THESIS WORK

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THE REGULATION OF THE SHARING ECONOMY

“The Role of the Government in Term of the Regulation towards the Sharing Economy”

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“There will be growing pains along the way — and more horror stories, no doubt — but the sharing economy is here to stay.” Glenn Carter

(Carter, 2015)
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1. **Introduction**

1.1. **Definition of Sharing Economy**

Sharing economy is a unique concept that gets important day by day. The concerns about the new system attract the new entrepreneurs rapidly. It also opens newer doors to the people in order to earn money. The basic concept of the trade is changing dramatically. It also derives from the new aggregate demand at the global scope. Sharing Economy is one of the trend areas in the early 2000s. It is highly possible to hear the sharing economy with the title. Such as collaborative consumption or peer-to-peer economy. Practically, sharing economy targets the means of the shares, swaps the things that can be idle or expensive to obtain it. Critically, it derives from the person-to-person transaction.

1.2. **How it works**

First, swap trading is one of the key words in this particular area. Usually, people used to have products that utilized for few times. Such as movie series collection, which probably obtained in order to watch for some special moments or to create a collection. Even though it usually desires to obtain in first purchase, it loses its magic within time and starts to be crammed on shelves. However, the point here is that some unwanted products can be wanted for different people. This is the action where swap trading starts. This is so called coincidence of wants that people just start to exchange their things for the specific duration without any cost. Imagine that you have a movie DVD that just stays on the shelves. Meanwhile, the same situation happens with somebody else. In case you both may create swapping DVD’s each other which can create pleasure moments in front of TV, it calls the sharing economy. Just an online platform serves and meets several people each other quickly, which creates new trend on economy.

1.3. **Concept of Sharing Economy – Main Elements**

Technology plays an essential role here that made people connected each other. Actually, the new trend just started from the basic premise of the market. Such as bartering trade. People re-start to exchange their products reciprocally. The only difference is the existence of the technology compare to traditional trade. Because technology has already took its place into people’s daily life.
The reason beyond this is derived from generation that very familiar with the internet. Such as generation Y that uploads, loads and shares millions of things through the internet continually. Moreover, young people just started to spend too much time on small devices. There are many examples about sharing economy shows that actually swapping trade works efficiently. Just torrent technology shows how the peer-to-peer business works perfectly when users start to share the links each other. Furthermore, the perspective of people has been already changed during ambitious developments, which indicates that we cannot ignore the revaluation on trade especially during to 21st century. Before starting to go deep into this particular concept, it would be easier to undermine the basic elements of the sharing economy, which are “idle things” or “underused assets” and “owning”.

First, people purchase several products that they get benefits of it rarely, maybe even not twice. It can be like birthday gifts that just appears on store windows. The key point here is that those products so called idle things are usually needed for specific duration. Underused assets also indicate the same idea. The products that needed only for few times. Such as power drill. Ms. Rachel Botsman mentions about it from one of her speech; “That power drill will be used around 12 to 13 minutes in its entire lifetime. It's kind of ridiculous, right? Because what you need is the hole, not the drill”. (Botsman, 2010)

Moreover, there are products that expensive. Eventually, it does not only take time to obtain, but also costs a lot of money. Such as having property, car etc. The sharing economy just appears on that point. Simply, the concept leads to rent each other. Peer to peer business concept leads to people to borrow or rent such products reciprocally. The most efficient way can happen if people just swap or rent each other, instead of just purchasing a new one.

Indeed, Airbnb, Inc. and BlaBlaCar Riding Community are pioneers in this field. Moreover, car-sharing may goes beyond the peer-to-peer business into business to customer business as well. Such as sharing the rented car from the company from person to person.
1.4. Individuals

It is also important to underline the role of peer-to-peer business that can clearly distinguish itself from any other economic activities. The main elements beyond are the individuals instead of any corporations, firms. Moreover, the platforms that to meet individuals online easily. Ideology eBay can be proper example about how any individual can simply buy and sell each other without any need of firm. The point in sharing economy is to exclude firms, and focus on persons, customers. This is the peer-to-peer economy. On this matter, the most known sample could be Airbnb, Inc. Imagine that the person plans to move another city for specific time and has to leave its house. At the same time, there is another one who may visit the city that house is located. At this point, the owner of the house may rent the flat to the person who needs accommodation currently. This easy transaction of renting house happens within the sharing economy. On the other hand, another example is BlaBlaCar Riding Community. Actually, it also indicates the same idea. A person prefers to share free spaces on his car with others during to his journey. Finally, it ends up with more convince and cost advantage in a sense.

1.5. Online Platform

Moreover, the platform is a very essential element for the sharing economy concept. Most individuals easily meet each other through online platforms. They only need to type the websites and find the relevant platforms easily. Meanwhile, individuals can communicate each and run any activities. Certainly, it creates an integration between people through online platforms.

1.6. Trust and Reputation

On the other hand, another important tool is trust in term of sharing economy. The trend changes thanks to improving technology, societies, cultures etc. In this case, several basic attitudes reshape in terms of trade patterns. Even tools that create trust changes gradually. For example, the process of renting a car from any corporation and renting the same car from individuals are very different each other. Such as guarantor, credit card histories. However, in the 21st century, reputation starts to substitute those requirements. Indeed, trust became a currency for sharing economy. “Virtual trust will transform the way we trust one another face to face”. (Botsman, 2012)
As we see above, trust has already become key element for the sharing economy. It plays essential role help to reveal the peer-to-peer business efficiently. Such as, Stack Overflow Online Community. This website provides a platform that several programmers meet each other and solve their issues thanks to others experiences and knowledge. Meanwhile, users gain their scores, points, badges and more. Surprisingly, Human Resources also start to track this platform in order to measure the most scored persons in the United States. Moreover, those online scores and badges just started to take their places on several Résumé. This is a clear sign how sharing economy creates new challenges and efficiencies through the sharing economy. Finally, those profiles, accounts started to play a huge essential role on online platforms. Overall, it shows that there is a bound on sharing economy so called trust, which comes very fast thanks to technology.

1.7. Digital Market

Digital market is another important element. As most of the transactions happen through the online payment facilities, this action creates the need for customer’s trust to put their private data through the internet. In this case, the approaches towards to e-commerce get closer positively. In other words, people just started to be part of online transactions nowadays.

1.8. Commonly Used Terms for Sharing Economy

Here, we may explore the fixed terms in term of sharing economy concept. Sharing economy can be listed the first and most important term that indicates exchanging the idle things (goods and/or services) to exchange or even sell between individuals directly. Another term is collaborative economy that used few times above. This is a term that indicates underused things which easily enables to transfer between owners and needier. What makes difference the collaborative economy is that using unique distribution channel compare to traditional economic patterns. For example, user can see the Uber taxi drivers around him/herself in order to call any of them via internet platforms and GPS. Gift economy is another term that indicates the transfer of the things without a charge, cost.

Such as Couch Surfing that connects people to share their free places with any, cost each other. Gig Economy is also very important term that differs sharing economy from traditional trade patterns. What I mean here is that individuals can earn money through their individual efforts without any intermediary persons, such as boss.
Task Rabbits is a platform that match freelance labor to demanders by themselves. Peer to peer economy is another term that indicates the matching of individuals and/or group of individuals rather than corporations, firms. For example, eBay is an online shopping company that single person sells products to another single person. Rental Economy is also part of the sharing economy that enables to rent the things rather than owning in term of peer-to-peer transaction. Customers are the basic individuals that supposed to receive things while sellers are the owner to the things that supposed to give the customers. Platforms are the channels where lead to meet customers and sellers each other. Such as online web platforms. There are the most important used terms on sharing economy listed above. However, the terms on sharing economy is wider than those essential terms.

1.9. Potential Benefits and Handicaps

On the other hand, sharing economy reduces the transaction costs compare to the traditional trade patterns. It also helps for less usage of resources and it contributes the environment positively. Such as Airbnb, Inc. and ordinary hotels. The prices at Airbnb, Inc. are cheaper than hotel prices on average. Literally, it arises due to using less variable inputs. It can be due to labour wages, various taxes etc. Besides, BlablaCar Community Platform leads fewer automobiles on high ways.

Collaborative consumption creates many benefits. According to quantitate researches below shows that such people who host their house through Airbnb and rent their cars to others earn more than they would follow the basic concept of trade, such hostels are car renting firms. Moreover, such as usage of less car on streets thanks to Blablacar Community Service definitely influences the environment positively. “Airbnb says hosts in San Francisco who rent out their homes do so for an average of 58 nights a year, making $9,300. Car owners who rent their vehicles to others using RelayRides make an average of $250 a month; some makes more than $1,000.” (Johnson, 2013)

Secondly, another important key factor here is convenience. Such as individual’s transactions in several ways so called payment convenience. Moreover, the platform able to find many people through one platform in order to deal with any transaction each other. More customer exists thanks to the database. In addition, the wider information and faster communication facilities exist thanks to user comments, ranks etc. The sharing economy goes beyond the ownership.
It enables customers to obtain the value with easier and cheaper. Besides that, the sharing economy pushes the concept of self-employment. By doing so, the encouragement for new start-ups, innovative studies increase towards the people. In addition to this, the possibility or earning additional income for everyone may lead to decrease the income gap gradually as gaining additional income will be easier and possible for everyone thanks to gig economy.

On the other hand, we may not say that sharing economy is the impeccable concept of the 21th century. It may create various threats. Such as increasing unemployment, changing main economic structures and more importantly, challenging to the several sectors. Moreover, there are also threats of sharing economy itself. The border of the sharing economy that goes away that it targeted. Even though the idea of itself started towards the peer-to-peer business, some investors or even firms has started to take their role as behalf of individuals. Such as investing on a building and sharing rooms to individuals on Airbnb.

Moreover, unemployment and/or employment dilemma is also exist. Even though it seems that sharing economy challenges for particular sectors, it also creates efficient employment as well. Besides, independent contracts thanks to the sharing economy might lead the serious issues. Firstly, big companies such as Uber, TaskRabbit seem to be isolated in term of financial requirements, responsibilities. Currently, they are not regulated as local companies do by the government policies. For this reason, it drags the companies with highest revenues in short time. Such as Airbnb. Moreover, this quick and higher profit is not valid only for the owner of such companies, but also users of itself respectively.

Another issue is that people do not recognize the particular situation in term of financial responsibilities. According to laws, people required to clarify their incomes. Therefore, they will be required to pay a particular amount of the money as a tax. IRS 1099 form is an example by the United States that people fill the end of every single year in order to declare their income. However, there are two different problems occur here. First of all, people do not include the income in case it is just an additional amount of money besides the full-time jobs. There is miss information about it. In other words, people do not aware that they should declare any kind of incomes than might be taxed by the government.
With an example appears for one of the gig economy workers who approximately earns between $8,000 and $10,000 in a year, as additional income. She was earning this amount of money via dog sitting service. Her answer was indicating that she was not aware of declaring this amount of money that earned in addition to her full-time salary. Moreover, several gig workers do not consider the situation like her. (Sherman, 2015)

The second problem comes through the gig economy companies. It claims that those companies usually use the payment way via such as credit card services or PayPal services. By doing so, they able to skip sending IRS 1099s forms. (Sherman, 2015) Therefore, they also became unaware of required to be taxed for possible any kind of income.

