sarah halpern-meekin, laura tach, jennifer sykes, and kathryn edin

a hand up for lower-income families

58

spring 2016

cash welfare and snap benefits can come with stigma. what makes the earned income tax credit different?

Welfare queens driving Cadillacs. Food stamp kings buying filet mignon. The stereotypes are rife. What if there was a way to support lower-income families without the stigma? There is. And it comes from an unexpected source: the Internal Revenue Service.

First, listen to how Tracy Sherman, a 28-year-old medical coder and single mother of two, described her time on Temporary Assistance for Needy Families (TANF), which provides means-tested cash assistance (known colloquially as "welfare"). Right after her youngest daughter was born, the baby's father, an alcoholic, relapsed, and Tracy turned to TANF, feeling she had no other options. "I didn't feel good as a person. . . . They gave me [cash] plus they gave me food stamps for formula and everything like that. And every time I used it, I felt like crap." Now listen to Tracy's anticipation of her tax-refund check, made up largely of government transfers. "I think about [the refund] all year long. . . . It's like, 'Oh, I can't wait until I get my tax money!' " While Tracy said the $800 a month she received from TANF was not "really worth it," the $3,500 she received as a tax refund—a far smaller sum of money—fueled her dreams all year long.

Each year the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC) lift some 5 million children above the poverty line. The EITC has been credited with increasing employment, particularly among less-educated single mothers. And that's not all: the EITC has been tied to mothers receiving more prenatal care and being less likely to smoke and drink during pregnancy; in turn, their babies are less likely to be born low birth weight or preterm. The benefits for kids continue past infancy, with the children of EITC recipients being more likely to earn higher grades, graduate from high school, and enroll in college (Chuck Marr's research provides a review of the benefits associated with the EITC). All this without the humiliation and shame so many describe experiencing when receiving other means-tested cash and in-kind benefits.

Who qualifies for this program? The EITC is a refundable tax credit available to low-income workers, with its size determined by marital status, number of dependent children, amount of earnings and job status. For low-income workers without dependent children, only a small refund is available. The vast bulk of EITC payments go to parents who work but are still poor. As their incomes rise, so do benefits, with the maximum refund for a single parent of two—$5,548 delivered in one check at tax time—for those earning between $13,870 and $18,110 in 2015.

The average EITC for families with children is about $3,000. In addition, the Child Tax Credit offers up to $1,000 per child, depending on earnings, to those with kids under 17. Many EITC-recipient families also benefit from the refundable portion of the CTC, making for quite a substantial refund check at tax time. A single mother of two working full time at minimum wage can receive the equivalent of more than three months of earnings in her tax refund, pushing her annual income above the poverty line.

To learn more about what role the EITC plays in the lives of working families, we sat in the lobbies of H&R Block tax-prep offices and prepared taxes at Volunteer Income Tax Assistance sites in Boston, meeting parents like Tracy as they filed their taxes. After tax time ended, we visited Head Start centers across the metropolitan area to ensure we'd find those parents who filed taxes themselves or used the services of a tax-savvy uncle or friend. Through short surveys with over 300 parents, we learned how much they expected to get back as a tax refund and how they planned to use the money. We then drew a sample for in-depth interviews meant to capture a diversity of Black, White, and Hispanic families and married and unmarried parents; all were EITC recipients who had received at least $1,000 as a tax-time refund. While few were currently receiving TANF benefits, nearly half had done so at some point in the past, and the vast majority was currently receiving some form of government assistance, like SNAP (formerly known as food stamps) or subsidized housing. This allowed us to contrast the tax-refund experiences they described with their perceptions of other government assistance programs.

Six months after tax time, we sat down with 115 parents, typically in their homes, to learn about their finances and the role the tax-time windfall played in their lives. We solicited details on everything from how much they spent on groceries, to how much they earned braiding hair, to how much an ex handed over in child support each month. And, perhaps more importantly, we explored what this money meant to parents: the stress of living with debt, the disappointment of not being able to come through for the kids with presents at birthdays or Christmas, and the feelings of jubilation and hope that tax time elicits.

A single mother of two working full time at minimum wage can receive the equivalent of more than three months of earnings in her tax refund, pushing her annual income above the poverty line.

Immersed in research on the stigma recipients often experience when participating in TANF (and its predecessor, Aid to Families with Dependent Children [AFDC]), SNAP, and government housing programs, we were struck by what we heard from EITC-recipient parents. Government assistance could actually be means-tested and socially incorporating, rather than ostracizing. Decades of qualitative research, such as Kathryn Edin and Laura Lein's *Making Ends Meet*; and public opinion polls, such as those discussed by Martin Gilens in *Why Americans Hate Welfare*, have documented the shame associated with TANF/AFDC receipt, both on the part of recipients themselves and the public at large. Economist David Ellwood and political scientist Kent Weaver have explained that this is due, in part, to perceptions of such support as inconsistent with the widely shared American values of work, family, and self-reliance.

And while politicians on both sides of the aisle have decried the nation's means-tested cash assistance programs, particularly prior to the 1996 welfare reform, both Republicans, like President Reagan and Speaker Ryan, and Democrats, like Presidents Clinton and Obama, have heartily endorsed the EITC. Michael Katz, historian of the American welfare state, noted that the EITC enjoys strong political and popular support because it serves working Americans, lifting up those who are seen as keeping up their end of the social contract; this contrasts with a program like TANF, which targets those who are marginally tied to the labor market. Further, research by political scientists finds that the American public prefers benefit programs that are administered via tax credits over direct spending. Unlike many other forms of government assistance to low-income families, the EITC is in line with these preferences. Although tax refunds do not meet all the needs of low-income workers—and they only assist those who are able to find and keep jobs—this method of delivering financial support offers a blueprint for how social assistance programs can provide a hand up without a perceived slap on the wrist.

Unlike so many other government programs, then, assistance via the tax system does not make EITC beneficiaries feel they are marked as anything other than American.

