2019, WEA On-Line Conference

GOING DIGITAL:
WHAT IS THE FUTURE OF BUSINESS AND LABOUR?

Discussion Forum: 15th November – 9th December 2019

GIG ECONOMY, AUSTERTY AND "UBERIZATION" OF LABOR IN BRAZIL (2014 – 2019)

Guilherme Nunes Pires

Federal University of ABC - UFABC, São Paulo, Brazil
gnpires@hotmail.com

Abstract

The aim of the present paper is to understand the process of "Uberization" of labor in Brazil by analyzing the economic crisis and the austerity program from 2014. The emergence of Gig Economy and the "Uberization" of labor is a global trend in digital age. Brazil has experienced the exponential growth of these type of labor relations in the recent years. Millions of Brazilian workers now have their entire income exclusively from digital platforms without labor rights. However, its only possible to understand this phenomenon considering the economic crisis and the austerity program put in practice in 2014. The capital offensive over labor penalized the working class and provided the rapid growth of the "Uberization" of labor in Brazil.

Key-words: Gig economy. Austerity. Uberization of labor.

INTRODUCTION

In the contemporary world, labor relations have seen significant changes over the last decades. Especially in the last decade, it has been possible to see the emergence of a very peculiar synthesis between information and communication technologies and decentralized, partial and on demand labor relations. This phenomenon is being characterized by Gig Economy and the specific labor relations as "Uberization". Although it uses the terminology of a specific company such as Uber, it means the new way of working. (Rinehart and Gitis, 2015; Istrate and Harris, 2017).

The rise of this phenomenon in the world is getting faster. Over the past decade, we have seen the explosion of jobs on demand, part-time, precarious and without basic rights in different sectors of the economy. However, it is from the digital platforms that connect producers and consumers that the growth of this phenomenon is much more visible (Fontes, 2017).

The growth of the "Uberization" of labor is closely related to the capitalist economic crisis (neoliberal accumulation). The offensive of capital over labor in crisis period opens the possibility of its expansion as a result of the explosion of unemployment and the destruction of basic labor rights. It is in an environment of crisis and lack of opportunity that formal jobs are gradually becoming scarce, giving workers no options but to integrate into the "Uberization". 'There is no alternative', but to survive being a gig worker.

This is a worldwide phenomenon and can be seen in many countries. In the Brazilian case is not different. In less than a decade labor relation had significant changes. Today, more than 5 million Brazilian workers survive only working in digital platforms like Uber and 11 million have some source of income from digital platforms. But this phenomenon does not hang in the air. Although the Brazilian labor market always had a significant number of workers in informality, the Brazilian crisis, the austerity program and the offensive of capital over labor initiated in 2014 is one of the main factors for the considerable expansion of the "Uberization" of labor.

Thus, this article aims to analyze the process of "Uberization" of labor in Brazil from the point of view of the economic crisis and the austerity program that began in

2014. There is a lack of studies of this process in Brazil and we will try to make an initial link between these factors. The article is divided in two sections besides of the introduction and conclusion. In the first moment, it will be exposed the main characteristics of the Gig Economy and the “Uberization” of labor relations. In the second section, following the critique of political economy tradition, we intend to understand the rapid expansion of “Uberization” by analyzing the economic crisis and the results of the austerity program.

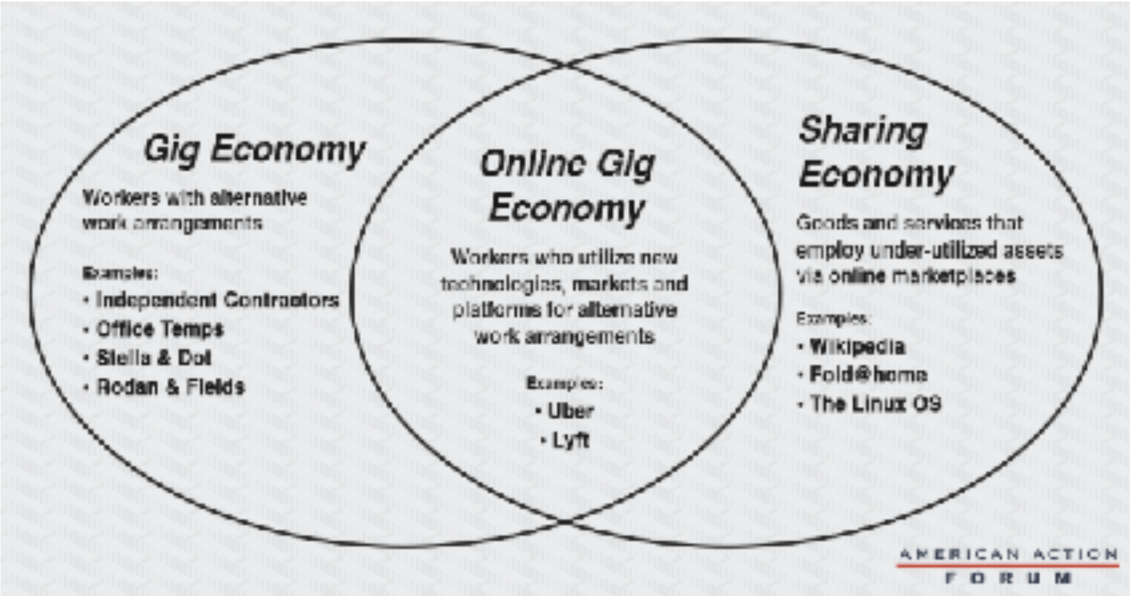
1 THE ONLINE GIG ECONOMY AND LABOR

Gig Economy is nothing more than the current business model characterized by the part-time and temporary employment of the workforce in technology-influenced sectors. From the workers' point of view, jobs are mostly based on temporary contracts and freelance. That is, workers are subject to different modalities: part-time, self-employed, on demand, temporary agencies, etc. (Rinehart and Gitis, 2015).