The main risk appears when we differ the part-time and full-time income. People, who have gained money as their additional income, will be having benefit by that. Because their other circumstances are already covered by their own full-time job. Such as insurance, minimum wages etc. However, the main problem appears when someone aims to have the primary job via gig economy. Afterward, they may face with serious problems. Now, those workers will need to be protected by laws as traditional workers do. However, there is no protectionist structure for gig workers so far.

Nowadays, the gig economy and especially the companies are criticizing gradually. Employment issue is one of the main agenda. Governments also focus on clear separation, the declaration for employers through sharing economy. There are missing points that indicate the employer’s safety in a sense. Basically, the complicated process is not the only precaution for employers but also concerns the government budget as well. Because it also results with less income, tax revenues for the governments. U.S. department of labor, administrator David Weil states the situation as “When employers improperly classify employees as independent contractors, the employees may not receive important workplace protections such as the minimum wage, overtime compensation, unemployment insurance, and workers’ compensation. Misclassification also results in lower tax revenues for government and an uneven playing field for employers who properly classify their workers.” (Weil, 2015)
Furthermore, future of peer-to-peer business may face with several threats. Firstly, security problem appears. Digital market integration creates a fear derived from intangible trade patterns although people get more familiar with the internet every day. Secondly, the uncertainty of regularity comes into sharing economy. Such as for Airbnb, Inc. Customers cannot be taxed as same as typical hotel expenses. It can destroy the basic concept of sharing economy.

Indeed, two main elements make the sharing economy stronger, which are freedom and flexibility. Individuals are free to join any jobs they created or applied. However, there are no such employment guarantees, worker insurance etc. and it basically happens due to that sharing economy did not created in order to just provide employment force. Rather, it aimed to bring out less unemployment ratio in a sense. In other words, creating an employment is the result of sharing economy, not the mission itself. However, those threats are not always dangerous. Instead, they are the light of the coming success.

“Every threat to the status quo is an opportunity in disguise.” (Samit, 2016)

In truth, those threats are controversial as well. Such as, unemployment and/or employment. Even though it seems that sharing economy challenges for particular sectors, it also creates efficient employment as well. There are examples that some people have more job and better income thanks to flexibility of sharing economy and handling the works by himself/herself rather than being hired under a firm.

Those threats are challenging for the sharing economy. However, challenges should not create special boundaries itself. Instead, there should be better solutions to cover affected sectors and create corporation immediately towards to the coming new trend. In addition to this, there will be further argument about the role of third participants on this matter. Such as government. If we remember the current Uber Company case, we may face the primary precautions by sample of particular government interventions. Uber has been just banned on more than few countries due to government intervention, which derived from conflict between Uber drivers and local taxi drivers.

1.10. Structure of the Content and Methodology

Based on the research two main question discussed as listed below;

- Why do governments need to regulate sharing economy?
- How do governments intervene in the regulating sharing economy?
This thesis is about to observe the new trend so-called sharing economy in term of the government intervention aspects. During to thesis, readers will be aware of the concept of sharing economy within various aspects. By doing so, I will discuss the main logic beyond the theory of sharing economy. There will be explanations of the sharing economy with various updated examples around the word. There will be parts of main players that started to the particular trend and took it with strong influence. Meanwhile, I will include fixed terms about sharing economy. In other words, I will define the dictionary of sharing economy, its own language. Moreover, I will also debate the basic benefits of sharing economy and sharing economy and its oncoming threats, challenges. The research question mainly focuses on the government intervention on sharing economy. In addition, there will be examining the previous economic theories within the regulation perspectives.

Furthermore, I will continue with government area and explore the actions of a government deeply with an example of particular companies, which are Airbnb, Inc., and Uber Software Company. I will define their specific strategies and their integration with government policies. Such as how they deal with government regulations and remain their existence in the economy.

Besides the two different example concept of sharing economy and their main strategies, roles, there are both verbal and written interviews with Muhammed Emin Torunoglu, who has been working at Minister of Economy Turkey as being an economist and Arpad Koszegi, who has been working at PwC as being a Consulting Manager. There was an opportunity to discuss the potential government roles of the sharing economy with a two different interviewees. The entire interview prepared as dual conversation through particular questions. Therefore, the interview structured as semi-structured, based on one verbal and one written interview based on interviewees respectively.

About the interviewee, one of the interviewee’s name is Muhammed Emin Torunoglu. His educational background is started with Middle East Technical University in the field of the Business Administration and Management and it followed with the Master degree within the same university in the field of the Political Science and Government. Moreover, he obtained his MBA degree at University of Oxford. Meanwhile, he had an opportunity to obtain courses about sharing economy by Rachel Botsman, who leads this sector as one of the major experts. Furthermore, his experiences started with being expert at Kuwait Turk Bank. Furthermore, he worked and Project Coordination Unit Expert at
Minister of Economy and currently he is a Foreign Trade Specialist at the Turkish Ministry of Economy.

Moreover, he personally keeps his researches towards the regulation of the sharing economy. (Torunoglu, 2017) Besides that, the another interviewee, Mr Arpad Koszegi started his education background with University of Valencia in the field of the Law, and followed with his master degree at Corvinus University of Budapest in the field of International Relations. Furthermore, his experience started with being Junior Online Account Executive at Wunderman and it followed as being Junior Consultant at Accenture Company. Currently, he is working as Consulting Manager at PwC. Moreover, he also personally keeps his researches towards the sharing economy. (Koszegi, 2017)

Finally, the conclusion will be with a compression to manifest the dominant side of a government role in term of sharing economy. There will be observation of the both positive and negative feedbacks and outcomes of the particular intervention. It also includes the debates of the roles and effects of third participant into sharing economy. After that, I will purely observe the relation between sharing economy and government role. After particular examples and cases, I will put together the positive and negative outcomes of the relation. By this way, I will able to disclose the dominant side of the roles and effects of government intervention within sharing economy. In addition to that, I will be observing and criticizing some policies and approaches as well. Consequently, I will end up my thesis work with my personal opinion and suggestions according to my final research. End of the paper, there will be references that include my sources.

In addition to that, this thesis is followed with mixed methodology, which means that the content of the thesis is based on special reports, administrative publications, annual reports, governmental editions and extensive researches. Besides that, the quantitative methods, such as statistical data based on major sources, also being included during to thesis. For instance, the revenue slices of the Uber Company based on different time periods as well as locations.
2. Government Role in the Economy

2.1. Adam Smith – Classical Economics

The main logic behind the trust is quite familiar with the theory of Adam Smith’s invisible hand metaphor. As he underlines the relation between seller and buyer without third participants. He actually points out how relation works perfectly without any intervention.

The reason behind it derives from the potential of huge loses for both sides, in case they would try to have the benefit of trade. Such as self-interest, attempt to cheat. Such as reputation. It can easily be damaged with any mistake.

It is highly possible that seller can end up with less performance due to its reputation failure. Therefore, this fear creates great accordance between buyer and seller. In other words, there will not be needed for the third participant at all in order to handle controlling. For instance, prisoner dilemma. Both sides should agree on one point. Otherwise, it will end up with worst outcomes. Overall, the Invisible hand is a controversial topic.

However, the main idea here is the natural line between seller and buyer, which removes the need for controlling by third participant. The sharing economy has the same concept. Individuals highly need to trust each other. Nowadays, profile information, network, earned badges etc. shows how reliable both customer and seller are.

The Adam Smith theory is important to bring the efficiency. Moreover, the theory indicates the sharing economy in a sense. On sharing economy, both sides should provide the confidence respectively. Such as BlaBlacar Community Platform. There are visible comments, ratings, and information that applied each other. Users are rating their rides each other. For example, providing wrong information or attempt to cheat about the identification or anything that may occur huge failure for both side, sellers and buyers. Therefore, threat of the huge loss creates accordance that both side do not attempt to cheat in a way. This is the common ideology with theory of the Adam Smith and concept of the sharing economy in a sense.
2.2. Comparative Economics

Various scholars debate the needed role of the government since decades. However, it is not easy to identify the government role permanently. Especially every country has different structures. Therefore, government’s roles mostly derive by their particular needs. However, there are also examples that government’s roles are very different from how it should be towards the nation’s own benefits.

For example, North Korea and Cuba compare to the Western Europe and United States. Differences are respectively irrelevant between each other. North Korea and Cuba has established by primary government’s dominance. In other words, the government has essential power on major fields. Such as economic system, social structure etc.

Moreover, the interference of the economy can be very quick and easy by the governments. Because the government position is strong and dominant enough the establish decisions. Besides, Western Europe also has larger role on the economy. Government existence on the economy can be easily seen in some cases. (Stiglitz, 2000) Such as government existence on the several fields. Such as Hungary Lotter Company or some government integrations into production companies. (Keszthelyi, 2014) Nevertheless, there are some cases shows that there are common boundaries, fields that governments should have essential role through the particular nations. In this section, I will reveal those fundamental cases where government’s roles are essentially needed.

First of all, the need for the government is clearly recognized after the world war second. (Stiglitz, 2000) Countries faced difficulties to handle crisis. Not only economic shocks happened, but also unemployment rates enormously increased. The inflation rates were quite high. Finally, governments started to have the control intensively as social and economic effects. For this reason, governments had to play essential role in term of recovery and welfare of the nations. Indeed, those are government’s main goals. However, in 21th century, this ideology changes depending on different country profiles. There are examples of the governments playing background whereas some of them are still quite dominant.

We cannot neglect the relation of the government within the economy. Governments always played specific roles within economy. Moreover, the perspective of the governments always changed according to nation’s structures.
Therefore, there are still various policies and perspectives of the governments that intervenes the economy differently.

The need for government also need with sharing economy as well. As well as Adam Smith theory gives efficiency, it also has essential threats as mentioned above. Therefore, the corporation of government with sharing economy may influence the growth of the economy rapidly. Otherwise, sharing economy without any corporation with government may also end up with failures.

The most basic perspectives, which related to market and government relation, are listed below:

- Classic Liberal Perspective,
- The Radical Perspective,
- Conservative Perspective,
- Modern Liberal Perspective.

2.3. Classic Liberal Perspective

It supports the government role as a best when the government plays least position. In other words, governments should not have any specific role within the market.

According to the Adam Smith, the government supposed to handle the money supply, printing money, levying the taxes to finance and focusing on public goods and nation defenses. Such as harbors, roads and military power. The ideology which provided by Adam is called as invisible hand. According to the new term, government role is played as third participant, which should not intervene the economy at all. According to Adam, the need for demand and supply can create the leverage and therefore balance. Moreover, this strong integration and corporation can create efficient outcomes as long as government does not intervene.

According to the Friedrich Hayek, government actions on the money supply was leading devaluations. Therefore, private companies had to handle the currency controls. Moreover, there have to be deregulation of the business. Privatization supposed to handle the fields for education and judges. Therefore, the matter of efficiency is the main object of the market while government has least power to control. However, there were missing points that cannot be handled without government intervention. Such as allocation of resources, workers’ rights, environment protections etc.
In case of the sharing economy, the government role should be existing in order to avoid the same risks that Adam Smith theory had. Otherwise, without any government intervention, users may feel unprotected within sharing economy.

2.4. Radical Perspective

According to the radical perspective, the collective interest always plays essential role. In other words, participatory is always the essential role. Therefore, government should be fully accountable. Moreover, citizens should able to be included into it.

