United Nations Research Institute for Social Development

Rewiring the Social Contract

Digital Taxis and Economic Inclusion in Nigeria

Kate Meagher
London School of Economics and Political Science
United Kingdom

Draft paper prepared for the UNRISD Conference

Overcoming Inequalities in a Fractured World: Between Elite Power and Social Mobilization

8–9 November 2018, Geneva, Switzerland

The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the UN system that undertakes multidisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

UNRISD ▪ Palais des Nations ▪ 1211 Geneva 10 ▪ Switzerland
info.unrisd@un.org ▪ www.unrisd.org

Abstract

The rise of digital on-demand employment, often referred to as the 'gig economy', offers a potential solution to the complex employment challenges of contemporary Africa, characterized by high levels of informality, unemployment and rapid population growth. Digital employment has been accompanied by calls for a new social contract suited to the flexible working conditions of the 21st century. This paper looks beyond the hype to explore how the gig economy is reshaping livelihood opportunities and reformatting processes of social and economic inclusion among digital taxi drivers in Nigeria. Do proposed changes in the social contract address the problems of precarity and disaffection among Nigerian digital taxi drivers, or do they consolidate a new regime of accumulation around the digital incorporation of precarious labour? This paper will examine the quality of livelihoods created by the gig economy, and the limitations of digital employment in promoting sustainable livelihoods and the public good. The case study will inform a consideration of whether the prevailing vision of a new social contract represents a mechanism of economic inclusion or adverse incorporation for Nigeria's informal labour force, and refocus attention on the requirements for a more inclusive social contract.

Keywords

Nigeria; informalization; gig economy; social contract

Bio

Kate Meagher is an Associate Professor in Development Studies at the London School of Economics. She specializes in study of African informal economies and development, focusing on the political economy of economic inclusion, and has authored a range of books and articles, including *Globalization, Economic Inclusion and African Workers: Making the Right Connections* (Routledge, 2016), co-edited with L. Mann and M. Bolt.

Introduction

The rise of on-line employment platforms across the globe has been accompanied by a demand for a 'new social contract' suited to the changing nature of work in the 21st century. New digital arrangements for linking workers to employers has brought the promise of modernization and expanding job creation, along with the threat of increased precarity of employment as existing systems of labour protection are rendered obsolete. The risks of the gig economy are particularly acute for workers in Sub-Saharan Africa, who are caught between vast informal economies that employ 77 percent of workers outside of agriculture, and rising youth unemployment, which is highest among graduates (World Bank 2019; AfDB/OECD 2012). Despite Africa's economic resurgence, levels of informal and vulnerable labour are increasing as the paradox of 'jobless growth' confronts a demographic tsunami. The African Development Bank (2017) warns that 10-12 million new workers enter African labour markets each year, while only 3.2 million jobs are created. Finding adequate employment for Africa's underemployed masses has become a key security as well as social issue. A recent African Economic Outlook (AfDB/OECD 2018:xv) report notes that 'In the face of rapidly growing populations and heightened risks of social unrest or discontent, jobless growth is the most serious concern for African policy makers'.

Does the gig economy provide a new way forward? By connecting marginalized workers with improved technology, resources and markets, digital jobs offer to 'bring informal workers out of the shadows and into the mainstream' (Grunewald 2017). The opportunity for rapid generation of modern employment holds great appeal for workers and policy makers alike, and the framing of a new social contract to address the vulnerabilities of widespread informality holds similar political appeal. Can online employment platforms deliver on their promise to create modern high-technology jobs for Africa's under-employed masses? What kind of social contract is needed to turn potentially precarious employment into decent work? Do these changes offer a prospect for the transformation of informal employment into sustainable livelihoods for expanding young populations across the African continent?

Drawing on recent research on digital ride-hailing services in Nigeria, this paper will examine what the gig economy has to contribute to the task of decent employment generation in contemporary Africa. A first section will consider why the gig economy has triggered a demand for a new social contract, and explores requirements of a social contract that is 'fit for purpose'. A subsequent section will examine evidence from digital ride-hailing in Nigeria, offering an assessment of the quality of livelihoods created through new forms of digital employment platforms, and their limitations in promoting decent work. This will inform a consideration of whether the prevailing vision of a new social contract represents a mechanism of economic inclusion or adverse incorporation of Nigeria's informal labour force, followed by reflection on what would be required to create a sustainable social contract for the gig economy.

A Social Contract for the Gig Economy

Persistent poverty, jobless growth and expanding informal economies across the developing world have widely been decried as the sign of a 'broken social contract'.[1] In the face of globalization, rapid technological change and weak institutions, the state has been charged with

[1] Perry et al. 2007;World Bank 2019.; Jutting and De Laiglesia 2009.

failing to deliver on the conventional social contract based on stable employment and social welfare provision.[2] Worse still, there is increasing disquiet about the fairness of the prevailing social contract in developing countries, particularly in Africa and South Asia, where the majority has never held a formal job and cannot qualify for social protection. Where precarious employment is the norm rather than the exception, notions of a just social contract are increasingly focused on the need to distribute social benefits more equally rather than protecting a small share of formal jobs in a sea of precarity.[3]

