

**Submission to the  
Ontario Workforce Recovery Advisory Committee:**

**Building a Decent Future of Work  
in Ontario After COVID-19**

**by Dr. Jim Stanford  
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**Contents**

About the Centre for Future Work:.....	1
About the Author: .....	2
Introduction:.....	2
Pillar 1: Economic Recovery. ....	3
Pillar 2: Strengthening Ontario’s Competitive Position .....	5
Pillar 3: Supporting Workers .....	6
On-Demand Platform Work: Concerns and Policy Considerations .....	9
Is On-Demand Platform Work Truly ‘High-Tech’? .....	12
Interrogating the Claim of ‘Flexibility’ .....	13
How Platforms Control Workers (Not the Other Way Around).....	14
The Fundamental Inefficiency of On-Demand Platform Work.....	16
Conclusions and Recommendations .....	17

**About the Centre for Future Work:**

The Centre for Future Work is a labour economics research institute with offices in Canberra, Australia and Vancouver, Canada. It was founded in 2016. It conducts research into a wide range of labour market and labour policy topics, including the

impacts of technology on the quantity and quality of work; trends in employment, wages, and working conditions; and policy proposals that would make work more stable, safe, and rewarding. All the Centre's research is available open access at <https://centreforfuturework.ca/>.

## About the Author:

Dr. Jim Stanford is Economist and Founding Director of the Centre for Future Work. He holds a Ph.D. in Economics from the New School for Social Research (U.S.), an M.Phil. in Economics from the University of Cambridge (U.K.), and a B.A. Hons. In Economics from the University of Calgary. He has 30 years of professional experience in applied labour economics analysis in academic, think tank, and trade union settings. He has contributed actively to previous policy development in Ontario regarding employment and labour policy issues, including as a member of the Ontario Chamber of Commerce's *Advisory Council on Ontario's Economic Future* (2020); a member of the Government of Ontario's *Jobs and Prosperity Council* (2012-13); a technical expert in the *Ontario Workplace Safety and Insurance Board Funding Review* (2010-11); and Vice-Chair of the *Ontario Manufacturing Council* (2007-12).

## Introduction:

On behalf of the Centre for Future Work, I am glad to present the following analysis and recommendations to the Ontario Workforce Recovery Advisory Committee's consultations on the future of work. The discussion is organized around the three 'pillars' identified in the Committee's invitation for submissions.

Before entering my substantive remarks, however, I must comment on the strange, incomplete, and unbalanced nature of this process. The future of work is obviously an enormously complex, multi-faceted, and important topic that will fundamentally shape the prosperity and well-being of Ontario and its residents. Governments need to carefully understand the full range of forces affecting the future of work, and consult carefully with scientific and academic experts, representatives of key stakeholders, and interested individuals from the public at large. That research and consultation is essential to the development of any policy initiatives that purport to respond to changes in the world of work. Our Centre has been studying these issues for five years. Other academic and policy research initiatives in Canada and around the world are doing similar work. Understanding how these changes are affecting Ontario will require careful application of existing knowledge to Ontario's particular challenges, and the commissioning of additional research to address gaps in our knowledge as the world of work continues to rapidly evolve.

This particular consultation, however, clearly provides no meaningful opportunity for a fulsome consideration of existing research and evidence on these questions, nor for

genuine input into the important policy choices facing the province. The Committee itself was ‘announced’ via an op-ed from the Minister of Labour in the *National Post*. Submissions were invited with barely one month’s notice (in summer, in the midst of a pandemic) – with that deadline later postponed by one week. No original research or analysis has been commissioned.

For the Government of Ontario to pretend that it is preparing the province for the “future of work” through a superficial, rushed, and unbalanced consultation is a disservice to both the labour policy community which works diligently to develop a base of evidence-informed knowledge in this field, and to the Ontarians whose future livelihoods depend on getting policy settings right as the province’s economy re-opens after the pandemic. While I am grateful for the opportunity to share my views as part of this process, I would urge all participants (including the members of the Committee, whose reputations will be affected by the way this process is conducted) to undertake more genuine and diligent inquiries and deliberations before making recommendations that could affect the lives of many working people and their families. Should the Committee opt for a more legitimate and genuine process of research, consultation, and policy development, I would be glad to offer our Centre’s expertise and resources accordingly. Failing that, please accept the following as a more limited expression (constrained by the restrictive format, subject matter, and timelines of this exercise) of my understanding and recommendations regarding some of the matters identified in the invitation to this consultation.

### **Pillar 1: Economic Recovery.** “How to make Ontario the top jurisdiction with a world-class workforce and talent supply?”

All of the questions which the Committee has formulated to guide this consultation are unusual, arbitrary, and non-comprehensive. In this case, the discussion question seems to equate Ontario’s economic recovery after the COVID-19 pandemic and recession with the task of developing the province’s labour supply – presumably in both quantitative and qualitative (ie. “world-class talent”) terms. This reflects a very narrow and lopsided understanding of what constitutes economic recovery from COVID-19, and what are the various factors that will determine Ontario’s success.

The binding constraint on Ontario’s recovery at this time, and for the foreseeable future, is clearly not labour supply. It is, rather, a shortage of adequate employment opportunities (ie. labour demand), which in turn reflects inadequate levels of purchasing power (aggregate demand) for Ontario-produced goods and services. In this context, focusing unduly on enhancing labour supply at best misses the true challenge, and at worse could actually exacerbate the problems of unemployment, underemployment, and reduced participation that characterize the current labour market situation.

