

Discussion of: “Informal Work and Official Employment  
Statistics: What’s Missing?”  
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# Survey of Informal Work Participation (SIWP), 2015-2022

## Unique survey:

- ▶ CPS-style questions alongside well-designed questions to probe alternative work

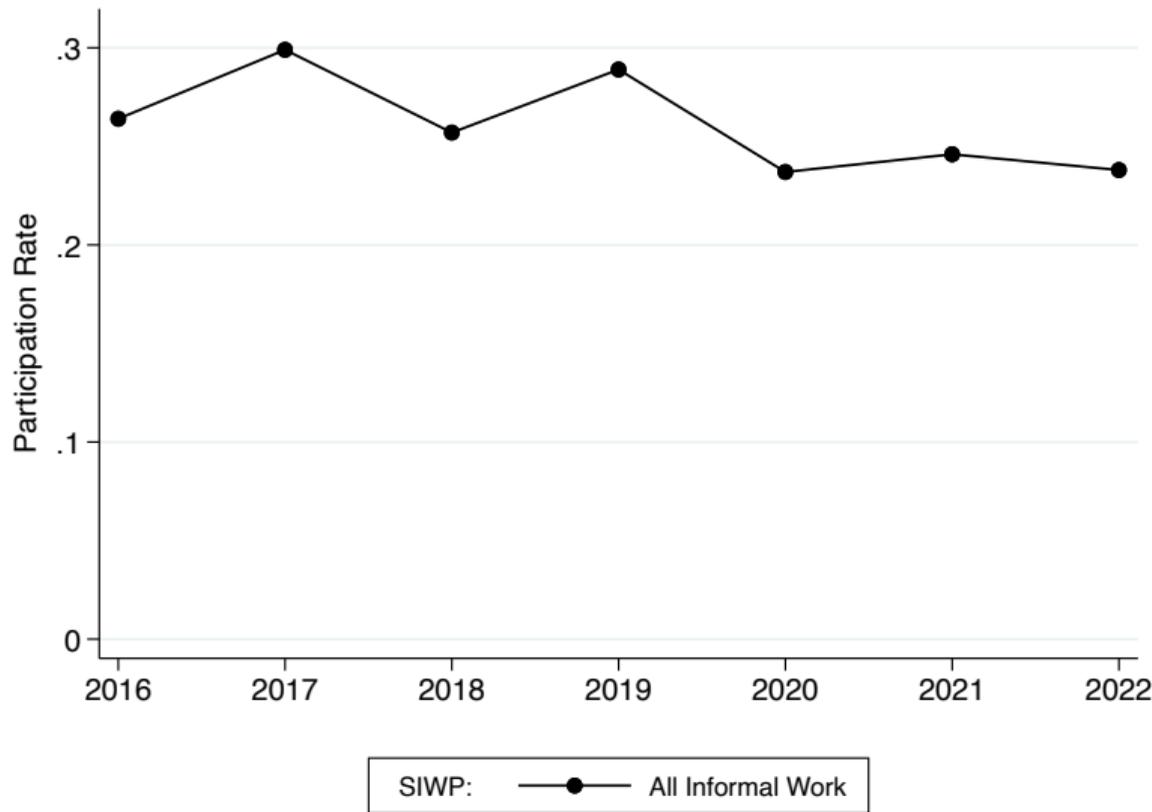
## Key Findings:

- ▶  $\approx 26\%$  of households do “informal” /gig work
- ▶ On average, 18 hours, earning \$449 per month
- ▶ CPS undercounting is economically significant:
  - ▶ Employment 5.3-8 percent higher including “missing” informal workers
  - ▶ Hours 1.1-1.4 percent higher when including informal work hours
  - ▶ Gap relatively stable over time (not ex-ante obvious)
- ▶ Informal workers younger and more likely to be female
- ▶ “Missing” workers are more likely to be 60 or older (53% v 20%), retired (45% v 9%), and disabled (18% v 1%)

## Important to measure informal work

- ▶ Important to have a complete picture of the labor market
- ▶ 2019 Fed mandate for better and more inclusive employment indicators
- ▶ Unmeasured gig work can be a source of “hidden” labor market slack
  - ▶ Potential implications for Phillips Curve/inflation

