

A third category of employment proposed by Seth Harris and Alan Krueger. Their proposal was inspired by the advent of the On-Demand economy and has the goal of ensuring workers some vital protections while excluding them from others as to allow for flexibility in the labor market.

Labor Intermediary

A labor intermediary, in its most crude form, is an organization that matches workers with employers. These organizations serve to externally mediate employer-employee relationships. There are various types of labor intermediaries and this Thesis is primarily concerned with those that assert external pressure on a given firm in order to advocate for a segment of the workforce. Labor intermediaries are not synonymous with labor unions.

On-Demand Economy

A subset of the Gig economy in which contingent work is facilitated by app-based platforms. The On-Demand economy is distinct from the Gig economy in that it arouses a “triangular” relationship comprised of a consumer, a worker, and the On-Demand platform that connects the two. As Rachel Botsman articulates, exchanges in the On-Demand economy are largely time-sensitive.

Due to its utilization of technological innovations, the On-Demand economy, as this Thesis argues, has the potential to occupy a significant and valuable role in the American economy in a way the Gig economy does not.

On-Demand Platform(s)

The business model on which the On-Demand economy is predicated. These app-based platforms allow workers to engage with and/or provide services to consumers. Some argue that On-Demand platforms grant workers increased autonomy; others argue they exert undue influence over workers. On-Demand platforms also bring about triangular consumption relationships.

(Labor Market) Precarity

A culture in which employees are laid off more frequently, guaranteed less benefits and services, and forced to shoulder the burden of increased corporate instability. The growing number of precarious work arrangements has contributed to an atmosphere of fear and uncertainty within the American labor market.

Precarious Work Arrangements

Employment relationships that breed insecurity and uncertainty. Workers, rather than firms or employers, are forced to bear the

brunt of risks associated with employment. In these arrangements, workers are not guaranteed job security, stable wage-rates, or the protections outlined by the American safety net.

Postwar Era

- See also: Traditional employment relationships, Traditional Work Arrangements, or Fordism

The time period (spanning from the mid-to-late 20th century) in which employment relationships abided by the norms and practices established by New Deal-era institutions and public policies. The postwar industrial model for employer-employee relationships guaranteed workers a generous set of services and protections. During this period, both firms and workers operated under the assumption of mutual long-term commitment. Firms offered workers internal promotion schemes, stable wage-rates, and the implicit promise of job security.

TaskRabbit

An On-Demand labor-brokering platform. The firm matches workers (or Taskers) with consumers seeking a service or exchange on a task-by-task basis. Taskers can provide a variety of services in multiple industries.

Uber

An On-Demand ride-sharing platform and possibly the most popular On-Demand service. The firm matches drivers, operating their personal vehicles, with consumers.

Bibliography

1. Stone, Katherine Van Wezel. *From Widgets to Digits: Employment Regulation for the Changing Workplace*. Cambridge, UK: Cambridge UP, 2004.
2. Braverman, Harry. *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*. New York: Monthly Review, 1975. Print.
3. Osterman, Paul. *Securing Prosperity: The American Labor Market: How It Has Changed and What to Do about It*. Princeton, NJ: Princeton UP, 1999
4. Hill, Steven. *Raw Deal: How the "Uber Economy" and Runaway Capitalism Are Screwing American Workers*. New York: St. Martin's, 2015.
5. Warner, Mark. "Public Policy Challenges and Opportunities in a Digital Economy." The Huffington Post. *TheHuffingtonPost.com*, 09 July 2015
6. Marsden, Peter V. *Social Trends in American Life: Findings from the General Social Survey since 1972*. Princeton: Princeton UP, 2012.
7. Freelancers Union & Upwork. "Freelancing In America: 2015." *An Independent Study Commissioned by Freelancers Union & Upwork* (2015). 01 Oct. 2015.
8. "Interview with Members of the Government Accountability Office." Interview by Ziya Smallens. 21 Oct. 2015.
9. "Gig Economy." *Mark R. Warner: U.S. Senator from the Commonwealth of Virginia*. Senator Mark Warner, 2015. Web.
10. Townsend, Tess. "Study Says Work Force Shifting Increasingly Toward Freelance." *Inc.com*. Inc., 13 Aug. 2015.
11. "Contingent Workforce: Size, Characteristics, Earnings, and Benefits." GAO. GAO: U.S. Government Accountability Office, 20 Apr. 2015.
12. Weber, Lauren. "New Data Spotlights Changes in the U.S. Workforce." *The Wall Street Journal*. The Wall Street Journal, 28 May 2015
13. Hitt, M. A., Keats, B. W., and Demarie, S. M. "Navigating in the New Competitive Landscape: Building Strategic Flexibility and Competitive Advantage in the 21st Century." *Academy of Management Perspectives* 12.4 (1998): 22-42.
14. Bureau of Labor Statistics U.S. Department of Labor. "Employer Costs For Employee Compensation - June 2015." *U.S. Bureau of Labor Statistics*. United States Department of Labor, 09 Sept. 2015.
15. Kessler, Sarah. "Here's How Many Gigs Are In The Gig Economy." *Fast Company: Business + Innovation*. Fast Company, 16 Sept. 2015.
16. "California Case Threatens Uber's Business Model, Future Of Freelance Economy." Interview by Kelly McEvers. *NPR*. NPR: National Public Radio, 11 Nov. 2015. Web.
17. Portable Benefits. "Common Ground for Independent Workers - What's The Future of Work?" *Medium*. 10 Nov. 2015.
18. DePillis, Lydia. "We're Doing a Terrible Job of Measuring the Modern Workforce, and the Feds Know It." *Washington Post*. The Washington Post, 9 Oct. 2015. Web.
19. "Interview with Employees of a United States Senate Office." Interview by Ziya Smallens. 15 Jan. 2016.
20. Abraham, Katharine G., Steven J. Davis, and John C. Haltiwanger. "Don't Starve the BLS." *Roll Call*. Roll Call, 09 Oct. 2015. Web.
21. Zumbrun, Josh, and Sussman, Anna Louie. "Proof of a 'Gig Economy' Revolution Is Hard to Find." *WSJ*. The Wall Street Journal, 26 July 2015. Web.
22. Greenhouse, Steven. "Tackling Concerns of Independent Workers." *The New York Times*. The New York Times, 23 Mar. 2013. Web.
23. Horowitz, Sara. "Freelancers in the U.S. Workforce." *U.S. Bureau of Labor Statistics*. U.S. Bureau of Labor Statistics, Oct. 2015. Web.
24. "Get To Know MBO." Who We Are. MBO Partners, n.d. Web.
25. MBO Partners. "MBO Partners State of Independence in America 2015: Five Years of Insight on the Growth of the Independent Workforce." (2015). MBO Partners, Inc.
26. Steinmetz, Katy. "Exclusive: See How Big the Gig Economy Really Is." *Time*. Time, 6 Jan. 2016. Web.

