

How Real is the “Uberization” of the U.S. Labor Market?

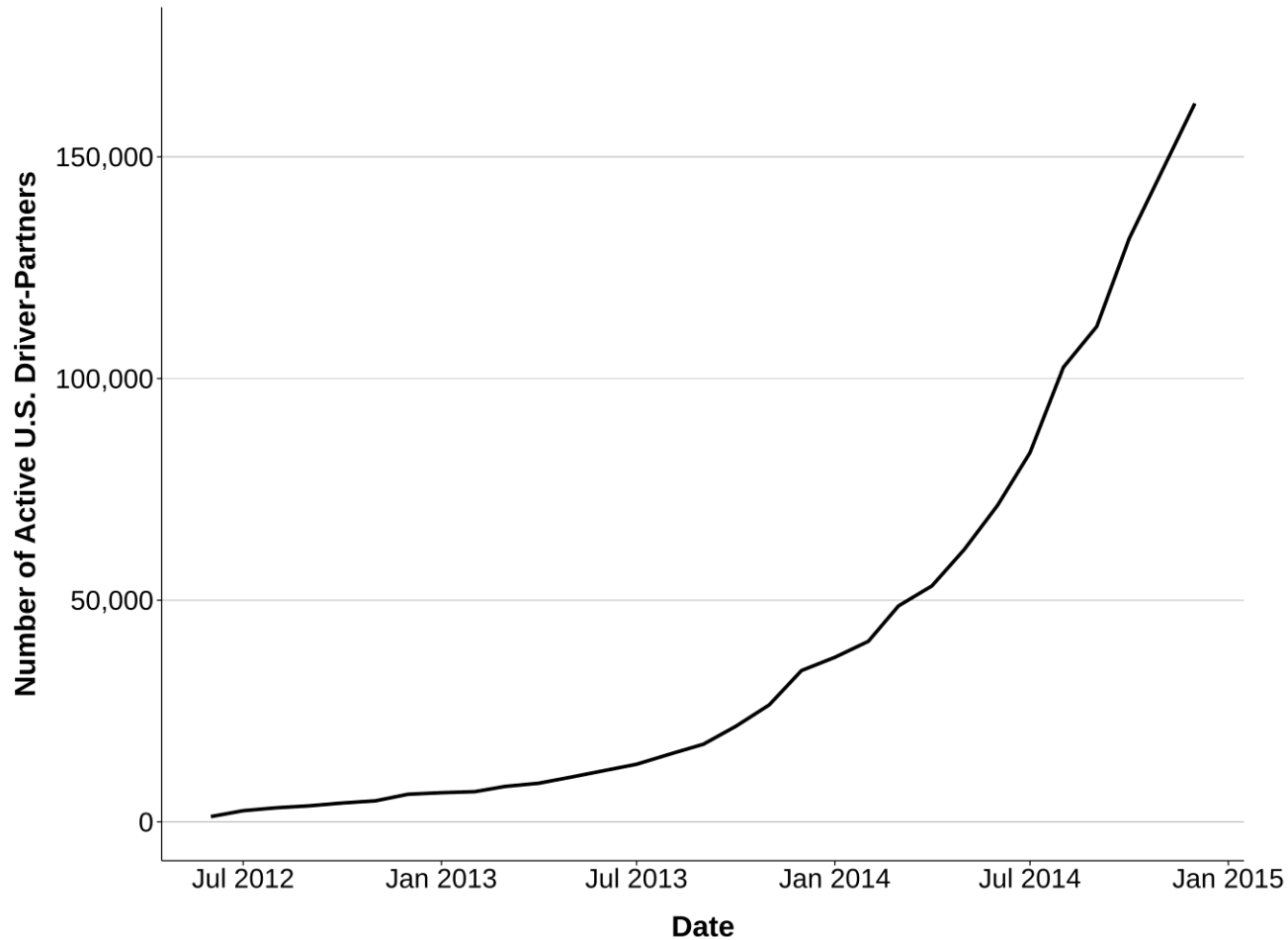
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Overview