In our study, the way parents talked about their tax refunds revealed the connection they saw between these benefits and their work effort. This is an intentional part of the law: When President Clinton oversaw the massive expansion of the EITC in the early 1990s, he noted that it had the power to "make work pay." Like most of us, EITC beneficiaries are fuzzy on the details of the tax code, but they know they get a large refund because they have kids, they work, and they don't earn a lot. The refund, therefore, affirms their core, positive identities as workers and parents. Parents told us their jobs often offered little by way of pay, status, or career mobility; the reward at tax time was, therefore, particularly welcome.

The way parents apply for and receive the EITC is distinct from the process for other means-tested benefits. The words "Overseers of the Public Welfare" are emblazoned above the now-empty home of East Boston's old AFDC office, implying that those making a claim to means-tested cash assistance require monitoring. In contrast, H&R Block's slogan is seen as a welcoming promise: "You've got people!" Unlike applying for TANF, the EITC and CTC application and delivery come through the tax system, which is universally used up and down the income ladder, making it less stigmatizing. Most Americans do not use an Electronic Benefit Transfer card at the supermarket; most Americans do not live in public housing; most Americans do not have to lay bare their lives to a caseworker to get cash welfare; but most Americans do file taxes each year, and most receive a refund check. In fact, Suzanne Mettler's research in *The Submerged State* shows that nearly half of EITC recipients in her survey reported not taking part in any government social programs; this illustrates the disconnect we saw in our qualitative study between EITC receipt and feeling like a proverbial "taker." Unlike so many other government programs, then, assistance via the tax system does not make EITC beneficiaries feel they are marked as anything other than American.

The arrival of the refund check at tax time gave families the opportunity to dig out of debt, pay ahead on bills, and stock up on food. While there are some myths or assumptions that low-income families will blow the lump sum on big-screen TVs or fancy sneakers, we saw that these stereotypes were far from the norm. Tracy explained, "You're thinking of all crazy things that you [could] spend it on.... But, I mean, realistically it comes at a good time, at that point where 'Okay, I need to pay bills,' and everything comes in perspective of what is a priority." Like Tracy, respondents in our study spent most tax-refund dollars on the mundane necessities of daily life—toilet paper, cleaning supplies, groceries—and getting caught up on bills and paying down debts—credit cards, utility bills, medical debts, student loans. Some saved a part of their refund, mostly to smooth income when the all-too-common "rainy day" arrives.

Much of the rest goes to durable goods like used cars, furniture, and appliances.

Meanwhile, in the weeks and months following receipt of the EITC, parents in our study described enjoying the small luxury of being able to put items in the shopping cart without an eye on the price comparison between name and store brand. They talked about the relief that came from making real progress digging out from under debt. Among those who put any refund dollars toward debt, the modal parent reduced her debt burden by about half. Some were able to save themselves from eviction, keep the lights from being shut off, get caught up on their student loans, start repairing their credit, and stop the harassing phone calls from creditors. Michelle and Jonah Tavares were a young couple with a baby son; both worked, but making ends meet remained a challenge. Michelle described their thinking when the refund check came: "We had to pay stuff that we knew would get shut off. I mean, you know you have other bills to pay, but you have to think of basic needs for your kid, you know. I have to think about his shelter and stuff. You go and pay your electricity because you want to have light." In short, tax time meant escaping some of the material hardship and easing some of the psychological pressure of living on the financial edge, even if such difficulties would return later in the year.

Parents only spent about one refund dollar in ten on treats, like meals at a sit-down restaurant, vacations, children's toys, and the like. But the chance to indulge in these items and experiences was more than a matter of dollars and cents. Spending on treats made them feel like they were able to fulfill their roles as parents as they wished they could all year round. Tamara Bishop, a 33-year-old assistant preschool teacher, described taking her kids to the movies and letting them buy movie-theater popcorn. What may be a routine rainy-day activity for wealthier families was a special treat for the Bishops. In a consumer culture such as ours, missing out on these little luxuries can make it feel like you're standing on the outside looking in. Extra money in your pocket means you can get off the sidelines and get in the game. Though this increased spending was small in absolute dollars and short-lived, it was symbolically meaningful to parents. As one mother put it, it makes you feel like "real Americans."

Yet another benefit of the refund check comes not in how it is spent, but in the hope it fuels. This massive infusion of cash made the parents we interviewed feel they could dream about a brighter future, one in which a refund check could be turned into a down payment on a home, a nest egg, or even a dream trip to Disney World. Though such dreams rarely come to pass, with more mundane concerns demanding attention, the hope offered by the refund is a benefit in and of itself. Recall Tracy, who enjoyed the flights of fancy anticipating the refund check allowed; while she ultimately spent her refund on necessities, she relished the chance to daydream about a life in which she could buy herself a new laptop. The laptop itself isn't the prize here; rather, the refund's existence buys Tracy a bit of middle-class fantasizing, a welcome break from the penny-pinching of her regular life. Or take, for example, parents' tendency to pay down debt with the refund. They explained that repairing their credit was one way they were moving toward their goal of becoming homeowners. A good credit score would put them in a better position to apply for a mortgage, they said; then, they could save next year's refund check as part of a future down payment. Pedro Rios and his wife Agustin were one

Extra money in your pocket means you can get off the sidelines and get in the game.

such family. Pedro told us, "We're trying to save [next year's refund]. . . . In order to be a family, we want to get a house." Even if the home purchase never comes to pass, feeling as though you're on the path to owning a home of your own makes you feel like you're that much closer to securing your piece of the American dream.

