CHAPTER 13: POLITICAL AND INSTITUTIONAL LIMITS TO THE RISE OF PLATFORM WORK

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Abstract

This chapter discusses why it is unlikely that platform work will replace standard employment on a massive scale. I discuss social, economic, institutional, and political factors that limit platform work. Among the institutional limits, two stand out. First, social insurance incentivizes various actors to curb the rise of platform work, it makes it more costly for platform firms to be found guilty of bogus self-employment, and it makes it less attractive for workers to accept platform jobs. Second, a decent wage floor reduces labor supply to platform work and makes the higher prices that result from restricted platform services more acceptable. I outline three models of institutional integration of platform work: segregation in Continental and Southern European welfare states, optional use in Nordic welfare states, and fusion with other forms of precarious employment in Anglophone welfare states. The rise of platform work is not inevitable but depends on institutions and politics.

Keywords: platform work; gig economy; institutions; social insurance; minimum wages; welfare regimes

Introduction[1]

In public discourse, technological change is often presented as inevitable as well as exogenous to our societies. Yet, technological change is, in fact, a product of our societies. It is endogenous and, depending on the societal forces promoting or hindering it, in principle evitable and manageable. Although some technological innovations can be ascribed to individual ingenuity or, indeed, coincidence, most innovations emerge from public or private research infrastructures. Moreover, the extent to which innovations are accepted and integrated into social practices depends on a host of institutional, cultural, and political conditions.

Platform work is a new way of organizing work processes, facilitated by technological innovations. Technically, it builds on the Internet, personal computers, wireless data connections, smartphones, and new software solutions. Like technological change, the rise of platform work and the gig economy is also often portrayed as inevitable. Two European Commissioners declared publicly in 2015 that any resistance to the gig economy, in that instance the emerging ride-hailing platform Uber, is futile. Elżbieta Bieńkowska , then Commissioner for Internal Market and Services, compared such resistance to "fighting print in medieval times," and Jyrki Katainen, then Commissioner for Jobs, Growth, Investment, and Competitiveness, compared it to horseback riders trying to ban cars.[2] Similarly, the CEO of a global digital marketing firm pointed to the rise of platform work, postulating that "salaried employment in the traditional sense of the word is gradually dying and we have to prepare ourselves for the change that is coming."[3] Left-wing commentators too are often alarmed by the emergence of

[1] I am grateful to Joan Abbas, Jan Drahokoupil, Rahild Neuburger, and the editors of this volume for their valuable feedback. This chapter was mostly written while I was Fernand Braudel Fellow at the European University Institute. It also benefitted from funding from the Research Council of Norway (grant number 275382).
[2] https://www.ft.com/content/65fb6b8c-8314-11e5-8095-ed1a37d1e096 (retrieved March 16, 2021); hat tip to Standing (2016).
[3] Cited in https://atelier.bnpparibas/en/life-work/article/crowdsourcing-put-wage-based-employment (retrieved February 27, 2020); hat tip to Standing (2016).

platform work and present sinister scenarios of a widespread replacement of regular employment by atomized and precarious platform workers (e.g. Standing 2016).

By contrast, this chapter will explore the obstacles that hamper the rise of platform work. These obstacles, too, are far from inevitable. They are also societal products, they vary between countries, and they may vanish. That said, there are good reasons to believe that the rise of platform work will be limited, and that in some contexts, in particular, platform work will be more constrained than in others due to social and economic institutions as well as political forces. Although platform work has economic advantages that create the potential to disrupt established markets, it still faces established institutions and organized interests that structure and control the spaces the gig economy is trying to enter. In this sense, this chapter is inspired by historical institutionalism (e.g. Pierson/Skocpol 2002). I seek to provide a comprehensive theoretical account of the institutional and political obstacles to the rise of platform work. The chapter is deliberately written in the form of an essay in order to provide scope for a broader exploration of these issues at a theoretical level. Some of the propositions in this chapter can later be tested in empirical research. At present, cross-national empirical research on this topic is hamstrung by a lack of reliable comparative data (for an overview of the available data and its limitations, see Drahokoupil/Piasna in this volume).

The chapter proceeds as follows: In the next section, I briefly discuss the nature and extent of platform work, in order to then further explore the notions of supply and demand in relation to platform work. The main theoretical discussion starts by considering the reasons behind the growth of platform work, followed by some brief reflections on the general social and economic limits to platform work. Subsequently, I focus in on the institutional and political factors that can rein in the gig economy. A final section concludes.

