

Uber-backed gig worker initiative wins in California: US media

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App-based drivers from Uber and Lyft protest in a caravan in Los Angeles

California voters have put the brakes on a state law that threatened to disrupt the "gig economy", or the use of smartphone apps to connect people with paying tasks such as providing rides or fetching take-away meals.

Around 58 percent of voters in Tuesday's ballot backed a proposition that exempted ride-share rivals Uber and Lyft from a new state law requiring drivers to be treated as employees.

Proposition 22 lets the San Francisco-based companies continue treating drivers as independent contractors, albeit with some benefits.

The fate of the law, which Uber and Lyft had challenged in court as well as on the ballot, was being watched in other places where the gig economy has taken root.

"Prop 22 is a proxy for how we work; the future of work," Sonoma University political science professor David McCuan told AFP.

"It's about how gig workers use gig jobs as a bridge, not as a career. And it's about the future of the labor movement in California."

The proposition was also being looked at "nationally and globally" for what it might mean to the future of the labor movement, according to McCuan.

"The future of independent work is more secure because so many drivers like you spoke up and made your voice heard—and voters across the state listened," Uber chief executive Dara Khosrowshahi said in an email thanking drivers.

"We're looking forward to bringing you these new benefits—like healthcare contributions and occupational accident insurance—as soon as possible."

Drivers divided

Some drivers wanted the benefits of regular employment while others

sought the flexibility of being able to work when and where they choose to pick up extra income.

Uber driver Erica Mighetto campaigned against the proposition.

"I'm among tens of thousands, if not hundreds of thousands, of drivers who are devastated by this outcome," Mighetto told AFP.

"I suppose I shouldn't be surprised by the fact that billionaire corporations can buy their ways out of laws."

More than \$200 million was spent promoting Proposition 22, while only a tenth of that amount was spent by labor groups opposing the measure.

Under the proposition, drivers remain independent contractors but Uber and Lyft are to pay them a number of benefits including a minimum wage, a contribution to healthcare and other forms of insurance.

Lyft driver Jan Krueger of Rancho Cordova supported the proposition, saying that it struck a balance between independence and job benefits.

"This vote in one of the most progressive states in the country should send a strong signal to elected leaders all over the nation," Krueger said.

"Prop 22 should serve as a model for other states and the federal government to follow."

Long road ahead

The gig economy battle is not over though, according to McCuan, who expected court challenges to Prop 22 as well as an effort by state legislators to overturn it.

Uber and Lyft have said they may need to terminate service in the state if their business model is upended.

Lyft said its survey of drivers showed 86 percent worked fewer than 20 hours per week and most preferred to keep the flexible contractor model. Uber has also said the majority of its drivers want to keep their situation.

An appeals court recently rejected a bid by Uber and Lyft to avoid having to treat drivers as employees while battling the California labor law.

A Proposition 22 victory renders that court ruling moot.

Backers included gig economy delivery platforms such as DoorDash, Instacart, and Postmates.

Supporters in the "Yes" camp had warned of mass job losses if the effort failed, as the companies could not afford to keep on all their drivers, and said others would quit because they would automatically have less flexibility.

Uber's attorney Theodore Boutrous has argued in court that the company would be forced "to completely change its business model."

He said the company "is not a hiring entity, it is not a transportation company (...) It's a multisided platform that allows riders and drivers to connect."

Matthew Goldberg, attorney for the state of California and for the cities of San Francisco, Los Angeles and San Diego, has countered that the drivers were wronged because they could not claim to any social protections such as a minimum wage, reimbursement of professional

expenses or family leave.

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