

Risk Shifts in the Gig Economy: The Normative Case for an Insurance Scheme against the Effects of Precarious Work*

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OVER the last decade, the term ‘gig economy’ has risen to prominence in public discourse, but has failed to attract sustained attention from political philosophers. The gig economy is a subsection of the overall economy that predominantly relies on ‘on-demand work’:¹ workers² receive short-term and freelance contracts rather than permanent jobs. Firms treat them as independent sellers of services and only hire them to perform a particular ‘gig’, that is, to complete a specified task or project. Gig work thereby increases the granularity of work contracts: work is sold in ever smaller quantities and, in extremis, firms only buy the exact amount of labour they need, at the particular moment they need it.

On a social level, the higher granularity of labour market transactions leads to an expansion of the reach of markets. Not only a one-off hiring decision, but the conditions of every single micro-labour contract become subject to the market forces of supply and demand. From an economic perspective, the ability to hire and dispense with workers at will is often seen as a measure for ‘removing friction’ in labour markets, and unlocking efficiency gains as ‘unproductive human capital’ is ‘set free’.³ Whenever a firm can do without a worker’s additional unit of labour, she re-enters the labour market, which can then, in theory, allocate her work to the most productive use.

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¹Prassl 2018, p. 11.

²Throughout this article, we deliberately speak of ‘workers’ in a broad sense: not only those permanently employed count as workers of a firm, but all those who actually work for it.

³On the flexibilization of labour markets in the 1990s, see Davies and Freedland 2007. Major expositions of this policy programme include European Commission 1994; OECD 1994.

The business practices of ride-service providers like Uber and Lyft in the US best embody this trend, paying drivers *by* the ride and only *if* there are rides. But, beyond such extreme and well-publicized cases, many firms are gradually moving away from the paradigmatic form of employment in the industrial age—a job with a fixed number of hours, worked in set shifts, in one place, and for a predetermined salary (call this ‘standard employment’)—towards work that is contracted at short notice on the basis of current demand (call this ‘gig work’).⁴ While various statistics employ different criteria for determining whether or not someone counts as a contract worker, the number of people affected by this shift has dramatically increased over the past decades and is projected to rise further. According to a recent study, those in alternative work arrangements—like on-call workers, contract workers, and freelancers—made up 15.8 per cent of the US workforce in 2015, up from 10.7 per cent a decade before.⁵ At Google, contract workers are now reported to outnumber permanent staff.⁶

The trend towards gig work poses a challenge to the paradigm of standard employment, which is modelled on the industrial worker and has dominated debates in political philosophy and labour economics.⁷ For one thing, many regulatory achievements of the past 150 years—social insurance coverage, dismissal protection, the five-day work week, minimum wages and paid sick leave—do not extend to gig work. Furthermore, such work gives rise to distinct concerns. In the context of standard employment, *unemployment* has been a major social concern. However, on-demand workers will typically not become unemployed, but *underemployed*: they will still have work, only less of it or at a lower rate. Existing social insurance, like unemployment coverage, offers little support, as it is not designed to cushion short-term income fluctuations.

This article addresses the recent, but neglected trend towards on-demand work and develops a new framework for its normative assessment that centres on the notion of risk. It proceeds in three steps. Section I presents our diagnosis. We draw on empirical evidence to detail the rise of flexible forms of employment and propose that the underlying shift in employment relations is best understood as a transformation of risk: owners of firms reduce their business risk by demanding more flexibility of their workers, thereby exposing them to greater personal risk. We identify five mechanisms that enable this risk transformation.

Section II argues that current trends and the resulting risk shift are normatively problematic. Forming the core of the article, this section has three parts. Section

⁴Some other forms of work, like fixed-term employment with a longer duration or employment at temporary work agencies, lie somewhere in the middle of this spectrum. They often display many of the normatively problematic features of gig work, but to a lesser extent.

⁵Katz and Krueger 2019, p. 382.

⁶Wakabayashi 2019.

⁷See also Vallas and Schor (2020), who focus on the specific context of the platform economy, where firms obtain a near-monopoly position in connecting buyers and sellers of labour. They contend that such gig-economy platforms require new regulatory approaches, as they reject responsibility for individual transactions, but wield considerable power over them.

II.A evaluates the risk shift from the perspective of affected workers. We argue that it particularly affects low-skilled workers, diminishing their ability to form and enact long-term plans, thereby undermining their agency. Moreover, given their frequent lack of bargaining power (and compensatory benefits), their voluntary acceptance of gig work does not render it unproblematic. Indeed, we argue, the gig economy tends to entrench relationships of domination and, potentially, exploitation. Section II.B evaluates the risk shift from the perspective of society. We argue that firms in the gig economy operate in a socially unsustainable manner: they have a corrosive effect on the skill level of the workforce, on the provision of care work in affected families, and on social cohesion. Section II.C offers the caveat that, as it stands, our analysis reveals merely pro tanto reasons against the use of gig work; it examines the steps required to arrive at an *all-things-considered* judgement about the permissibility of gig work, and explains why, for the purposes of this article, no such judgement is needed.

Section III offers a more constructive, policy-oriented outlook. We introduce the idea of a *Principle of Inverse Coverage* (PIC), which stipulates that the shorter, more variable, and less predictable a form of employment, the higher should be the contributions to social insurance schemes made by the employer. This Pigouvian tax, which can be motivated along the lines of a carbon tax, has two goals: it aims to reduce the prevalence of gig work while further moderating the risk exposure of gig workers by funding a new insurance against income volatility.

I. THE HIDDEN RISK SHIFT: THE TRANSFORMATION OF BUSINESS RISK INTO PERSONAL RISK

In this first section, we observe that there has recently been a shift towards more flexible forms of employment, which is best illustrated by, but not limited to, the rise of the gig economy.⁸ We propose that this trend is best understood as a risk shift: the owners of firms reduce their business risk by demanding greater flexibility of their workers, thereby exposing them to increased personal risk.⁹ This increased personal risk, in turn, is often converted into cost externalities shouldered by families, communities, and social insurance systems that step in.¹⁰ Though largely overlooked in existing debates in the philosophy of work, this perspective of risk is vital for understanding the distinctive impact of more

⁸A related (but distinct) ‘risk shift’ has been described by Hacker (2019), who shows how governments and companies expose families to more risk by reducing their social insurance coverage (in particular, by scaling back pensions and healthcare plans). This downsizing of welfare provisions works in parallel with and exacerbates the consequences of the trend towards gig work.