Unlike TANF or SNAP, government assistance via refundable tax credits tends to fly under the public radar. Yet, while only some 1.8 million families receive TANF benefits, more than 27 million receive the EITC. Recipients perceive neither the social meanings of these tax refunds nor their method of delivery as stigmatizing. The programs' material, psychological, and social consequences are incorporating, making people feel a part of, rather than apart from, mainstream society. The refund fuels dreams of upward mobility and a more comfortable, middle-class life, providing hope for low-income working parents who are often scraping by day-to-day to cover necessities. There are, of course, drawbacks to refundable tax credits: they're of little help to those without jobs or dependent children, for example, nor do they fully address the financial needs of those they serve. Nonetheless, they offer a model for how government assistance can strengthen families financially, psychologically, and socially, with positive consequences for future generations.

RECOMMENDED RESOURCES

Nada Eissa and Hilary W. Hoynes. 2006. "Behavioral Responses to Taxes: Lessons from the EITC and Labor Supply." *Tax Policy and the Economy* 20: 73–110.

Studies the work-inducing nature of the EITC, finding that the program brings single mothers into the labor market but has limited effects on how much employees work.

Sarah Halpern-Meekin, Kathryn Edin, Laura Tach, and Jennifer Sykes. 2015. *It's Not Like I'm Poor: How Working Families Make Ends Meet in a Post-Welfare World.* Berkeley: University of California Press.

An in-depth portrait of EITC-recipient families that details family budgets, debts, and assets, exploring the role of the tax refund in parents' financial decisions and in the larger context of families' lives.

Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon DeBot. 2015. "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds." Washington, DC: Center on Budget and Policy Priorities.

A brief overview of how the EITC and CTC work and their effects on beneficiaries.

Ruby Mendenhall, Kathryn Edin, Susan Crowley, Jennifer Sykes, Laura Tach, Katrin Križ, and Jeffrey R. Kling. 2012. "The Role of the Earned Income Tax Credit in the Budgets of Low-Income Households." *Social Service Review* 86: 367–400.

How parents spend their tax-refund dollars, including allocations to current consumption, asset accumulation, and debt repayment offers essential information about how the EITC functions as part of lower-income families' financial portfolios.

Jennifer Sykes, Katrin Križ, Kathryn Edin, and Sarah Halpern-Meekin. 2015. "Dignity and Dreams: What the Earned Income Tax Credit (EITC) Means to Low-Income Families." *American Sociological Review* 80: 243–67.

Explores the social inclusion created by the EITC, in contrast to the stigma engendered by welfare receipt.

Laura Tach and Sarah Halpern-Meekin. 2014. "Tax Code Knowledge and Behavioral Responses Among EITC Recipients: Policy Insights from Qualitative Data." *Journal of Policy Analysis and Management* 33: 413–39.

How and why EITC recipients do and do not respond to the incentive structures in the EITC, including whether they alter work behavior, marriage decisions, and childbearing.

REVIEW QUESTIONS

1. Briefly explain the differences between TANF, SNAP, and the EITC.
2. The authors describe the EITC as "socially incorporating, rather than ostracizing." Why do you think some public benefits carry more stigma than others?
3. Design a sample budget for a family with one parent and two children and an income of $16,000 per year, considering housing, transportation, food, personal care items, utilities, clothing, entertainment, and other spending categories. What changes would you make to the budget if you added $3,000 from the EITC?

dalton conley

falling upward

59

2011

economic inequality has increased since the great recession, and dalton conley aims to discover why this trend isn't slowing.

The top 1 percent of Americans reaped 70 percent of income growth during a period of economic expansion, average people became over-leveraged, and stocks soared.

At its most concentrated, that top 1 percent took in nearly a quarter of the national income. The economy got top heavy, the stock market crashed, and economic depression descended like a worldwide fog.

Sound familiar? Perhaps you're thinking Lehman Brothers, the Troubled Asset Relief Program (TARP), and the subprime crisis. But I'm talking about 1928–29. While the similarities in the lead up to the Great Depression echo eerily across the century, the aftermath of this crisis is anything but comparable. After the Great Depression, inequality leveled out until 1969; by contrast, since 2008, inequality has only continued its steady rise.

Tea Partiers and left-wingers who opposed TARP might say the reason for this difference is obvious: in 1929 there was no bail out of Wall Street (or the nascent auto industry, for that matter). There wasn't even deposit insurance. The free market was left to destroy fortunes—ill-gotten or not—"correcting" gross wealth inequalities in the process. No doubt, TARP (and even the FDIC) does play a role in explaining the differences between income inequality in the Great Depression and the Great Recession, but these days there are deeper social forces that powerfully—though subtly—alter the economic landscape and may have made TARP and other pro–Wall Street policies inescapable.

First, the forces driving wage differentials don't show any signs of abating. Globalization combined with the rising skill premium of a knowledge economy means there are sure to be more Bill Gates in our future (and that work will continue to get outsourced by their inventions). But the real kicker is that while labor-market inequality will likely continue to rise, the interests of workers are increasingly yoked to those of their bosses.

Asset data are sketchy for the 1920s, but economic historians know that, while stock market participation did expand during those boom years, the overall rate was nothing like it is today. Thanks largely to the shift to defined contribution pension plans and the ease of Internet investing, half of Americans now have direct or indirect investments in the stock market. The catch is that while many of us are in for a penny, it's still the super-wealthy who are in for a pound. A study by the St. Louis Federal Reserve Bank found the richest 10 percent own upwards of 85 percent of stocks and other financial assets. So if the rest of us want to save our 401ks, we have to save the status quo for the super-rich, too. Thank heavens Social Security wasn't privatized (as George W. Bush proposed in 2005), or we'd be even more beholden to the financial industry.

Ditto for the housing market—home equity makes up a greater and greater share of household wealth as we drift down the income ladder. Back in 1930, fewer than half of Americans owned a home; by its peak in the 2000s, the home-ownership rate had hit 70 percent. So we're all invested in real estate values. A sluggish housing market used to at least mean falling rents for those at the bottom of the pyramid, but today, when most of us keep our life savings in the form of housing equity, price drops are devastating. Plus, home ownership reduces workers' ability to move for better job prospects; thus, limiting bargaining power.

