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How Platform-Based Work Contributes to the Racial Wealth Gap

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Abstract: Platform work, or the use of apps, websites, or intermediaries to connect workers to tasks, is an increasingly common way of arranging work in the tech sector. Platforms weaken the relationship between workers and employers by acting as a mediator between them; workers interact with an impersonal interface rather than a supervisor. These arrangements provide workers with few career prospects, while offering low wages and few benefits. Existing estimates suggest workers of color are concentrated in these jobs. As such, platform-based work represents the latest iteration of a racial exclusion in the U.S. labor market, which holds workers of color from opportunities for career growth and wealth-building, contributing to the country's persistent and substantial racial wealth gap. Solutions include policies aimed at improving platform work conditions, and alternative models of platform work, which hold potential to bring a more equitable future of work.

Some of the ways tech companies have transformed society are literally in our hands—on the phones we use to post to social media, on the websites we use to find information, on the automated systems wired into homes and cars. Other transformations operate behind the scenes, out of view, yet are just as powerful, or more so. The organization of work is one of these crucial, yet often hidden, aspects of the tech sector that is quietly but fundamentally altering the way millions of people earn a living—or attempt to. By organizing work around platform intermediaries, tech companies have created a second tier of work in which workers of color are disproportionately represented and face both harsh short-term conditions and limited lifetime earnings that severely stunt their financial futures. This paper explores the relationship between platform-based hiring models and the racial wealth gap, exploring one way that tech companies contribute to a long history of racism in the U.S. labor market.

Platform-Based Work in the Tech Sector

The tech sector is much more than a segment of the economy. It consists of a set of practices, work arrangements, and power dynamics. One of these practices is platform work—the use of apps, websites, or other intermediaries to connect workers to tasks. What is important about platform work is not the apps or platforms themselves; it is the stripping down of labor to its use for specific tasks, viewing each task as a financial transaction, erecting a barrier between worker and company. Rather than viewing and investing in workers as members of a company's mission, platforms make workers isolated, invisible, and ultimately, disposable. Tech companies have developed, rely heavily on, and promote across the labor market forms of platform-based work that weaken the relationship between workers and employers, project risks onto workers and families, and exacerbate long-standing inequalities of our economy. The following sections consider the potential long-term impacts of platform-based work on workers' financial lives, inequality, and especially the racial wealth gap. They consider platform-based work to be another chapter of a long history of racial exclusion in the labor market that has limited earnings opportunities for Black workers and stunted the future of the economy for all. The first section explores the use of platform-based hiring models in the tech sector. The second section connects these models to a history of racial exclusion in the U.S. labor market. The third considers the implications of platform work on the racial wealth gap, including illustrative estimates for hypothetical platform workers, before a conclusion that pushes us to envision a different future of work.

What Is Platform-Based Hiring?

Most broadly, platforms are intermediaries between workers and companies.[1] Companies establish a platform to recruit workers to perform a certain set of tasks. Workers turn to that platform to offer their labor in exchange for payment. They add a layer of complexity and impersonalization to the relationship between workers and the company that benefits from their labor, while also shielding that company from the risks of work, which are absorbed entirely by the worker. Workers work for a "platform" instead of a company. They remain on the periphery as their labor and data fuels the profit and growth of a company they are excluded from. Platform-based arrangements insert faceless algorithms into interactions between managers and workers, while furthering a false narrative of independence and choice for workers and reflecting a gradual weakening in the relationship between workers and employers that has developed over the past half century.[2]

Platform-based hiring includes a range of work arrangements that use an intermediary, or platform, to mediate the relationship between a worker and the company that benefits from their labor. Consumers tend to be most familiar with direct-to-consumer platforms that connect users to services like rides and food delivery, like Uber, Lyft, DoorDash, and Instacart. These companies hire workers as independent contractors, despite controlling several conditions of work, including setting wages, incentivizing work at certain hours, setting the customer base, and retaining the power to deactivate at any time. These companies self-define as technology companies, claiming to offer the networking between consumers and workers without dealing in the content of the services. They define themselves through the technology they use to match workers to consumers, despite carrying on decades-long traditions of low-wage, high-risk work in the transportation sector.[3] Though these companies are the public face of platform work and hire millions of workers, other forms of platform-mediated work exist across the tech sector and beyond.

