Wait – Senator Warren DIDN'T Slam The Gig Economy?

Insights
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Outspoken Massachusetts Senator Elizabeth Warren isn't known for mincing words. Whether she's telling a big bank to "go to hell" from the floor of the Congress or calling Donald Trump a cancerous demagogue, she is anything but cagey or demure. Apparently, the feeling is mutual. *Time* suggested recently that "hardly any other legislator inspires the kind of vituperation that Warren does in her opponents."

That's probably why when Sen. Warren gave the opening keynote at the New America Foundation's annual conference in Washington, D.C. last month (video here or transcript here), no one in the media knew quite what to make of it. *The Nation* called her speech "one of the first serious attempts by Democrats" to talk about the gig economy.

In the social equation of high-profile gig misclassification lawsuits and a Senator whose brand centers on wage growth and union proliferation, one would expect Warren to come down hard on gig employers. Indeed, various media sources claimed that the Senator was "taking on" the gig economy as her "next crusade."

Call it confirmation bias, but that's not what she said. The core takeaway from her first-of-its-kind speech? "Workers without employers should have access to the same kind of benefits that some employees already have." Before we delve into the revolutionary, controversial idea of a "basic bargain," as Warren called it — a safety net of benefits for all workers regardless of whether they are employees, independent contractors, or something in between — let's circle back on the most important part of that sentence: "workers without employers." That phrase acknowledges every gig worker in the United States, without derision or "crusade."

Do continue, Senator.

The gig economy didn't invent any of these [economic or misclassification] problems. In fact, the gig economy has become a stopgap for some workers who can't make ends meet in a weak labor market. …

The problems facing gig workers are much like the problems facing millions of other workers. An outdated employee benefits model makes it all but impossible for temporary workers, contract workers, part-time workers and workers in industries like retail or construction who switch jobs frequently to build an economic security

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We can't blame the parts of the gig economy that we don't like on technology companies, software, or smartphones. There are plenty of outsourced janitors and warehouse workers, plenty of security guards and manufacturing workers who can explain that on-demand work is nothing new.

Warren, while a politician, is hardly political when it comes to her choice of words. There is no cloying subtly in her rhetoric. If she had intended to "take on" Uber and Lyft for misclassification or purported abuses, she would have done so. Guess what? She didn't. If anything, her speech recognizes that the gig economy is integral and necessary:

A hundred years ago, nobody grappling with the rapid changes in technology and work seriously entertained the idea of banning manufacturing advances. And today, nobody seriously entertains the idea of pulling the plug on the Internet. Massive technological change is a gift—a byproduct of human ingenuity that creates extraordinary opportunity to improve the lives of billions. … To fully realize the potential of this new economy, laws must be adapted to make sure that the basic bargain for workers remains intact.

So about that "bargain." Warren proposes that an "outdated employee benefits model," is to blame, and that everyone—from temp employees to gig workers—could get on the same playing field if they were provided a set of radical guarantees:

1. Everyone has to pay into Social Security "as the law always intended," even Uber drivers. "If Social Security is to be fully funded for generations to come, and if all workers are to have adequate benefits, then electronic, automatic, and mandatory withholding of payroll taxes must apply to everyone — gig workers, 1099 workers, and hourly employees."
2. National catastrophic insurance for every worker pooled across the workforce through small automatic deductions. This would replace Workers' Compensation and disability for gig workers.
3. Some amount of paid leave every year based on the number of hours worked… (wait for it) "for any purpose." (!!!). Paid family and medical leave for longer absences for serious illnesses and maternity leave — another fund of pooled worker deductions.
4. Fully portable health care and retirement benefits that belong to the worker no matter what platform or company generated the income. Warren urged that this might be good for business, too: "Small businesses and startups can compete for workers without needing to get into the health insurance and retirements benefits business."
5. Enforce existing employment laws and "streamline" confusing employee classification rules.

Arguably, Warren's proposition of universal benefits effectively lays the groundwork for the third, modern classification of worker that we have discussed in a past post on the opposite end of the political spectrum—a classification somewhere between employee and independent contractor. Although it may seem impossible during an election season, down the road there may be something that the far left and the far right can agree on: bringing outdated employment laws into the 21st Century.

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