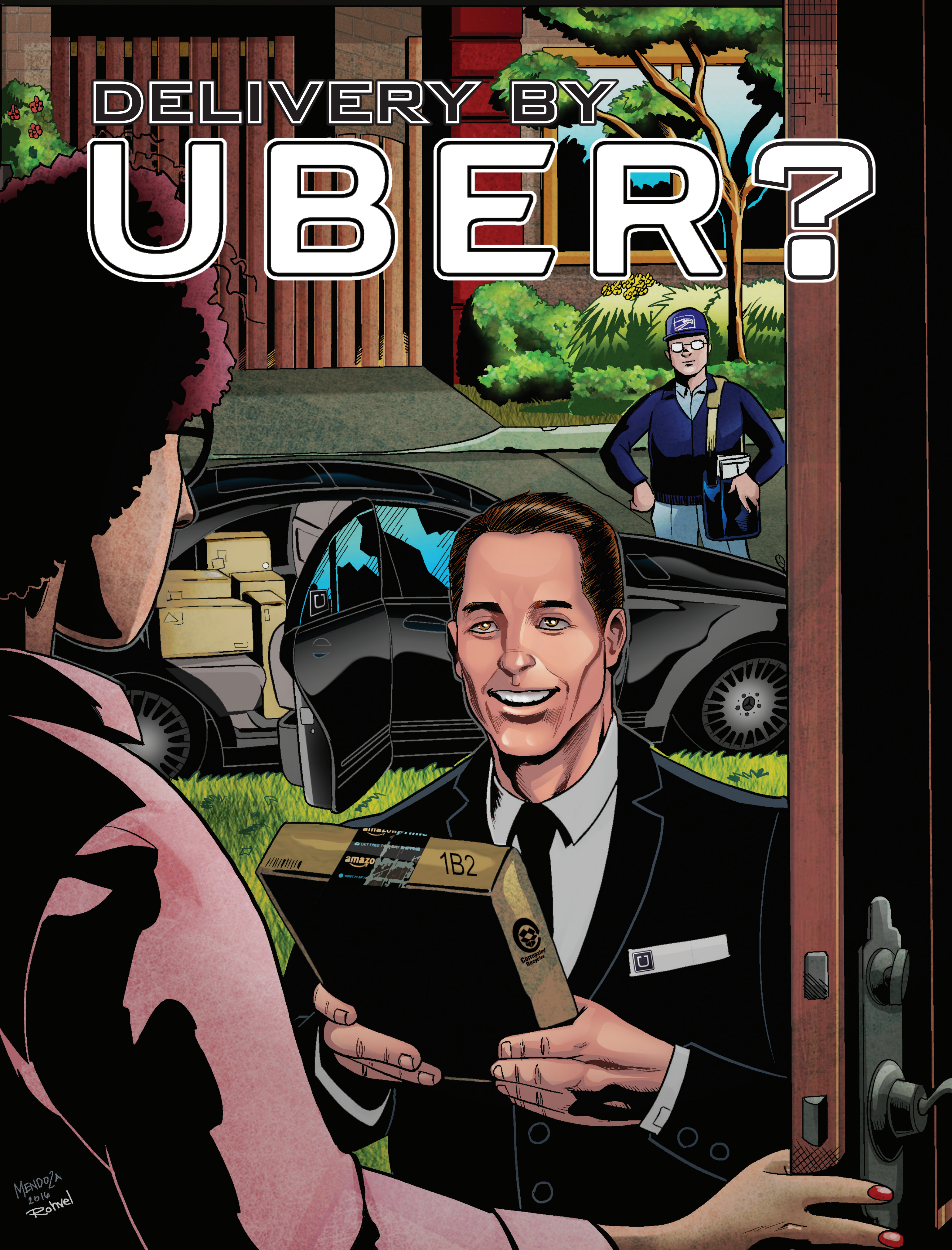
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For the creators of Uber, the idea was simple. An app on your phone could summon a driver quickly and easily. The drivers would be car owners who had extra time on their hands, either between other jobs or on their time off, and so could make a little extra money on the side. And Uber wouldn't be a transportation company; it would be a technological platform that would put people together to make their own transactions.