Platform Work: Locating Supply and Demand

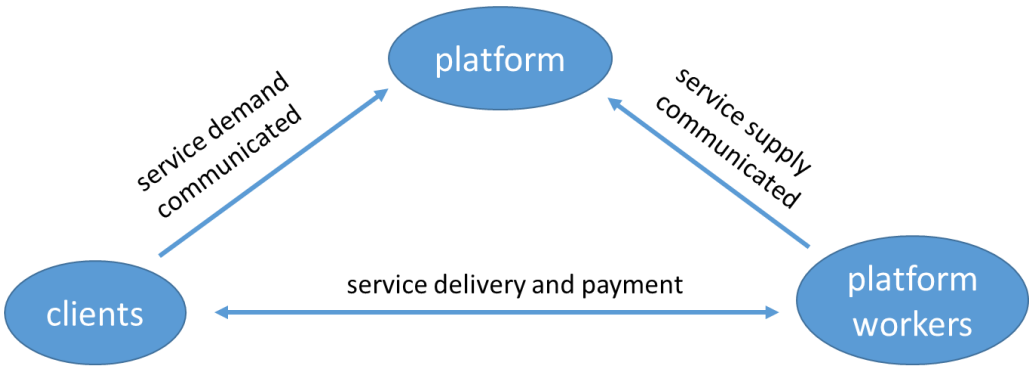
The chapter by Drahokoupil and Piasna in this volume discusses the definition, extent, and characteristics of platform work in detail. Consequently, I limit myself to a few lines on these points and focus instead on the notions of supply and demand. Platform work is defined as work that is mediated through commercial digital platforms. In most cases the workers are formally self-employed, although platform work can also be organized as dependent employment. Platform work can be delivered online (often called "cloud work") or onsite (often called "gig work"; Schmidt 2016). I use the term "platform work" synonymously with "gig economy." According to Urzì Brancati et al. (2020: 16) in 2018, 8.6 percent of the adult population in 16 EU Member States[4] conducted platform work at least once a month. Although it is likely that this online survey oversampled platform workers (see the discussion in the chapter by Drahokoupil/Piasna in this volume), it is currently the best comparative data available. According to the two survey waves, the share of platform workers moderately increased from 7.5 to 8.6 percent between 2017 and 2018. Yet, only 1.4 percent (2018) received at least half of their personal income from platform work or spent more than 20 hours per week on it. Hence, for most platform workers this is a minor activity that supplements other sources of income. In fact, the share of those who only marginally engage in platform work has clearly increased since 2017, while the share of those for whom it is their main employment activity has declined (Urzì Brancati et al. 2020). This is in line with data showing that the share of solo self-employed (self-employment without employing others, which includes platform work) has remained stable in Western Europe (EU-15) since the mid-1990s (Eurostat 2020). At the same time, there is considerable cross-national variation: The share of adults who conduct platform work at least once a month varies

[4] The 16 states are: Croatia, Czechia, Finland, France, Germany, Hungary, Ireland, Italy, Lithuania, the Netherlands, Portugal, Romania, Slovakia, Spain, Sweden, and the United Kingdom (still an EU Member State in 2018).

from four percent in Finland to 14 percent in Spain (Urzì Brancati et al. 2020). To explain such variation, we need to consider what factors promote or hinder the growth of the gig economy.

As with other forms of employment in capitalist labor markets, the size of the platform economy depends on supply and demand. If we want to analyze factors that influence the size of the platform economy, we have to examine what impacts its supply and demand. However, the triangular platform business model makes it difficult to properly identify labor supply and demand. In practice, there are countless ways of organizing platform work (Prassl 2018). To simplify, I juxtapose two ways of conceptualizing supply and demand with respect to platform work. The first model (see Figure 1) corresponds to how platform firms normally present the business model themselves.

Figure 1: Platform work organized as genuine self-employment



In this illustration, platform work is organized as genuine self-employment. The platform merely collects and matches demand and supply of certain tasks or services, while clients and the platform workers agree on service delivery and payment directly with one another. This is a market for services: there is demand and supply of services, but not of labor. In this model, platform workers are genuinely independent agents offering their services through a platform. This model presumably holds for

certain platforms, particularly those specializing in high-end professional services where suppliers often also have tools for marketing their services outside the platform.

However, many platform firms tightly control service delivery and payments, often, in case of cloud work, with no direct contact at all between platform workers and clients (Prassl 2018). In these cases, platform work is frequently still formally organized as self-employment, and platform firms present themselves as "mere matchmakers," but the degree of control over the work process justifies characterizing this type of platform work as bogus self-employment (see Figure 2).[5]

Figure 2: Platform work organized as bogus self-employment

In this second model, it is the platform firm that effectively supplies the service required by the clients. The firm, in turn, has demand for labor, which is supplied by the platform workers. This is the model of platform work that I will focus on in this chapter since experts see this as the more accurate reflection of most gig economy companies (e.g. Prassl 2018).