27. "Interview with Steve King." Interview by Ziya Smallens. 20 Oct. 2015.
28. Mishel, Lawrence. "Uber Is Not the Future of Work." *The Atlantic*. Atlantic Media Company, 16 Nov. 2015. Web.
29. Ferenstein, Gregory. "The Gig Economy Appears To Be Growing. Here's Why." *Forbes*. Forbes Magazine, 12 Dec. 2015. Web.
30. Dourado, Eli, and Christopher Koopman. "Evaluating the Growth of the 1099 Workforce." *Mercatus on Policy at George Mason University* (2015): n. pag. Dec. 2015. Web.
31. Sussman, Anna Louie, and Josh Zumbun. "Contract Workforce Outpaces Growth in Silicon-Valley Style 'Gig' Jobs." *WSJ*. The Wall Street Journal, 25 Mar. 2016. Web.
32. Perez, Tom. "Innovation and the Contingent Workforce." *U.S. Department of Labor Blog: Promoting & Protecting Opportunity*. United States Department of Labor, 25 Jan. 2016. Web.
33. King, Steve. *Twitter*. Twitter, 15 Oct. 2015. Web.
<<https://twitter.com/Smallbizlabs/status/654684845679906816>>.
34. Friedman, Thomas L. "Welcome to the 'Sharing Economy'." *The New York Times*. The New York Times, 20 July 2013. Web.
35. Lieber, Ron. "Airbnb Horror Story Points to Need for Precautions." *The New York Times*. The New York Times, 14 Aug. 2015. Web.
36. Botsman, Rachel. "The Sharing Economy: Dictionary of Commonly Used Terms." *Medium*. N.p., 19 Oct. 2015. Web.
37. Workplace Flexibility 2010, Georgetown University Law Center, "Flexible Work Arrangements: A Definition And Examples" (2006). *Memos and Fact Sheets*.
38. Karsten, Jack, and West, Darrell M. "Who Protects Workers in the On-demand Economy?" *The Brookings Institution*. The Brookings Institution, 27 Aug. 2015. Web.
39. Surowiecki, James. "Gigs With Benefits" *The New Yorker*. Condé Nast, 6 & 13 July 2015. Web.
40. Sachs, Benjamin. "Uber: Employee Status and 'Flexibility'" *On Labor: Workers, Unions, and Politics*. On Labor, 25 Sept. 2015. Web.
41. Blanchard, Oliver A. "Stop Calling It the 'Sharing Economy.' That Isn't What It Is." *Olivierblanchard.net*. Olivier A. Blanchard, 29 July 2015. Web.
42. Lang, Noah. "The Real Reason On-Demand Startups Are Reclassifying Workers." *TechCrunch*. TechCrunch, 22 Nov. 2015. Web.
43. Opfer, Chris. "Uber Economy Could Spawn New Worker Classification." *Bloomberg BNA*. Bloomberg L.P., 18 Nov. 2015. Web.
44. Harris, Seth D., and Krueger, Alan B. "A Proposal for Modernizing Labor Laws for Twenty-First-Century Work: The 'Independent Worker'." The Hamilton Project. Dec. 2015. Web.
45. Kokalitcheva, Kia. "Flywheel to Modernize Taxi Technology with Just a Smartphone." *Fortune*. Time Inc. Network, 29 Oct. 2015. Web.
46. Byers, John, Proserpio, Davide and Zervas, Georgios. "The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry." *SSRN Electronic Journal SSRN Journal* (2013): n. pag. Web.
47. Hamari, Juho, Sjöklint, Mimmi, and Ukkonen, Antti. "The Sharing Economy: Why People Participate in Collaborative Consumption." *Journal of the Association for Information Science and Technology J Assn Inf Sci Tec* (2015): n. pag. Web.
48. Manyika, James, Lund, Susan, Robinson, Kelsey, Valentino, John, and Dobbs, Richard. "A Labor Market That Works: Connecting Opportunity With Talent in the Digital Age." *McKinsey & Company* (June 2015): n. pag. Web.
49. McAlister, Matt. "Could the Gig Economy Transform Every Industrial Process?" *The Guardian*. Guardian News and Media, 13 Nov. 2015. Web.
50. DePillis, Lydia. "The next Labor Fight Is over When You Work, Not How Much You Make." *Washington Post*. The Washington Post, 08 May 2015. Web.
51. "Miller, Harkin, Warren, DeLauro Introduce Legislation to Establish Fair Work Scheduling Practices." *Committee on Education & The Workforce*. Congressional Democrats, 22 July 2014. Web.
52. Dwoskin, Elizabeth. "At Uber, the Algorithm Is More Controlling Than the Real Boss." *WSJ*. The Wall Street Journal, 04 Nov. 2015. Web.