Conversely, digital employment platforms are increasingly celebrated for their ability to expand employment into deprived areas, helping unemployed and underemployed workers leverage access to the formal economy. Known variously as the 'on-demand economy', the 'gig economy', the 'sharing economy' or the 'platform economy', digital employment platforms are seen as the key to job creation and growth owing to their ability to link workers to modern job opportunities and shorten periods of unemployment. According to the new World Development Report (World Bank 2019:3) on the Changing Nature of Work, the 'gig economy' uses new technology to bring 'quality jobs' to millions of people trapped in marginalized informal livelihoods, creating new pathways out of informality. Tens of thousands of digital jobs have been created across Africa by platforms such as Uber, Elance, and local handyperson sites like Wesabi and Lynk, all promising higher earnings than many formal sector jobs.[4] Gig employment platforms are also known for scaling up quickly owing to the role of financialization in driving rapid investment and innovation in promising digital businesses (World Bank 2019:5; Stanford 2017:388; Disrupt Africa 2018). Uber has spread to over 80 countries in less than ten years, and Nigeria-based on-line retailer Jumia founded in 2012 already has some 5 million customers (Reuters 2018; Opudo 2018). Graham et al. (2017:137) contend that many marginalized workers in developing countries see 'outsourced digitally mediated work as a way to transcend some of the constraints of their local labour markets', using new technologies to tap into the global economy.

Proponents of the gig economy emphasize the need for a 'new social contract' appropriate to the more flexible labour needs of digital employment.[5] The Adecco Group, the world's largest temporary staffing agency, highlights the significant gaps in social protection for gig workers, and embraces the call for a 21st century social contract that is 'fit for purpose' (The Adecco Group 2018). Reaping the benefits of technological change is said to demand a move away from narrow 20th century models of social protection, to the creation of a new social benefit system extended to all workers regardless of employment status and funded through general taxation (World Bank 2019:130; Perry et al. 2007). Yet the futuristic aura surrounding the notion of a new social contract for a digital economy has tended to overwhelm more measured assessments of whether the proposed changes actually improve the welfare of marginalized workers. More reflection is needed on the role of a social contract, and whether the new social contract envisioned for the gig economy offers a more effective means of creating jobs, reducing informality and protecting workers in developing countries.

[2] Devarajan, S., & Ianchovichina 2017; UNRISD 2016; Stanford 2017.
[3] Neilson and Rossiter 2008; Jütting and De Laiglesia 2009; Ferguson 2015; Lund 2009; World Bank 2019.
[4] ODI 2016; World Bank 2019; Disrupt Africa 2018; Connectivity at the BoP Forum 2017; Kagondu 2014.
[5] World Bank 2019; McKinsey 2018; Perry et al. 2007.

What Is the Purpose of a Social Contract?

Understanding the potential of a new social contract to improve the lot of informal workers requires a more critical consideration of what the concept means. A number of scholars have shown that there is no single definition of the social contract.[6] The term can be used to serve a variety of political purposes, ranging from affirming natural rights, rational bargains to better support the common good, or a legitimating device to establish the fairness of a new arrangement (Boucher and Kelly 1994; Nugent 2010; Hickey 2011). Both Hickey (2011:429) and Nugent (2010) explicitly make the point that social contracts are not necessarily progressive; they can be elitist bargains to legitimate inequalities. Using examples from Botswana and South Africa, Hickey (2011) argues that social protection measures have been used to support different kinds of social contacts, making side-payments to the excluded without addressing their exclusion, or effecting a more generalized redistribution of resources and economic empowerment.

Proponents of a new social contract tend to put forward a rather stylized view of what a social contract entails. The proposed contract for the gig economy focuses only on a dyadic contract between citizens and the state, evaluates distributive 'fairness' in terms of inequalities between different types of workers, and represents the unravelling of the old social contract as a product of agentless forces of economic progress. The role of capital is largely airbrushed out of the discussion. The World Development Report (World Bank 2019:124) contends that '[a] social contract envisions the state's obligations to citizens and what the state expects in return', and expresses concerns about the 'fairness' of a social contract that protects formal work in a society where most work informally. This ignores the underlying meaning of the social contract, which is about supporting the common good and ensuring distributive justice, not just between citizens and the state or between formal and informal workers, but between capital and labour. Breman and van der Linden (2014:934) contend that 'the minimum requirement of a social contract is for the state to hold capital accountable for contributing to decent and dignified work for the labouring masses', a position also reflected in the UNRISD 2016 Flagship Report (2016:215).

In developing countries in particular, the argument that the existing social contract is unfair in places where informality is the norm misrepresents the objectives of the developmental social contract. Scully (2016:168) points out that for workers in the Global South, the post-independence social contract was not built around social protection, but around the promise of national development from which all would benefit over time (see also Mustapha and Whitfield 2009). Security and economic stability are not viewed as entitlements of citizenship, but as future benefits to be attained in the course of national development. In a recent report on non-standard employment, the ILO (2016:15) challenges the notion that the standards of formal employment are irrelevant to countries where precarity is the norm. The report contends that such standards are the basis of labour law, underpinning a commitment to the promotion of decent work as the economy develops, with a view to resisting tendencies toward labour informalization or jobless growth. The failure to expand decent work despite strong economic growth across much of Africa raises questions about distributive fairness in the growth process, not in the allocation of social protection.

Reflection on the need for a new social contract calls for closer attention to what went wrong with the old social contract. The contention that the 20th century social contract disintegrated in

[6] Nugent 2010; Boucher and Kelly 1994; Hickey 2011.

the face of unstoppable processes of globalization and technological change is actively challenged by Nugent (2010) and others, who highlight the ways in which it was actively dismantled by neo-liberal market reforms.[7] A range of political and economic actors were at work in the processes of rolling back the state, deregulating labour markets, and creating systems of outsourcing to evade labour regulations. As Lee and Kofman (2012:405) put it, 'Precarity, in short, is not a mechanical and inevitable outcome of an innocent and agentless global process'. It is worth considering whether calls for a new social contract are as benevolent as they first appear, given that many of the same corporate and international financial forcesa involved in demolishing the old social contract are central to the call for a new one. Questions need to be asked about whether the kind of social contract envisioned to support the gig economy by extending low-level benefits to precarious workers has the interests of labour at its heart, or represents an effort to rewire the social contract in the interest of corporate profit rather than in service of decent work. More attention is needed to the nature of labour relations in the gig economy, and the extent to which a new social contract serves the interests of capital or labour.

