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Help for the Way We Work Now

By SARA HOROWITZ SEPT. 7, 2015

WITH the presidential race well underway, Labor Day is a good time to consider how our political leaders are grappling with the many challenges facing American workers. While the next president will confront a host of important labor and economic issues, one is poised to be a particularly significant factor in 2016 and beyond: the freelance economy.

For better or worse, freelancing is becoming the new normal in America. There are now 53 million freelance workers nationwide, according to a 2014 study that the Freelancers Union helped commission. These workers include 38 percent of millennials and they contribute \$715 billion annually to the United States economy. As jobs that long sustained the middle class grow scarce, the freelance economy is revolutionizing the way that we live and work.

Some argue that freelancing has become more common as a result of America's economic struggles. For many freelancers, that is undoubtedly true. But an increasing number of workers are voluntarily opting out of conventional employment to pursue freelance opportunities.

More than half of freelancers surveyed began freelancing by choice, as opposed to financial need, and nearly nine in 10 say they would not take a traditional full-time job if they were offered one.

That's because the freelance or gig economy offers American workers the kind of flexibility and independence that was all but impossible to

achieve in the past. Instead of watching the clock from a cubicle, freelancers generally set their own hours and are paid for their time. They can pick their kids up from school or go to the doctor without asking their bosses for permission. They don't have to fight rush hour traffic every morning, and they get to decide for themselves whether to work late nights.

We are in the midst of a historic shift that rivals the transition from farms to factories. And yet, despite making up more than one-third of the American work force, freelancers don't have access to the essential benefits and protections that come with traditional employment. This is the central challenge that our political leaders have failed to address.

In the presidential campaign, the freelance economy has become a point of contention between Hillary Rodham Clinton and Jeb Bush. Mr. Bush took a politically charged Uber ride in July in San Francisco, showing his support for the ride-hailing company after Mrs. Clinton pledged to "crack down on bosses who exploit employees by misclassifying them as contractors." Republicans and Democrats are using the freelance economy to reinforce their traditional roles as advocates for business and labor, respectively.

But the freelance economy is more than a new frontier in old partisan battles over workers' rights and government regulation. Freelancers, a rapidly expanding share of the electorate, have become a legitimate political constituency, and nobody is effectively speaking up for their needs.

Mrs. Clinton and the Democratic Party as a whole certainly have a much better track record on labor rights than their Republican opponents. Yet, while it's clear that misclassified work is a serious problem that warrants punishment for bad actors, treating freelancers as employees will not solve all of our problems.

In the freelance economy, workers inevitably face periods without pay. But unemployment benefits are not available to most freelancers, so they have virtually no safety net. Even when they are working, freelancers don't enjoy the essential health care and retirement benefits associated with

salaried employment. While the Affordable Care Act is helping freelancers with lower incomes gain access to insurance, some who do not qualify for subsidies are struggling to cope with rising health care costs. And it's nearly impossible for many freelancers to plan for retirement when they are forced to dip into their savings during periods between jobs.

In response, we should develop a new system of portable benefits that reflects the realities of episodic income. Specifically, freelancers should be allowed to put away pretax income into shared accounts, where clients would also make prorated contributions based on the number of hours worked.

This portable benefits system would be a new program, but it would not be another government entitlement. Instead, it would be administered by unions, nonprofits, faith-based groups and other community organizations that would collect payments and distribute benefits when freelancers needed them.

Finally, unlike traditional employees, freelancers have little recourse against wage theft. In New York City alone, according to our research, 77 percent of freelancers have faced denied or late payment in their careers. At last count, 44 percent had dealt with clients who refused to pay in the previous year. And while the average amount owed was more than \$6,000, the maximum amount that New Yorkers can sue for in small claims court — which itself can be a costly, time-consuming process — is \$5,000. That's why freelancers need strict and enforceable protections from denied and late payment.

Until now, politicians have been talking about the gig economy using outdated language. They're not talking about how we work today, and they're certainly not talking about how we're going to work tomorrow.

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