This ideology was supported by non-Marxian perspective. However, there were also signs for Marxian perspective that identifying the government as the less needed within the economy. Because, government role could be played in any given societies due to its changing conditions.

In case of the sharing economy, participation of the people is very important key. Sharing economy provides any users that included in any economic activity. Being or having corporations do not need it. As peer-peer relation exists, any persons should able to run their economic activity easily. Therefore, we may not indicate that sharing economy fits best with Radical Perspective. However, we may point out some common ways each other.

2.5. Conservative Perspective

Conservative perspective identify itself as the strong hand against the public. In other words, government should easily able to handle the difficulties, which may come through any citizen that he/she is against with it. In this case, the perspective of the public, which towards to undermining authority, can end up with totalitarianism or fascism and communism. Moreover, this ideology may occur self-interest. Therefore, governments focus to augment the benefits solely.

The Conservative perspective has not meet with sharing economy towards the common things. However, there are some arguments and encounter debates towards to the sharing economy, which reveals disputes between traditional sectors and sharing economy. Moreover, government different actions appear towards particular debates. Uber case and taxi cab drivers disputes with government actions like banning the Uber drivers might be example for this case.
2.6. Modern Liberal Perspective

The fourth perspective is the modern liberal perspective that identifies the essential role of the government as well-balanced economic needs. In other words, it claims that when the economy grows, the government position should also grow.

Therefore, very strong and balanced corporation and relation appears between the governments and economies.

The chart above summarizes the four major perspectives of the government and market due to four relevant elements. Modern liberal perspective is supported as today’s dominant ideology. Because government plays the role which focus on protecting individual’s rights as well as the firms. Moreover, the government intervention and its role within the market creates the equity for the economy.

In case of the sharing economy, the balanced corporation with the government is very important. Moreover, it is essentially needed. Corporation with government not only improve the sharing economy and its concept, but also protect the users at the same time. Because sharing economy also has deficiencies that can be covered with the help of government.

*Figure 1 Source: Course Material, Comparative Economics, CUB (Balazs & Laszlo, 2016)*
For example, the traditional sector may recover the particular losses as well as the collaborative consumption may improve at the same time thanks to the government policies. Such as taxation policies. Moreover, the threat of users can be solved with the particular policies. Policies such as obligatory on insurance coverage for gig workers may be forced via government policies.

2.7. A Mixed Market Economy

Nowadays, the market-oriented economy indicates the United States, which aims through the mixed economic model. According to the mixed economic model, the economic fluctuations are stable. Therefore, overall economy keeps stable. International economy is rich in order to keep balanced between import and export. Fresh and active economy competes within global economic environment. Therefore, major handicaps are handled. Such as unemployment rate is significantly reasonable. Meanwhile, research and development field is very important. There are enormous investments on R&D. The reason beyond it is the belief that towards to future and trends. Overall, the government role is essential in order to have such economy mentioned above. It is not very easy and seem possible without corporation of the government action. United States is one of the given examples towards mixed economy.

Figure 2 Source: The U.S. Free Enterprise System (Jackson, 2001)
United State is an important example where the government plays very essential role besides to the market. Moreover, the relation between market and government is bilateral. In other words, the needs for the market and the perspective of the government converge towards the public interest. According to the five pillar listed above with a picture, firstly it is main aim of enterprises to run their business in term of their self-decisions.

Government leads them and encourage them with freedom of run any business unless the business does not match against roles and does not create any harmful outputs. Therefore, the citizens have freedom of being innovative, creative according to their ideas. Therefore, the new start-ups increase rapidly while helping to the growing U.S. Economy. Moreover, this aim directly influence the sharing economy. Because those start-ups derive via innovation and creativity. As U.S. encourages the freedom to run any business, it actually influences those innovative projects. Therefore, countries such U.S. are the most welcoming zones in case of new concepts such sharing economy.

On the other hand, government role on the competition is providing encouragement and fair environment. This means that as long as some sectors are profitable and some people start to gain from that economic activity, it should be free to enter and run related business into same environment by anyone else. Therefore, the competition becomes fair. United States has succeeded the level greatly.

Private sector can run their business and join various economic activities towards their self-aims. Moreover, it is very common and possible that various companies in the same field can have special competitive advantages. Such as their cost advantages, prices, providing services etc., which directly derives by competition based on an economic environment. In addition to this, it would not be correct to claim that United States provides fully fair trade. However, the structure and practices get closer to the active and fair economic environment. Especially, concept of collaborative consumption creates competitive zones within economy. Because it derives from innovation, new concept that may run to substitute to the traditional sector. However, the openness doors to the market is essential key to improve new concepts rapidly.

Private property is very important term especially when we include government role within the economic perspectives. In this field, government can easily play dominant role and create self-benefit through private company’s corporation.
In other words, it is possible to see the government colluding with private sector. However, United States follows the government perspective that any citizen supposed to have the right of buying or selling any product under the laws. Moreover, the benefits and loss belongs to citizen. Therefore, such government perspective does not only encourage domestic producers, but also occurs to play leading role in global economic environment. In other words, it is highly possible to host foreign investments thanks to providing high private prosperity. On the other hand, sharing economy aims fair profits according to the mixed economy, especially in the Unites States any business, which run in the economic environment, aims the profit. In other words, people works for gaining positive outcomes. Therefore, businesses are also supported to gain and therefore contributing the economy rapidly. Government policies are towards the same goal in term of economic perspective.

Within the mixed economy, consumer plays dominant role compare to governments or sellers. Consumer has right which product to buy, under which condition to prefer etc. Therefore, the consumer is also decision maker in case business gain or fail. Government also plays supportive role in order to increase the consumer rights. With an example, we can basically see the competition is open to global world and which players have the most benefit with it. In United States, it is highly possible to see several products imported by various countries thanks to the international economic policies of country itself. This perspective reveals two main outputs. First of all, the competition shows the market as open to anyone within the protective laws. Such as import taxes in order to protect domestic sellers and at the same time provide cheaper or with better quality product or services that serves to consumers from anywhere else.

United States is market-oriented economy. Therefore, private sector plays essential role where government provides the beneficial and efficient environment. Meanwhile, government remains its important role. The economy is highly based on consumer preferences and its dominances. It can be also called consumer economy. However, there are also handicaps for example of mixed economy, such as United States. Inequity is getting higher. The gap between reach and poor people is growing rapidly. Moreover, some sectors occur economic problems. Such as medical services in United States. Such as high health expenditure expenses and aggregate number of private insurance companies. Finally, those handicaps also trying to be solved with government efforts day by day. Such as Obama Care. (Stiglitz, 2000)
Sharing economy also aims the consumer based consumption, which means that consumers take the place for both seller and buyer roles. Any citizens may trade products easily. Therefore, the concept of sharing economy focus on both market and consumers in term of maximizing benefits. Moreover, the sharing economy can occur to minimize the income gap issues in various countries as individuals start to play role in economy. Further explanations will be discussed in coming sections.

However, according to the mixed economic perspective of the government role within economy, government should have playing essential role especially in related particular fields. First of all, government should play role on three main questions as listed below,

- What to produce?
- How to produce?
- Whom to produce?

Those questions mainly shape the economic structure within particular economies. Government should identify the resources, and handle major fields as be served to public. Such as transportation channels etc. Government also need to be aware of its strategic profile. According to that, government may create new efficient fields for the potential entrepreneurs as both for internal and foreign investment. Such as labor intensive or capital-intensive specifications. Meanwhile, government should have the plan on special cases. Such as encouragement of the private sector for the particular business zones.

Besides the reasons mentioned above, the government role should follow particular perspectives towards the 21st century mixed economic standards. First of all, the public should admit the existence of the government within the economy. It should not be totally neglect the government role. Government should provide the basic and fundamental things by itself. It should cover the education system. Such as providing fair and free education for people. Moreover, government should handle the military defense. It should be prepared and protected by the government power. Government also should play dominant role for the country basic needs. Such as transportation channels among the cities. Road systems. Governments should focus the complete the market failures. Such as workers’ rights. Government also consider on external threats.
Such as air pollutions, environment pollutions. Because private sector may not intentionally focus on avoiding pollutions. Moreover, they may not have benefit, material income from that.

There should be also limits for main resources. Because the resources are not limitless, therefore private sector should not be free to spend resources without any limitation. Such as fishing field. Private sector would only aim on having as much as fish products in order to sell. However, if government would not bring a limit for that, country may face with scare of the particular fish species. The pollution can be derived from the same reason. Big firms would not consider on how much they damage the environment or the air during its intensive manufacturing procedures. Moreover, government should not leave the fields to the private sectors without controlling. In other words, governments should take considerations to avoid economic failures such monopoly power in particular areas. Therefore, government should corporate with private sector. By doing so, the future threats may be covered in advance. Moreover, government also should observe the country economic standards. Such as welfare situations, currency fluctuations, unemployment rates and should take precautions in advance. Moreover, governments should handle consumer rights. Such as drug safety, civil rights law, Environmental Protection Agencies (EPA) etc.

There is a clear difference between the government and the market. Simply, government derives with elections. Moreover, the government has the power to force to market anytime. Such as taxations, policies etc. However, the market is volunteer field. (Stiglitz, 2000)

Those particular areas that should be handled with the help of the governments are needed within sharing economy as well. Without control or corporation of the new trend may occur same handicaps as traditional sectors without government interventions had it as a failure mentioned above.

Anyone may join and run his/her business. There is no special acceptance or elections for this case. Eventually, government and market have both strengths and weaknesses. However, the government role supposed to be towards closing the gap, which exists with the market. Therefore, the government needs to have more roles within the market. The government should able to be aware of the economic outcomes derived by private sectors.
Therefore, the government should lead to the transparency for both itself and the market. By doing so, obtaining information through private sector might be easier on solving such market failures.

Eventually, the government should corporates with market such as sharing economy intensively. There should be both limitations and incentives due to various circumstances. However, the main ideology has to protect and encourage both consumers and sellers’ rights. Moreover, the overall economy, global social and economic elements should be considered towards to better and efficient future with the help of the governments and growing markets. Such as various financial incentives to the firms or supportive loans for new entrepreneurs provided by the government like traditional taxi cab drivers against the Uber drivers. The bilateral profit should remain efficiently. Market supposed to be encouraged by the governments with its supportive policies meanwhile the trust towards to government and loyalty remains. By doing so, great corporation with the government will influence new economic concepts such as gig economy as well as leading the previous concepts to keep being competitive such as traditional sectors.

3. Possible Government Actions and Further Literature Review

There are several contributors in term of sharing economy that increases day by day. Moreover, many discussions also appear in different perspectives. In this section, I will bring those main debates into one place in order to able to explore and even compare it. Therefore, there will be a possibility to see different kinds of literature, covering the same particular topic. There is an important source, report so called “Policies for Shareable Cities” that has provided wide research via Sustainable Economies Law Center with the partnership of two non-profit organizations.

3.1. Policies for Shareable Cities

The report focuses on sharing economy widely. Besides to that, there are various suggestions to the government policies that can influence the sharing economy with several benefits.

In the beginning, document handles the report through specific sections. Such as; transportation, food production, housing and benefits of itself. Moreover, the report includes several offers, observations in term of potential policy suggestions with the existing examples all around the world. For this reason, the report reveals the most important and relevant suggestions through government.
In the transportation section, first policy suggestion appears in term of the parking issue for cars. There is a suggestion that those sharing cars are supposed to be excluded by parking fees or at least having a discount.