The idea of Gig Economy implies the notion of Sharing Economy: a perspective that relates goods and services from spaces connected to online platforms or even decentralized networks that can result in monetary or non-monetary benefits. A clear example of this idea of sharing can be seen on Wikipedia, where any individual connected to the Internet can make a significant (or not) contribution to the development of a free and accessible world encyclopedia (*Ibidem*).

These two perspectives combined characterizes the current business model that uses part-time/on demand labor relations linked to digital platforms of the sharing economy. A clear global example of this is the Uber, Lyft, and Airbnb companies that connect these main features. The following figure illustrates exactly this combination.

Figure 1 – the emergence of the online Gig Economy



Source: Rinehart and Gitis (2015).

The online Gig Economy represents the maturation of the process of economic globalization and technological development. From 1970s we could see the transition from the metal-mechanical-chemical productive paradigm to microelectronics and telecommunication. The maturation point, therefore, concerns this long process of technological development of Information and Communication Technologies (ICT's) that will lead to new business models and new forms of labor exploitation in contemporary capitalism (Perez, 2002).

We can identify at least three fundamental characteristics of this new business model. The first concerns the form of the work. Unlike the standard job in which a worker receives a fixed salary, in the online Gig Economy the salary depends exclusively of the number of tasks or projects performed (gigs). That is, how many specific jobs the worker do. The second refers to the form of consumption. Consumers have a huge variety of options of goods and services through digital platforms. Finally, the third characteristic concerns the way in which the intermediary company connects producers and consumers via digital platforms. Istrate and Harris (2017, 3) summarize as follows:

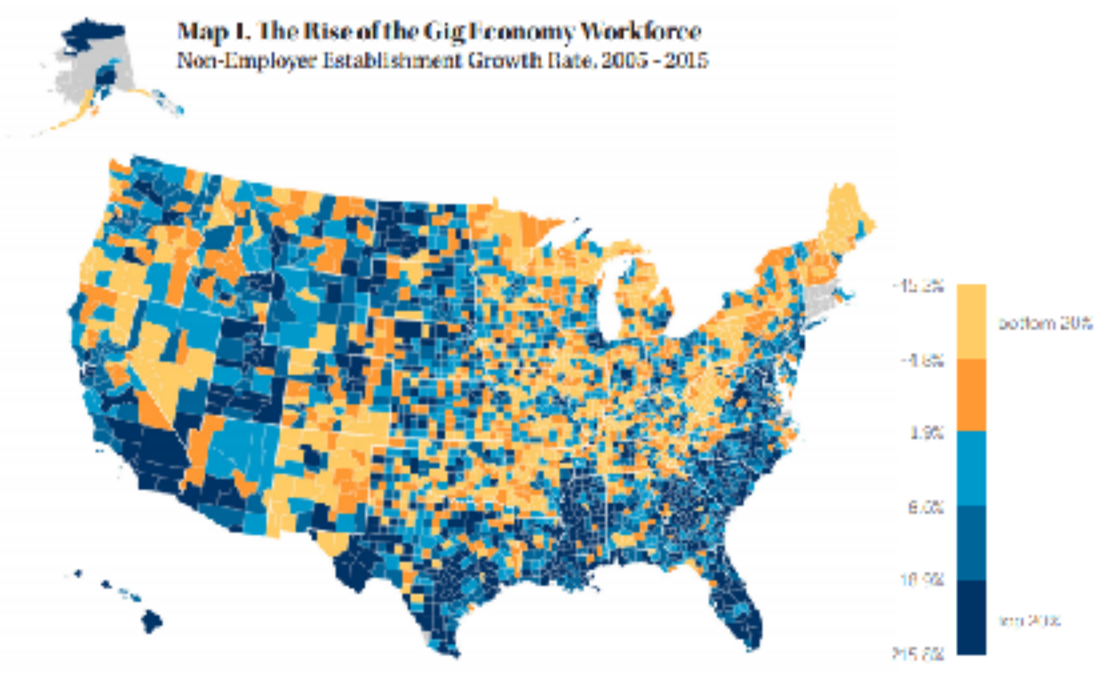
> The gig economy is made up of three main components: the independent workers paid by the gig (i.e., a task or a project) as opposed to those workers

who receive a salary or hourly wage; the consumers who need a specific service, for example, a ride to their next destination, or a particular item delivered; and the companies that connect the worker to the consumer in a direct manner, including app-based technology platforms. Companies such as Uber, Airbnb, Lyft, Etsy or TaskRabbit act as the medium through which the worker is connected to – and ultimately paid by – the consumer. These companies make it easier for workers to find a quick, temporary job (i.e., a gig), which can include any kind of work, from a musical performance to fixing a leaky faucet. One of the main differences between a gig and traditional work arrangements, however, is that a gig is a temporary work engagement, and the worker is paid only for that specific job.

