The Daily Dish

The Gig Economy, Pandemic, and Policy

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Eakinomics: The Gig Economy, Pandemic, and Policy

The so-called gig economy has waxed and waned as a focus of public policy in recent years. For those new to the area, there are three interrelated phenomena: (1) the gig economy – workers with alternative work arrangements, (2) the online gig economy – workers who utilize new technologies, markets and platforms for alternative work arrangements, and (3) the "sharing economy" – goods and services that employ under-utilized assets via online marketplaces or decentralized networks. Some of the companies commonly associated with this phenomenon are Uber, Lyft, Airbnb, and WeWork. Of course, the gig economy has been around for a long time in the form of direct-seller companies such as Rodan & Fields, Avon, and others.

If you roll the clock back to 2015, for example, "AAF found that the number of workers in the gig economy grew between 8.8 and 14.4 percent from 2002 to 2014 — more than the overall employment increase of 7.2 percent. One form of gig workers are independent contractors (recently under attack from the Department of Labor); they grew by 2.1 million workers from 2010 to 2014, accounting for 28.8 percent of all jobs added during the recovery. The online gig economy has experienced significant growth as well. Faster growth in taxis and boarding rooms since the arrival of companies such as Uber, Lyft, and Airbnb indicates that online gig jobs are transforming the labor force. In particular, the data suggest that the ride sharing industry has helped bring in an additional $519 million in economic activity from 2009 to 2013, and created 22,000 jobs in the sector."

In that moment, there was a wave of research highlighting the need for reformed public policies that would reflect the fact that "all" of the employer-employee relationships were changing. Of course, that proved to be premature. Only two years later, in 2017, it turned out that the Bureau of Labor Statistics concluded that just 1.6 million jobs (1 percent of total employment) were enabled by online platforms. In addition, the portion of workers who were independent contractors, on-call workers, temporary help agency workers, or contract company workers in their main jobs declined from 10.7 percent in 2005 to 10.1 percent in 2017. In short, the gig economy was not swallowing the traditional labor force; it was a small part of the overall employment picture.

Nevertheless, the interest continues. With the arrival of the pandemic, it was necessary to expand the existing social safety net (unemployment insurance) to the self-employed and independent contractors. Maybe it should have been that way to begin with? And recent initiatives such as California's AB5 that attempted to force all employment relationships into a cookie-cutter form ran into a hailstorm of protest and harmed many workers in a range of industries from journalism to rideshare drivers.

It seems useful to take stock of the state of play. To do so, AAF is joining with its partners at the Progressive Policy Institute for a (virtual) event on the challenges facing workers in the gig economy during the COVID-19 pandemic and the need for a new policy vision that can guarantee flexibility while providing portable benefits. The panel discussion will feature Alec Stapp (Director of Technology Policy, PPI), Mike Mandel (Chief Economic Strategist, PPI), and Jennifer Huddleston (Director of Technology and Innovation Policy, AAF). The panel will be Friday, October 16th, 2020 at 11:00 AM. Register by clicking **here**.