Any time a business hires another business instead of a worker, platform work is adopted. Business-to-business platforms, domestic outsourcing and subcontracting, and in-house on-demand delivery all reflect the spread of platform-based hiring. Today's tech giants tend to operate as a constellation of hiring arrangements, with different forms of platform work coexisting at Amazon, Facebook (now a subsidiary of Meta), and Google. Just as platform-based work makes an individual workers' experience more complex, this array of arrangements within companies complicates business models to make understanding and measurement nearly impossible.

Amazon runs its own on-demand delivery service that powers its Prime delivery speed, and manages a global on-demand work platform, M-Turk, which connects workers to a huge range of online tasks offered by individuals and institutions. M-Turk is one of the largest platforms globally, hiring an estimated half-million people,[4] used to perform calculations better suited to humans than algorithms, like the content moderation, tagging, and verification work that anthropologist Mary Gray has dubbed "ghost work."[5] Facebook's subcontracted content moderators review countless flagged posts, with little respite from its often traumatic content.[6] Other contractors for the company do everything from cleaning to repairing bikes[7] to installing undersea telecommunications cables.[8] The reliance on huge data centers located in rural areas means some towns rely heavily on Facebook platforms for work, putting entire communities in the same risky position as individual workers.[9] Like the others, Google relies on contractors working alongside direct hire employees, in addition to subcontracted workers maintaining its facilities across the country. Internal memos suggest more than half the company's workforce is employed through an intermediary.[10] These workers do a wide range of tasks, from software development and testing to training artificial intelligence systems—all while earning less with fewer benefits than directly hired coworkers.[11]

The use of platform-based models is closely tied to questions of worker classification, but the issues are not synonymous. In the U.S., companies hire workers as either employees or independent contractors, and there are major implications of this classification for both workers and businesses. Typically, employees are hired to work directly for a company part- or full-time and are covered by federal and state labor laws which mandate that employers provide and pay for a range of benefits and protections, including—but not limited to—a minimum wage, unemployment insurance, workers' compensation insurance, and employer contributions to Social Security and Medicare. Independent contractors, often hired to perform discrete services or projects, are not covered by these laws and typically have a greater degree of control over the way they charge for and complete their work. Misclassification happens when companies hire workers as independent contractors while exerting control over their working conditions. Platform-based hiring models can rely on either independent contractors or employees, with many misclassifying workers, worsening the already difficult conditions of platform work.

Though tech companies were not the first to use platforms, and platform-based work is not found exclusively in the tech sector, tech companies have expanded platform models, relying on them both for a broad range of labor needs for themselves, and offering platforms as a product to other companies interested in minimizing the costs of labor. In many ways, they are the originators and proliferators. Tech companies certainly did not invent the platform-based model. Temporary help agencies were among the first, introduced during World War II as employers struggled to find replacements for workers who were called to serve. The initially short-term service stuck around, becoming a permanent source of inexpensive, and increasingly long-term, help.[12] The use of independent contractors similarly predates the tech sector; in fact, the use of independent contractors as drivers originated as a means of avoiding unionization of taxi drivers. The tech sector borrowed from these existing forms and operated them at an unprecedented scale, relying on them as a core aspect of their own organization while also developing software on which companies in any sector can establish their own platform-based workforce. By marketing the technologies on which these models operate to other firms across sectors, tech companies have made the model itself a source of profit, in addition to a profit-maximizing internal strategy.