⁹A note on terminology: we here adopt a broad definition of *risk* as ‘a situation or event where something of human value (including humans themselves) has been put at stake and where the outcome is uncertain’; Rosa 1998, p. 28. *Personal risks* are risks faced by individuals in their private life; *business risks* are risks faced by companies. (If entrepreneurs are personally liable, business risks can be personal risks for them.)

¹⁰See Section II.B. for a discussion of these externalities.

flexible forms of employment: the exposure to risk is an important moral and political concern in its own right,¹¹ complementary to the level of income, the meaningfulness or work,¹² participation in the workplace,¹³ and the opportunity to make a social contribution and gain social recognition.¹⁴ Risks can be harmful even if they do not materialize—for instance, as we will argue below, by preventing people from developing and enacting long-term plans.

A. THE RECENT RISE OF UNSTABLE FORMS OF EMPLOYMENT

Over the past thirty years, labour markets in Western countries have seen a steady rise in the number of people who are in temporary or unstable forms of employment. We submit that the *stability* of work arrangements can be spelled out along two dimensions: (a) the actual *variability* of working conditions over time, and (b) the *unpredictability* or epistemic *uncertainty* attached to one's future working conditions.

This increase in instability of work arrangements is illustrated by an impressive array of economic studies. To provide just a few examples: a recent study finds that the entire net growth in US employment since the 2008 financial crisis has been in temporary and contract work.¹⁵ Meanwhile, the Office for National Statistics reports that the number of zero-hours contracts—that is, of employment contracts that do not guarantee any amount of work—in the UK has risen from about 120,000 to 800,000 over the past fifteen years.¹⁶ Not surprisingly, income volatility has become an increasing concern even for the employed. Morduch and Siwicki show that 50 per cent of the income volatility experienced by Americans stems from variations in income from *the same job*.¹⁷ Traditionally, the increasing flexibilization of employment has primarily been attributed to the dual forces of technological change and globalization, and the resulting loss of stable manufacturing jobs in developed economies. Only recently have scholars emphasized the impact of changes in regulatory frameworks.¹⁸

Within political philosophy, these changes in the labour market have typically not been addressed head on, but only indirectly, by considering some of their consequences. There are two important strands of debate. First, in the wake of Thomas Piketty's work,¹⁹ income inequality has been discussed, as has inequality more generally.²⁰ Second, the power of employers, characterized by Elizabeth Anderson as a form of unaccountable government,²¹ has been problematized.

¹¹See Curran 2016; Hansson 2013; Hayenhjelm and Wolff 2012; Shrader-Frechette 1991.

¹²See Arneson 1987; Yeoman 2014.

¹³Hsieh 2008.

¹⁴Gheaus and Herzog 2016.

¹⁵Katz and Krueger 2019.

¹⁶Office for National Statistics 2018.

¹⁷Morduch and Siwicki 2017, p. 396.

¹⁸Hacker 2018.

¹⁹Piketty 2014.

²⁰Scanlon 2018.

²¹Anderson 2017.

Both discussions are related to the rise of temporary employment: in so far as temporary workers tend to have lower earnings and occupy particularly vulnerable positions, concerns about income inequality and power imbalances at the workplace are also concerns about the stability of employment.

Yet, while no doubt important, both strands of debate miss the principal consequence of the flexibilization of the labour market: the key problem of unstable forms of employment is not that they come with lower earnings (they may not) or confer greater arbitrary power to managers (they may not), but that they expose workers to greater personal risk, thereby placing them in a distinct form of precarity and curtailing their ability to make and execute long-term plans. We thus propose to conceptualize the recent developments not primarily in terms of an earnings divide or a power disparity, but a risk shift: business risk is shifted to workers and thereby transformed into personal risk.

B. FIVE MECHANISMS OF RISK TRANSFORMATION

Any business activity involves risks as well as opportunities. The entrepreneur invests resources in a project, which may fail, resulting in losses, or succeed, resulting in gains. Other things equal, businesses have an interest in reducing their risk to a minimum. The most straightforward way of achieving this is by externalizing risks: shifting them on to third parties.²² One potential third party—besides business partners and the taxpayer—are its own workers. If a firm can adjust employment levels and salaries in response to declining demand or increasing prices for other inputs, then this allows it to (partly) offset external shocks.²³ So, firms crave flexibility, but in the context of standard employment they face legal restrictions: salaries of permanent staff members cannot easily be changed; work hours may be fixed through agreements with unions; and workers enjoy protection from dismissal.²⁴ Given such restrictions, companies have an incentive to search for other ways of shifting business risk on to their employees. We identify five mechanisms that serve this purpose—none is new, but the extent to which they have all been on the rise is.

(1) *Short-term Contracts*. Since the law in most countries makes it difficult to terminate the contracts of permanent staff members, companies have incentives to employ workers only temporarily, renewing their contracts as needed. Such workers need not be fired; instead, it suffices to let their contracts expire.

(2) *Flexible Number of Work Hours*. Refusing to specify the number of hours of work constitutes a second mechanism for transforming business risk into personal risk. The most extreme instantiation of this trend are zero-hours

²²See Joel Bakan (2004), who characterizes corporations as ‘externalizing machines’.

²³Often, workers react promptly to such increases in personal risk. For instance, they may try to hold more liquid savings or buy additional insurance. The risk externality ends up being (partly) transformed into a cost externality.

²⁴Bewley 2002.

contracts, where companies do not guarantee any number of hours of work and workers are only called if needed.

(3) *Flexible Remuneration*. The departure from fixed salaries or payment contracts constitutes a third mechanism of risk transformation. Digital platforms offer companies the possibility to fix the pay *for each individual gig* and only *at the time* a worker takes it on. In fact, pay may not even be negotiated, but set unilaterally by a company's algorithm.

(4) *Flexible Scheduling*. A fourth mechanism for transforming business into personal risk is found in the departure from fixed work schedules. Flexible scheduling allows firms to respond in a timely fashion to changes in demand. Workers, meanwhile, often have to remain on call, work at short notice, and stand ready to work overtime if required.

(5) *Reduced Insurance Coverage*. Shifting the costs for insurance on to workers constitutes a fifth mechanism. Social insurance (like unemployment or health insurance) partly mitigates the risks workers face, stabilizing their income expectations. Traditionally, the costs for such insurance have been shared by employer and employee. Where work is less stable (think of freelancers), employers contribute less, thereby avoiding costs.²⁵

These five transmission mechanisms are distinct, but jointly allow companies to externalize business risk, and the cost of insuring against such risk, by passing it on to their workers. Of course, firms vary in the extent to which they do so. This may partly reflect the values of specific firms, but is typically also affected by the structure of their business environment—the strength of competition, the extent of labour organization, the feasibility of flexible hours in their production process. Ride-sharing firms like Uber and Lyft exemplify how the five mechanisms go hand in hand: offering neither an employment contract, nor a fixed number of work hours, nor a guaranteed hourly wage, nor fixed work times, nor proper insurance, they effectively hire people as employees in disguise. Formally self-employed, their workers often labour exclusively for a single firm.