53. Kopytoff, Verne G. "Amazon Pressured on Sales Tax." *The New York Times*. The New York Times, 13 Mar. 2011. Web.
54. Copelin, Laylan. "Documents: Amazon Risking Little in Texas Sales Tax Deal." *Statesman*. Austin American-Statesman, 18 July 2012. Web.
55. Dougherty, Conor, and Isaac, Mike. "Airbnb and Uber Mobilize Vast User Base to Sway Policy." *The New York Times*. The New York Times, 04 Nov. 2015. Web.
56. Hester, Jessica Leigh, and Poon, Linda. "How Old-Fashioned Jobs Flourish in the On-Demand Economy." *CityLab*. The Atlantic, 17 Nov. 2015. Web.
57. "The Uber Story." *Uber*. Uber, n.d. Web. <<https://www.uber.com/our-story/>>.
58. Nilsen, Sverre Rørvik. "I Drove for Uber for a Week, and Here's What It Was like." *Business Insider*. Business Insider, Inc, 04 Feb. 2015. Web.
59. Herrera, Doug. "What's the Difference between UberX, XL, UberSelect, and Black Car?" *RideSharingDriver*. RideSharingDriver, 16 Dec. 2015. Web. <<http://www.ridesharingdriver.com/whats-the-difference-between-uberx-xl-uberplus-and-black-car/>>.
60. Silverstein, Sara. "We Did the Math: Is Uber Really Cheaper than a Taxi?" *Business Insider*. Business Insider, Inc, 08 Apr. 2015. Web.
61. Driving Jobs." *Uber*. Uber, n.d. Web. <<https://www.uber.com/driver-jobs/>>.
62. Milian, Mark. "Uber's International 'Launch Playbook' Includes Some Tough Lessons." *Bloomberg.com*. Bloomberg L.P., 20 Nov. 2014. Web.
63. Kokalitcheva, Kia. "Uber Completes 1 Billion Rides." *Fortune*. Time Inc. Network, 30 Dec. 2015. Web.
64. Rosenblat, Alex. "The Truth About How Uber's App Manages Drivers." *Harvard Business Review*. Harvard Business Publishing, 06 Apr. 2016. Web.
65. Ip, Greg. "As the Gig Economy Changes Work, So Should Rules." *WSJ*. The Wall Street Journal, 09 Dec. 2015. Web.
66. Singer, Natasha. "Twisting Words to Make 'Sharing' Apps Seem Selfless." *The New York Times*. The New York Times, 08 Aug. 2015. Web.
67. Foroohar, Rana. "In the New World of Work, Is Uber the Villain or a Hero?" *Time*. Time Inc. Network, 09 Dec. 2015. Web.
68. "Our Principles on the On-Demand Economy." *AFL-CIO*. AFL-CIO: America's Unions, n.d. Web.
69. Baldwin, Roberto. "California Uber Drivers Can Join in Class-action Lawsuit." *Engadget*. AOL, 01 Sept. 2015. Web.
70. Weinberg, Jon. "Gig News: Uber Driver Class Action Significantly Expanded." *On Labor: Workers, Unions, and Politics*. On Labor, 11 Dec. 2015. Web.
71. Gandel, Stephen. "Uber-nomics: Here's What It Would Cost Uber to Pay Its Drivers as Employees." *Fortune*. Time Inc. Network, 17 Sept. 2015. Web.
72. Somerville, Heather, and Levine, Dan. "Exclusive: Uber Winning Make or Break Legal Battles across America." *Reuters*. Thomson Reuters Corporation, 11 Dec. 2015. Web.
73. Scheiber, Noam. "A Middle Ground Between Contract Worker and Employee." *The New York Times*. The New York Times, 10 Dec. 2015. Web.
74. Wingfield, Nick, and Isaac, Mike. "Seattle Will Allow Uber and Lyft Drivers to Form Unions." *The New York Times*. The New York Times, 14 Dec. 2015. Web.
75. Soper, Taylor. "Uber Policy Advisor David Plouffe Calls Proposed Seattle Ordinance to Unionize Drivers 'puzzling'" *GeekWire*. GeekWire, 04 Dec. 2015. Web.
76. Alba, Davey. "Inside Seattle's Bold Plan to Let Its Uber Drivers Organize." *Wired*. Condé Nast Digital, 14 Dec. 2015. Web.
77. Kokalitcheva, Kia. "Uber Drivers Protest Wage Cuts In NYC and San Francisco." *Fortune*. Time Inc. Network, 01 Feb. 2016. Web.
78. Skelding, Conor. "Union Files to Represent Uber Drivers Serving LaGuardia." *POLITICO: New York*. Capitol News Company, 03 Feb. 2016. Web.
79. "About Us." *Airbnb*. Airbnb, Inc., n.d. Web. <<https://www.airbnb.com/about/about-us>>.
80. Lieber, Ron. "Death in Airbnb Rental Raises Liability Questions." *The New York Times*. The New York Times, 13 Nov. 2015. Web.