In order to explore the limits to the rise of platform work, we should therefore pose the following questions regarding supply and demand: What affects clients' (households' or other firms') demand

[5] See, for example https://www.socialeurope.eu/uk-gig-drivers-recognised-as-workers-what-next (retrieved March 16, 2021).

for the type of services that platform firms can offer? What institutional factors might inhibit platform firms from supplying these services or enable them to do so, i.e. by helping or hindering them in setting up their business model and effectively reaching out to clients? These first two elements, service supply and demand, jointly determine the platform firm's demand for labor. What remains to be considered, therefore, is what encourages workers to or limits them from supplying their time and skills to platform firms. In the following sections, I will discuss the social, economic, institutional, and political variables that might affect these elements of supply and demand, while focusing on the institutional and political factors.

Lastly, it is important to stress the international dimension of platform work. Potentially, each of the three sides of the work relationship (client, platform, and platform worker) can be located in a different country. Moreover, for tasks that are generally performed online by platform workers (e.g. micro tasks), the workers can also be spread across a host of different countries. This, of course, complicates the analysis of drivers and obstacles, as each of the three sides can be situated in a different institutional setting, something that particularly applies to cloud work, but may even apply to gig work. Gig workers may have their tax residence in a different country than the one where they deliver the service (see the chapter on taxation by Gelepithis in this volume). Similarly, the platform company may not be registered in the country of service delivery.

Reasons for the Growth of Platform Work

In large parts of the literature, as well as public debate, the widely held view is that platform work is bound to increase. In contrast, this chapter is interested in exploring what might *limit* the rise of platform work. In order to do this, however, we must also understand the drivers of platform work

growth. Using the conceptual scheme introduced above, I will summarize the factors that enhance platform supply, client demand, and labor supply.

First, to organize the provision of services through a platform rather than a vertically integrated firm has several advantages for capital. In the platform business model, the actual services are carried out by independent workers. Hence, the platform firm itself avoids having to invest in equipment and production costs. This reduces capital need and investment risks, despite the fact that, during their growth phase, platform firms often have to invest heavily in order to capture a dominant market share (Rahman/Thelen 2019).

Second, client demand contributes to the rise of the gig economy for three reasons: (1) platform services are often cheaper than established services in the same sector, for example, Uber rides compared to licensed taxis. (2) Due to the use of the Internet and smartphones, services are often more conveniently accessible. These first two consumer benefits make it possible for platform firms to break into established markets. (3) Some platforms offer genuinely new services, which did not previously exist, largely because the labor costs would be too high if they were organized as standard employment. This holds for many micro tasks, especially when they are location specific, for example verifying the availability and price of goods in stores.

Third, even workers may see the advantage of supplying their labor to platforms. One important argument is the freedom of platform workers to manage their work schedules in terms of both how much they work and when. In practice, this is often undermined by the tight control that some platforms exercise over their workers. For example, platforms may “punish” workers for declining jobs by limiting their access to future work opportunities (Prassl 2018: Ch. 3). But practices vary between platforms and the self-determination argument might, at least initially, attract some workers.

Moreover, many workers evidently need additional income and platform work can be a feasible option for those who already have part-time or even full-time jobs. The underlying driving force is, of course, the precariousness of existing jobs.

Social and Economic Limits

The emphasis of this chapter will be on the institutional and political limits to platform work. That said, I would like to start the discussion on limits by highlighting certain social and economic aspects. With social aspects, I am referring to the sphere of interpersonal relations. In the preindustrial era, work mostly took place in households, farms, and communities. It was embedded in social relations (Edgell 2006). Under industrial capitalism, the primary location of work moved to the plant. Although work became disembedded from social relations, it gave rise to new forms of collective identity in the form of occupations and social class. Workplaces integrate workers into a social setting, while, conversely, unemployment often contributes to social exclusion (Gallie 1999). To the extent that platform work substitutes for dependent employment, it leads to a disintegration of the workplace as a meeting point for colleagues. Platform workers are not only formally independent, they normally literally work alone, either at home or on the road. Hence, platform work lacks the social integration of working in a firm.[6] This may limit its growth potential in two ways. First, it makes platform work less attractive to workers, thus reducing labor supply. Second, social disintegration may be regarded as undesirable by governments, thus nudging them to intervene institutionally.

[6] Instances of collective mobilization of platform work are mentioned below in the context of political limits. However, these examples happen *in spite of* the lack of a common workplace.

To examine economic limits, I apply a micro perspective, by considering economic resources and decisions at the level of individual workers and firms. Economic institutions will be considered in the next section. In this context, the first question we have to ask ourselves is: what types of production can in fact be organized through platform work? This brings us back to the theory of the firm. Platform work is an extreme form of outsourcing: specific tasks are commissioned to formally independent workers. The theory of the firm considers, among other things, why firms exist at all rather than production processes being organized through market relations, viz. contracting out each step of the production process.