Throughout all sectors of the economy, companies employ some of these risk externalization mechanisms. They may draw on agencies to send temporary workers, offer only temporary positions to new workers or introduce more flexible work contracts for existing staff. Consequently, even if the argument put forward addresses most directly the (former) start-ups that represent the gig economy in popular media, it also concerns a vast number of more traditional companies that rely on some of these mechanisms, be it in retail or food, the hospitality industry, or even in old-style manufacturing.

²⁵In contrast to the other mechanisms, the reduction in insurance coverage shifts the costs of insurance rather than the risk itself. Yet, the consequences for corporations and workers are analogous.

II. EMPLOYMENT IN THE GIG ECONOMY: THE RISK SHIFT'S NORMATIVE IMPLICATIONS

After sketching the sweeping transformation of business risk into personal risk in the gig economy, this section offers a normative evaluation of this trend. The first two subsections examine the negative effects of gig work on workers (Section II.A) and society at large (Section II.B), which constitute *pro tanto* reasons against the use of gig work. In so doing, we propose a new paradigm for evaluating conditions of employment: because a lack of stability often has considerable adverse effects of its own, taking *risk* seriously and looking not only at fixed, but also at *potential*, outcomes is important. The third subsection (Section II.C) argues that, although gig work may still be permissible all-things-considered, in some cases our findings shift the burden of proof. Moreover, even where gig work is ultimately deemed permissible, it is important to note that something significant speaks against it.

A. HOW THE GIG ECONOMY AFFECTS WORKERS

Not all gig work is harmful to workers. The freelance computer programmer has, over the past decades, become the epitome of the happy gig worker. Characteristically pictured at a tropical beach, she has benefited from the rise of short-term employment contracts enabled by the internet. These trends have allowed her to specialize in work in which she has a competitive advantage and to sell her services in a labour market unfettered by geographical barriers. Yes, so-called ‘digital nomads’²⁶ no longer receive contributions to their health insurance, pension plan, or paid sick leave, and are guaranteed neither a certain wage nor a minimum number of work hours. But their high wages, easily US\$125 per hour in the case of programmers,²⁷ and their self-determined work routine, arguably compensate them for the loss of stability they suffer.

But most workers in today’s gig economy find themselves in a position quite different from that of the skilled programmer. In what follows, the discussion focuses on a subsection of the gig economy, namely on comparatively low-skilled gig workers. While it is difficult to find reliable accounts of the composition of the labour force in the gig economy, lower-skilled employees like drivers, fast food workers, and warehouse personnel evidently form an important, perhaps the predominant, group.

i. The Deterioration of Workers’ Planning Agency

Standard employment contracts typically offer stability and allow for a clear distinction between time spent earning money on a job (work time) and the time available for all other pursuits (free time). Gig work does not. On the one hand, low wages and underemployment create pressure to hold several part-time jobs

²⁶Makimoto and Manners 1997.

²⁷Wakabayashi 2019.

simultaneously. In the US in particular, having multiple jobs has become the ‘new normal’ for low-skilled workers.²⁸ High turnover rates further mean that the precariously employed often spend a considerable portion of their free time in search of, or marketing themselves for, new jobs. The pursuit of these non-remunerated work-related activities results in a new ‘indivisibility of time uses’.²⁹ The need to constantly market oneself and to search for employment can induce considerable stress. The pressure is particularly pronounced for those who cannot afford to go without earnings for even a short time. And this is the norm rather than the exception: as the Pew Charitable Trusts report, one in two US households—and over 70 per cent of households with incomes below \$25,000—report that they are financially insecure.³⁰

But the dissolution of the divide between work time and free time feeds into a more fundamental effect linked to precarious working conditions: the unstable nature of gig work may diminish the ability of workers to craft and execute long-term plans.³¹ Planning agency is the ability of an agent (or a group) to direct their agency towards the pursuit of an overarching goal. In order to do so, their plans typically need to have a ‘hierarchical, end-means structure’ that ensures that the intentions of which they consist advance (or at least do not obstruct) the attainment of the goal.³² This requires a consistency of intentions over time. But, as empirical studies amply show, high levels of economic insecurity undermine the capacity of people to make and stick to plans for the future.³³

First, confronted with economic insecurity, they find themselves unable to work towards goals that require continuous, long-term commitments. For instance, taking out a mortgage or starting a family becomes difficult if one does not know whether one will have a job in two months’ time. Second, in the face of unpredictable work times, people find it difficult to engage in activities that require sustained coordination with others. Joining a sports team or a political party becomes tricky when meetings take place at fixed times, but one’s work schedule is unpredictable—or when one has to move to another city every few months. In more extreme cases where one is subject to last-minute scheduling, one’s planning agency may be thwarted for a time horizon as brief as the very same afternoon.

²⁸Federal Reserve Bank 2019, p. 18.

²⁹Standing 2011, p. 119.

³⁰Pew Charitable Trusts 2017.

³¹Our analysis here builds on recent proposals to treat freely available time as an important resource and a distinct object of distributive concern; Goodin et al. 2008; Rose 2019. While they focus primarily on the *amount* of free time, we are concerned with its *pattern of availability*—for one’s planning agency is affected not only by how much free time one has, but also by how regular, predictable, and conveniently timed it is. We thereby make good on a remark by Goodin et al. (2008, p. 286) that ‘oblique though the point may be to our main analysis ... timing and “harmonization” of free time is as important as the amount of such time’.

³²Bratman 2018, p. 113. See also Goodin 1990, p. 548.

³³For instance, Chalari (2015), Colombo et al. (2018), and Sabaté (2016) extensively study this effect in their ethnographic studies conducted in Greece, Italy, and Spain, respectively, in the aftermath of the Euro crisis.

This deterioration in planning agency is not only associated with reductions in personal welfare, owing to the stress involved in constantly adjusting to new situations. Drawing on extensive data of the Health Survey for England (HSE), Baderin and Barnes find that experiencing economic risk also undermines self-respect, which they define as a ‘sense of our own worth’ expressed by having the conviction that ‘our commitments and life plans’ are worth pursuing and the ‘confidence in our ability to hold ourselves to our standards and pursue our plans’.³⁴ In other words, we can show empirically that a surge in personal risk reduces the welfare and self-respect of workers.