Latest Statistics Canada data at time of writing indicate that Ontario's official unemployment rate is 8.4%. For young workers, the unemployment rate is almost twice as high (17.2%). That elevated level confirms widespread underutilization of the existing workforce. But the official unemployment rate does not tell the whole story. Other pools of surplus labour include underemployed workers (those who work part-time hours, often on irregular shifts, but who would prefer to work full-time), and those 'hidden' in the reduction in labour force participation that occurred during the pandemic (particularly among women). In my judgment, a more realistic and effective measure of unemployment in Ontario's workforce today, including these supplementary pools, would be in excess of 15%.

In a context of such substantial and sustained underutilization, a focus on enhancing labour supply in Ontario is misplaced. To be sure, in the long run labour supply must be optimized: in both quantitative and qualitative terms. Measures consistent with that goal include:

- Better funding for and access to high-quality vocational training opportunities, especially as provided through Ontario's public college system.
- Stronger pathways for young workers entering the workforce (especially those from remote or disadvantaged communities) to obtain both training and relevant, decent jobs which use those skills.
- Supports for women to optimize their paid work participation, including access to quality and affordable child care.

In regard to the last point, the biggest single thing that the Ontario government could do right now to enhance Ontario's future labour supply would be to join the new national child care program that has been launched by the federal government and other provinces. Our research<sup>1</sup> has shown that this program will generate substantial employment and economic gains: including direct employment and output associated with the expanded delivery of early child education services; economic opportunities opened by the increased participation of women (both through a higher participation rate and longer hours of work); and long-run benefits from improved learning capacity and socialization among children who participate in high-quality ECE. Moreover, since Ontario's existing child care sector is underdeveloped relative both to the need of Ontarians and to systems in other provinces, Ontario would harvest a disproportionate share of the resulting benefits from expanding its child care system to meet improved national standards: we estimate Ontario would capture 42% of all new jobs in the sector, for example. The province's refusal to participate in the national program, so far, is inexplicable, and will deeply damage its future economic and employment progress. The expansion of quality, accessible child care is supported by stakeholders across society, including leading business and employer groups. I challenge the members of

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<sup>1</sup> *The Role of Early Learning and Child Care in Rebuilding Canada's Economy after COVID-19*, by Jim Stanford (Vancouver: Centre for Future Work), November 2020, <https://centreforfuturework.ca/wp-content/uploads/2020/11/ELCC-Report-Formatted-FINAL-FINAL.pdf>.

this Committee to take a strong position on this matter, which is central to its mandate of strengthening Ontario’s employment recovery.

Of course, boosting labour supply on its own is not enough to ensure a vibrant, well-rounded, and sustained economic recovery. Even more important, the province must also take powerful measures to support and expand labour demand through expansionary fiscal, social, and industrial policies.<sup>2</sup> The shared goal of those initiatives would be to increase job opportunities for Ontario workers, in both the public sector and the private sector. Expanding fiscal support for education, health care, and other public and caring services would play a vital role in supporting Ontario’s continued emergence from the COVID-19 pandemic and recession. With good reason, public sector hiring has led the provincial labour market in job-creation in recent years – because Ontarians want more of those services (all the more so in light of the extraordinary challenges faced during the pandemic). In this context, a shift to fiscal austerity and downsizing in public services would be self-defeating: undermining the province’s macroeconomic momentum, reducing job opportunities for our already underutilized labour force, and ultimately undermining the province’s revenue base. Pro-active sector-focused strategies to develop and diversify Ontario’s sectoral portfolio – with a special emphasis on innovation-intensive, export-oriented sectors (including, but not limited to, advanced manufacturing industries like auto and aerospace) – will also be vital to the province’s future employment performance (and are discussed further below).

**Pillar 2: Strengthening Ontario’s Competitive Position.** “In an increasingly remote, global and technologically advanced economy, how will we ensure that Ontario remains the best place in North America to recruit, retain, and reward workers?”

The discussion question guiding this ‘pillar’ of the consultation is even more peculiar than the first one. In literal terms, the question seems incomprehensible and contradictory: how is the economy “increasingly remote” (suggesting it is moving away somehow), and how is that compatible with it also being “global”? In semiotic terms, the question clearly aims to focus the consultation’s attention on the assumed need for Ontario to improve its ‘competitiveness’ – a term typically understood to require lower costs (including lower labour costs), lower taxes, higher productivity, stronger innovation, less ‘red tape’, and other measures that would make private businesses more successful and profitable.

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<sup>2</sup> I discuss the components of a well-rounded post-COVID reconstruction strategy for Canada in “We’re Going to Need a Marshall Plan to Rebuild after COVID-19,” *Policy Options*, April 2, 2020, <https://policyoptions.irpp.org/magazines/april-2020/were-going-to-need-a-marshall-plan-to-rebuild-after-covid-19/>.

This is not an appropriate framing of the broader task of optimizing the future of work in Ontario. To be sure, the need to be internationally competitive is an important constraint to be considered in any economy which depends on international flows of goods, services, and capital as part of its economic system. But ‘competitiveness’ in no way should be the goal of economic policy: the fundamental goal should be improving opportunities and living conditions for all the residents of society. And there is no guarantee that even by becoming ‘competitive’ that goal will be advanced, let alone fulfilled. There are some things advocated in the name of ‘competitiveness’ that clearly undermine the life chances and life circumstances of many, or even most, Ontarians. By elevating ‘competitiveness’ to the top of the economic policy agenda, this consultation is further signaling a lopsided, ideological agenda.

A better question to frame this section of the consultation would be: “How to ensure that the economic potential of Ontario’s workforce is fully and optimally utilized in work that is safe, productive, sustainable, and well-compensated?”

