Global Labour Column

http://column.global-labour-university.org/

Number 239, June 2016

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

Uber: don't take us for a ride!

By Claire Clarke and Mac Urata

The 'sharing economy' is changing the landscape of work by promoting a model that provides easy access to work but further casualises the workforce. Work has evolved from long-term employment to a series of jobs, and has now again been reduced to the delivery of unique tasks.

Transportation network companies (TNCs) such as Uber are driving the growth of less formal work in passenger transport via a business model that challenges the traditional approach to the supply and demand of passenger transport as well as the way in which value is created, distributed and controlled. These companies promote themselves as electronic marketplaces that connect customers with drivers. They claim they are not taxi operators, and therefore operate outside existing industry regulations on licensing requirements, insurance, and driver screening.

Uber claims to offer flexibility for its 'partners' (users and drivers), but driving for Uber can be tough. Many media reports suggest that Uber drivers are not earning the legally required minimum wage. In some cases, drivers make no money at all from some shifts.

Uber's own research in 2015 revealed a proliferation of part-time work (Hall and Krueger, 2015) in what Robert Reich, Clinton's former labour secretary, calls the 'share-the-scraps' economy, where 'the big money goes to the corporations that own the software. The scraps go to the on-demand workers … The new on-demand work shifts risks entirely onto workers and eliminates minimal standards completely' (Reich, 2015).

Uber can change prices at will and drivers have no say over pricing. Reduced-fares promotions, introduced from time to time to boost consumer demand and awareness, make drivers' incomes unstable. Since the beginning of 2016, Uber has reduced fares in more than a hundred cities in the US and Canada, in some cases by up to 45% (Lazzaro, 2016). There have also been fare cuts in Perth, Brisbane, Istanbul, Paris, Auckland and in cities in India, South Africa and Costa Rica. Uber claims that reduced fares boost demand and therefore mean 'less time spent waiting around and more money for drivers' (Uber News Room, 2016), but Uber drivers in Washington DC had to increase their productivity by 45% when Uber slashed fares in February 2015. In Detroit, drivers get only 30 cents a mile at the new rates. Uber also increased their commission from some new drivers to 30%. Investments in luxury cars that are then downgraded to cheaper platforms also squeeze drivers.

Unstable incomes force drivers to work long hours to cover the fees, car loan payments and petrol. An Uber driver reported to the *New York Post*, 'I have to work 16 hours a day to make enough money to support my family … Last week, I worked 19 hours in one day, and I slept in the car at JFK' (Furfaro and Roberts, 2016).

Uber drivers fall outside existing employment law because Uber argues that its drivers are independent contractors, who use their own equipment and set their own hours. This classification is misleading: drivers interact with an automated management system, but 'Uber does control a lot of the ways that drivers behave on the job' (Simonite, 2015) Drivers are expected to follow detailed requirements for vehicle cleanliness, pick-up times and conduct with passengers. They rely on the Uber app for work and can be deactivated at any moment for any number of reasons. The classification shifts costs to drivers and increases profits for the company.

Significant rulings this year could challenge this status. The European Court of Justice is due to rule on whether Uber is a transport company or digital service. In the US, a recent settlement in a class-action lawsuit in California (to be approved by the federal judge in June) defines drivers as independent contractors, but Uber agreed to some changes in its business practices and may also be liable for accidents.

Whatever the outcome, workers must have the right to join or form a union, as well as recognition to bargain collectively and set minimum standards. Uber's online platform and flexibility isolate workers, reducing their ability to take collective action. There have also been complaints of union busting by Uber. However, drivers are finding ways to come together to defend labour rights. Last year, about 2 500 taxi drivers in Sao Paulo demanded an end to illegal practices in the taxi sector (International Transport Workers' Federation, 2015), and there were also major demonstrations in Brussels and New York. In Brussels, the European Transport Workers' Federation and the International Road Transport Union (IRU), a global employers association, met the European Commissioner's cabinet and two members of the Belgian federal government to discuss their concerns.

There have been important gains such as the Seattle Council Ordinance of 2015 which extends collective bargaining rights to drivers alongside campaigns to unionise them. Concerns about Uber's tax avoidance could provide a new lever for taxi workers and unions to confront Uber by promoting social justice with workers' rights.

TNCs also undermine rights in traditional, regulated taxi industries. Uber practices an aggressive informalisation of an industry that was already deregulated three decades ago. The market is flooded with casual drivers, and increased competition undermines existing working conditions. The fare systems used by regulated taxis are undermined by Uber's use of price surging when demand exceeds supply. Their lack of accountability for screening drivers, insurance and vehicle maintenance affects safety. Local or national governments in almost 50% of the countries where Uber claims to operate – including France, Germany, the Netherlands – have said 'no' to Uber in one way or another.

