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INSTITUTE OF SOCIAL POLICY

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June 2016 ISBN #1-55382-670-1

Risks and rewards of the sharing economy*

In early June, the Rogers School of Management hosted a conference on the sharing economy and the future of work. No one expected the generational divide that split the room like the fault line of an earthquake.

On one side of the divide were the perspectives of the so-called millennials who are using their thumbs to restructure the foundations of the economy. Their smart phones are their point of access to an unlimited world of products and services. They are excited about the prospects of having anything and everything at their fingertips (literally).

On the other side of the age divide were the baby boomers who were worried about the quality of work. The sharing economy is generating a patchwork quilt of employment hours rather than full-time steady jobs with associated pensions and benefits.

The 'sharing economy' is a term that refers to a new form of commerce taking the world by storm. The ride-sharing Uber and the room-sharing airbnb are typically cited as examples of companies representing the sharing economy.

But these two successful examples are just the tip of the iceberg. There is an explosion of technology platforms joining the buyers and sellers of goods and services in new electronic marketplaces.

In fact, the term 'sharing economy' may be a misnomer. Traditionally, sharing does not involve a cash exchange. Technology-enabled marketplaces may be a better characterization of the trend.

Goods and services are being exchanged increasingly through cell phones and other digital devices, with retail being shaken to the core. We are only beginning to grasp the dimensions of this complex, fast-moving train.

Many consumers appreciate the wide-ranging choice that technology-enabled platforms permit. Some point to the environmental advantages of the sharing economy that encourages more efficient use of resources.

Workers generally like the flexibility it offers. They can make money while studying at university or caring for children. They can supplement pay from other jobs to reduce debt or send money back home.

The concern arises, though, for those who depend on these jobs as primary income. Here's where the baby boomers start raising red flags.

Much of the labour market is morphing into freelance gigs. More and more Canadians are becoming free agents who cobble together bits of work in order to get by.

Workers increasingly are juggling two, three or more casual jobs. Exhaustion and stress, not surprisingly, take their toll on health as the working day gets longer and precious time with family erodes.

In fact, these challenges are no different from those facing the current army of precarious workers in Canada who earn low wages and have no job security, accident protection, sick leave or pensions.

But the implications of the changing labour market may be even bigger than the already-large quality of employment issue.

New technology platforms driving the sharing economy are not only disrupting traditional consumer exchange. They are shaking the foundations of our social security system, which is predicated upon a steady relationship with an employer who contributes financially to core social insurances – unemployment insurance, work-related injury and pension plans.

* This op ed was published as a commentary "Here's the downside to the sharing economy" in the business section of the *Globe and Mail* on June 13, 2016.

The new world of work is a less generous and less certain provider of these benefits. At the end of the day, governments may have to step in to fill the gaps in income adequacy, pension protection and health benefits that the new 'gig economy' is leaving in its wake.

Perhaps millennials and baby boomers can agree on this. It makes no sense to slow down or stop technological innovation – especially with consumers embracing it full throttle.

But we do need to pay attention to the working conditions of the many providers of technologically-enabled products and services, who may not be getting such a good deal. Only then can we all support this fast-changing, brave new world.

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