Following this, the three pillars of the online Gig Economy are digital platform companies, the gig workers and the final consumers. From the point of view of digital platform companies, they have been the driving force behind the expansion of this phenomenon. These companies facilitate transactions between consumers and producers in digital platforms, make work more flexible, provide online payment options from which a significant fee is charged and provide online profiles with the qualities and reputation of producers and consumers (*Ibidem*, 4).

For workers who are connected with consumers in digital platform, two large groups can be identified. The first concerns those who provide their work for a living: drivers, manual workers, and delivery workers. The main characteristics of these workers are lower years of schooling and low income, whose working life was based on part-time and temporary jobs, or also due to the difficulty in finding jobs with greater stability. In the second group are those workers who provide some good or service, such as artists, seamstresses, cleaning workers, etc. These workers generally have a higher income and education and do not depend exclusively of part-time work. This is because they generally have full time jobs and they look to earn an extra income working on digital platforms (*Ibidem*).

The rapid growth of the Gig Economy is a global trend and we can see the explosion of this type of jobs worldwide. Specifically, in the US, the share of workers on demand under conditions as specified above jumped from 10.1% in 2005 to 15.8% in 2015. Between 2005 and 2015, self-employed workers increase 19% in USA. As we can see in Map 1, the growth of jobs on demand has grown unevenly. The South and West of the US territory had the biggest increase in part-time, temporary and on demand jobs, 27% and 23%, respectively.



Source: Istrate and Harris (2017).

These main characteristics of this type of work have been called "Uberization" (Fontes, 2017). Although Uber is just one of many companies, it is the leading company that has grown exponentially worldwide over the years. Therefore, by speaking of "Uberization" of labor we are only reaffirming a general tendency of new way of accumulation of capital and subordination of labor.

According to Fontes (2017), in this form of accumulation of capital the company does not directly own the means of production, but has full control in managing and enabling the combination of the means of production with the workforce to serve the consumer market, without requiring employment in the formal sense.

Under these conditions there is a strong interrelationship between "the most concentrated forms of property, which enable economic control of the process where it interests them, the extraction control, the capture of surplus value and its circulation back to property"[1] (*Ibidem,* 56). The financing of these big Gig Economy platforms is closely linked to the need for large speculative funds to make extraordinary profits. That is, "it ties in closely with investors who, who hold monumental amounts of money, need to turn them into capital, that is, invest them in value extraction processes" (*Ibidem*, 56).

[1] All quotes in other languages were freely translated by the author.

More than that, although it seems that the worker has a relative greater autonomy and control over his own activity, in essence it guarantees a much more intense indirect control. Digital platforms ensure real-time track control while the app is active. In addition, reliance on automatic payments, linked to platforms, guarantees the direct extraction of a considerable amount of the worker remuneration. According to Fontes (2017, 56), the digital platform:

> allows a search platform to be coupled with a mobile credit card technology and a locator, which ensures a close dependence on the worker, since the card depends on its own remuneration and the locator denounces all its routes, once the mobile phone is activated (...). And it is through the card that will be directly extracted between 20 and 25% of all compensation of the worker. The rate of value extraction is iron, as is the working regime.

This increases in control and automates the extraction of profit, increasing capitalist property. Since it is the workers who employ the means of production, all the costs of depreciation, repair and improvement are paid by the workers themselves. If we use the Uber company as an example, we will identify that the automobile as a means of production is owned by the worker or, in some cases, rented by the worker himself. Therefore, in addition to the fees charged by digital platforms, workers bear all the extra costs and maintenance of their own means of production such as fuel, repairs, tire changes, etc. In other words, according to Fontes (2017, 57), “[the] company moves away from concrete life and makes a point of ignoring workers' living conditions, ensuring a near zero cost for machinery, raw material (fuel, repairs, fleet renewal) and the workforce itself”.

On the other hand, it is evident the intensification of capital command over labor. The control of labor process is absolutely centralized and labor costs are reduced. At first glance, the digital platform intermediation in connecting producers and consumers seems to provide greater autonomy to workers. However, producers and consumers must be accredited on the platforms, following the form of electronic payment and be subject to the regulations imposed by the algorithms. Control over labor becomes impersonal and in real time (*Ibidem*).

On the other hand, there is the process of decentralization of the labor process. As stated above, accreditation on digital platforms enables indirect and unrestricted control over the worker, but, moreover, qualitatively and quantitatively changes the workday. As Fontes (2017, 58) argues:

> Apart from accreditation and locator, there is no direct control close to workers: only sheer necessity should move them to work. There are no combined or compulsory working hours, and no limits on it, nor paid rest days. They know themselves to be workers, but do not consider themselves as such, but as providers of a casual service, even if driven by the most dramatic need. In fact, they do not have a job, but a direct connection of surrendering the most value to owners who are able to impose a pre-established value production process on them. It is not the pores of free time that such owners seek to fill, as in factory processes, that carry out strict control of working time. Here it is about dealing with new scales, increasing the volume of value through massive suppliers of surplus-value. Any time available to the single worker is time to profit.

In addition, "[t]he gig economy labor force is freelance and contract-based. As a result, gig workers, as independent contractors, do not receive benefits, like health insurance, from the technology platform companies; rather, they must procure them on their own" (Istrate and Harris, 2017, 5).

In Capital, Marx (1976) already identified in the piece-wage something very similar to what we find in the Gig Economy. In the chapter about piece-wage in Volume I of *Capital*, Marx explained how this type of work was not something strictly new and coexist with other forms of pay. That is, "both forms of wages exist side by side, at the same time," (*Ibidem,* 692). What needs to be understood, however, is that the forms of salary payment, be it by piece (gig) or by time, "no way alters their essential nature" (*Ibidem,* 693).

