In Which Direction Will President Trump Take The Gig Economy?

Insights
2.23.17

President Trump has spent much of the first month of his presidency embroiled in controversy over his immigration policies. His economic proposals – part and parcel of his campaign – have taken a backseat to attempts at immigration reform. But the president will eventually turn his attention to economic issues, and his policies could potentially have a far-reaching impact on the gig economy.

On the surface, Mr. Trump purports to be both pro-business *and* pro-worker. In support of business, Mr. Trump has repeatedly promised to slash corporate taxes, nominated a controversial pro-business executive to head the Department of Labor (a nominated which flamed out under pressure from opponents), and issued an executive order aimed at eliminating regulations that he deems burdensome to small businesses. But in support of workers, Mr. Trump has threatened reprisal against businesses that eliminate U.S.-based jobs, and has promised to prioritize the creation of traditional, blue-collar manufacturing jobs. All of this begs the question: *in what direction will Mr. Trump's policies take the gig economy*?

The short answer might be: we're not sure. There appear to be both positive signs along with some indications that the administration will favor a traditional approach to employment.

On the "good" side, the president's immigration policies could potentially lead to growth in the gig economy via an increase in the size of the contingent workforce. For example, immigration policies that provide for stricter enforcement of immigration laws – particularly, stricter I-9 compliance, and higher penalties for the hiring of undocumented workers – could increase the business incentive to refrain from hiring undocumented workers. Companies faced with stiffer penalties for hiring unauthorized workers could elect to simply change the nature of their relationship with those workers. This, in turn, could push a significant portion of the undocumented labor pool out of traditional employment relationships and into the contingent workforce, where immigration status would have less of an impact on the ability to work and transact business.

Mr. Trump's potential tax policies – specifically, a reduced corporate tax rate – could also incentivize the self-employment that is the bedrock of the contingent workforce. For example, Mr. Trump has proposed reducing the corporate tax rate to 15 percent, which would impact businesses from Fortune 500 companies all the way down to the freelancer living job-to-job. Given that the top income tax bracket is nearly 40 percent, individuals in high-demand, highly compensated positions income tax bracket is nearly 40 percent, individuals in high-demand, highly compensated positions may elect to pursue self-employment opportunities in order to reduce their tax liability. Businesses, in turn, may be more inclined to conduct arms-length business with these individuals, who may be able to provide similar service on a more cost-effective basis (both to the worker and the business to which he/she provides service). The effect could be a decrease in the number of highly-compensated traditional jobs, and an increase in the number of highly compensated gig opportunities.

Although Mr. Trump's positions on immigration and tax policy seemingly bode well for growth prospects in the gig economy, his positions on tariffs and job creation favor the more traditional employment relationship. For example, Mr. Trump has warned of "retribution or consequence" for companies that eliminate jobs via outsourcing. He has also vowed to renegotiate trade agreements such as NAFTA, and almost immediately after taking office launched a "Manufacturing Jobs Initiative." More recently, Mr. Trump nominated Alexander Acosta, who has drawn praise from labor groups and unions, to head the Department of Labor. These actions suggests that Mr. Trump's policies may favor the traditional employment relationship, at least in some respects.

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