21st Century Technology, 19th Century Work Practices

Jim Stanford on August 28, 2017

“Jobs” are so yesterday, we are told. Instead, the future of work is all about “gigs.” Never mind old-fashioned features like regular schedules, annual leave, or superannuation. Digital platforms and smart-phone apps will free workers from those outdated constraints, allowing us to move seamlessly from one gig to the next. We can work when, where, and how we choose.

Indeed, Uber’s website breathlessly informs prospective drivers they “can earn as much as you want.” That’s pretty exciting for people struggling to make ends meet in a chronically weak labour market marked by unemployment, underemployment, and record-low wage growth. If finding decent work was really as simple as clicking on an app, surely millions would take up the offer.

But there’s an underside to the emerging “gig economy.” Hours can be long. Incomes are low, and highly variable – often falling below statutory minimums. Traditional entitlements (like sick pay, vacations, and retirement) are a thing of the past. It seems that, despite the novelty of the technology deployed in these businesses, their labour practices are in fact reminiscent of the nineteenth century – not the twenty-first.

Gig work comes in many forms, in many different parts of the economy. But several key practices are common to most digital platforms. These include:

- *On-call work*: Workers are hired and paid only when needed, with no guarantee of continuing work or regular hours.
- *Piece-work compensation*: Workers are paid according to a specific job or task, not by the hour or the day.
- *Provision of capital equipment*: Workers are required to supply the direct capital needed for work – including a place to work (home or a car), and the tools or equipment which they directly use.
- *Nominally independent status*: Most platform businesses try to classify their workers as independent contractors, rather than traditional employees – in part to sidestep normal requirements and restrictions on employment (such as minimum wages and entitlements, or maximum hours).

While gig employers like to portray themselves as pioneers of innovation, in reality these work practices are as old as capitalism. They were all invented in the early years of industrialisation, as businesses searched for ways to extract labour effort in the new factories and mills, in ways that minimised the cost and risk to employers.

Consider, for example, the early business model in manufacturing called the “putting out system,” common in several industries (including textiles, small housewares, and watches) in the early nineteenth century. In this system, the business owner purchased raw materials – say, textiles. Workers took the raw materials home, to be processed and sewed on looms and other simple equipment which the workers provided. They returned the finished product to their employer for payment – hoping to be assigned more work (that is, another “gig”). The workers were paid by the piece, they supplied their own capital, they had no guarantee of more work, and they were classified as “independent” producers, not direct employees. All they needed was a smart phone app to organise the whole process, and they’d fit right into the gig economy today.

Over time these practices became less common, although they never disappeared. Larger, centralised factories required a more disciplined, regular workforce – and the equipment was far too complex and expensive for workers themselves to provide. Social upheaval and political reform led to rules limiting some of the greatest abuses, like rules banning the infamous “gangmasters,” precursors to modern labour-hire businesses. After the Second World War, labour markets in developed countries (like Australia) were so strong, employers become more willing to offer permanent jobs (since on-call labour was no longer reliable to supply all a firm’s requirements).

Since then, the pendulum has swung strongly in favour of employers according to all of these criteria. And so employers are once again dusting off this nineteenth-century playbook: organising their businesses in ways that shift risk and cost to workers, and tapping a low-cost, "just-in-time" workforce.

Several labour researchers (including Andrew Stewart, Wayne Lewchuk, Kate Minter, Frances Flanagan, and myself) have tackled the phenomenon of "gig" work in more detail, in a symposium of articles just published in the academic journal *Economic and Labour Relations Review*. The authors agree that this emerging practice needs immediate and energetic attention from labour regulators. While the number of digital gig jobs is still small (in the order of one-half of one percent of all jobs in the economy), the practice will spread if other employers conclude they have free reign to ignore long-standing labour regulations – so long as there's a smart phone involved.

Regulators will need to be ambitious, creative, and eclectic in finding ways to protect fair labour standards as business models evolve. Simply enforcing existing laws with more consistency and ambition would help (as 7-Eleven workers are all too aware). In some cases, modest regulatory reform would further protect workers: for example, clarifying that the category of "employee" indeed applies to any situation where a business controls what a worker does, supervises them, hires and fires them, and pays them.

A change in broader public attitudes is also important. Instead of uncritically accepting the hype about the latest app, consumers should pause for a moment to think about who is actually doing the work, what conditions they face, and how the resulting insecurity and poverty are contributing to the service on offer. Placed in this historical and social context, it seems that gig work isn't so new and exciting after all.

The symposium of five new research papers on work in the gig economy, organised by the Centre for Future Work at the Australia Institute, has been published in Economic and Labour Relations Review, which has provided open access to the articles for a limited time.