Since the prototype launch in the spring of 2009 in San Francisco, Uber has gone on to make more than a billion connections between riders and drivers and is available in 542 cities around the world. It is valued at more than $60 billion, more than Ford or General Motors.

But with Uber's success has come more than a carload of criticism from taxi drivers, city governments and labor organizers, who contend that the company has created an unfair playing field that is hurting workers.

Despite those concerns, other companies have launched new initiatives that follow the Uber blueprint—often called the "sharing economy"—into other industries. Airbnb, which allows people with extra room in their homes to rent out their space, is one of the best known companies that follow the same model. And if you look in your smartphone's app store, you'll find lots of smaller companies wanting to be the "Uber for" just about everything.

The success of the Uber model also has led to companies—most notably Amazon—using it for package delivery.

But as the sharing economy grows, so do the number of questions. How will regulation change the success of the model? Will the shared economy put the pedal to the metal or will it sputter out? What does it mean for the Postal Service and for letter carriers?

How the ride-sharing service's model is changing the last mile of package delivery

On a snowy evening in Paris in 2008, two tech entrepreneurs had trouble hailing a cab and came up with the simple idea of tapping a button and getting a ride. In July 2010, UberCab went live in San Francisco. By October of that year, the company had received a cease-and-desist order from the San Francisco Metro Transit Authority and the Public Utilities Commission of California for apparently operating a cab company without the proper licensing. UberCab didn't desist. Instead, by May 2011, now under the name Uber, the company went live in New York City, and expanded to Seattle; Boston; Chicago; Washington, DC; and Paris over the next six months.

For those who have never used the service, here's how it works. On your smartphone, you install the Uber app from the app store. You'll need to create an account and link it to a credit card or PayPal, to pay for your rides. When you need a ride, you first open the app and make sure the pickup location is correct. You select from a number of options (luxury car, car seat, etc.) and then confirm the request. You can see an estimate of how much the trip will cost, as well as if there are any surge prices. Surge prices happen when demand is higher than supply, meaning that you'll have to pay extra over what the normal fare is (sometimes many multiples of the normal rate). An available driver accepts your request and gives you an estimated arrival time; you can also follow his or her progress on a map. Once the car arrives, you tell the driver your destination. Your credit card is charged, so there's no cash involved. Tipping is voluntary. Passengers and drivers can rate each other to help protect the safety of both passengers and drivers. For many users, the convenience of the app has revolutionized how they get a ride.

There are benefits for drivers, too. They set their own hours simply by logging into the app when they want and logging out when they want to stop. The rates for driving are typically higher than for taxi drivers, too. According to the Bureau of Labor Statistics, taxi drivers and chauffeurs earned a median annual wage of $22,840 in 2013, or an hourly rate of $10.98. Ubers says the average wage for its drivers in New York City is close to $25 per hour.

However, there are drawbacks for Uber drivers. Drivers are treated as independent contractors, meaning that they put the wear and tear on their own cars; pay for gas and tolls out of their pay; don't receive health care, paid leave or other benefits; must pay the employer and employee portion of Social Security deductions; and take much of the risk of driving strangers in their own cars on themselves. These expenses add up, with some Uber drivers saying that they are barely making minimum wage.

Uber vs. taxis

Uber's effect on the taxi industry has been massive, according to Technology Policy Institute President Scott Wallsten, who released the report, "The Competitive Effect of the Sharing Economy: How is Uber Changing Taxis?" in 2015. The number of taxi trips in New York fell by 8 percent between 2012 and 2014, while in San Francisco, the number plunged by a whopping 65 percent in Uber's first two years.