The most eminent contribution in this field of course comes from Ronald Coase (1937). According to Coase, organizing production within a firm makes economic sense when internal transaction costs are lower than external transaction costs. The gig economy does indeed reduce some external transaction costs: searching for providers, negotiating contracts, and even to some extent monitoring costs, as platform workers are often indirectly monitored through customer rating, which affects their chances of further assignments (Prassl 2018). This lowering of external transactions costs is, consistent with Coase (1937), one of the reasons why platform work is expanding. However, there are limits. For a production process that will be repeated, with minor variations, for some time into the future, it is costly to contract out single tasks for each round of production. Having a new supplier each time implies that the supplier incurs learning or adaptation costs, which the purchaser has to cover. This can be avoided through long-term contracts that allow the purchaser to direct the actions of the supplier. This, however, amounts to nothing less than an employment contract (Coase 1937: 391–392).

The difference in adaptation costs between contracting out and integration is higher, the more specific the production process (Riordan/Williamson 1985). Drawing on the Varieties of Capitalism framework (Hall/Soskice 2001), Coordinated Market Economies should, on average, therefore be less susceptible

to platform work than Liberal Market Economies. For other ways in which systematic differences between models of capitalism matter, see the section on institutional limits. Lastly, the costs of quality assurance and safeguarding trade secrets are much higher with external transactions, further limiting the potential of contracting out through platforms.

To provide an extreme example, consider a technician or engineer that monitors machines in a manufacturing plant. There are several reasons why they cannot be replaced by a platform worker. First, they are integrated into a production process involving company equipment and other staff and their schedules. Hence, the terms of their contract would have to be extremely specific and the contract would have to be adapted each time relevant parts of the production process are adjusted. Second, the worker would have to be familiar with the technology used in the firm. This involves high training costs, which would be incurred with each new contract, as it cannot be assumed that every assignment goes to the same worker. Third, for each assignment, the firm faces uncertainty about the productivity of the worker (see also Funke/Picot 2020). This can be mitigated to some extent by the platform's customer rating system. However, such ratings are only received ex post and are not reliable. Fourth, monitoring a firm's machines requires insights into the heart of the company's production process revealing sensitive information that is highly valuable to competitors. Irrespective of contractual safeguards, the client firm risks losing intellectual property by allowing a fluctuating range of external contractors access to its production process. Although this is an extreme example, it is easy to see how some aspects of it also apply in other circumstances. In sum, the persisting external transaction costs of contracting out limit demand for platform services.

Labor supply to platform firms may also be limited for economic reasons. Employment contracts reduce the freedom of workers by subjecting them, during working time, to the authority of the employer. Hence the potential attraction of being self-employed, as noted above. However,

historically, employment contracts have been supplemented with a number of employee entitlements, such as social security, and limitations on the employer, such as restrictions on laying off workers, so that employment contracts may be seen as preferable (Crouch 2019: Ch. 2). Experimental evidence has indeed shown that most people, including those in nonstandard employment, prefer standard employment and are even willing to accept a lower wage in return (Datta 2019). Consequently, preference for standard employment constrains labor supply to platform work. Pay levels are another factor affecting labor supply. If a worker's current job pays enough and if decently paid jobs are available for the jobless, workers will be less interested in platform work. We must also take into consideration that demographic ageing in advanced capitalist economies reduces labor supply as a whole and workers are more likely to be able to choose between jobs, hence reducing their need to accept platform jobs. This holds for platform work as secondary employment, as well. If labor supply goes down, wages should go up, and workers will have less reason to supplement the earnings from their main job.

A countervailing trend, however, is automation, which changes the structure of labor demand. Economists currently do not expect a general decline in employment due to automation, but they are observing a polarization where low- and high-skill jobs proliferate at the expense of medium-skill jobs (Autor 2015; see also Busemeyer in this volume). Most types of platform work can be seen as part of the expansion of low-skill service jobs. Automation may reduce the range of palatable options for low- or medium-skilled workers and force them to accept platform work. Again, this of course depends on the institutions and politics shaping the impact of automation on the labor market.

Institutional Limits

I use the term institutions here in a broad sense to refer to the formal and informal rules that structure the interactions of individual agents. Social and economic institutions can interlink in specific ways, forming distinct models of capitalism (Amable 2003; Hall/Soskice 2001) or welfare regimes (Arts/Gelissen 2010; Esping-Andersen 1990). In this section, I include the relative strength of collective organizations, such as trade unions, to the extent that this is a typical feature of institutional regimes. The main way in which institutions can constrain the gig economy is by constraining platform supply, viz. by making it difficult to set up and implement the platform business model. I will therefore cover this first, before considering institutions that limit client demand and labor supply.