Many scholars, including myself, have argued for the benefits of wider-spread asset ownership as a way to spread opportunity, good financial habits, a future orientation, and ultimately, a greater stake in capitalism and the rule of law. But we must be honest about the fact that an "ownership society" (to use Bush's term) also means a country in which the economic interests of the wealthy and the non-wealthy are increasingly tied to each other. Populist anger aside, letting robber barons sink would drown the rest of us, too.

Taken together, these trends suggest inequality is a quasi-permanent feature of the economic landscape. While research has yet to establish a causal link between inequality levels and human outcomes, it seems intuitive that there must be some effects of economic polarization. The problem is that while in absolute terms, everyone wants the same things—rising house and stock prices—in relative terms, those in the middle (and bottom) fall further and further behind. In other words, a rising tide lifts all boats, but that same tide causes more and bigger financial waves that risk swamping the dinghies while sparing the ocean liners and oil tankers.

Many on the left wonder why there isn't more of a backlash against rising inequality. But it's really not too bewildering—we're all implicated in the greatest Ponzi scheme ever. How to keep from swindling ourselves is the trick.

REVIEW QUESTIONS

1. What is Conley's main argument about the function and persistence of inequality? Do you buy it?
2. Can Conley's proposal of wider-spread asset ownership work to reduce income and wealth inequality?
3. What are some policies that you can think of that would be successful in reducing inequality in the way that Conley describes?

naomi gerstel and dan clawson

normal unpredictability and the chaos in our lives

fall 2015

60

dealing with disruptions to our daily routines seems to be becoming more commonplace in our lives. this creates strain on workers that spreads to the domestic, educational, and recreational spheres of their lives.

One of our students sent the following e-mail, pleading for an extension on her course paper:

> *I have more than half of my paper done, but I unexpectedly worked every night this weekend. I have documentation of everything, and I tried SO hard to get my shifts covered (I offered whoever took my shift $20, homemade cookies, and a shift cover) and no one would take any of my shifts and I've been stressing out and I may be able to finish my paper today, but in the event that I don't, is there a possibility of an extension?*
>
> *Rosanna*

Since we had just published a book, *Unequal Time*, about how people face increasing unpredictability in their work hours and schedules, we had a good deal of sympathy for her plight. Just as we heard from Rosanna, we saw in our research that what creates chaos and hardship in so many people's lives is not just the number of hours they work, but the unpredictability of those hours and the inability to control them. These play havoc with all our neatly laid plans.

Unpredictability implies events, from both work and home, that disrupt normal routines but that we have to find a way to deal with. It means having to stay at work late or arrive early, being sent home between shifts or upon arrival (without pay because there aren't enough customers/ patients), having much-needed shifts cancelled. Or it means having a sick child or relative whose needs throw our schedules into disarray. Such unpredictability is the new normal.

We studied employees and organizations in the medical system—hospitals, nursing homes, doctors' offices, ambulance dispatch centers. At one high-end nursing home we got the complete work records for a six-month period. These showed who was scheduled in advance to work and who, in fact, did work. The stunning finding was that one out of three shifts were not as planned in advance: someone was working when they had not been scheduled, or not working when they had been scheduled. This was a nursing home with very little turnover among patients/residents and much lower-than-normal rates of staff turnover. We found similar results in a random-sample survey of individuals who work in a wide array of organizations.

There is good reason to believe that such normal unpredictability—and the chaos in people's lives it causes—is happening more often now than in earlier decades. Much of it is created by an economic system in which employers increasingly squeeze workers and run on staffing margins so lean that *any* absence creates a problem. At the same time, a growing number of organizations hire temps, in effect outsourcing unpredictability to irregular workers whose livelihoods depend on unpredictability in their own schedules as well as in the schedules of regular workers. These broad economic trends all too often create stress, conflicts, and divisions. Add to these changes new technologies that increase the sway of unpredictability. Some comes from e-mails and cell phones that interrupt us and "require attention" day or night. Some comes from new scheduling software that allows and "requires" managers to send workers home when demand is slack or call them in when demand increases.

Unpredictability is pervasive, but the ability to deal with it depends on the degree of control someone has at work and at home. This control depends on class, gender, and race.

Life has also become more unpredictable because economic changes are situated in changing families. Lean staffing now characterizes not only the economy but also the family: More and more women—across race and class—are in the labor force as part of dual-earner couples. Husbands are less able to "outsource" unpredictability to stay-at-home wives. With high rates of divorce and the increase in babies born outside of an ongoing relationship, many more people are single parents (especially single mothers), increasing the impact of unpredictable events.

One unpredictable event cascades, creating others, in what we call a "web of time." For example, we observed a nurse calling in sick for a Friday evening shift. The scheduler explained that she needed coverage: "So I made a deal, I called one of the nurses that works down there regularly and asked her if she could work. She said no. I said listen—I'll give you whatever you want. I'll give you a weekend off. So she did—she picked a weekend off." As a result, some other nurse had to rearrange her schedule to work the weekend. That nurse had to ask her grandmother to take care of her children over the weekend; the grandmother—who usually works on Sundays—cancelled work, which meant someone else needed to cover for her. Unpredictability expands to disrupt the lives of more and more people.

Unpredictability is pervasive, but the ability to deal with it depends on the degree of control someone has both at work and at home, and this control depends on class, gender, and race.

We analyzed professional and working-class occupations in which either men or women dominated, because the overall gender composition of the occupation shapes practices, cultural schemas, and policies. Consider two: a male doctor (68 percent of doctors are men) and a female nursing assistant (93 percent of nursing assistants are women).