The International Transport Workers' Federation (ITF) has been working with the employers' association IRU to protect standards for drivers and passengers in the taxi industry. In 2014, the ITF and IRU released a joint statement calling on regulators to ensure respect for the law and guarantee a level playing field in the taxi market (ITF, 2014). They also submitted a resolution on this matter to a 2015 ILO tripartite conference, which was adopted unanimously.

Uber CEO Kalanick promotes Uber as an answer to chronic unemployment and a way to accelerate economic empowerment. He promised to create 50 000 new jobs in Europe and 20 000 jobs in Australia in 2015, and pledged to create one million jobs worldwide for women drivers on the Uber platform by 2020. Most recently, Uber signed an agreement with the Maharashtra government in India to help create 75 000 jobs there.

But at what cost? These jobs are likely to be insecure, ill-paid and unsafe. The labour movement needs to stand together to ensure a future for decent work. Uber suffered a major defeat last year when UN Women disassociated itself from a partnership following protest by the ITF and a global coalition of unions and civil society groups, which emphasised that one million precarious, informal jobs represent the type of labour market inequality that the women's movement has been fighting for decades (ITF, 2015).

The ITF and its affiliated unions are not against innovation in the taxi industry, but insist that work must comply fully with the laws and regulations governing the industry and employment standards in order to level the playing field, to guarantee safety and security, and to protect jobs and the rights of customers and workers.

Claire Clarke is Senior Section Assistant in the Inland Transport Sections of the ITF where she is responsible for research to support campaign and project activities, assisting with the development and implementation of strategic campaigns, and development and delivery of education programmes to affiliates to support activities, including industrial campaigns. She currently provides support for the ITF campaign on Uber. She is also the Secretariat contact within the Section on activities for women workers and young workers.

Mac Urata is Section Secretary of the ITF's Inland Transport Sections. He also leads the global campaign by ITF against Uber, which represents taxi unions globally by supporting them to lobby national governments for a level playing field. Prior to his appointment to the current position, Urata worked in the ITF's regional office in Tokyo and earlier for a Japanese public transport workers' union.

References

Furfaro, D and Roberts, G. (2016) Uber drivers working up to 19 hours a day just to get by, *(http://nypost.com/2016/02/07/uber-drivers-working-up-to-19-hours-a-day-just-to-get-by/)*, accessed 23 February 2016.

Hall, J. and Krueger, A. (2015) An Analysis of the Labor Market for Uber's Driver-Partners in the United States', *Working Papers no. 587 (Industrial Relations Section),* Princeton University, http://arks.princeton.edu/ark:/88435/dsp010z708z67d, accessed 8 June 2015.

International Transport Workers' Federation (2014) Respecting the law, protecting customers, (http://www.itfglobal.org/en/news-events/press-releases/2014/noviembre/respecting-the-law-protecting-customers/), accessed 23 February 2016.

International Transport Workers' Federation (2015) Brazilian taxi drivers protest against Uber passenger service, (http://www.itfglobal.org/en/news-events/news/2015/april/brazilian-taxi-drivers-protest-against-uber-passenger-service/), accessed 23 March 2016.

International Transport Workers' Federation (2015) Union outcry forces rejection of Uber 'women's jobs' plan, (http://www.itfglobal.org/en/news-events/press-releases/2015/march/union-outcry-forces-rejection-of-uber-%E2%80%98womens-jobs-plan//), accessed 24 February 2016.

Lazzaro, S. (2016) Uber Drivers Plan Boycott After Fare Cuts Slash Their Earnings to Below Minimum Wage (http://observer.com/2016/01/uber-drivers-plan-boycott-after-fare-cuts-slash-their-earnings-to-below-minimum-wage/), accessed 23 February 2016.

Reich, R. 2015. The 'Sharing Economy'? More Like the 'Share the Crumbs' Economy, (http://inthesetimes.com/working/entry/17598/robert_reich_the_sharing_economy_more_like_the_share_the_crumbs_economy), accessed 23 February 2016.

Simonite, T. (2015) When Your Boss is an Uber Algorithm. (https://www.technologyreview.com/s/543946/when-your-boss-is-an-uber-algorithm/), accessed 23 February 2016.

Uber News Room (2016) Beating the Winter Slump: Price Cuts for Riders and Guaranteed Earnings for Drivers, (https://newsroom.uber.com/beating-the-winter-slump-price-cuts-for-riders-and-guaranteed-earnings-for-drivers/), accessed 23 February 2016.