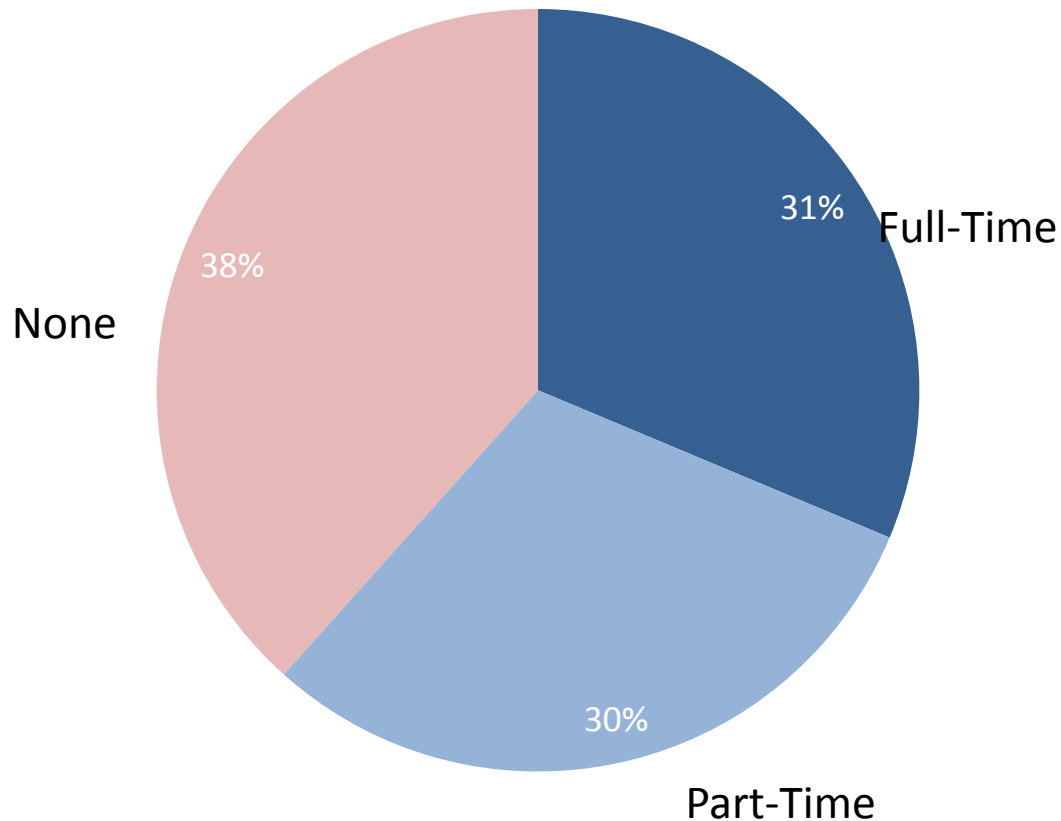
- The “Online Gig Economy” has been growing very rapidly
- Uber is the quintessential employer of gig work – could represent 2/3^{rds} of all gig work
- But Offline Gig work swamps Online Gig Work
- Concern: Growth in alternative work arrangements can put downward pressure on labor standards
- Discuss proposal to extend social compact between workers and companies in face of emerging sharing economy.

Number of Active Uber Drivers in U.S. Has Grown Exponentially



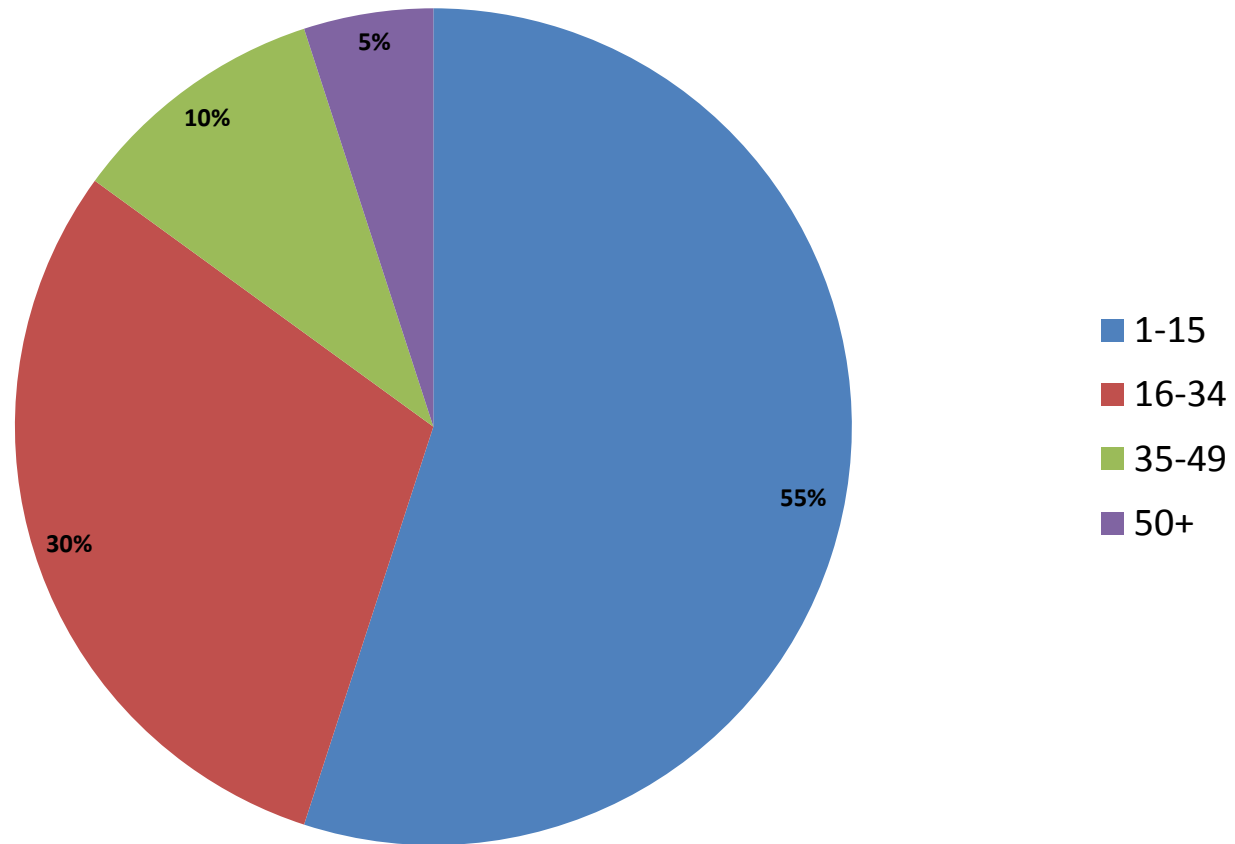
Source: Jonathan Hall and Alan Krueger (2015).

