

SHARING ECONOMY. THE OTHER SIDE OF THE COIN

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Telos: You are one of the first critics of so-called "Sharing Economy". What triggered your interest in this topic?

Tom Slee: I have a longstanding distrust of people who claim to be building decentralized, community-oriented person-to-person networks that just happen to involve creating global enterprises that turn their founders into billionaires. We've seen this happen with earlier cycles of Internet innovation especially around the idea of openness: Google claims to be about openness except for the advertising and search algorithms that make it money, Facebook is all about openness on the part of its users, but not about its newsfeed algorithm, and so on. So when the "sharing economy" started up, with appealing talk about empowering individuals and creating networks of trust, yet funded by venture capitalists looking for a return on their investment, it seemed probable that the sharing economy and the values it claimed to promote were going to be incompatible. And so it has proved. The sharing economy has a small-scale community feel (sharing tools) and that works fine in the same way that other neighbourhood initiatives work – there can be problems, but also rewards. But trying to turn this kind of initiative into a major international company is asking for trouble. It's those companies, and particularly the two sharing giants Uber and Airbnb, that cause most of the problems.

In your book "What's yours is mine" you challenge the apparent benefits for the people of the sharing economy business and call them the 'unforeseen dangers'. What dangers?

Not so much danger for the people undertaking the exchange (although there is some of that – damage to houses, last-minute cancellations, guests who won't leave, bad drives, occasional assaults) as danger for the kind of society they are ushering in. They promise a humane world of sharing, but they are extending the harshest of deregulated free-market economics to parts of our lives that were previously protected. For example, both Uber and Airbnb users have been shown to face discrimination: drivers and guests of colour have a hard time getting treated fairly. For taxi and hotel companies there are laws that can be used to demand accountability, but both Uber and Airbnb deny that providing a discrimination-free experience is their responsibility. The same goes for topics like insurance and safety. The technology companies would like us to believe that they have these topics covered, but they don't. Unfortunately, insurance and safety are very boring topics until you are in an accident, but as consumers we tend to assume that they are all in place. With the sharing economy, that assumption is often wrong. These are very large companies now (Uber is worth as much as the largest car manufacturers, and Airbnb is worth as much as the biggest hotel chains). It's time they took responsibility for the costs of their business.

Regulating the sharing economy is, in your view, necessary. Whether this is true or not is still an open question in the public debate. What are your thoughts about it?

City governments around the world have problems, but they are at heart democratic institutions. As citizens, we have a say in how our cities are run, and that means balancing the interests of corporations, citizens, visitors, and workers.

The more successful the large sharing economy companies become, the more they damage the cities where they operate. Taxes are an example: both Uber and Airbnb have set up subsidiaries in low-tax environments and direct all their revenue through them, so they pay no taxes on the money they make in Italy or any other country outside the US. Airbnb has over 25,000 listings in Rome, and the number is still growing, but playing tax avoidance games puts all the costs of tourism onto the cities. For me, the issue is not so much regulation as accountability. Companies need to be accountable for the effects of their own business, and regulations are just one way to enforce accountability. But accountability is key. A lot of the early talk was about how rating systems could replace regulation (algorithmic regulation). But we've seen that they don't work: they are like a bad-tempered boss: you may behave better because you don't want to be the target of random discipline (or random bad reviews). So now an Uber driver can be deprived of his or her livelihood because some passengers in a bad mood. Much as Uber would like us to believe that their drivers are not employees, this kind of dismissal is very troubling to me. For all the talk of Uber as the inevitable future of transportation, it is losing money: it looks like it will lose \$3 billion on \$3 billion of revenue in 2016. So what we are seeing right now is an effort by a consortium of very wealthy investors, prepared to pay billions of dollars in an attempt to remove consumer and worker protections so that they can enrich themselves further. Not a pretty sight.

A very interesting view of yours is that 'sharing economy companies have been so successful at getting their clients to fight regulations that they've essentially outsourced their lobbying as much as they have their business operations. If you're renting out other people's stuff, you may as well have them write letters to policy-makers on your behalf while you're at it'. Would you tell us more?