Back to the Future?

The gig economy is widely being touted as the 'future of work' owing to its technically advanced, flexible and accessible character. But a closer look at the nature of the gig economy reveals social arrangements that have more in common with the past than the future of work. A growing number of critical voices have noted that the gig economy has much in common with the putting-out systems of early capitalism (Stanford 2017; Bellace 2016:11). The practices of casualization, piece work, reliance on the worker's own capital equipment, coordination by intermediaries and lack of job security are all more reminiscent of work in the 19th rather than the 21st century. The only thing new is the use of digital connections to source and monitor labour. While gig work seems to have more in common with the past than with the future of work, Bellace (2016:2) argues that looking to the past offers a useful reminder that this is not the first time that society has had to contend with the collapse of the pre-existing social contract in the face of rapid technological change and market deregulation (see also Hickey 2011:430). She raises the possibility that we may not be asking the right questions, and suggests that refocusing on the principles that guided past solutions may help to point the way forward. The challenge is to build a social contract that upholds the rights of working people to a decent standard of living, while maintaining the focus on distributive justice between capital and labour, not between formal and informal workers (Bellace 2016:11).

Formulating better questions to guide appropriate changes in the social contract requires a closer look at the evidence for reshaping labour rights around the needs of the gig economy. What is the basis of the claim that the gig economy is the future of work? What evidence is there that the gig economy makes a positive contribution to employment generation and reducing informality? Is the call for a new social contract based on a clear understanding of how the gig economy is changing the world of work?

Statistics on the size of the gig economy indicate that between 0.5-5 percent of the labour force participates in the gig economy in the US and EU, and less than 0.3 percent in developing countries.[8] References to its dynamism and growth potential need to be read alongside an

[7] Meagher et al. 2016; Mkandawire and Soludo 1999; Stanford 2017.
[8] World Bank 2019:26; Adecco Group 2018:10; Askitas et al. 2018.

awareness of its limited performance in job creation. A recent McKinsey report (2018:65) acknowledged that digital employment platforms 'have a relatively modest impact on employment', and do as much to eliminate and informalise jobs as to create them. The report estimates a contribution to job creation of 0.4 percent per year. An EU report (Askitas et al. 2018:77-8) on appropriate regulation for on-line employment platforms similarly notes that there is little evidence that the gig economy improves access to quality jobs or contributes to the formalization of employment, despite widespread claims that digital linkages should contribute to greater formalization and professionalization of informal work. In fact, the report notes a significant risk that gig work may crowd out the creation of formal jobs by undermining the viability of existing formal employment in various industries, as well as creating incentives to evade payment of social benefits through misspecification of workers as independent contractors, referred to as 'bogus self-employment' (Askitas et al. 2018:84).

Equally problematic for the development of an equitable social contract, the gig economy is associated with the blurring rather than the sharpening of regulatory obligations. Disputes over the employment status of gig workers and the sectoral regulations governing on-line platforms have given rise to persistent regulatory 'grey areas' which stifle effective government responses despite the availability of appropriate legal options for addressing new modes of employments (Askitas et al. 2018; Stanford 2017:385). These grey areas have allowed on-line employment platforms to sidestep employment obligations to workers, and licencing as well as taxation obligations to the state, owing to the hesitation of regulators to stifle innovation and financialized investment flows. Far from clarifying the requirements for more equitable employment regulation, proponents of gig economy seem committed to clouding the regulatory issues at stake, while calling for a new social contract to plug the social welfare gaps.

These observations highlight the need to ensure that discussions about a new social contract are asking the right questions, and clarifying the real issues at stake. Can the gig economy really create as many 'quality' jobs as proponents claim? Is the digital character of jobs obscuring wider questions of decent work? Do digital connections enhance or undermine economic inclusion from the perspective of labour? How does the gig economy affect flows of public revenue tofund services and social protection? More broadly, how does the notion of a new social contract reshape resource flows between capital, labour and the state in financing the public good?

Digital Taxis and the New Social Contract

An analysis the role of digital ride-hailing companies in Nigeria will be used to ground debates about the gig economy and appropriate changes in the social contract. Digital ride-hailing services, referred to henceforth as digital taxis, account for a significant share of on-line employment across the globe. In the EU, digital taxi drivers make up two thirds of gig workers. Uber, the lead digital taxi company, has grown from its inception in 2009 to operate in over 80 countries around the world, including eight African countries. Taxify, the main competition, now operates in 25 countries, including five African countries (Reuters 2018). Nigeria is regarded as an important market for both companies, owing to its vast population of 180 million, chaotic urban transport systems, and high levels of unemployment, particularly among graduates.

Digital taxi companies make lavish claims about their capacity for job creation, improved incomes, passenger convenience, improving the efficiency of urban transport and reducing congestion (Houeland 2018; Adepoju 2017). At the same time, digital taxis have been associated with a range of problems in the cities in which they operate, including protests by regular as well as digital taxi drivers over unfair competition and low incomes, and conflicts with urban authorities over evasion of licence fees and taxes, resulting in outbreaks of violence and Uber being banned or partially banned in seven countries. A focus on digital taxis in Nigeria will serve to explore whether digital taxis offer reliable prospects for the rapid creation of quality jobs, and the kind of social contract best suited to supporting viable livelihoods in the digital taxi sector.