Enhancing the skills and capacities of Ontario’s workers is one part of a strategy to achieve that goal. Measures to promote more investment in machinery and equipment and innovation by Ontario firms, and lift the quality and appeal of the province’s traded products and services, are critical, too. Evidence suggests that the traditional business ‘wish list’ (lower taxes, relaxed regulations, lower labour costs, etc.) is not effective at boosting genuine investment and innovation. Our research has highlighted the weakness of Canadian business investment and innovation spending, despite major reductions in business taxes and other business-friendly policy measures.<sup>3</sup> More promising are multi-stakeholder efforts (what we might call ‘sector development strategies’) to nurture and expand desirable technology-intensive tradeable sectors (in manufacturing, technology, and services) on the basis of fiscal support for investment, domestic procurement, training and workforce development, access to exports, and access to capital). Ontario’s past success with such strategies in automotive manufacturing, aerospace, telecommunications equipment, and others, highlights the potential of these pro-active strategies in carving out a larger footprint for these strategic sectors – rather than a knee-jerk faith that making business more ‘competitive’ (ie. lowering business costs and taxes) will automatically ensure industrial success.

**Pillar 3: Supporting Workers.** “How to ensure Ontario’s technology platform workers benefit from flexibility, control, and security?”

This is where the wording of the specific consultation question is most bizarre, and most revealing of the apparent underlying political mission of this entire process. As Ontario continues to re-open after the most devastating and complex crisis in its entire

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<sup>3</sup> See *Bargaining Tech: Strategies for Shaping Technological Change to Benefit Workers*, by Jim Stanford and Kathy Bennett (Vancouver: Centre for Future Work), June 2021, pp. 18-22; <https://centreforfuturework.ca/wp-content/uploads/2021/06/Bargaining-Tech.pdf>.

postwar history, there is a very broad set of policy challenges and decisions needed to support the province's workers in the post-pandemic transition.<sup>4</sup> These include:

- Ensuring adequate workplace health and safety protocols and equipment, to ensure workers are protected from risk of future contagion.
- Developing appropriate guidance and implementation regarding vaccination requirements in various workplaces and industries, balancing the preferences of individual workers against the necessity of protecting colleagues, clients, customers, and public health.
- Reconfiguring spatial relationships in workplaces to reduce overcrowding, enhance privacy, and reduce risks of workplace contagion (in the remaining phases of this pandemic, and into the future).
- Continuing to revise income support policies to ensure that workers have adequate income, even in the event of epidemiological or economic disruption, to support themselves and their families through periods of lost income.
- Implementing reliable and accessible sick pay provisions, to ensure that Ontario workers can stay away from work when required for personal, family, or public health goals.
- Developing policy and practice that reduces the incidence of precarious and insecure employment relationships, and provides more stability and safety for workers in non-standard employment arrangements.
- Finding new opportunities for workers to express their concerns and preferences in workplaces (including, but not limited to, health and safety issues) without fear of reprisal and with meaningful opportunities for dialogue and negotiation.<sup>5</sup>

These are just some of the most pressing issues facing Ontario workers in the face of many different forces remaking the world of work: technology, demographic shifts, new business models, shifts in the sectoral and occupational composition of work, and others. Any one of these topics could occupy a Future of Work consultation exercise for months if not years; the issue of vaccination requirements in workplaces, for example, might have been an especially important and timely focus for this consultation.

It is worth noting that these were among the topics (in a pre-pandemic context) that were considered more fulsomely, for example, in the Ontario Government's *Changing*

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<sup>4</sup> Our research has indicated some of the most pressing areas which need to be addressed in strengthening work after the pandemic. See *10 Ways the COVID Pandemic Must Change Work for Good*, by Jim Stanford (Vancouver: Centre for Future Work), June 2020, [https://centreforfuturework.ca/wp-content/uploads/2020/06/10Ways\\_work\\_must\\_change.pdf](https://centreforfuturework.ca/wp-content/uploads/2020/06/10Ways_work_must_change.pdf).

<sup>5</sup> Our research on 'statutory voice' mechanisms has highlighted the value of Ontario's mandated joint health and safety committees in improving occupational health and safety outcomes in workplaces. See *Speaking Up, Being Heard, Making Change: The Theory and Practice of Worker Voice in Canada Today*, by Jim Stanford and Daniel Poon (Vancouver: Centre for Future Work), March 2021, pp. 61-63; <https://centreforfuturework.ca/wp-content/uploads/2021/04/Speaking-Up-Being-Heard-Making-Change.pdf>.

*Workplaces Review* of 2015-17.<sup>6</sup> While the current Ontario Government clearly disagrees with the thrust of many of that Review's recommendations (and acted quickly upon assuming power to reverse most of the legislative measures arising from the review, most damagingly including eliminating the requirement for two days paid sick leave), as an exercise in policy consultation and development the Changing Workplaces Review set a very high standard. It was led by independent experts, informed by authoritative voices from academic and other constituencies, supplemented by original commissioned research, and advised by considered and comprehensive input from all stakeholders. Compared to that genuine and comprehensive exercise, the current consultation has been rightly described as superficial and politically-motivated.

Instead of considering the full range of risks and challenges facing working Ontarians, the consultation's entire consideration of "supporting workers" has been boiled down to a single vague and one-sided question about ensuring that Ontario's "technology platform workers" (an imprecise and deliberately euphemistic title) benefit from "flexibility, control, and security." Apart from radically limiting the scope of the broader necessary discussion about protecting workers in Ontario, instead constraining it to one particular segment (on-demand platform work), even the phrasing of this narrow question is biased and misguided. It assumes that "technology platform workers" do indeed have flexibility, control, and security – echoing the advocacy slogans of businesses in this sector (which claim their workers are empowered, and the work is flexible). Even if the scope of Pillar 3 of the consultation was limited to the vexing issue of on-demand platform work (and it should not be), this question should be reworded, perhaps to something like: "How to ensure that work organized and compensated through on-demand digital platforms is safe, fairly compensated, and adequately protected?"

