

# THE SHARING ECONOMY: CREATING OPPORTUNITIES FOR INNOVATION AND FLEXIBILITY

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## HEARING

BEFORE THE

COMMITTEE ON EDUCATION  
AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

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HEARING HELD IN WASHINGTON, DC, SEPTEMBER 6, 2017

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# **THE SHARING ECONOMY: CREATING OPPORTUNITIES FOR INNOVATION AND FLEXIBILITY**

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**Wednesday, September 6, 2017  
House of Representatives,  
Committee on Education and the Workforce,  
Washington, D.C.**

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The committee met, pursuant to call, at 10:04 a.m., in Room 2175, Rayburn House Office Building, Hon. Virginia Foxx [chairwoman of the committee] presiding.

Present: Representatives Foxx, Roe, Thompson, Walberg, Guthrie, Rokita, Byrne, Brat, Grothman, Stefanik, Allen, Lewis, Smucker, Estes, Handel, Scott, Davis, Grijalva, Fudge, Polis, Sablan, Wilson of Florida, Bonamici, Takano, Adams, DeSaulnier, Norcross, Blunt Rochester, Krishnamoorthi, and Espaillat.

Staff Present: Bethany Aronhalt, Press Secretary; Courtney Butcher, Director of Member Services and Coalitions; Michael Comer, Press Secretary; Ed Gilroy, Director of Workforce Policy; Rob Green, Director of Workforce Policy; Callie Harman, Professional Staff Member; Amy Raaf Jones, Director of Education and Human Resources Policy; Nancy Locke, Chief Clerk; Kelley McNabb, Communications Director; Rachel Mondl, Professional Staff Member and Counsel; James Mullen, Director of Information Technology; Krisann Pearce, General Counsel; Brandon Renz, Staff Director; Molly McLaughlin Salmi, Deputy Director of Workforce Policy; Olivia Voslow, Legislative Assistant; Joseph Wheeler, Professional Staff Member; Lauren Williams, Professional Staff Member; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Kyle deCant, Minority Labor Policy Counsel; Denise Forte, Minority Staff Director; Christine Godinez, Minority Staff Assistant; Carolyn Hughes, Minority Director Health Policy/Senior Labor Policy Advisor; Eunice Ikene, Minority Labor Policy Advisor; Stephanie Lalle, Minority Press Assistant; Kevin McDermott, Minority Senior Labor Policy Advisor; Kiara Pesante, Minority Communications Director; and Veronique Pluviose, Minority General Counsel.

Chairwoman FOXX. Good morning. A quorum being present, the Committee on Education and the Workforce will come to order.

I would like to begin by welcoming our guests and witnesses. Thank you for joining the committee today for an important discussion relating to the future of our nation's workforce. America has always led the world in innovation and technology. It is the inge-

nuity of the American people that has helped create the most prosperous nation in the history of the world. That same ingenuity is what led to the rise of the sharing economy, which is changing the way we live, work, and connect.

The growth of the sharing economy may be relatively recent, but the idea behind it really isn't a new concept. For quite some time, people have exchanged goods and services or shared their skills, time, or resources for a fee. Think about it. For decades, people have found ways to earn extra income through babysitting, renting property, dog walking, holding garage sales, cleaning homes, or mowing a neighbor's lawn. What is taking place in the sharing economy isn't much different. But the internet has brought this type of economic activity to a whole new level, and it has empowered people from all sorts of backgrounds to put their entrepreneurial ideas into motion.

There is no question that this growing economic sector has improved the American quality of life. Consumers have more choices. People in need of transportation have more options. Families can easily rent out their home to help pay their mortgage. Individuals have a new way to sell their homemade goods and crafts. The sharing economy has also helped startup businesses get off the ground, and it has created new job opportunities that didn't exist before. Not everyone is looking for a 9-to-5 job. More and more people are increasingly drawn to flexible work arrangements, and that is what attracts them to the sharing economy. They want to be their own boss, control their own schedule, or earn extra cash while pursuing an education.

The sharing economy has provided thousands of hard-working men and women the opportunity to do just that. Today, there is an estimated 3.2 million people working in the sharing economy, 79 percent are doing so on a part-time basis.

This is an industry that has really taken off. And, as we have seen throughout our history, innovation often occurs and flourishes during challenging economic times, which is remarkable and should be celebrated. It is a testament to the strength of our economy and the resilience of the American people.

As the sharing economy continues to grow, we need to make sure outdated federal policies don't stand in the way. The self-employed individuals who rely on the sharing economy for work don't fit neatly into obsolete job categories defined in another era. So there are important questions over how we can modernize policies to meet the needs of the future. There are also questions over how sharing economy workers can gain access to affordable healthcare and prepare for a secure retirement. Not every answer can or should come from Washington. Innovation outside of Washington is needed to help tackle these challenges, and I have no doubt that the same creative minds behind the sharing economy will rise to the occasion.

Earlier this year, a bipartisan group of committee members visited the San Francisco area to meet with leaders in the technology industry. We saw the operations of sharing economy companies firsthand. It is my hope that today's conversation will build off that experience, inform our future policy discussions, and help all of us better understand the realities of this emerging workforce.

Before we get started, I would like to recognize and say farewell to a member of our committee staff who has dedicated more than 20 years of public service to the people's House, including 16 years of service as the committee's director of workforce policy. This is Ed Gilroy's final hearing with us. Ed loved this job and put his all into it. It is only fitting that his last hearing is about the future of America's workforce because he is always forward-looking and focused on policies that will have a positive impact on the lives of working families, not just today but for generations to come.

Ed led our efforts to protect the rights of workers and employers, provide moms and dads more flexibility in the workplace, expand access to affordable healthcare for small business employees, preserve access to affordable retirement advice, and so much more. When we think about the success we had with the passage of the bipartisan *Pension Protection Act* in 2006 and with the *Multiemployer Pension Reform Act* in 2014, we have to think of Ed. He has guided us through countless hearings, markups, floor debates, field hearings, member briefings, roundtable discussions, and stakeholder meetings. And through it all, he's been a trusted adviser, dedicated public servant, distinguished colleague, and an invaluable member of our committee family.

People come to work on Capitol Hill because they want to make a difference. And Ed can leave here knowing that he did.

Ed, we're deeply grateful for your many years of service to the American people and to the House, and we wish you all the best in the years ahead.

[Applause.]

Chairwoman FOXX. We are really grateful to you.

With that, I yield to Ranking Member Scott for his opening remarks.

[The statement of Chairwoman Foxx follows:]

**Prepared Statement of Hon. Virginia Foxx, Chairwoman, Committee on Education and the Workforce**

America has always led the world in innovation and technology. It's the ingenuity of the American people that has helped create the most prosperous nation in the history of the world.

That same ingenuity is what led to the rise of the sharing economy, which is changing the way we live, work, and connect.

The growth of the sharing economy may be relatively recent. But the idea behind it really isn't a new concept. For quite some time, people have exchanged goods and services, or shared their skills, time, or resources for a fee.

Think about it. For decades, people have found ways to earn extra income through babysitting, renting property, dog walking, holding garage sales, cleaning homes, or mowing a neighbor's lawn.

What's taking place in the sharing economy isn't much different. But the Internet has brought this type of economic activity to a whole new level, and it has empowered people from all sorts of backgrounds to put their entrepreneurial ideas into motion.

There is no question that this growing economic sector has improved the American quality of life. Consumers have more choices. People in need of transportation have more options. Families can easily rent out their home to help pay their mortgage. Individuals have a new way to sell their homemade goods and crafts.

The sharing economy has also helped start-up businesses get off the ground, and it has created new job opportunities that didn't exist before.

Not everyone is looking for a 9-5 job. More and more people are increasingly drawn to flexible work arrangements, and that's what attracts them to the sharing economy. They want to be their own boss, control their own schedule, or earn extra cash while pursuing an education.

The sharing economy has provided thousands of hardworking men and women the opportunity to do just that. Today, there are an estimated 3.2 million people working in the sharing economy. 79 percent are doing so on a part-time basis.

This is an industry that has really taken off. And as we have seen throughout our history, innovation often occurs and flourishes during challenging economic times, which is remarkable and should be celebrated. It's a testament to the strength of our economy and the resilience of the American people.

As the sharing economy continues to grow, we need to make sure outdated federal policies don't stand in the way. The self-employed individuals who rely on the sharing economy for work don't fit neatly into obsolete job categories defined in another era. So, there are important questions over how we can modernize policies to meet the needs of the future.

There are also questions over how sharing economy workers can gain access to affordable health care and prepare for a secure retirement. Not every answer can or should come from Washington. Innovation outside of Washington is needed to help tackle these challenges. And I have no doubt that the same creative minds behind the sharing economy will rise to the occasion.

Earlier this year, a bipartisan group of committee members visited the San Francisco area to meet with leaders in the technology industry. We saw the operations of sharing economy companies firsthand. It's my hope that today's conversation will build off that experience, inform our future policy discussions, and help all of us better understand the realities of this emerging workforce.

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Mr. SCOTT. Well, thank you, Madam Chairman.

I'd like to start by echoing your comments about Ed Gilroy. Ed has worked for several chairs and ranking members of the committee, and throughout that time, he's been accessible and open in discussion with Democratic staff and our members. And because of that, the committee has been able to work very well, and I want to express my appreciation and applaud his years of service. My staff and I wish Ed well as he departs from the committee.

Thank you, Ed.

I'd like to also offer my thoughts and prayers to the people of Texas, particularly those who have lost loved ones as well as those who remain displaced.

Madam Chair, our colleagues stand ready to work with you to ensure that Texas has the resources it needs to recover and rebuild. A lot of those resources will be in areas under the jurisdiction of this committee. And so we look forward to working with you as we decide what our response will be.

Today the committee is convening a hearing on the sharing economy. This term encompasses the marketplace of companies that use smartphone apps and technology platforms to connect consumers with goods and services. The sharing economy has revolutionized the way we live our lives. By just touching an app on our phones, we can get a ride, we can purchase groceries, find a plumber, and much more. In many ways, the sharing economy serves as another example of how America's brightest minds can create and build innovations that shape our world.

But that's not the entire story. Today's hearing is not a victory lap because too many workers are still struggling to make ends meet. They have not received a raise. Their wages are not keeping pace with productivity. They and their families are not economically secure. The central question before us is whether the sharing economy's employment model helps reverse this trend or exacerbates the loss of worker protections.

When businesses categorize their workers as employees, they're entitled to a range of statutory benefits and protections. For exam-



ple, these workers as employees will be compensated for injuries sustained on the job under workers' compensation. They're protected against discrimination. They can join a union and collectively bargain with companies with which they work..

The employee/employer relationship has been fundamental to building and sustaining America's middle class. A few sharing economy companies treat their workers as employees. The CEO of one such company said that the higher costs of doing so are offset by the company's ability to attract and retain high-quality employees. She said consumers want to pay for the labor they believe in.

However, most sharing economy companies do something else. They classify and sometimes misclassify their employees as independent contractors. As a result, these workers do not have access to overtime pay, a minimum wage, family and medical leave, paid sick leave, unemployment insurance, workers' compensation, retirement benefits, health and safety protections, and the right to unionize.

Today's hearing presents an opportunity to explore whether it is fair, appropriate, and even legal for the sharing economy companies to classify workers as independent contractors. Today's hearing also challenges us to consider whether the independent contractor paradigm that is being used in the sharing economy and other industries reflects what the future of work will look like in the United States. And let's be clear, it's just not service-oriented work that's being threatened and displaced by the sharing economy. Traditional, steady, well-paying jobs are at risk of becoming just another temporary gig. For example, accounting and legal services are being advertised on a for-hire basis, placing in jeopardy the livelihood of local CPAs and law offices. X-rays can be read remotely, and that poses challenges to hospital radiologists. Other employees can simply advertise just-in-time temporary services and go from gig to gig or be placed on temporary assignment by an agency.

The sharing economy appears to be leading us towards a future where Americans perform temporary jobs rather than fulfill lasting careers where they're not part of an employer/employee relationship. If that's the case, and if the sharing economy does reflect the future of work, we must ask whether we want our children and grandchildren to inherit a future where workers lack the most basic employment protections.

When it comes to the sharing economy, Congress must strike the right balance. Our guiding principle should be who wins and who loses. And we can support growth while still maintaining what should be a bipartisan commitment to workers' rights to a fair wage, safe workplace, and an ability to organize and collectively bargain. Any suggestion that we can do only one and not the other represents a false choice.

Finally, I want to agree with Chairwoman Foxx that the sharing economy warrants the committee's focus. I appreciate you convening today's hearing. But on this side, we believe that there are other issues impacting workers that are equally deserving of the committee's attention. For example, 2.2 million workers earn at or below the federal minimum wage of \$7.25 an hour. It's been 10 years since Congress increased the minimum wage. We need to ad-

dress the minimum wage. These workers deserve our attention. It's estimated that 2.4 million low-wage workers in the 10 most populous states lose \$8 billion annually because their employer paid them less than the state or federally mandated minimum wage. These workers and other workers are victims of wage theft, and they also deserve our attention. An estimated 4.2 million workers would be newly eligible for overtime pay under the rules put forward during the past administration. However, this administration is moving ahead to weaken those overtime eligibility rules. We must fight to continue the overtime rule and codify it because workers deserve that attention.

In the coming weeks, I hope that we can address these other issues as well as the important issue of the sharing economy.

Thank you, Madam Chairman. I yield back.

[The statement of Mr. Scott follows:]

**Prepared Statement of Hon. Robert C. "Bobby" Scott, Ranking Member,  
Committee on Education and the Workforce**

Madam Chair, I would like to start my echoing your comments about Ed Gilroy. Ed has worked for several Chairs of this Committee. Throughout that time, he has always been accessible and open to discussion with Democratic staff and our Members. We appreciate that and applaud his years of public service. My staff and I wish Ed well as he departs the Hill and returns to the American Trucking Association.

I also would like to offer my thoughts and prayers to the people of Texas, particularly those who lost loved ones as well as those who remain displaced. Madam Chair, my Democratic colleagues and I stand ready to work with you to ensure that Texas has the resources it needs to recover and rebuild.

Today, the Committee is convening a hearing on the sharing economy. This term encompasses the marketplace of companies that use smartphone apps and technology platforms to connect consumers with goods and services.

The sharing economy has revolutionized the way we all live our lives. Just by touching an app on our phones, we can get a ride, purchase groceries, find a plumber, and much more. In many ways, the sharing economy serves as another example of how America's brightest minds can create and build innovations that shape our world.

But that is not the entire story; and today's hearing is certainly not a victory lap. Too many workers are struggling to make ends meet. They have not received a raise, and their wages are not keeping pace with productivity. They and their families are not economically secure.

The central question before us is whether the sharing economy's employment model helps reverse that trend or exacerbates the loss of worker protections.

When businesses categorize workers as employees, they are entitled to a range of statutory benefits and protections. For instance, these workers will be compensated for injuries sustained on the job; they are protected against discrimination; and they can join a union and collectively bargain with the companies for which they work.

The employer-employee relationship has been foundational to building and sustaining America's middle class.

A few sharing economy companies treat their workers as employees. The CEO of one such company said that the higher costs of doing so are offset by the company's ability to attract and retain high quality employees. She said, "consumers want to pay for labor they believe in."

However, most sharing economy companies do something else. They classify and potentially misclassify their employees as independent contractors. As a result, those workers do not have access to overtime pay, a minimum wage, family and medical leave, paid sick leave, unemployment insurance, workers compensation, retirement benefits, health and safety protections, and the right to unionize.

Today's hearing presents an opportunity to explore whether it is fair, appropriate, and legal for sharing economy companies to classify workers as independent contractors.

Today's hearing also challenges us to consider whether the independent contractor paradigm being used in the sharing economy and other industries reflects what the

future of work will look like in the United States. And – let’s be clear – it’s not simply service-oriented work that are being threatened and displaced by the sharing economy. Traditional, steady, well-paying jobs are at risk of becoming just another gig.

For instance, accounting and legal services are being advertised on a “for hire” basis, placing in jeopardy the livelihood of local CPAs and law offices. X-rays can be read remotely, and that poses challenges to hospital radiologists. Other employees can simply advertise just-in-time, temporary services and go from gig to gig, or be placed on temporary assignment by an agency. The sharing economy appears to be leading us toward a future where Americans perform temporary jobs rather than fulfill lasting careers; and where they are not part of an employer-employee relationship.

If that’s the case, and if the sharing economy does reflect the future of work, we must ask whether we want our children and grandchildren to inherit a future where workers lack the most basic employment protections.

None of us wants that.

When it comes the sharing economy, Congress must strike the right balance – and our guiding principle should be who wins and who loses. We can support its responsible growth while still maintaining what should be a bipartisan commitment to workers’ rights to a fair wage, safe workplaces, and their ability to organize and collectively bargain. Any suggestion that we can only do one or the other represents a false choice.

Finally, I want to agree with Chairwoman Foxx that the sharing economy warrants the Committee’s focus. I appreciate you convening today’s hearing. But my Democratic Committee colleagues and I believe there are other issues impacting workers are equally deserving of our Committee’s attention.

For instance, 2.2 million workers earn wages at or below the federal minimum wage of \$7.25 per hour. It has been over ten years since Congress increased the minimum wage.

That is unacceptable.

An estimated 2.4 million low-wage workers in the ten most populous states lose \$8 billion annually because their employer paid them less than the state or federally mandated minimum wage.

These workers and the others who are victims of wage theft deserve our attention.

An estimated 4.2 million workers would be newly eligible for overtime pay under the rules put forward by the Obama Administration last year. The Trump Administration is moving ahead with a new and likely far weaker rule.

We must continue to fight for the Obama Administration’s rule and codify it because these workers deserve our attention.

In the weeks and months ahead, I hope these workers and others get the attention they deserve from this Committee. I yield back my time.

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Chairwoman FOXX. Thank you, Mr. Scott.

And I want to thank you for your comments about working together to help the victims of the hurricanes across the country. We certainly send our sympathies out to those people, too, and we’ll do whatever we can in this committee to assist them.

Pursuant to committee rule 7(c), all members will be permitted to submit written statements to be included in the permanent hearing record.

And, without objection, the hearing record will remain open for 14 days to allow such statements and other extraneous material referenced during the hearing to be submitted for the official hearing record.

I now turn to introductions of our distinguished witnesses.

Dr. Arun Sundararajan is a professor and the Robert L. & Dale Atkins Rosen Faculty Fellow at New York University Stern School of Business.

Mr. Johnson is the founder of SnapSeat, LLC, a photo booth company operating in the Connecticut area.

Ms. Sharon Block is executive director of Harvard Law School’s Labor and Worklife Program.

Mr. Michael Beckerman is the president and CEO of the Internet Association, a trade association representing leading global internet companies, including Airbnb, Etsy, Lyft, SideCar, and Uber.

I now ask our witnesses to raise your right hand.

[Witnesses sworn.]

Chairwoman FOXX. Let the record reflect the witnesses answered in the affirmative.

Before I recognize each of you to provide your testimony, let me briefly explain our lighting system. We allow five minutes for each witness to provide testimony. When you begin, the light in front of you will turn green. When one minute is left, the light will turn yellow. At the five-minute mark, the light will turn red, and you should wrap up your testimony.

Members will each have five minutes to ask questions. And I think everybody knows we're probably going to have votes around 11:45 or 12:00. I hope very much we can get through the hearing and be respectful to our witnesses before we have to go vote.

Dr. Sundararajan, you're recognized for five minutes.

Mr. SUNDARARAJAN. Thank you. Chairwoman Foxx --

Chairwoman FOXX. Turn on your mike.

**TESTIMONY OF ARUN SUNDARARAJAN, LEONARD N. STERN  
SCHOOL OF BUSINESS, KAUFMAN MANAGEMENT CENTER,  
NEW YORK, NEW YORK**

Mr. SUNDARARAJAN. Chairwoman Foxx, Ranking Member Scott, I'm delighted to have been invited to speak to you about the sharing economy, innovation, flexibility, and the future of work and education. Thank you for convening this important hearing.

The sharing economy means different things to different people. The label departs from our everyday use of the verb "sharing," and I'm unaware of any consensus on a definition. In my 2016 book, which I nevertheless decided to title "The Sharing Economy," I discuss why I find the term "crowd-based capitalism" more precisely descriptive.

American capitalism has progressed over the last 200 years from markets that relied on Adam Smith's invisible hand to the visible hand of large 20th century corporations. As digital technologies blur boundaries between institutions of differing scale that have historically facilitated the provision of trust and the use of intellectual capital, what emerges are new ways of organizing economic activity that involve hybrids of markets and organizations. This is the sharing economy.

They have five characteristics: first, exchange facilitated by a platform which aggregates demand, matches customers with providers, and provides some digitized form of trust; second, high-impact capital and asset-light or shared consumption; third, the supply of capital and labor coming from decentralized and heterogeneous crowds of providers; fourth, a blurring of lines between personal and professional; and, finally, blurring lines between compensated and casual labor, between work and leisure, between independent and dependent work relationships.

As Chairwoman Foxx pointed out, full-time jobs evolve into a dizzying array of non-employment work arrangements featuring a continuum of levels of time commitment, granularity, capital owner-

ship, economic dependence, and entrepreneurship. Home- and ride-sharing examples are well known. But the sharing economy spans industries as diverse as commercial real estate, retail, food, healthcare, and energy.

Of special interest are platforms for diverse entrepreneurial services. Some, like Upwork and Thumbtack, span a broad range of professions. Others, like Handy, focus on clusters like cleaning, moving, and home maintenance. Newer, specialized professional services platforms, like Catalant for management consulting and Gigster for high-end software engineering, are growing very rapidly. For example, today over 20,000 highly qualified lawyers generate their income through the legal services platform UpCounsel.