Digital Taxis in Nigeria

Digital taxis came to Nigeria in 2014 when Uber started up operations in Lagos, the country's sprawling commercial capital. Taxify came to Lagos in 2016, and Uber extended its operations to the national capital, Abuja in the same year, with Taxify hard on its heels. Currently, Uber and Taxify are the leading digital taxi companies in both cities, although a local company, Oga Taxi, runs a distant third in Lagos, and has recently extended its operations to Abuja. Some ten to twelve other Nigerian digital taxi start-ups are also operating in various Nigerian cities, mostly in Lagos, but none of them have captured a significant or stable share of the market (Washington Post 2015; The Africa Report 2018). This paper draws on fieldwork conducted from June to August 2018 in Lagos and Abuja, focusing on the effect of digital taxis on economic inclusion and urban transport. Over 75 interviews were conducted with digital, standard taxi and car hire drivers, government officials in relevant ministries, officials in Taxify and Oga Taxi, and with officials of labour unions and taxi associations. Interviews were followed up by a survey of 200 digital taxi drivers evenly distributed between Lagos and Abuja, involving rides initiated from peripheral as well as central areas of both cities.

Job Creation and Incomes

Despite impressive claims about potential job creation and high incomes, the benefits of digital taxi driving have been relatively modest in Nigeria. Uber claims to have created 9,000 jobs by 2017, and Taxify, currently the leading digital taxi employer in Nigeria, claims to have over 10,000 drivers, while Oga Taxi claims to have about 10 percent of the market.[9] But the total of some 21,000 jobs is dramatically reduced by the realities of pluriactivity in local livelihood strategies. Digital taxis represent a second income rather than a 'job' for 38.5 percent of drivers, while 58.8 percent of the full-time drivers work for two or more digital taxi companies simultaneously in order to maximize incomes, reducing actual job creation from 21,000 across the three main digital taxi companies to 7,388 net new jobs over a period of 4 years. Set against the 1.8 million new jobs needed per year in Nigeria just to keep unemployment at the same level, this is not a particularly impressive contribution to employment generation.

The contribution of digital taxis to job creation must also be assessed against their displacement of other livelihoods, particularly regular taxis in Lagos, and car rental in Abuja. Digital taxis fares are nearly half those of regular taxis in Lagos and less than half the cost of car rental (locally referred to as 'car hire', and involving a driver along with the car), significantly undermining business in both activities. In Abuja, regular taxis remain competitive with digital

[9] Vanguard 2018; Interview, Taxify, 4 July 2018; Interview, Oga Taxi, 4 July 2018.

taxi fares, but car hire services in Abuja indicated a decline in business of 40-60 percent since 2016. With more than 14,000 taxis and car hire drivers operating across Lagos alone, it is not clear that digital taxis offer net job creation. Furthermore, digital taxi drivers are already complaining widely of lack of customers and falling incomes, indicating that markets in Lagos and Abuja are already reaching saturation point, limiting prospects for future job creation in Nigeria's two most suitable cities for taxi transport.

Average incomes are also well below advertised levels of N 200,000 ($ 550) per month, owing to the many 'hidden cost' of being a digital taxi driver (Rogers 2015; Washington Post 2015). Aside from the commission, which is 25 percent for Uber, and 15 percent for Taxify and Oga Taxi, tempting income projections do not include the cost of petrol, maintenance and repairs, mobile phone data, and mandatory insurance. Tempting income projections also ignore the fact that 50.5 percent of drivers do not own the car they drive, and have to make heavy weekly returns to the car owner on a rental or hire-purchase basis. Returns to car owners, which involve a flat weekly rate negotiated between the owner and driver, currently average 36.1 percent of gross monthly income, on top of commission payments to digital taxi companies averaging 19.4 percent and petrol costs of 34.7 percent, leaving drivers with under 10 percent of the overall income, excluding airtime and vehicle servicing. Taking these various issues into account, monthly earnings of full-time digital taxi owner-drivers averaged N 111,708.00, while fulltime non-owning drivers earned only N 22,678.24 per month, only slightly above Nigeria's derisory minimum wage of N 18,000/mo, and well under the living wage estimated at N 40,000. Drivers worked extremely long hours to generate even this level of income. Owner-drivers averaged 60.9 hours per week, while drivers without their own cars averaged 76.4 hours owing to the additional pressure of having to make returns to the owner. While some owner-drivers earned enough to buy additional cars, those who had been doing digital taxi driving for some time noted that incomes were declining owing to fare cuts, reductions in vehicle standards, and entry of too many drivers as the digital taxi companies battle each other for market share.

Employment Status

The vexed question of the employment status of digital taxi drivers revolves around the claim of driver autonomy. Digital taxi companies argue that they 'disintermediate' relations between drivers and customers. However, a growing number of studies have established that gig economy platforms are not a source of disintermediation, but create new forms of intermediation that allow the platforms to capture value while evading economic obligations to workers.[10] Digital taxi companies refer to drivers as 'partners' rather than as employees, but exert considerable control over drivers' activities and incomes via corporate regulation and algorithms. Drivers have no control over fares or vehicle specifications, are not allowed to see where customers are going before accepting a trip, and are subject to disciplinary algorithms via customer and activity ratings which penalize drivers for cancelling rides, working shorter hours, or failing to please customers. In May 2017, Uber slashed fares by 40 percent, triggering a drivers' strike in Lagos, and low fares coupled with high commission rates have been an ongoing bone of contention in Abuja (Quartz Africa 2016). According to one disgruntled driver, 'They don't even consult with us. What is the essence of a partnership if decisions are one way?' (NUPEDP 2018).