The fact that the entire discussion of "supporting workers" is pre-empted by this focus on on-demand platform work, and the fact that the question guiding that discussion is so clearly leading and biased, seems to confirm the widespread concern that this whole 'consultation' exercise has been devised as a vehicle for the government to implement changes in labour law and regulation that would confirm and perhaps further liberalize current employment practices followed by on-demand platforms. At present those firms mobilize labour under a model in which workers are classified as contractors, denied protection from normal employment requirements such as minimum wage, EI and CPP coverage, and WSIB coverage. Those practices are being challenged in many fora, including through labour regulations, the courts, and unionization. Leading firms in that sector have requested the Ontario government confirm their right to continue operating under this model, and thus remove an important risk from their business. The timing, rushed timeline, and artificially constrained scope of this consultation suggests that this

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<sup>6</sup> See the final report of the review, *The Changing Workplaces Review: An Agenda for Workplace Rights*, by C. Michael Mitchell and John C. Murray (Ontario: Ministry of Labour), May 2017, [https://files.ontario.ca/books/mol\\_changing\\_workplace\\_report\\_eng\\_2\\_0.pdf](https://files.ontario.ca/books/mol_changing_workplace_report_eng_2_0.pdf).

consultation on the ‘future of work’ is, in reality, an exercise to set the stage for a favourable response by the government to those requests.

I lament the fact that an important and necessary discussion about supporting workers in the future of work has been so narrowly constrained to this one specific issue. While the on-demand platform work sector is significant and growing, and poses important challenges to our traditional models of regulating and protecting work, the number of workers involved is still small. The sector cannot be understood as ‘leading’ us toward a high-tech future of work: to the contrary, the sorts of jobs involved in these platforms tend to be menial, poorly paid, labour intensive, and unproductive. It is not at all apparent that the existing firms in this sector are financially viable and will even exist in five years – let alone that this is a burgeoning field that will open new opportunity for the whole province. Most of the positions created (the platform firms are careful to never call them ‘jobs’, even though they want to claim credit for creating them) result from the displacement of similar roles from other types of work (such as traditional taxi drivers or waged food delivery workers), so their net impact on employment is even smaller. This is not a sector that should be ‘encouraged’ with favourable, customized policy: the bigger it gets, the poorer will be Ontario’s economic performance measured by productivity, incomes, and innovation.

I encourage the Committee to undertake a more comprehensive, open, and genuine inquiry into the policies and practices that are needed to truly ‘support’ the full body of Ontario’s workforce. Consideration of appropriate policy responses to the current practices of on-demand platform work will be one part – a relatively small part – of that broader discussion and analysis. Nevertheless, since the true intention of this Committee and consultation seems to be to pave the way for the legitimization and liberalization of on-demand platform work practices, I will devote the rest of this submission to summarizing my views on why that would damage Ontario’s economic and employment recovery, drawing on our Centre’s previous research in this topic, and other published literature.

## On-Demand Platform Work: Concerns and Policy Considerations.

On-demand work organized through online digital platforms is an extreme form of precarious employment. In this business model, workers perform specified tasks, directed by apps on their smart phones; resulting revenues are controlled by the firm which operates the platform. Workers are responsible for providing required tools and a place of work – perhaps as simple as a car or a bicycle. They are compensated for each task on a piece work basis, while the platform appropriates a large share of revenues as its cut of the arrangement. This model of work first became widespread in passenger transportation (so-called “ride share”<sup>7</sup> work through businesses like Uber and Lyft), and

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<sup>7</sup> “Ride share” is a misnomer derived from the assumption that workers are simply “sharing” their vehicles with paying passengers, and helped give rise to the equally misleading term “sharing economy” (which has mostly

then spread quickly into other services (including food delivery, odd jobs, and technology and computer services). As employers discover the advantages of this model in shifting costs and risks of production onto workers, and evading normal expenses and obligations of traditional employment (including minimum wages, health and pension benefits, workers compensation protection, and paid time off for illness or vacations), the practice continues to spread into other sectors – including human and caring services, other delivery work (packages<sup>8</sup> and trucking), and professional services (like media and legal services). The ability of employers to use this model is being challenged by legal, political, and trade union initiatives in many countries. But if that ability is confirmed (as this Committee might recommend), and the model eventually proves financially successful, it will likely continue to expand.

On-demand platform workers have no guarantees regarding their hourly or total income. Instead, work and income depend on consumer demand for their services, on how many other workers are waiting for assigned jobs, and on how the platform’s algorithms distribute work to various workers (a process that is opaque and controlled by the company). Workers are generally denied normal protections and entitlements usually associated with employment: such as a minimum wage, EI and CPP benefits, coverage under the workers compensation system, and non-wage benefits (like employer-linked health insurance, pensions, and paid time off for illness or holidays).

Many advantages accrue to the platform firms from this employment relationship. The app’s control over payment allows the company to capture a large share of revenue from what would otherwise be a low-margin, highly decentralized activity. In the case of Uber ride-sourcing, over 25 per cent of total revenue is captured by the firm in most markets. But the costs of capital equipment (for the vehicles) are borne by the drivers, who are also responsible for all ownership, maintenance, fuel, licensing, and insurance costs – as well as equipment and data charges for their smart phones. Drivers have no guarantee of the number of fares they receive, or their hourly income; they are not paid for waiting between fares, nor for driving to pick up a fare. Thus labour costs are significantly lower than in conventional taxi services; many studies have found that on a net basis (after expenses) many drivers earn less than legal minimum wages.<sup>9</sup> This has allowed Uber to undercut conventional taxi fares and expand its market rapidly. A similar dynamic has facilitated the growing market share of other platform businesses.

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fallen out of use). This is not an accurate description of the nature of this work, which involves the use of worker-provided vehicles dedicated to this service when the worker is signed into the app. A more accurate term might be “ride sourcing.”