As long as using shared cars, the government approach should be optimistic and helpful to the shared economy compare to the traditional methods. Because there is difference between them. Such as the amount of usage of the utilities, pollution. Moreover, it also implies the need for design for sharing cars, which indicates new convenience parking zones nearby public transportations, centers. As people will need to stop in order to pick other passengers, it will be helpful to ease to meeting points. By doing so, it can directly influence the demand of sharing economy. In addition to this, another suggestion appears in order to allow residents to lease their own parking spots to another people. As if a person may legally able to lease his/her, own car spots for others, it can make sharing transportation more convenience, as it expects. In other words, people can create additional salary by themselves due to being part of sharing economy. Another important suggestion indicates the taxes, as it takes main controversial issue on the sharing economy. The report says that government should follow harmonizing the taxes for sharing cars compare to the standard taxes to the other cars. Finally, it can encourage the sharing transportation positively. Basically, the report takes the government role similar with the Modern Liberal Perspective as helping to complete the lacks of the economic activities.

Secondly, the document holds the Food and Sharing Economy with several important policies suggestions. One of the main suggestions is to emphasize the need for specific zones, distribution channels that people can easily meet and share the products each other. It can be even common public areas as a term of meeting zones. By doing so, the policy can create the new demand for local food producers. In addition to this, it can play essential role hunger as well. Another suggestion for policy makers is to be more conscious about existing mobile market of food production. According to this, the governments should encourage the mobile market and to reach wider customer range. Finally, it affects to enter to the market by more suppliers.

Thirdly, the suggestion comes through supporting the cottage foods production in term of legal issues. Currently, it needs few permissions to produce cottage food and sell it in particular countries. Such as the United States.
However, if the government would allow to the cottage food production, it may result with the higher intention to the sharing economy. Furthermore, there are suggestions that target shareable housing.

In term of sharing economy, people easily can share their rooms or homes to the others. For this reason, there should be a particular policy that develops the smaller houses, apartments. Finally, it may result with encouraging the supply of rents immediately. Another case comes through the prices. The policies should create affordable prices for customers in term of sharing economy concept. Therefore, there is a need for more micro apartments, small rooms, yurts etc. In other words, policy should encourage the building of houses that can provide sharable rooms.

On the other hand, some renting regulations also play an essential role. Such as limitation on renting short term, daily business. However, it is also opposite of the ideology of the sharing economy. For this reason, there should be specific policies, supportive regulations that may ease to rent short-term periods. Therefore, the tourists also may have benefit easily. Besides, it also can directly affect the local business positively. Moreover, policy towards to increase the number of the apartments, houses with common facilities. Such as kitchen, toilet. In other words, the construction business may be encouraged to build a residence that can serve to rent several people, rather than single families. It can be imagined as hostel ideology into residence shape. Therefore, the intention to the shared houses can be affected positively within the concept of sharing economy.

Finally, the report mainly indicates that the policies listed above and further can be very helpful in a way. Such as creating employment, which is necessary for government aim as well. For example, such sharing economy activities can not only create additional income for people but also lead to create new businesses to the unemployed community. However, there are also policy suggestions towards to job creation.

First of all, the regulations and barriers should be harmonized towards to the sharing economy concept. Such as renting a car, sharing flat, leasing par spot etc. By doing so, the number of entrepreneurs will be expected to increase. Secondly, formal institutions should let the public to have benefited by idle commercial spaces. There are several zones with various cities, countries and just left empty after unsuccessful projects, bankrupts etc. Meanwhile, it is possible to see that such areas are just remaining as empty.
In this case, policy suggestion appears in order to promote those zones to the public that people can have benefit in term of various shared economic activities.

Consequently, the report reveals such win-to-win situation with government and sharing economy under the corporative conditions. In other words, there can be a mutual benefit between government and sharing economy. As long as sharing economy grows up as it expected the need for such corporations will be needed as well. Therefore, it could create beneficial dimension by such integration with the government in advance, as report reveals.

3.2. Fair Share, Reclaiming Power in the Sharing Economy

This report is prepared by RSA with the partnership of innovate UK and they have specified main bottom lines of sharing economy by the perspective of government. Moreover, the report emphasizes the need of strong dimension between government and sharing economy. First of all, the report reveals the ultimate growth of the sharing economy since last decade. In addition to this, report shares an estimation in term of sharing economy’s global value provided by PwC Corporation. It shows the growth expectation is measured from £9bn to £230bn between 2014 and 2050. (Balaram, 2016)

Report mainly indicates the recognition of the potential of the underused resources with aiming to provide benefit for both customers and workers. Besides that, report highly underlines the differences between traditional business environment and sharing economy concept. The report mentions about the main traditional economy’s issue as monopolized power by big companies. It brings the complaints about the hidden corporation of big companies that plays huge roles on the ground and having dominance with government economic perspective.

However, it is well known that the sharing economy can change the ideology with the crowdsourcing-networked monopolies that directly distinguishes by traditional economic pattern. (Balaram, 2016) The main distinguish is to include both customers and buyers into the platform. Therefore, it reveals shared regulations as well. In other words, sharing economy puts clearness on fair regulation with the transparency in sense. In other words, sharing economy reveals sharing regulations, that the re-distribution of roles, rules, responsibilities with including customers into process.
Therefore, the new concept appears as co-operative decentralized platform, thanks to shared economy. (Balaram, 2016) With this way, it enormously challenges to the traditional economy in a better way.

In traditional economy, value derives from product or service without interaction of neither network nor consumers and workers. However, in sharing economy, value derives via network, online platforms with the interaction of the customers and buyers. Therefore, it creates an inclusion of the both customer and buyers within a network. Such as social media platforms. Therefore, sharing economy creates an integration and corporation.

Report also claims that sharing economy creates innovation. Expressly, there are limits on innovation with the traditional economy. Because people need some facilities, sources in order to create new ideas. Such as amount of money or skills. However, people can easily create trade dimensions without those materials in the sharing economy. For example, Uber case, which, currently challenges to do taxi drivers sector. One perspective can see the Uber Innovation is a disruption for the taxi drivers. Therefore, Uber can only be successful by just pushing away the taxi sector. On the other hand, it can be seen that Uber is a new, innovative idea and spreading around with the usage of new sources. Such as underused assets. By doing so, it creates new business to people by their assets. Moreover, it creates cheaper cost for people compare to the cost of taxi usage. There are few more examples that sharing economy can be seen either disruptive to the existing traditional economy or new innovative and beneficial way of the new trend economy.

At this moment, regulations and government roles take a place to change this ideology through better way of thinking. The report claims that there is a monopoly power issue thanks to the traditional economic patterns.

Through that, there are disturbance, antitrust on government as well. This derives because of big companies’ corporation each other and playing dominance role on the market. In other words, they play monopolized role in the economy.

Moreover, the antitrust appears through the idea that governments are colluding with big companies. Therefore, inequity of the power on the firms and governments creates confronting concentrations of power in traditional economy. (Balaram, 2016) This issue is linked with theory that mentioned above as mixed market economy. The particular issues can be seen in the United States. However, the concept of the sharing economy aims to be part of this solution.
In spite of that, sharing economy concept removes this economic pattern into fair way. Because shared economy players are identifying themselves that, they come up against the monopoly power placed in the traditional economy.

This is how Airbnb identify itself in a way of being against through the existing powerful lobbies in the hotel industry. Therefore, sharing economy reveals so called ‘network monopolies’. Which means the process of the crowdsourcing monopoly power. (Balaram, 2016) By doing so, customers and buyers able to participate into process. They become the part of the pattern. They grow rapidly thanks to online platforms. Therefore, the interaction between users and buyers may compete with monopoly power.

Sharing economy also has its shortcomings. Such as worker’s legal rights. Report advices that governments should provide a special platform for gig workers. Such as unions, that they can speak about their rights and ask their supports within legal conditions. Because, gig economy is new and has its lacks in various aspects.

Nations are trying to solve the disagreement and adoption problem. However, most of the protests appeared towards to intend to fall the income for Uber drivers. (Balaram, 2016) Overall, it needs to be advanced controlled, better integration in order to create solutions and manage the critical gap between traditional economy and gig economy. Therefore, report mainly underlines the decentralized power in the gig economy that able to create better cooperation with potential risks.

Report indicates the United Kingdom as most welcoming country towards the gig economy. UK serves the most growing Uber Market compare to other countries. The reason behind it is avoiding from over regulation. The positive expectations should be more moderate for new trends, economic platforms. Such as sharing economy. The report calls UK’s perspective as London’s laissez-faire approach. Because it believes that sharing economy can bring better innovation and positive outcomes as long as government and its policies can be corporative. In other words, as sharing economy grows enormously, the policies for banning can face with difficulties. As gig economy derives from sharing, it need to lead fairer competition.
Therefore, it believes that sharing economy can be a key of the situation about the unfair monopolistic system and anti-trust laws towards government policies. (Balaram, 2016) Report reveals that such big companies already took their position in order to compete with sharing economy. Such as Marriott International Hotel chain acquired its rival so called Starwood, for $12.2bn after Airbnb estimated to be worth more than Marriott International Hotel chain. (Balaram, 2016) This is an example of monopolizing power currently. Therefore, there should be consideration of government towards this issue. Moreover, economic perspective can influence fairer business environment with the corporation of sharing economy, decentralized platforms. Report underlines the antitrust legislations and its outcomes towards to monopoly power. As long as governments does not attempt to solve the monopoly power, it may occur worse disruptive economic outcomes day by day. However, the positive corporation with government and sharing economy may handle those challenges. In other words, decentralized platforms may help greatly. In addition to this, values may stop being independently created by services or products. Rather, there would be more participants into the process during value comes out.

Finally, monopoly power has to be handled and shared regulation, fair business has to appear into the economy. The lack of trust and policies supposed to be solved. According to report, it is possible thanks to block chain technology. Block chain technology serves decentralized platforms, peer-to-peer networks that customers and buyers can interactive easily. (Morrison & Sinha, 2016) Also sharing economy grows with block chain technology. Inclusion of customer and buyers on creating value has huge contributions. In other words, shared economy aims shared regulation, co-operative approach. (Balaram, 2016) We may see the picture below that explains the role of regulation within all economic players.
This grid chart shows the distribution of the power between main players in the economy. According to the centralized regulation methodology, it reveals the dominance towards policy makers. Meanwhile, least efficient role comes through users. According to the self-regulation methodology, the business leaders handle the most power as excluding third parties, which may occur to face with big firm’s self-interest in the market. According to the methodology without a regulation, it shows that dominance of the power places towards to the policy makers. However, when we look at the grids including citizen’s participation, it is clear that equal bars shows to shared regulation system where all participants have the same amount of power. Consequently, report claims the potential of fair business thanks to the sharing economy via charts above.

Report suggests the perspective of governments through more innovative, corporative. Otherwise, sharing economy can be seen just problematic trend economy in 21st years and governments should just focus to regulate, control or ban the sharing economy in a sense.