[10] Askitas et al. 2018; Graham et al. 2017:149; Murphy and Carmody 2015.

Regular commercial drivers in Nigeria also dispute the view that digital taxis are more autonomous. As an official from a car hire company in Abuja explained, the relation between driver and customer is independent of the car hire platform, while this is not the case with digital taxis (Interview, JVJ Car Hire, 28 June 2018). Digital taxi drivers are not allowed to build up independent customer lists, or to negotiate independently with customers. Moreover, digital taxi drivers are subject to additional employment intermediaries in cases where the driver does not own the car, a practice formally accommodated by all of the digital taxi companies. As noted above, vehicle owners – largely formal sector employees, business people and civil servants – consume an even larger share of the gains than the digital taxi companies themselves, with some operating fleets of digital taxis that bring in a considerable income stream. In some cases, additional intermediation has arisen as car owners engage managers to collect returns from their drivers for a share of the returns. Far from being independent, digital taxi drivers operate within multiple layers of employment relations with limited space for agency except through extreme self-exploitation.

Even insurance and social benefit packages offered by some digital taxi companies constitute further layers of intermediation by commercial insurance companies. Uber and Taxify deduct passenger liability insurance premiums for drivers not suitably insured, Taxify offers optional health insurance, and Oga Taxi offers optional health and pension packages for drivers willing to have premiums deducted from their pay. The closest thing to an employment benefit is Taxify's offer of one month's free health insurance if drivers complete 200 trips in a month while maintaining a high driver rating, but this is only available to the first 1,000 qualifying drivers, turning it into more of a technique of governance than a social benefit (Interview Lagos 18 Aug. 2018).

Digital taxi work also ignores the class and ethnic dimensions of decent work. Given the language, IT skills and presentational requirments, 59 percent of Nigeria's digital taxi drivers are university graduates. However, commercial driving is a low status activity in Nigeria, and drivers find it demeaning to accept condescending treatment from customers who are often younger and less educated. In view of cultural stereotypes associating commercial driving with uneducated northern ethnic groups, educated northerners avoid the activity altogether. While the northern Hausa-Fulani are the largest ethnic group, accounting for 29 of the population, and unemployment rates in the north are over 60 percent higher than in the south of the country, northerners made up only 3.5 percent of digital taxi drivers, reinforcing rather than addressing social cleavages in Nigerian labour markets.

Even among those who took up the activity, there was widespread dissatisfaction. While the pay of owner-drivers was twice as high as the salary of entry-level graduate jobs, the lack of benefits, pressure to work long hours, low job status and lack of progression opportunities undermined any sense of inclusion. Only 41.4 percent of digital taxi drivers regarded the activity as a 'job', falling to 35.4 percent among owner-drivers, and 32.8 percent among graduates. The majority saw is as a stop-gap or source of extra income. Similarly, only 25.0 percent of drivers considered digital taxi driving a 'formal' activity, owing to its low status, insecurity and lack of labour regulation. This reading is also reflected by officials in the Ministry of Labour, in the National Union of Road Transport Workers (NURTW), and in the National Labour Congress who do not consider digital taxi driving a formal activity because drivers are neither subject to Nigerian labour laws nor are they formally registered as small businesses. Far from creating quality jobs, digital taxi driving is viewed as informalized work that most drivers do not recognize as a job.

Transport Licencing and Planning

In addition to a marginal contribution to job creation or economic inclusion, digital taxi platforms appear to contribute little to urban transport and planning needs. By claiming to be technology rather than transport firms, digital taxi companies enhance their competitiveness by avoiding formal licencing and taxation requirements applicable within the taxi industry, on top of evading the cost of labour regulations. According to the General Secretary of a prominent Lagos taxi association, digital taxi companies and drivers avoid four taxes that regular taxis have to pay, leading him to exclaim, 'Uber are cheating us!' (Interview, Lagos, 6 July 2018). Digital taxi drivers avoid the annual driver certification, the annual fee for the taxi label, the increment paid by commercial drivers on the Road Worthiness tax, and the taxi licence, all of which add up to N 11,000, of which N 9,500 involves annual fees. More significantly, digital taxi companies avoid the franchise tax which taxi companies have to pay, amounting to N 100,000 per taxi. Faced with state pressures to meet their revenue obligations, digital taxi companies are actively lobbying for an exemption from the franchise fee. An official in the Nigerian Taxify office explained that digital taxis need the government to provide a more 'conducive environment' given their contribution to employment, improved transport planning, and alleviating urban traffic congestion (Interview, Taxify, Lagos, 4 July 2018). Uber is also said to be 'actively working with regulators' to avoid being required to comply with these tax and licencing laws (The Nation 2015; Africa Report 2018).

However, officials within State and municipal transport bodies feel that digital taxis fall short of adequate contributions to the public good, particularly with regard to revenue, statistics and congestion. With regard to revenue, taxi licences and fees play an important role in funding improvements in the public transport systems in both Lagos and Abuja, both of which have active transport development strategies (World Bank 2016; Interview, FCT Transport Secretariat, 11 July 2018). By avoiding taxi fees, digital taxi firms withhold a key contribution to financing the improvement of public transport. In terms of statistical knowledge, officials felt that digital taxis contribute little to planning because they are 'statistically invisible' to planners. The Lagos metropolitan transport authority (LAMATA) cannot distinguish digital taxis from private cars owing to the lack of insignia or registration. While digital taxi companies have extensive data on drivers, riders and traffic patterns, they have so far been unwilling to share this data with relevant government authorities. Digital taxi firms consider their statistics 'commercial secrets', and are actively resisting demands by both the Lagos State Ministry of Transport and the Federal Capital Territory Transport Secretariat for access to their data and enrolment in state regulatory platforms.[11]