<sup>8</sup> An important recent application of the on-demand model is Amazon’s Flex service, which hires drivers on a piece work basis to deliver Amazon packages (rather than using waged employees); other employers in the delivery and logistics industry are imitating the practice (see Soper, 2021).

<sup>9</sup> For surveys of this research see *Subsidising Billionaires: Simulating the Net Incomes of UberX Drivers in Australia*, by Jim Stanford (Canberra: Centre for Future Work), 2018, [https://www.tai.org.au/sites/default/files/Subsidizing\\_Billionaires\\_Final.pdf](https://www.tai.org.au/sites/default/files/Subsidizing_Billionaires_Final.pdf); and *The Effects of Proposition 22 on Driver Earnings*, by Ken Jacobs and Michael Reich (Berkeley: UC Berkeley Labor Centre), 2020, <https://laborcenter.berkeley.edu/the-effects-of-proposition-22-on-driver-earnings-response-to-a-lyft-funded-report-by-dr-christopher-thornberg/>.

The platform’s capital investment is limited to establishing and operating the app and the dispatch system, marketing the service to customers, and managing (increasingly troublesome) regulatory and legal aspects of the business.<sup>10</sup>

It is clear that employers in many other industries are eager to explore the possibility of transforming employment relationships in similar ways: shifting cost and risk to producers, and evading the costs and obligations normally associated with employment (such as minimum wages, insurance, pensions, and social benefits).

Official statistics on gig employment are not available, in part due to the lack of a precise definition of this work. Nevertheless, a growing body of research attests to its growing importance. A recent survey in Australia found that 7 per cent of the workforce had performed some on-demand work in the preceding 12 months.<sup>11</sup> A Canadian study based on administrative data estimates that over 8 per cent of workers in 2016 performed digitally-mediated gig work that year.<sup>12</sup> Official U.S. data on “contingent” workers (those who do not expect their jobs to continue) suggests 4 per cent of all employed people are in temporary jobs, but that does not capture all gig workers.<sup>13</sup> U.S. Federal Reserve data suggests 5 per cent of adult Americans<sup>14</sup> in 2018 performed some work through online temporary or informal roles, not counting asset-selling platforms like eBay.<sup>15</sup> This report suggests that participation in non-digital informal or on-demand roles (like dog-walking, child care, or selling products at flea markets) is still far more common than online roles. It is clear that gig work is growing in both size and scope, although still constitutes a small segment of all paid work. If this consultation is truly concerned with the future of work in Ontario more generally, and with supporting all workers (not just “technology platform workers”), then it must expand the scope of its inquiries substantially.

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<sup>10</sup> Despite these advantages, Uber has never made a positive profit; by 2020, with its business damaged by the COVID-19 pandemic and facing increasingly intrusive regulations in many jurisdictions, its cumulative losses reached close to \$20 billion.

<sup>11</sup> *Digital Platform Work in Australia: Prevalence, Nature and Impact*, by Paula McDonald, et al. (Brisbane: Queensland University of Technology), 2019, [https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/7315/9254/1260/Digital\\_Platform\\_Work\\_in\\_Australia\\_-\\_Prevalence\\_Nature\\_and\\_Impact\\_-\\_November\\_2019.pdf](https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/7315/9254/1260/Digital_Platform_Work_in_Australia_-_Prevalence_Nature_and_Impact_-_November_2019.pdf).

<sup>12</sup> *Measuring the Gig Economy in Canada Using Administrative Data*, Analytical Studies Branch Research Paper Series, by Sung-Hee Jeon, Hujun Liu and Yuri Ostrovsky (Ottawa: Statistics Canada). <https://www150.statcan.gc.ca/n1/pub/11f0019m/11f0019m2019025-eng.htm>.

<sup>13</sup> “A Look at Contingent Workers,” by Karen Kosanovich, *Spotlight on Statistics*, Bureau of Labor Statistics (Washington: U.S. Department of Labor), 2018, <https://www.bls.gov/spotlight/2018/contingent-workers/pdf/contingent-workers.pdf>.

<sup>14</sup> Measured as a share of total employment (rather than as a share of the adult population), this implies that gig work accounts for 7-8 per cent of all employment.

<sup>15</sup> *Report on the Economic Well-Being of U.S. Households in 2018* (New York: Board of Governors of the Federal Reserve System), 2019.

## Is On-Demand Platform Work Truly ‘High-Tech’?

In their financial documents and public relations, digital platform firms stress the importance of innovative technology to their business model. And since their business practices (including their labour system) have been enabled by digital technology, “old-fashioned” labour laws (like the minimum wage) are outdated and should not apply. Certainly, these firms do make extensive use of digital communications technology to market, allocate labour, track operations, and control financial flows (as does virtually any business today). Web-based dispatch systems allow a ride share customer to request a taxi through their smart phone, rather than hailing them on the street or phoning a dispatch office. And electronic payment systems allow the platform companies to fully control all payments, without any money touching the hands of its workers.<sup>16</sup> But do these methods of digital management truly explain (and necessitate) the particular employment relationships which have been constructed by these firms? In fact, those employment relationships are not new – and it would be wrong to conclude that the expansion of this model has been caused or led by technology. Rather, the core features of on-demand employment have been commonly practiced in capitalist economies for centuries. They include:

- On-demand employment: Engaging workers only when required, with no assurance of continuing work.
- Piece-work compensation: paying workers on a unit or piece basis, for each specific task completed (rather than for time spent working).
- Worker provision of capital: Requiring workers to provide capital equipment, tools, and/or their place of work.
- Intermediation: Establishing an intermediary body, positioned between the worker and the end-user of their services, to arrange and control the relationship, and which then captures a share of the resulting revenue flow.