Its recent dramatic expansion notwithstanding, the sharing economy represents but a fraction of our country's nonemployment or contingent work arrangements. Today, 20 percent of our workforce generates all its income from non-employment work and an additional 20 percent uses non-employment work to supplement income from a full-time job. Also, many aspects of crowd-based capitalism predate the modern sharing economy. YouTube, whose content is provided by a distributed and heterogeneous crowd of creators, has more viewers than any television network in the world. eBay was a pioneer in digital peer-to-peer commerce in 1995 and has 25 million sellers. Over 50 percent of Amazon's estimated U.S. sales of 125 billion are from a distributed and heterogeneous crowd of small businesses selling through the platform. This crowd-based transformation of retail is accelerated by platforms like Postmates and DoorDash that are, in a sense, digitally indexing what's in everybody's local physical world business.

Crowd-based capitalism thus creates significant opportunities for small business growth. My academic research on the economic impacts indicates that, in the long run, the sharing economy will not just contribute to economic growth but may also reduce any economic inequality. My written testimony has the details.

With these opportunities, however, come new challenges. When coupled with the rise in the cognitive capabilities of AI and robotics technologies, the sharing economy will transform how workers organize. And today's dominant model being a salary provided of labor and talent will be progressively less viable.

In my last minute, let me focus on four challenges. First, the promise of lower economic inequality requires that we guide our new entrepreneurial and freelance workforce towards having genuine capital ownership, entrepreneurs running actual branded businesses, however small, that perhaps use their own time and talent but doesn't relegate them to being faceless, on-demand labor. Favoring platforms that are committed to this vision reflects smart capitalist government policy.

Second, an economy with millions of microbusinesses operating through digital platforms requires a very different regulatory approach, one that must frequently delegate responsibility to where the data resides.

Third, absent a well-defined employer, many facets of the social safety net need a new funding paradigm. New multi-stakeholder partnerships, along with a fundamental reworking of many aspects of labor law are necessary.

Finally, we must shift the focus of higher education, catalyzing the emergence of new institutions that support mid-career transitions for displaced workers while shaping career paths for a more entrepreneurial workforce. Such education cannot be mere re-skilling. It must catalyze finding a new professional network, access to new opportunities, the ability to relocate, imbuing workers in flux with a new identity, rebuilding self-worth to allow transition with dignity. Templates for these institutions are likely to emerge from large corporations managing workforce transitions. Such forward-looking policy about education and the workforce that anticipates and reacts to these changes is central to the future competitiveness and stability of the country.

Thanks again for inviting me to share.

[The statement of Mr. Sundararajan follows:]

**The Sharing Economy, Digital Innovation, and the Future of Work**

Arun Sundararajan

*Professor of Business; Robert L. & Dale Atkins Rosen Faculty Fellow*

*NYU Stern School of Business*

*Head, Social Cities Initiative, NYU Center for Urban Science and Progress*

**Written testimony for the hearing titled, *The Sharing Economy: Creating Opportunities for Innovation and Flexibility*, convened by the Committee on Education and the Workforce, United States House of Representatives, September 6<sup>th</sup>, 2017.**

Chairwoman Foxx and Ranking Member Scott, I am delighted to have been invited to speak to you about the sharing economy, innovation, flexibility, and the future of work and education. Thank you for convening this important hearing. What we call the sharing economy today represents early examples of new and digitally-enabled ways of organizing economic activity. In the future, these new systems will span multiple industries, change what it means to have a job, reshape our regulatory landscape, challenge our social safety net, and restructure how we finance, produce, distribute and consume goods, services and infrastructure. Forward-looking policy about education and the workforce that anticipates these changes is essential for the continued competitiveness and stability of the country.

**Overview, definitions, and examples**

The term “sharing economy” means different things to different people, which often complicates discussions about policy for the sharing economy or regulating the sharing economy.<sup>1</sup> The label is also often challenged because it seems at odds with our everyday use of the verb “sharing.” I am unaware of any consensus on a definition of the sharing economy.<sup>2</sup> In my 2016 book<sup>3</sup> (which I nevertheless decided

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<sup>1</sup> See Kenneth Olmstead and Aaron Smith, [How Americans Define the Sharing Economy](#), Pew Research Center (May 20, 2016), which highlights the diversity of perceptions that Americans associate with the term, ranging from charity and socialism to asset rental marketplaces.

<sup>2</sup> I discuss a few alternative definitions from other authors in my 2017 report to the European Parliament’s Committee on Internal Market and Consumer Protection. See Sundararajan, Arun, [The Collaborative Economy: Socioeconomic, Regulatory and Policy Issues](#) (February 2017).

to title “The Sharing Economy,”) I explain why I find the term “crowd-based capitalism” more precisely descriptive of what most of us refer to as the sharing economy.<sup>4</sup>

Let me therefore start with a quick definitional summary to place my testimony in a clear context. Before I do that, let me clarify some terms. **Platforms** are the digital ‘marketplaces’ which facilitate the exchange of goods and services. **Providers** are the individuals or small businesses that supply goods and services in these marketplaces. **Consumers** are the individuals who generate the demand for (by buying, renting or otherwise consuming) what the providers provide.

Over the last twenty years, digital technologies have been blurring the boundaries between institutions of differing scale that have historically facilitated the provision of trust and the use of intellectual capital in business. This changes how we organize economic activity. In the early days of modern American capitalism, commerce resembled a textbook peer-to-peer market economy—the one-person business was the primary form of production and distribution. Following the revolutions in transportation and communication induced by the railroad and the telegraph in the mid-19th century, mass distribution and mass production became more prevalent, leading to emergence of the modern corporation in the early 20th century, and the subsequent dominance of managerial capitalism, today’s familiar hierarchical organization, and the work arrangement of full-time employment in the second half of the 20th century.<sup>5</sup>

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<sup>3</sup> Sundararajan, Arun. The Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism. (MIT Press, 2016)

<sup>4</sup> The sustained use of the term “sharing economy” may in part be due to some of its intellectual precursors. See Sundararajan (2016), Chapter 1, 30-35 for a more detailed discussion. For example, Yochai Benkler’s notion of “commons-based peer production” discussed in ‘Sharing Nicely’: On Shareable Goods and the Emergence of Sharing as a Modality of Economic Production (Yale Law Journal, 2004), Michel Bauwens’ conception of peer production discussed in The Political Economy of Peer Production (CTheory, 2005), and Lawrence Lessig’s contrast between market economies and sharing economies in Remix: Making Art and Commerce Thrive in the Hybrid Economy (New York: Penguin, 2009). Rachel Botsman and Roo Rogers, What’s Mine Is Yours: The Rise of Collaborative Consumption (Harper Business, 2010) prefer “collaborative consumption,” and Lisa Gansky, The Mesh: Why the Future of Business is Sharing (Portfolio Trade, 2010) favors “the Mesh.”

<sup>5</sup> An excellent history of the gradual transition from Adam Smith’s famed “invisible hand” to the modern corporation of the late 20th century can be found in Alfred D. Chandler Jr., The Visible Hand: The Managerial Revolution in American Business (Harvard University Press, 1993).



Today, we are witnessing the emergence of another new way of organizing economic activity—**crowd-based capitalism**—that is the successor to 20th century managerial capitalism. What we often call the “sharing economy” (and what I prefer to call crowd-based capitalism) describe an economic system with the following five characteristics:

(1) **Market-based exchange facilitated by a platform.** Such platforms almost always aggregate demand, match customers with providers, and provide some digitized form of trust. For example, the platform Airbnb facilitates the provision of short-term accommodation by its 3 million hosts (providers) to its 200 million guests (consumers). Many platforms do significantly more. My analysis of over 100 sharing economy platforms in 2015 suggested considerable variation: some platforms resemble light-touch marketplaces that simply match buyers and sellers, while others provide support that may include production financing, provider mentoring, customer support, provider pricing tools, logistics support, payment processing and other operational assistance to providers.<sup>6</sup>

(2) **High-impact capital and asset-light consumption.** The sharing economy creates opportunities for assets, skills and time to be used at levels closer to their full capacity. In parallel, it allows a greater fraction of consumption to occur through a variety of rental models, and without the need for individual asset ownership. For example, rather than owning a second car, many people may instead engage in market-based “sharing” using the platform Lyft or Uber.

(3) **Crowd-based “networks” replace centralized institutions or hierarchies.** Much of the supply of capital and labor comes from decentralized and heterogeneous crowds of providers who vary in scale and objectives. For example, the platform Getaround facilitates peer-to-peer vehicle rental. A majority of its providers in San Francisco list just one car, a personal vehicle, on the platform. However, many other providers own small fleets of two to ten cars, and run a small car rental business through the platform. Additionally, City CarShare, a Bay Area shared mobility company, rents out its fleet of over 100 vehicles through the Getaround platform.

(4) **Blurring lines between the personal and the professional.** The supply of services through sharing economy platforms often commercializes and scales peer-to-peer activities like giving someone a ride, having a house guest, preparing a meal for friends, helping someone move, or lending someone money, activities which used to be considered “personal.”

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<sup>6</sup> See [Sundararajan \(2016\)](#), Chapter 3, 77-79.

(5) **Blurring lines between fully-employed compensated and casual labor, between independent and dependent employment, between work and leisure.** Many traditionally full-time jobs are supplanted by a variety of non-employment work arrangements ranging from on-demand contract work to micro-business ownership, featuring a continuum of levels of time commitment, granularity, capital ownership, economic dependence, and entrepreneurship. I will return to this point later in my testimony.

Short-term accommodation and transportation (“ride-sharing”) services have dominated the public dialog about the sharing economy over the last five years. By most measures, Airbnb is already the world’s largest provider of short-term accommodation; it’s 4 million listings (as of mid-2016) dwarf the 1.1 million room inventory of Marriott-Starwood, the world’s largest hotel chain. Around the world, mobile phone-hailed transportation has been made possible by platforms like Uber and Lyft in the US, Didi Chuxing in China, Grab and Go-Jek in South East Asia, and Ola in India, platforms that have collectively raised about \$30 billion in venture financing. However, it is important to recognize that the changes induced by the transition to crowd-based capitalism **span a broad range of industries**, ranging from commercial real-estate (WeWork) and long-term accommodation (Common) to groceries (La Ruche Qui Dit Oui) and healthcare (Care.com, Clineeds, UberDocs).

Of particular interest are those platforms which aggregate the consumer demand for different services, connecting freelance workers and small businesses with this demand. Some, like Upwork and Thumbtack, span a broad range of professions, from accounting and copy editing to personal fitness and photography. Others, like Handy, concentrate on a cluster of related services like house cleaning, moving, and home maintenance. Still other platforms focus on one specific profession, like Catalant for management consulting (over 40,000 providers), Gigster (whose providers are highly curated software engineers), and Upcounsel for legal services.

The scale of such specialized platforms is growing. As an illustration: Upcounsel lists over 20,000 active providers. These include professional solo law practitioners, stay-at-home parents who work part-time through the platform, and boutique law firms. 70% of Upcounsel’s lawyers (who have an average of 15 years of experience) have worked at top-200 law firms, and 50% of them have worked at Fortune-500 firms. Essentially, Upcounsel is building the infrastructure of a law firm to support a highly skilled crowd-based provider population by aggregating demand, managing client relationships, and guaranteeing client payment for them. The pace of growth of such platform-based non-employment work accelerates with the emergence and popularity of new enterprise software from companies like WorkMarket and SAP

that manages corporate task-based workflows, allowing traditional corporations to integrate on-demand talent into more complex internal processes.

Although the last few years has witnessed a striking expansion of this new way of organizing economic activity, there are many aspects of crowd-based capitalism that predate the modern sharing economy.<sup>7</sup> eBay, founded in 1995, was the pioneer of digitally-enabled peer-to-peer commerce, and currently has over 25 million sellers. YouTube, founded in 2005, aggregates content provided by a distributed and heterogeneous crowd of creators, and has more viewers than any television network in the world. The YouTube platform (owned by Google since 2006) centralizes the aggregation of demand, provides search and discovery capabilities, and performs some content filtering. (The demand aggregation and content distribution activities are thus still handled by a traditional hierarchical organization.) In contrast, content production is done by a distributed and varied “crowd” of providers. Some content comes from large studios: traditional entertainment hierarchies that also produce YouTube-ready music videos and Internet-customized programming. But there are also millions of independent and semi-professional producers who create media ‘micro-businesses’ which generate revenue from the advertising shown to consumers who view their content. Some of these producers boast tens of millions of subscribers and earn millions of dollars in annual revenue.<sup>8</sup> Numerous others cater to a niche audience and generate more modest incomes. Still millions of other YouTube content creators simply post content for fun.

While one might think of Amazon (founded in 1994) as a traditional online retailer, it is in fact one of the world’s largest crowd-based capitalism platforms. About 50% of its estimated US merchandise sales of \$125 billion<sup>9</sup> (and closer to 60% of its global sales) are from small businesses selling through the platform. Many of these small businesses use Amazon’s inventory management and fulfillment services,

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<sup>7</sup> In [Sundararajan \(2016\)](#), Chapter 2, I discuss the confluence of technological and trust factors that have led to dramatic recent acceleration.

<sup>8</sup> Some of the most prominent earners on YouTube include Lilly Singh (comedy sketches and music videos, \$7.5 million in 2016), Tyler Oakley (variety entertainment, \$6 million in 2016) and Rosanna Pansino (unconventional baking ideas, \$6 million in 2016).

<sup>9</sup> Amazon does not report the aggregate gross merchandise value (GMV) of merchandise sold through its platform, or break down the fraction of GMV that comes from marketplace sellers. These estimates are based on my own analysis of research done by investment banks and other third parties.

and the platform's "Fulfillment by Amazon" feature often masks the distinction between buying directly from Amazon and buying from one of these smaller sellers.<sup>10</sup>

The sharing economy is also contributing to a broader (but distinct) ongoing shift in the American workforce, away from full-time employment and towards non-employment work arrangements. Several studies over the last two years have documented a rise in this non-employment labor force: people who derive their primary or supplemental income from work arrangements other than employment. Estimates of the total number of such "independent" workers in the United States range from 40 million to 68 million.<sup>11</sup> This variation reflects different definitions and methods; nevertheless, both the high and low estimates demonstrate that independent workers represent a significant fraction of the country's civilian labor force of 160 million people.

In the future, the aspiring law associate of today might instead become a tiny law firm that operates through a legal services platform. That would enable the young lawyer to gain access to corporate clients that the platform maintains relationships with, while perhaps leveraging artificial-intelligence-enabled legal research capabilities to scale. Similarly, micro-entrepreneurs might run transportation businesses using small fleets of autonomous cars or trucks through a logistics platform. A local mom-and-pop store may evolve into one that caters to a specific niche it reaches through a global retailing platform. A multinational consulting firm might evolve into a platform through which millions of individuals run micro-consulting practices (or even small partnerships).

#### **Economic impacts, regulatory challenges, and data-driven delegation**

These digital platforms that aggregate demand, provide search and discovery, and ensure sufficient trust for commercial exchange create significant opportunity for small business growth. Millions of small and

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<sup>10</sup> This shift in how retail is organized will be reinforced as platforms like Postmates and DoorDash "index" one's physical neighborhood, create effective last-mile delivery systems, and make local purchases initiated through a digital interface more commonplace.

<sup>11</sup> See, for example, Manyika, J., Lund, S., Bughin, J., Robinson, K., Mischke, J. and Mahajan, D., Independent Work: Choice, Necessity and the Gig Economy. (McKinsey Global Institute, 2016), Katz, L., and Krueger, A. (2016). The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015 (National Bureau of Economic Research Working Paper 22667), and studies from the Freelancers Union/Upwork and from MBO Partners.

micro- businesses already operate through platforms ranging from Amazon and Airbnb to Upwork and Thumbtack. It is important that any assessment of economic impact not focus exclusively on the scale and market power of the large platforms, but actively measures the positive effects that the transition in business has on millions of smaller businesses that these platforms enable and support.

My academic research about the projected economic impacts of crowd-based capitalism indicates that in the long run, the sharing economy will contribute positively to economic growth. Some of this growth may stem from total factor productivity (TFP) increases that accompany the more efficient use of assets. Additionally, the dramatic increase in variety that accompanies the emergence of crowd-based capitalism (contrast product variety on Airbnb with that of traditional hotel chains) will increase consumption, leading to further growth. Furthermore, shared assets are used more intensively, and as a result, might need to be replaced more actively. So even though there may be fewer owners, these owners will buy more frequently because, in a sense, they are “spending” the capacity of their asset more rapidly.<sup>12</sup>

My research also suggests that the sharing economy may reduce *economic inequality*. There are a number of factors that explain this counterintuitive effect.<sup>13</sup> Lower-income consumers who were previously excluded from ownership are now able to enjoy the benefits of access-based consumption. For example, families who may not have been able to afford vacations in the past can now enjoy them because of the ease of renting affordable or family-friendly short-term accommodation on Airbnb. Many lower-income consumers realize ownership cost savings, gains from greater usage efficiency and higher quality consumption. Still others benefit from being able to afford to purchase better assets because these personal assets can now be commercially monetized through sharing economy platforms. I highlight this finding because it speaks to what may eventually be the true promise of the sharing economy, as an economic force that democratizes access to a higher standard of living.

As more and more of the economy transitions to crowd-based capitalism, the ensuing creation of millions of micro-businesses that reach global markets through digital platforms will require rebalancing regulatory responsibility between governmental and non-governmental bodies. Many of our current regulatory systems are premised on large corporations dominating the supply of goods and services, like they did in the second half of the 20th century. Because the sharing economy creates new ways of providing familiar services that are traditionally often highly regulated, regulatory conflict is to be

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<sup>12</sup> I discuss these effects in greater detail in [Sundararajan \(2016\)](#), Chapter 5.

<sup>13</sup> Many of the details of this research are reported in Samuel Fraiberger and Arun Sundararajan, [Peer-to-Peer Rental Markets in the Sharing Economy](#) (March 2015, updated August 2017).

expected, and indeed, around the world, governments have struggled with how to best regulate this new form of exchange. However, the sharing economy provides new solutions to existing trust challenges, and regulation, often interwoven with the provision of trust, doesn't always have to originate with governments. Regulation can take on myriad forms, governmental and otherwise.

To summarize, responding to this ongoing shift requires a fundamental rethinking of how we regulate. It is important to imagine a regulatory system that works with, rather than against, the platforms of the sharing economy.<sup>14</sup>

Drawing new lines between governmental regulatory agencies and platforms is not simple. An approach I have often advocated considering is **data-driven delegation**—delegating enforcement of regulations, with appropriate oversight and application programming interfaces (APIs) for audit purposes, to the entity that routinely gathers and holds, as a natural byproduct of the commerce in question, the data necessary for regulation—as an alternative to either government-only regulation or the “open data” approach of transferring consumer information to government regulators. Some of the principles I have formulated to aid the difficult decisions about when data-driven delegation is appropriate are summarized below.

- Are there new technological solutions to information asymmetry? Platforms represent a new generation of third-party institutions. Often, the existence of a governmental regulatory body was due to market failure caused by some form of information asymmetry. Does the platform naturally provides a technological fix to what required intervention in the past?<sup>15</sup>
- Do economic externalities have to be internalized? If government intervention has historically been because of economic externalities, delegation to platforms may be less effective. The commercial choices made by a buyer or provider may impose costs on (or result in benefits to) others, and these externalities often may not be naturally taken into account (or internalized) when trading peers make choices. When these externalities are negative, continued involvement by either the government or a non-platform third-party may be necessary.

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<sup>14</sup> I discuss this issue in greater detail in [Sundararajan \(2016\)](#), Chapter 6.

<sup>15</sup> For example, in the past, a passenger might not have known the shortest route in a new city, or the right prices for taxicab services. Thus, it was necessary for a government body to set standards and install meters in taxicabs. But in today's era of GPS and smartphones, the need to install government-issued meters seems lower; besides, the existence of nationwide or even global platforms indicates that this role can be delegated to them in a manner than benefits society.

- Are social and profit interests aligned? If a desired social outcome is at odds with a platform's profit motive, delegation must be considered with care.
- Does regulatory effectiveness increase with data? Does the effectiveness of regulation increase as the scope and volume of available data for regulation increases? If it does, data-driven delegation may be in society's best interest. These advantages may be greater when there is significant variety in or a rapidly changing provider population.
- How sensitive is the data required for regulatory purposes? Do the potential privacy costs to society from mandating data transparency outweigh the potential costs to society from auditing platforms for compliance? If the data required to regulate effectively is of the kind whose sharing imposes a potentially high cost on the platform's users, or that may raise citizen concerns about government surveillance, this favors data-driven delegation.
- How much technological sophistication is required? The technological sophistication of the potential non-governmental partner, and the complexity of the data analysis required for effective detection and correction are also important considerations. If the platform in question has technological talent resources that are likely to be superior to those a government agency can attract or afford, and the task at hand requires some technological sophistication, this favors data-driven delegation.
- How timely does the enforcement need to be? In deciding on the right situations for data-driven delegation, it is also helpful to consider the social costs and benefits of a timely regulatory response.<sup>16</sup>
- Are there societal cost advantages to delegation? In deciding on the right situations for data-driven delegation, it is also useful to consider the relative costs of the governmental and non-governmental options.<sup>17</sup>

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<sup>16</sup> For example, the availability of certain kinds of inappropriate content on YouTube has immediate social costs given the speed with which access to such content may spread. Thus, delegating the role of regulating such content to YouTube can benefit society, since YouTube has a far superior ability to detect, as well as to act on enforcement (block or remove the offending content) much more rapidly.

<sup>17</sup> For example, it costs Airbnb a lot less to simply deduct taxes for each transaction, aggregate these receipts, and transfer them to a city government periodically, than it does for a government to set up a reporting system for hosts, for hosts to have to report their earnings, compute tax and file paperwork associated with the tax remittal, and for the government to then have to audit these receipts.

