



KEY TERMS IN THIS REPORT

For survey questions, see Appendix D

- “Unpredictable pay”** means earning less on the Uber app than drivers expected or planned for.
- “Drivers who rely more on the app to make a living”** means: (1) drivers who report working 50 or more hours per week on the Uber app (“Overtime Drivers”)³; and (2) drivers who report pay from the Uber app is essential for meeting their basic needs (“Essential Income Drivers”).
- “Financially struggling drivers”** means drivers who report that they probably or certainly could not come up with \$400 if an unexpected need arose within the next month.⁴

EXECUTIVE SUMMARY

Uber’s *Inequality Machine* is the nation’s first and largest study of its kind. Our data stems from a survey of more than 2,500 Uber drivers in more than 45 states, fielded from March to April 2025. Our survey findings point to the widespread extent and impact of AI- and algorithmically manipulated pay based on the direct experiences of Uber drivers on the front lines of these practices.

The vast majority of surveyed drivers report getting squeezed and manipulated by Uber’s pay algorithm, and commonly report serious financial hardship and psychological distress as a result of their unpredictable pay on the app.

Drivers who rely more on the app to make a living — disproportionately drivers of color and financially struggling drivers — are more likely to report these harms.

The differences in drivers’ reported experiences suggest how algorithmic wage-setting systems can function as a new, tech-fueled “Inequality Machine,” which we define as systems that can play a role in entrenching a new vulnerable class of workers by perpetuating, reinforcing, or amplifying existing economic and racial inequalities.¹ The drivers who report getting squeezed and manipulated are a miner’s canary, alerting us to the first signs of a danger that threatens us all.²



Background

Algorithmic wage-setting systems were devised and scaled in the app-based economy by Uber and similar companies.⁵ With AI-driven pay, workers' wages fluctuate for reasons it is difficult for them to predict, and workers are often paid differently for the same or similar work.⁶ Two growing forms of AI-driven pay are what researchers have dubbed *algorithmic wage discrimination* or *surveillance wages*. Both practices remain unregulated by any explicit legal standards.⁷

At the heart of Uber's business is artificial intelligence (AI). Uber pioneered the use of AI in the rideshare industry, using algorithms and data systems to monitor drivers, manage performance, and trigger deactivations. These systems — including customer ratings, facial recognition technology, and automated fraud detection — are used to determine drivers' access to work. Yet, research has shown that algorithmic decision-making can reproduce biases and misinterpret context, potentially leading to unfair or inaccurate outcomes.

Uber turbo-charged its AI-fueled driver pay system⁸ when, in July 2022, CEO Dara Khosrowshahi announced that the company was replacing its prior fixed time- and distance-rate driver pay scale with an opaque⁹ algorithm that gave Uber the "flexibility" to offer each driver different pay for each ride.¹⁰ Uber's adoption of its new driver pay system¹¹ ushered in a period of record-setting profits for the company¹² and hardship for its drivers. Over the next few years, driver pay fell,¹³ passenger prices stayed high,¹⁴ and Uber's profits soared.¹⁵

Uber's use of AI-pricing and compensation systems to extract greater profits from workers and consumers,¹⁶ has created a blueprint for other corporations seeking to replicate its business model, which relies on the mass collection of worker and consumer data to refine its algorithms and widen its market advantage.¹⁷ Although an air of secrecy often surrounds the use of these systems, evidence suggests that AI wage setting has spread beyond app-based ride and delivery to industries such as health care, engineering, and retail, including both in app-based and traditional employment settings.¹⁸

The unprecedented scale, unpredictability, and variability of these algorithmic pay systems are generating harms to working people. This report thus relies on drivers' experiences to document the impacts of AI- and data-driven payment systems.

KEY TERMS IN THIS REPORT

- i** **"Algorithmic wage discrimination,"** a term developed by legal scholar Veena Dubal, occurs when workers (including the same worker at different times) receive fluctuating amounts of algorithmically-determined pay for performing the same or broadly similar work.¹⁹
- i** **"Surveillance wages"** occur when workers' pay is determined not only by their job tasks or responsibilities, but by using personal and behavioral data gathered by the company. In theory, a company could use this data to keep wages low "by identifying just how little it takes to get any employee to perform a task."²⁰

Our Survey Findings

Our survey data point to widespread, reported negative consequences from Uber's algorithmic pay system.