However, report indicates that sharing economy is a part of solution rather than a potential problem. (Balaram, 2016) On the other hand, there are also essential shortcomings with the concept of sharing economy. Such as safety insurance. Any of the participation with the sharing economy does not cover by insurance or safety. However, report indicates that sharing economy leads to new open startups as well.
Currently, some startups launched their business towards to the benefits and insurance for gig workers. Moreover, those kind of businesses may increase enormously with the corporation of governments. Eventually, the report indicates that shared regulation can help to increase innovations and new start-ups with the distribution of the power. Therefore, there would be better corporation with government and its policies towards sharing economy. Finally, those concepts may influence the productivity and encouragement for new start-ups. According to the expectations, shared economy can limit the monopoly power and increase the welfare with the shared concepts.

Finally, report reveals trade-offs towards to main actors of sharing economy. It explains benefits and threats respectively. In term of consumers, they will able to have wider options for goods and services with the embracing and adopting to the economy. However, they also face with safety and security issues towards to the online platforms. Such as their personal information on internet. However, the most benefit for customers shows the substitution to the ownerships, which brings cost advantage as well. In term of the workers, they will have less barriers, and wider entering areas with the help of sharing economy and wider customers that can reach via online platforms. However, the lower barriers also can be seen as unfair conditions compare to traditional economic partners. In other words, people who earn on traditional concept can see the sharing economic conditions as discriminatory. In term of communities, reputation plays essential role, which reveals great trust between foreigners via online platforms. It can be called as social investment. However, the ranking system can affect negatively between users as well. Users with poor ratings can feel negatively. Such as wellbeing. In addition, scaling measurements can be seen as indicators that are more commercial. In term of the states, there can be created huge potential of the taxes, revenue areas and better usage of resources besides the new working fields, environments. However, the new concept needs to follow a new structure of regulations and taxations. Therefore, it could be challenge to adopt at the first time by the governments.

The report indicates that government still need to play essential role in term of sharing economy. However, it needs to be adopted towards the new innovative economic concepts, compare to old, common regulation standards. In term of the economy, there are already assumptions showing how sharing economy revenue enormously growing. Such as PwC estimation that mentioned above. Moreover, young generation also starts to innovate different start-ups, new ideas towards gig economy.
Moreover, fully adoption is not based on the duration due to the questions that asked during to interview. Based on that, it rather, it mostly depends on the corporation with the governments. Airbnb is the best example to show the strong corporation with the government. Airbnb always started cooperating with government regulations, its hesitations before entering the market. Even though there are still crucial issues between Airbnb and hotel chains, it still has a better corporation with the governments compare to the other sharing economy companies. Uber is another example that shows the outputs of the lack of the corporations with the governments. On the other hand, most of the countries regulate the system differently based on their legal and political systems. Moreover, some countries chose to put limits against the sharing economy such as banning the Uber drivers in order to protect local service providers. Consequently, the new companies should be aware of the government hesitations, policies and regulations. Moreover, the governments also should aware of new trends and their different structures. By doing so, a strong corporation might happen efficiently. (pls see Apendix 7.1-7.2)

Such as P2P Finance, online staffing or crowdfunding. (Balaram, 2016) However, there are also resistance of the adaptation by traditional economic partners. Therefore, the sharing of revenue of the economy can remain unfair. It can create inequities. In term of the environment, sharing economy aims to use existing resources, rather than ownership ideology. Such as exchanging products. With this way, less usage of resources may lead better environment. However, the claim also appears on overall consumption that can create different problems. Such as bigger traffic jam thanks to the by shared cars.

Eventually, report claims that the government perspective should obtain the holistic approach including corporation with gig economy. As trend concept is rapidly increasing, it would help to contribute in a better way with the help of government. According to the report, existing economy and government role occurs monopoly power and it threats the current economy. However, sharing concept can solve this issue. Finally, government role is needed and essential towards to the sharing economy. Most important is that convenience, adaptive and innovative approach of the government and its policies that can bring out the better economy and innovative concept.
3.3. Peer-to-Peer Pressure

The report prepared in order to reveal policy suggests towards to the pressure on peer-to-peer economy thanks to the Grattan Institute. According to the report, author indicates the main handicaps and essential issues about sharing economy and regulations towards sharing economy. The author mainly focusses on two different sectors as hostel and taxi industry. Moreover, the observations come through the Uber and Airbnb.

It claims that there is an essential sign for the productivity in term of the sharing economy. For example, creating an efficiency instead of wasting from something that unused. However, this productivity also creates issues on safety of workers as well as wage differences between traditional sectors and gig workers.

For example, Uber drivers are earning through the potential revenue of taxi drivers and it reduces the taxi driver’s wages. On the other hand, the regulations in term of fees on the taxi drivers are so much higher than regulation requests from Uber drivers. Therefore, it brings out the unfair competition between taxi drivers and the Uber drivers.

UberX and taxi fares in Canberra

![Figure 4 Source: Owned figure based Grattan Inst Fig 2.1 (Minifie, 2016a)](image-url)
The graph located above shows how Uberx fares differ from standard taxi fares with the particular distance from Civic to Parliament House in Canberra measured for 3.3km, 6 minutes. According to the graph, it is clearly seen the total amount of the fares as dollar for Taxi, and UberX respectively, within particular costs like Flaggall and Distance charge. Due to the graph, there is a visible income gap between two different economic activities. Moreover, the report indicates that the usage of Uber does not only occur to decreasing of the taxi driver’s income but also decreasing the value of the taxi licenses. (Minifie, 2016b) In this case, the government revenue is also decreasing by the rise of Uber.

Moreover, taxi drivers also have issues on safety. For example, the usage of a taxi during nights might be dangerous or suspicious for a woman. However, Uber gives encouragement, power to the customers with facilitating to estimate the fares, observing the details about the drivers and much more information. However, the report claims that Uber drivers should meet with particular regulations as well.

In other words, there should be standard policies, requirements for Uber drivers. Such as criminal history of drivers, zero blood-alcohol concentration, and certificates, that proves the technical safety of cars. (Jericho, 2016) In term of the Airbnb, as well as the signs for the productivity exists with turning out the unused areas with a productive way, there are essential issues in term of the ideology of the Airbnb. For example, owners of renters also started to appear as the owner of entire apartments. In other words, the potential renting places became investment zones.

Bed spaces in New South Wales

![Graph showing bed spaces in New South Wales](Figure 5 Source: Owned figure based on Grattan Inst Fig 3.1, (Minifie, 2016a))
This graph above shows the Bed spaces in New South Wales. The graph mainly indicates the particular rise for the potential bed spaces for the Airbnb compares to the other main accommodation fields. However, the report claims that this particular rise belongs to the investments rather than person’s primary residence.

Therefore, the places that being rented started to be investment areas rather than a person’s primary residence. (Jericho, 2016) Moreover, the Airbnb also has brought out few essential issues especially in term of short-time rents. It shows that the areas include with Airbnb zones, has more disruption to the citizens, who lives around the same areas. Airbnb also might easily cause the noise problems for the neighbors. Because there are not particular main controllers that can be a complaint about noise pollution. Therefore, the article suggests the government regulation in term of providing responsible persons towards those complaints. Due to government regulation, there might be punishments like penalties in case the problem remains.

Complaints about Residential Behavior per 365 Days  
- Melbourne CBD and Inner City Apartment Complexes

![Graph showing complaints about residential behavior per 365 days for short-term and long-term rentals.](Image of graph)

*Figure 6 Source: Owned figure based on Grattan Inst. Fig 3.5 (Minifie, 2016a)*
The graph above indicates the complaints about residential behavior per 365 days in Melbourne CBD and inner city apartment complexes. It shows that the usage of the short term renting is higher compare to the long term renting with Airbnb. Moreover, the quantitative data reveals the 0.5 amount of the slice indicates the noise, whereas 0.21 and 0.13 of the slices indicate Anti-social behaviors and other complaints. In term of the long term renting, 0.11 of the slice indicates the noise whereas 0.08 and 0.04 of the slices indicate Anti-social behaviors and other complaints. Consequently, the biggest part of the complaints comes through the noise disruption, which also plays an essentially negative role. (Jericho, 2016)

Finally, the report suggests few essential pieces of advice through the regulations for sharing economy. First of all, the minimum requirements, standards should be formed for companies which actively play in the field of sharing economy. In term of the taxi sector, should be standard safety regulations that gig drivers should obtain it. Besides that, the particular fees for traditional taxi drivers should be reduced partly.

By doing so, the income gap and unfair competition can be eliminated in a sense. In the case of the main issue related to accommodation sector, the policy should release towards to controlling disruptions to neighbors like noises etc.

On the other hand, the independent contracts ignore the security, insurances of workers. For example, the companies do not cover their gig workers with any insurance. Therefore, the government should take the responsibility to make sure that workers are aware of such risks as being a contractor. In addition, particular laws should adapt the sharing platforms. Those companies, which belong to sharing economy, should be regulated in a way by the government. In order to lead the fairer competition, taxation policy should essentially take a consideration. In other words, the government should be sure that any activity, which belongs to the taxation, should be declared.

In addition to that, the interviewees also point out the importance of the taxation for the government. Based on the interviews, it is not as easy as taxation appears within traditional sector. Sharing concept has different structure compare to the traditional economy. Moreover, it would be also hard to start taxation procedures for every service provider, such as per gig workers. Taxation of the companies, which belongs to the sharing economy, may also need different consideration.
Besides, it is more important for way of taxation in order to decide which side should be taxed in case of the sharing economy. Otherwise, the profit, that sharing economy brings into economy, can be sharply decreasing. As this situation has both positive and negative effects, therefore, there would be needed an extensive analysis, research in order to reveal which way of taxation would be easier or better for the government and sharing economy. Nevertheless, taxation of the sharing economy is very essential and needed. Therefore, it should be investigated extensively in order to find a best practical way. (pls see Appendix 7.1-7.2)

3.4. Cities, The Sharing Economy And What's Next

This report prepared by the National League of Cities (NLC) in order to strength the cities with the new concept of sharing economy. According to the research, the sharing economy and innovation are linked each other strongly. Innovation is another meaning for developments.

In this case, sharing economy is revealing the innovation and creativity with its unique concept. For example, Indianapolis, the city that seeks to make the city more attractive, shiny that tourists may visit continuously.

Moreover, economic development also influences via innovative projects. Therefore, Indianapolis examines the sharing economy as a bridge between the city and development. Especially, projects about transportation have been considered by city itself. Such as Uber, Lyft. Because city believes that gig projects on transportation network companies (TNCs) actually increase the transportation channels. It contributes to convenience and variety. The city mainly focuses on citizen benefits. If the public starts to get benefit by the existence of the sharing economy, then the city observes the TNCs in a productive way.

An official from Dallas took a similar approach to crafting TNC regulations in his city, stating “embrace it, then see about regulating it. (Hirshon, 2015) Here, the author emphasizes what innovation brings out to the cities during the trends such sharing economy. Especially, the number of tourists, visitors may affect the influence of trend economies that cities are started to be prepared for, such as Indianapolis. They believe that reputation has huge influence within the economy. Moreover, the companies within the city play an essential role on this point. Therefore, the cities should encourage those companies, which basically brings out the innovative developments.
The article observes mainly the transportation services within the sharing economy. The author claims that the TNCs improve the usage of transportation channels as those companies provide not only tangible outputs but also intangible outcomes. For example, TNCs provide easier and user-friendly applications that provide to see entire transportation channels in the city through the application. Moreover, those innovative projects bring out reliable and safe facilities into cities. Only main problems seem that users need to share reliable data. Such as location data, personal financial data, real-time data etc., which are still unusual for users.