Similar to the digital platforms business model, "[t]he quality of the labor is here controlled by the work itself, which must be of good average quality if the piece-price is to be paid in full" or service provided, such as deliveries and transportation (*Ibidem*, 694). This means that, depending on the consumer's evaluation, the goods produced or service may suffer a series of penalties that may lead to discounts or even, as in the case of digital platforms, blockages that prevent the worker from working for a certain period. That is, Gig Economy can "become, from this point of view, the most fruitful source of reductions in wages, and of frauds committed by the capitalists" (*Ibidem*, 694).

In addition, Gig Economy enables capitalists to fully measure the increase in labor intensity. Since wages are measured by the number of gigs made, there is no need for close supervision of the work process. Now, the intensity and the workday are controlled by the worker himself, who now wants to increase his daily earnings and he will intensify his own exploitation to the maximum. As Marx argues (1976, 695), therefore, "[s]ince the quality and intensity of the work are here controlled by the very form of the wage, superintendence of labor becomes to a great extent superfluous" and became a better "hierarchically organized system of exploitation and oppression".

Parallel to this, there is an expansion of capitalist segments that seek to parasitize. As shown by Marx (1976, 695), and we always are referring to Gig Economy, "make it easier for parasites to interpose themselves between the capitalist and the wage-labourer". A clear example of this today is the Uber company. Between the company and the driver there is a range of intermediaries looking to rent cars (means of production) for gig workers.

As a result of the salary being based on gigs, "it is naturally in the personal interest of the worker that he should strain his labour-power as intensely as possible; this in turn enables the capitalist to raise the normal degree of intensity of labour more easily" (*Ibidem*, 695). More than that, "lengthening of the working day is now in the personal interest of the worker, since with it his daily or weekly wages rise" (*Ibidem*, 696).

This increase in workday is clear in both piece-wage and gigs. And the workday is extended so much that even Thomas Malthus had displeased it in 19th century. Marx (1976, 698-699), in *Capital*, reminds us:

> Malthus remarked at that time, with reference to the facts published by Parliament: 'I confess that I see, with misgiving, the great extension of the practice of piece-wage. Really hard work during 12 or 14 hours of the day, or for any longer time, is too much for any human being'.

According to Marx, and here always in analogy to Gig Economy, this labor relations also provides comforting illusions for workers who, in a competitive struggle with themselves, believe that they have greater freedom, autonomy and independence. But in reality, they are just in a constant struggle to survive. In his words: "But the wider scope that piece-wages [gigs] give to individuality tends to develop both that individuality, and with it the worker's sense of liberty, independence and self-control, and also the competition of workers with each other" (*Ibidem*, 697, *word added*).

From that, the notion of "Uberization" of labor is not something exclusively and fundamentally new. The innovation here is the combination of new developing technologies and financial capital.

With these considerations, we will try to understand the expansion of the so-called "Uberization" of labor in Brazil. To this, we will argue that the initial period of the austerity program, started in late 2014, is a very important variable for the expansion of gig workers in Brazil.

2 CRISIS, AUSTERITY AND "UBERIZATION" OF LABOR IN BRAZIL

To understand the process of "Uberization" of labor in Brazil it is essential to discuss the factors that led to its expansion not only in terms of technological development. We will try to defend the hypothesis that the application of the austerity program, that started in 2014 and which continues to the present day, is one of the main causes of the great expansion of precarious, part-time and without social rights labor relations in digital platforms. However, its important to note that in underdeveloped countries like Brazil labor market was always marked by informality. Our aim is only to connect the consequences of austerity with the expansion of "Uberization" of labor.

The fiscal adjustment starts in 2014 as a response to the economic crisis in Brazil. To reverse the fall in profitability was applied a great austerity program, penalizing most of the population and was crucial to increase the transfer of formal jobs to autonomous, precarious, part-time and without rights.

Therefore, understanding the "Uberization" of labor in Brazil is only possible through the analysis of the capital offensive in period of economic crisis. Thus, it will be necessary to expose, although briefly, the main characteristics that marked the period of the crisis of accumulation and the capital offensive with the permanent austerity.

Between 2003 and 2013 the Brazilian economy had an economic growth rate above the average of the previous two decades. During this period, Brazil grew on average 3.5% per year, followed by an improvement in formal jobs, income distribution and poverty reduction. However, from 2011 it was evident the exhaustion of this accumulation cycle that will lead to a fall in Brazilian GDP in 2014, accentuating in 2015 and 2016 (cumulative fall of 6.9%) and a much larger fall in investments, 28% between 2014 and 2018 (Pinto et. at., 2019).

With the crisis ahead, all small advances related to the period 2003 and 2013 were quickly reverted. Brazil's social indicators suffered a dramatic deterioration, especially the employment (*Ibidem*). While unemployment was falling in the period of relatively high economic growth, reaching 6.5% at the end of 2014, at the beginning of 2019 unemployment was at 12.7% (see Graph 1). It must be understood that the fiscal adjustment in the crisis period was exclusively directed to the penalization of labor in the struggle for the appropriation of income between capital and labor.