Seven in ten drivers report experiences that suggest Uber's AI manipulates driver pay in ways that push drivers to accept lower fares or keep drivers on the road for longer.

Specifically:

- ⚡ Nearly three in four drivers (73%) who declined low-fare rides in the past three months report that the app either slowed down their rides or their earnings went down because the app continued to offer them low-fare rides.
- ⚡ One third of drivers (33%) report that in the past three months, rides slow down in the app when they are approaching the amount of rides they need to achieve a bonus or the next level in Uber's rewards program, Uber Pro.
- ⚡ An overwhelming majority of drivers (78%) agree that driving on the Uber app feels like gambling — the occasional good fare keeps them going.

Large shares of drivers report getting squeezed by Uber's pay algorithm.

- ⚡ The vast majority of drivers (72%) report that in the last three months, it was more difficult to earn the same amount of money than it was a year ago on the Uber app.²¹
- ⚡ A significant majority of drivers (56%) report that in the last month, they earn less in a day on the Uber app than what they had planned or expected several times a week or more.

About four in ten drivers report experiences that suggest Uber's AI creates pressure on drivers to work while tired or in pain, or to accept rides they fear may be unsafe.

- ⚡ More than four in ten drivers (42%) report that in the last month, they continued to drive on the app even though they were tired. Four in ten drivers (40%) report that in the last month, they continued to drive on the app even though they were in pain. Both groups say they continued to drive in these conditions because they were earning less on the app than they expected.
- ⚡ Thirty-eight percent of drivers (38%) report that in the last month, they accepted rides they would normally decline, including rides they feared may be unsafe, because they were earning less on the app than they expected.

72%

of drivers report that in the last three months, it was more difficult to earn the same amount of money than it was a year ago on the Uber app.

4 IN 10

drivers continue to drive even though they are tired or in pain because they were earning less on the app than expected.

1 IN 3

drivers report that in the past year, they were hungry but did not eat because they could not afford food.

Serious financial and psychological hardship are commonly reported by drivers. Large shares of drivers attribute their hardship to difficulty predicting their pay on the app.

- ⚡ A clear majority of drivers (59%) report experiencing one or more serious financial hardships in the past year. Three quarters (74%) of those drivers report that the financial hardship was because they earned less on the app than they expected.
- ⚡ The situation for drivers is bad enough that one in three drivers (35%) reported that in the past year they were hungry but did not eat because they could not afford food, and one in seven drivers (15%) reported that in the past year they had to stay in a car, shelter or other place not meant for housing for at least a night.
- ⚡ More than two-thirds of drivers (68%) reported experiencing one or more measures of psychological distress “some,” “most” or “all” of the time in the last month. Two thirds (67%) of those drivers report that their psychological distress was because of their lack of control over their earnings on the Uber app.

Drivers who rely more on the app to make a living — disproportionately drivers of color and financially struggling drivers — are more likely to report harms.

- ⚡ Drivers who rely more on the app to make a living are more likely to report less favorable pay conditions and more serious financial hardship and measures of psychological distress as a result of Uber's pay algorithm than other drivers.
- ⚡ These effects are racialized. Drivers of color are more likely to report that their earnings from the app are essential for meeting their basic needs (76%) than white drivers (65%). They are also far more likely to report working long hours (50 or more hours per week) on the app²² (33%) than white drivers (19%).

MEASURES OF SERIOUS FINANCIAL HARDSHIP

In the past year (1) you went hungry because you couldn't afford to eat; (2) you avoided seeing a doctor, going to the hospital, or buying medicine because you were worried about the cost; (3) you stayed in a shelter, abandoned building, automobile, or any other place not meant for regular housing, even for one night, and (4) your vehicle was repossessed or threatened to be repossessed.

MEASURES OF PSYCHOLOGICAL DISTRESS

In the last month: (1) feeling so sad nothing can cheer you up; (2) feeling nervous, anxious, or stressed, and (3) feeling hopeless.



