PATHWAYS FORWARD IN AN ON-DEMAND WORLD

How Progressives Can Challenge Precarious Work & Strengthen Communities in the New Economy
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About Partnership for Working Families
As cities grow and change, Partnership for Working Families works to make sure that our communities have a voice in their future, so that everyone has access to jobs with dignity, and can raise their family in a healthy, sustainable community. Our 17 powerful city affiliates bring grassroots voices to the forefront in the workplace, community and ballot box to build power and work towards economic prosperity, climate justice and racial justice.

The strategies described in this paper have been developed in partnership with our affiliates, including Los Angeles Alliance for a New Economy, Working Partnerships USA, Puget Sound SAGE, Alliance for a Greater New York, Community Labor United, Center on Policy Initiatives and East Bay Alliance for a Sustainable Economy.
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EXECUTIVE SUMMARY

On-demand companies’ practices not only continue a trend toward worker precarity in our economy, but valorize insecure conditions as a good thing for workers and communities. Simultaneously, they are mounting daunting challenges to workers’ rights, public interest regulation, and consumer protection. The rapid growth of the on-demand model can make its success, in its current form, seem like a foregone conclusion.

Fortunately, cities are uniquely positioned to shape the on-demand economy. The sector is still in its infancy and depends on the dense markets that cities provide to grow. Meanwhile, in recent years cities have lead the way in developing innovative policies and strategies that protect working families and communities and enable worker organizing. This creativity can and should be applied to the on-demand sector, with an eye toward lifting up workers across our economy.

INTRODUCTION

The on-demand economy as it currently operates creates both symbolic and concrete challenges to efforts to improve the lives of workers and build equitable cities. On-demand companies’ business practices not only continue a trend toward precarity in our economy, but valorize insecure conditions as a good thing for workers. While advocates of the sector assert that it is helping workers who are struggling economically, this is deeply cynical—it implies that additional low-paying, undependable work is the best our communities can expect.
The rapid, high-profile growth of the on-demand sector presents an opportunity for progressives to shape its development, and to channel the zeitgeist to achieve reforms needed across our economy. For example, many workers in traditional jobs lack access to stable working hours and millions of contract and temp workers are excluded from unemployment insurance—just like on-demand workers. Many families struggle to pay for rising rents, including many who cannot rent out their house or apartment on Airbnb. A policy agenda to address the on-demand sector should recognize these commonalities and lift all workers and communities.

Early efforts to shape the practices of big on-demand companies like Uber and Airbnb have focused on industry-specific regulations, primarily to level the playing field between traditional and on-demand companies. For example, drivers and allies have pushed for license requirements, background checks, and insurance for app-based for-hire drivers, arguing that existing regulations should be applied and enforced in regard to new actors, as a matter of fairness and consumer protection. Despite the modesty and sensibility of these proposals, on-demand companies have defeated these efforts in most cities, casting them as self-interested attempts to protect old-fashioned, inefficient, or even corrupt industries. This message is buttressed by sophisticated and extremely well-funded lobbying operations.

Now, progressive organizations and thought leaders are developing exciting, expansive proposals to shape the on-demand sector and beyond. The City of Seattle has adopted a policy providing on-demand workers with organizing rights, and the California legislature is considering a similar measure. Diverse organizations are engaged in robust discussions about how to provide all workers with access to benefits and extend employment protections to independent contractors. Many of these policy ideas could apply not just to workers for big companies like Uber, but to workers at smaller on-demand companies like TaskRabbit and Postmates, among others, and precarious workers at traditional companies.

To win effective and powerful policy, progressives will have to challenge the on-demand sector’s narrative that it is providing a solution for workers who are struggling in our economy. This paper describes 1) the harmful trends promoted by the on-demand economy, 2) some of the policies that could mitigate or reverse those trends, and 3) pathways for progressives to win these policies through city- and state-based work with policymakers and impacted communities.

**NEW CHALLENGES FOR WORKERS AND COMMUNITIES**

On-demand companies undermine consumer and worker protections progressives have fought to advance by idealizing precarious work, disrupting urban transportation and housing systems without accountability, and increasing inequality.

"From the career, to the job, to the task"

On-demand work builds on a multi-decade rise in precarious work, driven by management’s desires to cut costs and increase flexibility. This trend is seen in traditional jobs, where workers increasingly face erratic work schedules and/or involuntary part-time work, and in the rise of nonstandard employment models like independent contracting, subcontracting, temporary workforces, and on-demand labor.