The contribution into the economy is also explained as both internal and global efficiency. In other words, TNCs firstly improve the local economy. Internal economic environment feeds efficiently thanks to projects, such as house renting, car sharing etc. However, the main question appears on the government side that how they can earn revenue from the TNCs. It is clearly known that tax revenues take an essential part in term of government’s budgets. Therefore, those companies also follow according to government’s regulations, as it seems.

Home sharing companies like Airbnb already agreed to pay taxes through the main activities with a similar percentage of the taxes that local hotels pay. However, there are also issues that those home sharing companies called as illegal businesses. Moreover, the authors claim that those companies are willing to be part of the local businesses. Therefore, they are agreed to converge with governments in term of regulating processes.

Indeed, the main reason beyond this is an avid corporation by some companies as serving the essential slice of the economy. For example, Airbnb that has increased his success continually, as it shows with related chart below;
As companies such as Airbnb gets stronger within the local economy, it also gets more and more important for the government actions. As the economic trends change rapidly, the government policies supposed to be adapted at the same time. Otherwise, it may end up with an enormous amount of losses for government budgets with various ways. Such as taxes.

There is also essential comment about the current growing two markets in term of hostels and taxi drivers. It reveals an uncertainty that whether those companies such as Airbnb or Uber really increases the local market and the revenue, or simply only the amount of money and people diverse from traditional services to the sharing platforms.

On the other hand, the importance of the innovation definitely adds value into the economy based on anwers by the two different interviews. In this case, the idle things are started to create a value based on concept of the sharing economy. People started to get benefit from things that underused for some period of time. Renting someone’s drill machine for particular time is an example, which shows the unique idea. Idea of swapping or renting idle things such as rooms, sharing cars etc. lead several innovations and create new area in the market. Therefore, it has added huge value into economy.

(pls see Appendix 7.1-7.2)
3.5. Regulating the Sharing - Applying the Process for Creative Destruction

According to the author, the sharing economy being consider as hub for the new economic trend, peer to peer activities. Moreover, sharing economy is boosting day by day. Therefore, the government actions should adapt to the rise of the sharing economy in order to keep the progress and in order to avoid future risks. Especially the governments should consider creative solutions in order to corporate with the new rise of trend. Unfortunately, traditional regulations may not be enough to cover and corporate with sharing economy.

According to the report, there are main reasons that governments have difficulty to regulate the sharing economy. First of all, outdated regulations disrupt the economic structure. Moreover, it makes harder to adopt to regulate trend economic developments. This situation brings opportunity to see the gaps and loopholes that companies can have benefit immediately. In the case for sharing economy (Airbnb, Uber), being interdependent contractors made those companies hitting the highest revenues in a short time. In other words, those companies run their business with being irresponsible for such as Uber Driver’s insurance, additional costs, such as maintenance etc. Therefore, it has helped those companies to be more profitable in shortest time. However, safety concerns by those companies are also serious concerns that they have been worked for the benefits of both customers and sellers. For example, Uber has created safety structure that evaluates the drivers according to their bank transaction histories, verification steps, licenses etc. Moreover, Airbnb also protected his sellers and buyers with various features like ID verification, evaluations, and comments by previous experiences etc. In this case, the self-regulation appears as dominant in the sharing economy.

For this reason, the government should take its action very carefully that should be corporate and adopted with sharing economy easily. Otherwise, it may bring negative results for the government as well. The another regulation problem is the main difference between government and sharing economy is that the sharing economy is centered on the openness of information and collaboration whereas the public sector keeps information closely guarded is risk averse and operates in rigid hierarchies. (Sundararajan & Cohen, 2015) However, government’s regulation is aimed to secure the safety of the public.
For this reason, governments should have actions decisively that not to be turned out with negative effects. Moreover, government actions might take the longer process as debates of legislations, consultations that directly make the procedures slower.

In addition, the failure of the government action, regulation may turn out with political risk for governments. (Dostmohammad & Long, 2015)

Lack of collaboration is another risk and a crucial problem for the regulators. In the case of the Uber, the application has been banned in various countries. In other words, Uber Company has become illegal for such places. The main idea was the protection taxi drivers. However, there would be a better solution in case governments would search for corporative ways while having actions. Therefore, the report identifies those issues as basic regularity problems for nations, which make the regulators being more carefully.

The report points out several considerations for the government actions. Such as market and public interest. As long as regulators consider the benefits for the public, it supposed to end up with positive incomes. Otherwise, there might be economic problems such as income inequity, huge loss or wins for different companies. The government actions play a very essential role in this case. Such as trade barriers that can directly block the new competitors to the market. In addition, the structure of the traditional sector and sharing economy is different each other in term of government regulations. For example, the taxi drivers and its regulations are based on their main costs, prices in term of balancing with demands etc. However, sharing economy has very different costs, which makes themselves competitive. For example, they do have online stores, websites compare the taxi drivers such having fleets etc. Moreover, sharing concept derives from interdependent contracts whereas traditional economic reforms are based on more centralized patterns. Thanks to the reasons, and differences, the governments should take an action with essential consideration of sharing concepts.

Because the government actions are always important and play an essential role. Those actions may influence and encourage the economies as well as it might slow down the economics.

“Misguided government regulation can be the barrier to innovation that never falls. So regulators should tread carefully, particularly when considering hypothetical, rather than demonstrated, consumer harm”. (Federal Trade Commission, 2015)
Secondly, the report emphasizes environmental benefits that the governments should consider deeply. Because one of the essential strengths of sharing economy is the contribution of the environment. According to the estimations, a study shows that a single sharing car has substitutes to between 9 to 13 vehicles from the road. (Martin & Shaheen, 2015) In other words, the usage of cars are decreasing significantly with the existence of sharing economy.

In term of the tourism sector, it also claims that sharing houses has contributed efficiently in term of carbon emissions compare to the studies shows that 21% of carbon emissions are belonged to the hotel industry. (Kyriakidis & Felton, 2008)

Moreover, the regulators might consider the public opinions. As sharing economy brings out the innovative developments and competitions within the economy, which leads to public benefit, the regulations might become a very important role in term of efficiency. Especially regulation failures may result with crucial lost as well. In this case, the public benefit also plays an essential role. Therefore, the inclusion of public opinions might help for efficient results while regulation the economy.

In term of the future perspective of the sharing economy, the report indicates the flexible and attractive regulations by the governments that can keep the innovation, technologic developments, and better economic outputs. In order to keep this efficient balance, governments may have collaborative structures. Such as observing and evaluating the market continually. It may happen with particular officers as being responsible for tracking future innovations, developments, changes. By doing so, the regulations might have better and faster actions.

Moreover, the public should be included in the term of regulation process. Such as advisory committee that can be the voice of the public. Therefore, the citizen’s contribution with their various perspectives and status may result with corporative and positive results. Furthermore, closer communication and corporation of regulators with new entrants would play an essential role. Uber and Airbnb attempt to be a regulation within the corporation with regulators. Currently, Airbnb and Uber has attempted to corporate with government regulation systems.
Several approvals by Uber and Airbnb has been approved by different cities. Such as Amsterdam and Airbnb friendly laws which allowed hosts to rent their places within particular regulations. (Tam, 2014) Houston also another city that allows Uber Lyft drivers within mutual regulation agreements. (Begley, 2014)

Finally, the report emphasizes the outdate regulations that might create better outputs as long as governments try to build more efficient regulations, rather than reshaping the existing structures. Moreover, governments should be more flexible in term of the new economic reforms.

By doing so, the door for innovation will be always welcome. The corporations with the sectors and companies also play an essential role in term of regulation patterns with gig workers. Moreover, the citizen’s voice, advisory communities will help to forecast accurate future and will help to obtain strong beneficial dimensions with the economy. As technology and economy grow rapidly, regulations and its adaptation with interactions should follow the same speed.

4. Uber Case

4.1. Company Overview

In this section, I will interpret the Uber Software, which plays an essential role towards the sharing economy. There will be a history of the company and its progress. Moreover, I will emphasize the interaction of Uber with the government actions, policies. In addition, there will be major challenges and future threats of the company itself. By doing so, there will be an opportunity to explore the sharing economy, its connections with the government approach, and the rivals thanks to the Uber example.

First of all, the company itself aims the technologic development based on the internet of things. The company has been launched at March 2009, San Francisco, California by the CEO Travis Kalanick. They approximately hit the revenue measured by 5.5 billion USD and provided employment about 6.700 people. Moreover, the company intensively focuses on the transportation sector. (Uber Technologies Inc., 2017)

Besides the fundamental knowledge of the company itself, I would like to mention about the main ideas beyond that derived decades ago which led to bring out the fundamental of Uber. Actually, the main rivals such as the taxi drivers have already existed before comparing to today with softwares such as Lyft, Uber etc.
When we turn back to the 19’s, it is highly possible to encounter with the familiar business that existed already. Such as Jitney Cars. They derived with the idea of substituting to the public transportation. In that time, one person decided to share a ride with his car during his journey after recognizing the existing problem that people were forming a queue to get into the transportation facilities. What Jitney doing was providing alternative taxi services to the people within much cheaper and faster way. According to the estimations, jitney cars reached about almost 700 cars on the streets as serving in Los Angeles.

Their vision was basically offering flexibility, convenience, and speed to those disappointed with streetcars. (Novak, 2012). They reached the popularity and started to place themselves on journals. Such as Journal of Political Economy named as “The Economics of jitney Bus Operation”. (Doolittle, 1915)

Besides the main ideology of the Jitney, there were small advantages as well which influenced the demand towards the Jitney drivers. Such as having no regulations in term of smoking, as opposite to the electric railway cars. However, during to Jitney success levels, the regulation problem slowly started. Trolleys, taxi drivers, and further business sectors were showing their unpleasant attitudes besides to the government. For example, California, the commission just started to re-evaluate the Jitney concept. However, after a while, Jitney drivers could not stand with the economy under the pressure of the policies. Eventually, Jitney had to leave the market by 1919, thanks to the regulations.

By 2009. Uber Company appeared via highly familiar concept that Jitney story had it. Surprisingly, the company vision targets on particularly reducing the congestion, the pollution and the aggregate number of cars on the streets. (Kalanick, 2016)

In other words, company recognizes the current problems, such as traffic jam, air pollutions and idle usage of cars. There are several cars belongs to people that just continues on the streets with single people, fewer people. Unfortunately, this situation enormously contributes to the traffic jam. Moreover, the exhaust gasses that derives by cars, continuously to keep polluting the air. Therefore, the main ideology has been placed based on sharing the rides with people based on single cars. By doing so, the contribution of the start-up also provides essential amount of cost advantage to the people via sharing the rides. Moreover, it also helped to decrease the amount of the carbon footprint.
Uber Company believes that cities might become better thanks to the sharing economy. Such as the crowd of cars, pollutions, expenses and further. Currently, the Uber Company brings the Jitney Story back. The company claims that the cities would be better than positive expectations in case Jitney may remain with non-regulated and corporative dimensions. As this chance has been lost, Uber Company claims to bring it back thanks to the technology that helped to reveal Uber Company.

