

Conservative government review of UK “gig economy”—a whitewash for the corporations

Thomas Scripps
28 August 2017

Following a spate of strikes and disputes in the UK’s low-paid and highly exploitative “gig economy,” the Taylor Review was published in July. The Review was commissioned by Conservative prime minister Theresa May to look into “modern working practices” based on temporary, zero-hours [a contract whereby an employer is not obliged to provide any minimum working hours] and part-time employment.

It was produced by Matthew Taylor, head of the Royal Society for the encouragement of Arts, Manufactures and Commerce. The real purpose of Taylor’s Review was to make a few pro-forma criticisms of the gig economy, while giving it the ultimate seal of approval.

This sector has grown in recent years to comprise a substantial 20 percent of the workforce. Roughly 905,000 people are on zero-hours-contracts (up from 168,000 in 2010), 1.7 million are in temporary employment (207,000 more than in 2006) and 4.8 million are self-employed. The latter category accounts for two-thirds of new jobs created since 2008.

After 13 years of Labour rule, by 2011, zero-hours-contracts were mushrooming in many parts of the economy. In the hotels and restaurants sector, they existed in 19 percent of all workplaces, up from 4 percent in 2004. In the health sector, they were at 13 percent (up from 7 percent) and in the education sector at 10 percent (up from 1 percent).

There are also 865,000 agency workers, up 30 percent since 2011 and set to reach 1 million by 2020.

These “modern working practices” mean poverty and insecurity on a massive scale, the mental and physical effects of which have begun to be exposed.

A study released last month by the UCL Institute of Education found that young people (aged 25) on zero-hours-contracts were one-and-a-half times more likely to have mental health problems compared to those in more secure employment. They were also 43 percent less likely

to enjoy good physical health.

Adult workers are similarly affected, according to research from Bath Spa University into UK workers on zero-hour-contracts. It concluded in the journal *Occupational Medicine*, “A greater proportion of individuals with zero hour contracts had scores above accepted mental health cut-offs.”

Far from opposing the vast exploitation, which is inherent to such as zero-hour-contracts, Taylor praises the “flexibility” and “choice” on offer to workers.

The report makes a virtue out of not taking a regulatory or legislative approach to the problem, i.e., banning such employment practices. It argues, “The best way to achieve better work is not national regulation but responsible corporate governance.” What is required, according to Taylor, is a more positive “corporate culture,” with those companies that have created and exploited insecure contracts—having been given free rein to do so by successive Labour and Conservative governments—now supposedly ready to undertake a dramatic, even Damascene conversion.

Taylor’s recommendations to extend sick and holiday pay ignore the fact that many workers already formally have these entitlements, but are routinely denied them. Citizens Advice recently reported that half of those on zero-hour-contracts think they are not entitled to paid holiday. While the report suggests that employment tribunal fees for cases regarding employment status should be removed, the fees incurred by workers asserting their employment rights are left untouched.

Taylor’s recommendations regarding the extension of sick and holiday pay, the implementation of a higher minimum wage for non-guaranteed hours and the right to statements of employment details are left so vague and rely so heavily on the goodwill of employers they are not worth the paper they are written on. In any case, such miserly concessions are ultimately geared towards the

preservation of the overall system of insecure work, with its corrosive effect on workers' rights and conditions.

Taylor's proposed revival of piece-rates is a direct attack on workers' pay. The review states that gig employers ought to be exempted from the requirement to pay the minimum wage, instead paying workers on a per-job basis as long as they can show that the average worker, working averagely hard, would earn 120 percent of the minimum wage. It will be left to the employers to model that average.

A number of the Review's conclusions have nothing to do with workers' rights or pay, but are dedicated to handing out giveaways to employers (by reducing the "employment wedge" of non-wage costs associated with employing a person) and clamping down on missed taxes in the "cash-in-hand" economy.

The report's bias in favour of employers is not an oversight, as the political establishment that Taylor speaks has no intention of bringing "precarious employment" under control. The panel of four overseeing the project included an employment solicitor routinely in the pay of major companies, and even a former Deliveroo investor. Workers had no representation. Taylor himself, a former advisor to former Labour prime minister Tony Blair, specialises in defending big business on the basis of a few platitudes about combining the "progressive" and the "possible." His Review is designed to brush any criticisms of self-employed, zero-hour and temporary work aside with a few token "remedies," while handing the overall exploitative system a clean bill of health.

The reasons for this have become clear over the past years. Following the 2008 financial crash, the prevalence of self-employed, zero-hour and temporary workers has grown substantially, placing millions more people into financially insecure positions. These forms of employment have grown particularly prevalent among young workers (age 21-25)—the numbers of who are in low-paid work increased 82 percent between 1990 and 2015. What this points to is a fundamental restructuring of the labour market in the interests of big business.

Gig economy workers on poverty wages, for the most part denied basic labour rights and protections, form a highly exploitable workforce that not only provides high rates of profit to employers, but sets a new standard that other employees continually compete with in a race to the bottom.

The Conservative-supporting *Daily Telegraph*, which has led the way in championing this process, recently published an article, "How Britain's self-employed army

are keeping our economy afloat," lauding the fact that the self-employed are "helping to drive down the sickness absence rate in the UK... to a record low." The rise of the UK gig economy is part of an international phenomenon. 94 percent of the jobs created under Barack Obama's presidency were part-time. The percentage of the US workforce engaged in "alternative" or "gig" work grew from 10.7 percent in 2005 to 15.8 percent in 2015. According to the report, "Independent Work: Choice, Necessity, and the Gig Economy," published by the McKinsey Global Institute, the overall percentage of workers engaged in independent work in the US in 2016 was 27 percent.

Across the developed European economies (EU15), the figure is between 20-30 percent. In Germany, a study by the Hans Böckler Foundation this year noted "an increase in atypical employment, especially part-time, often in the service and low-wage sector." The number of working poor in the country doubled from almost 1.9 million in 2004 to around 4.1 million in 2014.

These figures reflect the drive by the super-rich across the world to secure enhanced rates of exploitation in a globally competitive economy. They have been empowered by the combined development of modern technology and its monopolisation by major corporations—the consequences of which can be seen in Uber's operations.

Unionisation in the private sector as a whole stands at just 18 percent (4 percent for young workers), following a prolonged period of sharp decline over the past 40 years, in reaction in part to an unending list of betrayals. It is the unions' abandonment of any basic defense of the working class in recent decades, in favour of policing a globally competitive workforce, that has allowed the assault on jobs, pay and conditions to develop to this stage.

Labour Party leader Jeremy Corbyn stretched himself to calling the Review a "huge missed opportunity" and listed the Labour manifesto's plans to abolish Employment Tribunal Fees, scrap zero-hour contracts and give rights to all workers from day one on the job. From the leader of a party no less savagely anti-worker than the Tories when in power, these promises ring hollow.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact