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**Pressekonferenz**

**„Crowdwork im internationalen Vergleich“**

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**Sperrfrist Redebeginn**

**Es gilt das gesprochene Wort!**

## Opening Remarks of Wilma Liebman

Let me first applaud the Hugo Sinzheimer Institut and the IG Metall's forward thinking vice president Christiane Benner for envisioning this comparative labor law study of crowdwork. Crowdwork may still be in its infancy, but its potential to disrupt the labor market demands attention. Thank you for the opportunity to participate in this project.

At the forefront of the technology enabled platform economy is U.S. based Uber, valued at \$70 billion – the fastest growing start up in history. But even before Uber, crowdwork platforms offered opportunities for matching workers to work performed exclusively *online*.

As our study describes, crowdwork platforms bring together a range of clients and workers – to perform everything from low skill, low wage microtasks, as on Amazon Mechanical Turk, to online freelancing, as on Upwork, to complex, more remunerative scientific challenges and competitions, as on Topcoder and InnoCentive. They create a global marketplace, with workers in high wage countries competing against those in low wage countries. A key question is what impact these new forms of platform-based work will have on the labor market?

In the U.S., for more than 3 decades, wages of workers have stagnated. Stagnant wages have in turn been a key driver of increasing income inequality, as have a decline in collective bargaining, and a decline in the share of corporate income that has gone to worker wages. While the unemployment rate has

dropped to a 16-year low, this is due largely to a drop in labor force participation. Wage growth remains flat. There are valid fears that platform work may aggravate these trends.

As explained in the U.S. chapter of this report, analysts are debating just how big the platform economy is. Accurate data is limited. But recent surveys show that from 2005-2015, the incidence of alternative work arrangements -- both offline and online -- increased by 50 percent in the U.S. This accounted for all net employment growth since 2005. Growth in these arrangements can put downward pressure on wages and labor standards.

While independent contractors are the largest group engaged in alternative work arrangements (or 8.9% of all workers), the *online* platform economy workforce is still small (just .5% of all workers in 2015). But it is growing. Participation on online labor platforms is highest among those who experience the highest levels of income volatility. As such, platform work presents opportunities for relieving periods of income loss and supplementing income.

It also presents risks, as our study finds. Its episodic, gig-like nature offers no economic security. Platform earnings may be below the statutory minimum wage. And if the platform economy, with its independent contractor model, continues to grow, more and more individuals will be working without the rights, protections and benefits of employment status. Crowdwork platforms enable work traditionally done in a local labor market to be performed remotely by a

global crowd, available 24/7, often willing to work for less. Increasingly, labor standards may be set on the basis of these practices, reinforcing downward labor market trends.

As fully discussed in the U.S. chapter of this study, many lawsuits have been filed in U.S. courts against platforms like Uber and its rival Lyft, alleging that their drivers should be treated as “employees” under workplace laws. There have been preliminary decisions favorable to the drivers’ claims. But the legal questions are far from finally resolved.

Likewise, one case filed against the platform Crowdfunder, settled at an early stage without resolving the “employee” issue. Crowdworkers’ status as employees is therefore untested. They differ in education, skills and social class, but they inhabit a common world, populated by different platforms, all hard to categorize under workplace laws. Legal challenges would likely yield answers that are either ambiguous or place crowdworkers outside the scope of protections. These cases are complex, costly and time consuming to litigate, with results uncertain.

As I conclude in the U.S. chapter, crowdwork realities underline the need to reach beyond the existing ambiguous legal tests to provide some governance in this unregulated sector of the global economy. This is needed especially to address the power disparities and economic anxieties that may accompany this business model and its so-called flexible working arrangements. Scrutiny of the

platform economy – and especially Uber and its hyper-competitive culture – has catalyzed a broader public policy debate in the U.S. over the future of work.

A proposal to add a third, intermediate category of independent worker entitled to some, but not all, legal rights and benefits has been debated, generating a lot of buzz, but little apparent support. Nonetheless the proposal has successfully focused attention on the limits of the existing “employment” boundaries of workplace laws, which exclude far too many workers.

Also, as millions of the self-employed work without a safety net, a variety of proposals have surfaced to construct a system of social protections de-linked from employment, including universal access to portable and prorated benefits, with mandatory contributions made for all work performed. Other ideas are in play, ranging from wage insurance to a guaranteed basic income.

And, restoring worker voice and power is increasingly seen to be fundamental to improving labor standards, especially (as with platforms) in a regulatory vacuum. Innovations in worker collective action are underway. Paramount is the campaign by fast food and other low-wage workers, which has triggered a wave of minimum-wage hikes in cities and states around the U.S., giving millions of workers a raise.

Creative approaches to empower and assist those *excluded* from workplace laws are also being tested. In the City of Seattle, the Teamsters Union has lobbied successfully for a city ordinance that would allow independent contractor drivers

like Uber's to engage in collective bargaining. The law faces major legal challenges, but it is path breaking.

Taking another approach, an independent drivers' guild in New York City entered into a five-year agreement with Uber, providing some support and benefits for drivers. Others are pursuing possibilities for worker ownership of platforms. As I conclude in this study, the ongoing exploration of public and private strategies will test what is possible. There are choices.