These core features of contingent or dependent contracting have been applied in a wide range of industries and occupations since the Industrial Revolution.<sup>17</sup> Gig-like arrangements (not including smart phones, of course) applied in the gangmaster system common in agriculture, resource and construction settings in late feudal times 19<sup>th</sup> Century (and still practiced in some places today); the cottage or putting-out system of small scale manufacturing in the 18<sup>th</sup> and 19<sup>th</sup> Centuries; and own-account contractor and owner-operator arrangements that are still common in trucking, fisheries, forestry, cleaning, and other settings. Like modern gig workers, these workers exercised a (constrained) degree of choice and flexibility in determining when and where they

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<sup>16</sup> For this reason, customers of most on-demand gig-delivered services are not allowed to pay with cash.

<sup>17</sup> The historical antecedents of modern gig work are explored in “The Resurgence of Gig Work: Historical and Theoretical Perspectives,” by Jim Stanford, *Economic and Labour Relations Review*, 28(3), pp. 382-401, 2017; and “Beclouded Work in Historical Perspective,” by Matthew Finkin, *Comparative Labor Law and Policy Journal*, 37(3), pp. 603-618, 2016.

worked (rather than being required to work fixed shift patterns). Like modern gig workers, they experienced low wages and insecure incomes. And like modern gig workers, their resulting poverty and insecurity fundamentally shaped and constrained their labour supply decisions – and their supposed “flexibility” as nominally independent contractors.

## Interrogating the Claim of ‘Flexibility’

The claim that gig workers enjoy unique personal choice and flexibility is central to the public relations and lobbying efforts of platform companies, but it must be challenged and placed in context. Gig employers claim that since workers can choose when to log on and log off their respective apps, they are not employees (and hence the companies are not liable for normal employer costs and obligations). Gig workers can combine their work with other activities (including studying, family responsibilities, or working other jobs). Finally, the argument is made – implicitly or explicitly – that imposing traditional responsibilities on platform businesses (like a statutory minimum wage) would necessarily sacrifice that “flexibility.”

First, contrary to the companies’ claims, platform workers do not freely choose when to work. They may choose when to log onto the platforms. But they have no control over whether that results in paying work. Gig workers spend large amounts of unpaid time waiting for assigned jobs. They do not control when they actually work, and they can neither control nor predict their income. All they directly control is when to join a long line-up of other gig workers also waiting for job assignments.

Second, given the uncertainty of incomes associated with this role, workers’ “choices” about when to log on ultimately depend on conditions in the consumer market they are hired to serve. Most workers in ride share, food delivery, and other platform-dominated industries concentrate their working hours in peak times: rush hours and weekend evenings for transportation, meal times for food delivery. Why do workers “choose” to work during those periods? Is it because they do not appreciate regular meals or leisure time themselves, and so prefer to work while others are eating or partying? Of course not: their choices about when to log on are effectively limited by the expected availability of assigned jobs. This is why gig workers congregate on platforms during particular times – not because that is when work best suits their work-life preferences.

Third, the choices of gig workers about logging on (including their nominal power to turn down jobs assigned to them through the app) is also shaped by the economic compulsion they face. The on-demand workforce is composed disproportionately of desperate, largely unprotected individuals who are excluded from other, more secure jobs – and in many cases are also excluded from government income support programs. In that context, do these workers truly “choose” whether and when to work? Not really: no more so than a homeless person chooses to sleep under a bridge. Platform workers are thus economically compelled to sign onto their apps, a compulsion made all the more painful by the fact that in many cases that work translates into very little income.

Finally, there is nothing inherent in digitally mediated platform work that requires its workers to be constituted as nominally independent contractors, rather than waged employees. The convenience of digital dispatch systems could certainly be harnessed within the context of a waged employment model.<sup>18</sup> But this would require more active management of staffing to maintain broad balance between the size of the workforce on-line at any point in time, and the likely level of consumer demand. Moreover, it would require the platforms to pay workers for idle time spent waiting between assigned jobs, whereas under the gig model that time incurs no cost for the firm.<sup>19</sup> So the platforms' preference for the on-demand contractor model reflects their desire for lower labour costs and faster service; it is not a requirement of the technology itself. By shifting the costs and risks of waiting time to the workers, and avoiding other costs of normal employment relationships (including minimum wages, workers' compensation, pensions, and paid time off), platform businesses reduce unit labour costs below alternative modes of employment. This has been critical to their effort to expand market share and stimulate consumer demand for their services, which in turn are vital to their long-run (but so far unsuccessful) effort to gain sufficient scale and market power to become profitable. Numerous studies have confirmed that effective net incomes (after expenses) for gig workers in ride share, food delivery, and other businesses often fall below legal minimums, and other research indicates this labour cost advantage largely explains the price advantage which those firms offer relative to conventional providers.

## How Platforms Control Workers (Not the Other Way Around)

We have noted that the supposed 'flexibility' that on-demand platform workers is constrained and hollow. At the same time, however, there are many ways through which the operators of these platforms exercise effective and direct control over their workers. This supports the conclusion that these workers are not independent businesses in their own right.

Here we must distinguish between two broad categories of digital platforms, which demonstrate very different degrees of control over the actual production process undertaken by participating workers. De Stefano defines these two categories as "crowdsource" and "work-on-demand" operations.<sup>20</sup> Crowdsource platforms function like digital bulletin boards, allowing genuinely independent workers to sell their services to clients. The intermediary (the firm sponsoring the "bulletin board") receives a set fee or a share of resulting revenues in return, but exerts little if any control over

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<sup>18</sup> Some on-demand platforms use hourly waged labour, rather than a piece-work contractor model, such as the Menulog and HireUp platforms.

<sup>19</sup> Since the waiting time of gig workers is unpaid, platforms have no incentive to limit labour supply to match demand; instead, they benefit from excess labour supply because it contributes to faster response times to incoming jobs.