Like other male professionals, male doctors work long hours and complain, often bitterly, about those hours. These doctors stay for what they see as unpredictable time to do paperwork or call a patient to explain that test results don't look so good. Though they grumble, doctors have significant control over this unpredictability. Why? First, they make a lot of money that they come to believe they need; so they decide to add patients, which adds hours and unpredictability. They could afford to decide otherwise. Second, they feel pressure to work more because they earn respect from their peers; as one said: "the ones who work the most are looked up to." Third, we rarely saw a male doctor respond to unpredictability coming from his family. When his own child was sick and needed to stay home, he could typically rely on someone else at home—his wife or a paid caregiver (often a low-wage woman with less control, whose life then becomes more unpredictable). Most male doctors, then, do gender in traditional ways, creating unpredictability for the women in their lives.

Women professionals also tend to do gender in conventional ways. Some women doctors worked similarly long and unpredictable hours, but many felt they must cut job hours to respond to family demands. As one woman doctor who worked part time and was married to a man doctor explained, "Just honestly, the vast majority of the burden of the household is on me, and if I were to work more it would just mean I work more and still have that burden."

> A union official told us that "flexibility is the new word for control by management."

Nursing assistants are at the other end of the spectrum in their control of unpredictability both at work and home. Like other low-level service workers, they are often hired for 24–32 hours per week; they must add time—often unexpected, additional shifts—to earn a living wage. At one nursing home we studied, most of the nursing assistants were White, and at the other, 88 percent of the nursing assistants were people of color. At the latter nursing home, although nursing assistants got six paid sick days a year, they were penalized each time they used a sick day. Penalties escalated from verbal to written warnings to dismissal. The nursing assistants, many of whom were single mothers, dealt with this by making use of a range of extended family members. In many cases, this works smoothly; in others, kids may be left alone or with a relative the mother doesn't fully trust.

For many years, a focus and aspiration of work–family activists and scholars has been flexible scheduling, allowing people to rearrange work hours to fit with family demands. What this research shows is that people who get such flexibility usually turn out to be women with professional or managerial positions; comparatively few men take advantage of this flexible scheduling and comparatively few working-class people are offered such flexibility. Now the meaning of flexibility is changing: as unpredictability has increased, employers are rebranding the term, demanding that *workers* show the "flexibility" to adjust to uncertain schedules and last-minute changes employers impose. The increasing deployment of the rhetoric of flexibility indicates a trend toward unpredictability but also masks a struggle to control it. A union official told us that "flexibility is the new word for control by management."

To say that "unpredictability is the new normal" is to say that most of the time people take it for granted, assume their lives will be chaotic, and often blame themselves. Many seek extra shifts (themselves unpredictable) so they can pay the bills, gain the admiration of peers, or avoid housework and tensions at home. Some resent the rules governing unpredictable schedules and fight back. Workers generally assume that if *they* unexpectedly need time off, they must talk to coworkers to arrange coverage themselves. As one said to her coworkers: "If this is gonna be the policy, we have to help each other out. Pretty much everyone's good with that; if you ask them, they'll work, cause they know they might need it." Management, they feel, creates unpredictability, but does not solve its problems. As one nursing assistant told us, "What are you going to do? You're not going to be able to really change it. They [employers] do what they want, basically. I've been here four years and I know that." Workers and their families solve the problems of unpredictability as best they can, providing flexibility rather than benefiting from it.

REVIEW QUESTIONS

1. What was the "stunning finding" in Gerstel and Clawson's nursing home study?
2. Why do Gerstel and Clawson believe that "normal unpredictability" is occurring more often now than it has in earlier decades?
3. What are the ways in which unpredictability is dealt with through "doing gender traditionally"?

viewpoints

on the sharing economy

61

winter 2015

in a world of airbnb and couchsurfer, the idea of letting a total stranger stay on the couch appears completely normal. nadeem and colleagues discuss the economic and social implications of a sharing economy. from misplaced trust to a possible economic revolution, the authors engage in conversation about the future of sharing space and resources.

shehzad nadeem

Sharing comes easily to us. We share particulars like names and lineages, ideas and experiences, kisses and embraces, as well as vital generalities like air and water, land and space. Sharing is a kindly and generous impulse and a critical aspect of what Marx would call our "species-being," our basic nature. Indigenous people even made sharing the basis of economic exchange through great gift-giving feasts called potlatches. Too little of this spirit stunts social relations, and we might wonder if culture could exist without it. But what happens when sharing is put to profit? Can it be the pivot on which economic activity turns?

Advocates of the "sharing economy" say yes. By privileging "access over ownership" and renting out underutilized assets—your apartment, your couch, your car, your appliances, your spare time—this new sector promises to deliver us of our possessiveness. The clearinghouse Shareable, for instance, claims "disownership" is "the new normal." Online profiles and accumulated user ratings mean that actual strangers become virtual friends you can eventually trust with your real stuff. All for a price, of course. The sharing economy is sharing made mercantile. It is goodwill with an instrumental purpose, occupying the rarest of places: where self-interest and public good happily coincide.

Or so we are led to believe. The truth of the matter is that the sharing economy is a floating signifier for a diverse range of activities. Some are genuinely collaborative and communal, while others are hotly competitive and profit-driven. A good many others are suspended somewhere in between. As such, studying the "industry" tells us much about a culture dominated by economic imperatives but yearning for more cooperative ways of doing things. The following essays help separate rhetoric from reality in an emerging economic sector.

Juliet Schor provides a neat précis of the industry as it stands, disaggregating the vague notion of the sharing economy into discrete components. She points to the growing power of industry giants crowding out the sector's more egalitarian and democratic experiments. Edward Walker looks beyond the sharing economy's progressive and participatory posturing, drawing attention to labor practices that have more in common with temporary and precarious work than with anything empowering. Caroline Lee considers the paradox of an industry that sees itself as a social movement, but has generated as much goodwill as resentment and created a risky business model by presuming trust. Finally, Paolo Parigi and Karen Cook look closely at the building of such trust. They argue that the "strangeness" of strangers is stamped out by technology—namely online profiles and ratings—that makes sharing less threatening, but also less surprising. Relationships multiply in such social networks, but they lack depth (consider, for instance, how many of your Facebook friends you could actually call on the phone).