Most Drivers Have Other Full- or Part-Time Jobs Apart from Uber



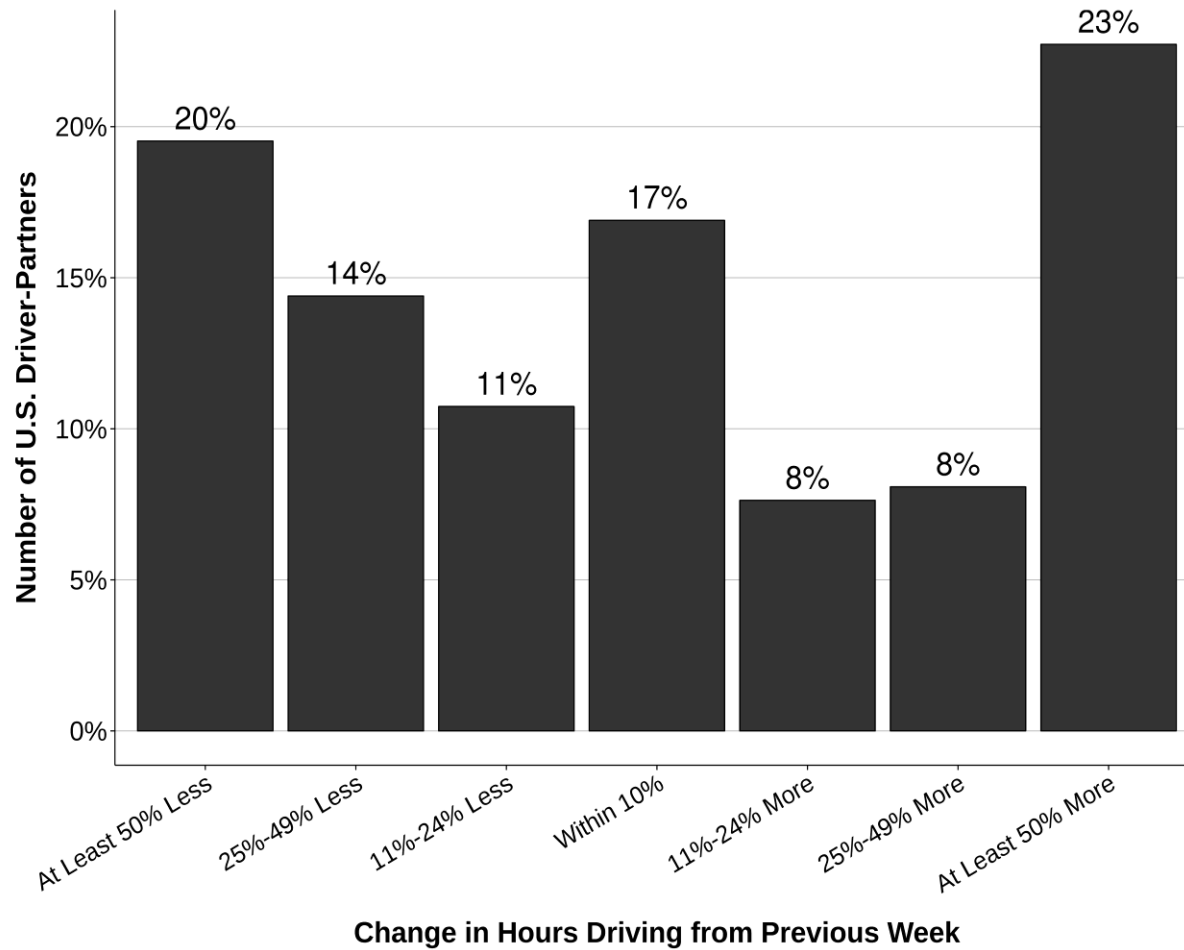
Source: Jonathan Hall and Alan Krueger (2015).

Distribution of Work Hours of UberX Drivers Time Spent with App On per Week, October 2014



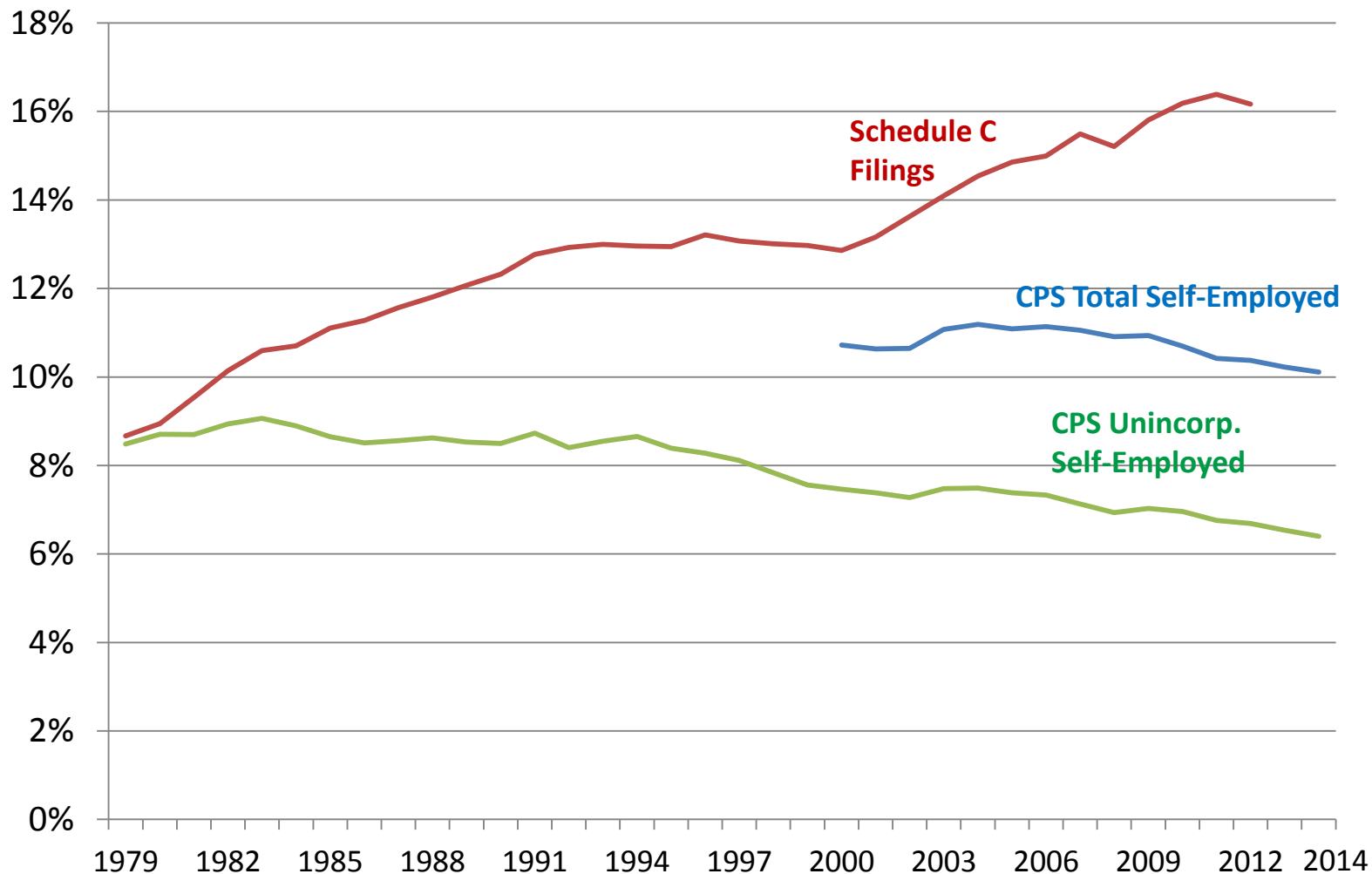
Source: Jonathan Hall and Alan Krueger (2015).