81. Logan, Bryan. "Airbnb Dodged a Bullet in Its Hometown." *Business Insider*. Business Insider, Inc, 04 Nov. 2015. Web.
82. United States. Department of Elections. City and County of San Francisco. *November 3, 2015 Official Election Results*. N.p.: n.p., n.d. Web. <<http://www.sfelections.org/results/20151103/#>>.
83. Cutler, Kim-Mai. "Airbnb, Proposition F And The Shared Hypocrisy Of Bay Area Housing." *TechCrunch*. AOL, 03 Nov. 2015. Web.
84. United States. City and County of San Francisco. Office of the Controller - Office of Economic Analysis. *Amending the Regulation of Short-Term Residential Rentals: Economic Impact Report*. Office of Economic Analysis, 18 May 2015. Web.
85. Sabatini, Joshua. "Prop. C Passes for More Transparency in Lobbying." *The San Francisco Examiner*. San Francisco Media Company LLC, 04 Nov. 2015. Web.
86. Isaac, Mike. "Airbnb Releases Trove of New York City Home-Sharing Data." *The New York Times*. The New York Times, 01 Dec. 2015. Web.
87. "About Us." *TaskRabbit*. TaskRabbit, n.d. Web. <<https://www.taskrabbit.com/about>>.
88. Bercovici, Jeff. "TaskRabbit Quadruples Its Business, Says It Will Turn Profitable in 2016." *Inc. Inc.*, 01 Mar. 2016. Web.
89. Hill, Steven. "What Happens to Jobs in the 'Uber Economy'?" *CNN*. Time Warner, 22 Oct. 2015. Web.
90. Tsotsis, Alexia. "TaskRabbit Turns Grunt Work Into a Game." *Wired*. Condé Nast Publications, 15 July 2011. Web.
91. Tsotsis, Alexia. "TaskRabbit Gets \$5M From Shasta Ventures, First Round And Others To Help People Get Stuff Done." *TechCrunch*. AOL, 04 May 2011. Web.
92. Newton, Casey. "Temping Fate: Can TaskRabbit Go from Side Gigs to Real Jobs?" *The Verge*. Vox Media, 23 May 2013. Web.
93. About Us." *Upwork*. Upwork Inc, 2015-2016. Web. <<https://www.upwork.com/about/>>.
94. TaskRabbit Terms of Service." *TaskRabbit*. TaskRabbit, 01 Mar. 2016. Web. <<https://www.taskrabbit.com/terms>>.
95. Tyson, Laura, and Mendonca, Lenny. "Worker Protection in the Gig Economy." *Project Syndicate*. Project Syndicate, 28 Nov. 2015. Web.
96. Wolff-Mann, Ethan. "Uber & Lyft Aren't Among 'Gig Economy' Companies Pledging to Treat Workers Well." *Time: Money*. Time Inc. Network, 13 Nov. 2015. Web
97. Stoikov, Judith, Doeringer, Peter B. and Piore, Michael J. "Internal Labor Markets and Manpower Analysis." *Industrial and Labor Relations Review* 25.2 (1972): 273. Web.
98. Freeman, Richard B., and James L. Medoff. *What Do Unions Do?* New York: Basic, 1984. Print.
99. AFL-CIO, comp. *The Union Difference*. Rep. AFL-CIO: America's Unions, June 2015. Web.
100. Banks, Miranda J. *The Writers: A History of American Screenwriters and Their Guild*. New Brunswick: Rutgers UP, 2015. Print.
101. Writers Guild of America, East and Gawker Media. *Collective Bargaining Agreement*. 23 February 2016. Gawker. Web.
102. Kelly, Sarah N., and Tramontano, Christine. "Working Today." *New York Law School Law Review* 50.2 (2005-2006): n. pag. New York Law School, Jan. 2005. Web.
103. "Gawker Media Votes to Unionize." *Gawker*. Gawker Media, 04 June 2015. Web. <<http://gawker.com/gawker-media-votes-to-unionize-1708892974>>.
104. "How We're Voting on the Union, and Why." *Gawker*. Gawker Media, 28 May 2015. Web. <<http://gawker.com/how-were-voting-on-the-union-and-why-1707427120>>.
105. James, Brendan. "Al Jazeera America Digital Employees Win Vote to Unionize." *International Business Times*. IBT Media, 06 Oct. 2015. Web.
106. United States. Social Security Administration. *Social Security: Understanding the Benefits*. 10024th ed. Vol. 05. N.p.: Social Security Administration, 2016. Print. SSA Publication.
107. United States. Social Security Administration. *Social Security: How You Earn Credits*. 10072nd ed. Vol. 05. N.p.: Social Security Administration, 2016. Print. SSA Publication.
108. United States. Department of Labor. Employment & Training Administration. *State Unemployment Insurance Benefits*. United States Department of Labor, 10 July 2015. Web.

