

Opening Statement
Rep. Jan Schakowsky
House Energy and Commerce Committee
Subcommittee on Commerce, Manufacturing, and Trade
Hearing on “The Disrupter Series: How the Sharing Economy Creates Jobs, Benefits
Consumers, and Raises Policy Questions”
September 29, 2015

Thank you, Mr. Chairman, for holding today’s hearing on the sharing – or gig – economy. This is a topic deserving of our attention and scrutiny.

Over the past few years, Americans have begun to interact in ways never imagined just a decade ago. The sharing economy is one of the byproducts of technological change. Today, people hail rides, book rooms, hire a contractor, and purchase groceries at the push of a button. This is the fastest growing sector in our economy. While there is undoubtedly a convenience factor for those who engage with the gig economy, there are a number of adverse consequences as well.

For millennials, the gig economy model may be appealing for a time, providing scheduling flexibility that many young people desire. However, for many older workers who used to have full-time employment or younger workers seeking steady full-time work, this transformational change is not a positive. The model – which eliminates benefits like health care and pensions – means more questions about whether they can make ends meet, much less save for their children’s education, their parents’ elder care, or their own retirement.

Gig economy companies argue that the individuals who generate earnings through the use of their technology are independent contractors. They claim only to operate a neutral technological platform, enabling individuals to connect. Making that claim may enable gig economy companies to avoid legal liability for much of what happens as a result of the use of their platforms, and enables them to avoid Social Security contributions and requirements to provide overtime pay, and workers’ compensation and unemployment benefits. This shifts many work-related risks from employers to workers.

However, these entities are very often directly involved in almost every aspect of the transactions that occur by way of their technology. They maintain standards for users of their apps and they have the ability to remove users from their platforms altogether.

In June, the California Labor Commission found that Uber drivers are employees rather than contractors. That determination – if upheld – would require Uber to provide reimbursable expenses, Social Security, workers’ compensation and unemployment insurance benefits.

Many gig economy businesses do not ensure that their employees meet licensing, tax, and zoning requirements that are in place for the industries against which those businesses seek to compete. I believe those companies and their employees and contractors must meet all existing requirements if they intend to compete with other entities honoring those standards.

It is also important that liability questions are addressed by the businesses operating in the gig economy space. Is additional insurance coverage needed to protect employees or customers of gig economy businesses? When additional protection is required, how do gig economy businesses ensure that their employees and customers are adequately covered?

These gig economy businesses are largely data-driven, and there are few restrictions on how that data is used or protected. Highly-sensitive information – including background checks, home addresses, credit card and bank account information, and travel patterns – is collected by these businesses.

Uber recently changed its privacy policy to allow the company to ask for location details when users aren't actively engaging with the app. It also allows Uber to access to a user's contact list. Most Uber users probably have no idea about these policy changes, which is why greater oversight, transparency, and communication are needed in this emerging sector of the economy.

All of these issues must be addressed if we are to ensure that the sharing economy is as much about improving the lives of working Americans as it is about increasing the market caps of gig economy companies.

I thank our witnesses for being here today, and I look forward to their testimony. I yield back the balance of my time.