### Workforce and education policy issues

With these opportunities, however, come new challenges. When coupled with a rise in the cognitive capabilities of artificial intelligence and robotics technologies, sharing economy platforms will dramatically reshape tomorrow's workplace, threatening the viability of today's dominant model of work: being a salaried provider of labor and talent.<sup>18</sup> Three important areas of policy intervention that are necessary to effectively manage this transition are related to capital ownership, to labor law and the social contract, and to education policy.

**Capital ownership.** A particularly attractive feature of crowd-based capitalism is its promise to redistribute and make less unequal the ownership of capital. But this promise is just a possibility, and not a certainty. As the workforce moves away from the 20th century model of earning money by providing labor and talent to a large organization which owns the capital associated with the economic activity, a critical policy direction will be to guide the shift towards an economy in which a greater fraction of the workforce are **capital owners**, running tiny businesses that use a mix of labor and talent inputs from the individual themselves and from others (perhaps even via an on-demand platform). These guidelines contrast with other proposed policy responses to digitally enabled work changes which focus on the redistribution of income through progressive taxation, a capital tax,<sup>19</sup> or a universal basic income.<sup>20</sup>

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<sup>18</sup> At a specific level of technological progress, different tasks that comprise a job have always been automatable to different degrees. However, work arrangements that involve long-term labor relationships allow greater slack in the design of work systems. In contrast, if the work associated with full-time jobs is "unbundled," this must necessarily be accompanied by a far more structured production process, one that is designed to make tasks more separable and modular. This will naturally increase the pace and precision at which such tasks can be automated when the technology is ready, which in turn will accelerate the pace of displacement of human labor. The labor displacement effects of technological progress are also affected by the differential speed with which it lowers the cost of doing different tasks that comprise a job. Of the many tasks that comprise a production process, if only a few are automated, the variable cost of production associated with these tasks is lowered. As a consequence, production may increase, thereby increasing the demand for the human labor associated with the other tasks. This mitigating effect may be higher when the tasks are done as a "bundle" of work, and less so when separated.

<sup>19</sup> For a discussion of capital taxation ideas following a robotic technology induced productivity shock, see Jeffrey D. Sachs and Laurence J. Kotlikoff, Smart Machines and Long-Term Misery (National Bureau of Economic Research Working Paper 18629, 2012)



Put differently, sensible policy will shift the workforce away from those platform models under which the workforce is simply on-demand labor, and favor those platform models under which the providers have genuine ownership of some fraction of the organizational and intellectual property capital associated with the service. For example, a seller on Amazon or a host on Airbnb is not simply providing labor: they run a small business by setting prices, managing inventory, positioning their product, making merchandizing choices, engaging in customer service, and building a brand through the platform's reputation system. If an economy attains decentralized capital ownership, as an increasing fraction of labor inputs shift away from human labor and towards AI and robotics technologies, the workforce can more easily retain their ability to earn a living through their ownership of part of the associated capital.

In addition to favoring the platform models that are creating genuine individual-owned businesses, there are other policy actions that may aid this decentralization. For example, as some of the larger platforms become publicly traded corporations, government incentives that encourage the creation of "provider" stock ownership programs—under which providers are allocated shares in a platform—would be helpful. Additionally, since providers build "brand capital" through the profiles that exist on platform reputation systems, allowing these providers ownership over the associated reputation data (perhaps through an extension of current intellectual property law) will enable them to credibly port not just summary information but the details of their commercial histories from one platform to another, thereby increasing the value of the associated intangible capital.

**Labor law and the social contract.** It is critical that we rethink how benefits, workplace insurance, paid vacations and other facets of the social safety net are funded, since there will not be a well-defined employer responsible for a majority of tomorrow's workforce. Most saliently, the 20th century social contract for a worker was often defined in a way that presupposed or depended on the work arrangement being full-time employment. Employers frequently provided the funding for all or parts of a worker's benefits, paid vacations, income stability and workplace insurance. Salaried employment also provides a natural career trajectory and source of community for workers. None of these assumptions will hold for the majority of the workforce of 21st century.

The challenge of funding a new safety net will be greatest in countries like the United States and the United Kingdom, where large institutional employers have a bigger hand in providing worker benefits.

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<sup>20</sup> See, for example, Andy Stern and Lee Kravitz, *Raising the Floor: How a Universal Basic Income Can Renew Our Economy and Rebuild the American Dream* (2016).

The creation of new government-individual-institution partnerships may be one solution.<sup>21</sup> For example, as corporate pension plans have dwindled in the US over the last few decades, the 401(k) and associated programs have evolved to facilitate retirement planning that complements Social Security benefits. These represent a partnership between different stakeholders – individuals put aside a portion of their income each month, corporations supplement their contribution, and the government provides tax incentives.<sup>22</sup>

It is also important to remove any barriers to the platforms themselves embracing some of the responsibility. Protecting the providers who generate their profits can be both “doing the right thing” and smart capitalism. For a platform to offer a branded service experience of consistently high quality requires a reliable and steady source of high quality supply from providers. Since platforms lack the typical directive authority or culture-building capabilities that traditional firms use to manage their employees, provider benefits may eventually be naturally viewed as good business practice. It is essential, however, to remove labor classification barriers to the emergence of these market responses, recognizing that the binary classification of “employee” versus “contractor” does not describes the market reality today.

It is also necessary to rethink labor laws predicated on an assumption of full-time employment. For example, minimum wage laws do not easily port to a platform-based world. Someone who drives for Uber or Lyft can connect and disconnect from the platform at will, can take time off whenever they want, and can drive for multiple platforms. Any economic objectives of a minimum wage cannot therefore be reasonably accomplished by requiring one platform to guarantee its providers a minimum hourly income.

**Rethinking transition education.** In tomorrow’s world of work, a larger fraction of the workforce will not enjoy the natural career trajectory that comes with institutional employment. Perhaps the role of today’s post-secondary university will evolve to include this kind of lifelong career planning. But in parallel, a growing fraction of the workforce will have to transition to new professions multiple times during their career. We therefore need new university-like institutions that provide individuals experiencing **mid-career transitions** with structured and pedagogically sound education. This education cannot stop simply at offering retraining or the opportunity to acquire new skills. Rather, it must be accompanied with the creation of a new professional network and access to new opportunities, facilitating

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<sup>21</sup> See Sundararajan, Arun. Sharing Responsibility in the Sharing Economy. (Policy Network, November 2014)

<sup>22</sup> I don’t mean to suggest that 401(k) plans have solved the retirement savings problem for everyone, but merely that they represent a partnership model that has worked for some over the last decade in providing an alternative to employer-funded retirement benefits.

relocation to pursue a new career more naturally, imbuing workers in flux with a new identity and sense of purpose, and rebuilding self-worth to allow transition with dignity. Seeking this sort of mid-career intervention should be as natural as choosing to go to college after high school, a new rite of passage.

Templates for these institutions are likely to emerge from large corporations managing workforce transitions in the coming decade. However, for this new education ecosystem to truly flourish, the right government interventions may be necessary. While the mix of post-high school education delivered by today's universities may naturally evolve over time in response to market forces, perhaps away from STEM subjects and towards design and entrepreneurship, it is not realistic to expect enough new continuing education institutions to emerge entirely driven by market forces. The managerial revolution of the twentieth century in the United States was made possible in part by the Morrill Land-Grant Act of 1862, which spawned over 100 land-grant institutions that still exist today (and that include some of the country's top educational institutions like Cornell, MIT, Ohio State University and the University of Minnesota). Although these institutions perhaps did not immediately fulfill their stated goal of teaching "agriculture and the mechanic arts," the Act laid the foundations for a nationwide and broadly accessible post-secondary university system.

To summarize, the "sharing economy" represents the early stages of a very significant digitally-enabled transition that will dramatically reshape the American world of work in the coming decades. Timely and forward-looking workforce and education policy is central to the future competitiveness and stability of the country.

Chairwoman FOXX. Thank you very much.  
Mr. Johnson, you're recognized for five minutes.

**TESTIMONY OF JONATHAN JOHNSON, FOUNDER, SNAPSEAT, LLC, HARTFORD, CONNECTICUT**

Mr. JOHNSON. Thank you, Chairwoman Foxx, Ranking Member Scott, and members of the Committee, for the opportunity to share my story. My name is Jonathan Johnson, and I am here to speak on behalf of individuals who have been able to start their businesses and find success in the new economy.

My story started in October of 2013 when, in the same month, I found out the good news that my wife was pregnant with our first child and the less good news that I was being laid off from my full-time job as an accountant. It took a couple weeks for the initial shock of losing a full-time income for my family to pass. But what I couldn't shake was seeing a photo booth at an event just one month before. I had been fascinated with photography since I was in high school. When I was laid off, I had the time to research what was happening in the photo booth industry and realized there was entirely new market of people and events looking for photo booths. So I decided to take a risk and start my own business called SnapSeat. I started SnapSeat with a partner and every spare dollar we could find. To fundraise the venture, I sold a coin collection, sold items from around my house on eBay, and took a good part of my personal savings.

One thing I learned from this business is that we didn't need a big loan, a fancy business plan, or the most sophisticated equipment to get a business going. We needed a minimum viable product, the determination to go out and find our first customers, and to learn along the way.

We made the investment. We took the risk. And we built a photo booth that mostly worked. It took me three months to discover what would lead us to our first real customers and be responsible for 80 percent of our business in our first year. On a friend's advice, I checked out and registered as a service provider on Thumbtack.com.

Thumbtack is an incredible mechanism for both local customers and local service providers to create a market. Customers can go on Thumbtack, create a request for an array of services from plumbers, to website designers, photographers and more, and be contacted by local professionals with quotes for these services. For professionals like me, we receive real leads from real customers looking for our services. After registering, I started receiving leads the same day. Shortly after, I landed my first paying customer for a small birthday party 40 minutes away. It sounds cliché, but I really did drive both ways in a snowstorm to that first event. I was able to successfully complete my first job, get my first positive online review, and have some money to put into landing my next client. In that first year, I completed 47 events. And, most importantly, my wife gave birth to a healthy baby boy, Jeremiah, in May of 2014.

In just three years, SnapSeat has grown from one photo booth to five photo booths and five employees. We have served over 600 clients in three states.

One of the best parts of establishing a business is creating jobs. In addition, starting a project-based business has given me the flexibility to grow my business on my schedule and be home for my family. I truly believe that the only limit on the amount of success for my business is how hard I'm willing to work.

In today's rapidly changing economy, it seems that more people are looking to make ends meet in the gig economy. I believe our public policy needs to reflect this with laws that help every person with an idea that is willing to risk their time, talent, and resources to succeed.

Thank you for your time and allowing me to speak today. I am truly honored to be part of this discussion and be able to share my story.

[The statement of Mr. Johnson follows:]

**Testimony of Jonathan M. Johnson  
Owner of SnapSeat**

**Summary**

Great news – your wife shares the news that you are expecting your first baby! And one week later you walk into work and are laid off because your position has been eliminated. I am writing today to share how I went from laid off to living out a dream of owning a small business over the course of the last four years.

**Seize an Opportunity, Limit Risk**

My name is Jonathan Johnson and I am here to speak on behalf of individuals who have been able to start their own business and find success in the new economy.

My story started in October 2013 when in the same month, I found out the good news that my wife was pregnant with our first child and the less good news that I was being laid off from my full-time job as an accountant. It took a couple weeks for the initial shock of losing a full-time income for my family in a career I hoped to be lifelong to pass. But what I couldn't shake was a photo booth I had seen at an event just one month before.

I have been fascinated with photography since I was in high school. When I was laid off, I had the time to research what was happening in the photo industry and realized there was an entirely new market of people and events looking for photo booths. An idea I had for mobile portrait stations a few years earlier was now becoming mainstream. So I decided to take the risk and start my own photo booth business called SnapSeat.

I started SnapSeat with a partner and every spare dollar we could find – and no debt. To fundraise the venture, I sold a coin collection, sold items from around my house on eBay and took a good part of my personal savings. We were able to come up with about \$10,000 and that covered our basic equipment, software, website, graphic design.

One thing I learned from this business is that we didn't need a big loan, a fancy business plan, or the most sophisticated equipment to get a business going. We needed to have a minimum viable product and the determination to go out and find our first customers, learn along the way, and reinvest as we made money.

**Finding Customers**

We made the investment, we took the risk, and we built a photo booth that (mostly) worked. We attended our first wedding expo in January 2014 and we had only two brides interested. This was clearly not enough to start a business. So how did we find customers? It took me three months to discover what would lead us to our first real customers, and be responsible for eighty percent of our business in our first year. On a friend's advice, I checked out and registered for a profile on Thumbtack.com as a service provider.

Thumbtack is an incredible mechanism for both local customers and local service providers to create a market. For a customer, they can go on the website, create a request for a large array of services – plumber, website designer, photographer, landscaper, graphic designer, electrician, digital marketer, and more – and be contacted by local professionals with quotes for those services. For professionals like me, we receive real leads from real customers looking for our services in our area.

After registering and completing a profile, I started receiving leads the same day. Shortly after, I figured out a pricing and a communication style that landed me my first paying customer for a small birthday party about 40 minutes away that paid me \$300. It sounds cliché and funny, but I really did drive both ways in a snowstorm to that first event.

I was able to successfully complete my first job, get my first positive online review, and have some money to put into landing the next client. In that first year, I completed 47 events, invested back into my business, and grew a solid base of business. And most importantly, my wife gave birth to a healthy baby boy, Jeremiah, on May 16<sup>th</sup>, 2014.

### **Keep Growing**

We had a plan when we started SnapSeat of growing into a large outfit with multiple photo booths, operating in surrounding cities, and being capable of handling hundreds of clients a year. In just three years, we now have a total of five photo booths and five employees. We've served over 600 clients in the last 40 months in three states.

One of the best parts of establishing a business is being able to create jobs. SnapSeat is a great part time job for someone looking for a night or weekend job to supplement an income, to pursue their entrepreneurial endeavors, or go to college and finish school. My business offers flexible hours, allows office roles to be performed virtually, and we utilize a co-working space in Hartford as our main office.

Starting a gig-based business has given me the flexibility to grow my business based on my schedule and be home for my family. I truly believe that the only limit on the amount of success of my business is how hard I'm willing to work.

Another great part of finding success in an entrepreneurial pursuit is being able to help others pursue their business dreams. I've been able to coach three other startup owners and share my experience to help them improve. I'm now passionate about seeing small businesses succeed and I see the impact they can have on an economy.

### **How the Government Can Support Entrepreneurs**

Going from a traditional job to owning a business has shown me another side of the economy. I have also experienced starting a business from very humble beginnings. I would like to share a few areas where legislation and policy change would, in my opinion, help foster small business and create an environment that would increase opportunities for startups to succeed.

Registration & Formation Assistance: I would love to say that the Small Business Administration made a difference in my business, but my real world experience with the SBA

left me feeling like assistance to seek financing, e.g. loan readiness, was the only help being offered. Registering a business on the local, state, and federal level is extremely difficult. There are numerous tax, employer, and business formation filings and registrations to complete. The government can and should work to make these basic registration processes easier to navigate and understand if they truly want to support small businesses. A small startup or entrepreneur in the “gig economy” will most likely have less legal or financial resources to devote out of pocket to these areas, and a streamlined approach to helping these businesses succeed in this area will lead to a lower failure rate.

Taxes: In the case of the startup, I would submit that there is an opportunity to get more tax revenue from a business by asking for less up front. Taxes and tax law compliance is a huge undertaking, extremely hard to navigate, and even harder to afford for most new businesses. I would offer from my experience that if the government gave small businesses a two-year tax amnesty period on income, it would give startup entrepreneurs more money in their pocket, allow more of them to complete the registration process for their businesses to be a part of their income tax filings, and allow them to become more proficient and hopefully more lucrative taxpayers at later stages in their business cycle.

Health Insurance: Giving everyone, and in my case entrepreneurs, an opportunity to pay for and choose a right-sized health insurance policy for themselves and their family is a big safety net. The freedom of knowing that medical issues would be covered by our insurance has enabled us to continue this venture with one less thing to worry about. It’s also a viable option for my part time employees who are at different stages of life and needing insurance as they make ends meet. I know that giving small businesses more options for insurance allows more people to take risks to try to make their ideas work.

### **Conclusion**

As an entrepreneur, I took a risk to make an idea work that would ultimately provide for my family’s needs. I’m living the American dream to work hard, to pursue my God given potential, and to be rewarded by serving others in the marketplace with a profit. Every great business started with an idea and someone willing to take a risk.

In today’s rapidly changing world, and in a new American economy and job market, it seems that more people are looking to make ends meet in this “gig economy.” I believe our public policy needs to reflect this with laws that help every person with an idea who is willing to risk their time, talent, and resources to succeed. The next great American corporation could be that startup in the basement, garage, spare bedroom, or co-working space.

Thank you for your time and allowing me to speak today. I am truly honored to be a part of this discussion and to be able to share my story.

Sincerely,

Jonathan M. Johnson



Chairwoman FOXX. Thank you, very much, Mr. Johnson.  
Ms. Block, you're recognized for five minutes.

**TESTIMONY OF SHARON BLOCK, EXECUTIVE DIRECTOR,  
LABOR AND WORKLIFE PROGRAM, HARVARD LAW SCHOOL,  
CAMBRIDGE, MASSACHUSETTS**

Ms. BLOCK. Chairwoman Foxx, Ranking Member Scott, and members of the committee, thank you for this opportunity to testify today on the important subject of the sharing economy and its impact on people who earn income from it, the workforce, and the broader economy.

As you said, my name is Sharon Block, and I'm the executive director of Labor and Worklife Program at Harvard Law School, which is Harvard's center for research, teaching, and creative problem solving related to the world of work and its implications for society.

I would imagine that everyone in this hearing room has used the services of an online platform at some point and most probably use some regularly. I know that I do. We value the ease that they bring to our lives in procuring goods and services with just the click of a button or the touch of a finger.

The ability to order food, call for car service, or sell our unwanted stuff without interacting with a person, however, can allow us to forget sometimes that there are real people behind these platforms.

I appreciate the committee's interest in exploring the standard of living for these workers and how our labor and employment laws do and should apply to this sector.

One key question that the committee can address is whether the innovation and flexibility that marks the online platform economy is consistent with our historical structure of labor and employment laws that we enacted to ensure a basic level of economic security for American workers. I believe that it does. The framers of our basic labor and employment laws drafted statutes that did not define their scope in reference to the particulars of the jobs that were familiar to them at the time but rather in accordance with the timeless principle that the norm for workers in our nation should be the ability to earn a fair wage, be safe on the job, save for retirement, and avoid destitution during periods of unemployment. Although there are always new challenges arising from technological and business innovation, I see nothing inconsistent between the principle of decent labor standards and the dynamism that has always marked the American economy.

The digital age of the American economy need not be any different. Online platform companies have a choice. They can be innovative and flexible while creating good jobs or while destroying good jobs. While the outcomes of employee status cases are dependent on the particular facts and circumstances, my observation is the business models premised on the need to provide a consistent branded service tend to require a level of integration and control of the workers involved that is indicative of employee status. This observation then raises the question of whether the application of current law stifles the innovation and impedes the flexibility that we all value in the online platform economy.

The companies in the online platform economy are among the most innovative in history, and I have confidence that they can develop technological and entrepreneurial solutions to adapt to our nation's basic labor and employment laws, such as the need to track hours for purposes of calculating minimum wage or overtime or to engage in the give-and-take of collective bargaining. The proof that labor standards need not be an impediment to innovation can be seen in the online platform companies that are embracing employee status for their workers and continuing to thrive.

In assessing the compatibility between the flexibility afforded by the online platform economy and our current labor and employment laws, I think that there are two important ideas to keep in mind. First, flexibility is not inconsistent with employee status, especially the flexibility about which we hear so much from online platform workers, which is the ability to work when and how much they want.

Second, any assessment of how much online platform workers value flexibility must be made in the context of understanding the lack of basic labor standard protections that come along with that flexibility if it means giving up employee status. The high turnover rates in the sector suggest that many workers don't want to forego those protections for the long term.

Finally, it's critical to examine what we risk if we make it easier to classify workers as independent contractors. Many workers in the online platform economy are low-wage workers: drivers, cleaners, home care workers. They have little ability to shoulder the risks to their livelihoods and their families that comes with the loss of the basic social safety net that we built in this country around the idea of being an employee. Moreover, we have to be very careful not to create an incentive for other employers outside of the online platform economy to downgrade the status of their employees, depriving them of previously enjoyed protections.

I believe that the choice between the positive attributes of the platforms and maintaining decent labor standards is a false choice. We should all share the goal of growing the American economy in a way that creates a better future for everyone involved in this sector, platform owners, consumers, and workers.

Thank you.

[The statement of Ms. Block follows:]



Testimony of  
Sharon I. Block  
Labor and Worklife Program, Harvard Law School

Hearing Before the  
United States Congress  
House Education and the Workforce Committee:

*The Sharing Economy: Creating Opportunities for Innovation and Flexibility*

September 6, 2017

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**Testimony of  
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**Hearing Before the  
United States Congress  
House Education and the Workforce Committee:  
*The Sharing Economy: Creating Opportunities for Innovation and Flexibility***

Chair Foxx, Ranking Member Scott, and members of the Committee: thank you for this opportunity to testify today on the important subject of the “sharing economy” and its impacts on people who earn income from it, the workforce, and the broader economy.

My name is Sharon Block, and I am the Executive Director of the Labor & Worklife Program at Harvard Law School, which is Harvard University’s center for research, teaching and creative problem solving related to the world of work and its implications for society, as well as home of the Harvard Trade Union Program, the oldest executive leadership program at Harvard. The views expressed in my testimony are my own and do not represent the views of Harvard Law School.

