

Interview

# The “gig economy” in the US, the Myths of a Workerless Future and Labor’s New Sources of Leverage

Wednesday 26 October 2016, by [BROOKS Chris](#), [MOODY Kim](#) (Date first published: 12 August 2016).

**Where’s our economy headed? Soon every factory worker will have to start driving for Uber, and the trucks will drive themselves—at least so the business press tells us.**

**But Kim Moody, co-founder of this magazine and the author of many books on U.S. labor, paints a different picture. Chris Brooks asked him to cut through the hype and describe what’s coming for working people and the opportunities for unions.**

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## Busting the Myths of a Workerless Future

***Labor Notes:* We read a lot about the “gig economy,” where workers cycle through multiple jobs using app-based companies like Uber, TaskRabbit [for everyday tasks such as cleaning or moving], and Mechanical Turk [for online tasks such as labeling images]. Is this really the future of work?**

Kim Moody: One thing to notice is that, aside from outfits like Uber, most of these are not employers. They’re digital platforms where you can find a job.

The apps are not determining the hours and pay, or even the technology used on the jobs. It’s still employers that are calling the shots. So if jobs are getting worse, it’s not because people can find them digitally as opposed to reading them in the newspaper.

Also, discussions of the gig economy often assume that suddenly there are all these people who are multiple job-holders. But the fact is that the proportion of the workforce who have more than one job hasn’t changed much in 40 years.

The vast majority of them are people with regular full-time jobs who are also moonlighting, which is a very old thing. There are a lot of multiple job-holders, but there have always been a lot of them.

**There's also been talk of the "1099 economy." Are we really moving towards a future where 40 percent of workers will be freelancing?**

The idea that freelancers can become 40 percent of the workforce is science fiction.

There are two kinds of self-employed. The greatest number are the "unincorporated self-employed," or independent contractors. Their numbers have been dropping for years.

The other group, the incorporated ones, are people who run a small business. They have grown somewhat, but they are still just 4 percent of the workforce.

**You argue that the "gig economy" and "precarious work" concepts miss the mark because they don't get at the most concerning change: the rise of the crappy-job economy. Can you talk about what's changed for workers and why?**

The first change is work intensification. Work has gotten dramatically harder in the last 30 years or so, and continues to.

That's happened through lean production, which reduces the amount of labor to produce the same or greater amount of product or service and is tied to just-in-time production. Lean production began in the automobile industry in the 1980s, but now it is everywhere. It's in hospitals, it's in schools.

Another aspect is electronic and biometric monitoring, measuring, and surveillance, which allow employers to see how to get more work literally out of each minute. Another aspect is that the amount of break time has fallen dramatically since the '80s.

Whether you are working full-time or part-time, in a precarious job or not, chances are you are going to experience some of this.

The other side is income. Wages have been falling since the early 1970s. More and more people are actually working for less, in real terms, than they used to. This also impacts everybody, although part-time and precarious workers are likely to get paid even less than full-time people.

And if you look at the Bureau of Labor Statistics projections for the fastest-growing jobs, millions of new jobs over the next decade or so, 70 percent are projected to be low-skill, low-pay jobs.

In other words, we are not heading for some big high-tech economy. Instead we are heading for a low-paid workforce with crappy jobs. The end of good jobs is nigh.

**While app-based "just-in-time" gigs have gotten lots of media attention, far less attention has been paid to "just-in-time" production. Can you talk about why massive logistics hubs have emerged, and what they mean for union organizing?**

In order for globalization to be efficient, low pay isn't necessarily enough, because you have to move products from one location to another. That required a change in the way products are moved—the "logistics revolution."

The time it takes to deliver a product to the point of sale is an important factor in competition. Like production, transportation now operates on a just-in-time basis. Products move faster.

The speed of trucks, planes, and trains did not change. What did was the way things are processed. Goods don't stay in warehouses very long. Products arrive on rail and are cross-docked and moved out by truck in a matter of hours. This process has really only taken shape in the 21<sup>st</sup> century.

In order to make it work, the industry has created logistics clusters. These are huge concentrations of warehouses [1] where rail, truck, air, and water transportation meet and can be coordinated, usually electronically.

You might think, “Well, this is all very high-tech.” But it turns out that it still requires thousands and thousands of workers. In the U.S. there are 60 of these clusters, but three stand out: the Port of New York and New Jersey, the Los Angeles and Long Beach port area, and Chicago. Each of these employs, in a small geographic area, at least 100,000 people.

Now, the whole idea of outsourcing back in the 1980s was to break up the concentrations of workers in places like Detroit, Pittsburgh, or Gary. But what these companies have done now, inadvertently, is to recruit incredibly massive concentrations of manual laborers.

