

Unleashing Economic Democracy - Union Co-op Strategies

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The needs of the self-employed precariat has been at the core of eighteen months research that I have co-led for Co-operatives UK and the Wales Co-operative Centre. Findings are in our recent report: *Not Alone: trade union and co-operative solutions for self employed workers*. Let me share with you some of our findings.

The piecemeal 'Gig Economy'—no guaranteed work or income—has become ubiquitous in Europe since the financial crisis in 2008. Casual work, temping, zero-hour contracts and diverse forms of self-employment are characteristic of an expanding marketplace of atypical, precarious and increasingly unprotected work with a lack of legal rights.

Under European Union regulations temporary and agency staff are entitled as 'workers' to sickness and holiday pay, but this is not the case for self-employed freelancers. In the UK today, 4.6 million people are self-employed (15% of the workforce) and they have generated two-thirds of new jobs since 2008.

While a proportion of the self-employed do well financially, they are today the exception. Indeed the stereotype of the self-employed as small businesses is less true than ever before. 83% of the UK self-employed work alone and 70% are living in poverty. Their median annual income has plummeted by a third from £15,000 in 2008 to about £10,000 today (or €12,000). This is below the level when income tax is payable. Low pay however is only part of the picture—an absence of worker rights and support services aggravates hardship and makes matters far worse. Without a regular salary, housing access is limited and rents are often extortionate.

By 2018 more people in the UK will be in self-employment than in public sector jobs. Labour market expert Ursula Huws estimates that up to 5 million people in the UK are currently being paid for work through online platforms. This is rapidly transforming the future of work. Intuit Management Consultancy estimates that close to half the US workforce will be contingent on-demand labour by 2020. McKinsey forecasts that platform labour services will account for a global GDP of \$2.7 trillion by 2025.

Digital corporations operate to extract value at commission rates of 20% or more via a 'black box' system that blocks any direct relationships between producers and consumers. Decision making in respect to pricing and policies are not co-determined and profits are exclusively generated for the platform owners. Command and control is the old name of this new money making game.

Body sourcing, crowdsourced labour, liquid labour, micro-tasking are all part of the new vocabulary of platform capitalism. All workers are required to be self-employed. This brave new world of 21st Century corporations is reviving the 19th century putting out system comprehensively.

The trades impacted are both online and offline work sectors. In addition to Uber there are now a growing plethora of online labour-sourcing corporations including: Deliveroo for takeaway food delivery, Taskrabbit for small jobs, Handy for residential cleaning, Clickworker for 'surveys, data management, etc', MyBuilder for household repairs and improvements, Helping for domestic help on demand, Axiom for tech-assisted legal services, SuperCarer for social care and Upwork for higher skilled freelancers.

Most ambitiously Amazon Mechanical Turk's mission is to process the sale of digital skills on a global industrial scale like it does books and consumer goods. The more than 500,000 workers, known as 'Turkers' operate from more than 190 countries. They bid for jobs specified as Human Intelligence

Tasks (HITs) by employers and the ruthless competition for work can drive prices down to below half the US minimum wage and there is no enforcement of any humane standard.

Classifying all workers as self-employed as a condition of trading on the platform is a prima facie denial of worker rights. The recent employment tribunal success in London by the GMB union against Uber for 'bogus self-employment practices' is a landmark decision but this may be overturned on appeal.

So how can self-employed workers collectively overcome lop-sided risks, heavy overhead costs and secure fair trade terms and protective conditions?

Trade union services for self-employed workers in Europe are both limited and patchy. Organising has been most successful in areas of the digital economy and particularly in the media, the arts and creative industries. This is the case in the UK, Denmark, the Netherlands and Germany. A typical package of trade union services for freelancer workers includes advice, advocacy, legal guidance on contracts, insurance provision, help with debt collection and training.

The Federation of Entertainment Unions is the UK network of trade unions in media and covering journalists, film technicians, actors, musicians, writers, etc. A common union strategy is to secure 'worker status' for freelance members and then to negotiate worker rights.

If backed by a trade union, co-operatively owned employment agencies can provide the operational means to achieve this. One example are music supply teachers that when faced by rising agency fees in England formed worker co-ops to market to schools, to handle negotiations and to provide other collective services. The Musicians Union and Co-operatives UK have jointly promoted this successful strategy through an organisers' handbook and more worker co-ops are forming.

Similarly Actors Co-ops have expanded to 30 in England and Wales. Through their Co-operative Personal Management Association (CPMA) they work closely with Equity, the actor's union.

In France and Belgium integrated services for self-employed workers are provided through Business and Employment Co-operatives (BECs). A good example is Smart in Belgium that specialises in providing workspace, back office services, insurances and income liquidity for freelancers. It now has maker-spaces across Belgium and supports 75,000 members. Guidance and training are provided by a specialist advice and legal team. Smart members pay 25 euros a year plus 6.5% for each invoice processed. The co-operative additionally provides access to finance, equipment and vehicles.

The Not Alone research explored how to bring together such successful co-operative models with the additional clout of trade union power. What we found is that such a mission to integrate trade union and co-operative provision is gaining traction in the USA with a range of emerging Union Co-op models.

The Union Co-ops concept has been co-developed under a joint agreement between the US Steelworkers and the Mondragon Co-operatives. Today Union Co-ops are being set up in a range of industries and cities from Pittsburgh to Los Angeles. In Cincinnati, Ohio, seven Union Co-ops are either established or under development including a food hub, a railway manufacturer, a 'green laundry' and a jewellery manufacturer.

In the growing battle against digital economy injustice, an increasing number of American unions are adapting their thinking, organising methods and like the GMB in the UK are taking class action lawsuits to secure employment rights. In New York City the International Association of Machinists is organising Uber drivers.

What is crucial is to work out how to beat the opposition at their own game. To have the best chance to win, we need to unite platform co-ops and trade unions.

For example, Green Taxis co-op in Denver have expanded their membership in partnership with the Communication Workers of America. This Union Co-op strategy has led to the development of a super efficient mobile app. Through the partnership Green Taxis has grown to 800 members, secured 37% of the market in Denver and has rapidly become the largest taxi co-op in the US.

It is the transformative share of the economic pie that highlights how re-purposing the technology can unleash economic democracy once the message gets out. For example, before Green Taxis was founded as a worker co-op in 2012, most drivers were working for private taxi corporations and paying leasing and other fees to the company of \$800 to \$1200 a week. With the help of the trade union, Green Taxi members have co-financed their mobile app and now pay just \$80 a week for back office and dispatch services. This represents a 90% plus savings of economic rent otherwise payable to a private corporation.

The success of Green Taxis highlights how worker-owned platforms can be replicated in other cities and for other trades. It is early days but similar Union Co-op apps for childcare are being jointly developed in Chicago by the ICA Group and Service Employees International Union. A new Union Co-op app for NursesCan, a home health care service was launched in south Los Angeles this year.

There is a strategic opportunity to advance the potential for a breakaway play by co-developing Union-Co-op solutions. The 'cousins of the labour movement'—trade unions and co-operatives—need to unite their efforts across Europe to unleash economic democracy innovation.