Before I start, I would like to make a note about vocabulary, which I find challenging in the context of talking about what the Committee has labeled “the sharing economy.” In addition to “sharing economy,” it is often referred to as the “gig economy,” the “on-demand economy” or the “online platform economy”. I prefer the “online platform economy” because I find it the most descriptive and value neutral. It also can be difficult to arrive at agreed terms for labeling people who derive income from the online platform economy without betraying an opinion as to the answer to one of the questions that we are here today to discuss: whether or not those individuals are employees or independent contractors. To foster a spirit of open dialogue on the question, I prefer to use a term that does not convey a bias as to the answer to that question and so have adopted the convention of labeling those individuals “workers” – even in the absence of agreement on whether they are employees or independent contractors, surely we agree that they work for a living and differ only on whether they work for another company or for themselves.

I would imagine that everyone in this hearing room has used the services of an online platform at some point and most probably use them regularly. I know that I do. We value the ease that they bring to our lives in procuring goods and services with just the click of a button or a touch of a finger. As with many technologic innovations, the digital platform creates new opportunities for its consumers. The ability to order food, call for car service or sell our unwanted stuff without interacting with a person allows us to forget sometimes that there are real people behind these platforms --- often they’re our neighbors or even family members, and indeed, the terms under which they’re working makes a difference in the standards of living of many American families. I appreciate the Committee’s interest in exploring the standard of living for those workers and how our labor and employment laws do and should apply to work in this sector.

The key question that this hearing is designed to address is whether the innovation and flexibility that marks the online platform economy is consistent with our historical structure of labor and

employment laws that we enacted to ensure a basic level of economic security for American workers. Judge Vince Chhabria<sup>1</sup>, in a case brought by Lyft drivers asserting that they were employees misclassified as independent contractors, described the dilemma this way: “The jury . . . will be handed a square peg and asked to choose between two round holes.” In an address this spring to the Consumer Technology Association’s New American Jobs Summit, Chair Foxx similarly adopted the square peg/round hole analogy and concluded that, “self-employed individuals who rely on the sharing economy for work don’t fit neatly into obsolete job categories defined in another era.”<sup>2</sup>

I believe that the square peg/round hole analogy sells short the framers of our basic labor and employment laws. They handed down to us statutes that did not define their scope in reference to the particulars of the jobs that were familiar to them at the time, but rather in accordance with the timeless principle that the norm for workers in our nation should be the ability to earn a fair wage, be safe on the job, save for retirement and avoid destitution during periods of unemployment. Although there are always new challenges arising from technologic and business innovation, I see nothing inconsistent between that principle and the dynamism that has always marked the American economy. Employers have found ways to innovate their way through many phases of the American economy from the recovery from the Great Depression through to the information age within the confines of this principle.

The Digital Age of the American economy need not be any different. Online platform companies have a choice: they can be innovative and flexible while creating good jobs or while destroying good jobs. My testimony will focus on demonstrating that there is nothing inherent in their drive for innovation or flexibility that precludes them from making the right choice – the choice to create good jobs.

#### **Current Law Can Be Applied to Online Platform Business Models**

The first step in assessing whether or not current law is an impediment to innovation and flexibility is to assess how that law applies to the business models adopted by the dominant online platform companies. Although the experience of hailing a ride by watching pictures of cars on your smartphone was new with the advent of Uber, the experience of paying a company to procure transportation from point A to point B on our nation’s city streets is not new. In fact, even the argument that a company using new technology to connect people who need rides with people who want rides is a technology company and not a transportation company is not new. Consider this opening paragraph from a recent article<sup>3</sup> on ridesharing platforms:

In 1933, Elizabeth Rhone called Try Me Cab Company’s advertised phone number to order a cab. The company dispatched a vehicle bearing its logo. Unfortunately, the driver negligently operated the cab and injured Ms. Rhone. She sued the company for her injuries, but the company responded by saying it is not ‘engaged in carrying passengers for hire.’ Rather, the company characterized itself as “a nonprofit-sharing corporation,

<sup>1</sup> Cotter v. Lyft, Inc., Case No. 13-cv-04065-VC, Order Denying Cross-Motions for Summary Judgment (N.D. CA) (3/11/15); <http://www.rstreet.org/wp-content/uploads/2015/03/Lyft-summary-judgment.pdf>

<sup>2</sup> <https://www.bna.com/gig-workers-need-n57982087532/>

<sup>3</sup> [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2995176#](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2995176#)

incorporated under the laws of the District of Columbia for the purpose of furnishing its members a telephone service and the advantages offered by use of the corporate name, while the company did not own this or any other cab.” Although Try Me Cab Company held the license to operate the cabs, it maintained that drivers were the passengers’ independent contractors and claimed that it was not liable for Ms. Rhone’s harm.

Much of the debate over the online platform economy, however, is dominated by words like “disruptive,” “innovative,” and “new.”<sup>4</sup> If, in fact, online platform companies are service providers and not just intermediaries between individuals providing services and individuals needing services, however, the business model in terms of worker classification looks rather conventional. My former colleagues David Weil and Tanya Goldman have differentiated between platforms that create virtual markets and those that provide branded services. Much of the litigation over employee status has been against the online platforms that provide branded services, such as Uber and Handy.<sup>5</sup> In those examples, the platform company endeavors to deliver a consistent experience for customers – looking at Uber’s website it is clear that they want the public to associate Uber with a ride that is always fast, reliable, safe, and ubiquitous.<sup>6</sup>

While the outcomes of employee status cases are dependent on the particular facts and circumstances, business models premised on the need to provide a consistent branded service tend to require a level of integration and control of the workers involved that is indicative of employee status.<sup>7</sup> For example, in order to appeal to a particular segment of the market that the platform company has decided is most profitable to serve, branded service platforms typically set the price at which workers offer the service to the customer. Similarly, in order to ensure consistent quality of service, branded service platforms typically dictate many aspects of the way in which workers provide the service. Moreover, thus far, most of the branded service platforms provide services that do not require a degree of worker skill or specialization, such as driving, cleaning or delivering groceries.

Moreover, under the FLSA<sup>8</sup> and the NLRA,<sup>9</sup> the opportunity for entrepreneurial gain or loss is a key indicator of employee or independent contractor status. Looking at Uber as emblematic of the branded service platform model, the entrepreneurial opportunity appears very constrained. Although Uber tends to be rather secretive about how its platform works, recent reports have revealed the following rules<sup>10</sup> that apply to drivers’ behavior:

- Drivers must accept at least 80% of assigned rides or they may be deactivated.

<sup>4</sup> <http://www.newyorker.com/magazine/2017/05/15/is-the-gig-economy-working>;

<https://www.nytimes.com/2017/06/19/books/review/wild-ride-adam-lashinsky-uber-airbnb.html>

<sup>5</sup> Weil and Goldman, “Labor Standards, the Fissured Workplace, and the On-Demand Economy,” *Perspectives on Work* (2016); [http://www.fissuredworkplace.net/assets/Weil\\_Goldman.pdf](http://www.fissuredworkplace.net/assets/Weil_Goldman.pdf)

<sup>6</sup> <https://www.uber.com/ride/>

<sup>7</sup> <https://www.dol.gov/whd/regs/compliance/whdfs13.htm> (FLSA economic realities test); *NLRB v. United Insurance Co. of America*, 390 U.S. 254 (1968) (NLRA common law agency test).

<sup>8</sup> *Solis v. Cascom, Inc.*, 2011 WL 10501391, at \*4 (S.D. Ohio Sept. 21, 2011).

<sup>9</sup> *FedEx Home Delivery v. N.L.R.B.*, 563 F.3d 492 (D.C. Cir. 2009).

<sup>10</sup> Rosenblat and Stark, *Algorithmic Labor and Information Asymmetries: A Case Study of Uber’s Drivers*, *International Journal of Communications* 10(2016); [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2686227](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2686227)

- Drivers have only about 15 seconds to decide whether to accept an assigned ride.
- Drivers may be required to explain any deviations from GPS suggested routes.
- Drivers do not know their passengers' destination when they decide whether or not to accept a ride.
- Uber sets the price charged to the customer for the ride and may change it at any time without prior notice to drivers.

When you put all of these rules together, it is hard to see how Uber drivers have the opportunity to exercise entrepreneurial initiative. These rules preclude them from using their business acumen to decide whether a ride provides an optimal opportunity for profit, as they have to make an almost instant decision whether to accept it or not and do not know how much they will be paid for the ride, how long it will take or where it will lead them when they make the decision. Moreover, they cannot use their own business goodwill to make their "businesses" more profitable as they lack the authority to set their own prices. Setting prices is a fundamental feature of business decisionmaking. Instead, they have the ability to make more money by working more hours, not through the exercise of entrepreneurial or management skill. But that is no different than employees in many settings who have the option to add additional hours to their work week. Having the option to add hours does not transform an employee into an entrepreneur.

#### **Debunking the Myth that Current Law Stifles Innovation and Impedes Flexibility**

This hearing is premised on the uncontroversial premise that innovation and flexibility are positive attributes for participants in our economy and that the law should at best encourage them and at the least not create obstacles to companies achieving them. This premise necessarily then raises the question of whether the application of current law stifles innovation and impedes flexibility.

##### *Innovation:*

Many in the online platform sector have created a narrative that bending their business models to fit our Depression-era worker protection statutes will stifle the innovation that is crucial to the success of their companies. In a 2015 Atlantic article, David Mack, then Lyft Director of Public Affairs, suggested that a new definition of employment was needed to avoid burdening innovation in the ridesharing sector.<sup>11</sup> In introducing legislation to clarify the tax laws in order to facilitate online platform companies' classification of workers as independent contractors, Senator John Thune explained that he introduced the bill because he "think[s] it's important for Congress to do its part to keep up and ensure our laws don't prevent or stifle future growth" of the gig economy.<sup>12</sup> Senator Thune's legislation was endorsed by 10 of the biggest online platform companies, including Uber, Instacart and Handy, who in a letter to Thune asserted that

<sup>11</sup> "In the Sharing Economy, No One's an Employee," Gillian B. White, *The Atlantic* (June 8, 2015); <https://www.theatlantic.com/business/archive/2015/06/in-the-sharing-economy-no-ones-an-employee/395027/>  
<sup>12</sup> <https://www.thune.senate.gov/public/index.cfm/2017/8/ten-innovative-technology-companies-support-thune-s-new-gig-act>

his legislation would enable continued innovation in their sector.<sup>13</sup> Harris and Krueger also echoed this theme of the possible conflict between our current legal regime for classifying workers and promoting innovation. They asserted that the existing legal dichotomy “creates much legal uncertainty for workers and intermediaries” and that such uncertainty “may stifle innovation.”<sup>14</sup>

While assertions of a connection between the ability to treat workers as independent contractors and the fostering of innovation are easy to find, it is harder to find explanations of the causal mechanism. Harris and Krueger rely primarily on what they perceive is an ill fit between the FLSA’s requirements that employers track employees’ time and the looser and more fluid nature of work hours for those engaged in online platform work. Larry Mishel and Ross Eisenbrey of the Economic Policy Institute provide a strong refutation of that assertion.<sup>15</sup> As they point out, the rules set by platforms – Uber in particular – provide very powerful incentive for drivers to devote concentrated time on the app, dispelling the idea that Uber drivers frequently mix personal time with their driving time or that they constantly switch back and forth between different apps, such as Uber and Lyft. As Noam Scheiber documented in the *New York Times*, Uber has even adopted behavioral tools based on psychological research to push drivers to stay on the app longer.<sup>16</sup>

Further undermining the assertion that gig workers’ hours are immeasurable and therefore any tracking requirement would necessitate an innovation-stifling reconception of how the platforms operate is the fact that the companies are among the most tech savvy in history that have found ways to track workers and customers to a degree that many find alarming. Uber now touts its minimum income guarantee for drivers who meet stringent standards for frequent usage of the app.<sup>17</sup> Implicit in Uber’s ability to provide a minimum income guarantee is its ability to track the number of hours that drivers are working – exactly the kind of tracking that Uber would have to do if their drivers were classified as employees. It is hard to imagine that a company that until recently had a practice of tracking the whereabouts of its customers after they finished their rides and without their knowledge cannot track the amount of time its drivers spend working for the company.<sup>18</sup>

The best evidence that employee status is not an obstacle to innovation are the examples of online platform companies that have made the choice not to fight application of the current

<sup>13</sup> [https://www.thune.senate.gov/public/\\_cache/files/188c3824-417e-48b5-9239-6af4b5dff1c6/78A9306A1CA70CFC597175E47D8189EF.thune-new-gig.pdf](https://www.thune.senate.gov/public/_cache/files/188c3824-417e-48b5-9239-6af4b5dff1c6/78A9306A1CA70CFC597175E47D8189EF.thune-new-gig.pdf)

<sup>14</sup> Harris and Krueger, “A Proposal for Modernizing Labor Laws for Twenty-First Century Work: The ‘Independent Worker’”, The Hamilton Project, Policy Brief 2015-10 (December 2015); [https://www.brookings.edu/wp-content/uploads/2016/07/modernizing\\_labor\\_laws\\_for\\_twenty\\_first\\_century\\_work\\_policy\\_brief.pdf](https://www.brookings.edu/wp-content/uploads/2016/07/modernizing_labor_laws_for_twenty_first_century_work_policy_brief.pdf)

<sup>15</sup> Mishel and Eisenbrey, “Uber business model does not justify a new ‘independent worker’ category,” Economic Policy Institute Report (March 17, 2016); <http://www.epi.org/publication/uber-business-model-does-not-justify-a-new-independent-worker-category/>

<sup>16</sup> “How Uber Uses Psychological Tricks to Push Its Drivers’ Buttons,” Noam Scheiber, *New York Times* (April 2, 2017); [https://www.nytimes.com/interactive/2017/04/02/technology/uber-drivers-psychological-tricks.html?\\_r=0](https://www.nytimes.com/interactive/2017/04/02/technology/uber-drivers-psychological-tricks.html?_r=0)

<sup>17</sup> <https://www.uber.com/drive/atlanta/resources/driver-partner-guaranteed-hourly-fares/>;

<https://www.uber.com/drive/pittsburgh/resources/guarantee-faq/>

<sup>18</sup> <http://www.npr.org/sections/thetwo-way/2017/08/29/547113818/uber-ends-its-controversial-post-ride-tracking-of-users-location>



definition of employee status and, instead, have embraced providing their workers with the security and stability that comes with employee status. I have had the privilege to spend time with several CEOs of online platform companies that have made this choice and have enjoyed watching their business flourish.<sup>19</sup> For example, Dan Teran, CEO of Managed by Q, an online platform company that provides office cleaning services on-demand, has classified all of his workers as employees and provides a wide array of benefits, including profit sharing, in addition to paying minimum wage and overtime, making workers compensation contributions on their behalf and meeting Social Security and Medicare contribution requirements. Dan is frequently recognized as a highly successful entrepreneur in the online platform economy.<sup>20</sup>

*Flexibility:*

As the title of this hearing suggests, there is a perception that: (1) workers in the online platform economy value flexibility in their work arrangements over all other attributes of work; (2) that online platform business model provides the desired flexibility; and (3) that employee status impedes achieving the desired level of flexibility. I think that there are flaws in all three of these assumptions.

There is a little doubt that a segment of online platform workers – perhaps a large segment – value the flexibility that platform work offers. In an article in the Harvard Business Review, Alex Rosenblat, a sociologist conducting an in depth ethnography of Uber drivers, found that for part-time ride hail drivers, who use their online platform work to supplement their primary source of income, the flexibility to work when and as much as they want is important.<sup>21</sup> In addition, a study done by Uber's Head of Economic Research Jonathan Hall and Princeton economist Alan Krueger found that 85 percent of survey respondents agreed that flexibility was a major motivator for driving for Uber<sup>22</sup>. Thus, many online platform companies justify their use of the independent contractor status as a means of facilitating workers' desired flexibility.

There also should be little doubt that flexibility – even radical flexibility -- is not inconsistent with employee status. For example, to decide which days to work is not an uncommon attribute of workers who engaged by temp agencies and who are undisputedly employees. As my colleague Professor Ben Sachs noted:

The bottom line is that workers can choose when and how much to work, and can even work without immediate supervision, and still be employees within the meaning of the

<sup>19</sup> "These Startups Are Ditching the Uber Model and Hiring Full Time Workers," Miranda Katz, Wired.com (April 7, 2017); <https://www.wired.com/2017/04/these-startups-are-ditching-the-uber-model-and-hiring-full-time-workers/>

<sup>20</sup> <https://www.forbes.com/pictures/ml145klmm/dan-teran-26/#1066c7d63d7b>;  
<https://hub.jhu.edu/2017/01/17/dan-teran-forbes-30-under-30-all-star/>;

<https://www.bizjournals.com/newyork/news/2016/08/24/dan-teran-upstart-100-reinventor-managed-by-q.html>

<sup>21</sup> <https://hbr.org/2016/11/what-motivates-gig-economy-workers>

<sup>22</sup> Hall and Krueger, An Analysis of the Labor Market for Uber's Driver-Partners in the United States, Working Papers (Princeton University Industrial Relations Section) (2015); <http://arks.princeton.edu/ark:/88435/dsp010z708z67d>

law. Despite the trope, a legal determination that workers are employees does not require the loss of this kind of flexibility.<sup>23</sup>

In their excellent report on this topic, the National Employment Law Project noted cases involving a wide array of workers who both enjoyed the flexibility to accept or decline work and set their schedules, but who were nonetheless determined by courts to be employees, including cake decorators, home researchers, nurses, couriers and restaurant workers.<sup>24</sup>

What is in doubt is how real the promise of flexibility is for online platform workers. They clearly have the flexibility to work when they want to work. Generally, the online platform companies do not impose or assign work schedules on their workers. The platforms do, however, create strong incentives to influence when, where and for how long workers provide services. For example, Uber offers minimum guaranteed income only to drivers who stay on the app for fifty minutes out of every hour and engages in surge pricing to lure more drivers onto the app during peak hours and in high demand areas.<sup>25</sup> In an interview with NPR's Aarthi Shahani, Uber driver David McKee told Shahani, "No, you don't feel like your own boss at all. The only thing you control is the time when you sign on and sign off. Other than that, Uber controls everything." As discussed above, this kind of narrow flexibility can certainly be accommodated within the definition of employee status.

What also is in doubt, however, is how workers balance a desire for flexibility with the burden of low pay and lack of protections and benefits that accompany independent contractor status. Of course, in a world where all else is equal, people like flexibility. There is recent data suggesting that many online platform workers don't want the kind of flexibility that the online platform world offers when they can only get it by giving up basic employment protections. The high turnover rates among online platform workers suggests that many workers are not satisfied working for these platform companies. Research by the JP Morgan Chase Institute found that "one in six online platform workers is new in any given month and more than half of participants quit within a year."<sup>26</sup> Moreover, these researchers found that as the national unemployment rate has declined, indicating an increase in opportunities in other parts of the economy, participation in the online platform sector has decreased. Finally, an earlier JP Morgan Chase Institute study showed that turnover was lower among participants who have the highest levels of income volatility – the young and the poor.<sup>27</sup> Taken together, these data paint a picture of many workers willing to abandon the flexibility of online platform work if they can find other employment.

#### **What Are the Risks of Amending the Law to Accommodate the Online Platform Sector**

To fully assess the question posed by this hearing, it is important to examine what the risks would be of acquiescing to calls to amend our bedrock labor and employment laws to make it

<sup>23</sup> <https://onlabor.org/uber-employee-status-and-flexibility/>

<sup>24</sup> NELP, Flexibility and the On-Demand Economy, Policy Brief (June 2016); <http://www.nelp.org/content/uploads/Policy-Brief-Flexibility-On-Demand-Economy.pdf>

<sup>25</sup> NELP, Flexibility and the On-Demand Economy, Policy Brief (June 2016); <http://www.nelp.org/content/uploads/Policy-Brief-Flexibility-On-Demand-Economy.pdf>

<sup>26</sup> <https://www.jpmorganchase.com/corporate/institute/document/jpmc-institute-online-platform-econ-brief.pdf>

<sup>27</sup> <https://www.jpmorganchase.com/corporate/institute/document/jpmc-institute-volatility-2-report.pdf>

easier for online platform companies to opt to treat their workers as independent contractors. I believe that the risks are significant:

*Continued risk shift:* One way of thinking about what happens when a worker is classified as an independent contractor instead of an employee is that much of the risk attendant to acting in the economy shifts from the employer or the government to the individual. The Yale political scientist Jacob Hacker described this phenomenon in his book, “The Great Risk Shift: The New Economic Insecurity and the Decline of the American Dream.”<sup>28</sup> When workers become independent contractors, they become responsible for negotiating on their own for family sustaining wages, providing a safe workplace, saving for a secure retirement, and sustaining themselves through periods of unemployment. Our basic labor and employment laws were premised in part on the idea that individuals were not best suited to carry so much risk. Any change in the law that further facilitates that risk shift without an assessment of whether those to whom it is being shifted can bear it, risks great damage not just to the individuals involved but to the economy as a whole.

*Slippery slope of declining labor standards:* While drafters of legislation to address the perceived needs of the online platform economy may intend to enact a narrow fix, the risk of in fact creating a giant loophole is great. Although our current definition of employee and independent contractor might lack laser-like precision, they are the product of decades of interpretation and clarification. The likelihood that Congress could draft new definitions that would be precise enough to preclude companies outside of what we now consider the online platform economy from increasing the classification of workers as independent contractors seems remote. Moreover, a new category risks incentivizing employers who currently treat workers as employees and provide all the attendant protections to moving their workers to a category that diminishes those protections. Thus, rewriting the definitions risks lowering labor standards for a much broader segment of the workforce than intended – not to mention decades of additional litigation to tease out any new standards in terms of how they are applied. This risk is especially unwarranted when viewed in light of the small size of the online platform economy – less than one percent of the workforce.<sup>29</sup>

*Need to Raise Labor Standards:* In my opinion, the most urgent challenge facing our economy is how to raise labor standards. In last week’s release of the August jobs report, we once again saw sluggish wage growth.<sup>30</sup> The recent lackluster increase in Americans’ income is a part of a decades-long pattern of wage stagnation<sup>31</sup> and increasing income inequality.<sup>32</sup> In the absence of any evidence that addressing the concerns of the online platform economy will raise wages or reduce income inequality, our national attention is better spent on policies that will: raising the minimum wage, increasing the overtime threshold and encouraging full employment.