These practices deprive workers of job protections and benefits, and shift risks and costs to workers. Classifying (or misclassifying, as is often the case) workers as independent contractors allows companies to shirk their responsibilities as employers and avoid basic workplace standards like benefits, workers’ compensation and or even minimum wage. Requiring workers to be available for “on call” shifts creates instability for working families, and makes it difficult or impossible for workers to arrange childcare, attend school, or hold a second job.

Each of these trends is part of what The Brookings Institute recently described as “a shift from the career, to the job, to the task.” The normalization of nonstandard work over the past several decades has paved the way for on-demand jobs, and the dearth of better options has helped the industry to go a step further to posit that precarious jobs are not only decent, but empowering for workers.
Disrupting essential city functions without accountability to the public

On-demand companies also seek to be exempted from consumer protections and undermine public services and hard-won local standards, ostensibly in exchange for providing economic opportunity. To understand this phenomenon, we will look at transportation network companies (TNCs) like Uber, Lyft and Sidecar and short-term rental (STR) giant Airbnb.

TNCs have introduced new risks to the for-hire transportation sector, an essential element of urban transportation systems, by operating outside existing for-hire regulations governing insurance, background checks, and licensing, and seeking looser requirements than those applied to traditional taxi services. Additionally, Uber has claimed not to be responsible for ensuring that disabled passengers have access to Uber rides.

Meanwhile, these firms aspire to integrate with or assume some public transit functions. There is some evidence that these firms are already peeling off consumers who would otherwise take public transportation. TNCs have also introduced shared-ride services that directly compete with public transit, like UberPool. They are also seeking partnerships with local governments to provide paratransit and “last mile” transportation—which could shift more public transit riders to the private sector.

Similarly, concerns have emerged around how STRs like Airbnb impact housing markets, and put workers and consumers at risk. Research has shown that widespread use of Airbnb can remove precious units from already-squeezed housing markets, thereby raising rents and intensifying housing crises in gentrifying cities.

Dramatic growth in STR units in many markets has made them an alternative to hotels. However, in the cottage industry of cleaners that has sprung up to maintain units regularly rented out to travelers via STRs, workers often do not have the employment protections of traditional employees or the wage standards that hotel workers have secured.

HOW ON-DEMAND COMPANIES ARE SELLING DEREGULATION AND INSECURITY

While on-demand companies attribute their popularity with consumers to innovation and convenience, the sector’s success is largely the result of significant investment in corporate communication and political strategies.

Co-opting American values in the “sharing economy”

On-demand companies, led in part by top Washington and Silicon Valley PR and public affairs operatives, have developed sophisticated communications and marketing campaigns that have broad appeal across demographics. In the “sharing economy” narrative, billion-dollar tech firms are eclipsed by images of a grassroots movement, with individuals connecting with their neighbors, simplifying their lives, moving away from materialism and “disrupting” business as usual. To achieve this, companies put users and providers at the forefront of their communications work, where commodifying everything from one’s lawnmower to one’s bed is depicted as an innovative way to build community.

In addition to focusing on satisfied service users and providers, on-demand companies use language that invokes commonly held American values. They appeal to progressives by focusing on connectivity, community, anti-materialism and populism. They reach conservatives through a focus on the free market, competition and choice. And on-demand companies like TaskRabbit and 99Designs move millennials by appealing to their desire for freedom and flexibility, while ignoring the benefits of security.

In the face of criticism, on-demand companies have begun to make claims that their services help to stabilizing working families’ incomes. The San Francisco Chronicle documented Airbnb and Uber’s shift to framing their companies as “champions of the middle class.” David Plouffe recently told an audience that on-demand companies “are boosting the incomes of millions of American families. They’re helping people
who are struggling to pay the bills, earn a little extra spending money, or transitioning between jobs” and addressing “the challenges of wage stagnation and underemployment.” Similarly, Airbnb’s Chris Lehane has said that, “‘home-sharing provides an economic lifeline to the middle class in a period where economic inequality is one of the defining issues of our time.’” TaskRabbit has also depicted itself as a savior for those down on their luck in a tough economy.

This narrative suggests that the solution to the economic crisis for workers is more bad jobs to augment the bad jobs they already have, and implies that the best workers can hope for is the ability to piece together a living. This is a deeply cynical point of view, and in stark contrast to on-demand companies’ generally aspirational messaging.

**On-demand money in politics**

Behind the on-demand sector’s saavy public messaging is extensive investment in lobbying at the city and state levels.

As of mid-2015, Uber had 250 lobbyists and 29 lobbying firms registered in state capitols around the nation, at least one-third more than Walmart. In California, the company’s lobbying spending puts it in the top 3 percent of companies and organizations in the state, and in Texas the company reportedly spends more than Philip Morris and Pfizer.