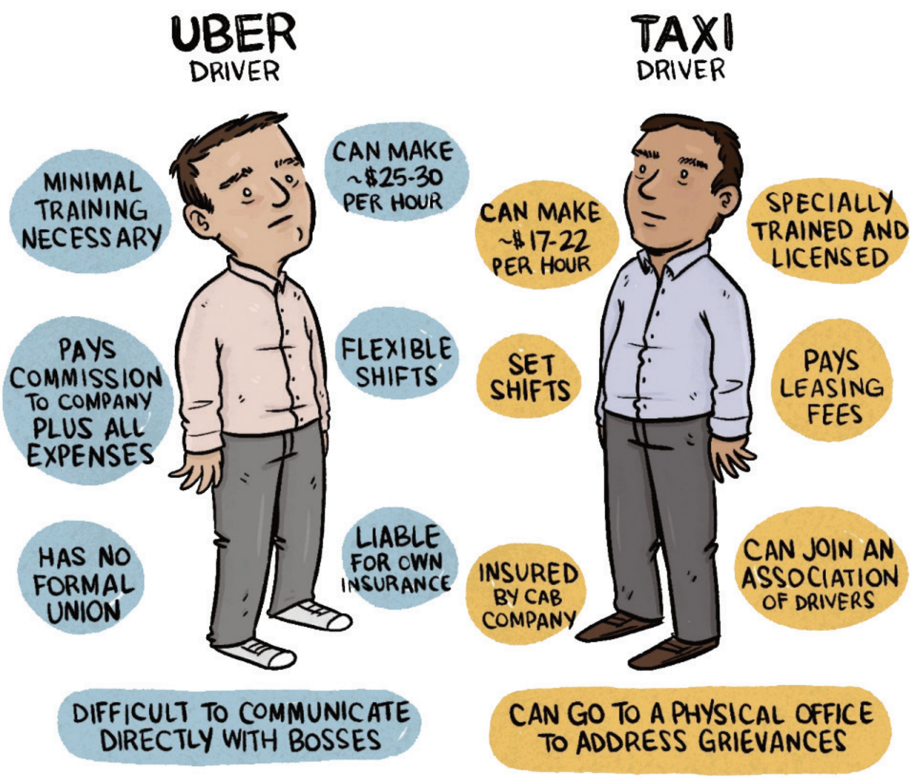
Taxis are heavily regulated, their rates are fixed and taxi drivers must buy licenses to operate. Licenses are issued rarely, which has kept competition from joining the market, meaning that the resale value of licenses had been high, until Uber came along. New drivers can start working for Uber with no need to obtain a costly taxi license. In New York, for example, the price of individual taxi licenses dropped from $1 million in 2013 to between $700,000 and $800,000 in 2015, while in Chicago, they decreased even more, by a third.

Those costly licenses served a purpose. In the 1920s, when mass production of automobiles lowered their prices and allowed many more people to own a car, lots of owners decided to operate a taxi part-time during the peak times, causing congestion and depriving full-time taxis of the revenue they needed to justify operating during non-peak times. This brought about all kinds of price confusion, and governments invented the medallion system and set up standardized rates to block these part-timers from unravelling the taxi network.

Then there are the safety regulations. In many cities, taxi drivers must get proper certification (sometimes with additional training), have additional insurance and undergo background checks (often with fingerprinting). Uber did not start with any of these but has gradually phased some of them in, including additional insurance and background checks. However, the company has refused to conduct background checks with fingerprints, opting instead for an expedited process that the FBI says has an error rate of 43 percent.

When the city of Austin, TX, required Uber to perform background checks with fingerprinting, the company pulled its entire operation out of the city.

Uber supporters say that the app's feedback system works better than



background checks and that the taxi industry—which pays taxes to city governments that Uber does not—should be deregulated instead of putting onerous regulations on the company's part-time drivers.

What is an employee?

The AFL-CIO has taken up the matter of Uber and other workers in the sharing economy by stating the federation's principles. "We embrace technological progress," the principles say. "The key question is whether the benefits of technological progress will be shared more broadly in the future than they have been for the past 35 years.