<sup>28</sup> <https://global.oup.com/academic/product/the-great-risk-shift-9780195335347?cc=us&lang=en&>

<sup>29</sup> Katz and Krueger, “The Rise and Nature of Alternative Work Arrangements in the United States, 1995-2015,” (December 2016); <http://arks.princeton.edu/ark:/88435/dsp01zs25xb933>

<sup>30</sup> <https://www.reuters.com/article/us-usa-economy/u-s-job-growth-slows-in-august-wage-growth-retreats-idUSKCN1BC3Q4>

<sup>31</sup> <http://www.epi.org/nominal-wage-tracker/>

<sup>32</sup> [https://www.washingtonpost.com/news/posteverything/wp/2017/08/14/the-whys-of-increasing-inequality-a-graphical-portrait/?utm\\_term=.9047d8d90336](https://www.washingtonpost.com/news/posteverything/wp/2017/08/14/the-whys-of-increasing-inequality-a-graphical-portrait/?utm_term=.9047d8d90336)

**Conclusion:**

The online platform sector is an exciting and vibrant part of our economy. It provides income and convenience for millions of American workers and consumers. It is an admirable goal of the Committee to seek ways to foster its positive attributes – flexibility, innovative spirit, efficiency and convenience. I believe that the choice between those positive attributes and maintaining decent labor standards is a false choice. We should all share the goal of growing the American economy in ways that create a better future for everyone involved in this sector – platform owners, consumers, and workers. The innovation that Americans should be most proud of is our nation’s long history of adapting to change – including technological change – in ways that have produced the most enduring and prosperous middle class in history.

Chairwoman FOXX. Thank you, Ms. Block.  
Mr. Beckerman, you're recognized for five minutes.

**TESTIMONY OF MICHAEL BECKERMAN, PRESIDENT & CEO,  
INTERNET ASSOCIATION, WASHINGTON, D.C.**

Mr. BECKERMAN. Thank you. Chairwoman Foxx, ranking member Scott, members of the committee, thank you for inviting me to testify. My name is Michael Beckerman. I'm the president of the Internet Association, which represents the world's leading internet platforms. Included in our membership are more than 40 of the world's most innovative companies, including sharing platforms such as Airbnb, Doordash, Handy, HomeAway, Lyft, Thumbtack, Turo, Uber, and Upwork.

As an advocate for these companies at the local, state, and federal level, the Internet Association has witnessed firsthand how the tremendous economic opportunity of a sharing economy has been embraced by individuals and communities across our country. In some communities, policymakers and regulators have embraced new technology and recognized the consumer benefit from increased competition. In these communities, which span across all 50 states, we have seen a massive increase in income opportunities directly as a result of the sharing economy platforms, and communities are stronger when the sharing economy is also strong.

In areas where policymakers and regulators have put up roadblocks to consumer choice and competition, the community is worse off. Opportunities are lost, competition is stamped out, and growth is stifled. The Internet Association suggests the following points to guide the committee as you look at these issues. Number one, it's critically important to recognize the sharing economy is diverse, it's rapidly growing, it's creating new economic opportunities with clear benefits to workers and other individuals. And, two, in listening to the grievances against sharing company platforms and considering proposed legislation and regulatory action, it's fundamental to assess whether these complaints capture genuine concern for worker protection safety rather than simply being complaints from incumbent industries against increased competition. There's a growing body of evidence and data that show that these complaints do not play out. I'll elaborate on each of these as I go on in my oral testimony and in greater detail in my written, which has been submitted for the record.

First, the sharing economy is increasingly diverse in bolstering economic opportunity. There's new data collected and analyzed by the I.A. that shows that there are approximately 24 million individual work opportunities across the country. Just two years ago, when I last testified on this topic, the number was between 1 and 3 million. The same I.A. research estimates that the sharing economy adds tens of billions of dollars in real income to hard-working individuals, even when we use our most conservative of figures. Other research from Brookings and others show that these economic gains are new and not coming at the expense of existing industries. Rather than cannibalizing markets, the sharing economy is opening up whole new markets and new demand that didn't previously exist. Evidence is mounting that participating in the shar-

ing economy is a net positive for the micro entrepreneurs who participate in it.

Research also shows that individuals are craving a different type of work arrangement which allows for fewer hours of work, for more time for their family and friends, and lifestyle, and on, an hourly basis, the sharing economy workers average approximately \$34 an hour for work compared to \$26 for payroll workers with the flexibility that doesn't otherwise exist.

But more than simply an income source, the other side of the sharing economy is local opportunity. These platforms create new demand and bring tens of millions of dollars to local communities and individuals rather than to corporations. Online platforms are helping to eliminate prejudices and biases in work fields as well as serve otherwise underserved communities.

One of the great things about the sharing economy, what makes it valuable and life-changing, is the flexibility. You're working for yourself. You're not working for a technology platform that's connecting you. Workers are not required to put in a set number of hours or show up at predetermined locations. Platforms don't tell their partners when they have to work, where they have to work, how they have to work, or if they have to work at all. You can simultaneously engage with multiple and competing platforms without any prior approval.

Despite the dramatic growth of the sharing economy and the millions of participants who continue to benefit from it, the evidence is clear that incumbent industries have not been hurt. Brookings' research showed no evidence of harm to the taxi or hotel industry as a result of ridesharing and short-term rentals, and evidence from Thumbtack has shown that the sharing economy platforms are opening up opportunities to women and minorities in fields that have otherwise been closed off.

Lastly, the Internet Association would encourage the committee to think about whether arguments against sharing economy platforms truly reflect genuine concern for worker protection safety or whether they're, in fact, complaints against increased competition. The internet has, since its inception, lowered entry barriers for new entrants, lowered cost for consumers, which is a positive. As with the early internet, today's sharing economy platforms are spurring increased competition and worker/consumer choice in our economy.

In summation, the sharing economy is an exciting innovation that collapses the distance between those offering services and those consuming services. The sharing economy provides clear benefits, and evidence of this fact must be taken into account before taking legislative or regulatory action. I appreciate the time to testify and look forward to answering your questions. Thank you.

[The statement of Mr. Beckerman follows:]

**TESTIMONY OF MICHAEL BECKERMAN**  
**President & CEO, Internet Association**  
**September 6, 2017**

Chairwoman Foxx, Ranking Member Scott and members of the Committee, thank you for inviting me to testify. My name is Michael Beckerman and I am the President & CEO of Internet Association, which represents the world's leading Internet platforms. Internet Association is the unified voice of the Internet economy and its global community of users. We are dedicated to advancing public policy solutions to strengthen and protect Internet freedom, foster innovation and economic growth, and empower users.

Included in Internet Association's membership are more than 40 of the world's most innovative companies, including sharing economy platforms such as Airbnb, Doordash, Handy, HomeAway, Lyft, Thumbtack, Turo, Uber and Upwork.<sup>1</sup> As an advocate for these companies at the local, state, and federal level, Internet Association has witnessed first hand how the tremendous economic opportunity of the sharing economy has been embraced by individuals and communities across the country. We have also seen how regulations implemented at a state and local level has the potential to stifle the rapid growth of jobs in these same communities.

In some communities, policymakers and regulators have embraced new technology, the modern workforce and flexible income, and recognized the consumer benefit from increased competition. In these communities, which span across all 50 states, local economies have seen massive increases in income opportunities directly as a result of sharing economy platforms. IA research using member company data and economic modeling shows that these positions correlate with overall job creation and growth. Local economies are stronger where the sharing economy is also strong.<sup>2</sup>

Unfortunately in some other communities, policymakers and regulators have put up roadblocks to consumer choice and competition. In these areas, the community is worse off when arbitrary barriers are placed on new entrants. Opportunities are lost, competition is stamped out, and growth is stifled.

The diversity of platforms today make it nearly impossible to concisely define the sharing economy, sometimes also referred to as the gig, on-demand or flexible economy. At its

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<sup>1</sup> Members of Internet Association include Airbnb, Amazon, Coinbase, Doordash, Dropbox, eBay, Etsy, Expedia, Facebook, Google, Groupon, Handy, HomeAway, IAC, Intuit, LinkedIn, Lyft, Match Group, Microsoft, Monster, Netflix, Pandora, PayPal, Pinterest, Rackspace, reddit, Salesforce, Snap Inc., Spotify, SurveyMonkey, Ten-X, Thumbtack, TransferWise, TripAdvisor, Turo, Twitter, Uber, Upwork, Yelp, Zenefits, Zillow and Zynga.

<sup>2</sup> Research forthcoming

foundation, the sharing economy is about removing barriers and allowing individuals to more efficiently utilize their time, earn income from their passions and hobbies, and better utilize assets or liabilities as a source of income. At their most basic, sharing economy companies are platforms that connect supply and demand. In 1980, for example, if you wanted a ride to the airport, you might have picked up the yellow pages to look up a phone number for a car service to call and arrange a pickup. In that pre-internet age scenario, the yellow pages served a similar function that Lyft and Uber do today – connecting supply – the driver – with demand – the rider. Today, thanks to the Internet and advances in mobile technology, this connection of supply and demand happens in real time and in a seamless way for consumers.

Based on our advocacy for the internet industry generally and for the sharing economy specifically, Internet Association suggests the following principles to guide the Committee as you consider issues related to the sharing economy:

- First, it's critically important to recognize that the sharing economy is **diverse, rapidly growing, and creating new economic opportunities** at the local, state, and national level.
- Second, data demonstrates **clear benefits to workers and other individuals**. These benefits include flexible income, more opportunities, and an overall increase in marketplace access.
- Third, in listening to grievances against sharing economy platforms and considering proposed legislative and regulatory actions, it is critically important to dispassionately assess whether these complaints **capture genuine concerns** about worker protection and safety, rather than simply being complaints from incumbent industries against increased competition. There is a growing body of evidence from groups like IA, UCLA, Brookings Institute, and others showing those concerns do not play out in data.

I will elaborate on each of these points now and would be pleased to answer any questions you have about them.

#### **The Sharing Economy is Increasingly Diverse and Bolstering Economic Opportunity**

The sharing economy- also called the gig, on-demand, or flexible economy- is difficult to define and is rapidly developing to encompass new and innovative approaches to connecting workers and consumers. In fact, given improved data that is now available we know that there has previously been dramatic underestimating of individuals participating in the sharing economy. For example, for the years between 2012 and 2016, research from groups like JPMorgan and academics like Alan Krueger, estimated the sharing economy to number between approximately one to three million positions or



opportunities. Today in 2017, new data collected and analyzed by IA shows that number to be approximately 24 million.<sup>3</sup>

The benefits to U.S. workers, consumers and the economy from the sharing economy are real and growing. That same IA research estimates that the sharing economy adds tens of billions of dollars of real income to hardworking individuals, even when we use the most conservative of figures. Other research from Brookings Institute and IA show that these economic gains are new and not coming at the expense of existing industries; rather than cannibalizing markets, the sharing economy is opening up whole new markets and demand that didn't previously exist.<sup>4</sup>

### **Workers Benefit from the Flexible Economy**

Evidence is mounting that participation in the sharing economy is a net positive for the 'microentrepreneurs' who participate in it.<sup>5</sup>

Any small business, freelancer, contractor, cleaning service or handyman who has been able to expand their market, find new clients, build their businesses, or just use their skills to earn some extra money through platforms like Upwork, Thumbtack, or Handy can speak to the economic opportunities for them that didn't exist just a few short years ago.

Anyone who has helped pay their mortgage by hosting on Airbnb or listing on HomeAway, or helped make their car payments by listing their car on Turo can speak to the life-changing flexibility and opportunity enabled by sharing economy platforms. Anyone who has used their smartphone to summon a ride or driven their car for a few hours of their choosing each week to help pay their bills can speak to the user first experience of ridesharing with platforms like Lyft and Uber. Anyone who has been able to share their creativity with a global marketplace from the comfort of their own home through platforms Etsy, Amazon or eBay, or has made a little extra money during their free time delivering restaurant quality food through a platform like Doordash can speak to the transformational nature of this new economy.

These benefits are particularly important in today's economy - a time when we see decreasing dynamism among 'traditional' businesses and increasing prevalence of economic distress in communities across the country as shown by numerous studies from groups such as Economic Innovation Group.<sup>6</sup> The sharing economy is more geographically dispersed and serving as a vital tool for millions of Americans. We cannot forget that.

<sup>3</sup> America's Online Jobs: Measurements and Influencing Factors (forthcoming)

<sup>4</sup> See: Brookings Institute. 2016. "Tracking the gig economy – new numbers" and Garza and Hooton (2017). "A Comprehensive Look at Short-Term Rentals in Seattle."

<sup>5</sup> Debbie Wosskow, "Unlocking the Sharing Economy: An Independent Review," [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/378291/bis-14-1227-unlocking-the-sharing-economy-an-independent-review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/378291/bis-14-1227-unlocking-the-sharing-economy-an-independent-review.pdf) at 14 (2014).

<sup>6</sup> Various. See: <http://eig.org/research>

The sharing economy offers workers a high level of autonomy and flexibility to choose when, how and where people can earn income. Only 11 percent of workers stated that inability to find employment caused them to seek work through on-demand platforms.<sup>7</sup> This mirrors IA research, which shows that it is cost factors and a desire to earn supplemental income rather than necessity driving sharing economy participation. Research from Paul Oyer at Stanford University, commissioned by Upwork and the Freelancers Union, shows that individuals are craving a different type of work arrangement, one in which they work fewer hours with more time for their families, friends, and life. Sharing economy participants are motivated to seek opportunity through on-demand platforms to build greater financial stability, supplement other income, and build their businesses. Previous studies have roughly estimated average annual income of between about \$3,000 to \$20,000 per individual. On an hourly basis, sharing economy workers averaged approximately \$34 per hour of work, compared to \$26 for payroll workers.<sup>8</sup>

These are not simply abstract figures. Just a few weeks ago during the PGA Championship in North Carolina, Airbnb hosts in the Charlotte area earned approximately \$550 each over just a handful of days.<sup>9</sup> That is several months groceries. That is a weekend family road trip. That is money helping families and individuals.

But more than simply an income source, the other side of the sharing economy is opportunity. Short-term rentals offer more affordable options for guests, are creating new demand for tourism and travel, and are bringing tens of millions of dollars to local communities rather than to corporations.<sup>10</sup> Ridesharing offers a more affordable and more efficient way for an individuals to get across town for their job interview and have opened up mobility options to the disabled and elderly.<sup>11</sup> Online platforms are helping to eliminate prejudices and biases in work fields.

The diversity of platforms offering opportunities is matched by the ability of anyone to engage in independent work. A recent study found that the workforce for the sharing economy is approximately 35 percent millennials, 41 percent Gen Xers, and 24 percent Baby Boomers. The same study showed that 59 percent are male and 41 percent are female, approximately half are married, 31 percent had a bachelor's degree and 28

<sup>7</sup> "Dispatches from the New Economy: The On-Demand Workforce," Intuit and Emergent Research, available at <http://intuittaxandfinancialcenter.com/wp-content/uploads/2017/06/Dispatches-from-the-New-Economy-Long-Form-Report.pdf> p. 3 (2017).

<sup>8</sup> Dispatches from the New Economy: The On-Demand Workforce p. 6.

<sup>9</sup> "Charlotte readies to cash in on PGA Championship tourism dollars," Charlotte Observer, available at <http://www.charlotteobserver.com/sports/other-sports/pga-championship/article165493102.html>

<sup>10</sup> See: <http://blog.atairbnb.com/economic-impact-airbnb/>

Garza and Hooton (2017). "A Comprehensive Look at Short-Term Rentals in Seattle."

<sup>11</sup> See e.g. "Lyft and MBTA Expand Partnership for Passengers with Disabilities," Lyft Blog available at <https://blog.lyft.com/posts/2017/3/22/major-expansion-of-lyft-partnership-for-passengers-with-disabilities> (2017).

percent had a graduate or professional degree.<sup>12</sup> Anyone seeking opportunity has the ability to access a wide variety of consumer markets to earn income.

I'd like to address the question of some participants in the sharing economy being "independent contractors" vs. "employees." One of the great things about the sharing economy and what makes it so valuable and life changing for those earning extra money on its platforms, is flexibility. The flexibility these platforms provide is unprecedented and it is this flexibility that allows so many Americans to earn extra money – when they want, where they want and how they want. Not only can you simultaneously engage with multiple and competing platforms, you can choose your schedule and location of work – without prior approval.

You're working for yourself, not the technology platform that's connecting you to your customers. Workers are not required to put in a set number of hours or show up at a predetermined location. Platforms do not tell their partners when they have to work, where they have to work, or if they have to work at all. Instead, workers choose their level of engagement and maximize the choice they have in earning income.

Additionally, numerous studies show that some common perceptions about the sharing economy have not materialized. Despite the dramatic growth of the sharing economy and the millions of participants who continue to benefit from it the evidence is clear that incumbent industries haven't been hurt and these "gig economy" jobs are not serving as unemployment. The previously mentioned Brookings research showed no evidence of harm to taxi and hotel workers as a result of ride-sharing and short-term rentals. Evidence from Thumbtack, shows that sharing economy platforms are opening up opportunities to women and minorities, allowing them to break into male-dominated fields.<sup>13</sup> The previously cited evidence from IA shows that negative externalities in things like homeownership and vacancy were pure speculation. The list goes on and is growing by the day as more research finds reaches the same conclusions.

### **Regulation and Legislation Should Only Capture Genuine Concerns**

In listening to complaints about the sharing economy from incumbent players and entrenched interests, Internet Association encourages the Committee to think about whether those arguments truly reflect a genuine concern for worker protection and safety, or whether they are, in fact, complaints against increased competition as a result of a the growing sharing economy. It is very important to distinguish between genuine and pretextual complaints in this context because the Committee should avoid protecting competitors from enhanced opportunities that actually *benefit* workers.

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<sup>12</sup> Dispatches from the New Economy: The On-Demand Workforce p.8.

<sup>13</sup> "Women Entrepreneurs on Thumbtack are Breaking Stereotypes and Making Hundreds of Millions of Dollars," Thumbtack, available at <https://www.thumbtack.com/blog/female-entrepreneurs-making-millions/> (2017).

Although creative destruction can and does benefit consumers in the form of lower prices and increased quality, it also creates anxiety on the part of market incumbents. The Internet has, since its inception, lowered entry barriers for new entrants, search and transaction costs for consumers, and generally corrected information asymmetries in many markets, from contact lenses<sup>14</sup> to wine.<sup>15</sup> As with the early Internet, today's sharing economy platforms are spurring increased competition and worker/consumer choice in our economy.

Technology is redefining our traditional understanding of the workforce. It is no longer likely that an individual will obtain and remain at a single place of employment for their entire careers. Workers want and seek varied opportunities that maximize both flexibility and choice in earning income and bolstering entrepreneurial activity.

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In summation, the sharing economy is an exciting innovation that collapses distance between those offering services and those consuming services. The end results of this unique arrangement are increased quality and lowered costs. The sharing economy provides clear benefits to workers and consumers, and evidence of this fact must be taken into account before taking legislative or regulatory action. These benefits include more flexible employment opportunities for workers, increased competition, lower prices, higher quality services, and an overall increase in consumer choice.

Thank you for allowing to me to testify here today, I look forward to answering your questions.

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<sup>14</sup> See, e.g., Report from the Staff of the Federal Trade Commission, "Possible Anticompetitive Barriers to E-Commerce: Contact Lenses", at p. 1 (March 2004). ("While eye care providers still control the prescription process, consumers now not only purchase more lenses with greater frequency but they also have a greater choice of lens suppliers and modes of delivery. These changes have caused tension among eye care practitioners, bricks-and-mortar lens sellers, contact lens manufacturers, Internet lens sellers, and state officials over issues such as licensing contact lens sellers, contact lens prescription release requirements, and methods of verifying prescriptions.")

<sup>15</sup> Report from the Staff of the Federal Trade Commission, "Possible Anticompetitive Barriers to E-Commerce: Wine" (July 2003).

Chairwoman FOXX. Again, thanks to all the witnesses for your excellent testimony.

Dr. Roe, you're recognized for five minutes for questions.

Dr. ROE. Thank you, Madam Chairman. First of all, thanks for having this hearing.

And I think this is a very exciting time in the American economy. And I actually see this almost as a new industrial revolution. Technology is allowing us to do things we didn't imagine just 20 short years ago.

And, Mr. Johnson, you took me back about 40 years when I hung a shingle out and just had a few employees. And now that small medical practice has several hundred employees now, providing good jobs for people and good services in our community, and particularly your comment about taking risk. You put everything you had on the line, everything you had down, and signed the note, and started your business. And I admire you for that. And I think one of the things that people have never done, that there's great joy in that -- and no one ever asks how many hours a week you work. I can assure there are many nights and days that you worry about whether you're going to make payroll or whether you're going to be able to keep your business afloat. So congratulations on that.

One of the things we can do to stop the sharing economy and this growth, this incredible growth, is to regulate it to death. And that's basically what ends up happening here in Washington. To fix a small problem, we end up stomping out an entire way to make a living.

Mr. Beckerman, I want to ask you a couple of questions briefly. As you well know, some policymakers have expressed support for classifying all workers as employees. Some companies, including Managed by Q and Hello Alfred, have already decided to classify their workers as employees. What do you think would happen to the sharing economy if companies -- in general, if legislation were enacted to classify all workers as employees, not just contractors?