Taken together, these four pieces describe a novel, evolving economic sector that makes use of what is best and worst in our social natures.

juliet b. schor

getting sharing right

The meteoric rise of the sharing economy has raised a compelling set of questions. Is it really about sharing? Is there anything new here? Does it represent a better model for organizing work and consumption? After more than three years of studying these initiatives, I can definitively say that the answers to these questions are: maybe, maybe, and maybe.

I define the new sharing economy as economic activity that is peer-to-peer, or person-to-person, facilitated by digital platforms. "P2P" is distinguished from models such as Zipcar, which is business-to-peer, in that the company owns the assets (cars) and rents them to consumers. The digital dimension is important for initiatives that aim for size, partly because it reduces transaction costs (the time involved in arranging exchanges), but also because it allows crowdsourcing of reputational information and ratings that mitigate the risks of intimate exchanges among people who don't know each other. While sharing has been around forever, this type of "stranger sharing" is new.

But is it really sharing? There's a class of platforms, typically nonprofits, where the answer is yes. Couchsurfers stay at each others' homes without payment. Gifting sites such as Freecycle and Yerdle enable people to offer free stuff to each other. Other true sharing sites include time banks, landsharing (which pairs would-be gardeners with people who have land), seed and tool libraries, and locally based, emerging forms of production and consumption like food swaps and pop-up repair collectives. Innovative practices of this type, based on social solidarity, ecological consciousness, and open access, are proliferating. Their Achilles' heel is that most haven't taken full advantage of the digital technologies or figured out the economic models that will yield robust and growing volumes of trades and reciprocal relations. In research with the MacArthur Foundation Connected Learning Research Network, my colleagues and I find that the time banks and food swaps generate only small numbers of exchanges.

The platforms that *are* growing are those where providers earn cash and consumers get a good deal. But none of these is in the sharing business.

The platforms that *are* growing are those where providers earn cash and consumers get a

During World War II, even the U. S. government wanted to promote the sharing economy. (National Archives)

good deal. These are the large, well-funded, for-profits getting most of the attention—Uber, Lyft, and Airbnb. But none is in the sharing business. (An exception is the small slice of the market devoted to true ride sharing—strangers in a car together.) The ride-service companies are taking advantage of regulated barriers to entry and the resulting rents in the taxi industry in order to "disrupt" it. Uber has become notorious for predatory pricing and anticompetitive practices against other ride-sharing companies, bait-and-switch policies toward its drivers, invasion of privacy, and sexism. Airbnb is a rental site that allows people to monetize the housing assets they control or lease. These platforms are innovative, serve consumers well, and can be lucrative for certain providers. But increasingly, they're more about earning money (for providers) and managing labor and other costs cheaply (for the platforms) than the feel-good values of sociability, carbon footprint reduction, and efficiency many platforms emphasized when they started out.

Sharing is least evident in the labor platforms, particularly those that specialize in skills that are in ample supply: driving, running errands, housecleaning, or putting Ikea furniture together (a common ask on TaskRabbit, a low-end concierge site). Providers have no protections—not even minimum wage guarantees—when payment is by the job, rather than by time. The platforms are adamant that "gig" laborers are not employees, but "micro-entrepreneurs." We have found that people with specialized skills or high education can earn attractive sums of money, especially because they typically have other employment. It's much harder for those with run-of-the-mill competencies, because providers seem to be outstripping demand. Even if the economics were more favorable to providers, these sites are mainly taking advantage of collapsing labor markets rather than creating shared risk and reward.

Could it be different? Consumption sharing was originally conceived as the next stage in the peer production revolution. Peer production yields products that are not created for money and are freely available. Examples include open source software (Linux, Firefox), citizen science, shared cultural content, and crowd-sourced knowledge (Wikipedia). Peer production has emerged because information, ecological assets, and social relations are at the core of twenty-first-century economies. These resources are not well organized via private property and profit maximization, as a considerable body of economic theory shows. They are common resources, or "commons," better managed via fair allocations, collaboration, and democratic governance. Shared lodging, land, goods, and services could be the next steps in a new model that emphasizes cooperation and widely diffused value, rather than competition and concentration of wealth. Digital technology has made this path efficient. But to take advantage of these efficiencies at large scale, we're going to need platforms owned and controlled by their users (providers and consumers). That's technically feasible and democratic governance will mitigate against race-to-the-bottom dynamics and preserve value for consumers.

Whether we can get there before Uber, Airbnb, and other for-profits have achieved durable domination is now, the question. If we do, we'll have a shot at a true sharing economy.

edward t. walker

beyond the rhetoric of the "sharing economy"

Airbnb, the website through which users can rent out their home to overnight guests, is valued at $10 billion and has an estimated 800,000 rentals listed in 34,000 international cities. Uber, the ride-sharing service, also dominates its sector and has a valuation of no less than $40 billion.

Although these are the most successful, a variety of smaller start-up firms are revolutionizing industries: they are providing alternative, crowd-sourced services in areas ranging from meals (SupperShare), package shipment (PiggyBee), car or boat rental (respectively, RelayRides and Boatbound), home delivery of goods (Instacart), and even contracting with short-term laborers (TaskRabbit, Air-Tasker, Proprly). Their services build upon the well-established repertoires and rhetorics of local exchanges such as community-supported agriculture (CSA) programs, neighborhood tool-sharing, time banks, and the like, but are now using mobile technologies to facilitate their expansion.

These companies frame themselves as part of a broader "sharing economy," with the argument that these start-ups augur the onset of a more friendly, empowered, collaborative, and locally oriented capitalism. In some respects, this is accurate. Certainly, practitioners and advocates view these arrangements as a more progressive and participatory alternative to the power of multinational corporations and the entrenched problems of large bureaucracies.

