

# The EU Should Stop Turning A Blind Eye To The Platform Economy's Social Challenges

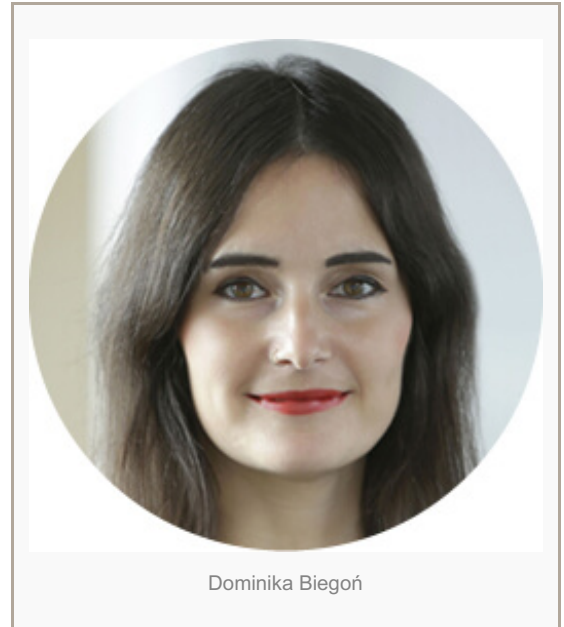
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Ever since the Commission declared the creation of a Digital Single Market (DSM) as a key priority of the current legislature, it has gained salience at most high-ranking EU meetings, figuring again at the most recent European Council meeting. As in the past, the summit DSM debate followed a well-known pattern: often very technical and one-sided, favoring the interests of digital businesses – the latest initiative for a more effective and fairer tax regime for digital big players is a noteworthy exception.

The DSM social dimension and the interests of workers are so far largely ignored. This is particularly true of the so-called platform economy, which has grown rapidly in the EU since 2010, giving birth to digital businesses as diverse as clickworker, uber, book a tiger and task rabbit – just to name a few. The precarious working conditions within some of these online platforms are meantime well-known. Even so, the Commission continues to turn a blind eye to the action needed in this field to the detriment of the rising numbers of people working in it. A framework directive in which a minimum level of social and labor standards for the platform economy is codified could be a progressive answer to the social challenges it poses.



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## The excuses for inaction given so far...

Confronted with the demand to regulate the platform economy the Commission often comes up with a threefold answer: more research is needed on working conditions; it is questionable whether people really work on these platforms since some people only offer their services for their own pleasure or do this only very occasionally; finally, the Commission is not weary of emphasizing it has only limited competence in the field and that, if at all, the member states must become active.

These arguments can easily be refuted. In recent years a plethora of case studies has been conducted illustrating that the platform economy is, indeed, very diverse and that poor working conditions are not ubiquitous. Still, the structural conditions of the platform economy, more specifically fierce transnational competition and regulatory loopholes facilitate a race to the bottom in social and labor standards. This is particularly the case because the legal status of those working on online platforms is unclear, opening the door for bogus self-employment.



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What is more, it is true that the scale and extent of online platform work is difficult to measure since the field is so diverse and robust indicators are missing. Extant studies so far highlight that platform work is far from being a marginal phenomenon and increasingly constitutes a source of income for a non-negligible mass of Europeans. The fact that the income generated on these platforms is most often only on top of other sources is no reason for policy makers to close their eyes to social challenges arising in this field.

Finally, it is true that social legislation to regulate the platform economy would go right to the heart of member state competences. That is why radical proposals such as those voiced by [Steven Hill](#) in the US context to introduce a portable safety net that would cover all kinds of workers irrespective of their employment status is not an option that would work out in the EU. Member states welfare traditions have to be respected and the principle of subsidiarity in the field of social and labor law should be paramount. On the other hand: Who if not the Commission should be responsible for proposing a regulatory framework for this largely transnational labor market and for defining social standards for this new economic field that guarantee a level playing field?

### **...Only conceal the Commission's strategy of deregulation**



If the Commission's policy of creating a DSM continues to follow the path so far, we will recommit a mistake that has so often marked the integration process: Primacy is given to the removal of market access barriers for businesses without giving due consideration to the concerns of workers. The Commission's "[European Agenda for the collaborative economy](#)" is a case in point: This shows that it has, indeed, become aware of the social problems by acknowledging that there is a need to clarify the legal status of platform workers. However, the Commission does not propose any tangible solutions. Even worse, it tries to prevent member state initiatives to regulate this newly emergent economic field by proposing high threshold for market access barriers to be imposed by them. If the Commission continues to ignore the need for legislative action, the logic of deregulation in the DSM will prevail.

### **Progressive European solution for the platform economy**

In sharp contrast to the Commission's strategy of ignorance the [European Parliament](#) and the [European Trade Union Confederation](#) have made constructive proposals for a political answer to the social challenges of the platform economy. The purpose of such a European initiative should be to define minimum standards and to ensure that national social and labor law is applied in the platform economy. In a recent book, Professor [Martin Risak](#) has sketched out the foundations of a crowdworking law for Austria. It is worth discussing whether some of these ideas could be transferred to the pan-European context. A framework directive on minimum social and labor standards could entail some of the following points:

- A clear definition of online platforms and a clarification of their legal status: When should online platforms be considered as intermediaries and when service providers? Here the Commission should fully take into account the various means by which online platforms exercise control over service providers.
- A catalogue of indicators to help member states decide on the legal status of platform workers. When are they employees and when self-employed?
- A clear division of competences: It must be the national labor law in which the platform worker physically works that should be applied (and not the labor law of the country in which the online platform is officially registered).
- Obligation to inform relevant authorities: Online platforms should be obliged to pass relevant information to national tax and social security authorities within an appropriate time frame.
- Ratings: An obligation for online platforms to be more transparent on how ratings are created and a possibility for workers to take actions against inappropriate rating. Workers should also be allowed to transfer their ratings to other platforms with a view to becoming economically more independent economically.