On the Heels of Decades of Deteriorating Job Quality

The proliferation of platform work follows fifty years of declining job quality in the U.S. Growth in wages has failed to keep up with the growth in productivity seen in the second half of the twentieth century, concentrating profits in the hands of a few. Workers have seen hardly any increases in real wages,[13] while facing rapidly increasing costs of housing, education, and childcare. Along with stagnating wages has been a decline in unionization. The percentage of workers in unions has been cut in half over the past 40 years.[14] Given that unionized workers earn 11.2 percent higher wages than nonunion workers,[15] these trends are inextricable; reversing trends in wages requires restoring worker power. This set the stage for ongoing erosion in the decades to come, including the spread of so-called "right to work" laws in states. Companies, in turn, began to shift operations to states most hostile to unionization, leading directly to lower rates of unionization and indirectly to the overall decline in job quality.[16] In the face of declining power relative to corporate employers, workers have faced deteriorating conditions by almost any measure. Unfair scheduling practices make work difficult or impossible for people balancing commitments. In a survey fielded by the SHIFT project, 70 percent of workers experience last-minute schedule changes, while 80 percent report little or no input on their scheduling.[17] These challenges can push workers toward platform-based work, which can allow for more choice in scheduling, despite its many shortcomings.

The Problems with Platform-Based Work

In many ways, platform-based work builds on—and exacerbates—this ongoing erosion in job quality, while presenting additional challenges for the future. As a broad model of hiring in the tech industry, platform work problematically contributes to the concentration of power and profit in the hands of a few, the erosion of workers' rights, and the widening of inequality. By definition, platforms weaken the relationship between workers and employers by acting as a mediator between them. Workers interact with an impersonal interface rather than a supervisor. No matter the structure of platform work, at some point the platform itself acts as an obstacle between workers and the company for whom they labor. This makes it difficult, and often impossible, for workers to raise grievances. In the eyes of employers, it reduces workers to a financial transaction and single task. Workers are not the source of profit, and as such, are not a participant in the company worthy of investing in over time. When workers encounter challenges or risks on the job, the platform again acts as a barrier shielding companies from responsibility and forcing workers to absorb them. On-the-job accidents, work-related traumas, and income volatility all become the responsibilities of workers, left to cope on their own with few or no benefits to cushion the blow. Mirroring patterns across institutions and public policies, workers have been forced to absorb risks historically shared across communities.[18] At the same time, companies have redefined this barrier into a sign of workers' independence. This independence, however, is a mirage. Platform work constructs workers as independent, projecting risks onto them while furthering a myth of meritocracy that paints any failure as the result of personal shortcomings.

In addition to conceptually separating workers and employers, platform work has substantial concrete impacts on workers. Platform workers earn less than direct-hired workers. Those hired as independent contractors often make below minimum wage.[19] Those hired as subcontracted employees routinely make less than their directly hired counterparts.[20] Platform-based work also tends to provide fewer benefits and protections than direct-hire work.[21] It also makes existing protections harder to enforce, as workers facing violations are often left not knowing where to turn, blocked by the platform itself from contacting appropriate channels of the company.[22] It also provides few, if any, career paths for workers. Platform workers are stuck on one side of the platform, with no way of moving to the other. Although the work may have a low barrier to entry, there's little or no room for progression. From a workers' perspective, these are dead-end jobs. From the companies' perspective, there is little value in investing in or training workers to develop new skills. Some contracted workers laboring for Google, for example, are required to quit after two years, and forced to wait six months before beginning a new contract,[23] painfully illustrating the challenge of building a career through platform-based work. Workers' engagement with a platform, rather than with a team, also creates obstacles to organizing with peers for better working conditions; obstacles which they can overcome but that present needless challenges. Although all these challenges of platform work have immediate financial implications on workers, the long-term consequences are relatively unexplored.

How Prevalent Is Platform-Based Work?

Platform-based work is notoriously difficult to measure, both because it does not neatly fit into the traditional categories used in measuring work,[24] and because data held by employers is kept under lock and key. Platform work, like the broader category of non-standard work, lacks a single measure. Lack of consistency in definitions has resulted in wildly different estimates, ranging from more than half the workforce to less than 1 percent. The broadest estimates—up to a third of the workforce—include any work outside of permanent, full-time, direct-hire employment, performed in any capacity. The narrowest estimates include only direct-to-consumer platform labor, like driving for Uber, and hover around 1 percent of the workforce.[25]

Much of the platform work of tech companies, including subcontracting, has little to no data available, with anecdotal evidence suggesting as much as half of some companies' workforce is not directly hired.[26] Government surveys estimate less than 3 percent of workers to be subcontracted,[27] but rely on worker-reported measures that are likely to substantially undercount. Though administrative data sources can speak directly to hiring arrangements, most are held by companies themselves, and only released in the context of analyses undertaken by in-house researchers.