Uber Drivers Have Flexibility in Choosing When, Whether and How Much to Work

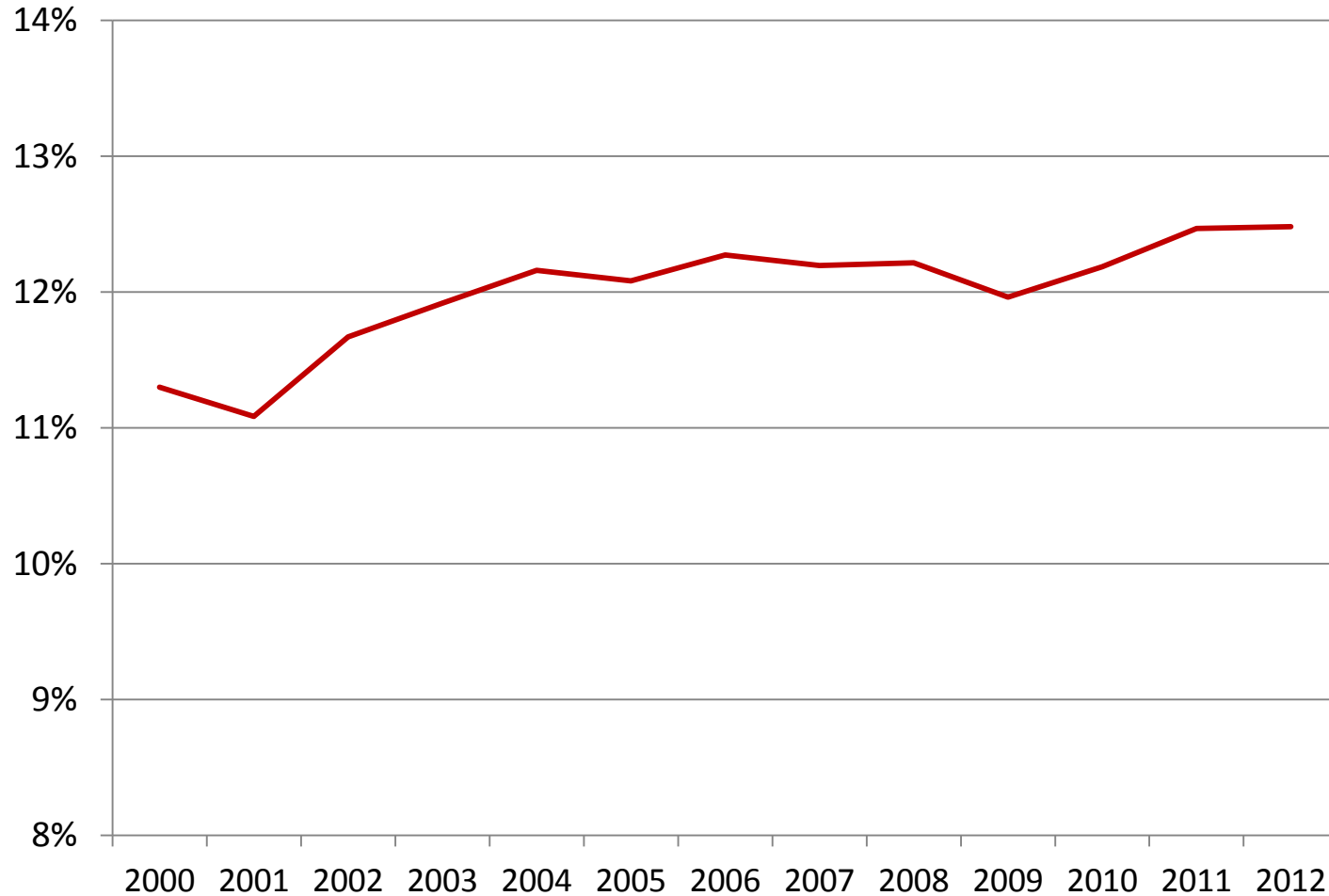


Note: Figure based on all pairs of weeks in which a U.S. UberBLACK or uberX driver spent at least one hour on the Uber app in the initial week. Sample period is August 31, 2014 through November 22, 2014 (170,505 individuals).

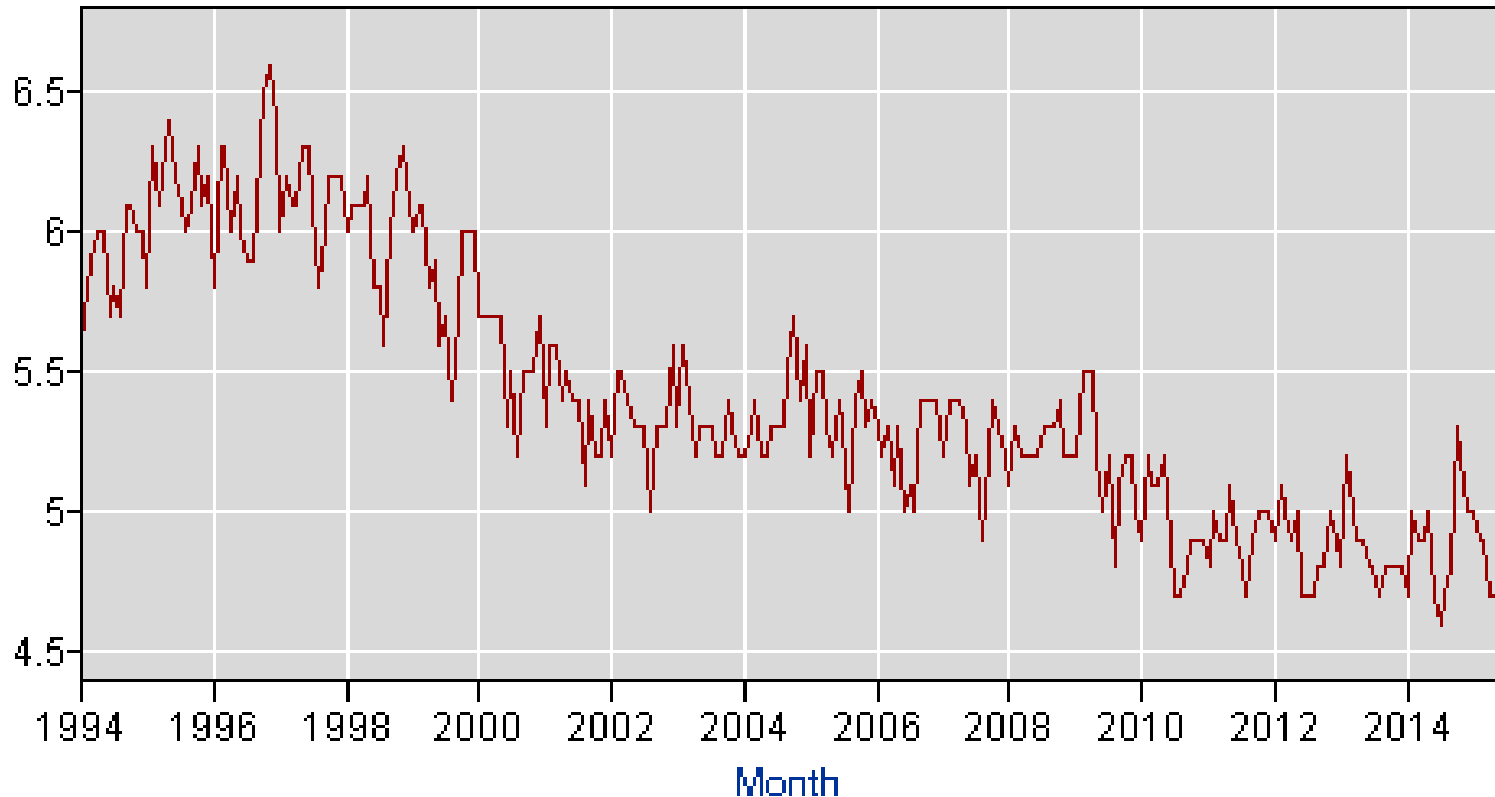
Disturbing Divergence: IRS and CPS data on Self-Employment as a Share of CPS Total Employment