Institutional Limits on Platform Supply

For the purposes of this discussion, I will divide the institutional constraints on platform supply into three, albeit slightly overlapping groups: availability of factors of production, legal risks, and enforcement.

(1) Platform firms depend not only on the availability of labor and capital. The platform business model also exploits network effects. A particular platform is more useful for clients, the more platform workers offer their services, and it is more attractive for workers, the more clients use it. For this reason, platform firms in a given sector enter a fierce competition for market dominance. Investors need to be willing to take a significant risk in this winner-takes-all competition and have to endure a growth phase in which platform firms incur losses as they compete on low prices to attract customers (Rahman/Thelen 2019). Typical investors are venture capital and private equity firms, which are more common in highly financialized economies. Financial regulation is detrimental to financialization and thus constrains the gig economy.

The availability of labor depends of course on the willingness of workers to supply their time and skills, which I will return to below. However, it also depends on the effective regulation of bogus self-employment. Determining the employment status of platform workers is, in fact, the main legal battle around platform work, namely whether they are self-employed, as claimed by most platform firms, or whether they should be regarded as employees. If courts rule that platform workers are employees, it obliterates the standard platform business model. The firm could continue to operate, but with a different business model and higher labor costs. In addition, in countries with social insurance, the firm could be obliged to pay social contributions retrospectively. Hence, the question of bogus self-employment constitutes one of the biggest legal risks for gig economy firms. Regulation of self-employment depends on the clarity and stringency of legal definitions of dependent employment as well as case law. Even more important is what is being done to detect and sanction bogus self-employment (Heyes/Hastings 2017). This, in turn, depends on the resources the state invests in enforcement bodies, such as labor inspectorates, as well as the prevalence of other actors with an interest in fighting bogus self-employment, such as trade unions or social insurance organizations (see below).

(2) Currently, there are no instances of the legality of platform work being questioned per se. However, certain aspects of the platform business model can be legally challenged. As mentioned above, legal battles over the employment status of platform workers are the most common legal risk faced by platform business. Several court decisions have determined that platform workers should be considered dependent employees to the extent that the platform firm exercises tight control over the work process.[7] Second, the legality of platform firms often depends on sector-specific rules and

[7] See, for example, recent court rulings in the UK: https://www.socialeurope.eu/uk-gig-drivers-recognised-as-workers-what-next (retrieved March 16, 2021), and Germany: https://www.socialeurope.eu/germany-adds-to-recognition-of-platform-workers (retrieved March 16, 2021).

regulations. A notable example is Uber, whose business model contradicts the regulations of the taxi sector in many jurisdictions. Consequently, in some countries, Uber has been banned by courts enforcing the existing sector regulation (Thelen 2018).[8] More generally, product and service market regulation, whether implemented by the state or by sectoral associations, sets legal limits to innovative and disruptive business models such as gig economy firms. A third legal risk for platform firms comes from competition law. Although competition law can favor platform firms by prohibiting formally independent workers from organizing, it becomes a threat if there is market concentration. As mentioned, the network effects in the gig economy generate a winner-takes-all competition. The market dominance of the prevailing platform firm can become the target of competition authorities. US competition policy is more inclined to tolerate low competition if it is accompanied by low consumer prices, which is why it accommodates platform companies. By contrast, antitrust authorities in Germany and the European Union are more critical of market concentration, notwithstanding low consumer prices (Ergen/Kohl 2019; Rahman/Thelen 2019).

(3) As already mentioned, the legal risks of the gig economy depend on whether the state is well organized to enforce regulation and whether there are other actors with an interest in and the capacity to mobilize the legal system or, in fact, to advocate stricter legislation. Variables that strengthen the regulatory capacity of the state are: centralization, as opposed to competing subnational jurisdictions that platform firms might play off against each other; organizational autonomy, in particular internal career paths as opposed to a "revolving doors" exchange of personnel between regulatory authorities and the sectors concerned, as is common in the US; and resources, in particular sufficient and reliable funding (Rahman/Thelen 2019).

[8] https://www.theguardian.com/technology/2016/jun/09/uber-suffers-legal-setbacks-in-france-and-germany (retrieved March 16, 2021); https://www.handelsblatt.com/unternehmen/dienstleister/urteil-landgericht-frankfurt-verbietet-uber-vermittlung-von-mietwagen-fahrten-durch-seine-app/25351438.html?ticket=ST-901880-u1y0k27dg9OOZDhslmaa-ap2 (retrieved March 16, 2021).

