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4TH DISTRICT, GEORGIA

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Congress of the United States
House of Representatives
Washington, DC 20515-1004

SUBCOMMITTEES:
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STRATEGIC FORCES

February 4, 2016

The Honorable Bob Goodlatte
Chairman
Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Marino
Chairman,
Subcommittee on Regulatory Reform,
Commercial and Antitrust Law
410 Cannon House Office Building
Washington, DC 20515

Dear Chairman Goodlatte and Chairman Marino:

I write to request that the Subcommittee on Regulatory Reform, Commercial and Antitrust Law hold a hearing to examine issues relating to the sharing economy to review its implications on regulatory and competition policy.

The sharing economy has served as a transformative force for increased competition, lower prices, and greater choices for consumers.¹ Also referred to as the gig, access, peer, and on-demand economy, the sharing economy broadly describes intermediary platforms that facilitate consumer transactions online.² Although still in its infancy, this market surpassed \$3.5 billion in revenue in 2013 and is expected to grow into a \$110 billion revenue market in the coming years.³ Sharing platforms have created new competition in existing markets by removing barriers to entry, as well as opening new channels for competition in markets that have been

¹ See, e.g., Stephen Miller, First Principles for Regulating the Sharing Economy, 53 HARVARD J. ON LEGISLATION 12 (forthcoming 2016), <http://ssrn.com/abstract=2568016>.

² See, e.g., Rachel Botsman, *The Sharing Economy Lacks a Shared Definition*, FASTCOEXIST (Nov. 21, 2013), <http://www.fastcoexist.com/3022028/the-sharing-economy-lacks-a-shared-definition> (discussing various taxonomies for the sharing economy).

³ Sarah Cannon & Lawrence H. Summers, *How Uber and the Sharing Economy Can Win Over Regulators*, HARVARD BUSINESS REVIEW (Oct. 13, 2014), <https://hbr.org/2014/10/how-uberand-the-sharing-economy-can-win-over-regulators/>.

underutilized altogether.⁴ In addition to creating a sea of change to existing markets, the sharing economy may also have positive effects for underserved populations through “broader inclusion, higher quality of rental-based consumption, and new ownership facilitated by rental supply revenues.”⁵ Many consumers likewise agree the sharing-economy marketplace tends to improve the affordability, convenience, and the environmental impact of goods and services.⁶

Notwithstanding these benefits, there has also been a substantial public discussion on whether this new model is entirely in the public interest.⁷ For instance, Dean Baker, co-director of the Center for Economic and Policy Research, has stated that “this new business model is largely based on evading regulations and breaking the law.”⁸ Ross Eisenbrey, vice president of the Economic Policy Institute, also suggests that this market has shifted the costs associated with traditional workers to independent contractors, who lack vital protections and benefits that workers typically enjoy.⁹ A leading financial advisor has also cautioned sharing-economy competitors to help prevent “abuse of data privacy” by clarifying market risks and collaborating with regulators to “ensure that customers know their rights.”¹⁰ Others have similarly argued that the unregulated entities enjoy competitive benefits over the established market, which “typically has a regulator that can cease the established market’s operation through traditional command-and-control regulation, such as a local government’s abatement processes under building codes, food codes, and so on.”¹¹

Recently, the Federal Trade Commission explored these competing issues in a workshop.¹² There, a number of panelists explored topics related to this new market, including a robust discussion on the interplay between competition, consumer protection, and regulation.¹³ Shortly thereafter, Chairwoman Edith Ramirez remarked that while new models “may well bring

⁴ Miller, *supra* note 1, at 12, 17 (“The sharing economy also creates new markets . . . these new markets of the sharing economy seem to be “blue oceans.”).

⁵ Samuel P. Fraiburger & Arun Sundarajan, *Peer-to-Peer Rental Markets in the Sharing Economy* 1, 2 (NYU Stern School of Business Research Paper, 2015), <http://ssrn.com/abstract=2574337>; Amy Zipkin, *The Sharing Economy Attracts Older Adults*, N.Y. TIMES (Sept. 25, 2015), <http://www.nytimes.com/2015/09/26/your-money/the-sharing-economy-attracts-older-adults.html>.

⁶ PWC, *Consumer Intelligence Series: The Sharing Economy* 9 (Apr. 2015), <http://www.pwc.com/CISsharing>

⁷ See, e.g., *The Dark Side of the Sharing Economy*, N.Y. TIMES (Apr. 30, 2014), <http://www.nytimes.com/2014/05/01/opinion/the-dark-side-of-the-sharing-economy.html>.

⁸ Dean Baker, *Don't Buy the 'Sharing Economy' Hype: Airbnb and Uber Are Facilitating Rip-Offs*, THE GUARDIAN (MAY 27, 2014), <http://www.theguardian.com/commentisfree/2014/may/27/airbnb-uber-taxes-regulation>.

⁹ Tim Steller, *Uber Project Shows 'Sharing Economy's' Risks, Benefits*, ARIZ. DAILY STAR (Aug. 25, 2015), http://tucson.com/news/local/columnists/steller/steller-uber-project-shows-sharing-economy-s-risks-benefits/article_c229ad13-6aef-5a90-9226-9fc001aff984.html.

¹⁰ Alberto Marchi & Ellora-Julie Parekh, *How the Sharing Economy Can Make Its Case*, MCKINSEY QUARTERLY (Dec. 2015), http://www.mckinsey.com/insights/strategy/how_the_sharing_economy_can_make_its_case.

¹¹ Miller, *supra* note 1, at 14.

¹² *The “Sharing” Economy: Issues Facing Platforms, Participants, and Regulators*, FED. TRADE COMM’N (June 9, 2015), <https://www.ftc.gov/news-events/events-calendar/2015/06/sharing-economy-issues-facing-platforms-participants-regulators>.

¹³ *Id.*

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the competitive benefits of 'creative destruction' to consumers . . . they may also pose risks that consumers do not face with traditional suppliers, which are often subject to regulation."¹⁴

Without question, the sharing economy presents multiple novel and complex policy questions involving consumer safety, regulation, and competition policy. The Subcommittee on Regulatory Reform, Commercial and Antitrust, which directly exercises jurisdiction over these matters, should convene a hearing to thoughtfully examine these questions.

I look forward to working with each of you on this issue, and appreciate your attention to this matter. If you have any questions, please contact my staff, Slade Bond, at 202.225.6906.

Sincerely,

A handwritten signature in blue ink that reads "Hank Johnson". The signature is fluid and cursive, with the first name "Hank" and last name "Johnson" clearly distinguishable.

Henry C. "Hank" Johnson, Jr.
Ranking Member
Subcommittee on Regulatory Reform,
Commercial and Antitrust Law

¹⁴ Edith Ramirez, Chairwoman, Fed. Trade Comm'n, Keynote Remarks at the Fordham Law School 42nd Annual Conference on International Antitrust Law and Policy (Oct. 2, 2015), https://www.ftc.gov/system/files/documents/public_statements/810851/151002fordhamremarks.pdf.