On a theoretical level, this should not come as a surprise: on many accounts of human flourishing, being able to make plans is fundamental to the distinctly human capacity of shaping one’s life (at least partly) according to one’s own values. John Rawls, for instance, argues that ‘a person may be regarded as a human life lived according to a plan’.³⁵ In his view, the main objective of working towards a just society is to enable people to pursue their own conceptions of the good, which will take the form of a ‘rational plan’.³⁶ But planning is not only the peculiar fixation of liberal egalitarians. Alasdair MacIntyre, a communitarian, asks us to conceive of ‘life as a narrative’. When a human, by nature a ‘story-telling animal’,³⁷ acts out the history of her own life, her ‘behavior is only characterized adequately when we know what the longer and longest-term intentions involved are and how the shorter-term intentions are related to the longer’.³⁸ According to MacIntyre, life narratives are necessary for achieving a ‘unity of the character’³⁹ that grounds the agent’s ethical decision making.

Against this backdrop, it becomes clear what is normatively at stake when we allow gig work to compromise workers’ planning agency: a key ingredient for leading a flourishing life. Hence, the negative reaction of gig workers to increased personal risk is not only a psychological fact but, according to various normative theories, a *reasonable* response. To put it in Cheshire Calhoun’s terms, if one’s long-term plans keep being disrupted as a result of unstable work conditions, this is bound to undermine one’s belief in the effectiveness of one’s actions and, in extremis, lead to an ‘estrangement from one’s normative outlook’, compromising one’s ability to lead a meaningful life as an autonomous agent.⁴⁰

ii. Addressing the Counterargument from Freedom of Choice

At this point, however, an additional perplexity needs to be addressed: if a worker voluntarily agrees to a gig contract, is this not evidence that she ultimately benefits from doing so? If we are to believe standard economic theory, introducing gig

³⁴Baderin and Barnes 2018, p. 7. See also Rawls 1971, pp. 155–6.

³⁵Rawls 1971, p. 358.

³⁶Ibid.

³⁷MacIntyre 1981, p. 189.

³⁸Ibid., p. 183.

³⁹Ibid., p. 191.

⁴⁰Calhoun 2018, ch. 3.

work as an *additional* option should benefit workers. Even if there are negative effects, these must be outweighed by expected benefits, for why would gig work otherwise be chosen? As we hinted, this argument works well for relatively privileged workers such as the digital nomad. The highly qualified freelance programmer faces greater risks, but also secures higher pay. But it does not work equally well for workers who lack sufficiently attractive alternatives. *In principle*, all workers have the option of quitting or not accepting a job, of voicing their discontent and renegotiating their terms of employment. But in practice, workers whose skills are in abundant supply and whose geographic mobility is limited tend to lack outside options.⁴¹

Empirical evidence suggests that many workers have little choice but to accept the flexible employment characteristic of the gig economy: a recent study by McKinsey finds that a third of the 94 million self-employed Europeans would prefer a permanent job.⁴² The Pew Charitable Trusts report that 92 per cent of Americans would choose *more stable* over *higher* income.⁴³ But growth in full-time jobs, the consultancy Ernst & Young observes, decreased markedly in the wake of the financial crisis and in ‘the absence of full-time work, many workers opted for contingent work first as an interim and now a more permanent solution’.⁴⁴

In addressing the argument from freedom of choice, it is important to keep in mind that the introduction of gig work does not necessarily enlarge option sets; it may instead *diminish* them. Where labour markets are weakly regulated, firms may exploit the five risk-transformation mechanisms identified. Positions that would once have offered stable employment, like that of a retail assistant, are turned into gig jobs, like that of an Amazon floor worker. And since introducing gig work often gives firms a competitive edge, it puts pressure on competitors, thereby indirectly amending the outside options available *to everyone*. As a result of the rise of gig work, attractive employment options may become less attractive or cease to exist at all. So, even if people choose gig work because it is the best option they have, this option may not be welcome—for it might have suppressed other options.

Whether or not gig work has to be deemed problematic from the perspective of an individual worker will thus primarily depend on her bargaining power, which is critical for her level of vulnerability to benefit extraction and instrumentalization. Where her bargaining position is strong, as in the case of highly skilled professionals, it is likely that the worker freely accepts the potentially negative consequences identified above in exchange for benefits like increased flexibility or earnings. Where her bargaining position is weak, however, she may

⁴¹In addition to the skill level of workers, their bargaining power also depends on whether gig work is their primary source of income or rather one that supplements income from another job or welfare benefits; see Schor et al. 2017.

⁴²Manyika et al. 2016.

⁴³Pew Charitable Trusts 2015.

⁴⁴Storey et al. 2016, p. 7.

have little choice. The criterion of bargaining power echoes the idea, advocated for instance by Anderson, that whether a choice was free, in a significant sense, can only be evaluated by taking into account the available option set of the agent.⁴⁵ As Lisa Herzog notes, some economic contracts can be classified as neither coercive, nor as freely chosen, but are conditioned by power asymmetries in the social background against which such agreements are made.⁴⁶

iii. The Threat of Domination and Exploitation

In addition to having the potential to harm workers by weakening their planning agency, gig work also raises the spectre of domination and exploitation. At least in the low-skill sector of the gig economy, where workers lack acceptable alternatives and thus bargaining power, the shift towards gig work threatens to result in relationships of domination and exploitation.

According to Frank Lovett's influential account, for A to dominate B, three conditions need to hold: first, their relationship must be such that B is to some degree dependent on A; second, A must have greater power over B than vice versa; third, the structure of their relationship must enable A to wield arbitrary power over B, which means that A's social power is 'not externally constrained by effective rules, procedures, or goals'.⁴⁷ The inability of many low-skilled gig workers to turn down work offers creates a high level of dependency. This contributes to a power imbalance, which is most pronounced where the supply of adequately trained labour is abundant. Absent regulations, this imbalance can enable firms to exercise power without external constraints. This may happen in two distinct ways. First, the *move towards gig work* can manifest such an arbitrary wielding of power—for it involves shifting risk on to workers who might have limited resources to resist it. Second, once gig work is the norm, the greater granularity of work contracts enables firms to wield more, and perhaps arbitrary power over conditions of employment.⁴⁸

Being subject to domination is problematic in itself, but the gig economy further threatens to entrench relationships of exploitation. According to Nicholas Vrousalis, for agents A and B, 'A exploits B if and only if A and B are embedded in a systematic relationship in which (a) A instrumentalizes (b) B's vulnerability (c) to extract a net benefit from B'.⁴⁹ On Vrousalis' account, to instrumentalize someone is to treat her as a means in ways that unfairly make use of her attributes; being vulnerable means to be subject to the power of others; and to extract a net profit requires that one's overall well-being increases. According to this definition,

⁴⁵Anderson 2017.

