

The Gig Economy Didn't Exist During the Great Depression

New book on our outdated unemployment laws

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Back in 1929 when the market crashed and the Great Depression began, Uber, TaskRabbit, and the gig economy were almost a century in the future. So why are the laws we use to protect the workers who power those businesses unchanged from 100 years ago? As we learned with startling clarity during the unprecedented economic upheaval of the pandemic, our social safety net legislation is divorced from how Americans on the margins survive today.

In her new book, [SIDE HUSTLE SAFETY NET: How Vulnerable Workers Survive Precarious Times](#) (UC Press; October 24, 2023) UNC Professor Alexandra Ravenelle shows government policies have not kept up with the changing nature of how we work, and too many people—the forgotten jobless of the gig-economy who don't qualify for government assistance—are falling through the cracks. While the relief money provided during the pandemic was a godsend for millions, for others, namely workers like drivers, delivery people, and handymen, that vital assistance never came due to archaic and pro-business unemployment laws.

Building off previous research from her groundbreaking studies on the gig economy, Ravenelle conducted 200 interviews with workers who were just barely hanging on before, during, and after the pandemic. In profiles both inspirational and heartbreaking, she introduces us to people who used relief funds to greatly improve their opportunities, and to

those who through no fault of their own were denied assistance and struggled to make ends meet.

What she finds is that, much like during the New Deal era, even minimal government investments in the form of relief have massive long-term benefits that outweigh the costs—we just need to update them for the way we live and work now.

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Liv Walton (LW): You've spent years studying how the gig economy transformed the notion of employment, and then the pandemic gave us an unprecedented look at what happens when tens of millions lose their jobs almost overnight. As the saying goes, "You should never waste a good crisis." What did the experience of Covid allow you to see in your research? What questions were you most eager to tackle?

Prof. Alexandra J. Ravenelle (PAJR): Gig work encourages poly-employment—working multiple jobs—and our antiquated unemployment system is not structured for that reality. If you have multiple jobs, you may be penalized when it comes to unemployment benefits by receiving less or being disqualified entirely. Even when workers do receive unemployment benefits, it's often not enough to replace all their lost income, or it doesn't take into account that many workers face considerable delays between when they work and when they get paid.

One question I wanted to tackle is how workers handle this disconnect between unemployment and poly-employment. And it turns out that the answer is survival strategies: everything from selling drugs to sex work to selling "clean pee" to help other people pass drug tests.

LW: The conventional wisdom is that the government's economic reaction to the pandemic was a huge success. Even if you agree with that, where did it fall short and what could have been done better?

PAJR: The CARES Act was amazing, but still fell short in a number of ways:

1. Not everyone knew there was assistance available or that they qualified. Many young people didn't know unemployment assistance even existed, and thousands of immigrants—even those who are legally able to work—were scared that accepting unemployment assistance could result in deportation. We should have run a more robust advertising campaign.

2. The rise of independent contractors means there's an entire group of workers who have been excluded from the social safety net. When they did get access to unemployment assistance under CARES, they received roughly half the benefits as their W-2 peers. They should have received the same amount, and the unemployment system should be changed to address the needs of these workers in the future.

3. In the past 40 years, we've seen a dismantling of the social safety net. States have cut back on the number of weeks that workers qualify for, and in many cases, the amount that workers receive hasn't kept up with inflation. Sometimes workers feel that it's too much hassle for too little money and don't bother to apply.

4. Finally, while we have returned to relatively low unemployment rates, it's just a matter of time before we have another recession. Meanwhile, more and more jobs are becoming "gigified" and moved outside the social safety net. If the goal of unemployment assistance is to prevent an economic meltdown and get people back on their feet, then we need an unemployment system that doesn't penalize part-time or freelance work.

LW: In his blurb for this book, Senator Ron Wyden of Oregon writes, "(Ravenelle's) book reveals the bankruptcy of the idea that Americans prefer staying home and collecting a check to working hard." How do our current policies reflect these noxious ideas?

PAJR: My book shows that even during the height of the pandemic, people continued to seek jobs and go to work. We don't have a problem with the work ethic in the US—we have a problem with a safety net that's full of holes, thanks to a fundamental misunderstanding of what the economy is today and how it's different from what it was when these policies were created.

Drive down Main Street in any small town or even mid-sized city and you'll see sign after sign announcing businesses are "Now Hiring!" It's easy to think that's because people would rather stay home than do an honest day's work. That premise itself is dishonest and yet many unemployment policies are based on this idea.

Let's get real. We require unemployed workers to certify weekly. We mandate that they apply for a set number of jobs every week and document an absurd level of contact information for each potential employer. We demand that the unemployed accept any job offered to them, even if it is drastically below their education level, skill set, or financial needs. In exchange for this subservience, we offer them a few months of income that at best will be less than half of what they were making before. And we still tax it.

LW: When you wrote your first book *HUSTLE AND GIG*, the gig economy was newer and poorly understood. Now it's more ingrained in our economy—it's just part of the way many of us work. But do we understand it fully? Do we understand it enough to regulate it properly?

PAJR: The gig economy is a lot like Covid: every time we think we've got it figured out, there's another change.

There are still things we, and the workers on these platforms, don't understand. We don't understand pricing or work distribution; the algorithms that drive both are essentially a black box. We don't know how many people are on gig platforms—and neither do the companies!

But there are some things we do understand: we understand that the house always wins. When a new platform seems to be paying workers well, eventually that will change as venture capital funds run out and the platform seeks to make a profit on the backs of the workers. We understand that the status of 1099 employment means that the risks of gig work—unpaid downtime, deactivation, low wages, injury, and assault—are all borne by the worker. And we understand that gig-based work is causing people who used to hold one stable job to engage in multiple side hustles.

The way to solve these problems is easy: make these workers W2 employees. We don't need to reinvent the wheel. We just need to make use of a hundred years of hard-won

workplace protections.

Regulation is not always the answer. But it turns out that at least some regulation is definitely the answer.

LW: What would we gain by limiting the number of workers on 1099s and putting them on W-2s?

PAJR: Simply put: for millions of workers, this would mean access to the social safety net. Independent contractors or 1099 workers don't have access to health insurance, workers comp, paid time off, retirement contributions, or unemployment assistance, unless there's literally an act of Congress. The W2 status isn't perfect. But it's a lot more protections than these workers have now.

There's a reason why the CEOs and corporate office people for these platforms are all W-2 workers—they know it's a better deal. W2 employees get paid while they're on the clock, while gig workers only get paid while they're actively earning for the platform.

If we can't convert all workers to W-2 status, we at least need to decrease the financial incentives for companies to make their workforce 1099-based. We need a minimum wage that includes hours logged into the platform to address the time that workers spend waiting for work. We need platforms to contribute to retirement and health insurance funds on behalf of their workers. And we need unemployment insurance for workers that takes into account poly employment and platform deactivation.

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By Alexandra J. Ravenelle

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“Eye-opening. . . . A startling examination of the patchy response to pandemic-era unemployment.” —Kirkus Reviews

“A thoughtful and often humorous analysis of the culture of side hustles—and the hidden cost of many of our modern conveniences. You’ll tip your delivery driver more after reading this.” —Aziz Ansari and Eric Klinenberg, coauthors of *Modern Romance*

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