Filers With 1099-Misc Income As a Share of CPS Total Employment Show Modest Rise



Multiple Job Holding as a Percent of All Employment; CPS 1994-2015



Source: Bureau of Labor Statistics.

Katz & Krueger Survey of 2,300 Workers on Amazon's Mechanical Turk

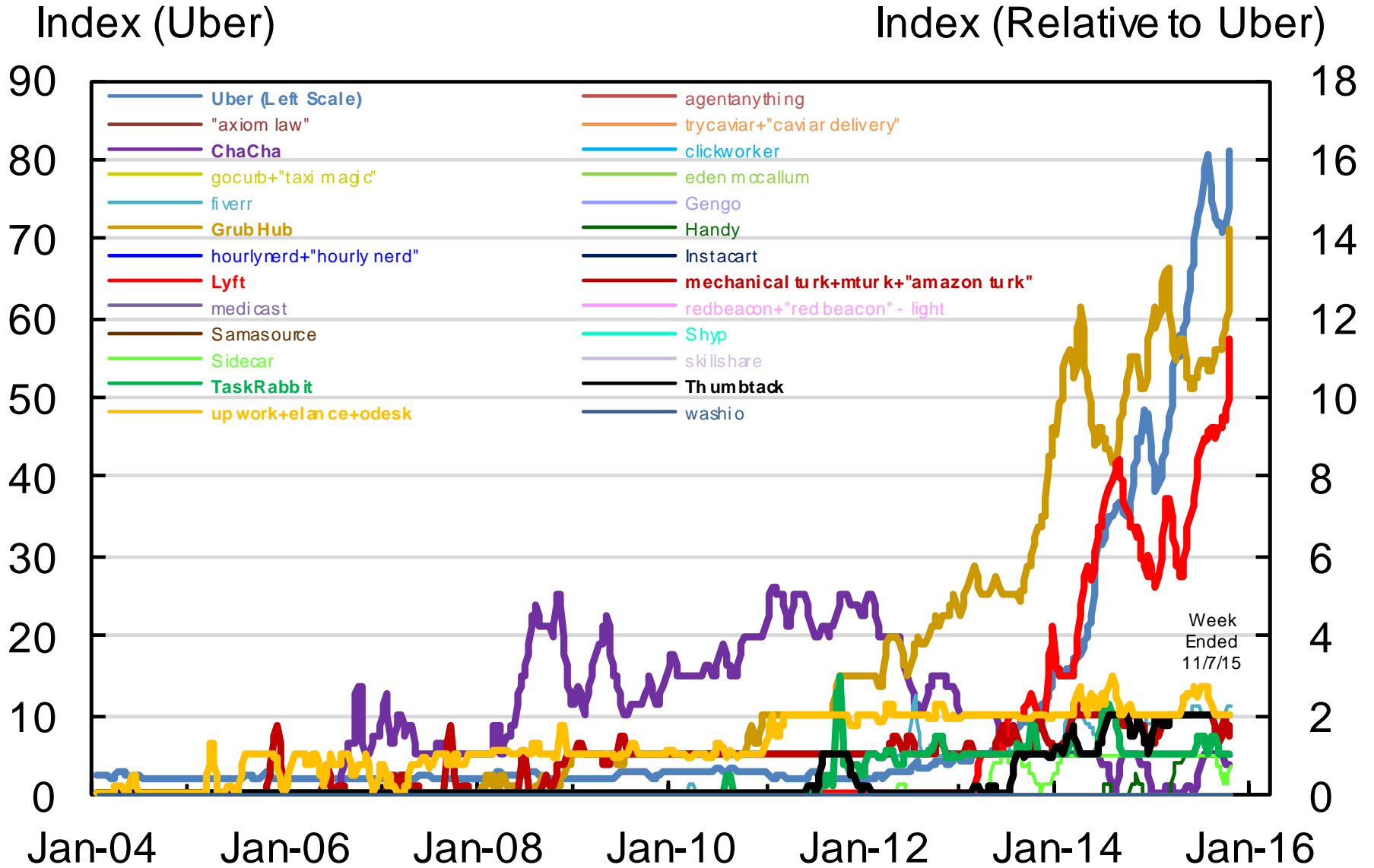
Asked standard CPS questions on employment and multiple job holding and additional question: “Did you work on any gigs, HITs or other small paid jobs last week that you did not include in your response to the previous question?”