⁴⁶Herzog 2017, p. 415.

⁴⁷Lovett 2010, p. 111. Lovett's account shows that domination allows for degrees: the level of dependency, the imbalance of power, and the extent to which the use of power is constrained by external checks can all vary in magnitude. Accordingly, the domination level in the labour market for gig work is best conceived of as a continuum, too.

⁴⁸At times, firms will have that power without exercising it; yet, as Lovett's account bears out, the relationship may still be one of domination.

⁴⁹Vrousalis 2013, p. 123.

at least some relationships between gig firms and their workers qualify as exploitative—and there are structural reasons for why the gig economy is prone to such relationships.

In many segments of the low-skilled gig economy, the extensive power of firms over the conditions of employment correlates with a distinctive *vulnerability* of workers. Moreover, where firms succeed in turning business risk into workers' personal risk without compensation, they *extract a benefit* in the form of an increase in expected profits. So Vrousalis' conditions (b) and (c) are met. This leaves condition (a). While it is difficult to provide exact boundaries for what qualifies as *unfairly making use* of workers' attributes and thus as *instrumentalizing* them, the behaviour of some gig firms qualifies on any reasonable account. Consider, for instance, Uber, which uses sophisticated psychological tricks to induce its drivers to work in those places and at those times that maximize its profits.⁵⁰ Relying on psychologists and their predictive understanding of decision making, as well as on big-data scientists who evaluate the efficiency of various nudging strategies, Uber targets its workers' psychological weaknesses. Since Uber does not make the use of these manipulative strategies transparent, its workers are unwittingly exposed. As a result, Uber can be said to treat its workers as a mere means, and thus to instrumentalize and exploit them.

Exploitation can, of course, occur in other contexts of employment as well. Yet there are structural reasons for thinking that the gig economy is particularly prone to giving rise to relationships of exploitation. As noted, the higher granularity of work lies at the heart of the gig economy. For many segments of the gig economy, we argued, this fuels a *power imbalance* as greater flexibility is required of workers. But in addition, it can result in an *information imbalance*. As firms can buy work in ever smaller quantities, they are empowered to evaluate the productivity of workers and the strategies for recruiting them in ever greater detail. Taking into account the newly available tools for processing information that facilitated the shift towards gig work in the first place, the higher granularity of work contributes to an epistemic imbalance. It is this dual advantage, of power and information, that puts at least some gig firms into a position to exploit their workers. It is a separate question whether firms make use of this ability, but, as the case of Uber shows, it is to be expected that at least some of them will.

B. HOW THE GIG ECONOMY AFFECTS SOCIETY AT LARGE

Having evaluated the effects of gig work from the perspective of individual workers, we now direct our attention to its impact on the rest of society. No business venture can operate without wide-ranging social support. Its success critically hinges on the availability of public goods such as the rule of law, a well-developed infrastructure, an educated workforce, and support from families

⁵⁰Scheiber 2017.

and local communities. In particular, there is a strong pre-theoretic intuition that business activity should be sustainable, in the sense of maintaining the conditions that enable its operation in the first place. While the sustainability requirement is typically raised with regard to the use of natural resources and the protection of the natural environment, there is no principled reason to limit it in this way. Instead, we propose, there is an equally important dimension of *social sustainability*, consisting in the maintenance of a certain set of useful social conditions. But the business models of gig firms tend to be less socially sustainable than those of firms offering standard employment: they have *corrosive* effects (1) on the skill levels of workers, (2) on their ability to provide care to their families, and (3) potentially on social cohesion. Even if one were to maintain that we cannot blame firms, as they operate under competitive pressure, the diagnosis would justify—and in fact demand—policies that disincentivize socially unsustainable forms of employment.

i. Skill Levels of Workers

There are three distinct mechanisms by which the gig economy erodes the skills of workers. First, gig economy companies typically provide little training to those who work for them. The unstable nature of employment provides a rationale for this: if one expects the workforce to change constantly, one has little incentive to invest in professional development. It is no coincidence that many gig jobs are low skill: tasks that require expertise often demand a more permanent, and better-trained, workforce. As a result, a high prevalence of precarious work creates a risk that an economy ‘gets stuck’ with low-skill, low-productivity, low-wage business models.⁵¹

Second, the prevalence of short employment gigs may reduce the incentives of workers to acquire specialized skills.⁵² If workers invest effort in obtaining skills that are *specific* to their firm or industry, this increases their productivity, but also renders them more vulnerable—they have more to lose from losing their current job. As a result, to the extent to which workers are uncertain whether, and for how long, they will be able to stay in their current job, investments in the improvement of their job-specific skill set will be less lucrative.⁵³

Third, even if workers are willing to specialize or requalify, employment in the gig economy leaves them with limited opportunities to do so. Unpredictable schedules, the frequent need to work overtime, and high turnover rates leave most people with little time to commit to further training in the form of part-time university degrees or advanced training courses.

Overall, the predictions of economic theory and the empirical evidence concur: where unstable conditions of work become more common, investments

⁵¹See Crouch 2019.

⁵²This mechanism is well documented in the ‘varieties of capitalism’ literature; e.g. Estevez-Abe et al. 2001.

⁵³As Estevez-Abe et al. (2001) show, in OECD countries the level of employment protection positively correlates with the levels of specialized skills.

in training fall; this corrodes skill levels, either in absolute terms or relative to what they would have been under conditions of more stable employment.

ii. Reproductive and Care Work

Another way in which the gig economy fails to be sustainable is that unstable employment conditions undermine the ability of workers to engage in reproductive and care work. The concern here is not with sustaining skills of existing workers, but with ensuring that there will be a next generation of workers.