# Informal Work Participation Rates



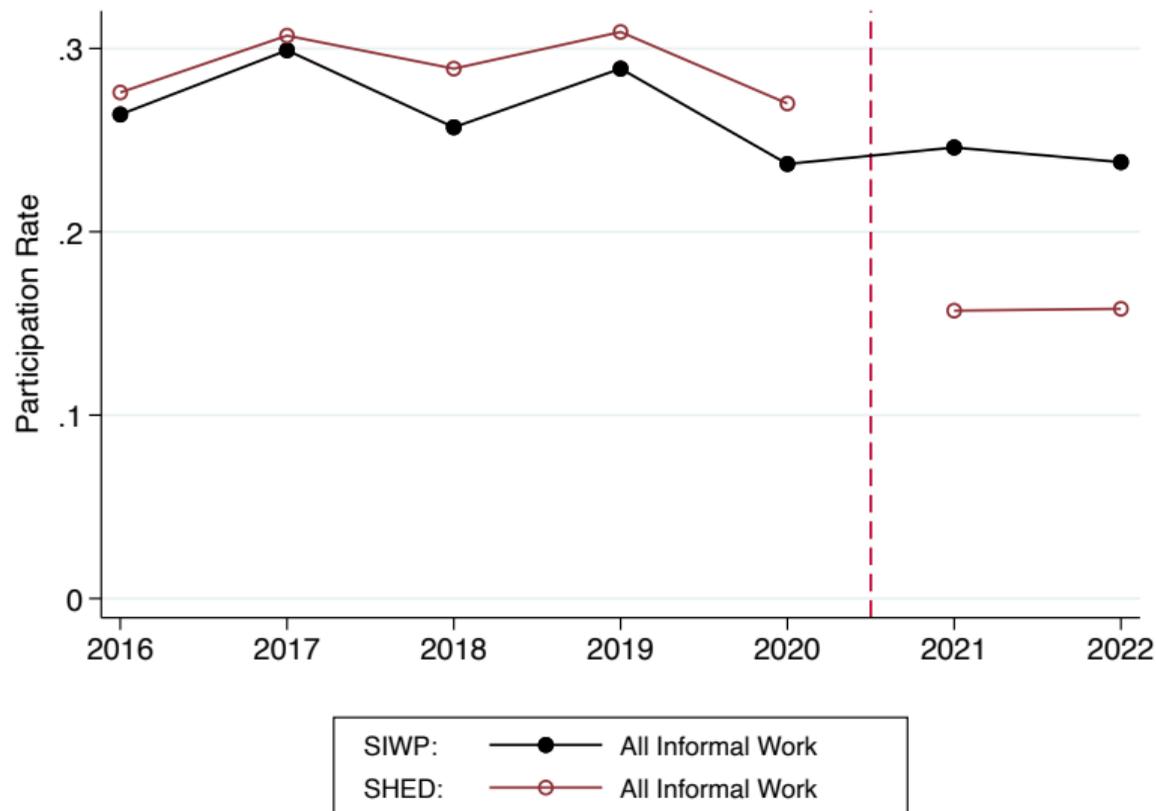
## SIWP survey instrument:

For each of the informal paid activities or side jobs listed in the table below, please respond to the following question:

*Please provide a response for each row listed below.*

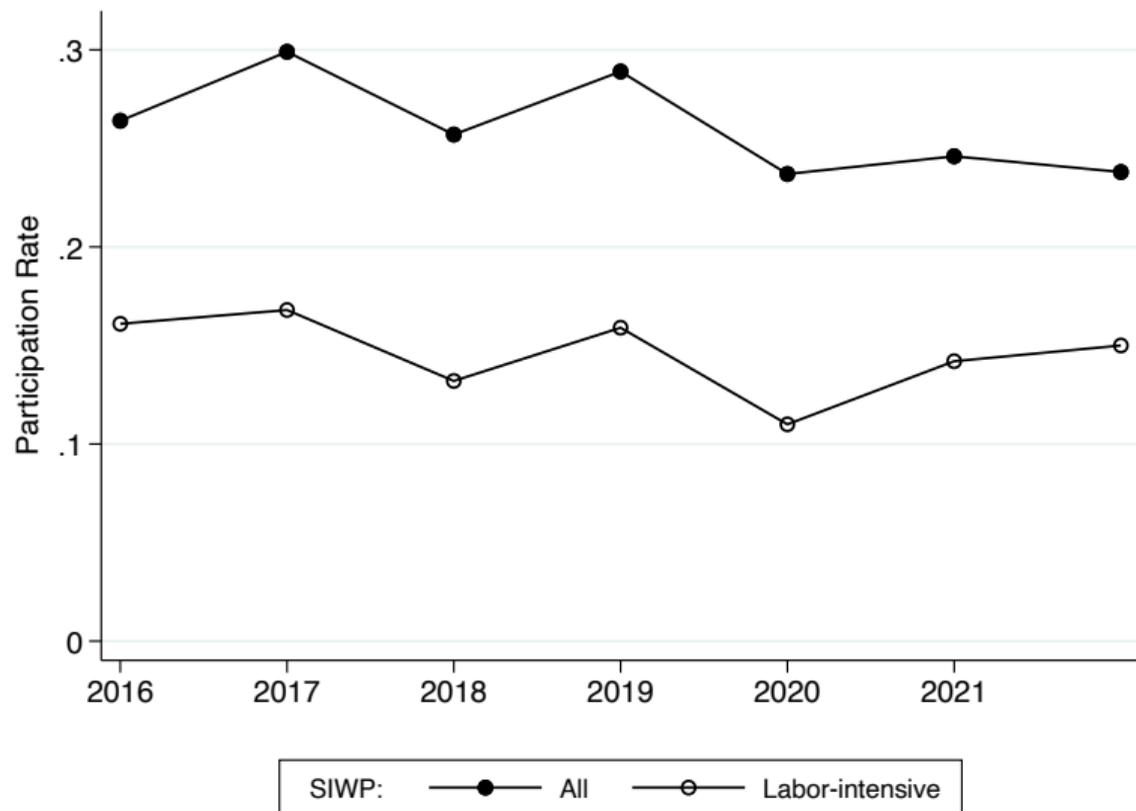
	Are you <u>currently</u> engaged in this activity?	
	Yes	No
Babysitting	<input type="radio"/>	<input type="radio"/>
House sitting	<input type="radio"/>	<input type="radio"/>
Dog walking	<input type="radio"/>	<input type="radio"/>
Yard or lawn care (i.e., mowing, weeding, etc.)	<input type="radio"/>	<input type="radio"/>
Housecleaning	<input type="radio"/>	<input type="radio"/>
House painting	<input type="radio"/>	<input type="radio"/>
Eldercare services	<input type="radio"/>	<input type="radio"/>
Providing services to other people (for example picking up their dry cleaning, helping people move houses, running errands, booking travel, or other personal assistance)	<input type="radio"/>	<input type="radio"/>
Selling goods at consignment shops	<input type="radio"/>	<input type="radio"/>
Selling goods on eBay, craigslist, or similar websites	<input type="radio"/>	<input type="radio"/>
Renting out property such as your car, your place of residence, or other items you own	<input type="radio"/>	<input type="radio"/>
Driving for a ride sharing service like Uber, Lyft, or Sidecar	<input type="radio"/>	<input type="radio"/>
Responding to surveys, including phone surveys, online surveys, and in-person surveys	<input type="radio"/>	<input type="radio"/>
Getting paid to complete tasks online through websites such as Amazon Mechanical Turk, Fiverr, or similar sites (examples of such tasks include, but are not limited to, editing documents, reviewing resumes, writing songs, creating graphic designs, taking pictures, etc.)	<input type="radio"/>	<input type="radio"/>
Posting videos, blog posts, or other content online, such as on YouTube, and receiving pay (including ad revenues or commissions) as a result	<input type="radio"/>	<input type="radio"/>
Other informal paid activity or side jobs (please specify)	<input type="radio"/>	<input type="radio"/>
<input type="text"/>	<input type="radio"/>	<input type="radio"/>