While digital taxis are recognized to have their place in the urban transport ecosystem, local transport authorities in Lagos and Abuja feel that they contribute little to the overall development of urban transport. The urban transport strategy in both cities is based on mass transport to reduce costs and congestion. While digital taxis are cheaper than regular taxis in Lagos and parts of Abuja, mass transport, which is used by the vast majority of the urban population, is less than 25 percent of the cost of a digital taxi ride in both cities. Given

[11] Interview, Oga Taxi, 4 July 2018, LAMATA 6 July 2018; FCT Transport Secretariat 11 July 2018; Africa Report 5 March 2018.

prevailing low incomes and the fact that less than 20 percent of Nigerians own smartphones capable of supporting digital taxi apps, digital taxis are viewed as an elite transport solution, not a central contribution to the efficiency of urban transport. According to officials from the Lagos municipal transport authority (LAMATA), ‘We have completely different agendas’ (Interview, LAMATA, Lagos, 6 July 2018). The objective of the Lagos transport strategy is to take cars off the road, while they feel that digital taxis put cars on the road. The digital taxi ethos of turning idle cars into revenue corroborates this view, since vehicles that are normally used intermittently now ply the roads all day. In Abuja as well, officials see cheaper mass transport as the key to urban transport efficiency. ‘Everywhere in the world, taxis are for big men. If your bus system is working, what do you need with taxis?’ (Interview, FCT Transport Secretariat, Abuja, 11 July 2018).

Rethinking the Social Contract

Digital taxi platforms make strong claims about their potential to contribute to the public good by creating modern jobs, and improving the convenience and efficiency of urban transport. Evidence from Nigeria shows that they significantly overstate their potential for quality job creation, as well as contributing minimally to improving urban transport. In fact, digital taxi jobs are regarded as informal, low status work by the majority of drivers as well as by labour and transport officials. Worse still, they are displacing better-paying, more stable and sustainable work at the more formal, although often more dilapidated, end of the industry, raising questions about the potential for net job creation. Most problematic of all, the competitiveness of digital taxis is as much about the evasion of labour and licencing regulations as about modern technology, cutting cost by avoiding contributions to labour protection and state revenue. The idea of a new social contract suggests that the gap in social protection created by on-line employment platforms should be filled by creating universal low-level benefits for precarious workers funded by general taxation – in short, shifting the financial burden of social protection from capital to the general public. The 2019 World Development Report affirms the appropriateness of this strategy, arguing that ‘As social contracts are reimagined, (…) the financing of the system is at least partly shifted away from labor taxes toward general taxation.’ (World Bank 2019:130). If this creates a 21st century social contract that is fit for purpose, one would do well to ask ‘whose purpose?’.

While some suggest that the gig economy has become the catalyst for a fairer social contract from which all informal and non-standard workers can benefit, others point out that the futuristic novelty of digital technology is being used to justify the informalization of employment (Ettlinger 2017; Adecco Group 2018). Clarifying who gains from the new social contract for the gig economy requies closer examination of how it redistributes resources within society. As Graham et al. (2017:152) argue in their analysis of on-line employment platforms, there is a need for ‘more detailed empirical inquiry into flows of value (…), and further research about who creates it, who captures it, how flows are being reconfigured and who benefits from those reconfigurations (…)’.

To make a start at understanding how value flows are being reconfigured through demands for a new social contract, we return to three issues raised earlier: the role of capital, distributive fairness, and regulatory choices. The airbrushing of capital out of many discussions of a 21st century social contract is problematic, since it obscures a key source of resources necessary to assess distributive fairness. Scrutinizing the fairness of the social contract requires a shift of the narrative away from decrying the protection of formal jobs, to considering whether it is appropriate to transfer the cost of decent work and social service provision from large corporate employers to the taxation of a largely precarious working public in developing countries. Closer scrutiny of regulatory choices further challenges the notion that the precarity of gig workers is the inevitable product of globalization and technological change. Indeed, the active engagement of corporate and international financial actors in promoting the labour and taxation reforms needed to legitimate the precarious labour practices of the digital economy reveals the visible hand behind the expansion of precarity, while the compliance of regulators is secured through elaborate promises of job creation and bounteous investment flows (The Adecco Group 2018; World Bank 2018).

Examined from this perspective, one cannot avoid a sense that adapting to the gig economy involves reconfiguring regulatory arrangements in the interest of corporate profitability rather than the public good. The quest for a new social contract seems to be less about natural rights or rational bargains, than about legitimizing 'an emergent regime of accumulation that encompasses (…) a new capital-labour relation that institutionalizes informal work' (Ettlinger 2017:69). Stabilizing a new regime of accumulation for the gig economy, as Stanford (2017:395) reminds us, requires consent as well as control. Talk of a new social contract, with its focus on remoralizing rather than addressing precarious work, attempts to rewire consent while deflecting attention from the withdrawal of capital from statutory contributions to the common good.

The quest for a social contract more genuinely committed to distributive fairness in the 21st century economy calls for greater attention to technological capacities, regulatory clarity and social struggles. There is a need to dispel the notion that digital technology naturally leads to increased precarity of employment. Digital technologies can combine employment creation and efficiency with respecting labour rights and paying taxes. As Graham et al. (2017) point out, algorithms can be formulated to apply rather than bypass local labour laws, and digital platforms can be licenced and taxed in the various countries in which they operate. The key to a viable social contract is not derisory universal social protection, but aligning the uses of new technology with respect for workers' rights and meeting tax obligations to the state (Houeland 2018).