Further, there are three types of actors that may mobilize against platform firms. Their presence and relative strength depends largely on how the respective national economy is organized (e.g. Hall/Soskice 2001). First, trade associations organize the established companies in a sector, whereas platform firms tend to flout the rules of the sector and threaten to capture market shares by underbidding prices. Trade associations tend to be more common, better organized, and have more institutional power in Coordinated Market Economies (Hall/Soskice 2001). Sector associations' opposition to platform firm intruders is particularly visible in the taxi sector's battle against Uber in many countries (Thelen 2018). Second, in principle, since they are formally self-employed, platform workers are not an obvious constituency for labor unions. However, unions are worried about platform work substituting for standard employment, thus contributing to the process of the precarization of labor already taking place (Kalleberg 2009). Some unions, for example in Germany (Funke/Picot 2020), take a moderate stance, cooperating with platform firms and limiting themselves to monitoring the development of the sector as well as fighting against its worst malpractices. Still, strong unions are bound to make the unhindered diffusion of platform work less likely. However, the problem unions face is that platform work is commonly found in low-skilled service sectors (such as food delivery, transport, cleaning, and online micro tasks) or in occupations with a large number of freelancers (such as graphic designers, marketing experts, and software programmers), where the degree of union organization is low. Accordingly, union power can matter in two ways: (1) when unions are strong at the national level and maintain public and political pressure to monitor and rein in the gig economy, or (2) by facilitating innovative often grassroots-based mobilizations of platform workers. The latter is less of an institutional feature and is something I will return to in the next section.

Third, where social insurance does not cover the self-employed or where the self-employed pay only reduced rates, social insurance organizations have a strong interest in keeping platform work in check.

Unemployment insurance, accident insurance, and sickness benefits, in particular, often to not cover the self-employed (Spasova et al. 2019). Platform work substituting standard employment therefore deprives social insurance funds of contributions. There are three types of actions that social insurance organizations can take in response. First, they can help raise public awareness about bogus self-employment in general and in relation to the gig economy specifically. For example, German Social Accident Insurance has called for obligatory insurance to be extended to platform work.[9] Second, social insurance organizations can help monitor bogus self-employment. German Pension Insurance is authorized by law to monitor bogus self-employment and runs a "clearing house" to legally determine whether workers are self-employed or dependently employed (Funke/Picot 2020).[10] Third, social insurance organizations can take legal action against companies suspected of bogus self-employment. Thus, the French network of Organizations for the Collection of Social Security and Family Benefit Contributions (URSSAF) launched legal proceedings against Uber, claiming that Uber drivers should be reclassified as employees, which would force Uber to pay millions of euros in employer contributions. It also initiated a criminal proceeding for "misleading commercial practices" (Thomson 2016).

Institutional Limits on Client Demand

In the previous section, I listed ways in which institutions constrain the establishment of platform businesses. Such restrictions on supply can, of course, conflict with client demand for platform work. Restricted supply implies higher prices, which is exactly why platform firms use the argument of lower prices to mobilize customer support in putting pressure on regulators (Rahman/Thelen 2019). However, some institutions have the potential to limit client demand or reconcile clients with restricted supply. There are two rather distinct institutional contexts that may have such effects. On

[9] https://zeitung.faz.net/faz/wirtschaft/2018-01-03/3169f37a918b7b9ba44ead2370bc8b98/ (retrieved March 16, 2021)
[10] http://www.clearingstelle.de/clearingstelle-scheinselbstaendigkeit.html (retrieved March 16, 2021)

the one hand, in an economy with a relatively unregulated labor market, demand for platform work may be limited, as clients have access to other forms of low-cost labor. On the other hand, complementary institutions (Hall/Soskice 2001) can make the restriction of low-cost platform services acceptable to clients. A regulated labor market may impede platform services, but it can also help to establish a decent wage floor through statutory minimum wages or collective bargaining. This ensures purchasing power even at the lower end of the earnings distribution, thus making higher prices due to restricted supply more acceptable. Moreover, a state that circumscribes platform services can offer public services as an alternative. For example, sound public transport reduces demand for taxis and hence for low-cost platform-mediated rides. Similarly, the state may offer digital infrastructure that helps to match demand and supply of certain services, hence substituting for some of the practical benefits of commercial platform firms, perhaps not in terms of low prices but possibly with better quality assurance through licensing.