This criticism, as well as its terminology, has its roots in the work of Marxist-feminist philosophers, who have long directed a similar objection at capitalist firms in general.⁵⁴ Their basic argument is that firms not only exploit their (male) employees, but in addition extract unpaid labour from their (female) partners. Firms are dependent on biological reproduction, as childbearing is necessary for there to be a next generation of workers; moreover, they rely on families to relieve (male) workers from household work and from caring for the young and elderly. As Margaret Benston observed half a century ago, 'At present, our unpaid labor in the home is necessary if the entire system is to function'.⁵⁵

Over the past fifty years, there has been drastic change. The rate of female labour market participation has risen considerably in Western societies⁵⁶ and the paradigm of the male breadwinner and the female housewife is widely recognized as outdated. In addition, state-funded institutions that offer institutionalized support for the care of children and the elderly have expanded. While all this has altered—at least to some extent—how the burdens of household and care work are shared, the work itself remains to be done. While firms evidently cannot do reproductive and care work themselves, they may be expected to contribute to maintaining circumstances that facilitate such work. Firms in the gig economy in particular tend to fail to do so. As we argued above, the unstable work environment they create has a number of negative effects on individuals: it blurs the line between work time and leisure, exposes workers to increased levels of psychological stress, and undermines their planning agency. All these upshots need to be expected to negatively affect family life, rendering care work more difficult and burdensome. Where the abilities of families are curtailed in ways that require other institutions to step in, they also impose costs on the rest of society.

iii. Social Cohesion

A third, if more tentative, concern is negative effects on social cohesion. A society may be said to be socially cohesive, roughly, to the extent to which its members view each other as equals, generally trust each other, and are willing to collectively work towards common goals.⁵⁷ Negative effects on social cohesion are a

⁵⁴For an overview, see Hennessy 2003.

⁵⁵Benston 1969, p. 11.

⁵⁶OECD 2020.

⁵⁷Social cohesion has long been a topic of interest to psychologists and sociologists who have advanced various definitions. For an overview, see Friedkin 2004.

sustainability concern, as firms in the gig economy, like all businesses, rely on the existence of at least a basic level of social cohesion that underpins the rule-governed marketplace in which they operate.

While it is difficult to establish a direct causal link between the rise of the gig economy and a weakening of social cohesion, the following considerations suggest that such a link exists: first, as the gig economy grows, we confront a two-tier system of employment, where one group (gig workers) finds itself at considerable disadvantage relative to the other group (normal employees), which is likely to give rise to forms of resentment. Such developments are increasingly visible in the US and the UK, where a loss of stable manufacturing jobs and their frequent replacement by on-demand work have fuelled the wrath of (political) elites.⁵⁸ Second, if the instability of employment results in a relatively higher reliance of gig workers on the social safety net, this may weaken the willingness of the better-off to provide such support. Third, if the instability of gig work curtails one's ability to make long-term plans, it thereby also reduces one's ability to engage in *collective* planning; as this undermines one's ability to work towards a collective goal, it constitutes another threat to social cohesion.

C. THE POSSIBILITY OF COUNTERVAILING BENEFITS

The arguments above show that gig work comes with significant costs, for individual workers (Section II.A) as well as society at large (Section II.B). This implies that there are weighty pro tanto reasons against the use of gig work. They show that, *ceteris paribus*, standard employment is preferable. But, evidently, activities that rely on flexible forms of employment can also generate benefits. The continuous readiness of emergency workers, like doctors and firefighters, guarantees the provision of life-saving support. The seasonal employment arrangements of harvesters keep down the price of important goods. Similarly, consumers benefit from the flexibility of gig workers, which enables firms to offer more extensive services at lower prices. So we face the further, distinct question whether—and under what circumstances—gig work is permissible all-things-considered.

As our discussion of the skilled freelance programmer indicated, we do not deny that *some types* of gig work can be given an all-things-considered justification. Yet we do think that our examination shifts the burden of proof. Given the downsides of gig work identified, it is up to its proponents to show that there are sufficiently weighty benefits. For any specific form of gig work, such a justification requires three steps. First, it needs to be shown which (if any) benefits a business relying on gig work generates (to people other than its shareholders) that would be unachievable under conditions of standard employment. Second, it needs to be argued that these social benefits outweigh the

⁵⁸Hochschild 2016.

social costs of gig work. Finally, one needs to provide an argument that imposing (often considerable) costs on some (typically gig workers and their families) for the (often much smaller) benefits of others (typically consumers) is permissible.

Clearly, any all-things-considered judgement comes with substantial theoretical commitments—it compels a method for measuring social benefits and social costs, a calculus for weighing benefits against costs, and a distributive account of when it is permissible to impose burdens on some persons for the benefit of others. Moreover, due to the *case-specific* nature of the benefits generated by gig work, we cannot hope for a general verdict; each specific judgement will require considerable empirical and theoretical work. In order to evaluate the benefits of ride-sharing services, for instance, one needs not only to assess their effect on people's access to mobility, but also to judge the normative value of affordable mobility, which in turn arguably necessitates an evaluation of its role for realizing an inclusive society. While no doubt relevant in their own right, these case-specific questions are not only intricate in themselves, but also lead us away from the project of a normative analysis of gig work *in general*.

For these reasons, we will not attempt to make any all-things-considered judgements here. Instead, we limit ourselves to the claim that, given our analysis of its negative effects, we have shown that there are robust pro tanto reasons against the use of gig work and that this shifts the burden of proof. Moreover, even where gig work is deemed permissible all-things-considered, reasons speaking against it are never silenced, but merely outweighed. As we argue below, this result alone can justify our proposed policy response to the rise of gig work.

III. DESIGNING A POLICY RESPONSE: THE PRINCIPLE OF INVERSE COVERAGE

So far, this article has offered a critical diagnosis of the mechanisms underlying the rise of the gig economy and of their potentially detrimental effects. In this section, we turn to a more constructive question: how should policymakers address the rise of the gig economy? This question is rendered urgent by the self-reinforcing character of gig work. As we illustrated, businesses have incentives to transform fixed into variable costs to reduce their exposure to risk.⁵⁹ They therefore find it attractive to buy labour on an on-demand basis. As this typically gives them a competitive advantage over those that still offer more stable forms of employment,⁶⁰ it exerts pressure on other firms to switch to on-demand work to avoid being driven

⁵⁹See Varian 1999, p. 353.

⁶⁰This problem is reinforced by the fact that many countries allow employers to eschew social contributions when hiring on-demand workers. In the Netherlands, for example, at an average salary, an unincorporated contract worker costs her employer *less than two thirds* of her permanently employed colleague for tax reasons alone; Milanez and Bratta 2019, p. 50. That said, in some cases, firms might still prefer to offer standard employment for economic reasons: for instance, if it would sufficiently increase the productivity of workers. However, this seems less likely in the case of low-skilled gig work that is the main concern of this article. We thank an anonymous reviewer for pointing this out.

out of the market. We address the question of how policymakers should respond to the rise of the gig economy in three steps: we first set out two desiderata for a policy response (Section III.A), then introduce our proposal of the *Principle of Inverse Coverage* (Section III.B), and finally contrast it with other ideas (Section III.C).