According to Pinto et. al. (2016), the management of PT (Workers Party) initiated by the Lula governments was guided by a broad class conciliation between the ruling classes and the working class in an attempt to broaden support for the new government. While the external scenario (mainly China) and some changes in economic policy allowed the economic growth of the Brazilian economy in the period 2003 and 2013, a very particular combination of gains was possible both for the accumulation sphere and also from the point of view of labor and social benefits. Therefore, this moment characterized a gain for both capitalists and workers. Thus, the favorable external scenario, the expansive cycle of accumulation and the softening of the class struggle, momentarily prevented the contradictions of the capitalist system.

In this scenario, for example, the Brazilian minimum wage (in US dollar) went from US$ 74.67 in 2003 to US$ 308.09 at the end of 2014, peaking at US$ 326.35 in 2011 (DIEESE). Thus, as Pinto et.al. (2019) argue, even during the downturn, between 2011 and 2014, the real increases in the minimum wage reached 11%.

Similarly, private sector profit rates were at a very high level by 2010 (see Table 1). However, with the slowdown of the world economy after 2011 (mainly China), as a result of the great recession of 2008, the situation of countries in the periphery of the economic system, such as Brazil, had worsened with the fall in demand and prices of the main commodities. According to Pinto et. al. (2019, 9), this phenomenon “negatively affected income, balance of payments, foreign exchange and investments, especially those in the capital-intensive commodity industries (oil and gas, steel, cellulose and paper, mining, etc.) (...)”.

As a way of artificially revert the falling of profitability of the main sectors of the Brazilian economy and stimulating the maintenance of employment levels, the first government of Dilma Rousseff (PT) (2010-2014) sought to maintain Lula’s characteristic class conciliation with some changes in economic policy, emphasizing private investment with reduction in interest rate “in 2012; currency devaluation; extension of tax exemptions for industrial entrepreneurs; reduction of electricity tariffs and price of oil products; decrease in public spending and investments” (*Ibidem*, 8). However, these mechanisms did not have the expected effect and the slowdown intensified with the pessimistic international scenario.

As can be seen in Table 1, the main sectors of the Brazilian economy (except the financial sector) had a fall in return on equity from 2011, even with tax incentives to stimulate private investment.

Table 1 - Return on equity (%) (2007 - 2014).

	2007-2010	**2011-2014**
500 largest non-bank companies	10,1	5,3
Banking and Finance Sector	20,7	21,5
6 biggest builders	15,9	10,6
Cars and buses	64,4	32,0
6 biggest foods and drinks	11,6	14,9
Oil, Gas & Refining (Petrobrás)	18,4	21,1
6 largest steel mill	4,0	1,5

Source: Pinto et. al. (2019) with modifications.

For Marquetti, Hoff and Miebach (2016) the fall in profitability of the Brazilian economy is one of the main indicators to understand the political and institutional crisis that has set in Brazil and will culminate in the impeachment of President Dilma Rousseff in 2016. More than that, the fall in profitability puts increasing pressure on the sectors due to the low level of unemployment and the real increase in wages.

Thus, while in the period prior to 2010 (Lula) it was possible to reconcile real wage gains with profitability of the private sector due to a very favorable international scenario. With the crisis of profitability, this becomes unsustainable from the point of view of capital. With the international crisis and the slowdown in the Brazilian accumulation cycle, the class conciliation that had been formed in 2003 became unsustainable from the point of view of the capitalists. The intensification of the distributive conflict between the appropriation of income by capital and labor intensifies and the ruling classes, through their social power, pressed for the resolution of the conflict by reducing labor costs and public spending through an austerity program (Pinto, et. al., 2019).

It was from the intensification of the distributive conflict between capital and labor, where profit margins were declining in the economic slowdown and pressured by the real increase in wages, that even before the beginning of the second term of President Dilma Rousseff began the austerity program. Already in 2014, economic policies suffered a setback toward economic orthodoxy through austerity and fiscal adjustment and the defense of labor and pension reforms[2] (*Ibidem*).

According to Rossi, Dweck and Arantes (2018), the austerity program has negative impacts on private agents' incomes[3]. When the government stops spending in some sector of the economy, millions of citizens receive less income due to the contraction of public spending. For example, austerity dictates to the government to contract spending on public services. The immediate consequence is the contraction of income and employment that would be allocated to the works through the hiring of

---

[2]Although Dilma has advocated for heterodox countercyclical economic policies in her campaign for reelection in 2014, by winning the election Dilma Rousseff applied the orthodox austerity program.

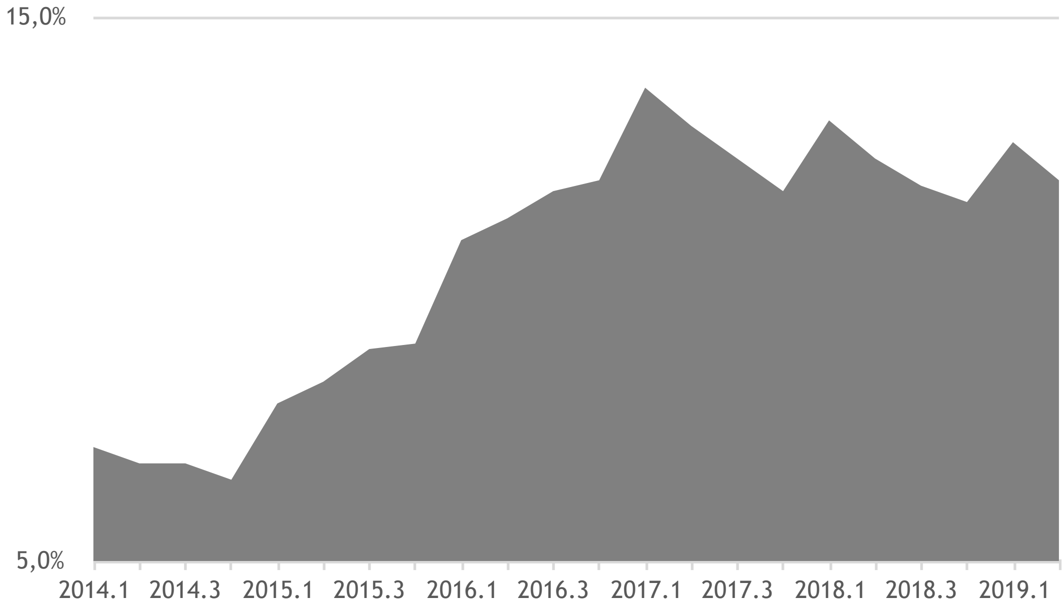
[3] For a better understanding of the concept of austerity, its history and its impacts, see Blyth (2013).

