The Daily Dish

Facts and the Takeover of the Gig Economy

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Eakinomics: Facts and the Takeover of the Gig Economy

The rise of companies like Uber and Lyft raised the profile of so-called "contingent workers" – independent contractors, on-call workers, temp-agency workers, and contract-company workers whose labor market activity fell outside of a traditional employer-employee relationship. Contingent workers were suddenly everywhere, it seemed, and gazillions of electrons were spent analyzing this supposedly relentless transformation of American work that came to be known as the "gig economy."

Conservatives tended to embrace the phenomenon, touting the desirability of matching flexibility to workers' needs, the dynamism of new business models, and the importance of regulatory restraint in the face of the changing landscape. Many progressives saw nothing but a predatory threat to the capacity to unionize, the provision of employer fringe benefits, and the general welfare of workers.

Everyone take a deep breath.

As detailed by AAF's Ben Gitis and Will Rinehart, the Department of Labor released new data yesterday – the 2017 Contingent Worker Survey (CWS) – to update previous surveys from 1995 and 2005. The results are fascinating.

The growth of the gig economy has stalled. Alternative work arrangements grew from 9.9 to 10.7 percent of workers between 1995 and 2005. In 2017, it had fallen to 10.1 percent. To put this a different way, while the growth rate of traditional employment was 0.8 percent annually from 2005 to 2017, alternative-work employment growth was only 0.3 percent – a far cry from the 2.1 percent annual growth in alternative work from 1995 to 2005.

The stall stems from a decline in full-time alternative work. Full-time and part-time traditional work grew at annual rates of 0.8 percent from 2005-2017, and part-time alternative work at 1.2 percent. But full-time alternative work *fell* at an annual rate of 0.1 percent. Clearly the gig economy is not consuming the labor market.

Contingent work is not "bad" work. A popular concern has been the "fissured workplace" – the hypothesis that firms offload services (e.g., janitorial services) to contract companies that subsequently undercut their pay and benefits. This theory guided Department of Labor (DOL) rulemaking and National Labor Relations Board (NLRB) decisions during the Obama Administration, including the DOL joint-employer administrative interpretation and the NLRB's 2015 decision to broaden the joint employer standard in its*Browning-Ferris Industries* case. The CWS indicates that workers in contract companies had the *best* growth in their real weekly earning – better than traditional employment or any other alternative arrangement.

The 2017 CWS will not be the last word on the gig economy. But it is a good reminder of the lesson from John Adams: "Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence.”