Given the challenges of even measuring the prevalence of platform work, more detailed demographic information about workers is difficult to obtain. Estimates that do exist, though, indicate that workers of color are disproportionately concentrated in platform-based arrangements, both in and out of the tech sector. Direct-to-consumer platform work, including driving and delivery work, as well as temp-agency work—one form of subcontracted work—is held disproportionately by Black and Brown workers. As we consider the implications of platform work, it is essential to consider the ways in which platform-based work is shaped by, and contributes to, the history of racism entwined with the U.S. labor market.

Platform-Based Work Continues the Tradition of American Racism

By creating a separate tier of workers with different rights, protections, and opportunities, platform work builds on and expands the American tradition of structural racism. Rooted in the legacy of slavery, the U.S. labor market has long been characterized by occupational segregation and racial exclusions.[28] People of color, and especially Black workers, have long been concentrated in jobs with low pay, few protections, and limited career pathways, while policies have perpetuated these inequalities. In the 1930s, domestic and farm work, performed overwhelmingly by Black workers, was excluded from the foundational protections and benefits of the New Deal's social contract.[29] Without legal assurance of a minimum wage, overtime pay, or the right to organize, these workers were unable to benefit from the economic growth of the coming decades. Though most of these exclusions were eventually removed, these sectors remain underpaid and susceptible to violations, with few clear enforcement mechanisms. In addition, the exclusion of incarcerated persons from the Fair Labor Standards Act has resulted in another exclusion that disproportionately and devastatingly impacts Black workers.

Platform-Based Work as a Racial Exclusion

Platform work represents the most recent iteration of racial exclusions in the labor market, concentrating Black and Brown workers in substandard positions with few opportunities, weak protections, and low wages. Veena Dubal has described recent legislative attempts to exclude gig economy workers from classification laws as racial wage codes, reproducing those created by the New Deal exclusions of the 1930s.[30] Though this legislation, including California's Proposition 22, codifies these exclusions, the conditions of platform work make it act as an exclusion regardless of codification. As with most aspects of platform work, detailed demographic data is difficult to obtain, as discussed above. Available measures, though, show that platform work is disproportionately held by Black and Brown workers. The Bureau of Labor Statistics' Contingent Worker Supplement, for example, shows that temp agency work, as well as low-wage independent contracting, have a higher share of Black workers than the overall workforce.[31] Analysis by Silicon Valley Rising estimates nearly 60 percent of contract industry workers in Silicon Valley are Black or Latino, compared with just 10 percent of direct tech employees.[32] Surveys of direct-to-consumer gig economy platforms show higher rates of participation by Black and Brown workers than by white workers. One survey by Marketplace-Edison research, for example, estimated 27 percent of Black respondents and 31 percent of Latino respondents worked on gig platforms, compared to 21 percent of white respondents.[33] Black and Latino respondents were also more likely to rely on these platforms for their primary income, as opposed to occasional or supplemental income.

Another survey, focused on ride-hail platforms in San Francisco, found 78 percent of drivers were people of color.[34] Lyft reports that 69 percent of its drivers are people of color;[35] in 2015, Uber reported 63 percent.[36]

Platform models also facilitate racism within the context of work, once workers are working through a platform. On direct-to-consumer platforms, consumer ratings lead directly to worker deactivation—the platform equivalent of firing. Ratings have been proved to reflect racial biases of consumers, meaning platform-based workers are susceptible to losing their jobs as a direct result of consumer discrimination.[37] Though a platform-based work arrangement removed from the tech sector, temp agency workers face explicit race-based discrimination that puts Black workers in lower-paying, more dangerous jobs than other workers.[38] In addition, when classified as independent contractors, workers are not typically covered by anti-discrimination protections, meaning they have no recourse when they experience racism on the job. For those who are covered as employees, the complex hiring structure makes acting on, and enforcing, protections difficult if not impossible.[39]