A. IDENTIFYING TWO DESIDERATA FOR A POLICY RESPONSE

Although we have offered no judgement on whether, all-things-considered, specific forms of gig work are permissible, we submit that our analysis allows us to identify two desiderata for a policy response. For whether or not a given instance of gig work can be justified, we have shown that it involves an externalization of risk from businesses to workers, other firms, and society. In low-skilled sectors at least, this risk shift comes at considerable cost to individual workers and, as a result of their struggles, to society at large. Finally, even assuming that the benefits attached to some forms of gig work outweigh its costs for society (however exactly they are aggregated and balanced), it puts many workers at a disadvantage compared to stable employment. Based on this analysis, we can derive two general desiderata for a policy response.

First Desideratum. Policies should counter the incentives fuelling the risk shift and contain the externalization of business risk to the workforce and other third parties.

Primarily, this first desideratum is a demand of fairness: firms in the gig economy should be prevented from free-riding on sacrifices made by workers and other affected parties and bear the full costs of their business models.

Second Desideratum. Policies should seek to alleviate any harmful effects of gig work that remain, in particular its adverse effects on workers.

This second desideratum, too, can be seen as a demand of fairness: if gig work is deemed to be in the interest of society, but individual workers have to shoulder large burdens for the benefit of everyone else, then it seems only fair that society attempt to support them in ways that reduce their burden.

We take these two desiderata to follow from our analysis of the effects of the risk shift that underlies the gig economy. But it is important to note that we do not claim that our list of desiderata is exhaustive. As the gig economy also gives rise to other further concerns, like gender- or race-based discrimination, other desiderata may appear pertinent. So our desiderata reflect our risk-focused perspective—a perspective we take to be vital for approaching the normative repercussions of a growing gig economy.

B. THE PRINCIPLE OF INVERSE COVERAGE

We thus propose that policymakers should adopt a set of policies informed by a normative principle that we label *Principle of Inverse Coverage* (PIC):

The shorter, more variable and less predictable a work arrangement, the higher should be the contributions to social insurance schemes made by the company (*contribution side*). The additional revenue should be used to create new forms of insurance that compensate for short-term fluctuations in income of those in unstable employment (*expenditure side*).

PIC specifies requirements for the contribution as well as the expenditure side of policies, each aimed at meeting one of the desiderata identified.

On the *contribution side*, the PIC advocates the introduction of a Pigou tax on on-demand work: a tax levied on a market activity that generates negative social externalities, which aims to adjust its private cost to approximate its full social cost.⁶¹ In this case, we understand social costs as a broad measure accounting for negative effects that are weighed by their normative relevance, rather than simply the economic willingness to pay. The Pigou tax is thus geared towards the *First Desideratum*: making on-demand work more costly, it reduces the incentives driving the risk shift and weakens the competitive pressure towards ever more flexible work arrangements.⁶²

Our proposal here draws on the idea of a carbon tax. Like gig work, carbon emissions generate negative externalities: most importantly, dangerous alterations to the climate. The introduction of a carbon tax shifts (at least part of) the costs of these harmful side-effects back on to the companies generating them. Once the tax is in place, some business models become too costly and are abandoned; these are activities that were profitable only because some costs could be externalized, that is, because they relied on an implicit ‘social subsidy’. Other business models persist, since their larger economic benefits allow them to remain profitable even when one accounts for their full social cost. Analogously, policies inspired by the PIC will include a Pigou tax that removes the perverse incentives linked to gig work by eliminating the indiscriminate implicit social subsidies supporting it. This re-internalization of the negative externalities renders gig work less attractive to firms. So, just as in the case of a carbon tax, placing a premium on flexible forms of employment will reduce their volume. If set at an optimal level, the tax will weed out exactly those business activities that are profitable only because they manage to externalize parts of their costs and risks—though, of course, the notion of an optimal level will rely not only on economic predictions about the tax’s effect, but also on further judgements about the normative weight of the negative effects of gig work.

There is a complication, however: business models can also have *positive* externalities that are not captured by the market. A carbon tax might render

⁶¹See Pigou 1932.

⁶²One of the few countries currently imposing a premium on on-demand work is Australia. Since the introduction of the latest iteration of this long-standing policy, the 2009 Fair Work Act, so-called ‘casual workers’ must be paid hourly wages 15 to 25 per cent higher than the base salary of their colleagues with longer-term or permanent contracts. While there is evidence that this regulation in its current form has not reached its targeted level of effectiveness (Healy and Nicholson 2017) and is frequently not complied with (Lass and Wooden 2019), it is a first step towards addressing the perverse economic incentives linked to gig work. However, such a wage-focused regulation alone does not fulfil the income-stabilizing function of the *Second Desideratum*. This is why—unlike Australia—we propose to collect the premiums to channel them into a new underemployment insurance scheme.

business models unsustainable despite being deemed beneficial to society all-things-considered—think of carbon-intensive businesses (for example, steel mills) that offers numerous jobs in economically disadvantaged regions. But this does not amount to a knock-down argument against the Pigou tax. For reasons of transparency, it seems sensible to first levy a tax on *all* carbon emissions to account for the negative externalities they cause, and then to provide a separate subsidy for those activities that generate benefits not accounted for by the market. The same reasoning holds for the gig economy. Gig work may sometimes generate positive externalities, and these may even outweigh the negative ones. But if taxpayers wish to subsidize specific forms of gig work, they should do so openly.

On the *expenditure side*, the PIC advocates that the revenue from the Pigou tax be used to fund new forms of social insurance that aim to smooth out short-term fluctuations in income. Historically, labour movements have worked primarily towards improving conditions for those in standard employment, campaigning for shorter work weeks, better accident insurance, and more extensive unemployment benefits. The PIC aims to complement this standard framework by tackling a problem characteristic of on-demand work: in the gig economy, workers are no longer either in employment or not, but their workload and pay vary, so they may be *underemployed*.

