Parliamentary Assembly
Assemblée parlementaire
http://assembly.coe.int
1949.2019
COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 2312 (2019)[1]

The societal impact of the platform economy

Parliamentary Assembly

1. The platform economy has emerged as a brand-new facet of the globalised economy, with increasing numbers of Europeans being affected – as entrepreneurs, workers or consumers. Digital platforms enable a more open marketplace where goods, services and information are exchanged between individuals (peer-to-peer) and business actors (professionals and firms) for profit, on a cost-sharing basis, or even for free. However, the platform phenomenon has grown mostly on the margins of regulations applicable to the mainstream economy, which causes various distortions at national and local levels. This phenomenon is set to expand further in an exponential manner over the coming years, with a significant impact on society at large.

2. The players in the platform economy have been accused of breaching the level playing field and existing laws concerning consumer protection, social rights of workers and taxation, at both national and European levels. States are therefore compelled to assess the new challenges and regulatory needs in order to provide adequate responses to this new economic reality. The Parliamentary Assembly considers that lawmakers in Europe should seek a balanced approach in this context so that public interests prevail over more narrow commercial considerations, without choking off innovation, entrepreneurship, new work and consumption patterns, as well as the development opportunities that go with them.

3. The Assembly notes the diversity of views in the European arena in assessing the potential of digital platforms to create or preserve quality jobs, optimise the use of existing resources and increase overall well-being in society. It concurs with the Organisation for Economic Co-operation and Development (OECD) viewpoint suggesting that the regulatory policies debate should focus on sector-specific issues (such as in the case of transport and accommodation platforms) and on cross-cutting issues relating to labour rights and social protection, taxation, consumer protection (including data protection) and competition.

4. The Assembly regrets the lack of data on the specific aspects and trends in the development of the platform economy to inform evidence-based policy making and welcomes the efforts of the OECD and the European Commission to consider ways to obtain more accurate data and hence a more comprehensive picture of the rapidly evolving platform economy. While the "platformisation" of work is an opportunity to formalise the informal work of semi-professional service providers and to integrate informal exchanges into the mainstream economy and social systems, there is also a risk of the opposite – an expansion of the informal economy, if platforms' activities are not properly regulated and not duly accounted for.

5. The Assembly is moreover concerned that the "platformisation" of work may contribute to the spread of increasingly precarious forms of non-standard work, and notes that, in many countries, labour law does not apply, or applies only partially, to those considered as self-employed. As a result, many such workers are not entitled to a minimum wage, annual leave or sickness allowances. In this context, the Assembly believes that guidance from the European Committee of Social Rights (ECSR) on the application of the European Social Charter (ETS No. 35 and ETS No. 163) in relation to platform workers would be highly relevant. It therefore urges the ECSR to examine the emerging policy and practice issues in relation to the platform economy, in particular as regards labour rights, social security systems and related protection.

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1. *Text adopted by the Standing Committee*, acting on behalf of the Assembly, on 29 November 2019 (see Doc. 15001, report of the Committee on Social Affairs, Health and Sustainable Development, rapporteur: Mr Luís Leite Ramos).

6. Currently, the employment status of platform workers – and the rights and obligations that go with it – is not quite clear across Europe. The existing regulatory frameworks are applied to digital platform workers, mainly distinguishing between employees and self-employed workers ("freelancers"); platforms tend to classify their workers as self-employed. Some countries have additional subcategories of these two statuses, and there is an ongoing debate on the need to consider introducing a third type of status specifically for platform workers. In this context, the Assembly notes that legal uncertainty over platform workers' status has already given rise to multiple cases of litigation, with court judgments varying from country to country and with courts arriving at different conclusions in respect of workers involved with the same platform or in the same sector.

7. In relation to platform-enabled work, the Assembly recommends that national regulators, including parliaments, of member States should:

7.1. review national legislation applicable to the activities of digital platforms and their workers, assess its relevance in the new circumstances and identify areas that require additional regulation with a view to preserving, or strengthening, the supremacy of the public interest, fair competition and the basic level of platform workers' rights and social protection, as set out in the European Social Charter;

7.2. when screening national laws, consider distinguishing between "work on-demand via internet applications" for delivering physical services locally, and "crowdwork online" for outsourcing tasks (such as accounting, designing or translation) to a worldwide pool of virtual workers;

7.3. assess how existing European and national legal standards can be best employed in the global context to settle cross-border issues arising from the operation of multinational platforms, notably as regards taxation and tax collection, consumer protection and the applicability of foreign legislation to crowdwork;

7.4. based on evidence showing that working for one platform is generally not sufficient to be the main source of income for the workers concerned (akin to "zero-hours" contracts), and considering that for some people platform work remains their only source of income, prohibit exclusivity clauses of online platforms, so as to enable individuals to also work for other enterprises and supplement their income;

7.5. tackle new psychosocial risks due to platforms' "work-on-demand" philosophy and rating systems (such as the consequences of constant real-time monitoring and assessment of worker performance, relative isolation, the double insecurity of employment and income, the assignment of tasks at very short notice and with tight deadlines, the permanent state of standby at the expense of rest time and work-life balance, possible discrimination and pressure to deliver despite falling ill) through national workplace health and safety regulation and policies;

7.6. ensure that adequate registration, certification and control mechanisms are in place with regard to platform services in order to protect consumer rights, personal data, health and safety, and to secure public order and safety;

7.7. clarify taxation obligations for platforms, their workers and users, and provide electronic channels to facilitate income declaration and compliance with tax rules so that taxes are paid where the economic activity takes place;

7.8. strengthen protections and controls with regard to the risks of possible exploitation online and through illegal subcontracting of work via platforms, in order to avoid the use of child labour in third countries and of non-registered migrants on their territory;

7.9. seek greater transparency in the operation of platforms and additional regulatory measures – either internal (self-regulation) or external (imposed by law) – if necessary, so as to offset the bias, barriers and discrimination which certain users or service providers may face in the digital context, just as they do in the traditional economy (for example, the gender pay gap or rigid rules with regard to working hours);

7.10. study the impact of new working patterns on gender equality and provide State-funded possibilities for platform workers to develop or acquire skills with a view to fostering their employability and equal opportunities.

8. The Assembly also supports the legislative initiatives of the European Commission, the European Parliament and the Council of the European Union aimed at ensuring transparent and predictable working conditions in the European Union. It invites the Council of Europe member States to consider them as guidance towards providing an adequate co-ordinated regulatory response to the challenges of the platform economy at national level.