The low barrier to entry of this work means it is accessible to many for whom more stable employment is out of reach, but its structure locks them into dead-end unstable jobs. As a racial exclusion, platform work contributes to the racial wage gap by paying these workers less, due to the nature of their work arrangement. Though comprehensive, rigorous data remain an obstacle to full understanding, the low wages of platform work, combined with clear evidence that these work arrangements tend to be disproportionately held by Black and Brown workers, demonstrate these arrangements contribute to the racial wage gap. Much less attention, however, has been paid to the long-term financial impacts of these work arrangements. In order to understand its significance, its implications for the future, and the full range of ways it contributes to racism, we need to consider the impacts of platform work on wealth.

The Racial Wealth Gap

One of the most persistent markers of racial inequality in the U.S. is the racial wealth gap.[40] The median net worth of white families is ten times that of Black families, and that ratio has worsened since the start of the millennium.[41] In fact, there has been no progress reducing the racial wealth gap over the past 70 years.[42] The disproportionate impacts of the pandemic on Black Americans are likely to worsen the gap even more.[43]

The history of racial labor exclusions is inextricable from the growth of the racial wealth gap. Originating with slavery and worsened by the labor exclusions outlined above, labor practices that exploit and limit opportunities for Black and Brown workers have had a long-standing impact on the racial wealth gap, along with explicit attacks on Black banks, the disparate impacts of the GI Bill,[44] and redlining,[45] among other factors. As labor practices evolve and the tech sector becomes an increasingly dominant force, we need to consider its impacts and intersections with existing inequalities. Work is the primary means by which most people make money, and the only way to make money for those without wealth to begin with. In addition to being a major obstacle to equality and social mobility, the racial wealth gap holds back economic growth in aggregate; McKinsey predicts that closing the gap would increase the GDP of the U.S. by 4 to 6 percent.[46] The racial wealth gap is a persistent and major obstacle to a healthier and more equitable economy, and—without intervention—platform work is poised to make it worse.

How Platform Work Exacerbates the Racial Wealth Gap

Platform-based work adopted by tech companies exacerbates the racial wealth gap by concentrating people of color in second-tier work and extracting excess profit from their labor, while forcing them into insecure positions that prohibit financial planning. Each of the challenges of platform-based work described above correspond to a direct impact on workers' wealth-building potential. The barrier erected by platforms between workers and employers separates the wealth-generating activities of these companies from labor; while executives, shareholders, and directly hired employees benefit from rapid growth and profit, platform-based workers are reduced to individual transactions. The barrier of the platform also inhibits transition from one sphere into the other, casting these workers in what are essentially permanent entry-level roles. Workers are expected to build wealth over their careers, with incomes rising along with career trajectories to facilitate savings. When workers are held as essentially disposable platform workers, they are denied the opportunity to save. In addition to the lost wages of upward mobility, the segregation of workers onto one side of a platform limits opportunities to build relationships, which can foster opportunities for leadership, skill development, and even ownership.

In addition to the barriers to mobility presented by platform work, these arrangements extract unprecedented levels of profit from workers with little compensation, reducing income and benefits, which directly limits wealth-building potential. In addition to the potential for subminimum wages offered through contracted work, wages are often difficult for workers to understand and compare to direct employment wages, presented to them as gross figures without accounting for the fees taken by companies or the expenses covered by workers themselves. In addition to wages, the lack of benefits available to these workers further limits their ability to build wealth. Employer-sponsored retirement accounts are one of the most common ways for working Americans to save, but which are not provided to any workers classified as independent contractors, and rarely provided to sub-contracted or temporary workers.[47] On top of the lower rates of access and participation in employer-sponsored retirement plans among Black workers, as compared to white workers,[48] platform work worsens one of the causes of the wealth gap's persistence. Furthermore, the incredibly complex tax system faced by workers classified as independent contractors results in underpayment to Social Security, reducing future income and leaving workers susceptible to poverty as they age.[49] Beyond retirement, the lack of worker's compensation and health insurance can spell disaster, should workers become injured or ill. Regardless of classification, platform work comes with instability; paid by the task, workers are left not knowing if work will be available in the future, experiencing high degrees of income volatility. Even if wages were adequate, this instability prevents saving, planning, goal-setting, and risk-taking—all needed to build wealth. The short-term contracts and task-based nature of platform work inherently inhibit wealth building.