109. United States. Department of Labor. Employment & Training Administration. *UI Tax Information*. United States Department of Labor, 10 July 2015. Web.
110. United States. Department of Labor. Employment & Training Administration. *Self-Employment Assistance*. United States Department of Labor, 10 July 2015. Web.
111. The Center on Health Insurance Reforms, Georgetown University Health Policy Institute. "Health Insurance Market Reforms: Portability." *The Henry J. Kaiser Family Foundation* #8421. Mar. 2013. Web.
112. Summers, Lawrence H., and Ed Balls. "Report of the Commission on Inclusive Prosperity." *Inclusive Prosperity Commission* (2015): n. pag. The Center for American Progress, Jan. 2015. Web.
113. King, Steve. "Freelancers Embrace Health Insurance." *Small Business Labs: Freelancers Embrace Health Insurance*. Small Business Labs: Tracking and Forecasting the Trends and Shifts Impacting the Future of Small Business, 01 Sept. 2015. Web. <<http://www.smallbizlabs.com/2015/09/freelancers-embrace-health-insurance.html>>.
114. Freelancers Union. "What ACA Means For You." *Freelancers Union Blog*. Freelancers Union, 17 Oct. 2013. Web. <<https://blog.freelancersunion.org/2013/10/17/what-aca-means-you/>>.
115. Marte, Jonnelle. "The Freelancer's Guide to Obamacare." *MarketWatch*. MarketWatch, 23 Oct. 2013. Web.
116. Hartocollis, Anemona. "Freelancers Union to End Its Health Insurance Plans in New York." *The New York Times*. The New York Times, 30 Sept. 2014. Web.
117. "Interview with Paul Osterman." Interview by Ziya Smallens. 22 Jan. 2016.
118. Worstall, Tim. "The Problem With Worker Protections And Benefits In The Gig Economy." *Forbes*. Forbes Magazine, 01 Dec. 2015. Web.
119. Page, Susan. "Sen. Mark Warner: Rethinking the Social Contract in the Age of Uber." *USA Today*. Gannett Company, 03 June 2015. Web.
120. Benoff, Jared. "Secretary Perez Answers Your Questions on Employee Misclassification." *U.S. Department of Labor Blog*. U.S. Department of Labor, 28 July 2015. Web.
121. United States Government. United States Senate. *Casey, Franken Introduce Bill to Address Payroll Fraud. U.S. Senator Bob Case of Pennsylvania*. Robert P. Casey, Jr., 29 July 2015. Web.
122. United States Government. United States Congress. *Swalwell, Issa Announce the Sharing Economy Caucus. Congressman Eric Swalwell*. Congressman Eric Swalwell, Fifteenth District of California, 12 May 2015. Web.
123. Turner, Lowell, and Cornfield, Daniel B. *Labor in the New Urban Battlegrounds: Local Solidarity in a Global Economy*. Ithaca: ILR/Cornell UP, 2007. Print.
124. Polansky, Jay. "Stamford-Based Doorbell Barbers Provide On-Demand Haircuts." *Stamford Daily Voice*. Stamford Daily Voice, 17 Nov. 2015. Web.
125. Barkly - On-demand Dog Walking App." *Barkly*. Barkly, 2015. Web. <<http://barkly.us/>>.
126. Dawson, Gloria. "Kitchensurfing: Are On-Demand Private Chefs the Next Wave of Meal Delivery?" *Eater*. Vox Media, 07 Dec. 2015. Web.
127. "Heal – On-Demand Doctor House Calls for Adults & Kids." *Heal*. Heal, 2016. Web. <<https://getheal.com/>>.
128. Jolly, Jennifer. "An Uber for Doctor Housecalls." *Well*. The New York Times, 05 May 2015. Web.
129. Solomon, Brian. "Senior Care Startup Will Give Equity, Employee Status To Caregivers." *Forbes*. Forbes, 20 Jan. 2016. Web.
130. Malo, Sebastien. "Uber Offers Free Lifts to Women Voting for First Time in a Saudi Election." *Thomson Reuters Foundation News*. Thomson Reuters Foundation, 11 Dec. 2015. Web.
131. Manjoo, Farhad. "The Uber Model, It Turns Out, Doesn't Translate." *The New York Times*. The New York Times, 23 Mar. 2016. Web.
132. Hill, Steven. "Good Riddance, Gig Economy: Uber, Ayn Rand and the Awesome Collapse of Silicon Valley's Dream of Destroying Your Job." *Salon*. Salon Media Group, 27 Mar. 2016. Web.