public or private companies and the purchase of necessary materials for its execution. From the point of view of economic orthodoxy, the public sector and the private sector fight for resources in the market. Therefore, increased public spending is synonymous of less private spending. Although this logic does not represent the real economy, it has a clear objective from the point of view of political economy: to make adjustments in order to recover the profitability in period of crisis.

The immediate result of the application of the austerity program – increase in interest rate (SELIC) from 10.9 in 2014 to 13.5% in 2015, the containment of public spending, the public works stoppage and reduction of investments – was the decline in the real average income of workers as a whole between 2015 and 2016, but specifically a drop of 4.9% in the construction sector, 9.1% in domestic services and 7.1% in agriculture and livestock (Pinto et. al., 2019).

With that, the rise of unemployment began. As we can see in Graph 1, from the reelection of Dilma Rousseff and the application of the austerity program, unemployment goes from 6.5% in the end of 2014 to 11.3% in the second half of 2016 (impeachment period). This boom in unemployment is further accentuated by the intensification of orthodox economic policies with Michel Temer as president after the parliamentary coup, peaking at 13.7% (14.2 million people) in the first half of 2017.

Graph 1 – unemployment rate in Brazil.



Source: author's elaboration from IBGE[4] data.

Unemployment is disciplining, it makes workers accept precarious jobs without social rights and lower wages. And that is the ultimate goal of austerity as a way to resolve the distributive conflict between capital and labor.

According to Marquetti, Hoff and Miebach (2016), the austerity program was not enough to reverse the economic slowdown and the falling of profit rates in the Brazilian economy continues. For this reason, the class conciliation that began in 2003 with Lula was quickly put in check by the ruling class. The need to make more adjustments in favor of capital quickly posed the parliamentary coup, materialized in impeachment, as the order of the day. This would speed up and intensify the austerity program in favor of capital. And that was what happened.

After the parliamentary coup in 2016, Michel Temer (MDB) takes over the presidency of the republic and exponentially deepens the orthodox economic policy initiated during the Dilma administration, carrying out antipopular and pro-capital reforms. According to Pinto et. al. (2019, 13):

> Michel Temer's government (...) deepened orthodox economic policy (...), promoting neoliberal institutional changes, such as the approval of the spending ceiling and labor reform. This expressed the defense of privileges

[4] Official national statistics institution.

> and profit at any cost of the dominant sectors, even if it entailed overriding the rules (parliamentary coup) and pushing a significant portion of the population into the huge masses of convicts in the system.

The austerity program started under Dilma Rousseff's government becomes permanent with Michel Temer as president through the parliamentary coup in 2016. Austerity became permanent due to the approval of a Constitutional Amendment (EC 95) prohibiting the government from increasing its real spending with education, health, security, social benefits and investments for a long period of 20 years.

According to Dweck, Silveira and Rossi (2018, 48), this new fiscal rule has established in Brazil a permanent austerity that makes it impossible for real government spending to increase. Under this new rule, primary government spending is unconditionally limited to the previous year plus inflation. This means that "no real growth in total Federal Government spending will result in a reduction in public spending relative to GDP and per capita" because of population growth. "Under the proposed rule, public spending will not keep pace with income growth or population growth in a country whose per capita spending is still very low". The result is that millions of Brazilian workers will be denied access to basic public services. Moreover, this fiscal constraint plunges the country into the impossibility of get out of the crisis.