In addition to compensating workers unfairly and inadequately, some platform models allow companies to profit off of workers' property, essentially transferring capital owned by workers to companies in a reversal of widespread understandings of work in capitalism. When classified as independent contractors, workers are responsible for their own expenses; in the case of driving and delivery work, this includes a vehicle and its maintenance. Using a vehicle or computer system for work puts a lot of wear and tear on it, reducing its value to the worker while generating profits for the company, extracted through both low wages and high fees. In addition to tangible expenses, companies aggregate huge amounts of data from workers and use it to drive their business decisions, without compensating workers or providing transparent reports on their data. This unidirectional flow of data represents another way in which companies extract value from workers through platforms.

Although the specific mechanisms through which platform work threatens to worsen the racial wealth gap vary with the specifics of different forms of platform work, the basic model persists. By creating a second tier of workers, companies are able to block career pathways while providing low, unstable pay and few benefits, and extracting additional value from workers.

Case Study: Platform-Based Content Moderation and Its Impact on Wealth

To illustrate the potential impacts of platform work on workers' wealth and the racial wealth gap, this paper considers a hypothetical case study. The purpose of this analysis is to create a rough quantitative estimate of the impact of platform work on the racial wealth gap, to make concrete for readers the magnitude of the challenges at hand. It is meant to be illustrative of the dynamics above—to demonstrate how much of an impact these practices can have, and the ways in which platform-based hiring models can worsen the racial wealth gap—and is not intended as evidence of a specific figure. As noted earlier, data on platform-based work is notoriously inaccessible and complex. This example makes many assumptions and is limited to best-available data. It undoubtedly leaves out many nuances, and describes only a hypothetical worker rather than a representative one. Although data is most available for ride-hail workers, this population is relatively well-studied, with considerable information on wages,[50] expenses, and benefits available—all of which paint a rather dire financial picture of the challenges faced by these workers. This example considers a less-analyzed platform worker: an outsourced content moderator. Although more assumptions need to be included in order to arrive at an estimate due to limited data, the case is important due to the potential magnitude of workers impacted.

Assumptions: The worker we consider is a full-time content moderator working through an outsourced business model, such as those laboring for Facebook. We assume they stay in this position, or one with a similar structure, pay, and benefits, for a 25-year career. In many ways this is unrealistic, especially given the nature of platform-based work, which is task-based with high turnover and limited-term contracts. Keeping these assumptions simple, though, allows us to focus on the long-term financial implications of this work. Each of the points below considers the impacts of this work on wealth-building potential, before a consideration of what that means for the broader population.

Wages: Facebook's contracted content moderators are reported to make $15 per hour,[51] a figure in line with commitments the company has made regarding minimum-pay standards for its outsourced workforce.[52] This wage, equivalent to just over $30,000 per year, if working full-time, is barely enough to cover living expenses in most places and not enough to cover them in many. As such, the wage does not allow for saving and so can make no contribution to wealth. In fact, in many places, it could have a negative impact on net worth, leaving workers with expenses significantly higher than income.

Retirement: Less than 8 percent of temporary, subcontracted, and independent workers—a very rough proxy for platform workers—have access to an employer-sponsored retirement account, as compared to almost half of traditional workers.[53] A typical employer-sponsored retirement plan can conservatively be estimated to include a 3 percent employer match.[54] Assuming a worker earning $15 per hour put aside half of the possible match—1.5 percent of their income—with a 5 percent return rate, over a 25-year career they would receive more than $23,000 of a total employer contribution including interest—an amount inaccessible to platform-based workers lacking plans. (Noting that even this contribution may be prohibitively high if needed to cover workers' living expenses, while some may be able to double it by maximizing the employer contribution.)