133. U.S. Department of Labor. Wage and Hour Division. *The Application of the Fair Labor Standards Act's "Suffer or Permit" Standard in the Identification of Employees Who Are Misclassified as Independent Contractors*. United States Department of Labor. United States Department of Labor, 15 July 2015. Web.
134. Weinberg, Jon. "Gig News — November 3, 2015." *On Labor: Workers, Unions, and Politics*. On Labor, 03 Nov. 2015. Web.
135. Medici, Andy. "U.S. Sen. Mark Warner: Here's Why We Must Rethink Employment, Benefits in the Uber 'gig' Economy." *Washington, D.C. Business Journal*. Washington Business Journal, 06 Nov. 2015. Web.
136. DePillis, Lydia. "This Is What the Social Safety Net Could Look like for On-demand Workers." *The Washington Post*. The Washington Post, 07 Dec. 2015. Web.
137. Greenhouse, Steven. "A Safety Net for On-Demand Workers?" *The American Prospect*. The American Prospect, Inc., 08 Dec. 2015. Web.
138. Rolf, David, and Hanauer, Nick. "Shared Security, Shared Growth." *Democracy Journal*. Democracy, 01 June 2015. Web.
139. "Interview with David Rolf." Interview by Ziya Smallens. 28 Jan. 2016.
140. Mahoney, Brian. "Obama Releases Wage Insurance Plan." *POLITICO*. Capitol News Company, 19 Jan. 2016. Web.
141. Office of the Press Secretary. "FACT SHEET: Improving Economic Security by Strengthening and Modernizing the Unemployment Insurance System." *The White House*. The White House, 16 Jan. 2016. Web.
142. Zakaras, Michael. "Can The Online Economy Become A Labor Leader?" *Forbes*. Forbes Magazine, 23 Nov. 2015. Web.
143. Meyerson, Harold. "The Seeds of a New Labor Movement." *The American Prospect*. The American Prospect, Inc., 30 Oct. 2014. Web.
144. "About Us." *National Fund for Workforce Solutions*. National Fund for Workforce Solutions, 2016. Web. <<http://www.nfwsolutions.org/about-us>>.
145. "Strategy." *National Fund for Workforce Solutions*. National Fund for Workforce Solutions, 2016. Web. <<http://www.nfwsolutions.org/about-us/approach>>.
146. "Our Funders." *National Fund for Workforce Solutions*. National Fund for Workforce Solutions, 2016. Web. <<http://www.nfwsolutions.org/about-us/national-funders>>.