Mr. BECKERMAN. Thank you for the question. I do think it's problematic. As I stated in my testimony, one of the great things about these platforms is you're really working for yourself. The traditional model does not necessarily apply here. You're certainly not an employee, and I think the independent contractor model is working for the individuals that choose to engage on a multitude of these platforms.

Mr. ROE. I agree with you, because in our business we use both employees and contractors. We use both. And not everybody who came to work at our office was an employee. Some were contractors.

And, Dr. Sundararajan, I wanted to ask a question. Each year, with the new advances in technology which allow individuals to connect in ways that we didn't imagine a few years ago, some State and local governments are not embracing these advancements. Instead, they are beginning to implement policies to regulate many aspects of the sharing economy. What do you think are the implications of regulating so early, and will it have an effect on impeding growth? And will these policies become outdated even before they take effect?

Mr. SUNDARARAJAN. I think that the transition to a sharing economy requires an entirely new approach to regulation, one that redefines the boundaries between what government entities do and what is delegated to platforms. And so, you know, it's not surprising that we see a regulatory response to the sharing economy, because it is creating new ways of providing familiar things. But I think in the long run, the right solution would be to examine whether the reason for regulating in the first place still exists now that you have a third party that might be mitigating market failure, and if there is a need for regulation, whether some of that responsibility can be ceded to the platform that has historically -- that generally has better data than the government entity for enforcing and for actually conducting the regulation.

Mr. ROE. Mr. Johnson, would you care to make a comment about if you were -- I don't know whether you're -- are employees or contractors. Would you like to jump in and answer that, respond to that?

Mr. JOHNSON. Currently, the people that -- the people on my team are hourly employees.

Mr. ROE. In your case, they are.

Madam Chairwoman, I'd like to yield back. I know we have a vote in just an hour.

Chairwoman FOXX. Thank you very much for being such a good role model.

Mr. Grijalva, you're recognized for five minutes.

Mr. GRIJALVA. Thank you. Thank you, very much, Madam Chair.

Let me ask all the panels a topical question. We're talking about online platforms and sharing economy in this hearing, and it's an important hearing. And the question to the panel is just that 800,000 members of our country, the DACA recipients, which as of Monday find themselves in great peril and risk regarding their protection and indeed their very presence in the country, given the Trump's administration decision to end the DACA executive order and laying that on Congress to codify into law DACA within six months or less -- I think there's much more urgency than waiting around for six months, an iffy situation at best. During this process, 400 industry leaders sent Trump and congressional leaders a letter pleading that Trump preserve the DACA program and that Congress pass a Dream Act as a permanent solution. In that letter were the leading online platform enterprises, for lack of a better word: Lyft, Uber, Airbnb, and 19, 20 additional ones who are considered the pioneers of the successes of online platforms and sharing economy.

Studies have been done empirically that talk about the contributions to the economy. Putting aside the humanity issue here, as difficult as it is, but let's just talk about the economy: Ending the ability to work legally in this country for these DACA recipients, of which 97 percent are in school or working, 5 percent have started their own business, 16 have purchased their first home, 65 percent have made major purchases like vehicles, and the GDP over 10 years, their contribution is \$460.3 billion and about \$25 billion in taxes to Social Security and Medicare. So my question, as we talk about the economy as a whole -- but given that we're talking about this -- do you feel or do you believe that DACA needs to be

a program that is preserved, protected, that we do something fair and just, not just for the 800,000 and the 685,000 that are working or going to school right now but, more importantly, in this topic, for the economy?

So it's to all the panelists, whoever wants to give the committee an opinion.

Mr. BECKERMAN. I'd be happy to jump in, Congressman. Thank you for the question. I think it's an incredibly important topic. Certainly, we would encourage Congress on codifying DACA immediately. The Internet Association member companies have been very, very vocal on this, and our CEOs have been very vocal on this for a while. And, frankly, I'm really proud of the leadership role that our CEOs and companies have taken on this important issue. Certainly, it's a human issue. But to your question, it's vital to our economy, and we'd urge Congress to act immediately.

Mr. GRIJALVA. Anyone else?

Ms. BLOCK. And I would just say I certainly appreciate those remarks. And I don't think anybody could say it better than you did about the contributions of these people who are affected by the DACA decision. So, again, appreciate the leadership of some of these companies in coming forward to speak up on this issue.

Mr. GRIJALVA. I yield back, Madam Chair.

Chairwoman FOXX. Thank you, Mr. Grijalva.

Mr. Walberg, you're recognized for five minutes.

Mr. WALBERG. Thank you, Madam Chair.

And thanks for the panel being here.

This is just a really exciting topic to deal with as we see it growing in front of our eyes.

Mr. Beckerman, individuals who are participating in the sharing economy are coming from a variety of situations, as has been very clear. If you watched it or heard your testimony today, some may already have full-time employment, providing them access to health benefits and other benefits. Others participate in sharing economy as a replacement income, part-time income, don't have access to retirement benefits, health benefits, and the like. Do you have a sense of how many in the sharing economy desire health and/or retirement benefits, at least options through their participation in sharing economy platforms? And then, secondarily, do the benefits sought by different workers vary depending on the type of sharing economy they engage in?

Mr. BECKERMAN. Yeah. Thank you for the question. We'd be happy to share with you the reports and data we've put out on this. It does vary based on platform. But I believe a majority of participants are doing so part-time as side income and as they need it. But to your -- the second part of your question, there are different platforms, and there's some where people are using their time, others where folks have underutilized assets, such as Airbnb or Turo, where if your car is sitting now in the parking lot of Rayburn, you can be renting it out as you sit here through this platform. And so there's differences on the platform. So we'd be happy to share our data that we have --

Mr. WALBERG. So those specifically wouldn't necessarily be looking for benefits?

Mr. BECKERMAN. Exactly.

Mr. WALBERG. Mr. Sundararajan, do you have anything you'd add to that?

Mr. SUNDARARAJAN. There are many businesses that run through the sharing economy where the resemblance to what we used to think of as, like, you know, the traditional model of work, full-time employment, is somewhat tenuous. You know, I mean, running a business through Etsy, running a business through Airbnb, or renting out your cars on Getaround or Turo, these don't have as much resemblance to a traditional model of earning a living. And so, in thinking about how we are going to fund the social safety net and provide benefits to people, most of whom -- most human beings aspire to these, sort of to stability, to be getting the same amount of money every month, to different kinds of workplace protections. It's just that the -- sort of going back to a model where someone called the employer is providing all or part of the funding is no longer viable as more and more of the workforce are entrepreneurs like you see on Turo or --

Mr. WALBERG. So encourage that entrepreneurialism and let's see what happens.

Mr. SUNDARARAJAN. Encourage it, but also start to think about, like, you know, what kinds of multi-stakeholder partnerships, what kind of partnerships between the platforms, the government, and the individuals, can be put in place that allow for the money to be allocated to providing these benefits and stability.

Mr. WALBERG. Thank you.

Mr. Johnson, thank you for sharing your personal story about becoming an entrepreneur. Many who work on sharing economy platforms cite flexibility as one of the benefits of this work arrangement. Could you cite some examples for us how flexibility has improved the quality of life for you and your family?

Mr. JOHNSON. Thank you for your question.

I'm very grateful for the flexibility that I have being a small business owner and entrepreneur. Specifically, also, my particular industry allows me flexibility. When I serve my customers isn't necessarily typically even on a Monday through Friday, 9 to 5 time-frame. We are serving customers on nights and weekends and at events and parties, and that allows me a lot of flexibility to create my own schedule. I also have flexibility to decide when I'm going to punch in and punch out and work on my business and developing my business.

And the other great thing about my particular company is I'm able to extend that to some of my employees, where one of my employees is my office manager and she's allowed to work virtually from home. And I can enable them to kind of set their own hours or be flexible in taking shifts as these events are happening. It's been a great joy for me to see Jeremiah be at home, starting a business, and my son was born. And now I have -- also have a five month old, Paul, and it's been a really special experience to be able to spend this time at home with my family around starting my business.

Mr. WALBERG. Well, thank you. Wish you all the best. Many more questions to ask, but I'll relinquish and yield back.

Chairwoman FOXX. Thank you.

Mr. Takano, you're recognized for five minutes.



Mr. TAKANO. Thank you, Madam Chair.

And thank you to our witnesses this morning.

Ms. Block, in your testimony, you mentioned that the size of the sharing economy -- or, as you call it, the online platform economy -- is estimated to be less than 1 percent of the workforce. Instead of focusing on this small sector, our time could be better spent focusing on policies that will raise wages and reduce income inequality for millions. And I wholeheartedly agree.

I have been a champion of the Obama administration's rule to update the overtime protections for millions of workers. In 1975, more than 60 percent of salaried workers fell under the income threshold and qualified for overtime pay. Now, less than 10 percent do. The rule has suffered recent setbacks in the courts, but I still believe that this is one of the best policies to significantly improve wages of millions of workers. Can you talk about the overtime rule and other areas this committee should be focusing on to raise wages for workers?

Ms. BLOCK. Sure. And thank you for the question. And, again, I think it's well documented now that we have a real problem in this country with wage stagnation and increasing income inequality. And so I think policies designed to address those really critical problems are of the utmost urgency. So certainly the overtime rule is an important piece of that to ensure that people aren't compelled to work for free in their -- you know, in those hours beyond 40 hours, certainly for that segment of the population that's below the overtime threshold.

I think what Ranking Member Scott raised is the importance of raising the minimum wage. I mean, I had the honor of working for Senator Kennedy who floor managed the last increase in the minimum wage in the Senate. And the Senator has been gone for eight years, which suggests it's been a very long time since we raised the federal minimum wage. So I think that's also critically important in finding ways to raise American workers' wages.

I think, also, the right to collective bargaining is a huge piece of finding ways to make the economy more fair and work for everybody. And so I think, you know, we need solutions that also help bolster that right. And I think those are the primary policies that we need to focus on to address these really critical and urgent issues of wage stagnation and income inequality.

Mr. TAKANO. Thank you, Ms. Block.

Ms. Block, in his testimony Professor Sundararajan argued that minimum wage laws do not easily apply to the platform-based world. But in your testimony, you argue that current labor laws can apply to these businesses, and they can still thrive. Can you respond to Professor Sundararajan's claim about minimum wage laws?

Ms. BLOCK. Sure. I mean, I think a critical part of the answer is that there is no one answer just as, in the non-online platform economy, there are different business models. But I think we have a danger here of putting the online platform economy in one category and saying that our labor and employment laws don't fit. And I think if you look at the specifics of many of these businesses, which is what the law compels you to do, to look at the particular

facts and circumstances, in fact, our current labor and employment laws fit quite nicely.

You know, one issue that comes up often is it's difficult to track hours of workers in these online platform companies. But, again, we're talking about some of the most technologically advanced companies in history. So the idea of bringing that entrepreneurial spirit to that question, that there aren't solutions there, I find hard to believe. And I actually think what Mr. Johnson just shared with us was really instructive, the fact that he treats his workers as employees and has found a way within the confines of our traditional employee-status law to afford them flexibility. So, again, I think there are a lot of false choices that dominate this conversation, and that choice between flexibility or the protections of employee status I think is one example of that.

Mr. TAKANO. Well, you mentioned Managed by Q was a successful business that has incorporated labor protections in its business model. Can you highlight a few other success stories?

Ms. BLOCK. Sure. There are a number. There's a company, Hello Alfred, which provides sort of personal home services. I've had the opportunity to be on panels with companies led -- companies that do -- deliver flowers, that have been really successful in having employee status. So, again, it's a matter of looking at the business model. I think we need to remember that these entrepreneurs have a choice when they create their business model, when they create their companies, to create good jobs and to embrace the basic labor standards that come with employee status or not.

Mr. TAKANO. Thank you. My time is up.

Thank you, Madam Chair.

Chairwoman FOXX. Mr. Smucker, you're recognized for five minutes.

Mr. SMUCKER. Thank you, Madam Chair.

Mr. Beckerman, I'd like to just follow up to that line of questioning that Ms. Block just answered. And I'll just echo some of the comments that were made earlier. I think the sharing economy is almost revolutionary in the opportunities it provides both for entrepreneurs, people who want to work part-time, as well as consumers. And so, you know, I know -- you know, we have to be careful that whatever we do in terms of regulation doesn't stymie the development of the industry. We don't really know where it's going yet at this point. It could go a lot of different directions.

So, again, as a follow-up to the conversation we had, some were interested in applying traditional labor laws, such as the *Fair Labor Standards Act*, maybe the *National Labor Relations Act*, to the sharing economy companies. I wonder if you could elaborate on the implications that this would have both for workers, in particular what effect would it have on lesser skilled workforce? For example, would you think they would have the same flexibility to work the hours they want? And could you also talk about how it would affect the companies? How would they be able to adapt to what I think would be a pretty vastly different regulatory structure than we have today?

Mr. BECKERMAN. Thank you. First off, I think it's important to note that the question of independent contractors is not a new one and not one that has just come up with the advent of the sharing

economy. And a lot of these issues that are being discussed are broad and impact a wider group of companies and individuals beyond just sharing economy companies. And, thus, probably that debate should be a broader one and not one just focusing on the sharing economy.

But when you look at it, there are fundamental differences between arrangements when people are employees versus engaging with opportunities on various sharing economy platforms. For one, just the full flexibility, as you mentioned, being able to decide exactly your work schedule, exactly your work location, being able to engage on multiple and competing platforms simultaneously and back and forth, which doesn't exist in other employment models. I can't think of another example where you can just decide one day if you're not going to show up to your job or pick your hours exactly or, you know, work simultaneously for competing companies. That doesn't exist in the sharing economy. And it's important that whatever policy conversations that take place don't end up hurting the people that you're trying to help by adding new regulations or things that don't necessarily apply here.

Mr. SMUCKER. I think Mr. Johnson's written testimony earlier pointed to numerous tax employer and business formation of filings and registrations that entrepreneurs must complete to register a business on the state, local, and federal levels.

And, again, Mr. Beckerman, a question for you. As the Internet Association has reviewed these and other regulations across the country, can you point to specific states or localities that have been the friendliest to entrepreneurs and workers in the sharing economy? Is there anything that we can learn as legislators at the federal level from these states?

Mr. BECKERMAN. I think that's a great question, actually. We have a report that we can submit to the committee that lists various states showing who has been friendly to internet-type businesses and others. And you can have lessons learned from that. I think some of the things that we see on the negative side, often policies or regulations are put in place that don't benefit consumers or the economy or workers but rather are put in place solely for the purpose of keeping out new entrants, and that exists too, and I think that's something that is important that the committee steer clear of as well.

Mr. SMUCKER. Thank you.

I yield back.

Chairwoman FOXX. Thank you very much, Mr. Smucker.

Ms. Blunt Rochester, you're recognized for five minutes.

Ms. BLUNT ROCHESTER. Thank you, Madam Chairwoman, and Ranking Member Scott. And I really want to thank the panel. This is a very timely and interesting conversation.

You know, when we talk about these issues, a lot of times people either see the glass half empty or half full. It really is about challenges and opportunities, and it's a great opportunity for some people to live their dream and to have flexibility. But there are a lot of people that I know that are actually having to patch together multiple temporary jobs, whether they're driving an Uber and they're doing other things. And so I think it's really timely that we're having this conversation now.

I want to talk about and ask questions about the future of work. And, Ms. Block, you mentioned in your oral testimony the critical issues that are facing the online platform economy and innovation in this digital age. And so what can Congress do to make sure that workers in the online platform economy have access to workplace protections, such as minimum wage, unemployment insurance, and safe workplaces. I see the potential, but I also want to make sure that those who don't have a glass, let alone half full, have the protections. Can you talk about that?

Ms. BLOCK. Sure. Thank you for the question.

I mean, I think one really important piece is to make sure that the laws that we have on the books now are enforced. I mean, the Department of Labor needs to be able to look at these issues for all employees in the sharing economy but also more broadly. You know, we're talking today about the sharing economy because it's interesting, it's growing. But, in fact, these issues are very present in much greater numbers for workers outside this sharing economy or online platform economy. There's actually more research about how fast other kinds of contingent work relationships are growing. And the problem of misclassification or payroll fraud, as some of us like to call it, is a very serious problem and much bigger outside of the platform economy. So I think making sure that there are resources to fulfill the intent of these statutes, which is to create this really basic level of protection, this basic social safety net.

You know, I personally don't like to call things like minimum wage and overtime protections, workers' comp benefits. They're not benefits. They're not extras. They're not luxuries. These are things that the law and Congress for decades have said are really a fundamental part of making our economy work. And so ensuring that the law is able to do that I think is really critical for the Congress.

Ms. BLUNT ROCHESTER. Thank you.

Dr. Sundararajan -- did I say that correctly? You mentioned multi-stakeholder platforms. Can you talk briefly about that?

Mr. SUNDARARAJAN. Well, what I mean is that, you know, we're entering a future in which more and more of the workforce are not going to have a well-defined entity that they call the employer that is responsible for some of the protections that full-time employees get today. It's not so much a classification issue. It's just the reality of the future workforce is one in which a majority of them are going to be independent in some way.

And so when I talk about multi-stakeholder partnerships, I think of the individual having some incentive to contribute towards these benefits. If there's an institution involved, like a platform, them having some incentive to also contribute. And then the government sort of laying the foundations, creating the infrastructure that allows people, giving them tax breaks and so on, that allows this kind of new funding model for the safety net to emerge.

Ms. BLUNT ROCHESTER. Great. Thank you.

Mr. SUNDARARAJAN. Because the -- and in many ways, many of the platforms that have chosen the full-time employment model for their providers have done so in part because that model is well aligned with their business model.

Ms. BLUNT ROCHESTER. My time is short. I'm sorry.

One last quick question, and I have 40 seconds. Ms. Block, it's really regarding employees' approach to retirement. Can you quickly talk about the risk associated there?

Ms. BLOCK. Sure. So, if I understood the question, how employees can save for retirement?

Ms. BLUNT ROCHESTER. Or just that -- the risk of this new online. We have 20 seconds.

Ms. BLOCK. Obviously, being outside of the structures that were set up to ensure that workers, after a lifetime of work, have a basic level of security in retirement creates a big risk. And, again, putting that risk on employees to take care of that completely on their own is sort of contrary to the idea of the safety net.

Ms. BLUNT ROCHESTER. Thank you so much.

I yield back.

Chairwoman FOXX. Thank you.

Mr. Guthrie, you're recognized for five minutes.

Mr. GUTHRIE. Thank you very much. It's interesting, and just the last comment that my friend, Ms. Blunt Rochester said, I was thinking in my head, just before I get to my question, was, you know, we had a world where a lot of these laws were put into place where a bell would ring and a thousand people would walk into a Ford plant and a thousand people would walk out. And a bell would ring eight hours later and a thousand would walk in and out walk. And it was just this big industrial machine. We had a lot of these protections in place. And then we went to where I was just thinking where people -- they worked 30 years and retired. Then I remembered, not too long ago, people say: Well, nobody works for somebody for 30 years. They're going to rotate. And so you have 401(k) where people can move their retirement around. And so it just seems like people are making different choices. And that's what we have to look at as we move forward. I'm not saying that the old traditional industrial model is still there anyway, but people are making different -- completely, but people are making different choices.

So Dr. Sundararajan, you said -- and there's a[VO1] -- there's a JPMorgan Chase that noted most of the people in the shared economy are looking for a second income. That's typically who is in it. However, I think you mentioned in your testimony of places like UpCounsel and Gigster.

Are you seeing or do -- are you seeing a shift where this is becoming a prime -- people are using this as their primary source of income?

Mr. SUNDARARAJAN. Definitely. There seems to be a trend towards two things. One is an increasing dependence on this kind of platform-based economy as your primary rather than your secondary income and, secondly, an expansion in the set of professions that are associated with these platforms. It's not merely driving a taxi or providing sort of, like, you know, home services: management consulting, legal services, high-end software engineering. The platform model seems to be well suited to these professions that have sort of lived on the fringes of companies anyway.

And, you know, I think that the issues of, like, you know, how do we structure labor law to recognize that, like, you know, more and more of the workforce is not going to fit well into that full em-

ployment -- full-time employment bucket across a spectrum of professions is a critical one.

Mr. GUTHRIE. Thank you very much.

And, Mr. Johnson, in your testimony, you referenced the need for entrepreneurs to have better access to compliance assistance related to tax and regulatory requirements. We're bringing a lot of people into the entrepreneurial world with these kind of platforms, but not necessarily they have the -- I mean, when you first started with your first booth, you probably had to figure out exactly all the regulatory requirements that you had and local licensing.

Did you receive any advice when you were setting up and hiring your first employees? And do you think currently that these provider platform companies would be good for giving you advice in the regulatory world?

Mr. JOHNSON. Thank you for your question.

I do think the platforms would be a great resource. This seems to be -- well, for me it was, on Thumbtack.com, a place where I did find my first customers. And to combine that with a place where they could help entrepreneurs have more resources, get more information. Even without -- the streamline -- the process of registering your business and all the different places that registration needs to happen both local, state, federal, the platforms would make a great place to provide that information and assistance.

Mr. GUTHRIE. Because I just recently talked with some executives at Airbnb, and I think they were very cognizant of -- you know, you have this -- groups of people out there participating in, essentially, the hospitality industry. And they were very, very cognizant of making sure that the people that signed up with them complied with local -- because there are a lot of local taxes and stuff related to hospitality. And that was the attitude I felt there that Airbnb had, that was part of their role to make sure that took place, which I compliment them from that -- for that.

And, Mr. Beckerman, I have about a minute left.

One of the biggest challenges for policymakers is a lack of understanding who exactly takes part in and what their goals and desires are in this area. As you know, no data currently exists that definitely answers these questions.

