

Proof of a ‘Gig Economy’ Revolution Is Hard to Find

By Josh Zumbrun And Anna Louie Sussman



Republican presidential candidate Jeb Bush getting out of an Uber car to go to a meeting at Thumbtack on July 16 in San Francisco. Photo: Justin Sullivan/Getty Images

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Politicians and Silicon Valley prospectuses are all atwitter over the perils and promise of the next big thing, the gig economy.

[Hillary Clinton warned of the downsides of this informal workforce](#) in a recent economic speech, including the potential erosion of workplace protections. Eyeing an opening, [Jeb Bush](#) used the ride-hailing app Uber to get to a meeting with Thumbtack, a company that helps people hire everyone from handymen to DJs. Companies like these have been portrayed as the “race-to-the-bottom economy” and “the industrial revolution of our time.”

Harder to find so far is proof of the revolution.

Far from turning into a nation of gig workers, Americans are becoming slightly less likely to be self-employed, and less prone to hold multiple jobs. Official government data shows around 95% of those who report having jobs are accounted for on the formal payroll of U.S. employers, little changed from a decade ago.

If Uber and its ilk were fundamentally undermining the relationship workers have with employers, that shift would be showing up in at least some of the key economic indicators. Hundreds of thousands of Americans, or even a few million, may have dabbled in the gig economy, but in the context of the 157 million-strong U.S. labor force, the

trend remains marginal.

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“It could be companies like Lyft and Uber look terribly important by their capital market valuation, but the actual economic activity they’re responsible for might not be all that great,” said Gary Burtless, a labor market economist at the centrist Brookings Institution.

Uber, with around 160,000 active drivers under contract in the U.S. at the end of last year, has sought to hold a funding round this year that would value the company at \$50 billion. That’s approximately the market capitalization of [General Motors](#), which sold 2.4 million cars in the last quarter alone.

Many workers cobbling a living from tech platforms in the gig economy should be classified as self-employed. But the share of Americans who are self-employed and unincorporated has slowly declined over the past decade, to about 6.5% of workers today, down from as high as 7.7% in 2005 and as high as 8.5% in the mid-1990s, according to Labor Department figures.

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Made popular as a jazz term as far back as the 1920s, gig work defies easy definition. The consulting firm McKinsey & Co., in a June report, described it as “contingent work that is transacted on a digital marketplace.” McKinsey estimated that less than 1% of the U.S. working-age population fell into this category, including some people who already work a part- or full-time job.

The Labor Department collects data on workers in different ways: surveying the civilian population to ask if they have jobs, tracking the number of people paying into the unemployment insurance system and surveying companies on the size of their payrolls.

No discrepancy has emerged between people who report having jobs in a survey and the number of people companies report on their payrolls.

Some workers might have a primary job and do some TaskRabbit work on the weekend for extra cash, or sell artisanal greeting cards on [Etsy](#) as a hobby. But the share of people who hold multiple jobs is also in decline—only 4.8% of workers do, down from 5.5% in 2005 and 6.3% in 1995.

Alternate definitions seeking to measure the gig economy have produced a range of estimates. The Government Accountability Office recently estimated the “contingent workforce” makes up about 8% of the employed U.S. workforce, using a definition that includes agency temps and on-call workers.

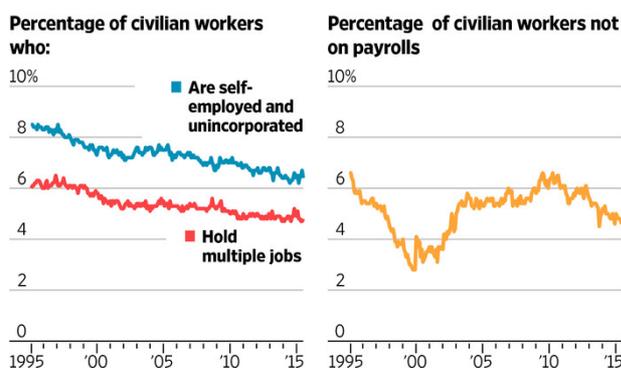
From 1995 to 2005, the Labor Department tracked irregular work with a biannual Contingent Workers Survey. In recent years, though, Congress hasn’t granted the agency funding to carry it out.

Whatever its size, gig work has become [a new political fault line](#).

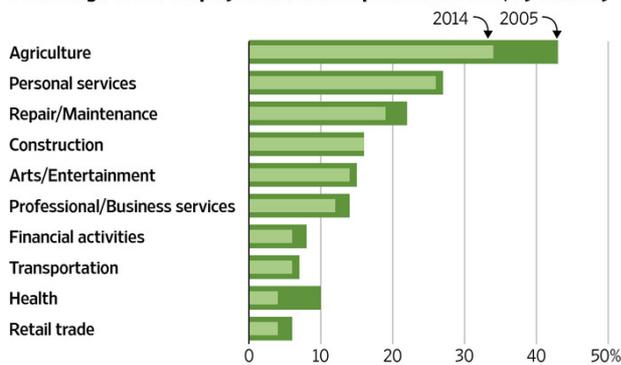
New York City Mayor [Bill de Blasio](#) sought to squelch Uber’s growth in his city last week, prompting Republican presidential candidate [Marco Rubio](#) to boast about riding Uber around the city. GOP candidate [Rand Paul](#) has said such services stimulate the economy and lower prices. California has waged a legal battle against Uber over whether its drivers ought to be classified as employees, rather than contractors.

Workforce Shake-Up? Not Quite

The rise of Uber and other app-based companies has sparked talk of an insurgent ‘gig economy,’ but it’s hard to find signs of that in the national data.



Percentage of self-employed and unincorporated workers, by industry



Source: Labor Department

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The Labor Department recently issued guidance aimed at cracking down on employers who misclassify their employees as subcontractors. But David Weil, the administrator of the department's Wage and Hour Division, said that the guidance is largely aimed at traditional employers, such as in the construction and hospitality sectors.

"What we are really concerned about is its prevalence in the longest-established parts of industries," said Mr. Weil.

Economists note that regular work and irregular work have always coexisted; some are skeptical of whether gigs arranged via a smartphone are truly novel.

The narrative of new apps upending the world may be seductive to coastal elites in New York, Washington and San Francisco, said Mr. Burtless of Brookings, noting that some have devised "big theories" based on "their own interaction sitting in the back of a car."

But these theories, he worries, lack "hard evidence."

Write to Josh Zumbrun at Josh.Zumbrun@wsj.com