On-demand companies also make intensive additional investments at the municipal level. For example, in Fall 2015, Airbnb reportedly spent $8 million to defeat a ballot initiative in San Francisco. In 2014, Uber put more than $600,000 into a voter referendum in Seattle and spent $314,000 lobbying in Washington, D.C.

In addition to hiring progressive insiders at the national level, on-demand companies hire politically connected lobbyists in local markets. Uber’s team to beat back opposition in New York City reportedly included former employees of Senator Chuck Schumer, Governor Andrew Cuomo, Mayor Bill Di Blasio former Mayor Michael Bloomberg, and Hillary Clinton. In Portland, Uber’s top lobbyist had previously been the city’s own lobbyist in the state capitol, and had served as a campaign consultant to the mayor and other elected officials.

As in their marketing, on-demand companies put consumers and workers at the forefront of their political efforts. These companies use their massive databases to mobilize customers to sign petitions, contact their elected officials, and to turn out for events to support the expansion of their business model.

**THE POWER OF CITIES**

The good news is that cities are uniquely positioned to shape the on-demand economy in a way that works for workers and communities.

The on-demand sector, thus far, is a largely urban concern. Demand for for-hire drivers and short-term rentals is concentrated in cities, and municipalities are largely responsible for regulating impacted sectors, like housing, tourism, and transportation. Many on-demand companies depend on a constant supply of service providers and consumers—so that consumers’ desire for convenience is met and there is enough regular work to keep the interest of workers—and this is easier to achieve in the dense environment of a city.

Over the past several decades, cities have been incubators for creative public policies, campaigns and investment to protect working families and communities and enable worker organizing. Essential to the success of these efforts has been cities’ willingness to make full use of their regulatory and contractual powers. As market participants, cities can leverage their power to protect their interests in the markets they engage.

Some of the strategies cities can build on are:

- **Establishing Basic Standards for All Workers.** Cities have been on the cutting edge of using their powers to protect workers, especially low-wage workers, in their jurisdictions by creating fair schedules, provide for paid leave, and create real penalties and enforcement strategies against wage theft. On-
demand workers should be included in these efforts, and attention should be given to additional policies that address their specific needs.

- **Raising Standards and Improving Service in Important Public Goods Sectors.** Where on-demand companies are impacting goods and services essential to cities, local governments should ensure high quality service delivery that protects consumers, workers, and the environment. Policymakers have risen to this challenge in LA, where the city recently overhauled its waste and recycling system to provide all residents and businesses with curbside collection of recyclables and organic waste, and in Philadelphia, where the city recently extended minimum wage standards and the right to organize without retaliation to subcontracted workers providing essential services at the City’s airport.\(^{33}\)

- **Ensuring Public-Private Investments Result in Community Benefits.** Where cities effectively subsidize on-demand companies through free or low-cost use of existing infrastructure, they should insist on a return on that investment. Community benefits agreements offer one model to ensure that local residents benefit when companies do business in our cities. For example, the City of Oakland and the Revive Oakland coalition worked together to establish a package of jobs policies that will govern a massive warehousing and logistics project on city-owned land. The jobs policies require local hire, disadvantaged hire, living wages, limitations on use of temporary workers (the first in the nation), and community oversight and enforcement.

### Innovative public policy and strategies for the on-demand economy and beyond

In addition to drawing from existing experience and models, progressive organizations, labor unions, and policymakers are proposing exciting initiatives that could benefit not just on-demand workers and consumers, but working people across our economy.

One promising strategy is to provide independent contractors access to **collective bargaining rights**, an effort already underway in several places.

- In Seattle, a coalition led by Teamsters Local 117 has won the first-of-its-kind legislation giving for-hire drivers the right to collectively bargain.\(^{34}\)

- This year the California state legislature is expected to consider a bill that would give on-demand workers the right to organize.\(^{35}\)

- Local Progress, a network of progressive elected officials, has recommended that cities should pursue policy that allows some independent contractors to organize.\(^{36}\)

Other proposals are focused on **providing nonstandard workers with continuous access to employee benefits**, regardless of their employment arrangements. To ensure that benefits are effectively and fairly provided with adequate oversight, these policies should support and build the public safety net.