The existence of 'grey areas' in the employment status of gig workers and taxation requirements for digital employment platforms is central to the regulatory limbo associated with the gig economy. Yet, as evidence from Nigeria reveals, the problem is less a lack of appropriate regulations, than mystifying narratives and active lobbying to convince regulators that the rules don't apply to the gig economy. A report (Askitas et al. 2018:92-3) on the issue in EU countries contends that what is needed to regulate the gig economy is not new regulation, but more effective application of existing regulation committed to stemming the rise of 'bogus self-employment' and unfair evasion of sectoral regulations. The main obstacle has less to do with regulatory confusion than reluctance on the part of regulators to stifle growth even at the cost of distributive justice (Askitas et al. 2018:49).

While regulators dither, many of these issues are being settled on the ground in the context of ongoing social struggles. Despite their popularity with well-heeled customers, digital taxi firms have had contentious relations with governments and drivers alike. Uber has been banned or partially banned in seven countries, and both Uber and Taxify have been targets of violent attacks by regular taxi drivers, particularly in South Africa and Kenya.[12] Digital workers are developing new forms of collective resistance involving social media, digital workers' unions, and alliances with established unions. In Nigeria, a growing number of digital workers are joining WhatsApp and other social media groups, which were used to mobilize strikes in Lagos and Abuja in 2016 and 2017. New digital taxi unions are beginning to emerge, bringing the salient labour issues to the attention of the country's main labour unions (The Guardian 2018). In Europe, more established unions are also developing mechanisms of allying with gig workers. Europe's largest industrial union, IG Metall, is developing mechanisms for connecting gig workers with appropriate labour unions, while British and South African trade unions have partnered with gig workers to bring cases to court, yielding a growing number of successful judgements.[13] In the UK, an Appeal Court decision at the end of October 2018 on whether Uber drivers are employees may have far reaching implications for the kind of social contract created by digital employment.

But there is no room for complacency. In Nigeria, the growing resistance of digital taxi drivers and state officials sends a message not only about the imperative of securing consent, but about the limits of consent. In the face of intensifying precarity and disaffection among workers, it is important to remember that resistance is not always progressive, particularly where livelihoods are most insecure. Far from offering a solution to poverty and social unrest in contemporary Africa, the gig economy threatens to exacerbate both.

Bibliography

The Adecco Group. 2017. "Time to Act: Creating a new social contract for work in the 21st century." White Paper. Accessed 15 September 2018. https://www.adecco.com.hk/media/adecco-hk/client/Whitepapers/TimeToAct_Gig_Economy/Gig%20Infographic.pdf.

Adepoju, P. 2017. "Q&A: Taxify reveals plans to take on Uber in Nigeria by being more 'driver friendly'." 26 May. Accessed 31 July 2018. http://ventureburn.com/2017/05/taxify-lagos-aims-take-uber/.

African Development Bank. 2017. "Jobs for Youth in Africa." Accessed 5 August 2018. https://www.afdb.org/fileadmin/uploads/afdb/Documents/Boards-Documents/Bank_Group_Strategy_for_Jobs_for_Youth_in_Africa_2016-2025_Rev_2.pdf

African Development Bank and Organisation for Economic Co-operation and Development. 2012. *African Economic Outlook: Promoting Youth Employment*. OECD Publishing, Paris.

African Development Bank and Organisation for Economic Co-operation and Development. 2018. *African Economic Outlook 2018*. OECD Publishing, Paris.

The Africa Report. 2018. 'Lola Kassim: "We don't sell rider details"', Oheneba Ama Nti Osei, 5 March. Accessed 12 September 2018. http://www.theafricareport.com/Executives/lola-kassim-qwe-dont-sell-rider-detailsq.html.

Askitas, N., Bosc, R., de Groen, W. P., Eichhorst, W., Kilhoffer, Z., Lenaerts, K., ... & Salez, N. 2018. 'Online Talent Platforms, Labour Market Intermediaries and the Changing World of

[12] Geitung 2017; Houeland 2018; Reuters 16 June 2017.
[13] Geitung 2017; Houeland 2018; Askitas et al. 2018:61; FT June 2018.

Work'. Independent study prepared by CEPS and IZA for the World Employment Confederation-Europe and UNI Europa May.

Bellace, J. R. 2016. "Back to the Future: Freedom of Association, the Right to Strike and National Law." *King's Law Journal, 27*(1), 24-45.

Boucher, D., & Kelly, P. 1994. "The social contract and its critics." *The Social Contract from Hobbes to Rawls,* London: Routledge, pp.1-34.

Breman, J., & Van der Linden, M. 2014. „Informalizing the economy: The return of the social question at a global level." *Development and Change*, *45*(5):920-940.Connectivity at the BoP Forum. 2017. "Connectivity at the Bottom of the Pyramid: ICT4D and Informal Economic Inclusion in Africa." Bellagio Centre White Paper, Bellagio.

Devarajan, S., & Ianchovichina, E. 2017. "A Broken Social Contract, Not High Inequality, Led to the Arab Spring". *Review of Income and Wealth* 18(2): 1-4.

Disrupt Africa. 2018. *Future of Work: Exploring the African Digital Employment Landscape Report 2018.*

Ettlinger, N. 2017. "Open innovation and its discontents." *Geoforum*, *80*:61-71.

Lund, Frances. 2009. "Social Protection, Citizenship and the Employment Relationship." WIEGO Working Paper No. 10. WIEGO.

Ferguson, J. 2015. *Give a man a fish: Reflections on the new politics of distribution*. Durham: Duke University Press.