However, your testimony underscores the very diverse nature of both the sharing economy companies themselves and individuals who work on the platforms. Could you provide some insight related to the goals and desires of individuals participating on various platforms, for example, a ridesharing driver versus a seller on Etsy or a service provider on Thumbtack?

Mr. BECKERMAN. Thank you.

Yeah. Obviously, each individual is different, and the platforms that you're engaging on is very different for somebody that has a creative talent and wants to make something and sell it on an Etsy or eBay versus somebody that wants to drive part-time or someone that has an underutilized asset, like their apartment or home or car.

But, largely, I think people like the flexibility, and they like the choice. And for many, this is a second income and an opportunity that they have and they like to engage in and choose to engage in. So I think it's important that we help these platforms grow and not

overly regulate them or have some burdensome new law that would take the opportunities away from the individual that are getting so much out of this.

Mr. GUTHRIE. I yield back.

Chairwoman FOXX. Thank you, Mr. Guthrie.

Mr. DeSaulnier, you're next, for five minutes.

Mr. DESAULNIER. Thank you, Madam Chair.

I want to thank you and the ranking member for this hearing. It's a wonderful follow-up to the meeting I was -- meetings that I was happy to be part of in the Bay Area when you came out. I want you to know I'm still recovering from your observation that I sounded like a Republican. Not helpful in the Bay Area to be -- and I also want to mention that, during that wonderful trip, I want to remind one of my colleagues from the other side that he threatened not to leave the Bay Area, that he was going to come live with me. So it was a wonderful trip.

I think this is a very, very, very important discussion we have. And how this committee gets it right and to the industry being part of that I think is really the preeminent question for the Congress in the next couple of decades.

Having -- living in the San Francisco Bay Area, working with many of these companies, trying to deal with these issues forthrightly, but having grown up -- and I'm reminded of this by Congressman Roe's comments about the Industrial Revolution -- in Lowell, Massachusetts, where I listened to my grandparents' generation talk about the joys and the horrors of working in those textile mills, I'm reminded of how long it took us as a culture to figure out how we should have minimum wage, we should have child labor laws, that we should protect workers. And that was good for everyone.

So, Mr. Johnson, I do also want to say that you reminded me vaguely, as I can remember, of myself when I was 26 and I opened my first restaurant and how wonderful it was. There is a cynical expression in the Bay Area restaurant business: "Enjoy it while you can." That's not to presume that you won't continue to do well.

But I do want to ask you a question. You're doing the right thing; you're the model we want of protecting your employees. So how will you feel if you -- and maybe this has already happened -- you have competitors in this industry in the shared economy who don't treat their employees as you are doing, and wouldn't you want to have some kind of threshold to make sure that you're competing fairly with them?

Mr. JOHNSON. Thanks for your question.

I think that -- there are these labor laws that do exist. And I really realized early on in my business that complying with the regulations that do exist are the minimum threshold of what I need to do with the business because, at any point, not complying with them could derail my entire endeavor. So that's how I decided to run my business.

I think my -- the main point is -- for -- that I'm trying to communicate is that making it easier for businesses to comply with those regulations will help them succeed in the long term.

Mr. DESAULNIER. I think that's a great answer.

Mr. Beckerman, I engaged in some really wonderful conversations with many of your most important clients in the Bay Area to deal with both regional and international global issues. And one of my admonitions to them is you don't want the pitchforks to be coming after you, that some of the social displacement that your innovation is causing, you've got to be part of the solution. So you have a big constituency. Some of your clients probably feel that they should be part of that discussion; some of them shouldn't -- or won't be -- avail themselves to that open-mindedness.

But people like to compare this to the Industrial Revolution, and I get frustrated with people who sanitize how long it took us in Congress and in this country to deal with the downside of the Industrial Revolution.

So here we have an opportunity to not go through decades of struggle and strife and people losing their lives, having the Supreme Court say that the minimum wage was against the Commerce Clause, having them say that child labor laws similarly were against the violation of the Constitution. So people forget what a struggle this was.

So here's an opportunity for us to have a meaningful debate with diverse opinions but recognize that we can't sanitize the fact that there's going to be social displacement. And right now, there are people who are suffering both because of the innovation. But if we don't address that forthrightly so.

My question to you is: What I'm hearing individually from your companies, and do you get a sense from your -- all of your companies that there's a real initiative to embrace bipartisan discussion about how we deal with these social issues?

Mr. BECKERMAN. Thank you. I'm going to appreciate that's an important question and topic.

I'm really proud of our member companies on their social conscience and what their contributions are to their local communities and also our national economic community.

These are companies that are providing a tremendous benefit for individuals and local economies in every --

Mr. DESAULNIER. Mr. Beckerman, if you could make it a little brief, I've got 28 seconds.

Mr. BECKERMAN. We're always happy to engage in a conversation.

Mr. DESAULNIER. You're a professional.

Ms. Block, in the remaining time, could you talk about -- a little bit about preemption. We're in a period where we want states to be innovators. For us in the Bay Area, we have this -- we've innovated, but we want to protect our employees as well.

How important is it for Congress to set a base level but let states go ahead and innovate?

Ms. BLOCK. Thank you. I think, you know, if you look at the *Fair Labor Standards Act*, that's how it has functioned for all this time. I think the troubling trend is that we're starting to see States preempt local minimum wage ordinances, which is rolling -- in fact, in some instances, rolling back protections for workers and decreasing their wages. But I think setting that national floor again for the minimum wage, we're just having a problem right where it's been so long, that Federal floor is so out of date that you're creating



these huge disparities, and you really do have workers in many States being left behind.

Mr. DESAULNIER. Thank you.

Chairwoman FOXX. Thank you, Mr. DeSaulnier.

Mrs. Handel, you're recognized for five minutes.

Mrs. HANDEL. Thank you, Madam Chairman.

First of all, Mr. Johnson, hats off to you starting a small business let alone one in this new economy is not only exciting, but being able to be successful at it is an incredible mark to your ability to identify a needed service product and your perseverance.

You talked a little bit about the need to make it easier for companies to navigate through the regulatory climate. It strikes me that as both a small business person and in this new economy that you, perhaps, faced some unique regulatory challenges in trying to navigate through.

Can you just briefly talk about a few that you felt were particularly onerous as you tried to get up and running and keep moving forward to be a successful company?

Mr. JOHNSON. When starting SnapSeat -- and, you know, my background in accounting is kind of more focused in some business management at a nonprofit. That's really where my last, like, regular job was. I had some exposure to compliance and the, you know, insurance needed as a business entity in that end of a business. So, from my experience, that gave me a little bit of a leg up into understanding that there was this whole back end that was needed as far as compliance went.

I only can imagine what it would be like for somebody who maybe has a skill or a service they want to provide and doesn't necessarily have that much exposure or experience with compliance with State, local, and Federal regulations and registering a business and paying -- remitting sales tax and all the things; that would be really challenging.

So whatever we can do to kind of make it more clear for business owners, entrepreneurs, to have the info, the information they need on how to comply with those regulations I think would be very helpful.

Mrs. HANDEL. One followup. Any particular area of labor law that was particularly onerous that you'd like to share comments on so that we could take that into consideration as we move forward as a committee?

Mr. JOHNSON. Not really sure there's anything necessarily in particular. I mean, even just, you know, understanding how to become an employer in my state, you know, what was required of me to do that was, as I said, a challenge to navigate. And making it easier to do would be helpful.

Mrs. HANDEL. Super. Thank you. Well, best of luck.

Dr. Sundararajan, real quickly, you testified that it was critical to review how employer benefits, workers' comp, vacations, et cetera, are determined and paid within this sharing economy as it continues to grow and expand. Do you have any specific thoughts or ideas for this committee that we should keep in mind, again, as we do our work around this issue?

Mr. SUNDARARAJAN. Thank you. Yeah.

I think sort of like the touchstone should be to look for partnership models. You know, there was talk about, you know, a world in which you would work for 30 years and then you'd get a pension. And we don't live in that world, sort of like -- you know, that industrial world anymore. But, you know, the 401(k) has emerged as a way of, you know, incenting the individual to save towards retirement, providing the company with some way of contributing towards that while not taking complete responsibility and the government saying, "Well, if you do this, you can tax defer your money." So that's the kind of partnership model -- that's the kind of template that you should be using to think about new ways of funding other slices of the safety net that used to be either provided through, like, employers responding to the market or through someone being a full-time employee.

Mrs. HANDEL. All right. Thank you very much.

Madam Chairman, I yield back.

Chairwoman FOXX. Thank you.

Dr. Adams, you're recognized for five minutes, but we'd appreciate if it went less.

Ms. ADAMS. Yes, ma'am. Thank you, from one teacher to another.

Thank you, Madam Chair, and ranking member for convening the hearing.

And thank you very much for your testimony.

Let me just get right to my questions then. So, Mr. Beckerman, you claim that online platforms are helping to eliminate prejudices and biases in the work fields. However, this statement is a contradiction by the fact that members of African Americans, Hispanics, and women in the tech industry lag behind those of their peers. So do you have any suggestions on how to ensure that diversity is not just reflected in the demographics of independent workers but also in the boardroom as well?

Mr. BECKERMAN. Thank you. That's a great question.

I think that's an issue that our companies and industry as a whole take very, very seriously and are certainly working on. And there's a lot of progress that needs to be made. And it's something at the association that we've been working on to help, you know, build a stronger pipeline of diverse candidates for jobs in our industry. And so, you know, we appreciate you working with us on that.

On the other part of my testimony of opening up opportunities in underserved communities from the sharing economy platforms and -- they do certainly do that. There have been many instances from -- you can look in the hotel industry -- certain areas where there are no hotels or areas where taxis haven't served. A lot of those issues have been resolved because of the sharing economy platforms, and that's a real positive as well.

Ms. ADAMS. Thank you.

Ms. Block, we've heard a lot of discussion today about raising the wage. And I worked in the legislature for 20 years, 10 of those trying to get the state minimum wage increase. And that was in 2006. We did \$1. And then, of course, the federal government did what it did. And nowhere did we index it. And so people are still struggling because at \$7.25, you can't survive.

But you mentioned that we should be focusing on enacting policies that raise the wage and increase the overtime threshold and

to encourage full-time employment. But based on what we know about the composition of the workforce, isn't it true that doing so better serves minority groups and the youth than focusing on regulation of the shared economy?

Ms. BLOCK. As we talked about before -- and thank you for the question. I mean, it is, to me, the most urgent question that faces us right now is, how do we raise wages? And as you mentioned, it is a particular challenge for minority work populations. And we still have an unemployment rate for black workers that is significantly higher than for the general population. And so, you know, I think looking at full employment is important for the economy generally. But it is obviously even more important for those populations that are still facing unacceptably high levels of unemployment. So I would agree with you.

Ms. ADAMS. Thank you.

Mr. Sundararajan -- if I mispronounced it, excuse me. What role should --

Mr. SUNDARARAJAN. -- every congressional hearing with my name.

Ms. ADAMS. I tried to do it by syllables, you know.

What role should government play in ensuring opportunities in what you call "crowd-based capitalism" reach the economically disadvantaged?

Mr. SUNDARARAJAN. I think that government should favor those platform models that have -- that imbue sort of a genuine decentralized ownership. And what I mean by that is, rather than the individuals who are connecting to the platforms just providing labor, we should really encourage those platforms that are inducing the creation of tiny businesses where people are making pricing decisions, they're making inventory decisions, they're merchandising, they're building a brand through the online reputation system.

And the reason why I think this is particularly important is because, as we increase the fraction of the workforce that genuinely owns capital, that will naturally reduce inequality and increase sort of equitable access in the long run.

Ms. ADAMS. Thank you.

Madam Chair, I'm going to yield back.

Chairwoman FOXX. Thank you very much.

Mr. Allen, you're recognized for three minutes.

Mr. ALLEN. Okay. Thank you.

Madam Chairman, and -- boy, we got a lot of challenges in solving this issue with employment. Just from the standpoint of my time in my district, everywhere I would go, there were job -- jobs -- lots of jobs. In fact, I believe there's like 6-1/2 million jobs open in this country right now. The jobs in my district were in the \$20 to \$30 per hour range, with full benefits, by the way.

And, of course, Mr. Beckerman, you testified that -- and I think there's over a million gig jobs open today, and you are saying that they're \$26 do \$34 an hour or more. Yet we've got 45 million people in this country on government assistance and -- meaning healthcare and benefits and whatnot that the government's paying for. And then we have this massive teacher shortage in this country; why people don't want to become teachers. I think we got a lot of questions we got to ask about what in the world is this govern-

ment doing and how do we correct this problem that we've got in this country, and how we can get our workforce participation rates up.

Like -- one of the issues that did come out of my district, Mr. Sundararajan, is some fear innovations like the home-sharing platforms are -- have an advantage over traditional hotel and lodging arrangements. One concern that comes to mind is the fact that the hotel industry is highly regulated while home-sharing platforms are not. To what extent do you think such concerns are founded? In other words, the Airbnbs are not regulated; the hotel industry is heavily regulated. And the hotel industry thinks that's a bit unfair.

Mr. SUNDARARAJAN. Well, I think that we have to recognize that a lot of the regulations that apply to the hotel industry have been developed specifically for the hotel industry's business model. And the fact that not all of them are imposed immediately on an Airbnb host is important because an Airbnb host is not a large, sort of, multinational hotel. And so, you know, we will go through a transition period during which, you know, there will be an imbalance in the extent to which these different sectors of short-term accommodation are regulated.

Mr. ALLEN. Yeah. Well, the issue is there are folks who are developing Airbnbs rather than just private homeowners who are doing it.

Mr. SUNDARARAJAN. Yeah.

Mr. ALLEN. And so, obviously, you know, they've got some real concerns there.

Any suggestions on how we address the hotel industry concerns in this?

Mr. SUNDARARAJAN. Well, I think that a good way to move forward would be to look at policy where people who are running what looks like a large hotel through the Airbnb platform, those are people who should be cracked down on, and we should restrict Airbnb to be genuinely sort of individuals who are sharing their homes.

Mr. ALLEN. Okay. All right. Well, Chairlady, I'll yield back.

Chairwoman FOXX. Thank you, Mr. Allen.

Ms. Wilson, you're recognized for three minutes.

Ms. WILSON. Thank you, Chairman Foxx and Ranking Member Scott, for holding today's hearing. And I also want to thank our witnesses for sharing your perspectives with us today.

Today we are discussing the subject of extreme importance for our Nation's economy and our Nation's labor force, particularly those workers employed by way of technology -- a technology platform or smartphone app, which is being referred here today as the sharing economy.

As a Representative from the city of Miami, certainly, businesses such as Airbnb, Uber, and Lyft are critical. Indeed, the sharing economy has dramatically improved our Nation's standard of living, both in south Florida and across the United States, and has become an integral sector of the American economy and spurred business growth while also benefiting consumers nationwide.

Decades ago, hardly anyone would have imagined a day when, at the touch of a button on one's phone, it was possible to hail a ride,

purchase groceries, or find a plumber with relative ease. Yet although the shared economy has brought tremendous benefits to our Nation, those who work in this sector still -- are still in need and deserve basic workforce protections. Indeed, unemployment insurance and workers' compensation should not disappear merely because one is employed in the sharing economy.

Unfortunately, we have seen in many cases that the companies that participate in the sharing economy classify their employees as independent contractors. And as such, these workers are denied key work protections, such as the statutory right to the minimum wage, overtime pay, OSHA protections, or unemployment insurance, among others.

This practice I believe is unfair. Moreover, the same thing has been happening in the construction industry and other related industries for years. Congress must put an end to the practice of wrongfully classifying employees as independent contractors. That is why I reintroduced legislation that seeks to improve the tools available to address this problem.

The Payroll Fraud Prevention Act, House Resolution 3629, which I encourage all of my colleagues to cosponsor, is a bill which requires employers to accurately classify their workers and provide employees with notice of that classification. If passed, it will strengthen the Fair Labor Standards Act to ensure that more American workers, businesses, and taxpayers receive the fair treatment they deserve. Currently, there are simply too many workers being classified as independent contractors when in reality they are employees of a specific company.

I would like to address a few questions to our esteemed witness

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Chairwoman FOXX. Ms. Wilson, I'm afraid your time is up.

Ms. WILSON. Oh, my time is up.

Chairwoman FOXX. Thank you.

Ms. WILSON. I yield back.

Chairwoman FOXX. Mr. Thompson, you're recognized for three minutes.

Mr. THOMPSON. Thank you, Chairwoman.

Mr. Beckerman, I want to thank you for being an advocate for the sharing economy. As co-chair of the Career and Technical Education Caucus in the House, I often highlight the rapid pace at which our 21st century economy, driven by technology advances, and, in turn, our 21st century workforce is changing. You and I seem to be on the same page about that fact, but we need to make sure our federal policies reflect those changes.

Now, you mentioned that state and local regulations have the potential to stifle job growth, especially in the sharing economy when they are misplaced or misguided. I do believe that overregulation can discourage bright entrepreneurs with valuable skill sets from joining certain industries.

Can you explain how this would be detrimental to our global economy?

Mr. BECKERMAN. Yeah. Thank you for the question.

One, a lot of these platforms are global. And it's important, and the United States I think certainly has been a role model for the

world in the policies we've had and the growth of these platforms being born in the United States.

On some of the local laws and regulations that have come up, a lot of them, frankly, have just put been in place, the new ones, to keep out competition. And I think that's something that's certainly harmful to the global economy and the U.S. economy.

Mr. THOMPSON. Thank you.

Mr. Johnson, I want to thank you for sharing your personal story with us. And congratulations on both sons that you and your wife have had. Congratulations on your many successes.

The fact that you were able to start and run a small business with few hiccups and no debt really is incredible. It certainly helps to demonstrate the benefits of the sharing economy.

Now, you briefly mentioned the difficulty you encountered forming and registering your business on the local, state, and federal level. Can you elaborate on your experience perhaps with the Small Businesses Administration? Were you referred to the Small Business Administration or Small Business Development Centers, or did you seek out their help on your own? And what support do you feel they should offer entrepreneurs that they were unable to offer you?

Mr. JOHNSON. Starting a business is definitely an overwhelming -- it can be an overwhelming endeavor. There's a lot of things you have to consider, whether it's financing and pricing, how much to charge, you know, what you're going to offer for services, and how to get your business off the ground, how to register it. You know, I'm just an advocate for seeing some mechanism that would enable business owners and entrepreneurs starting out to have the resources they need to be successful. I don't think it's necessarily like having to be capital and money or loans. I think that having educational opportunities and better understanding of what the legal requirements are, the laws they need to comply with, you know, a lot of things that we've -- have been discussed today. If you can give those -- these entrepreneurs like me more resources to comply, I'm going to imagine that they would.

Mr. THOMPSON. And a lot of those are out there, to a large degree, through the Small Business Administration, specifically Small Business Development Centers. So I just encourage entrepreneurs to look there.

Thank you.

Chairwoman FOXX. Thank you very much.

Mrs. Davis, you're recognized for three minutes.

Mrs. DAVIS. Thank you, Madam Chair.

Thank you to all of you for being here today.

I know that we're talking about a piece of the economy that's relatively small, quite small. And yet many of the issues that are occurring are -- have been coming over a greater period of time, not just with the sharing economy. And so I appreciate that we need to really focus more broadly sometimes and not necessarily just targeting. But this is a very good conversation.

Could you speak -- maybe, Mr. Beckerman, you could pick up on this. Traditionally companies, as you know, have played a key role in training and development for their workforce. And so, as we see increasing automation in some of the spaces within the sharing

economy, what role do you think companies should still be playing in helping workers grow so that they don't really get left behind in the technology of the future? How can they play maybe even a different role than traditionally has been played?

Mr. BECKERMAN. Certainly, well, certainly broadly, all companies, regardless of industry, have an important role to play in educating the workforce and ensuring that, you know, future generations have the skills they need to compete in an evolving economy.

Specifically, when you look at these platforms, I mean, really, what they are, they're just connecting supply and demand. And so I think that does create a lot of opportunities for people with varying skill sets to be able to compete in the economy in ways that they previously couldn't.

Mrs. DAVIS. Do you -- as we talk, you know, about apprenticeships, in even a new way today, do you see a role for them, or are they really so small in many ways that that's not a possibility to even think in terms of, how would you create those? How would you attract young people who, you know, are making some of their decisions as they're leaving high school? How does that work?

Mr. BECKERMAN. Certainly, actually, it's something at the association that we worked on with organizations like After-School All-Stars that do STEM and computer science programming for young people in middle school. And that's something that we have worked on and many of our companies have worked on, which is important for -- regardless of the job people are taking.

Mrs. DAVIS. Anybody else want to comment on how they see that role?

Mr. SUNDARARAJAN. I can -- so I think the role of a traditional large company shifts a little on the training front because what the humans do in the company is going to change quite significantly over the coming decades. And so a forward-looking large company would not just be thinking about enhancing the skills of their workers to help them do their current jobs better but thinking about, how do I retain the talent that I have acquired if the work that this talented person does today is no longer something that a human being has to do? How do I transition them into doing something different?

Mrs. DAVIS. And you see conversations.

Mr. SUNDARARAJAN. Yes.

Mrs. DAVIS. -- about that.

Mr. SUNDARARAJAN. Absolutely.

Mrs. DAVIS. That's great. I think my time is up.

Thank you so much.

Chairwoman FOXX. Thank you, Mrs. Davis.

Mr. Grothman, you're recognized for three minutes.

Mr. GROTHMAN. A couple questions. I know one of our goals in the new economy is obviously -- you hear about lack of family-supporting jobs out there. And it would certainly be great if more people could make -- I suppose it depends around the country, the cost of living, whether a family-supporting job is 40,000 or 60,000, or what it is.

But could you comment -- and I'll ask, you know, any one of the three. I'll give a question to Ms. Block later -- as to -- give some samples of earnings people are participating in the new economy

and how those earnings would be affected if we regulated things a little bit more.