But the reality isn't so simple. In terms of labels, labor, and lobbying, "sharing" doesn't quite capture what's taking place.

First, can each of these projects be accurately understood as part of the same "sharing economy"? Highly profitable, major companies like Airbnb and Uber are grouped alongside voluntary gift-giving exchanges like Freecycle or Couchsurfing. Calling them all part of the same "sharing economy" ignores vast differences.

In terms of labels, labor, and lobbying, "sharing" doesn't quite capture what's taking place.

While, of course, it's true that a strength of all of these operations is their reliance upon decentralized networks of "producers" for their services, dominant firms extract substantial rents from the transactions on their sites, and the extent of these fees is not always clear: Uber, for instance, has been opaque about whether its drivers receive tips for their work.

The "sharing economy" label also misrepresents the labor issues involved, eliding the distinction between paid work and uncompensated volunteering. TaskRabbit, the odd-job household labor and cleaning service, goes so far as to suggest that they are little more than "an old school concept—neighbors helping neighbors—reimagined for today."

In many respects, though, such crowdsourced labor fits very well with the turn toward precarious employment and the privatization of risk documented by many sociologists. In fact, some have argued that the industry is more accurately understood as the "1099 economy," since their workers are not employees receiving IRS W-2 forms, but 1099-MISC forms. That is, they are temporary contractors. Some authors see this in an empowering, "be your own boss" light, but it's worth noting that contractors aren't offered the health and social safety-net benefits of conventional workers. Neither firms like TaskRabbit nor those who use their services pay benefits to workers.

Third, the "sharing economy" frame might also mislead one into thinking that such startups don't engage in lobbying, instead favoring softer, more collaborative political approaches.

There *is* some evidence from the transportation sector that incumbent taxi companies are outspending firms like Uber in campaign contributions. But it's also becoming clear that firms in the broader crowdsourcing sector are learning to flex their political muscles. This has recently been underscored by the scandal surrounding an Uber executive's comments that the company intends to "dig up dirt" through opposition research about the journalists writing negative stories about them.

Even more striking are the industry's "grassroots" efforts, both through Peers.org and Fair to Share and in other attempts to use grassroots lobbying strategies, which mobilize the public as pro-business citizen lobbyists. In these cases, the firms' workers, users, and supportive third parties are organized as frontline defenders of the industry.

In fact, these campaigns bear a notable resemblance to other industry-backed grassroots campaigns such as those I describe in my recent book. They trade on the power of everyday citizens to create an authentic voice for industry, they are often less than fully transparent about the role of the corporate funder, and they seek out individuals seen as local opinion leaders to most effectively make their case. Like other companies, they face the charge of "astroturfing," or simulating the appearance of independent, grassroots advocacy.

Peers.org, for instance, has leaders who have denied that it's a lobbying organization and claimed that it's a freestanding, independent, nonprofit organization. Nonetheless, Peers has been heavily funded and staffed by crowdsourcing firms and has served as a major political force for the industry. That isn't, of course, to deny that Peers helps bring together a variety of interests looking to improve crowdsourcing and provide social benefits, nor is it to suggest that self-styled sharing firms don't have a right to lobby. But greater transparency might help to alleviate the image that services like Peers are engaged in political ventriloquism on behalf of leading firms like Airbnb. And there's now evidence that this message might be getting through: Peers is currently rebranding itself as an association focused on problems facing vulnerable peer economy workers.

Crowdsourced labor fits well with the turn toward precarious employment and the privatization of risk documented by sociologists.

What we learn, then, is that the "sharing economy" would be much more accurately understood as the "crowdsourcing economy." The change in terms recognizes the sector's technology and approach without misleading by moralization.

So it's time to stop assuming that this sector plays by an entirely different set of rules. The technologies may be new and there are certain noteworthy social benefits, but let's not go so far as to mistake Silicon Valley's idealized self-image for reality.

caroline w. lee

the sharers' gently used clothes

The sharing economy busts a lot of the assumptions of our finance-obsessed, over-leveraged culture. It seems the perfect locally rooted, small-is-beautiful antidote to an economic crisis precipitated by reckless financial giants too big to fail. But it's not just tangible things like beds, bikes, and breast milk that are being shared. Equally important is the community *ethos* of sharing. The message of collective empowerment through human contact is its own viral product, touted by Harvard Business School professors and time-banking activists alike. Is the industry's egalitarian impulse real or a kind of window dressing? As I'll explain, it's a little of both.

For sociologists of democratic culture, the sharing economy is just the latest example of insurgent sentiment being used to sell the bona fides of profit-making corporations. Advertising agencies of the 1950s and '60s, for example, were quick to sell their products as countercultural and revolutionary. The same held for the "liberation marketing" of the '90s, which promised self-realization through consumption. By the turn of the century, large corporations were claiming to be regulation-oppressed little guys whose only interest was empowering stakeholders. In today's postcrash reality, sharing economy giants like Uber and Airbnb compete to be seen as leading the charge against "Big Taxi" and "Big Hotel."

The rhetoric of peace, love, and understanding is more than clever marketing. There really is a new business model here; it depends on sharers believing the hype.

On the surface, the idea that consumption can be collaborative seems radical indeed. Greed and growth are no longer the greatest goods. Shareable, an online news site, sees the "sharing transformation" as a "movement of movements" challenging "outmoded beliefs about how the world works—that ordinary people can't govern themselves directly; that nonstop economic growth leads to widespread prosperity; and that more stuff leads to more happiness." With its calls to fight old economy industries, the sharing economy seems to borrow from the "fuck the man" ethos of earlier generations of sharers, from hippies and activists sharing their lives in communes to punk rock kids distributing free 'zines at benefit shows to techies sharing music files on Napster.

