

Driving the Gig Economy*

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The introduction of online platforms for matching workers to tasks is widely perceived to have accelerated the pace of change in work arrangements. This paper focuses on Taxi and Limousine Services, the sector in which the prototypical gig worker—a contract driver finding work through a ridesharing platform—reports self-employment activity. Growth in the number of nonemployers in Taxi and Limousine Services has dramatically outpaced the growth in any other industry. Using administrative data on self-employment earnings in this sector together with administrative data on the same individuals' wage and salary earnings, we document significant changes in driver characteristics and the way in which drivers combine self-employment with wage and salary employment. Examining factors that might push or pull workers into self-employment in Taxi and Limousine Services, we find evidence consistent with lowered barriers to entry having made ridesharing a more attractive option for workers who experience adverse economic shocks. The introduction of ride-sharing platforms, however, has led to lower earnings and industry exit among incumbent taxi drivers.