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OPINION: DEMOCRATS VS. DEMOCRATS ON THE SHARING ECONOMY

YOUNG OBAMA VOTERS USE APPS LIKE AIRBNB ALL THE TIME. BUT THE PARTY STANDS WITH UNIONS AND LAWYERS.

By Allysia Finley
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The Democratic agenda includes hundreds of government programs and policies aimed at reducing inequality and raising wages. Turns out, there are apps for that, though certain Democratic interest groups don't like them.

Silicon Valley startups like Airbnb (founded in 2008), TaskRabbit (2008) and Uber (2009) have flourished amid the past eight years of languid economic growth by providing a platform for users to exchange goods and services. The so-called sharing economy increases productivity by leveraging underused resources (e.g., unoccupied housing) and labor.

But the tech disrupters are now being targeted by labor unions, plaintiffs' lawyers and government rent-seekers. Also on the attack are liberal politicians who fear that new economic opportunities could undermine their goal of making more people dependent on government.

The conflict between progressive innovation and Democratic politics was on prominent display in Philadelphia this week. On Wednesday, Pennsylvania drivers for the ride-hailing app Uber and the International Association of Machinists announced "an organizing effort to gather drivers together in a union affiliated organization," according to their press release. A group tied to liberal housing activists, hotels and their unions has been airing commercials in the city accusing Airbnb of racial discrimination.

In Mr. Lehane's view, the sharing economy is "democratizing capitalism" by creating new opportunities for low- and middle-income workers. "The Obama coalition," Mr. Plouffe added, "is gravitating to and relying on the sharing economy."

Uber and Airbnb, for their part, are relying on everyday members of the Obama coalition to counter the companies' progressive opponents.

When New York City Mayor Bill de Blasio proposed capping the number of Uber cars on city streets last year, the San Francisco-based startup targeted millennials with a video criticizing the plan. The mayor backed down after an onslaught of negative press.

Last month, Uber coaxed Mayor Rahm Emanuel and rallied minorities on the Chicago City Council to block an ordinance backed by the city's taxi cartel that would have required fingerprinting drivers, which makes it harder to recruit and license them. "I'm concerned about folks, the people in my ward," said alderman Walter Burnett Jr., whose ward is 60% black.

Another struggle is under way in Austin, Texas. In May, residents voted to require rigorous background checks for ride-sharing companies that include fingerprinting drivers. In response, Uber and Lyft shut down their business in the city. Uber recently hired President Obama's former attorney general Eric Holder to lobby local lawmakers in various jurisdictions against regulations requiring fingerprint-based background checks.

Meanwhile, elected officials in New York, San Francisco and Anaheim have tried to block residents from renting out their unoccupied private places on platforms like Airbnb. This protects local hotel and hospitality unions from competition, though politicians rationalize the regulations. "Is the influx of out-of-town visitors upsetting the quiet of longstanding residential neighborhoods?" New York Attorney General Eric Schneiderman asked in a 2014 report critical of Airbnb.

There are also Democrats in Washington to worry about. Sens. Dianne Feinstein, Elizabeth Warren and Brian Schatz earlier this month pressured the Federal Trade Commission to investigate "racial discrimination on some short-term rental platforms." Airbnb subsequently retained Mr. Holder to help craft a stronger anti-discrimination policy.

Plaintiffs' lawyers see these companies as a juicy profit-sharing opportunity. Boston-based attorney Shannon Liss-Riordan has filed a dozen lawsuits against startups, including Uber, Lyft and Homejoy, a cleaning service, claiming that the companies misclassified workers as independent contractors who thus aren't entitled to workers' compensation and other labor protections. Uber and Lyft recently settled the cases for \$84 million and \$27 million, respectively.

Unions hope that reclassifying independent contractors as employees will let them organize workers in the sharing economy under the 1935 Wagner Act. The Teamsters and the International Association of Machinists have already formed precursory affiliations with Uber drivers in California, New York City and, now, Pennsylvania.

While wealthier companies can afford to lawyer up, the torrent of legal, regulatory and labor challenges can drive embryonic startups like Homejoy (which shut down last year) out of businesses. When that happens, the biggest victims are minorities, young people and low- and middle-income families who use the apps to augment their incomes and save money.

Airbnb reports that the typical host rents out his home or apartment for 46 days annually and makes an additional \$7,500 in extra income. The fastest-growing age demographic of hosts is "seniors" (those older than 60). The typical host in the 30 New York City ZIP Codes with the largest black populations (the Bronx, Queens and Brooklyn) earned \$6,100 in extra income. The number of rentals in these communities is growing about 50% faster than citywide.

Uber doesn't keep demographic data on its drivers, but anecdotal experience suggests that a majority are minorities, immigrants and workers without college degrees.

The sharing economy has helped more people than any government program. Perhaps liberals like Mr. Plouffe may begin to question their belief that government needs to do more to help the disadvantaged because the private sector isn't capable of that.

Ms. Finley is an editorial writer for the Journal.