Geitung, I. 2017. "Uber drivers in Cape Town: Working conditions and worker agency in the sharing economy." Master's Thesis, Dept. of Sociology and Human Geography, University of Oslo, Norway.

Graham, M., Hjorth, I., & Lehdonvirta, V. 2017. "Digital labour and development: impacts of global digital labour platforms and the gig economy on worker livelihoods." *Transfer: European Review of Labour and Research*, *23*(2):135-162.

Grunewald, Adam. 2017. "From the Informal Economy to the Gig Economy." Pyxera Global, Accessed 5 September 2018. https://www.pyxeraglobal.org/informal-economy-gig-economy/.

The Guardian (Lagos). 2018. "Nigeria: Uber, Taxify Drivers Form Union, Raises the Alarm Over Ridiculous Charges by Foreign APP Companies." Gloria Ehiaghe, 14 June.

Hickey, Samuel. 2011. "The politics of social protection: what do we get from a 'social contract'approach?" *Canadian Journal of Development Studies/Revue canadienne d'études du développement*, *32*(4): 426-438.

Houeland, C. 2018. "What is Uber up to in Africa?" *Developing Economics*, May 13. Accessed on 31 July 2018. https://developingeconomic.org/2018/05/13/what-is-uber-up-to-in-africa/ International Labour Office (ILO). 2016. *Non‐ standard employment around the world: Understanding challenges, shaping prospects*, Geneva.

Jütting, J., & De Laiglesia, J. R. (2009) *Is Informal Normal?* OECD.

Kagondu, W. 2014. "Online Work: A New Frontier for Digital Jobs Africa". Digital Jobs Africa. Rockefeller Foundation. Accessed on 24 October 2018. https://www.rockefellerfoundation.org/blog/online-work-new-frontier-digital-jobs/

Lee, C. K., & Kofman, Y. (2012). “The politics of precarity: views beyond the United States.” *Work and Occupations*, *39*(4): 388-408.
McKinsey Global Institute. 2018. *Smart cities*: *Digital solutions for a more livable future*. McKinsey and Company.

Meagher, K., Mann, L., & Bolt, M. 2016. “Introduction: Global economic inclusion and African workers.” *The Journal of Development Studies, 52*(4): 471-482.

Mkandawire, P. T., & Soludo, C. C. 1999. *Our continent, our future: African perspectives on structural adjustment*. IDRC.

Murphy, J.T. & Carmody, P. 2015. *Africa’s Information Revolution: Technical Regimes and Production Networks in South Africa and Tanzania*, London: Wiley.

Neilson, B., & Rossiter, N. 2008. “Precarity as a political concept, or, Fordism as exception.” *Theory, Culture & Society, 25*(7-8): 51-72.

Nugent, P. 2010. “States and social contracts in Africa.” *New Left Review*, 63: 35-68.

The Nation. 2016. “Battle to Reform Taxi System.” Adeyinka Adeyibigbe, 6 Sept. Accessed 5 September 2018. http://thenationonlineng.net/battle-reform-taxi-system/.

National Union of Professional E-Hailing Driver Partners (NUPEDP). 2018. Facebook page. Accessed on 25 July 2018. https://wwwlfacebook.com/nupedp/.

Opudo, D. 2018. “Jumia Setting Sight for Its Next Stage of Growth.”*Tech in Africa*. Accessed on 24 October 2018. http://www.techinafrica.com/jumia-setting-sight-for-its-next-stage-of-growth/

Perry, G. E., Arias, O., Fajnzylber, P., Maloney, W. F., Mason, A., & Saavedra-Chanduvi, J. 2007. *Informality: Exit and exclusion*. Washington, DC: World Bank.

Quartz Africa. 2016. “Uber has a new problem in Nigeria – driver stikes in Abuja.” Yomi Kazeem, 31 October. Accesses 31 July 2018. https://qz.com/africa/823361/uber-drivers-in-abuja-are-going-on-strike-to-protest-low-fares/.

Reuters. 2018. “How Taxify plans to take on Uber in East Africa.” Omar Mohammed, 9 August. Accessed on 5 September 2018. https://www.cnbcafrica.com/news/east-africa/2018/08/10/how-taxify-plans-to-take-on-uber-in-east-africa/

Rogers, B. 2015. “The social costs of Uber.” *University of Chicago Law Review Online, 82(1)*: 85-102. Accessed 31 July 2018. https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?referer=https://scholar.google.co.uk/&httpsredir=1&article=1037&context=uclrev_online.

Scully, B. 2016. “Precarity north and south: A southern critique of Guy Standing.” *Global Labour Journal*, *7*(2): 160-173.

Stanford, J. 2017. “The resurgence of gig work: Historical and theoretical perspectives.” *The Economic and Labour Relations Review*, *28*(3): 382-401.

UNRISD. 2016. *Policy Innovations for Transformative Change: Implementing the 2030 Agenda for Sustainable Development.* Geneva: UNRISD.

Vanguard. 2018. “Uber monthly passenger base in Nigeria hits 267,000.” 15 August. Accessed on 5 September 2018. www.vanguard.com/2018/08/uber-monthly-passenger-base-in-nigeria-hits-267000/

Washington Post. 2015. “The hidden costs of being an Uber driver.” Joann Weiner, 20 Feb. Accessed on 31 July 2018. https://www.washingtonpost.com/news/get-there/wp/2015/02/20/the-hidden-costs-of-being-an-uber-driver/?utm_term=.1f254ca41e88.

World Bank. 2016. “Lagos Urban Transport Project.” Project Performance Assessment Report No. 103068, Washington, DC: World Bank.

World Bank. 2019. *World Development Report 2019*: *The Changing Nature of Work.* Washington, DC: World Bank.