Institutional Limits on Labor Supply

As already mentioned, the supply of labor to platform firms may be legally impeded by effective sanctioning of bogus self-employment. In addition, there are two sets of institutions that may reduce the *willingness* of workers to work in the gig economy: social insurance and minimum wages. Social insurance often only covers dependent employees (for different ways of extending social insurance to the self-employed, however, see the chapter by Nullmeier in this volume). Social insurance coverage has two contradictory implications for incentives to take up self-employment. In the short term, the insurance contributions imply lower net pay. In the medium to long term, insurance coverage implies that social security and social contributions become a deferred wage. Which of the two effects prevails depends on risk aversion, income levels, and the time horizon of workers. However, as mentioned, there is evidence that workers prefer the security of standard employment, even if it comes with a lower wage (Datta 2019). In this case, labor for platform work will be in shorter supply in welfare states

that are strongly based on social insurance. By contrast, not only do tax-funded welfare states not restrict labor supply in the same way, the more universal provisions that typify them can even facilitate platform work by making self-employment less risky.

Minimum wages (whether set by the state or by collective bargaining) make low-skill standard jobs more attractive and reduce the need of workers at the low end of the wage scale to supplement their earnings with platform work. Of course, this only holds as long as wage floors do not lead to unemployment, and most economic research does in fact suggest that minimum wages do not have significant negative effects on employment (Doucouliagos/Stanley 2009).

Institutional Regimes

What do the various hypothesized institutional effects imply at the level of institutional regimes? In continental Europe, welfare states are built around social insurance as a core institution. Social insurance limits the rise of platform work in several ways. It amplifies the issue of bogus self-employment, as social contributions depend on workers being classified as employees. This gives various actors, especially social insurance organizations themselves, an incentive to rein in platform work. It also increases the legal risk faced by platform firms, as they may be obliged to pay social contributions retrospectively if they are found to have employed workers in bogus self-employment. Further, social insurance reduces labor supply as workers prefer to be covered by social insurance (although there is a trade-off between net pay and social security). Spasova et al. (2019) show that in continental as well as Southern European welfare states, the self-employed are indeed often excluded from social insurance. If social insurance is, as some propose, extended to the self-employed or specifically to platform work, while forcing platform firms to pay employer contributions, this would reduce the cost advantage of platform work and therefore, once again, have a limiting effect. Aside from social insurance, continental Europe generally has tighter regulation of financial, product, and

service markets, as well as strong sectoral associations, all of which serves to constrain the gig economy. On the other hand, continental and Southern European welfare states often have dualized labor markets, with a protected labor market core and a periphery of various forms of nonstandard employment (Palier/Thelen 2010). The institutions discussed here largely apply to the core of the labor market. For the less protected and low-paid workers on the periphery, platform work may well be an opportune additional source of income.

In Nordic states, the picture that emerges is more mixed. Universal public services provide alternatives to low-cost platform services, making the restriction of the latter more acceptable to consumers. Similarly, decent wage floors, on the basis of collective agreements, reduce labor supply to platform work, as standard employment pays well and may reconcile consumers with higher prices resulting from the restricted supply of platform services. Strong unions can be expected to keep a watchful eye on platform work. On the other hand, universal social protection reduces the risks of self-employment, thus facilitating labor supply to platform firms. The less obvious impact of social democratic welfare states on platform work is illustrated by the Swedish regulatory response to Uber, which was more accommodating than in Germany but more hands-on than in the US. A key issue in the Swedish case was to ensure the collection of taxes on this new type of service. After all, tax funding is central to the Swedish welfare state. In the end, Uber was allowed to operate provided it complied with updated regulations that ensured tax enforcement (Thelen 2019). Taxation is not tied to employment status in the same way as social contributions are, thus providing more scope for adaptation in primarily tax-funded welfare states (see the chapter on taxation by Gelepithis in this volume). In Nordic countries we find also examples where platform firms have not only employed workers but also entered collective agreements with them (Jesnes/Oppegaard 2020).

Finally, liberal Anglophone economies can, unsurprisingly, be expected to be more open to the gig economy given the minor role of social insurance, deregulated labor markets, low wage floors, high financialization, low product and service market regulation, and weak unions. On the other hand, deregulated labor markets may reduce demand for platform services, as labor is already flexible and cheap.

Political Limits

The previous section presented the institutions that structure and defend the space that platform firms are trying to enter and disrupt. In this section, I want to briefly consider forms of collective mobilization that do not derive from institutional structures, but have a stronger element of agency. There are broadly two kinds of mobilization that may limit the rise of the gig economy.

First, in many countries we have seen grassroots-type organization among platform workers, sometimes supported by established unions.[11] There are two mechanisms that can facilitate these forms of bottom-up organization. In the realm of cloud work, platform workers often exchange advice on parallel chat fora. Such fora can serve as a base for campaigns, as illustrated by a forum for workers who supply services on Amazon's Mechanical Turk, which helped to initiate a mass email protest.[12] In the field of gig work, some platform workers have higher visibility and a clearer occupational identity, which can facilitate organization (this holds for food delivery "riders," in particular). In many countries, there have been examples of collective action by riders (see e.g. Funke/Picot 2020;

[11] A comprehensive list can be found here: https://www.eurofound.europa.eu/data/platform-economy/initiatives (retrieved March 16, 2021).