# Informal Work Participation Rates



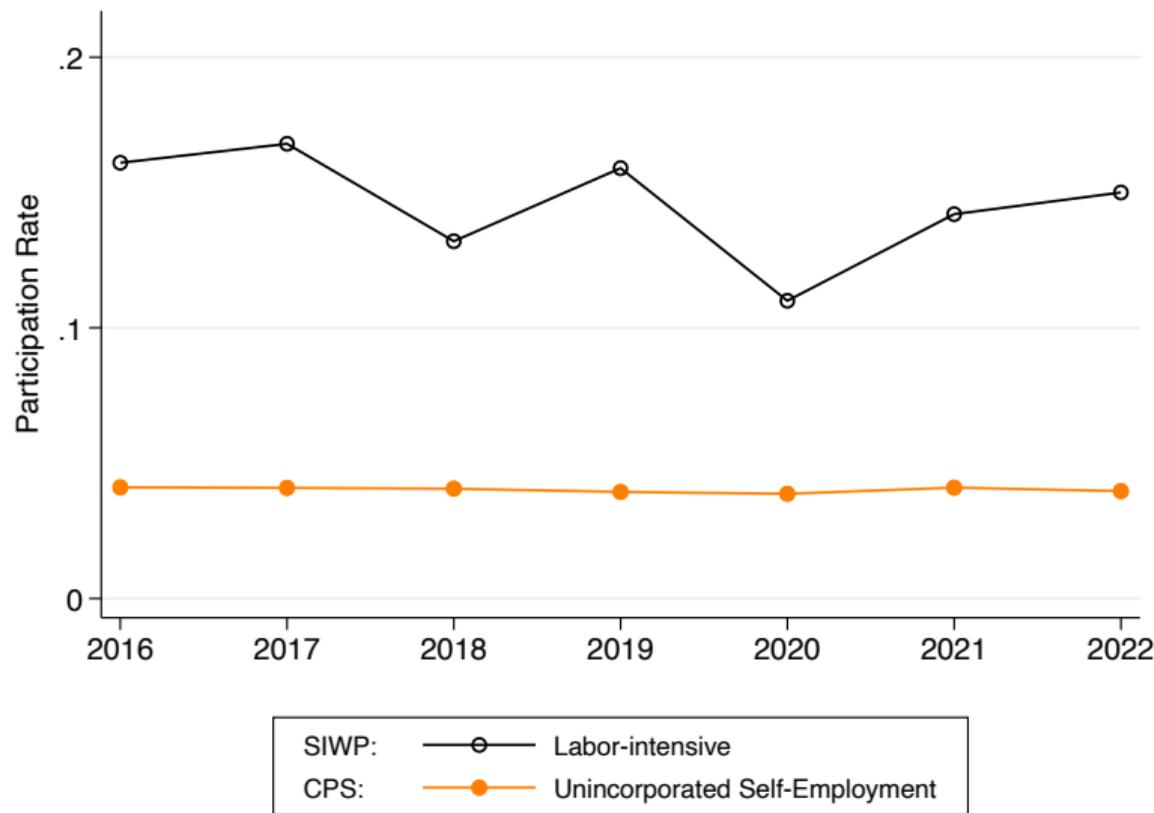
- ▶ Old SHED question mentioned specific tasks: “Driving or ride-sharing, such as with Uber”; “Paid tasks online, such as freelance work through Fiverr or Upwork”
- ▶ New question 2021-: “Have you done any freelance or gig-work”?
- ▶ Bottom line: how informal work is probed matters!
- ▶ (My take: SIWP does it right!)