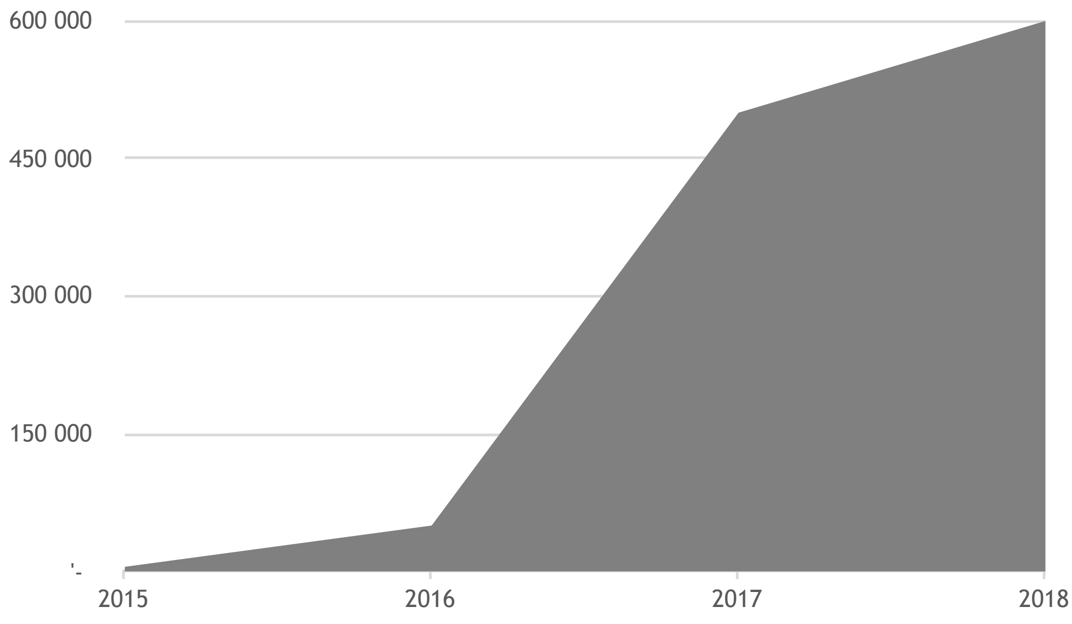
Another important factor for the increase in the precariousness of work and "Uberization" of labor in Brazil was the labor reform approved by Michel Temer government in 2017. In neoliberal rhetoric, this reform would bring about the "modernization" of labor relations and would be an important act to job creation. Concrete reality, however, demonstrated that the purpose of the reform was to increase the capital offensive over labor in the period of crisis. What could be seen was a giant precariousness of work, loss of social rights, reduction of wages and expansion of part-time and temporary work modalities.

According to Klein, Gimenez and Santos (2018), although labor reform had as its rhetoric the promise of job creation, it had clear objectives of penalizing labor. Firstly, the reform aimed to reduce labor costs by increasing flexible, part-time and temporary jobs. As a result of uncertainty and need, workers would be willing to accept worsening working conditions and wages. Secondly, the reform makes it possible to hire people broadly informally without basic labor rights. Finally, the weakening of organizations, such as unions, has enabled the apathy of workers' movements to fight against the austerity program.

These key events are crucial to understand the explosion of gig workers. The Brazilian ruling class is in a crusade against labor. It is in this big picture that is possible to understand the exponential growth of the "Uberization" of labor in Brazil. The permanent austerity program, the explosion of unemployment, and antipopular reforms are a key to see the rise of "Uberization".

Uber, the biggest company in the sector of the online Gig Economy in the world, arrived in Brazil in 2014 and grew exponentially *pari passu* with the fiscal adjustment and neoliberal reforms. As we can see in Graph 2, in 2015 the company had only 5,000 drivers registered in its digital platform. In 2016, with the intensification of the fiscal adjustment and the rise of unemployment, the company had grown ten times, reaching 50,000 registered drivers. In 2017 (permanent austerity), the number of drivers reached half a million registered. In 2018, it reached 600,000 and, by the third quarter of 2019, the company claims to have more than 600,000 registered drivers having made more than 26 billion trips since its arrival in the national territory.

Graph 2 – Uber drivers in Brazil.



Source: author's elaboration from Uber data.

In addition to Uber, there are many digital platforms in Brazil that are being the main source of income for millions of Brazilian workers. In the same transportation industry, the main companies are 99 Taxi and Cabify. In the food delivery sector, the main companies are iFood, Rappi and Uber Eats.

Taken together, these digital platforms are currently the main employers in Brazil. Due to unemployment and the fiscal adjustment, until mid-2019, these transport and delivery apps had 5.5 million permanent registered workers. 4 million people had as their main income this type of job. In the most extreme case, at least 17 million Brazilians workers regularly use some digital platform as a way to increase their income. From engineers to lawyers, the "Uberization" of labor is not restricted to any formal education[5].

The most emblematic case, however, is bicycle delivery in digital platforms such as Rappi, iFood and Uber Eats companies. In Sao Paulo alone, these workers, called 'Bikeboys', correspond to 30,000 people who have between 18 and 27 years old. In the absence of other opportunities and any resumption of formal employment, bike delivery in digital platforms is the only source of income available. The workday in this modality is, on average, 12 hours a day, 7 days a week. Because the salary refers to the number of deliveries made, the maximum daily time spent working is synonymous of higher daily or weekly income. On average, the monthly salary that corresponds to this extensive workday is R$936,00. That is, even with a journey of 12 hours a day the boy 'Bikeboys' do not reach the national minimum wage of R$998.00[6]. In US dollars, the current minimum wage is US$243, approximately.

"Uberization" guarantees informality, lack of social rights, precarious, part-time and on-demand jobs, longer hours and complete insecurity for workers. The permanent austerity program was fundamental to this. According to IBGE, in the third quarter of 2019, 41.6% of the employed population in Brazil were in informal labor relations. That

---

5 See: https://economia.estadao.com.br/noticias/geral,5-5-milhoes-usam-apps-de-transporte-para-trabalhar,70002807114

6 See: https://epocanegocios.globo.com/Economia/noticia/2019/09/epoca-negocios-bikeboys-rodam-12-horas-por-dia-e-7-dias-por-semana-para-ganhar-r-936.html

is, 39 million Brazilians work informally[7]. That's a record. A large majority in part-time and on-demand activities, i.e. gig workers. This is the reality of the Brazilian labor market. This is the ultimate goal of the fiscal adjustment: decrease wages[8], to destroy labor rights, intensify working hours and remove any security for workers. And that was the basis to the exponential growth of "Uberization" of labor in Brazil

CONCLUSIONS

As the aim of this paper was to synthetize the connection between the crisis, austerity and the expansion of "Uberization" of labor in Brazil, it was possible to see, although briefly, that these three variables go hand in hand. As we could see, therefore, the expansion of online Gig Economy and its labor relations is closely related with the application of the austerity program in Brazil as a response to the crisis of accumulation of the period.