"In recent decades, many corporations have sought to shed their responsibilities as employers by subcontracting, outsourcing, franchising, offshoring, using permatemps, or misclassifying employees as 'independent contractors.' The result has been wage stagnation and the upward redistribution of income. [A]ll workers, regardless of the label given to them by the business they work for, should be entitled to fair wages, a safe and healthy workplace, freedom from discrimination on the job, freedom of association, and the right to bargain collectively."

If the nature of employment is going to be fluid in the sharing economy, the AFL-CIO proposes making benefits portable.

"All workers, regardless of their employment status, have a right to high-quality comprehensive health care and adequate and secure retirement income," it says. "To this end, we should ensure that all workers have access to a strong social safety net of benefits that move with them from job to job."

Uber has called for more conversation on the topic of health care, saying that the federal government probably needs to get involved. But with the balance of power in Washington tilted toward conservative principles for the near future, it is unlikely that the federal government will pick up the slack any time soon. So Uber employees must find a way to bring the company to the table to negotiate for health care benefits. And to do that, these workers will need a union.

"Experience shows that these mechanisms are workable and sustainable only when workers can exercise collective-bargaining power and the businesses they work for contribute toward the funding of benefits," the AFL-CIO principles state.

The National Labor Relations Act gives employees the right of collective bargaining. Drivers for taxi companies and companies like Uber, however, are categorized as independent contractors, rather than employees, so those federal protections don't apply to them. But that doesn't mean city governments can't give those drivers that right.

In December 2015, the city government of Seattle did just that by unanimously passing an ordinance giving Uber drivers and other contract drivers the right to unionize. Uber has vigorously fought the ordinance and with its partner, the Chamber of Commerce, has sued the city seeking an injunction blocking the ordinance from taking effect. The lawsuit was thrown out in August, but more legal fights are expected. Across the Atlantic, the European Court of Justice is expected to decide in March whether Uber is a technology company or a taxi service.

Flex

Of course, Uber is only one of the companies in the sharing economy, even if it is the poster child. The package delivery industry has seen its own entrants into the sharing economy. In 2015, when Amazon announced Flex, an on-demand delivery service using independent drivers, it was reported as "Uber for Amazon packages." Flex handles only the Amazon Prime Now deliveries that guarantee delivery in one to two hours. Since 2015, Flex has expanded to more than 30 cities in the United States.

To be a Flex driver, an individual must have a vehicle, be over 21, pass a background check and have an Android smartphone (there is no iPhone app yet). After someone has applied through

the website, created an Amazon account and passed the background check, Amazon shares a link to download the Amazon Delivery App, through which the "delivery associates" (DAs) set up their bank information.

Through the app, DAs select what hours the person wants to deliver, in advance or on the day of, and reserve two-hour blocks. During the selected shifts, the DAs wait at the pickup warehouse while they are in the queue to make a delivery. When it's their turn, the DA can get one package, depending on location and time requirements, or a whole cart if there are multiple orders on a route. They scan the packages with their phones and then set out to the locations provided in the app.

To make the delivery, the DA scans the package again and the app reports whether there are special instructions, such as "attended," "unattended," "call customer" or "check ID." If there's an issue, the DA can call Amazon's support line. Once the deliveries are done, the DA returns to the warehouse to get in line again.

Unlike Uber drivers, the DAs receive the base pay rate of $18 per hour whether they are delivering or waiting. They can make more if they receive tips. However, they pay for gasoline and wear and tear on their vehicle, must pay taxes (including the employer portions), receive no benefits and have no career path out of being a DA.

Some DAs have had positive experiences, including one who pointed out that the Amazon packages don't throw up in their vehicle the way some drunk passengers did with Uber. But, some others have complaints.

"I had a horrible experience with Amazon Flex," said Ryan O'Harris of Las Vegas. "In my opinion, it is a dangerous job because in order to finish many of the blocks they give you on time, you often have to break the law and speed."

O'Harris explained that while the pay is good, DAs often go days or weeks without getting a shift and have to keep the app open daily to try to pick up work on that day. He also was told that unless he had commercial insurance, the combination of his personal insurance and the insurance provided by Amazon would not be enough.