The anti-establishment ideology sold by sharing-economy companies is hazier and cuddlier by comparison, and that's no mistake. Social change may be on offer, but it's more about self-realization through cooperation than it is about redistribution or mobilization. The companies seem to say, "A better world is within reach, once we tap into our own need for self-fulfillment and authentic connection, once we learn to trust our emotions and intuition."

Testimonials from hosts on their website say that Airbnb sparked career-changing conversations about "life purpose and finding what is meaningful." Quotes like these let us believe hosts and guests don't just share herbal tea and towels, but "meaningful exchanges that further build community, foster cultural exchange, and strengthen understanding." Social change begins at home, over a bottle of wine with like-minded strangers.

This rhetoric of peace, love, and understanding is more than clever marketing. There really is a new business model here, and it depends on sharers believing the hype. The new sharing economy leverages value from strangers' tenuous social connections online—and for that to work, people need to have a significant amount of trust in their online communities, drivers, and new housemates. It's no wonder that companies like Lyft outfit drivers' cars with friendly pink mustaches and Airbnb takes a hard line on "bad actors" making big bucks off gullible tourists.

In the absence of regulation and clear guidelines, the industry relies, to a degree, on the moral policing of crowdsourced reputation scores and social network identity verification. Counting on the goodwill of others in an ongoing economic crisis is a risky gambit; however: assaults, thefts, prostitution rings, squatters, and other horror stories show the dark side of putting too much stock in strangers' online profiles. When an unhinged driver attacks a passenger with a hammer or an apartment is rented for what turns out to be a "XXX FREAK FEST," tamperproof surveillance cameras in licensed cabs and hotel lobbies start to seem sensible. As *New York* magazine puts it, "The Dumbest Person in Your Building Is Passing Out Keys to Your Front Door!" Despite promises of million-dollar insurance guarantees, sharing economy terms and conditions reveal that liability and risk are unclear and often unequally shared.

Global sharing hub OuiShare argues that "an economy based on community principles such as sharing, collaboration and openness can solve many of the complex challenges the world faces," from climate change to poverty. Far from warning sharers against opening their hearts and homes, I would caution them against investing too much faith in the idea that global problems can be solved by "peer-to-peer" conversations and self-governing communities of strangers.

As sociologists like Sandra Levitsky, who studies failures to mobilize among caregivers, show, the private politics of fellowship and mutual support don't easily translate into impact on the larger polity, despite backbreaking shared grievances. In fact, grander ambitions for challenging the status quo mean rude questions about ownership and rights and uncivil protests that don't look cooperative. Sharing may be caring, but so long as it builds upon existing inequalities in power and wealth, it may not add up to much.

paolo parigi and karen cook

trust and relationships in the sharing economy

The Internet has evolved rapidly as a new medium for human interaction, particularly as people generate online communities. While these communities typically have unifying objectives, they often attract individuals from different backgrounds. Facilitating contact and eventually the emergence of trust among strangers is an integral part of how the sites function. Such is the case, for example, with the community-based organizations springing up in the "sharing economy." These organizations ask members to share a good or service with strangers. Members of Lyft, for instance, trust car-owners to drive them to their destinations, while members of Airbnb stay in strangers' houses while traveling. Remarkably, what appears to be a very difficult act in the offline world—creating interpersonal trust—is a routine activity for organizations operating within this segment of the economy.

We have studied an extreme case of interpersonal trust in depth: Couchsurfing. A website created in 2003 to support international travel and cultural exchange, Couchsurfing built a community of members who both "host" others and "surf" to find a "couch" to sleep on as they travel the world, all without the exchange of funds. From its unassuming beginning, Couchsurfing has grown into a worldwide phenomenon with a distinctive culture. Members post detailed personal pages, recounting their experiences visiting other members or hosting them. Similar to Facebook pages, Couchsurfing pages list "friends," though the depth of information provided by Couchsurfers about their social lives greatly exceeds what most other social networking websites supply.

By studying this community, we discovered an interesting mechanism at the root of interpersonal trust, a mechanism that highlights the importance of technology. The accumulation of ratings about users (whether guests or hosts) had a double-edged effect on the emergence of trust and relationships: it made relationships easier to establish initially but it also weakened them after a certain threshold. That is, technology facilitated the emergence of interpersonal trust among Couchsurfers, but it also made establishing strong ties harder as users acquired more and more reviews.

Technology reduces overall uncertainty and promotes trust among strangers, but it strips away some of the serendipity. Interactions are more normalized, less open to chance.

For example, early on, social ties originated through a process of mutual discovery. As one Couchsurfer told researcher Paula Biasky: "He [the guest] would speak, and I would often listen. It was the first time I ever invited a stranger into my home, and the first time I ended up speaking to a stranger until the late hours of the night." Despite the perils of uncertainty, the psychological and emotional rewards of a successful interaction produced strong bonds and interpersonal trust. These interactions occurred in the context of an early rating system which provided little accumulated information about users. In contrast to early Couchsurfers' openness, the people we interviewed in 2010 were more calculating about the types of strangers they hoped to meet. Their experiences with other Couchsurfers were mediated by the organization's reputation system. While they welcomed the rating system, in part because it allayed some safety concerns, it also made relationships more predictable.

Technology thus operates as an assurance structure: it reduces overall uncertainty and promotes trust between strangers. At the same time, it strips away some of the serendipity involved in meeting new people. Interactions are more normalized, less open to chance. This is because trustworthiness is promoted not by interpersonal ties, but by the monitoring of one another in a network in which reputations are posted.

Does technology operate in the same way for other communities in the sharing economy? It is hard to know, as there is very little research so far on the mechanisms for building trust where it might not otherwise emerge. What our research suggests is that Internet-mediated interactions tend to become less open-ended and unexpected the more information the community accumulates about its members.

REVIEW QUESTIONS

1. Describe the sharing economy in your own words. Is this part of your daily life?
2. Using the arguments provided by the authors, what are the costs and benefits of a shared economy?
3. What kind of regulations would have to be set in place to get these shared economies to work? Is it possible?