In addition to this, a survey by the Bureau of Labor Statistics adds that the reason why many drivers choose Uber is that 87% of them wish to be their own boss. 85% want to have a better life-work balance. Interestingly, 51% of Uber drivers only work 15 hours or less per week. However, the top reason for driving with Uber is still a demand to earn a higher income for 91%. (Hall, 2015)

Eventually, the life cycle of the Uber Company has succeeded to hit the great number of the users and profits with the idea of sharing. However, the conflict between other transportation sectors, such as taxi drivers, kept growing as well. Moreover, government intention on the precautions in term of potential regulation studies also appeared.

4.2. Uber Expenses

However, some indicators play an essential role in these particular differences on hourly gains. Such as some expenses like as maintenance, gas, insurance etc. Those indicators differ the gain between Uber Drivers and Taxi Drivers especially when we consider on centralized and decentralized platforms. In other words, taxi drivers who enroll to the particular branches might earn their hourly revenue based on only driving the taxi and run the business. There would be special agreements on various expenses. However, it is obvious for Uber drivers that they are the only one who directly responsible for their own expenses.

Therefore, it might occur the controversial results in term of the revenues. Because those expenses might play critical roles on the net revenue. Therefore, the question appears in term of the revenue for Uber drivers that whether it calculates as net revenue or gross revenue.
Miles Traveled 40,000

<table>
<thead>
<tr>
<th></th>
<th>NYC Camry 2014</th>
<th>SF Prius 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MPG</strong></td>
<td>25</td>
<td>48</td>
</tr>
<tr>
<td><strong>$ / gallon</strong></td>
<td>$3.72</td>
<td>$4.18</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>5.774</td>
<td>7.763</td>
</tr>
<tr>
<td><strong>Fuel</strong></td>
<td>$5.59</td>
<td>$3.48</td>
</tr>
<tr>
<td><strong>Maintenance</strong></td>
<td>679</td>
<td>919</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>2.676</td>
<td>2.012</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15.08</strong></td>
<td><strong>14.177</strong></td>
</tr>
</tbody>
</table>

*Figure 8 Source: Owned figure based on The median income on uberX (Salmon, 2014)*

This chart derives by the Uber Company in order to provide expenses estimations. The data calculated due to 40,000 miles per year compared to the particular two different car models respectively in New York City and San Francisco.

As a result of the chart, Uber estimation comes through the loss of $7,763 per year of the reduced value of their vehicle, which valid for Uber Drivers by San Francisco. (Salmon, 2014) As a result, the overall estimation about annual income for New York measures about $75,686 as net income. The same case measures for the San Francisco as $60,014 annually. (Salmon, 2014)

### 4.3. Uber vs. Taxi

On the other hand, the Uber Company has started to serve to the global economy. There are several potential drivers around the world. Moreover, the Uber also brought competitive costs compare to the taxi drivers. They created their prices about 50 percentages cheaper compare to the taxi drivers. Moreover, the only major threat does not come through conflict with the government and taxi drivers.

The Uber Company has also been aware of the advanced technology and the possible threats that will bring with it. Such as self-driving cars, which can largely change the concept of the Uber Company.
In this case, the CEO of Uber Company Mr. Travis Kalanick identify his position as being, either working on embracing the future threat or being the part of it against the resisting the coming trend. Such as Taxi industry or any other transportation industry. (Kalanick, 2016)

On the other hand, Uber is a great idea especially for the United States in term of inequity. The positive expectation towards the Uber might help to balance the incomes respectively. Because the sharing economy gives an opportunity to gain independent additional personal income.

According to the estimations, the range for Uber drivers for the earnings measured between $17 to $22 dollars hourly. (Sherman, 2015) Indeed, this particular range creates the gap between taxi driver’s revenue and Uber driver’s revenues. However, it is clear that the Uber Drivers seem to earn more than taxi drivers do. However, this gain also changes due to the cities.

Comparison of Hourly Earnings between Uber Drivers and Taxi Drivers with Chauffeurs

<table>
<thead>
<tr>
<th></th>
<th>Earnings Per Hour or Uber Driver - Partners (Earnings Per Hour)</th>
<th>Hourly Wages OES Taxi Drivers and Chauffeurs (Hourly Wages)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOS</td>
<td>$20.29</td>
<td>$12.92</td>
</tr>
<tr>
<td>CHI</td>
<td>$16.20</td>
<td>$11.87</td>
</tr>
<tr>
<td>DC</td>
<td>$17.79</td>
<td>$13.10</td>
</tr>
<tr>
<td>LA</td>
<td>$17.11</td>
<td>$13.12</td>
</tr>
<tr>
<td>NY</td>
<td>$30.35</td>
<td>$15.17</td>
</tr>
<tr>
<td>SF</td>
<td>$25.77</td>
<td>$13.72</td>
</tr>
<tr>
<td>Avg. BSG Survey Uber Markets</td>
<td>$19.19</td>
<td>$12.90</td>
</tr>
</tbody>
</table>

*Figure 9 Source: Owned figure based on (Sherman, 2015)*

The chart located above, mainly indicates the six specific market zones for taxi and Uber drivers sorted as Boston, Chicago, Washington, D.C., Los Angeles, New York, and San Francisco. In addition to this, the data derived via Bureau of Labor Statistics data. (Sherman, 2015)
4.4. Uber vs. Taxi vs. Rental Car

As Uber provides competitive facilities to the customers with given technology especially smartphones and its adaptation, it boosts the Uber users compare to the taxi drivers. Moreover, it also played a crucial role in rental cars. Unfortunately, there are no tangible signs that indicate the rise of the usage of rental cars. Therefore, it shows that Uber drivers also has benefited from the revenue slices, which belongs to the rental cars.

First Quarter, 2014

Figure 10 Source: Owned figure based on Sharing the Road (Fischer, 2015a)

First Quarter, 2015

Figure 11 Source: Owned figure based on Sharing the Road (Fischer, 2015a)
As the graph indicates above, the slice, which belongs to the Uber revenue increased from 9% to 29% in the one-year period, as well as Taxi Driver’s revenue decreased from 52% to 35% whereas the Car Rental revenue seems consistent as slightly decreases about 3%.

In other words, while Uber ride increases directly correlate with taxi rides decreases, car rentals are relatively consistent. (Fischer, 2015b)

4.5. Uber vs. Taxi Services
The common things between Uber and Taxi are basically using the same product as cars and providing goods as rides. However, the main differentiations appear where the access points change. Usually, the access procedure with taxi drivers realizes indirectly. Most of the time, passengers communicate with companies which belong the drivers. However, it happens partly a difference for the case of Uber case. At this point, passengers may basically contact directly with drivers, which makes Uber directly accessible. Especially in term of service, there are few more differentiations between taxi and Uber. Usually, taxi drivers only provide a pickup service. However, Uber provides map overview, which lets users see the directions with details. Moreover, users can observe the ratings and comments belong to the drivers. In addition, users might pay the ride with mobile payment. Therefore, they might not need any money transaction with drivers practically. Besides the all, Uber main service is also pickup the passengers.

4.6. Uber vs. Taxi Driver Earnings
The amount of money that can be earned via uberX is quite competitive compared to the taxi driver’s expenses, even when the calculations excluded the all expected major expenses.
Salary for Taxi Drivers New York, NY

Figure 12 Source: Owned figure based on (Salary.com, 2017a)

Salary for Taxi Drivers San Francisco, CA

Figure 13 Source: Owned figure based on (Salary.com, 2017b)
Those graphs include the percentiles of the annual revenues as estimations for taxi drivers. Moreover, the data might show changes due to time intervals. Therefore, the median (50%) of taxi driver’s salary indicates the average amount of money that can be earned. In the case of the NY, the annual salary for a taxi driver revenue reaches about $39,299. Moreover, the annual salary of a taxi driver revenue reaches about $41,951 in the case of CA. In any cases, it is still clear that UberX has to gain a lot more financial profit as taxi drivers do.

4.7. Uber versus Lyft

On the other hand, Uber also has its essential rivals among the gig workers. Lyft Company is also another example that includes gig drivers as the part of sharing economy. However, Lyft drivers do not earn as much as Uber drivers do hourly. There are also minor differences between cities within the United States. The most gap between Uber drivers and Lyft Drivers revenue hourly appears in the city such as Baltimore whereas the minor differences appear in the city such as Los Angeles. The difference earnings between Uber and Lyft are measured as $2.72 per hour whereas it is measured as $0.03 at Los Angeles. Moreover, the earnings are both increasing and decreasing respectively according to cities. For example, in Dallas and Cleveland, the earnings per hour are increasing for UberX while the Lyft is decreasing. In spite of that, it is possible to see the opposite situation where Lyft Driver’s earnings are decreasing against the UberX driver’s earnings that increasing in cities such as Salt Lake City, Austin, and Atlanta. Besides that, Miami is the only city that neither UberX is increasing, nor Lyft, where Lyft driver’s revenues assume to decrease per hour. Consequently, it shows that UberX also has essential competition against to the other sharing economic companies, such as Lyft. It also indicates that UberX driver’s earnings can vary due to different cities as it shows in the graph below.
4.8. Additional Quantitative Data

According to the estimations based on the United States, Uber drivers includes 14% women, as it includes only 1% of women drivers for NYC taxi drivers. Moreover, 71% of the drivers have dependents living at home with children, parents, etc. According to ages, a quarter of drivers indicates over age 50 whereas 19% of drivers are under the age 30. (Freier, 2015) The main reason beyond the gender differentiation and other indicators derive from the flexibility thanks to the Uber for Uber drivers who mostly have family at home, women taxi drivers of chauffeur drivers.

4.9. Regulations for Uber

The rise of the Uber brings crucial regulation issues with itself. Therefore, governments also struggle to find the best policies to keep the balance of sharing economy and protect the traditional economy. However, states are bringing different perspectives from each other. Therefore, the actions also differ respectively. For example, some governments put regulations towards to ban the Uber whereas some cities are trying to corporate as much as possible. However, there are common bottom lines for most of the governments that should be considered with sharing economy.
First of all, the drivers play an essential role in term of the taxi sector. Drivers, which belongs to the Uber usually, do not be covered by any insurance. Moreover, this issue is highly concerning from the perspective of governments. The issue is clear that the companies within sharing economy do not cover the gig drivers with any insurance. It seems as an essential threat to the driver’s view. In this case, governments focus to regulate with those companies with requiring particular insurance coverages with special permits. By doing so, those gig drivers will able to be protected by the particular companies. There are examples that some cities and governments already regulated towards this particular perspective. For example, The California Public Utilities put regulations on those companies included Uber as Transportation network companies (TNC). (Quinton, 2015)

On the other hand, the interviews also embrace the same issue with particular questions. Based on that, government plays an essential role in the case of the insurance issue. As the pension system is the primary consideration of the governments, they should handle this issue with a strong corporation of sharing economy companies. Otherwise, the lack of insurance for gig workers, especially who has been getting benefit from sharing economy as primary income, he/she may face critical issues. Moreover, if the one aspect may disrupt the pension system, it might directly affect the entire economic system. By doing so, the issue may increase enormously. Moreover, this is also important that in case the governments follow the same requirements as they asked by traditional sector, it might affect the sharing economy enormously. As the concept of the sharing economy is different, therefore the regulation perspective and structure must be different in order to fit the new concept. In addition, this is still ongoing debate. There are not accurate solutions yet. Therefore, the proactive and corporative approach of the governments towards companies respectively are strongly needed in order to handle critical insurance crisis.