Many Small Jobs in Sharing Economy are Missed by Traditional Labor Force Questions

<u>Gigs, hits or other small jobs last week</u>	<u>More than one job last week</u>	
	No	Yes
No	38.6%	61.6%
Yes	61.4	38.4

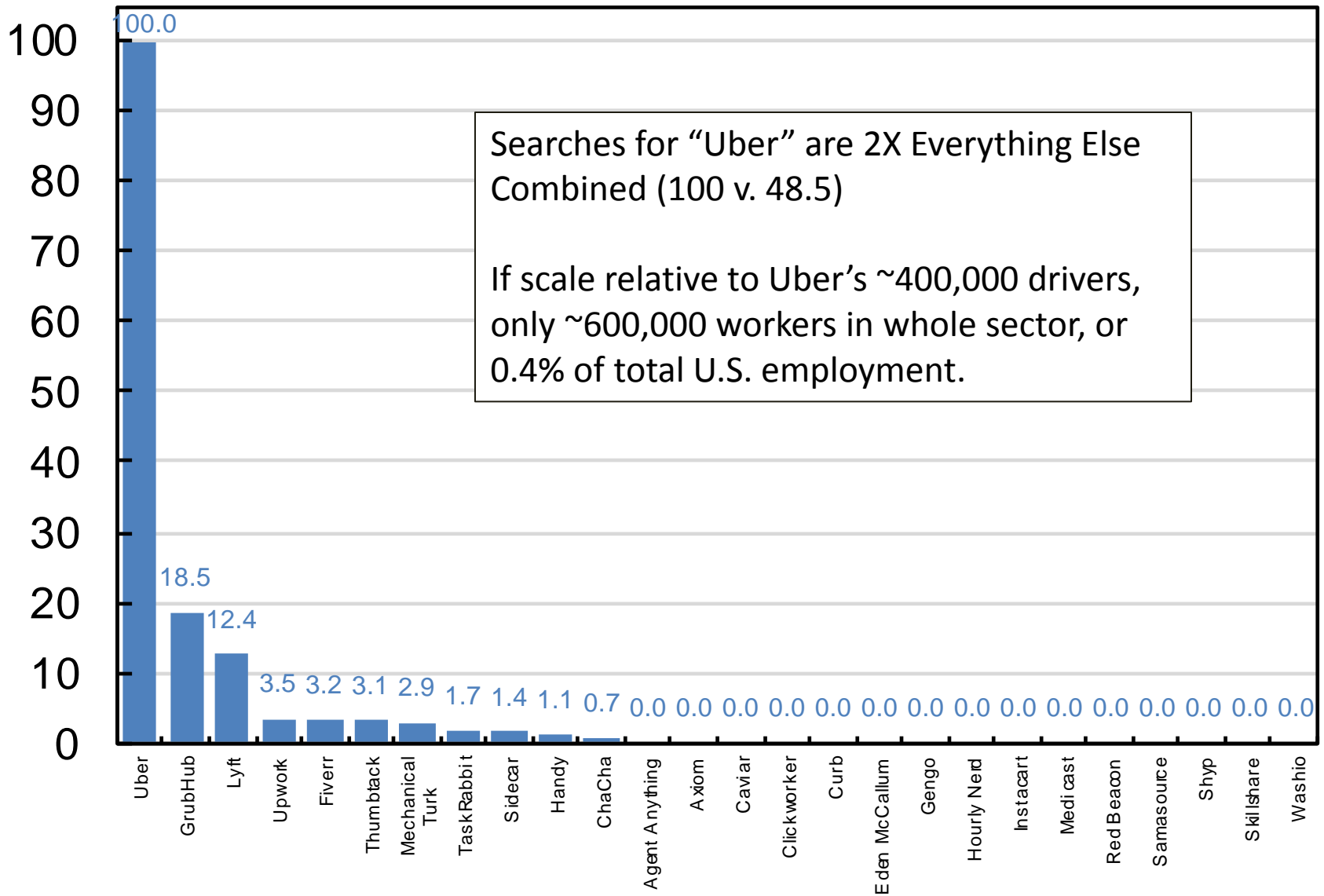
Source: Preliminary tabulation of Katz and Krueger 2015 survey. Note: 1,397 respondents reported holding only one job last week, and 894 reported holding multiple jobs last week.