[12] https://www.theguardian.com/technology/2014/dec/03/amazon-mechanical-turk-workers-protest-jeff-bezos (retrieved May 5, 2021).

Tassinari/Maccarone 2020). Again, their mobilization is assisted by technology, such as WhatsApp groups or creative, subversive use of the platform apps themselves.[13]

Second, political resistance to platform work can arise through electoral politics. Two factors may favor electoral demand to regulate platform work. The first is visibility. Although personal transport and food delivery are only a small part of platform work (Urzì Brancati et al. 2020), they are a very visible aspect of public life in the cities where they are permitted. The physical effort and exposure of food delivery cyclists, in particular, can easily raise questions about the fairness of their working conditions. The second factor is the general rise in economic inequality and insecurity. According to Marx and Starke (2017), the introduction of the minimum wage in Germany was a feedback effect of previous employment deregulation. They also show how the German public has become more critical of growing economic inequality. A similar dynamic could develop in the case of platform work. Employment has become more precarious and economic inequality has increased in all advanced capitalist countries, notwithstanding a notable variation in degree (Kalleberg 2009; OECD 2019). Such trends may prompt voters as well as political parties to turn against the more visible and obvious forms of precarious employment and economic insecurity.

Discussion and Conclusion

Platform work is an innovative way of organizing work. It benefits capital, in particular, but it can be a useful source of income for some workers and can provide new service solutions. The chances are, it is here to stay in some form or another. Yet, for the social, economic, institutional, and political

[13] https://www.zeit.de/arbeit/2017-10/kurierfahrer-foodora-arbeitsbedingungen-gewerkschaft-protest (retrieved March 16, 2021); https://www.theguardian.com/books/2019/aug/31/the-new-resistance-how-gig-economy-workers-are-fighting-back (retrieved March 16, 2021).

reasons presented in this chapter, platform work will not keep growing endlessly and will not replace other forms of work on a much larger scale than it has so far. Regarding the overarching research question of this volume, my chapter therefore suggests that welfare states are exhibiting a degree of resilience in how they are responding to the challenge of rising platform work.

My analysis of the institutional factors limiting and shaping the growth of platform work suggests three models of how platform work is adopted by different welfare regimes: segregated, optional, and fused. Continental and Southern European economies provide for a segregated model of platform work. In these countries the main institutions set relatively clear limits to platform work, but they allow for a less protected periphery where precarious workers require additional sources of income, such as from platform work. Nordic countries facilitate a more complementary adoption of platform work. Their high labor standards, especially through collectively agreed wage floors, make platform work less of a necessity and more of a genuine option. Further, their tax-funded welfare states are more compatible with platform work and make it less risky. Lastly, Anglophone economies are the most accommodating when it comes to the gig economy. Additional sources of income are clearly needed by many. At the same time, the low degree of labor and service market regulation makes platform work less distinct, such that it merges into a range of preexisting forms of flexible labor.

The arguments I present regarding institutional constraints can also be read as hypotheses that seek to explain cross-national variation in platform work. At the moment, the available comparative data on platform work are not sufficiently reliable to test these hypotheses (see chapter by Drahokoupil/Piasna in this volume). However, when data quality improves, this will be an exciting subject for further research.

It is too early to tell how the Covid-19 pandemic will affect the incidence of platform work. Platform workers are certainly among the hardest hit. Being self-employed and generally on low income, they have little economic security to fall back on during the recession. The exacerbated vulnerability may further limit labor supply in the medium to long run, but high unemployment may still force workers to consider platform work in the short run. Two other factors may in fact lead to an increase in platform work. Its flexibility is likely to be especially appreciated by business clients in these uncertain times. And cloud work, viz. platform work delivered online, is not affected by infection risks and can be conducted from home. On balance, therefore, it seems likely that Covid-19 will be conducive to a further rise in platform work. That said, the constraints discussed in this chapter continue to apply. In particular, there may be increased political pressure, including mobilization by the most vulnerable workers, to rein in precarious work conditions in the post-pandemic labor market.[14] Thus, the main conclusion of this chapter remains that the rise of platform work, just like other technology-driven trends, is not an inevitable, exogenous force that we simply have to accept, but rather is subject to institutional and political forces that can shape and even hinder it.

[14] https://www.economist.com/finance-and-economics/2020/05/09/could-the-pandemic-give-americas-labour-movement-a-boost (retrieved March 16, 2021).

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