It has evolved in a way that might shoot these companies in the foot—because here you have the potential to organize vast numbers of poorly paid workers into unions. And there are attempts to do just that [2].

The other thing is that these clusters are tied together by just-in-time systems—which means you have hundreds, maybe thousands, of points in the transportation system that are highly vulnerable. If you stop work in one place, you are going to close down huge areas [3].

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## **Grind to a Halt**

The vulnerability of “just-in-time” production was on display recently at General Motors.

Clark-Cutler-McDermott Co., which provides parts for almost every GM vehicle produced in North America, filed for bankruptcy in June.

But with no inventory on hand and no alternative source of supply, GM warned that a shutdown at this supplier would halt its vehicle production across the continent within a day—and every day the shutdown lasted, the company would lose millions of dollars.

GM scored a temporary restraining order, forcing Clark-Cutler-McDermott to continue production while the automaker sought out other suppliers.

Ford faced a similar issue in May when the all-temp workforce at its Detroit Chassis parts plant in Ohio threatened to strike, which could have halted production at a nearby Ford factory within a day. The employer quickly agreed to recognize their union.

**—Chris Brooks**

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**Media commentators and even presidential candidates blame the loss of millions of U.S. manufacturing jobs on trade and outsourcing. You’re skeptical. How do you explain it?**

Outsourcing, if it is in the U.S.—which most of it has been—can break up the union, it can be very

inconvenient to the people who lose their jobs, but it doesn't necessarily eliminate jobs in the U.S. The jobs are just moved to a different, lower-paid group of workers.

Offshoring is another thing, but it's not as widespread as people think. While moving production abroad has definitely impacted certain industries like steel, textile, and clothing, it cannot account for the loss of jobs we have seen. I estimate that between a million and 2 million jobs have been lost since the mid-'80s to imports and offshoring.

Manufacturing output, from the 1960s to just before the Great Recession in 2007, actually grew by 131 percent; the manufacturing sector more than doubled its output. If everything was going abroad, you couldn't possibly have that kind of growth.

How can this be? I believe the answer lies in lean production and new technology, as we talked about earlier. Productivity literally doubled, and manufacturing jobs dropped by 50 percent or more. It's the productivity increase that explains the loss of jobs.

It is very difficult for politicians to deal with this question, because it means attacking employers. It means saying, "You are taking too much out of your workforce." And of course since most economists, politicians, and experts think that productivity growth is a wonderful thing, it's beyond criticism.

**There's a lot of hand-wringing about the future of automation. Former Service Employees President Andy Stern has been making the media rounds claiming that driverless trucks are going to replace millions of drivers.**

You can sell a lot of books with this pop futurology. It reminds me of the great automation scare of the 1950s. It was popular then to make predictions that there wouldn't be any factory workers left.

And automation has reduced the number of factory workers, but there are still 8 or 9 million of them lingering around—despite all this technology, which is much greater than anything they predicted in the '50s.

I have a shelf of books predicting "the end of work." And yet we have millions more workers than we used to—the problem being that they are worse off than they used to be, not that they don't exist.

## **Labor's New Sources of Leverage**

*Despite the hype about the "gig economy," Moody argued in Part 1 that the bigger change most workers are experiencing is the rise of the crappy-job economy. On the bright side, he pointed out how just-in-time production has created huge concentrations of workers—and vast potential for organizing.*

In Part 2, we ask Moody about corporate mergers, the changing demographics of the U.S. workforce, and what it will take to organize the South:

**Labor Notes: Increased competition between corporations has led to massive mergers. What has been the impact on workers?**

Kim Moody: It's in the mid-'90s that this new mergers and acquisitions wave took hold. It was fundamentally different from the big mergers and acquisitions waves of the '60s, '70s, and '80s. Those mostly were about conglomeration—companies buying up all different kinds of production, finance, and everything you can get your hands on. Diversification would be another word for it.

The mergers of the mid-'90s forward have gone in the opposite direction. More companies are shedding unrelated divisions. For example, General Electric and General Motors used to have huge financial divisions and they dumped those, even though they were moneymakers.

All these major industries have seen mergers that are creating bigger employers. In some industries the concentrations are huge. If you look at trucking, UPS is this massive employer that it wasn't 20 years ago. UPS is in every field of logistics—not just in delivery or even in trucking, but also in air freight.

So companies are buying up things that are in their basic core competencies. The structure of ownership has been realigned in a way similar to the first half of the 20<sup>th</sup> century, when unions, including the CIO, organized these big corporations.

This concentration of ownership along industrial lines means that there are more economically rational structures now in which unions can organize.

