

Uber chief: law could idle operations in California

August 12 2020



Uber might have to shut down its operations in its home state of California if it is required to immediately comply with a law requiring its drivers to be classified as employees instead of independent contractors, according to CEO Dara Khosrowshahi

Being forced to classify drivers as employees could temporarily idle

Uber operations in its home state of California, the ride-sharing firm's chief said Wednesday.

The comments from Uber's chief executive Dara Khosrowshahi to MSNBC come after a court gave Uber and rival Lyft until the middle of next week to reclassify drivers as employees instead of [contract workers](#) in compliance with a new state law.

"If the court doesn't reconsider, then in California, it's hard to believe we'll be able to switch our model to full-time employment quickly," Khosrowshahi said in the MSNBC interview.

"We'll have to essentially shut down Uber until November when the voters decide."

Uber and Lyft are backing a referendum in the state to overturn the law, while pledging to provide benefits for a [social safety net](#) that would keep [gig workers](#) independent

The order came Monday when a judge granted a [restraining order](#) in a lawsuit filed by California attorney general Xavier Becerra and three cities including San Francisco, where Lyft and Uber are based.

The suit calls on Lyft and Uber to comply with a state law that went into effect at the start of this year that requires "gig workers" such as smartphone-summoned ride service drivers to be classified as employees, eligible for unemployment, medical and other benefits.

Uber and Lyft expect to appeal the decision, which could buy them more time.

A backup plan for Uber would be to pause operations in California, eventually restarting with "a much smaller service, much higher prices"

and probably focused in the center of cities or in suburbs," according to Khosrowshahi.

The rideshare rivals have maintain that most of their drivers want to remain independent even if they also are looking for benefits.

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Citation: Uber chief: law could idle operations in California (2020, August 12) retrieved 18 April 2024 from <https://techxplore.com/news/2020-08-uber-chief-law-idle-california.html>

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