However, it's not possible to make the same assumption founded in develop countries because the labor market in countries in the periphery of the system like Brazil always tend to have precarious and informal jobs. Although this characterize the way of exploitation of labor in underdeveloped economies, the new feature is that precarious jobs are now subordinated to digital platforms and financial capital. The expansion of online Gig Economy is a global trend, but it's not possible to explain this phenomenon by the technological development itself. It is in period of economic crisis and capital offensive over labor that we can seriously analyses the totality of this process.

The permanent austerity put in practice in Brazil directly provided unemployment, insecurity, instability and made possible for the rapid expansion of the

---

[7] See: https://economia.uol.com.br/empregos-e-carreiras/noticias/redacao/2019/09/27/desemprego-ibge-pnad-continua-mensal.htm; http://www.ihu.unisinos.br/78-noticias/588862-de-ambulante-a-motorista-de-aplicativo-brasil-tem-39-milhoes-no-trabalho-informal

[8] For example, with the offensive over labor, for the first time since 2009, Brazilian industry gained competitiveness due to falling wages. Within a decade, there was a 16.1% drop in the cost of labor in industry. That is, salary reduction. See:
https://economia.estadao.com.br/noticias/geral,custo-do-trabalho-cai-mas-produtividade-da-industria-patina,70003047813?fbclid=IwAR17Kk85869meW1ILcCpYz_J9wSvIXu_ZwZlq17pJglpQuSQy6cOF-eqcu4

"Uberization" of labor. As we have pointed out, this trend seems not to slow down but intensify. Since there is no tendency to reverse the austerity program, we will see even more the exponential expansion of labor relations of the online gig economy with all it's consequences. Again, as the aim of this paper was to briefly relate the economic crisis, the austerity program and the expansion of "Uberization" of labor, in future research we'll analyze deeper others dimension of this question.

REFERENCES

Blyth, M., 2013, Austerity: the history of a dangerous idea. New York: Oxford University Press.

Dweck, E.; Silveira, F. G.; Rossi, P. 'Austeridade e desigualdade social no Brasil'. In: Rossi, P.; Dweck, E.; Oliveira, A. L. M., 2018, Economia para Poucos: Impactos Sociais da Austeridade e Alternativas para o Brasil. São Paulo: Autonomia Literária.

Instituto Brasileiro de Geografia e Estatística (IBGE)., 2019, PNAD Contínua.

Istrate, E.; Harris, J., 2017, 'The Future of Work: The Rise of the Gig Economy'. NATIONAL ASSOCIATION of COUNTIES. Available on: <https://www.naco.org/sites/default/files/documents/Gig-Economy.pdf>

Fontes, V., 2017, 'Capitalismo em tempos de uberização: do emprego ao trabalho'. Marx e o Marxismo, v.5, n.8, jan/jun.

Klein, J. D.; Gimenez, D. M.; Santos, A. L dos. (Eds.)., 2018, Dimensões críticas da reforma trabalhista no Brasil. Campinas: Curt Nimuendajú.

Marquetti, A. A.; Hoff, C; Miebach, A. D., 2016, 'Lucratividade e Distribuição: A Origem Econômica da Crise Política Brasileira'. Available on: https://www.researchgate.net/publication/312191358_Lucratividade_e_Distribuicao_A_Origem_Economica_da_Crise_Politica_Brasileira.

Marx, K., 1976, Capital: critique of political economy – Vol. I. London: Penguin Books.

Perez, C., 2002, Technological Revolutions and Financial Capital. USA: Edward Elgar.

Pinto, E.; Guedes Pinto, J. P.; Baruco, G.; Saludjian, A.; Balanco, P.; Schonerwald, C.; Nogueira, I., 2016, 'A economia política dos governos Dilma: acumulação, bloco no poder e crise'. In: XXI Encontro Nacional de Economia Política.

Pinto, E. C.; Guedes Pinto, J. P.; Saludjian, A.; Nogueira, I.; Balanco, P.; Shonerwald, C.; Baruco, G., 2019, 'A guerra de todos contra todos e a Lava Jato: a Crise Brasileira e a vitória do Capitão Jair Bolsonaro'. Discussion Paper 013, I.E, UFRJ. Available on: http://www.ie.ufrj.br/images/pesquisa/publicacoes/discussao/2017/tdie0132019pintoet-al.pdf

Rinehart, W; Gitis, B., 2015, 'Independent Contractors and the Emerging Gig Economy'. American Action Forum. Available on: <https://www.americanactionforum.org/research/independent-contractors-and-the-emerging-gig-economy/>

Rossi, P.; Dweck, E.; Arantes, F., 2018, 'Economia Política da Austeridade'. In: Rossi, P.; Dweck, E.; Oliveira, A. L. M. Economia para Poucos: Impactos Sociais da Austeridade e Alternativas para o Brasil. São Paulo: Autonomia Literária, pp. 14-31.

UBER., 2019, 'Fatos e dados sobre a UBER'. Available on: https://www.uber.com/pt-BR/newsroom/fatos-e-dados-sobre-uber/.