<sup>20</sup> "The Rise of the 'Just-in-Time Workforce': On-Demand Work, Crowdsourcing and Labour Protection in the 'Gig-Economy'," by Valerio de Stefano, *Conditions of Work and Employment Series #71* (Geneva: International Labour Organisation), 2015.

production. In the case of “work-on-demand” platforms, the platform itself organizes, markets, and oversees the service being produced, with more functions of production internalized within the firm. In this case, the platform exerts a high degree of control over workers’ activity: they are dispatched to their next job via the app, they must meet certain standards of service (such as driving a particular class of vehicle, meeting time benchmarks for fares and deliveries, etc.), and all revenues are controlled by the platform. These platforms thus confront more directly the conventional management challenges of employers in a wage labour system: namely, to extract maximum labour effort for minimum compensation cost.

One of the most notable features of platform work is omnipresent digital scrutiny of workers, their whereabouts, their performance, and the revenue they generate. A convenient side benefit (from the employers’ perspective) of organizing work through a digital app is the ability to collect vast amounts of data regarding workers’ activity and performance, including:

- How often, when, and where they are logged onto the app.
- How frequently and quickly they accept jobs offered to them through the app.
- The routes they take, average speed, and time taken to complete the job.

This detailed description of each worker’s activity and performance is collected automatically on each piece of work undertaken. In this sense, supervision has become automatic and omnipresent – and very inexpensive (much cheaper than hiring human supervisors).

Another app-facilitated dimension of labour control in these platforms is the ubiquitous collection of customer feedback, using on-line rating systems (such as Uber’s five star system) through which customers are asked to judge the performance and quality of each unit of service provided. These ratings affect workers’ likelihood of being assigned further jobs, and may result in workers being barred from the platform (effectively dismissed) entirely. Again, this is much less expensive and more comprehensive than hiring human supervisors to monitor worker performance and labour intensity. This system raises many ethical and process issues, however, including the documented tendency of some customers to exhibit racial and other biases in their evaluations,<sup>21</sup> demands by some customers to extract favours from workers (on threat of submitting negative reviews), and the pressure created on workers to provide “extras” (which they pay for) in an effort to boost average customer ratings.

There is thus an immense contradiction between this intense, app-enabled form of supervision and the myth of “independence” and “flexibility” which the platform

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<sup>21</sup> See “The Sharing Economy has a Race Problem”, by Nancy Leong, *Salon*, November 2, 2014, [http://www.salon.com/2014/11/02/the\\_sharing\\_economy\\_has\\_a\\_race\\_problem/](http://www.salon.com/2014/11/02/the_sharing_economy_has_a_race_problem/); and “Racial Discrimination in the Sharing Economy: Evidence from a Field Experiment,” by Benjamin Edelman, Michael Luca, and Dan Svirsky, *American Economic Journal: Applied Economics* 9(2), 2017, pp. 1-22.

businesses invoke to justify denying normal employment entitlements to their workers. The capacity of this digitally-managed and intense system of supervision to achieve a heightened degree of labour intensity is a potent tool in the business strategies of these firms.

Not only do the platform firms collect comprehensive real-time data on the performance of their staff, their ability to then dispose of unwanted staff is also daunting – enabled by both digital management tools and the legal status of their workers. Gig workers may be hired and fired without ever meeting a human supervisor. As non-employees (a status that is being contested), their rights to job security, notice of severance, and severance compensation are generally non-existent. Gig workers are typically engaged on the basis of template contracts that in most jurisdictions strictly limit their rights to recourse in event of termination or mistreatment by the hiring platform. And short of outright dismissal, the app can impose more incremental forms of punishment for “unacceptable” performance.

For example, platform lobbyists emphasize workers’ nominal right to turn down jobs while signed onto the relevant app as “evidence” they are not really employees. Yet the algorithms for assigning scarce jobs to (over-abundant) workers may punish workers who have not responded quickly and positively to previous job offers: denying them work, and dispatching new jobs to other, more “reliable” workers. This is an incremental and immediate form of disemployment which further reinforces the pressure on gig workers to accept any jobs offered.

## The Fundamental Inefficiency of On-Demand Platform Work

We have seen already that the employment relationships embedded in on-demand platform work (involving piece work compensation, irregular on-demand engagement, workers supply their own capital equipment, and the positioning of in intermediary between the worker and the end-user of their services) are not at all new or ‘innovative’. They are hundreds of years old. Moreover, the content and nature of the actual work involved in these activities, for the most part, are also hardly innovative or technology-intensive: typically involving driving passengers around in cars, delivering fast food on bicycles, performing odd job with simple tools, and other menial, low-tech tasks. So describing this growing sector as ‘high-tech’ or a ‘leading edge’ of the future of work is utterly wrong. These are low-tech, unproductive activities that cannot possibly drive improvements in the general vitality or prosperity of Ontario’s labour market.

What’s worse, the platforms have proven to be a notoriously inefficient and unproductive way to organize these inherently low-productivity activities. Because the waiting time of platform workers is uncompensated, the platform firms have no incentive to allocate labour as efficiently as possible to the demand arising in the market. To the contrary, it is beneficial for the firms to have large numbers of idle workers standing by: that facilitates a faster response time to incoming consumer

requests. But this promotes a culture of waste, in which businesses make no effort to improve productivity. The costs of the resulting wasted time are borne solely by the workers, who are not paid for that time. And encouraging workers to concentrate their work effort on the busiest times does not necessarily alter that equation: with no limit on the supply of labour, and all workers facing the same incentives (to work during the busiest times), waiting times for jobs can be even longer in those times (and hourly incomes even lower).

