COVID-19 Must Create a Forced Evolution of Gig Economy Work

by: Malcom Glenn, Senior Fellow

By now, Uber's origin story is well-told: on a snowy night in late 2008, two guys in Paris couldn't get a cab. They decided that there had to be a better way, capturing the frustration of seas of people around the world who'd had similar experiences, and upon their return to their hometown of San Francisco, they created a bit of technology to attempt to solve the problem. The rest, as they say, is history.

I should know that story, as I spent much of the past four and a half years at Uber, leading the company's policy work around improving the platform for people who are experiencing difficulty accessing either transportation or work. People with limited mobility - a group which includes older adults, folks with limited incomes, and the overlap of those group - are among the many people who struggle to find work that fits into their lives and the people who lack a consistent and reliable way to get to their jobs.

> **IN ORDER TO KEEP OLDER WORKERS SAFE, THE COMPANIES PROVIDING FLEXIBLE WORK HAVE TO TREAT THIS RECESSION DIFFERENTLY THAN THE LAST ONE.**

While Uber didn't create the notion of gig work, it expanded the platform for that work to a global size and scale we've never seen. As with any successful start-up story, part of the reason for Uber's early growth was timing: created just months after a historic housing market crash and founded in the midst of the worst economy since The Great Depression, Uber and other companies came along at a time when unemployment rates were high. People were looking for flexible work and smartphones were becoming smart enough to be able to sustain such a network at scale.

From the perspective of gig workers, the good news of the last recession was that demand for shared transportation was high—and today's opposite reality is among the many great challenges those workers are facing in the midst of the COVID-19 pandemic. So many of the traditional economic levers that we would pull to create opportunities for cash-strapped families to make money simply aren't an option right now. The flexible jobs that were in high demand during the last downturn are disproportionately ones that require you to leave your home, engage in extended interpersonal contact, and effectively go against much of the advice of medical professionals to stay home.

It's a challenge for everyone but it poses particular dangers for older Americans. The numbers vary based on location and frequency of driving, but some pre-COVID surveys showed that more than half of Uber and Lyft drivers are over the age of 50. And by now, we know how much more vulnerable older adults are to COVID-19. It creates a particularly dangerous recipe for those with limited incomes; the very people who most need to make money face the greatest risk and have the most limited options. Even if the demographic-specific health risks weren't there, demand on ridesharing apps has dropped precipitously, meaning that until curves start to flatten—and the US is far behind virtually every other industrialized nation in driving down cases—there's much less money to be made among the drivers still willing to bear those risks.

In addition to killing hundreds of thousands of people and creating economic pain that will last for generations, this pandemic creates an especially daunting challenge for cash-strapped older workers. The last recession taught us a lesson that makes macroeconomic sense: flexible work with a relatively low barrier of entry is valuable in an economic downturn, and older Americans—many of whom depend on Medicare for health benefits and are comfortable with their independent contractor status—are particularly drawn to the flexibility and sociability that comes with these types of jobs. But we didn't anticipate that the next recession would come as a result of a highly-contagious virus that disproportionately targets older adults. That fact has made the prospect of gig work more perilous than at any time since that snowy day in Paris more than a decade ago.

Thankfully, the CARES Act, which was passed by Congress and signed into law in late March, made independent contractors and freelancers eligible for unemployment benefits for the work they're missing. This will surely provide some short-term help to the most vulnerable gig economy workers. But as economies continue to open with coronavirus community spread still rampant, the risks of the work won't go away. And as long as the predominant forms of gig work are things like driving people around and delivering things to people, in the absence of a vaccine or some sort of treatment for the virus, those risks never will.

That's why there's an opportunity in this moment to re-think the limited array of options that come to mind when we currently think of gig work. Platforms like UberWorks—which pledges to connect people with flexible work opportunities across a diversity of job types—is a promising option for the future. But UberWorks is still in its infancy, operating in just a few US cities and still offering jobs that pose big risks to COVID-vulnerable populations. Over time, though, increasing the number of jobs that provide more opportunities for strict social distancing is where the gig work needs to evolve. The companies that are most thoughtful about diversifying their businesses and adjusting to a world where we have to live with COVID-19's presence will be the most successful, and it's where folks who are still looking for the flexibility that drew them to the gig economy in the first place will ultimately go.

There's still great uncertainty around what those new jobs will look like, how plentiful they'll be, and whether they'll come to fruition in time to stem some of the ongoing losses. Those solutions represent just a fraction of the challenges that underserved communities will face as they look to navigate the gig economy in the midst of a pandemic. Over the coming months, I'm excited to partner with CWI Labs, drawing on my own experience and the expertise of people devoted to crisis mitigation efforts. My hope is that, together, we can come up with creative ways to make our current systems work better for the most vulnerable among us.

CWI Labs, Inc.

The Center for Workforce Inclusion is the largest and most experienced workforce development organization dedicated exclusively to the low-income 50+ workforce. Experience in what has worked in the past, however, is not enough to succeed in our rapidly changing world. That is why we established CWI Labs, an affiliated nonprofit organization and innovation hub to build new approaches, advance best practices, and tackle the labor force obstacles confronting traditionally underserved communities.dy text

CWI Labs invited Malcom Glenn to be our 2020 Senior Fellow. Malcom is an expert in how public policy and technology can improve people's lives, especially in areas like transportation, housing, and economic development. He writes for and advises the Labs on how the gig economy and access to technology can create opportunities for our Nation's aging workforce, with a particular focus on our recovery from the economic impact of COVID-19.