TESTIMONY OF MICHAEL BECKERMAN
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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.[1] 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 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.[2]

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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[1] 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.

[2] 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.[3]

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.[4]

Workers Benefit from the Flexible Economy

Evidence is mounting that participation in the sharing economy is a net positive for the 'microenterpreneurs' who participate in it.[5]

Any small business, freelancer, contractor, cleaning service or handyman who has been able 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.[6] The sharing economy is more geographically dispersed and serving as a vital tool for millions of Americans. We cannot forget that.

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[3] America's Online Jobs: Measurements and Influencing Factors (forthcoming)
[4] See: Brookings Institute. 2016. "Tracking the gig economy – new numbers" and Garza and Hooton (2017). "A Comprehensive Look at Short-Term Rentals in Seattle."
[5] 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 at 14 (2014).
[6] 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.[7] 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.[8]

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.[9] 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.[10] 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.[11] 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

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[7] "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).

[8] Dispatches from the New Economy: The On-Demand Workforce p. 6.

[9] "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

[10] See: http://blog.atairbnb.com/economic-impact-airbnb/
Garza and Hooton (2017). "A Comprehensive Look at Short-Term Rentals in Seattle."

[11] 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.[12] 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.[13] 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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[12] Dispatches from the New Economy: The On-Demand Workforce p.8.

[13] "Women Entrepreneurs on Thumbtack are Breaking Stereotypes and Making Hundreds of Millions of Dollars," Thumbtack, available at https://www.thumbtack.com/blog/female-entreprenuers-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[14] to wine.[15] 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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[14] 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.")

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