# Informal Work Participation Rates



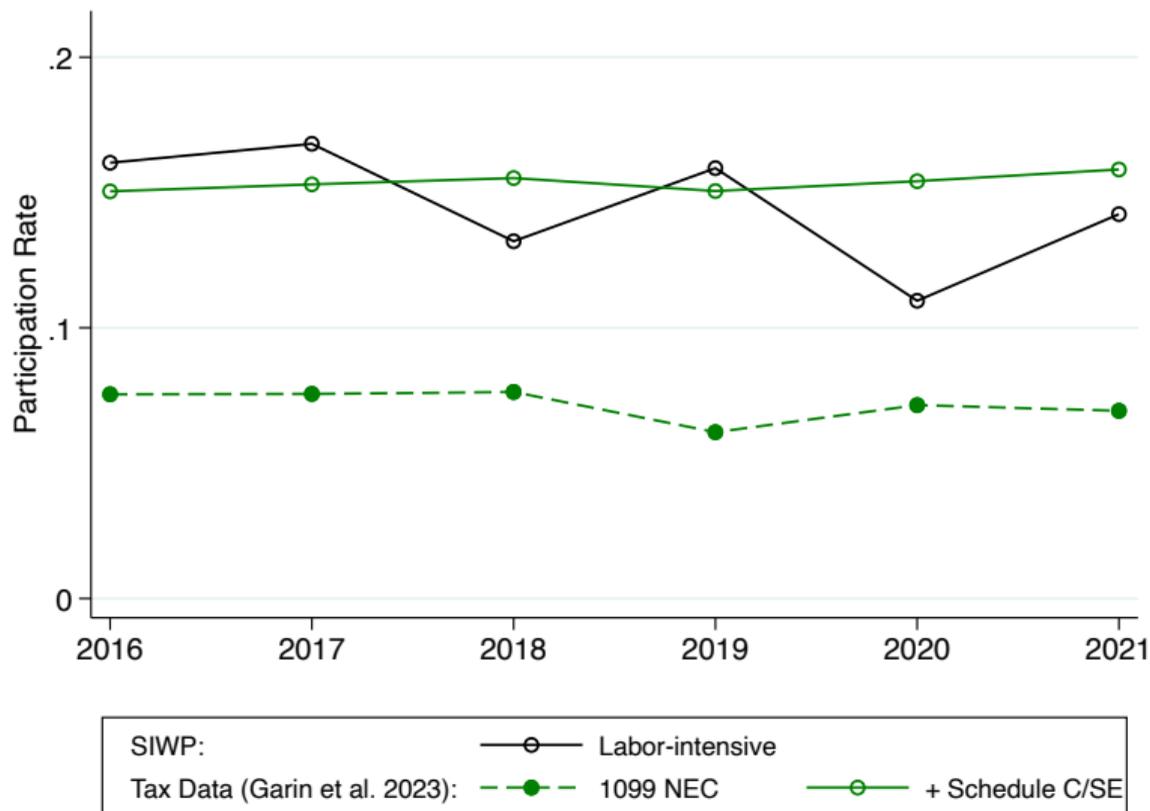
- ▶ “Labor-intensive” is technically self-employment income
- ▶ In theory, should appear in CPS and tax filings (1099s, Schedule C/SE)

# Informal Work Participation Rates



- ▶ “Labor-intensive” is technically self-employment income
- ▶ In theory, should appear in CPS and tax filings (1099s, Schedule C/SE)
- ▶ CPS self-employment severely undercounts informal work

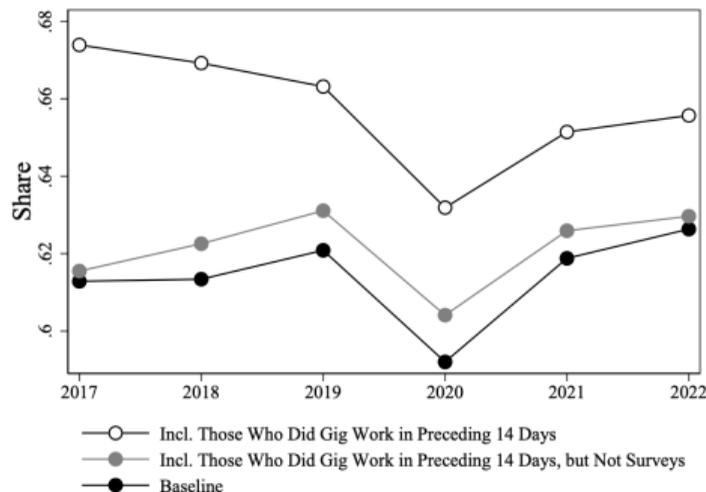
# Informal Work Participation Rates



- ▶ Tax data appears to do better
- ▶ Union of 1099s and Schedule C/SE lines up with SIWP labor-intensive definition