Google Trends: 4-Week Moving Average of Web Searches



Google Trends: Cumulative Web Searches in 2015

Index (Relative to Uber)

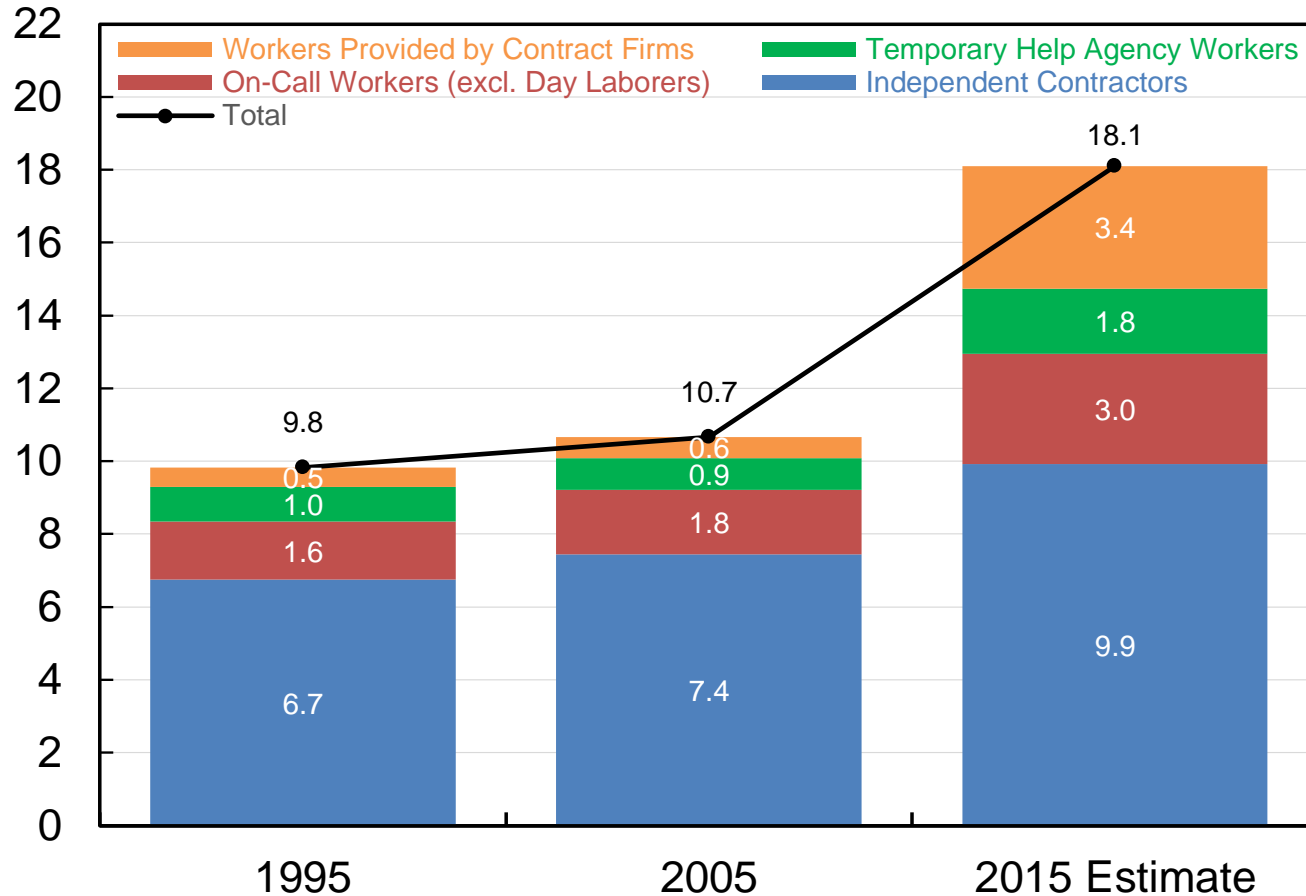


Katz and Krueger Rand American Life Panel Survey Completed Last Week

- N=3,844
- CPS Contingent Worker Survey Questions (last done by BLS in 2005)
+ Questions on Work in Gig Economy
- **Preliminary Results:**
 - 20% of workers do direct selling on their main or secondary job
 - Only 7% of direct sellers work through an intermediary like Uber or Avon
 - About 33% of those who sell through an intermediary use an online app, like Uber or Taskrabbit
 - So, only about 0.5% of all workers in online economy in given week
 - About 1.5% of workers acknowledged omitting gigs or small jobs in previous week, but almost all of these were not conducted through an online intermediary, like Uber or Taskrabbit. Under reporting raises multiple job holding by about 10%.

Alternative Employment Arrangements

Percent of Total Employed



Note: Individuals can be categorized as both on-call workers and workers provided by contract firms.

Source: Bureau of Labor Statistics; preliminary tabulation of 2015 Katz and Krueger survey.

Policy Implications

- Labor market is evolving in ways we do not fully capture in our official statistics, although employment in gig economy probably still very small.
- Independent Contractor/Employee Dichotomy is outdated and creates uncertainty for companies and workers.
- Harris & Krueger Proposal: Create a new category of “**Independent Workers**” that covers gray area between employee and independent contractor -- maintains social compact and is more efficient.
- Principles: (1) Appropriate for Immeasurability of Hours; (2) Efficient Contracts; (3) Neutral with respect to Employment Status – Ex. [5]% tax on earnings for ACA

Conclusions

- Problems of rising inequality and job polarization occurred in the “old economy” in U.S.
- The number of jobs in the online gig economy remains small, but growing fast.
- General equilibrium effects are complicated: could erode labor standards but also could raise demand for middle-skill workers and provide flexibility.
- Careful thought needs to go into reforming labor laws to support innovation *and* maintain the social compact. This applies to Independent Contractors working through OnLine and OffLine intermediaries