Prime Now deliveries aren't the only form of package delivery Amazon does. While many Amazon packages go through the Postal Service (about 40 percent, compared to 20-to-25 percent for UPS and 15-to-20 percent at FedEx), the company also uses delivery providers—independent contractors who use one vehicle or a fleet to make deliveries for Amazon. Much like Flex, Amazon provides the route information and the packages and expects the deliveries to be made in a certain time frame (usually not in the one-to-two-hour requirements of Prime Now).

Amazon already has been sued at least once by former Prime Now delivery drivers who contend that they were employees and not independent contractors. According to the 2015 suit filed in Los Angeles, the drivers named in the complaint were not directly employed by Amazon. They had technically been hired by Scoobeez, a courier delivery service, to work exclusively for Amazon. They worked out of the Amazon warehouse, their badges carried Amazon's logo, and they had to wear uniforms that identified them as Amazon Prime Now representatives. They underwent employee training—and yet they were not considered employees by Amazon.

A November 2016 British Broadcasting Company report made waves about Amazon deliveries in England when it reported that drivers admitted to regularly driving above the speed limit and eliminating any personal stops to make deliveries on time. The article stated, "A few drivers admitted to peeing in a bottle in their van because they didn't have time to find a toilet. Another admitted having defecated in the back of the van on one occasion."

The future?

While there has been much media attention given to the sharing economy, some wonder whether it is overblown. According to a Nov. 16, 2015, article in *The Atlantic* by Lawrence Mishel, president of the Economic Policy Institute, "Uber is not the future of work," as the numbers don't justify the hype.

Using Uber's released data, Mishel estimates that Uber accounted for only 0.1 to 0.14 percent of total full-time-equivalent employees at the end of 2015 (a full-time-equivalent employee who works 40 hours in a week, even if it takes two to three Uber drivers to add up to that one). And while Uber drivers earned $3.5 billion in the first 10 months of 2015, that represents only about 0.06 percent of all private-sector compensation in the United States.

Few Uber drivers consider the gig a full-time job. In the 2015 report generated by Uber, "An Analysis of the Labor Market for Uber's Driver-Partners in the United States," the company found that 61 percent of Uber drivers in six major U.S. cities had another job. Additionally, of the 400,000 U.S. drivers taking at least four trips a month, half of them work less than 10 hours per week and a third of them say they are using Uber to earn money while looking for a job. Another Uber report says that only 24 percent of drivers rely on Uber as their sole source of income.

Revenue for all self-employed people, which includes those working these gigs, accounts for only about 3 percent of all U.S. revenue, according to the Census Bureau. And those numbers have not been growing significantly since the launch of Uber and other sharing-economy businesses.

A recent report by JPMorgan Chase Research Institute shows things actually getting worse for those in the sharing economy. Growth is slowing in the sector, meaning that people are working fewer hours and the paychecks are getting smaller. Uber has been slashing its rates to attract new customers, passing the cuts along to its drivers. Average monthly earnings for workers in these sharing jobs have decreased by 6 percent since June 2014.

"More and more people are coming in but the earnings levels are not growing," said Laura Greig, director of consumer research at the Chase institute. "It just raises these questions about whether this is really a sustainable marketplace for people."

The study also found tremendous turnover among those working in these jobs. One in every six employees is new and more than half of those who sign up quit within a year.

"There's a ton of churn," Greig said.

The study also found that as the national economy has rebounded and employment has improved, the number of people looking to join the sharing economy has decreased.

That said, Uber and Amazon's Flex are not going away. Both companies have found value in maximizing the part-time work of flexible employees and will likely continue to do so. How regulators and labor organizers reshape the sharing economy remains to be seen, but if the past is any predictor, more change is on the horizon.

What remains consistent, though, is something NALC members have known for a long time. "The Postal Service is the only universal network in the country, and also the only company that can offer top-notch service for delivering mail and packages," NALC President Fredric Rolando said. "And that is because of the work of the professional employees who have the ability and experience to deliver for all Americans." **PR**