# Policy Implications for Current Government Labor Market Surveys

Figure 7: Employment Rates before and after Revisions



‘the CPS may want to clarify that any type of activity—no matter how small or whether one thinks of it as a “job”—should be included’

‘Similarly to the SIWP, the CPS could include a question about “side jobs”’

## A critique from *The New York Times*:

“It’s hard to trust employment data from the Chinese government, **which counts anyone who has worked one hour a week**. That low bar has kept the urban unemployment rate at a little over 5 percent for much of this year, better than in 2019.”

— Yuan, Li. “No Job, No Marriage, No Kid,” *The New York Times*, June 28, 2023. Emphasis mine.

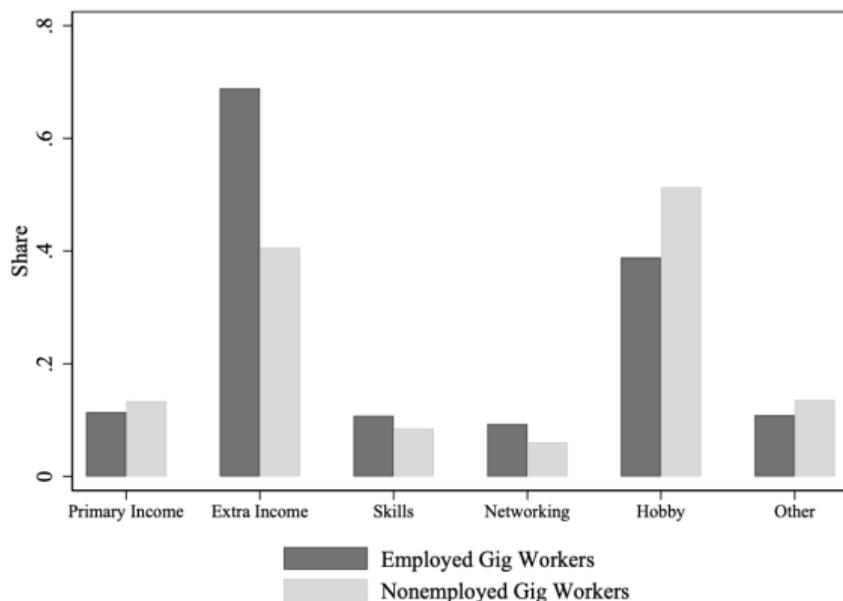
“Today the party’s propaganda machine is spinning stories about young people making a decent living by delivering meals, recycling garbage, setting up food stalls, and fishing and farming”

— Yuan, Li. “China’s Young People Can’t Find Jobs. Xi Jinping Says to ‘Eat Bitterness.’” *The New York Times*, May 30, 2023

- ▶ My take: Makes sense to measure informal/gig work separately, might tell us different things about labor market (BB also acknowledge this)
- ▶ FTE approach circumvents this critique

# Some things you can only learn from a survey

Figure 10: Reasons for Doing Gig Work, by Employment Status



- ▶ “Only minority (16 percent) described themselves as self-employed”
- ▶ Many do it for extra hours/income (suggests hours constraints on main jobs)
- ▶ Many (especially CPS non-employed) view as a hobby

# Conclusions

- ▶ The SIWP is the best continuously running survey evidence we have on gig/informal work
- ▶ Many informal/gig workers “missing” from the CPS employed
  - ▶ Many lessons here for the CPS/CWS and other future surveys of gig work
  - ▶ Some caution may be required to equate to formal work on the extensive margin. FTE approach makes sense.
  - ▶ What about secondary earners in household (added worker effects)?
- ▶ Many informal workers do not identify as self-employed; source of extra income/hobby
  - ▶ Especially true for CPS non-employed gig workers
  - ▶ Important for understanding costs/benefits of recent regulatory efforts that seek to formalize this work?
  - ▶ Future work: possible to probe policy preferences, conduct discrete choice experiments?