Discussion

Together, these findings indicate that the pay unpredictability and opacity in algorithmic wage-setting systems can have widespread negative financial, psychological, and health and safety consequences for workers. They also suggest how algorithmic wage-setting systems can play a role in entrenching a new class of vulnerable workers. In particular, drivers' responses reflect a pattern in which drivers who rely more on the app to make a living are more likely to report being subjected to more unfavorable pay conditions on the app, and more hardship arising from those conditions.²³

Although the rhetoric of a so-called "gig" economy of "flexible" "side-hustles" may seek to mask their existence, research indicates full-time drivers perform a disproportionately large number of trips on app-based passenger platforms.²⁴ These drivers are thus likely to bring in a disproportionately large amount of the companies' revenue. In our survey, drivers who rely more on the app to make a living are also more likely to be drivers of color and financially struggling. This indicates a clear racial and class element to drivers' experiences of unpredictable pay on Uber's pay algorithm.

We cannot definitively account for why drivers who rely more on the app to make a living are more likely to report harms — whether it is because of the app's design, structural injustices embedded in the app and in the larger society, because these drivers drive more hours on the platform, or some other factor. But we can measure the effect and extent of impacts reported by drivers.

Uber has denied intentional discriminatory profiling to determine driver pay.²⁵ Yet, as sociologist Ruha Benjamin warns, "[t]oo often people assume that racism and other forms of bias must be triggered by an *explicit* intent to harm."²⁶

As secure, waged work becomes harder to find, many workers — particularly workers of color and more financially vulnerable workers — are pushed into the app-based economy as their primary source of income.²⁷

Even absent intentional discrimination in the algorithm, drivers' survey responses suggest how unpredictable, AI-manipulated pay can further entrench a new class of vulnerable workers. Unless we push back, the Inequality Machine grinds on.

“You lose hope thinking when will this get better, and instead it keeps on getting worse and worse. It's enough to drive you crazy.”

Uber driver

Our Recommendations

Corporations are using technology to scale unpredictable and opaque AI-driven pay in the app-based economy,²⁸ and, according to forthcoming research, increasingly in traditional employment sectors as well.²⁹ We need to enact new laws, and, where applicable, enforce existing laws,³⁰ to safeguard all working people — whether in app-based industries or in traditional employment models — against these harms.

01 STOP THE BOSS'S DATA GRAB!

Policymakers should ban electronic monitoring of workers outright, especially mass continuous surveillance. To the extent intermittent monitoring is permitted, it should be for a strictly necessary purpose (such as legal compliance), collect the least amount of data necessary, be narrowly tailored, and use the least invasive means.

02 ENACT BRIGHT-LINE RULES BANNING ALGORITHMIC WAGE DISCRIMINATION AND SURVEILLANCE WAGES

Policymakers should pass a clear, bright-line ban on algorithmic wage discrimination, surveillance wages, and other forms of predatory AI wage-setting. Despite their growing prevalence, these practices remain unregulated by any explicit legal standards and enforcers have yet to challenge them under existing legal regimes.³¹

03 A REAL LIVING WAGE

Policymakers should update and enact industry- and jurisdiction-specific living wage laws that truly reflect the cost of living. When workers are financially struggling and need every “bonus” to keep food on the table, they are more vulnerable to algorithmic wage manipulation.

04 PREDICTABLE PAY LAWS

Policymakers should pass a new generation of predictable pay laws that require corporations to compensate workers when their pay is lowered without sufficient notice. The law can also require corporations to set stable rates of pay like a typical union contract.

05 GUARANTEED PAY AND HOURS

Policymakers should enact laws that require corporations and workers to establish pay rates and a minimum number of paid working hours prior to the start of work. One precedent for such an approach is Germany's Act on Part-Time and Temporary Work, or, in German, *Teilzeit- und Befristungsgesetz*, or “TzBfG.”³²

06 JUST CAUSE LAWS

Policymakers should support just cause laws that broadly protect workers against unfair terminations (or in the app-based driver context, so-called, “deactivations”). The nudging incentives of an algorithmic compensation system are more difficult to disregard if a worker can be terminated at any time, for any reason.

07 STRENGTHENING PATHWAYS TO COLLECTIVE BARGAINING

Policymakers should support laws and interventions that strengthen worker pathways to collective bargaining and building worker organizations. At their core, algorithmic wage discrimination and surveillance wages are tools that corporations can use to isolate workers from one another, and diminish worker power by eroding workers' ability to build common cause.³³ Rebalancing power asymmetries remains essential.