Data Extraction: Estimates of the value of an individual's data vary wildly, from less than a cent to hundreds of dollars per data point.[55] We can assume that the data available from workers is more valuable than most, given that it is inherently relevant to a company's business, whether it is data about workers' location, speed, mood, or performance. Assuming a week's worth of data collected from a worker falls in the high range of data valuation, at $100, a worker would invisibly be transferring $5,000 per year of full-time work, totaling $125,000 over a 25-year career.

Career Path: Platform-based jobs have no pathways for promotion or career advancement. In fact, many accounts testify to a gradual decline in wages over time. According to the Bureau of Labor Statistics, an average pay raise within a company is about 3 percent per year. With a starting wage of $15 per hour, this translates to a $1,000 raise in the first year of employment, and nearly $10,000 increase in annual wages over ten years.[56] Over a 25-year career, a worker starting at $15 per hour would more than double their annual wages to over $63,000. Although these figures are not by any means a gold standard—workers should have access to much better opportunities—they do represent a baseline of potential earnings when at least some pathway is available. Without increases, a worker would make $780,000 over a 25-year career, keeping steady at $15 per hour. With typical increases, that same worker would make $1,074,118—a career-long difference of $294,118.

Additional Considerations: As noted, platform-based workers tend to have limited access to work-related benefits, and difficulty participating in those they have access to. The ripple effects of unexpected events or expenses in the lives of workers who lack access to an adequate safety net can devastate the wealth-building potential of workers—an accident resulting in lost wages without access to unemployment, medical bills without insurance, and credit score penalties for missed bills could obliterate a lifetime of savings potential. The hypothetical worker considered here has not faced any of these devastating disruptions; in the context of the challenges of platform-based work, they have been lucky.

Impact on Individual Wealth: Just through retirement plans, data extraction, and limited career pathways, platform-based work prevents this worker from accessing over $442,000, approaching half a million dollars. The initial wages included ($15 per hour) are barely enough to live on in most areas. Much of the hypothetical missed earnings would need to be spent, reducing financial strain and improving quality of life. Still, the size of this figure, especially when put in the context of homeownership or investment, could make a huge difference in wealth. With a wealth ratio of 10 percent,[57] it equates to $44,200, more than twice the median net worth of Black families in the U.S.[58]

Impact on Collective Wealth: The impact of platform-based work arrangements on individual wealth, though concerning, is not the core question here. When scaled to an entire workforce, the potential impact becomes astronomical. When put in the context of a disproportionately Black and Brown workforce, it becomes deeply problematic. One of the most conservative estimates of the extent of platform-based work comes from the Bureau of Labor Statistics' Contingent Worker Supplement.[59] This survey estimates that there are 3,889,000 temporary, subcontracted, and online platform-workers in the U.S. Of these, 755,000 are Black workers, who are overrepresented in each of these arrangements. Multiplying our hypothetical workers' lost wealth (even with a low wealth ratio) by this estimate, Black workers working on platforms lose more than $33 billion of wealth to companies hiring through platforms. Contributing that amount back to Black workers would increase the total amount of wealth held by Black households—currently $4.98 trillion[60]—by 1 percent.

Conclusion: Imagining a More Equitable Future

As a practice of the tech sector, platform work is too often portrayed as a technologically driven practice, one created by the technology it operates on. In reality, it is a question of the organization of work and distribution of power. Although today's technological tools may allow it to happen at faster paces and a broader scale, decisions are what drive platform work—and decisions can change it. We can reimagine the technology and services that exploit today to exist in a way that builds worker power and addresses inequalities, rather than exacerbating them. We need solutions that move us forward, instead of backward, preserving the potential of new technologies and the convenience of on-demand work while empowering workers and promoting equity.