I have to keep going back to Airbnb and Uber because they are so much more influential than any other sharing economy

businesses and they are creating a template that others are trying to follow. A few years ago Airbnb set up a group called “Peers”, which they called a “grassroots” groups to support the sharing economy. That has folded, but this autumn they set up “homesharing clubs” which are advocacy groups made up of Airbnb hosts. Through its app, Uber can target users in particular cities and get them to send a message to legislators with the tap of a button. And both companies have seen some successes: Uber in New York City and Airbnb in San Francisco. Also, Uber intervenes to pay driver fines in some cities where it is operating without permission. The idea of an American company paying people to break democratically made laws in other countries reflects an “ugly American” arrogance that needs to stop. But customer lobbying is just one wing of the companies’ efforts. It is supplemented by heavily funded paid lobbying, and with the billions of dollars to use, the companies exert a very high pressure on the cities they target. But recently cities have been pushing back: Berlin and Barcelona, New York and San Francisco have all put limits around Airbnb’s operations. Austin and Montreal, and many parts of Europe have told Uber to leave. This is a good sign of robust democratic actions against an ideological movement that threatens decades of progress in workers rights and in city governance.

Marco Sonsini

Editorial

How would you translate *sharing economy*? In Italian *economia delle condivisione* would seem the most accurate. And yet it doesn’t do justice to this *economic* phenomenon. Sharing is currently one of the most rhetorically abused words. Reuse, recycle, borrowing: many *extremely recent* entrepreneurial start-ups are based on this concept. They always start with a technological platform where citizens can offer services or share an asset.

In 2016 a study by PriceWaterhouse Coopers entitled *Shared benefits. How the sharing economy is reshaping business across Europe* photographed the exponential growth of turnover generated by this economy in Europe (+80% of revenue in 2013/2014, and +97% in 2014/2015) and estimated a value of transactions of 570bn euro within 2025. Very few critical voices have been raised by stakeholders of traditional economies, except for the angry or sometimes unreasonable. But precisely because Primo Piano Scala *c* rejects a *pensée unique*, and wants everyone to feel entitled to express their opinion, we interviewed Tom Slee, author of the essay entitled *What’s Yours Is Mine: Against the Sharing Economy*, unfortunately not translated into Italian.

Slee tackles the topic by writing an ideological critique meticulously rooted in facts, actually on data. He insists that his arguments are not based on whether choosing or not choosing these services is good or bad, but that consumer choice is not all-powerful. However there’s more to this than meets the eye. As professional lobbyists we were quite shocked by Slee’s attack against the lobbying activities of the most important companies of the sharing economy. We found this unfair. Instead we believe that everyone has the right to present their point of view to institutions and defend their own legitimate interests. Then the institutions will decide. But on second thoughts, an important element in his argument is the word legitimate.

After interviewing Slee and reading his book, we are certain of one thing: the sharing economy does raise questions. While the benefits for users are more than obvious, very little is known about the impact it will have on growth and in the long term on the labour market; above all, a thorough analysis still has to be made of relevant legal provisions and behavioural regulations. This is unexplored territory. Proof comes in many forms: the difficulties the Italian government faced when handling the dispute between taxi drivers and Uber regarding their regulatory framework, or the criticised regulation recently inserted in the *mini* Spring budget introducing a special tax system for short-term rentals (i.e., Airbnb).



Tom Slee writes about technology and society. As he likes to tell, he gained, a long time ago, a PhD in theoretical chemistry (theory of atoms in molecules) from McMaster University, in Canada. Then did three years of postdoctoral research, at Oxford University in theory of inorganic chemistry and then at the University of Waterloo (intermolecular forces). Since then he has worked in the software industry. He is very firm in stating that his writing is independent of his employer. His 2006 book *No One Makes You Shop at Wal-Mart* was a left-wing game-theoretical investigation of individual choice. His 2015 book *What’s Yours is Mine: Against the Sharing Economy* was published by **OR Books** in the USA and the UK, and by **Verlag Antje Kunstmann** in Germany, and and by **Between the Lines Press** in Canada. His commentary and data analysis of the sharing economy has been widely referenced in debates around the sharing economy. Tom lives with his wife Lynne Supeene in Waterloo, Ontario and has two adult children: James Supeene and Simon Slee. To learn more about his publications and media links for 2016 please click [here](#).

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