**So you would no longer see a situation where the union strikes one division but the company has plenty of unrelated divisions that are still making profits.**

Right. And when you put that together with the logistics revolution, you begin to get a picture of what I'm calling "the new terrain of class conflict."

We are dealing with production systems, of both goods and services, that are far more tightly integrated than they used to be, and companies that are bigger, more capital-intensive, and more economically rational.

So unions should be able to take advantage of the vulnerable points in just-in-time logistics and production to bring some of these new giants to heel. The old idea of industrial unionism might have a new lease on life if—and it is a big if—the unions can take advantage of this situation.

My view is that this is going to have to come from the grassroots of the labor movement. Or those who today are not organized, like the people in warehouses. There is a potential that really hasn't existed in well over half a century.

The consolidation of industry and the whole logistics revolution: these things have only come together in the last 10 or 15 years. When workers and unions in these industries—and many of these industries have unions in pieces of them—look at this situation, it's something they're not used to yet.

It usually takes a generation for the workforce to realize the power that it has, and the points of vulnerability. This was the case when mass production developed in the early 20<sup>th</sup> century. It took pretty close to a generation before the upheaval of the '30s.

**Another important change has been in the demographics of the working class. Can you talk about what those changes mean?**

This bears not only on unions but on American politics. An obvious change that has taken place in pretty much the same period—the '80s up until now—and will continue on is the change in the racial and ethnic composition of the entire population, but particularly concentrated in the working class.

For example, if you look at what the Bureau of Labor Statistics calls the "transportation and material moving" occupations in the '80s, maybe 15 percent of those workers were either African American, Latino, or perhaps Asian. Today it is 40 percent.

Workers of color now compose a much bigger proportion of the workforce, much of it due to immigration. The biggest growth, of course, is among Latino workers. Workers of color are now between 30 and 40 percent of union membership.

**It seems the right is making its own hay out of the changing demographics of the country.**

This is happening everywhere in the West. It is much easier to blame immigrants for the lack of jobs or housing or crowded schools than it is to figure out how to deal with the powers that be.

So a lot of people turn towards these self-defeating ideas that they can solve their problems by closing off borders and sending people back, or by keeping Muslims out.

We have the potential to have a phenomenally different kind of labor movement. It is going to be different from anything we have ever seen in the United States, or pretty much anywhere else, for that matter. That is, if we have a multicultural, multiracial labor movement that is larger and is growing and is taking advantage of the new terrain that we just talked about.

**A common tactic used by business is whipsawing workers against one another [4], using non-union areas of the country against union-dense areas. I am thinking of Boeing and South Carolina. Boeing got from Washington State the largest subsidy ever given to a company in the United States. And yet they still sent all those jobs to South Carolina, which also provided them with massive subsidies. How much of a hindrance has the inability to organize the South been for labor?**

The answer is massive. This goes all the way back to the end of the Second World War, and the amount of manufacturing value-added that was produced in the South just grew until the '80s.

The amount produced in the South continues to grow a little, but it has more or less leveled off. I have some ideas why.

If you look at the auto parts industry, for example, in the last 10 or 15 years it has dramatically reorganized, one of the most dramatic reorganizations of any industry that I have seen. You have many fewer companies, and those that remain have gotten bigger.

The bulk of them are in the Midwest and not in the South. A huge percentage of them are actually in Michigan. Of course, they are nonunion.

So I am not saying that the South is not important. You won't crack manufacturing until the South is unionized. These big corporations do whipsaw. But given the new structure of these industries and the logistics revolution, there is a possibility of counter-whipsawing.

Say you have a union drive at a South Carolina plant and you want to cut off production there, to force management to recognize the union. My guess is that you can find suppliers, if they are unionized or can be unionized, whether they are in the South or Midwest, that can strike and close down that plant.

Given the rise of these tight new logistics systems, unions can counter-whipsaw by closing down suppliers or even the transport links, and thereby starve management at these Southern plants into submission. That would require the cooperation of many different unions—but they have to begin thinking about that if they are ever going to organize the South.

**Chris Brooks, Kim Moody**

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## **P.S.**

\* *Labor Notes*. July 26, 2016:

<http://labornotes.org/2016/07/interview-busting-myths-workerless-future>

August 12, 2016:

<http://labornotes.org/MoodyInterview>

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## **Footnotes**

[1] <http://www.labornotes.org/store/cargo-chain>

[2] <http://www.labornotes.org/2013/01/warehouse-strategies-squeeze-walmart's-pressure-points>

[3] <http://labornotes.org/blogs/2016/07/everyone-plant-was-temp-until-they-all-joined-union>

[4] <http://labornotes.org/blogs/2014/09/stop-feeding-hand-bites-us>