Policy to Regulate Platform Exploitation

Policy solutions aimed at current models can address the various ways platform work worsens the racial wealth gap. First and foremost, the rampant misclassification of platform-based workers needs to be addressed. By ensuring workers get at least minimum wage and basic protections when working under conditions set by the company, some of the challenges of platform work would be addressed and its impact on the racial wealth gap reduced. A worker-centered, federal, enforced classification test would be a significant step in addressing some of the challenges of platform-based work. It would provide misclassified platform workers with the baseline benefits of workers compensation, employer Social Security contributions, and health care for full-time workers. If the political climate prohibits addressing platform misclassification, policymakers can take steps to improve the conditions faced by misclassified platform workers, including mandating clear pay transparency that allows workers and public agencies to understand wages, and simplifying tax procedures to encourage accurate filing and participation in Social Security. These steps need to be considered as intermediary steps toward addressing misclassification, which itself is a step toward universally good jobs.

Although correctly classifying all platform workers is an urgent and necessary step in improving conditions, it is not enough to ensure platform-based work is equitable and all workers have access to good jobs. As the job quality crisis among low-wage service sector workers reflects, employment status is not enough to bring financial security or dignity at work. The unknown number of platform-based workers hired as employees, including contracted workers at Google, Facebook's content moderators, and many others, would be unaffected by classification reform, and continue to face the challenges of their work. Policymakers can consider pursuing public, universal, portable benefits, modeled after Social Security, that facilitate contributions from companies and ensure all workers have access to basic benefits, including paid leave and health care.[61] Such programs would undo some of the projection of risk onto platform workers, and aid in the case of unexpected or expensive events, such as accidents, care, or medical needs.

In addition to expanding the social safety net, policymakers need to consider regulating data extraction from workers, establishing data ownership and compensation standards to prevent the exploitation of workers through their data. While long-standing labor protections like minimum wage and overtime laws need to be updated, they also need to be accompanied by twenty-first century regulations that protect all workers' assets, including those that did not exist a century ago. When identifying priorities, the value of these proposals can be weighed against their relative projected impact on inequality and especially the racial wealth gap.

Developing Alternative Models of Platform Work

These policy solutions are oriented at improving conditions under the current constellation of companies. In addition, alternative models that fundamentally challenge the power dynamics of today's companies hold promise. Actors outside of government can develop these models, providing an alternative for workers and consumers. Worker-owned platform cooperatives can give workers an ownership stake in companies and a share in profits.[62] Rather than acting as a barrier between a company and workers, platform cooperatives serve as a common ground on which workers can offer services while connecting with one another. Owning the platform means owning the data and building wealth as the platform grows, reversing the pattern of deepening exploitation apparent in the dominant models of today. In the case of large tech companies, a worker-owned platform model means turning companies upside down; instead of corporate behemoths extracting data and labor from workers through platforms, workers united by platform ownership define the direction of these companies.

Toward a Brighter Future of Work

The tech sector often bills itself as the economy of the future, introducing autonomous devices, on-demand services in the palm of your hand, economic transactions removed from any institutional context. This economy of the future, though, is rooted in a history of racism, inequality, and exploitation. This history must be confronted head on in order to move beyond it, or it will continue to be embedded in services, products, and structures used every day. As a widespread set of work arrangements increasingly used across the economy, platform-based hiring is one of these structures—invisibly, but significantly perpetuating and exacerbating inequalities. By reimagining platform-based models and putting control of them in the hands of workers, we can preserve the convenience of on-demand services while building power and wealth for those who provide them.

These solutions move us away from platform work exacerbating inequalities, but are not enough to stop—much less reverse—the racial wealth gap. Any of these proposals absolutely must happen in the context of widespread and unrelenting efforts to address systemic racism across institutions. A comprehensive approach to the racial wealth gap needs to include taxes on inheritance[63] and wealth,[64] homeownership assistance, fully funded childcare, the eradication of cash bail, and consideration of reparations.[65] But addressing the relationship of work to the racial wealth gap is crucial. Given the role that labor exclusions have played in entrenched occupational segregation and persistent income and wealth inequality, addressing today's exclusions is an essential component of working toward an equitable future.

Imagining the future of work requires looking at the history that brought us to where we are and conscientiously changing course. A long history of racial exclusions in the labor market contributed to the development of the racial wealth gap. Reducing it requires dismantling those exclusions in all their forms, including the platform-based work arrangements of today's tech companies.

Notes

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