



## **U.S. Chamber Technology Engagement Center (C\_TEC)**

### **Statement for the Record**

Hearing before the United States Congress House Education and the Workforce Committee

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

September 22, 2017

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations.

The Chamber established the Technology Engagement Center (C\_TEC) to advance technology's role in the U.S. economy. Emerging technologies have the ability to drive economic growth and create jobs. C\_TEC promotes policies that foster innovation and creativity and sponsors research to inform policymakers, regulators, and the public at large.

C\_TEC would like to thank Chair Foxx, Ranking Member Scott, and Members of the Committee for your leadership on this topic.

This month's hearing on the sharing economy, also known as the gig-economy and on-demand economy, took place at an important time in the development of an emerging industry which is reshaping our economic future. While it is important to look to the future, the sharing economy is already affecting a number of industries including food delivery, ride sharing, software engineering, management consulting, real estate, and healthcare—it is fundamentally transforming the way goods and services are being delivered in communities.<sup>1</sup> This shift has provided consumers with a greater variety of services and empowered workers with flexible schedules and higher earnings.

Today's sharing and on-demand economy is a precursor to a fundamentally different economy that is changing the relationship between employers and employees, challenging our

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<sup>1</sup> Arun Sundararajan, "The Sharing Economy, Digital Innovation, and the Future of Work," September 6, 2017, 4. [https://edworkforce.house.gov/uploadedfiles/sundararajan\\_-\\_testimony.pdf](https://edworkforce.house.gov/uploadedfiles/sundararajan_-_testimony.pdf).

conventional definitions of a job, and encouraging the current regulatory environment to keep pace. Developing policies that promote a positive business environment, encourage innovation, and protect workers in this economy, while preserving flexibility, is an important and challenging balance for this Committee to strike.

These comments are supported by the findings of a Morning Consult poll recently conducted by C\_TEC.<sup>2</sup> The results are clear:

- The majority of voters do not support placing more regulations on sharing economy services.
- 50% of voters say they prefer Representatives who will support policies that make it easier for the sharing economy to operate, while only 14% of voters support policies that make it more difficult for the sharing economy to operate.
- Most voters say the sharing economy has made their lives more convenient.
- Most voters say the sharing economy has had a positive impact on American workers.
- 66% of voters said their city would be a better place to live if cities developed regulations to promote the sharing economy.
- 32% say their financial situation has improved since they started working in the sharing economy.
- More than 70% said their experience working in the sharing economy has been positive.
- 50% are satisfied with the money they make in the sharing economy while only 2% say they are not satisfied at all.

The American public's positive view of the sharing economy is supported by research of its impact on the broader economy. Over the long run, it will contribute to greater economic growth by providing greater variety to consumers which increases consumption; using assets more frequently which increases the frequency of replacement; and using assets more efficiently which increases productivity.<sup>3</sup> Research suggests that the sharing economy is estimated to grow from \$14 billion in 2014 to \$335 billion by 2025.<sup>4</sup>

The sharing economy also has the potential to help address one of the most pressing problems facing state and federal policymakers today—upward mobility. Lower income Americans can now purchase assets which were previously unattainable. For example, home or car ownership is more accessible because it is now easy to monetize these assets through HomeAway or Lyft.

The companies that comprise the sharing economy are extremely diverse. Some companies focus on specific areas, Gigster (software engineering), Airbnb (short term accommodations), Postmates (delivery service); other companies encompass a wide range of services, Thumbtack (home, business, wellness, creative design) Uber (ride sharing, food delivery), Upwork

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<sup>2</sup> "CTECIntelligence: Sharing Economy," U.S. Chamber of Commerce, <http://ctecintelligence.com/>.

<sup>3</sup> Sundararajan, "The Sharing Economy," 7.

<sup>4</sup> Niam Yaraghi and Shamika Ravi, "The current and future state of the sharing economy," Brookings Institution, March 2017. [https://www.brookings.edu/wp-content/uploads/2016/12/sharingeconomy\\_032017final.pdf](https://www.brookings.edu/wp-content/uploads/2016/12/sharingeconomy_032017final.pdf)

(accounting, copy editing, personal fitness). The sharing economy includes companies involved in commercial real estate, healthcare, legal services, customer service, logistics, and management consulting.

Policies going forward must take into account the diverse and rapidly changing environment of the sharing economy. Smart and balanced regulations will be important for the industry. Regulations should be informed by discussions with industry leaders in the sharing economy and the real world experience they possess. These discussions would also benefit from experience of more traditional business models in industries such as manufacturing, retail, and construction. There are a host of issues (tax reform, the modernization of the benefits structure to reflect our changing workforce, autonomous vehicles, aerial drones and terrestrial robotic delivery, artificial intelligence and the internet of things) that impact sharing economy participants. Without reasonable solutions and frameworks for them to operate in this space, America runs the risk of missing an incredible opportunity to lead the world in the 21<sup>st</sup> century.

Some may fear that the sharing economy is eliminating jobs from existing companies or hurting workers, but the research suggests otherwise. In fact, the sharing economy can complement existing businesses. A recent Brookings Institution study found that “Uber and Airbnb are meeting unmet consumer demand or stimulating new demand” rather than forcing existing companies to “go out of business.”<sup>5</sup> Similarly, workers are not forced into the sharing economy because of a lack of other options; instead, workers “choose this mode of work, even when they have other options.”<sup>6</sup> The vast majority of workers join the sharing economy because they like the financial stability and schedule flexibility. And for those that are looking for employment, it offers a way to generate earnings with a fairly low barrier to entry. Finally, workers in the sharing economy make on average \$34 an hour, \$8 higher than the hourly rate of an average payroll worker (\$26).<sup>7</sup>

C\_TEC looks forward to working with the House Education & Workforce Committee as it deliberates the best path forward for this new economy. We are committed to ensuring federal policy impacting the sharing and on-demand economy and its participants encourage innovation and growth.

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<sup>5</sup> Ian Hathaway and Mark Murro, “Tracking the gig economy: New Numbers,” Brookings Institution, October 13, 2016. <https://www.brookings.edu/research/tracking-the-gig-economy-new-numbers/>

<sup>6</sup> “Dispatches from the New Economy: The On-Demand Economy Worker Study,” Intuit, 3. <http://intuittaxandfinancialcenter.com/wp-content/uploads/2017/06/Dispatches-from-the-New-Economy-Long-Form-Report.pdf>

<sup>7</sup> “Dispatches from the New Economy,” Intuit, 6.