Anybody here have any anecdotal evidence about how much people make at given jobs in --

Mr. BECKERMAN. Sure. Go ahead.

Mr. SUNDARARAJAN. I was just saying that there's so much diversity in the sharing economy that it's hard to come up with a meaningful average of, like, you know, this is how much someone makes.

Mr. GROTHMAN. Go with anecdotes. I would say probably the ability in the new economy to make \$10,000 a year, and there are probably abilities to make a few hundred thousand a year. I just want some anecdotes.

Mr. SUNDARARAJAN. I think the majority of people who participate in the sharing economy today and are running these tiny businesses are earning in the tens of thousands. But I think as we transition into the these platforms covering, you know, a wide range of professional services -- legal services, consulting, software engineering -- we are going to see a lot more of people earning in the hundreds of thousands rather than the tens of thousands.

Mr. GROTHMAN. Is there a lot more flexibility in the new economy for people who maybe don't want to work during the day or want to work on weekends or want to work at night or maybe because of their family situation only want to work 20 hours a week or people who need money a lot and want to work 70 hours a week? Could you elaborate on the flexibility in the new economy, and is this a good or bad thing?

Mr. SUNDARARAJAN. There does seem to be far greater flexibility in the work arrangements that the sharing economy has created. I do acknowledge that, even within the confines of a full-time employment model, you can provide some flexibility. But the kind of absolute flexibility that you get from connecting to a platform when you want and completely setting your own work schedules, that is new.

Mr. GROTHMAN. It's a tremendous thing, because if I want to work 15 hours a week, I can. If I want to make a lot of money, I can work 60 hours a week.

I will give one question to Ms. Block. And I'm not sure you'll really feel comfortable answering it, but it's just something that, looking at the four of you up here and this obviously the only hearing you've testified on, but over a period of years -- been here a few years -- it's not unusual to have four people before us. And the one person -- and I love the Democrats. I love you all. But the one person that the minority picks is the college professor. I notice that it's not the first time that's happened.

Do you want to take a stab as to why it happens to work out that way?

Ms. BLOCK. Well, first, I'm actually not -- I'm sorry. I do work in a university. But, actually, the bulk of my career has been in government. And I've also been in this committee room many, many times sitting right there supporting my colleagues in different government agencies.

But I do think that being in a university gives you an interesting perspective and a broader perspective, and you have the freedom to talk to lots of different people in a different way. So that I think



that witnesses from academia can bring an interesting perspective to these conversations.

Mr. GROTHMAN. Thanks for coming over again.

Chairwoman FOXX. Thank you, Mr. Grothman.

Mr. Polis, you're recognized for three minutes.

Mr. POLIS. Thank you, Madam Chair and Ranking Member Scott.

I'm very excited about this important hearing following up on the work of this committee. And I joined my colleagues on both sides of the aisle in California visiting and learning about this a few months ago.

My first question for Dr. Sundararajan. In Denver, in Colorado, there's a new business model within the sharing economy of employee ownership. A good example is a co-op called Green Taxi. Drivers work flexible hours, and they enjoy ownership in the co-op, the taxi co-op. Employee ownership has potential across a number of different industries. There's a home care worker co-op, also in many ways part of the sharing economy.

And employee ownership is a very good thing. It allows companies to invest in employees, expands business ownership opportunities, make sure that workers can share in the value they create.

In your testimony, you spoke about the value of employee ownership programs like Green Taxi. Can you talk about how the sharing economy can foster an increase in capital ownership from workers, how value can be created on the capital side for participants in the shared economy, and how the Federal Government can encourage employee ownership along those lines?

Mr. SUNDARARAJAN. Well, I certainly think that there is a long history of cooperative work arrangements working -- cooperative ownership arrangements working in certain sectors where you didn't have the need for a great amount of capital, where technological progress was relatively slow, and where the contributions of each individual were relatively equal. So taxis work better than, say, software engineering.

I think that there's a unique opportunity to encourage the ownership of business by allowing providers to own slices of equity in the platforms that they provide towards, so provider stock ownership programs, so to speak. Because this would take, like, you know, sort of, like, you know, the digital enabling capability and the global scale of the large platforms and combine it with the decentralized ownership that we've historically seen in cooperatives. So I certainly encourage Congress and the government to look to ways to encouraging provider stock ownership programs.

Mr. POLIS. And to what extent can that occur today and to what extent do we need to change laws here to facilitate that kind of employee ownership for co-ops.

Mr. SUNDARARAJAN. I think that the infrastructure for provider stock ownership, especially for companies that are privately held -- for platforms that are privately held -- is very challenging. As some of these companies go public, we may see some more of these emerge.

Mr. POLIS. Okay.

And for Ms. Block, in the last 30 seconds, you may be familiar with blockchain and distributed ledger technologies that allow

transactions to be made between individuals without the need for a middleman or a centralized server.

How are you seeing blockchain or other innovations apply to the sharing economy?

Ms. BLOCK. So, other than that, I'm not particularly familiar. But I'm happy to look into it and get back to you.

Mr. POLIS. Great. Well, you only had five seconds anyway. So I will look forward to a written response.

And I yield back.

Chairwoman FOXX. Excellent timing.

Ms. Stefanik, you're recognized for three minutes.

Ms. STEFANIK. Thank you, Madam Chairwoman.

Our workforce is changing. As of April 2015, the millennial generation is the largest generation in our workforce. And in that generation, we have a few key differing characteristics. We're the most well-educated generation. We're also the most diverse education. We also tend to be more mobile in terms of moving where we live. We also face unique challenges, whether it's our entitlements crisis, whether it's our retirement savings crisis, or our student loan crisis.

I'd be curious, Mr. Beckerman, if you could discuss how opportunities in the sharing economy specifically provide economic opportunity for millennials. And then, beyond that, how does it impact other generations beyond millennials?

Mr. BECKERMAN. Thank you. Great question.

All the points that you laid out is exactly why these platforms are, you know, tailor made for millennials and why millennials are using them.

In my written testimony, I don't have the number right in front of me, we break -- I break down the percentage of people that are using the platforms to earn money, from millennials to baby boomers. And it's pretty well spread out. I don't know if -- I don't think the millennials are the bulk of it, but it's being used by a pretty diverse age group. But it's good for everybody, and millennials, in particular, like it.

Ms. STEFANIK. Other comments?

Mr. Johnson, as -- I'm not sure how old you, but you look somewhat in my age range. Talk to me why you chose -- you know, you're not an employee of Thumbtack. You are a business owner and use Thumbtack as a service.

How did that work for you? Why did you make that decision?

Mr. JOHNSON. I'm very impressed with what Thumbtack has done as a business itself. And for me, it really enables a marketplace for people who are looking for local services to find local service providers, and for a local service provider, it allows me to find new customers daily based on the clients I know I can serve best. And what's really interesting about Thumbtack is that -- you know, you kind of talked a little bit about mobility or -- I mean, I could maybe pick up and start a photo booth company in New York City with, really, just a couple clicks. Or if I wanted to use some business coaching and help some other business owners based on my experience, I could start a business coaching profile on Thumbtack and start receiving leads in my inbox to do something like that.

So it really is a mechanism for people to create small businesses and microbusinesses and generate more revenue or income for themselves.

Ms. STEFANIK. Great. Thank you.

And one additional question.

Mr. Beckerman, do you have data on the gender breakdown? How -- what percentage of the sharing economy is made up of women, for example?

Mr. BECKERMAN. Yeah, I would be happy to get that to you. I don't have the number off the top of my head, but we have that in our datum reports, and we could share that with you.

Ms. STEFANIK. Okay. Thank you very much.

I yield back.

Chairwoman FOXX. Thank you.

Ms. Bonamici, you're recognized for three minutes.

Ms. BONAMICI. Thank you very much, Madam Chairwoman. This is a good discussion and an important discussion.

It's clear that our economy is changing rapidly. This conversation and others we've had about the sharing economy show that it changes much more rapidly than our workplace policies.

I think we have to keep in mind what it means to our constituents when they go to a job that provides security and dignity and a living wage. In my home State of Oregon, the state legislature has enacted many policies that help with that security and dignity from increasing the already indexed minimum wage to giving workers access to paid sick days to easier ways to save for retirement and to scheduling predictability. All of those things help.

But I wanted to talk about access to healthcare. And I know Mr. Johnson mentioned that in his written testimony how important that is. For people starting a small business, recognizing the importance of that access. Of course, before the Affordable Care Act, if someone had a preexisting condition and there was -- they could be denied. They were either in a job lock or stuck in an insurance policy and couldn't take a risk or start a new business or go somewhere because they were stuck if they or someone in their family had a preexisting condition.

We've had a lot of conversations here on the Hill about repealing the Affordable Care Act. People across the country -- in fact, many small business owners -- spoke up. About one in five of the marketplace customers is a small business or a self-employed individual.

So I want to ask you, Ms. Block, to talk about the importance of the Affordable Care Act, which we all acknowledge isn't perfect but is providing that opportunity for individuals and small businesses, talk about the importance of the ACA to workers in the sharing economy.

Ms. BLOCK. Sure. Thank you for the question. I'm happy to talk about the importance of the Affordable Care Act. And, you know, I think you really articulated it. If part of what's important in our economy is to have dynamism and people being able to move from opportunity to opportunity, the Affordable Care Act is a really critical piece of that. And, again, in thinking about creating a safety net so that people can have the dignity of work and be able to continue to participate in the economy, being able to have reliable healthcare is -- seems, obviously, a really important piece of that.

So incredibly grateful that the Affordable Care Act is still there. But I think that's -- all of the factors are as true for people working in the sharing economy as they are for anybody else.

Ms. BONAMICI. Right. Thank you.

And my time is about to expire. I yield back.

Thank you, Madam Chairwoman.

Chairwoman FOXX. Thank you very much.

Mr. Espaillat, you're recognized for three minutes.

Mr. ESPAILLAT. Thank you, Madam Chair, Ranking Member Scott.

Certainly, the sharing economy is revolutionizing economies all over the planet. And, obviously, it's a very exciting time. But with that comes some concerns. And I wonder, Ms. Block, if you can shed some light on what measures can be taken to ensure that consumers are protected in initiatives such as Airbnb, Uber with regards to, for example, safety, liability issues. There's a great deal of concern that that's not being really looked at in a comprehensive way, the impact that it may have, that, in fact, the sharing economy may try to circumvent some of these regulations that are so important to consumers.

And the second question is for any of you if you like to: Do you see any danger in the sharing economy sort of like turning its head on encouraging or strengthening monopolies. For example, will Uber rule the world? Will they take out yellow cabs, livery cabs, that are smaller mom-and-pop operations that provide significant economic traction in neighborhoods? Because of their economic power, will they rule the world, and is there a danger for monopolies as well?

Ms. BLOCK. Sure. Thank you for the question.

And starting first with consumer regulation, though it's not my field of expertise, I think a lot of the issues that you want to look at in that sector -- in that area are the same that you look at in terms of labor and employment law. It is -- the fact that the service is being enabled through technology really make a difference in the application of the law. What was the intent of the consumer protection law, and is it equally applicable to a ridesharing service where you just happen to call the car through an app as it is through a taxi? I think often that answer is going to be no, just as for labor and employment. It doesn't really matter to a driver whether they got that assignment to pick up somebody through a telephone call from a cab company or through an app. What they are doing in their relationship to the company that made the assignment is the same. So I think you just want to go back to not being necessarily distracted by the fact that it's technology. I mean, companies evolve over time throughout the history of our economy. It doesn't mean that the basic values embedded in either consumer protection law or in employment law don't apply anymore.

And, again, I'm not an antitrust expert, so I'd be really careful about talking about the role that Uber plays in terms of whether there's a danger of monopoly. But I do think your question brings up an important issue over whether there's a level playing field. And, again, this comes back to this same issue of whether regulations should apply in the same way to different actors in an indus-

try just because they are technology-enabled and what impact that has on that company's ability then to compete in that sector.

Mr. ESPAILLAT. Thank you.

I yield my time.

Chairwoman FOXX. Thank you very much. I will now recognize myself for three minutes.

Dr. Sundararajan, thank you again for being with us today. Again, thanks to all the witnesses.

You mentioned in your testimony the sharing economy means different things to different people. But if you read our legislation, you see we're very keen on having standard definitions around here for what we do and what kind of public policy we want to put in place.

You have alluded in your comments to the need to determine some standard definitions and to define what is it we want to accomplish in order to decide what regulations. And Mr. Beckerman has talked a little bit about data.

What data do you think would be most important to determine who's participating in the sharing economy and for what purpose?

Mr. SUNDARARAJAN. You know, I certainly think that we could benefit from having clear numbers on the number of people who are participating across different industries, the amount of time that they are spending on these activities, and not everybody's contribution is best measured in time. You know, a lot of it is in capital, but also, you know, what revenue they are generating from these activities.

Chairwoman FOXX. Are you doing any of that research, or do you know anyone who is?

Mr. SUNDARARAJAN. Well, I've been working for the last four years on trying to convince different privately held sharing economy platforms to sort of create a way of reporting this information. I think I'm making some progress. But a little bit of encouragement from you would certainly not hurt.

Chairwoman FOXX. Thank you very much.

Mr. Johnson, again, thank you very much for being with us and sharing your personal story. You mentioned about using Thumbtack's platform connecting with -- you with your first client.

Did you -- what alternatives did you have to using Thumbtack, and do you think you would have been as successful without Thumbtack?

Mr. JOHNSON. I think in today's economy, and in my industry, digital marketing is very important: platforms like Thumbtack and having a direct connection to people interested, having a website where I'm generating leads, even social media, Facebook, Instagram, all important in attracting and acquiring customers.

And I think about even today what I would be doing if I wasn't receiving so many clients digitally. And I would be, like, maybe knocking on doors at PTAs and, you know, wedding venues and trying to make networking connections. And I really feel like people are really interacting more digitally. And that's -- it's just -- it's kind of a natural extension of what people are already doing, that they're looking for service providers digitally.

Chairwoman FOXX. Thank you very much.

Mr. Scott, you're recognized.

Mr. SCOTT. Thank you, Madam Chair.

Ms. Block, it's been noted that, when you're in the kind of gig economy, your income has wide fluctuations. A lot of people have trouble dealing with this because their monthly expenses don't fluctuate. They have a mortgage or rent, car payments, food, utilities.

What can be done to kind of smooth those out? If you can go periods where you don't get a contract, so you have, really, no income, in the employment situation, you get unemployment compensation. What can be done to help people deal with the ups and downs in the gig economy?

Ms. BLOCK. Sir -- and thank you for the question. I mean, I think you've hit on one of the things we can do, which is to make sure that, to the extent the people do -- are in actual employment relationships, that they're being treated as such and then that they, therefore, do have access to unemployment compensation if there are periods of time where there isn't enough work.

I mean, I think there are also interesting conversations to be had about adapting the unemployment compensation system to deal with income fluctuations.

But the last thing I'd say is I also think it's a really important question to look at why people are needing -- why people have these income fluctuations, why people are needing to fill in their income with short-term engagement in the sharing economy. I mean, why don't people -- why don't -- why aren't we creating enough good jobs that pay enough for people to have a full-time job that can allow them to support their families? Why do they need to drive Uber cars at night to supplement income? I mean, I think that's actually the really important question that we have in our economy today when we look at how many people are coming in and out of the sharing economy and what that does to their income.

Mr. SCOTT. In addition to that, I think some may need access to some kind of insurance for loss of income due to injury, family situations, as well as just fluctuality within the contracts.

Can you say a word, in the last few seconds I have, on the impact this has -- you served on the National Labor Relations Board -- what the sharing economy has to do with the right to organize?

Ms. BLOCK. Again, to the extent that people who are actually in an employment relationship who are employees are being misclassified as independent contractors, that's taking that really basic right to have sort of a voice in their workplace and in their economy away from them. So I think it's, again, another critical, important aspect of ensuring that people who are properly classified as employees, you know, that -- that right is enforced is, you know, exactly what you mentioned, that they lose the right to [audio malfunction in hearing room.] But even outside of that, to people who truly are independent contractors, again, it's a big economy to be operating on your own. And so finding ways that they can stand together and have some voice in these platforms -- and I think the idea about finding ways to encourage cooperative ownership of these platforms is a really, really interesting one and one that I think is worth more examination and conversation.

Mr. SCOTT. Thank you, Madam Chair.

Chairwoman FOXX. Mr. Scott, thank you.

I'll now recognize you for your closing comments.

Mr. SCOTT. Thank you, Madam Chairwoman.

I want to thank our witnesses. This has been a very constructive discussion. I think there's a lot Congress has to do to react to the innovation and technological advances in our economy.

The sharing economy has spurred business growth, benefited consumers, reduced inefficiencies, and improved lives. But there are a lot of complications. The right to organize is just one. Middle -- good middle class wages in the auto industry didn't happen by accident. They happened because those wages were negotiated. And without that negotiation, those wages would not have been good middle class wages.

We need to make sure that people have a safe workplace and, to the extent possible, some kind of consistent income. A lot of people have trouble, if their income varies wildly from month to month, making basic expenses.

We need to continue working on this because there are challenges that we're going to have to address.

And, of course, Madam Chair, there are other issues that we've mentioned that we hopefully will address in addition to that.

So I thank you for the hearing and yield back.

Chairwoman FOXX. Thank you, Mr. Scott.

I want to say that I like to associate myself with the first part of your comments today. Let me see. You said Congress should support innovation, technological advances. The sharing economy spurred business growth, benefited consumers, reduced inefficiencies, and improved Americans' lives.

Mr. SCOTT. How about that right to organize?

Chairwoman FOXX. I like that.

We agree on those comments. I think any time we have an opportunity to say that we agree.

But then I think our views differ.

Chairwoman FOXX. I often would say if I put a glass up here, an 8-ounce glass with 4 ounces of water in it, I almost always see it as half full, and my colleagues almost always see it as half empty.

You know, we live in the greatest country in the world, the absolute greatest country in the world. And that is because of the freedom we have. I am so convinced of that. We have the freedom to create all these wonderful businesses and industries that have come about. I talk a lot about our phones. Thank God the Federal Government did not get involved with regulating cell phones. If it had, we'd be carrying bat phones around with us now, and we wouldn't have the technical innovations that have occurred. So I think any time you invite the Federal Government to start regulating something, you stifle innovation, I think.

People have the freedom to be involved in the sharing economy or not. That is the way I look at it. And people can go to work in a factory, and if they are looking for a certain amount of security, if they're looking for a regular paycheck and the things that come from different jobs, if they're looking to utilize their talents, to work day and night, to work whenever they want to, or I think, as Mr. Beckerman said, where is it that you can just wake up in the morning and choose not to go to work and not risk your livelihood? The sharing economy gives ultimate freedom to people in this country. And I think we attempt to regulate it at our peril.

And I just want to say it's not the government's role to create a level playing field. You know, they've tried that in Eastern Europe. They've tried it in Russia. Creating a level playing field brings everybody down to the lowest common denominator. It doesn't bring people up. It never has. And so I want to say I'm grateful for the people who have been innovative and creative and created the sharing economy. And I hope that we will continue to have the culture that will allow that to happen. I do think it would be useful for us to look at what's happening in other countries and see how their economies are being impacted compared to how ours is.

But I want to thank our witnesses again today and say to everybody on the committee: Thank you for coming. This is a fascinating subject, and I hope we will continue to look at it and figure out ways, not for the government to regulate it or to stifle it, but to encourage it.

There being no further business, the committee stands adjourned.

[Questions submitted for the record and their responses follow:]





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May 3, 2018

Sharon Block  
Executive Director  
Labor and Worklife Program, Harvard Law School  
8 Mount Auburn Street  
Cambridge, MA 02138

Dear Ms. Block:

Thank you again for testifying at the September 6, 2017, Committee on Education and the Workforce hearing on "The Sharing Economy: Creating Opportunities for Innovation and Flexibility."

Please find enclosed an additional question submitted by a Committee member following the hearing. Please provide a written response no later than May 25, 2018, for inclusion in the official hearing record. Your response should be sent to Olivia Voslow of the Committee staff. She can be contacted at (202) 225-7101.

We appreciate your continued contribution to the work of the Committee.

Sincerely,

*Virginia Foxx*

Virginia Foxx  
Chairwoman

Enclosure

**Question for the Record**

**Hearing: “The Sharing Economy: Creating Opportunities for Innovation and Flexibility”  
September 6, 2017**

**Rep. Sablan (D-MP)**

1. Do you have any thoughts or is there any data regarding job loss or displacement as a result of the “sharing” or “online platform” economy? Are there less taxi drivers because of Uber and Lyft? Are there less service jobs in the hospitality industry because travelers are using Airbnb or other platforms, etc.?

[Ms. Block response to questions submitted for the record follow:]



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Olivia Voslow  
Legislative Assistant  
Committee on Education and the Workforce  
U.S. House of Representatives  
2176 Rayburn House Office Building  
Washington, DC 20515

May 14, 2018

Dear Ms. Voslow:

Below please find my response to the question for the record in connection with the hearing, "The Sharing Economy: Creating Opportunities for Innovation and Flexibility" held on September 6, 2017.

**Rep. Sablan (D-MP)**

Q. Do you have any thoughts or is there any data regarding job loss or displacement as a result of the "sharing" or "online platform" economy? Are there less taxi drivers because of Uber and Lyft? Are there less jobs in the hospitality industry because travelers are using Airbnb or other platforms, etc.?

A. I am aware of the following two studies that are responsive to your question:

- <http://www.cbrehotels.com/EN/Research/Pages/An-Analysis-of-Airbnb-in-the-United-States.aspx>
- <https://www.labor.ucla.edu/taxi-brief/>

Sincerely,

Sharon Block  
Executive Director

[Whereupon, at 12:09 p.m., the committee was adjourned.]