The on-demand platform sector is low-tech (in terms of the actual work that it initiates), inefficient, in many cases dangerous, fundamentally unproductive, and money-losing. It is incomprehensible that a government would want to support the further expansion of such an economically unsuccessful activity with tailored legislative or regulatory measures aimed at removing regulatory risks from their operations. Perhaps the explanation of this counter-productive policy stance is to be found in a political-economy understanding: in which the financial and political influence wielded by companies like Uber is understood as a determinant of the direction of policy, as opposed to the pursuit of optimal economic outcomes.

## Conclusions and Recommendations

Ontario's economy is entering a fragile and critical phase of its recovery from the COVID-19 pandemic and resulting recession. Ontario's government must play a central role in promoting a well-rounded recovery from that crisis, including as experienced in the labour market. Some key recommendations which would support that recovery would include:

- Strengthening women's labour force participation by participating in the new national early child education program.
- Strengthening vocational education opportunities through expanded funding and spaces in public colleges and regulated apprenticeship streams, and working with employers to establish stronger training-to-work pathways (especially for young workers entering the workforce from remote or disadvantaged communities).
- Expanding service delivery and staffing in vital public and caring service sectors – including education, health care, and community services – which have been, and will continue to be, leaders in provincial job-creation.
- Developing and implementing sector-based strategies to expand the footprint of vital innovation-intensive, export-oriented industries with the support of other stakeholders (including government, business, unions, and educational institutions).
- Implementing regulatory and institutional supports necessary to address the issues listed on p. 7 above (including stronger OHS rules and practices to prevent

contagion in workplaces; paid sick leave; and limits on insecure and precarious employment practices).

However, the not-so-hidden agenda behind this entire consultation process seems to be an intention to legitimate and liberalize existing employment practices on the part of on-demand platform businesses in the gig economy. This is an important and challenging policy issue, but it should not constitute the centrepiece of a provincial economic and employment recovery strategy. To the contrary, the nature of work in the on-demand platform sector is such that Ontario should want *less* of this work, not more: the work is unproductive, badly paid, and insecure, and the firms offering these services are losing enormous amounts of money (a trajectory that should not be subsidized or prolonged with policy favours from the government).

Given that these businesses exist and many Ontarians rely on them for work and income, the conditions of this work could be improved by enhancing the clarity and effect of provincial employment regulations:

- The government should not create any new ‘categories’ of employment (as requested by platform firms). This would create whole new openings for the downward arbitrage of employment arrangements in other sectors (as other employers rush to take advantage of this new opportunity to engage labour without normal requirements).
- Clearer direction (in the form of a multi-factor test for employer control) should be provided to adjudicators regarding the employment status of workers in on-demand platform situations, for purposes of enforcement of all labour standards.<sup>22</sup> In some platforms, those tests will likely confirm that the workers involved are effectively employees or dependent contractors; in other cases (such as “crowdwork” models) they may not.
- Where employee or dependent contractor status has been confirmed, legislation should confirm that engaging businesses must meet normal provincial employment standards – including ensuring that minimum wages have been paid while the workers were engaged, and coverage under the WSIB system.
- Those minimum wage requirement must take account of reasonable expenses (eg. for vehicle ownership and operation) as defined and measured in the tax system.
- The government should require platform firms to submit data regarding hours of work and incomes to confirm that minimum wages have been paid to employees and dependent contractors.
- Rights to join unions and undertake collective bargaining on behalf of both employees and dependent contractors (already enshrined in labour law) should be confirmed and protected, through more active enforcement and prevention of unfair labour practices.

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<sup>22</sup> Ontario’s laws provide for a category of ‘dependent contractors,’ who are already entitled to the same rights as employees in certain areas of labour law – including notice of termination and collective bargaining rights.

- The government should require platform firms to disclose to drivers fundamental information regarding the operation of scheduling and dispatch algorithms, and the nature of information that is collected on workers. Workers should have access to information on their own history with the platform on request.

Requiring on-demand platform businesses to meet these normal standards of the employment relationship will require many of them to redesign their management systems. In some cases this will involve implementing active staff planning, to ensure that the cohort of workers signed onto work is in broad balance with consumer demand (hence facilitating net incomes at or above minimum wage). While this requires a greater investment by management in workforce planning, and means that labour supply to these businesses can no longer be unlimited,<sup>23</sup> it does not imply that all ‘flexibility’ in labour supply decisions is removed. It is quite possible to either manage on-demand labour supply systems in a way that is consistent with minimum wage income targets, or else convert the whole system to waged work and then staff the operation according to levels of consumer demand. Workers could absolutely maintain the ability in those models to choose when they would like to work (as already occurs in many other employment settings, where workers bid for available shifts, trade shifts, work flexible but compensated hours, and other patterns). Enactment of these reforms will likely reduce the number of individuals involved in this work at any point in time, but improve the stability, productivity, and value of the work. There will be fewer jobs, but better jobs – with engaged workers spending much less of their time sitting around waiting for their next assignment.

On-demand platform work has captured enormous attention from the public and from policy-makers – likely more than it deserves, given its limited economic role, poor economic performance, and doubtful long-run financial viability. Nevertheless, there are some ways in which the use of these systems has helped to meet new needs, and some services will be demanded into the future. It is not reasonable to view these activities as innovative, trend-setting, or even important in the grand macroeconomic scheme of Ontario’s economic recovery. But government can take measures to ensure that these services are delivered in a more sustainable, fair, and efficient way. That does not mean cow-towing to platform businesses with tailour-made laws that ratify and cement their current unfair, unproductive practices. Rather, it should focus on challenging this industry to do better, in ways that will enhance its long-run value to workers, customers, and the broader economy.

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<sup>23</sup> The experience of ride-source providers in New York City, following the imposition of fair wage requirements there, indicates the need for a quota or ceiling to be imposed on labour supply, to ensure that those workers on the app can earn minimum hourly incomes. That is just one example of many possible management solutions to this requirement.