Underemployment (and even the mere risk thereof) carries burdens that existing social insurance schemes are not tailored to address. But potential remedies exist: an *underemployment insurance* could top up a worker's weekly (or monthly) income to a proportion of her average labour earnings over the past three months (or so), smoothing out income variations. Fixing the insured income level to a moving average of the labour income addresses a moral hazard problem. If workers happen to work less (for whatever reason), their income does not dip immediately, but it begins to decline gradually. This ensures that workers have an incentive to seek work rather than just draw on the insurance. Proposing this novel insurance, the PIC's expenditure side addresses the *Second Desideratum*: it aims to stabilize incomes, thereby reducing the economic uncertainty that comes with gig work and undermines people's planning agency.⁶³

⁶³We are not aware of a country that has implemented insurance against underemployment, but the basic elements of our proposal are already on the table. At present, many countries offer social protection by combining three types of policies: means-tested social assistance, earnings-related insurance benefits, and unconditional flat-rate entitlements; OECD 2019, p. 295. The PIC essentially recommends realigning the benefits offered to on-demand workers by combining the design principles behind the first and second type of policies: i.e., create an earnings-related social assistance scheme mainly funded by the contributions of gig firms. In so doing, policymakers can build on income-supplement schemes that already exist in some countries. For instance, the Universal Credit system in the UK tracks the incomes of benefit recipients on a monthly basis and adjust payments accordingly. Such a set-up could be a good starting point for the income-stabilization mechanism we envisage (although the current benefits structure of the UK scheme is arguably not very effective in this respect). Moreover, the aim of stabilizing incomes is widely accepted and, for instance, a key reason for pegging unemployment benefits to previous earnings; Goodin 1990. We thank an anonymous reviewer for pointing out the continuity between the PIC and existing income-supplement schemes.

We think that the PIC points to a novel approach in confronting gig work, but admit that it remains a partial solution. While its contribution side, demanding a premium for on-demand work, will reduce the amount of gig work, its expenditure side, advocating the underemployment insurance, can only alleviate harmful effects resulting from *income* volatility. It does not address the harmful effects of uncertainty about the availability of free time and does not, therefore, fully address the fourth risk-transformation mechanism: flexible scheduling. Placing a premium on less predictable work arrangements, the PIC disincentivizes flexible scheduling, but does not tackle its negative effects for those who remain subject to it.⁶⁴ This indicates that complementary policies are called for.

C. THE PRINCIPLE OF INVERSE COVERAGE COMPARED TO OTHER PROPOSALS

Evidently, policies of various scope could meet the two desiderata set out, and they could in turn be examined in the context of a specific economy or in more general terms. It is important, then, to be clear about the status of our own proposal. With the PIC, we propose a policy *principle* rather than a concrete policy. Our rationale for this is twofold. First, given the variety of forms on-demand work can take and the varying social insurance and labour market arrangements, policies may vary greatly among countries. Second, a concrete policy proposal would require empirical expertise to predict its effects and thus entail collaboration with economists and other social scientists. At the same time, the PIC addresses the effects of gig work in a targeted way; this makes it easier to justify (and hopefully to enact) than more sweeping reforms, like making all workers shareholders of their companies.

Building on our analysis, we believe that the PIC indicates a promising way of approaching a policy response to the rise of the gig economy, and one that has so far been neglected. And while we do not claim that the PIC is *uniquely* suited for addressing the risk shift, we believe that there are *structural reasons* that explain why it is preferable to two alternative ideas frequently entertained in view of the rise of the gig economy: a ban on flexible forms of employment and the provision of a universal basic income (UBI).

An outright ban on certain forms of employment would ensure that workers are protected from disadvantages. But, as we have argued above, some business activities involving gig work may ultimately be justifiable, and some of the disadvantages to individuals can be countered by offering novel forms of insurance. As a general strategy, putting a premium on on-demand work in form of a Pigou tax is therefore preferable to prohibiting it altogether.⁶⁵ A UBI aims to

⁶⁴Note that it is not obvious how this could be done. Free time is a more personal good; in contrast to money, it cannot easily be redistributed.

⁶⁵Even so, certain restrictions on work contracts may be required, namely where the negative effects on workers are weighty and cannot be mitigated. For instance, regulation that prohibits setting work schedules on extremely short notice may arguably be a valuable complement—though, as the case of emergency workers shows, even such rules require qualifications.

stabilize the living conditions and improve the bargaining position of workers, and has been put forward in part in response to increasingly flexible terms of employment.⁶⁶ If everyone receives a basic income that covers their needs and thus always has a decent outside option, firms cannot shift risks on to workers without offering adequate compensation and relationships of domination and exploitation are less likely to arise. But, in view of the *First Desideratum*, we have reason to insist on at least *also* placing a premium on unstable forms of employment, as a UBI alone would otherwise threaten to collectivize the risks generated by gig firms in a problematic way. This is similar to what happened during the 2008 financial crisis: aimed at protecting society at large from a full-blown collapse of the financial system, the bailout of banks was widely perceived as unfair, as it forced taxpayers to pay for the externalized risks of profit-oriented private firms. In the midst of the financial crisis, collectivizing the risk was arguably the only option; for the gig economy, the PIC indicates a better way by apportioning the costs to those who cause them.

IV. CONCLUSION

In the eyes of its advocates, the rise of the gig economy is the spearhead of social progress. Empowered by digital technology, workers are finally able to auction off their labour in a global marketplace for talent. The higher granularity of work contracts enables the creation of frictionless labour markets in which human capital can constantly be reallocated to its most productive utilization. In this article, we have tried to show that the expansion of the gig economy comes at considerable human cost. Generally, gig work results in a shift of risk from capital owners to workers. At least in the low-skilled segment of the gig economy, workers are typically not compensated for taking on such additional risk. The adverse effects of this risk shift, some of which occur even if the risk does not materialize, are normatively problematic. The risk shift affects the most vulnerable workers: by subjecting them to uncertainty, both with regard to income and the availability of free time, it undermines their ability to form long-term plans, which in turn affects their agency and sense of self-worth. But, indirectly, it also imposes costs on society in ways that frequently violate basic norms of fairness. In response, we have proposed the *Principle of Inverse Coverage* and have argued that embracing policies that abide by this principle can help weaken the trend towards gig work and start addressing the challenge of underemployment.

In our view, advocates of an unregulated gig economy commit a cardinal mistake: they forget that labour is not a commodity like any other, but one that is deeply socially embedded. On the one hand, labour is the *result* of a concerted interplay of workers, their families, communities, and a sustainable welfare state. On the other hand, good labour conditions—decent pay, stable hours, and access

⁶⁶E.g., see Van Parijs and Vanderborght 2019.

to social security—form the *basis* of the welfare and self-respect of workers and, more indirectly, of their families and communities. By treating labour as a constantly transferable and infinitely granular commodity, firms in the gig economy deny this basic social embeddedness of labour. They try to extricate it from the social ecosystem it springs from and helps to support. Our hope is that this article provides some useful theoretical insights that will help political philosophers and policymakers to spot, criticize, and counteract this tendency.

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