- In November 2015, a coalition of progressive organizations, leaders, and business leaders signed onto guiding principles for a system of portable benefits for independent workers.\(^{37}\)

- Former Secretary of Labor Robert Reich has suggested that any company that pays more than half of a worker’s income or working hours should be responsible for that worker’s labor protections and insurance.\(^{38}\)

- Senator Mark Warner of Virginia has proposed an “hour bank” concept, similar to programs used by some building trades, to track workers’ hours for a variety of employers and collect contributions to benefit funds.\(^{39}\)

There are also efforts underway to **shift responsibility for subcontracted workers and workers classified as independent contractors back onto lead companies.**

- California’s landmark AB 1897, which went into effect in January 2015, creates joint liability on the part of many firms using labor suppliers for violations of wage and workers compensation laws.\(^{40}\)

- The Silicon Valley Rising campaign, anchored by affiliate Working Partnerships USA, is engaging
employers at every level of the contracting chain to raise standards for the tech sector’s low-wage workforce.

- Councilmember Brad Lander in New York City is partnering with the Freelancers Union to extend protections against wage theft to contracted workers.\textsuperscript{41}

- A bill advanced by community and labor advocates in Massachusetts would hold companies responsible for wage theft and misclassification by their subcontractors.\textsuperscript{42}

- The Clean and Safe Ports campaign in Los Angeles and Long Beach has succeeded (and continues to succeed) in helping misclassified port truck drivers who are victims of wage theft obtain agency orders and legal judgments against the companies that employ them.\textsuperscript{43}

**Consumer protection** efforts are also emerging.

- In response to the introduction of app-based dispatchers like Uber and Lyft, Montgomery County, Maryland, has introduced a surcharge on all for-hire fares. The revenue from the surcharge will be used to support wheelchair-accessible cabs and programs to transport seniors and low-income residents.\textsuperscript{44}

- In 2015, the City of Sunnyvale adopted Silicon Valley’s strongest ordinance regulating short-term rentals of residential property, such as Airbnb, HomeAway, or FlipKey rentals. The new ordinance allows hosted-only short-term rentals and requires a permit from the City, limiting the total number of occupants.\textsuperscript{45}

### A PATH FORWARD: ENGAGING ON-DEMAND COMPANIES IN OUR CITIES

To win economic equity in the face of the harmful aspects of the on-demand economy and the growth of contingent work more broadly, progressives must reframe the conversation by engaging on-demand workers, gathering information needed to establish smart policy, and making connections to the larger trends exemplified by the on-demand sector. Critical pathways for doing this work are outlined here.

**Putting on-demand workers at the center of reform**

Workers need a voice at the table to shape reforms responsive to their needs. Strategically, on-demand workers have the authority to challenge rosy characterizations of their jobs, and organizing can prevent on-demand companies from pitting workers against each other. It is likely that many on-demand workers are also employed in either precarious traditional jobs or other contracted positions. To this end, organizing on-demand workers will make apparent the connections between on-demand and other detrimental trends in employment—setting up a coalition across a spectrum of workers.

While there are a number of challenges to organizing on-demand workers, organizers can use a combination of old and new strategies to reach workers. First, unions, worker centers, and community organizations can outreach to identify on-demand workers among their members, members’ families, and broader communities. Because on-demand work is administered online, online organizing strategies should be applied to connect workers. Many workers are already self organizing online, and platforms like CoWorker.org have effectively facilitated this organization to build a voice for on-demand workers and others.

**Open sourcing data to inform smart public policy**

Despite their impact on city functions, on-demand companies have generally refused to provide important data to local governments. For example, New York State Attorney General Eric Schneiderman had to subpoena Airbnb to access data necessary to determine to what extent listings on the platform violated the law.\textsuperscript{46} The California Public Utilities Commission recently fined Uber $7.6 million for refusing to provide information on available, safety, and accessibility.\textsuperscript{47} Where on-demand companies have shared data, they have fought to restrict its availability to the public, limiting ability of public interest organizations to weigh in on policy debates in an informed way.\textsuperscript{48}
Moreover, the data companies have released has often been unreliable at best. For example, at one point in time Uber claimed that the median annual salary for drivers in New York City was $90,000 and nearly $75,000 for drivers in San Francisco.49 While this figure has since been discredited and walked back by the company,50 Uber continues to release wage data on a selective basis and has yet to provide data that accounts for the costs that drivers bear due to being classified as independent contractors.51

Without public access to reliable data on on-demand work and services, on-demand companies have asymmetrical power over advocates and policy makers. This data is necessary for understanding the sectors’ impact on our cities, especially understanding whether and how protected classes of consumers and workers, including people of color and people with disabilities, are facing discrimination on these platforms. A data-based understanding of on-demand operations is also critical to crafting rational policy. Finally, once good policy has been adopted, enforcement of regulations also requires transparency of operational information.

Data access is also a common sense demand that can attract a broad coalition of stakeholders, and is an important step in reasserting the role of regulation in the public interest.

**Original research to inform policy**

The dearth of reliable data on the impacts of the on-demand sector in our cities creates demand for original research. It also creates opportunities to build issue-based coalitions to challenge bad practices in the sector, and can be

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**A CASE STUDY:**

**L.A. AND SHORT-TERM RENTALS**

A 2015 study by Los Angeles Alliance for a New Economy (LAANE) revealed the threat posed by short-term rentals (STRs) to Los Angeles’ efforts to affordably house residents, alleviate poverty, slow displacement and set high standards for hospitality industry jobs.

*Airbnb and the Housing Crisis in Los Angeles* found that short-term rental platforms, like Airbnb and VRBO, increase housing costs for Los Angeles renters while simultaneously undermining job quality in the hospitality industry. Analyzing data drawn directly from Airbnb’s public-facing site showed that just nine Los Angeles neighborhoods accounted for 73 percent of the company’s Los Angeles revenues. In these same neighborhoods, rents rose more quickly than in the rest of the city and were, on average, 20 percent higher. Additionally, while the City of Los Angeles has also enacted a Hotel Worker Minimum Wage ordinance mandating that the city’s largest hotels pay their workers $15.73 per hour, domestic workers cleaning short-term rental units are not subject to this ordinance and likely to earn a median wage of $10 per hour.

Before LAANE quantified the negative impacts of short-term rental industry’s unmitigated proliferation, there was no consensus on how to regulate these companies. With scant data available, neighborhood associations, community organizations, housing advocates and labor unions were overwhelmed by Airbnb’s strong lobbying and user turnout operations.

The report and its findings have been essential to building a coalition to press the city to craft sensible regulations and strong enforcement tools to stem the tide of STR proliferation in residential areas. The broad coalition includes interests that have at other times found themselves in opposition, including affordable housing advocates and developers, neighborhood and homeowners associations, labor unions, hotel workers, hospitality industry representatives, community-based organizations, and individual Angelenos concerned about quality of life.

Together, they have made a convincing argument that the City of Los Angeles must act now to mitigate the negative effects associated with short-term rental industry growth. In June of 2015, the Los Angeles City Council introduced a motion aimed at curbing these negative effects and is currently weighing the best course of action.
used to support efforts to gain access to company data.

Research on short-term rentals’ impact on local housing markets in Los Angeles has effectively reframed the debate about that sector in the city (see sidebar). Similar projects should be pursued regarding transportation, to understand how consumers use TNCs, how it relates to their use of public transportation and personal vehicle use, and what challenges they face. Transit experts can provide important context, analyzing information provided by consumers and data released by public agencies. By gathering data from on-demand drivers and customers, stakeholders can evaluate the efficiency of these services. In this way, independent research can illuminate the impact of the on-demand industry, even in the absence of data from the companies themselves.

**CONCLUSION: WHAT IS AT STAKE**

Progressive cities have an opportunity to shape the development of the on-demand economy. While the rapid growth of on-demand companies can make their success, as they currently exist, feel like a foregone conclusion, the sector is in its infancy.

Seizing this opportunity is essential. Just as subcontracted and perma-temp jobs have proliferated in our economy, so can on-demand work. Some on-demand companies have already indicated an interest in expanding into new industries, like logistics, and the model is likely to move into more industries in years to come. More immediately, the attention given to on-demand work can help shine a light on the broader insecurity faced by low-wage workers, and drive important reforms.

Together, we can shape the evolution of the on-demand sector to ensure it works for workers and communities.
ENDNOTES


15  Roy Samaan. “Airbnb, Rising Rent, and the Housing Crisis in Los Angeles,” Los Angeles Alliance for a New Econ-


22 Said, “Airbnb, Uber cast themselves.”

23 Said, “Airbnb, Uber cast themselves.”.


25 Weise, “This is how.”

26 Kirkham and Lien, “Facing regulatory roadblocks.”

27 Weise, “This is how.”

28 Carson “Airbnb has spent.”

29 Weise, “This is how.”


31 Beth Slovic, “Uber lobbyist Mark Wiener is also city officials’ campaign consultant,” Willmette Week, August 5, 2015, http://www.wweek.com/portland/blog-33556-uber_lobbyist_mark_wiener_is_also_city_officials_c.html. Weise, “This is how.”


34 Alba, “Inside Seattle’s bold plan.”

35 Skelton, “Organizing bill aims to provide safety net.”.


37 “Common ground for independent workers.”