Another issue comes to safety of passengers. Studies indicate that drivers might be very dangerous in case they are not been identified properly in term of safety. In the case of the Uber, only peer-to-peer information may not clarify the drivers’ safety. In other words, the comments, ratings and any another social feedback about the Uber drivers may not be sufficient and enough for safety. In this case, governments supposed to regulate companies in order to clarify the drivers properly. The particular records in term of criminal histories should be obligatory for companies to identify their drivers.
Especially, the security differs with different places. For example, airports should be more concentrated for safety. Some suggestions come towards to obtain fingerprints for Uber drivers. However, it might have difficulty to spread out this regulation. Though, it may release with particular areas. For example, in airports, the unknown taxi drivers can be identified with fingerprints. Moreover, it can easy be checked with the corporation of airport officials.

Another issue is also the gap between the regulations with taxi drivers. Most of the complaints come towards unfair competition with taxi and Uber drivers thanks to the special policies, which only valid for taxi drivers. It might be the solution to minimize some regulations towards to taxi drivers and create a balance in term of the competitions. The suggestion appears on regulations such as renewing driving licenses of taxi drivers in every particular duration. During those procedures, drivers supposed to pass particular driving requirements whereas it does not request by Uber drivers yet. Some regulations may leverage the particular differences.

By doing so, the complaint about strong pressure on taxi drivers can be solved partly. In other words, the minimizing some regulations towards taxi drivers or maximizing further policies on TNCs may help to find balances.

The particular taxes are taken essential consideration by the governments. Because Uber drivers or company itself do not pay the same amount of the tax that taxi drivers or companies pay. It also occurs the differences on government revenue that can be earned via taxes. This is also differing between cities and countries respectively. For example, New York regulates the Uber drivers with requiring 8-8 percent combined state and local sales taxes during drivers’ ridings. (Quinton, 2015). However, it does not valid for all any other countries own regulations. However, bilateral agreements with Uber and agreed on the particular amount of taxes may result in a win-to-win situation.
5. Conclusion and Suggestions

During this section, I will interpret the main matters of the government roles, policies and perspectives within the collaborative consumption. The overview of the particular debates with my personal opinions will be included along with conclusion part.

First of all, it is very important to consider the free market also being controlled. In term of the sharing economy, the market should let the new entrants into the competition. Because, the competition can bring the efficiency. However, a market without control cannot succeed as well. This argument also took within the theory of mixed market economy.

The main indicator is the particular intervention by the government that can influence the market as well as protect customers and sellers as considered providers and users in case of the sharing economy. According to main arguments debated above, best practice for governments should be considering as having a supportive approach. For example, harmonizing taxation policies for the traditional sector with launching particular regulations to sharing economy can create the great balance between two sectors respectively. However, the opposite perspective of the policies may face with unexpected results. In practice, banning the collaborative economy in order to protect traditional sector may only solve the current issue within a limited time. Eventually, the problem would re-occur unless the future based solutions organized. In addition to this, government policies should be focused on supporting traditional sectors like taxi industry. Moreover, the regulations should be highly welcoming to the new trends, innovative and efficient projects with promoted perspectives. In addition to this, the benefit of the market and benefit of the public should be considered by the regulations. For example, creating new jobs is an essential argument in the case of the sharing economy.

Moreover, the government perspective should focus on solving particular issues within internal and global markets. The particular argument, as discussed with Uber case, can be solved decisively with the help of regulations. Therefore, specific policies, which assists to close the gap in term of the unfair competition between Uber and Taxi drivers, should exist wisely. Moreover, policies should not only be limited to particular areas. In other words, areas such as environmental area should be considered by the regulations.
For example, decentralized platforms may fail in terms of the environmental outputs like the environmental noise. Therefore, the regulations should consider issues like noise disruption in case of Airbnb. Finally, governments should have a holistic approach that can lead global economy with its regulative perspective. Because, new trends such as gig economy consists in various areas, countries.

Moreover, the strong corporation of the government with the market is highly important. Every regulation has a crucial impact towards the sectors. Therefore, the decisions may reveal enormously negative outputs. In this case, the best corporation with the market can lead to avoiding potential threats. In addition to this, the concept of the sharing economy is quite fresh compared to the concept of the traditional economy. Therefore, being a new sector may end up with disappointment with the wrong regulative attempts. For this reason, the adoption of the governments plays an essential role in order to regulate the new trend into the market efficiently. As a theory of the modern liberal economy indicates that, the government and economy should grow respectively which reveals the need for a corporation in order to hit the success of the economy. By doing so, policies can meet with reciprocal agreements with the market while revealing success. Moreover, the mutual benefit will clearly appear thanks to corporative approach.

On the other hand, the regulations for the safety play an essential role in terms of the sharing economy. Because new trends bring new threats besides all benefits. However, the regulations should fill those missing gaps, threats in a way. For example, the person, who earn primary income by the collaborative consumption, faces with insurance coverage threats currently. Moreover, it is not totally solved since gig economy has launched. As this is a crucial threat for the users, the regulations should be implemented as result-oriented policies such as forcing the companies with coverage programs in order to protect gig workers. However, the safety issue is not only based on service providers but also users. They may face with critical fear by the providers, such as TNC drivers. Therefore, there should be compulsory requirements for the drivers in order to minimize the risks for the users. Such as submitting, the legal papers related to driver’s criminal history in detail etc.
In term of the government role specifically, the regulations are essentially needed to cover the failures and missing points of the markets as it is accepted in various economic perspectives as well as mentioned and discussed within this particular thesis. Without a government neither with the regulations, sharing economy might end up with failure in most cases. However, the way of the intervention also plays an essential role. It should not be as strong as the theory of the conservative economy indicates. Neither should be as no controlled as the theory of the classic liberal economy indicates. Governments should see the threats of the market and approach with corporative perspective. By doing so, this corporation definitely is expected to bring the mutual success for the new concept of economies with their current regulation problems, such as sharing economy.

Therefore, sharing economy and its concept is still new compare to the traditional economy. Moreover, it is also new for the regulative patterns of the governments. That is the main reason that regulative problems occur continuously.

Consequently, the approach of the governments should have a great combination of the several economic theories. Because the new trends also derive from the combination of the most previous concepts. The movement of the regulative patters should consider with newest methods, as the new concept of sharing economy is also a way different from the traditional economy and its past regulative patterns. For example, the government actions and/or movements should take a place towards to new regulative approaches rather than re-modified of the previous regulative concepts. Moreover, the voice of the public should be taken highly consideration by the regulative areas. Because, the sharing economy serves for the public benefit, as well as the government’s aim at the public benefit mostly. Therefore, the movement of the regulators should implement decisive policies that can not only protect the single side against the new concept but at the same time, it should have a holistic approach to covering the leverage past and future concept of the new trends. Finally, the both sectors with the governments may end up with multifunctional benefits, as it expects via the sharing economy.
Bibliography


6. Appendix

6.1. Interview Questions

- Do you think sharing economy creates value rather than re-distributing value?
- Could you briefly share your thoughts on taxation of sharing economy companies? Would you prefer the taxation of the service providers (i.e. drivers, renters) or the company itself? (For the sake of sustainable growth)
- As you know, the legal position of the service providers is obscure. There is an ongoing debate about the status of workers. Do you think the workers at sharing economy should be considered as employees?
- In your opinion how long, would it take for the governments to fully comprehend the industry and design regulations accordingly?
- Aside from the governments and companies, what other institutions could be valuable to create a sustainable sharing economy ecosystem? What are your thoughts about the involvement of international organizations such as World Trade Organization or World Bank?

6.2. Verbal Interview Transcription

Interview Date: 17/04/2017
Time: 12:06 PM
Duration: 14:08 minutes
Place: Ankara, Turkey
Interviewee: Muhammed Emin Torunoglu
Interviewer: Ali Ilhan

Interviewer: Okay. Good afternoon, my name is Ali. First of all, I would like to thank you for your participation and give me this opportunity to ask few questions about my thesis. May I ask you to introduce yourself first of all?

Interviewee: Well thank you, it is my pleasure to answer your questions and I am very glad you are taking this opportunity to understand the governments perspectives on one of the most important issues nowadays, which is sharing economy. My name is
Muhammed Emin Torunoglu and I am a foreign trade export in Turkey, Minister of Economy. Last year I did an MBA at University of Oxford.

One of my classes was collaborative economy by Rachel Botsman and she is one of the leading experts in the sharing economy. So, thanks again for this opportunity and I gladly answer your question.

Interviewer: First of all, your answers will contribute about my thesis as well. I have few questions and I need your few comments about that.

[01:05-01:10]

Interviewer: First of all, in term of the sharing economy, do you think the sharing economy creates a value rather than re-distributes a value?

[01:11-02:41]

Interviewee: I think, definitely it creates value rather than redistributing it. Let me briefly talk about some of the trends recently. First of all, people are moving to towards an accessing stuff rather than owning it. Therefore as you know if you want a ride, you do not need to own a car. You can just easily get a car from somewhere and this aspect could be the case for many sectors such as houseware. You need a drill, you do not need the machine, drilling machine. So I think everyone has idle assets in their houses, which has no economical use. Sharing economy taps to that resources and brings it into the economy. So it definitely creates value. The drilling machine you have at your home is of no use in the current economic system. But in the sharing economy, it contributes to the economy, So, that’s why it is not redistributing it, I think it is creating a value. It is the case for Airbnb as well. The empty room in your house does not have a value. But in the sharing economy, it has a value. So it is not redistributing, it is creating your own value.

[02:42-03:00]

Interviewer: Okay, I would like to go deeper in term of the government. The think is that taxation policy is that best challenge for the sharing economy right now. So in this case, do you think the taxation should be towards the companies or the service providers like Uber Drivers or Uber Company?
Interviewee: That is an important question. I do not believe we could answer this instantly without any research. So well, it has its pros and cons. For instance, taxing the companies could be convenient for the government. Because it will be more easier to Taxing Company itself. For instance, Uber has, I do not know maybe ten thousand drivers. Taxing each one of them individually could be harder compared to the taking the company itself by the revenues.

But, we should I think conduct an impact analysis or an ease analyses to understand the sharing economy and to understand the underlined concepts of the sharing economy. Without doing that, taxation or any other regulation could not serve to our purpose. So, I cannot say we should tax the company or the service providers. But I think this has to be investigated totally within the government just like the regulations.

Interviewer: I see that, another case is that about worker’s point. Some workers have primary job and sharing economy is like the second job, addition job for them. But some of them are doing the sharing economy as full time primary job. So in this case they have the insurance problem. The legal status. How they can cover themselves? How should government push the companies to recover the employers, their insurance?

Interviewee: A hundred percent, I agree with you. This is one of the most important question regarding the sharing economy. Because, so it is a very important question because the social security system is one of the primary function of the government. And there is an ongoing debate between sharing economy companies and governments all around the world, and I think it is very important for sharing economy companies to collaborate with the government’s aspects. Because you know, there are lot of different interest groups that the government should answer to or should care for. So, to do that, government has to understand the how could I say, daily business of sharing economy, the concept, the business model of the sharing economy.
But one thing for sure, if there is a person, who hundred percent depends on the sharing economy company, just like the Uber, this person has to have some kind of insurance.

That is for sure. These people should be covered somehow and it could be like a government part like government schemes, government aid. Government should also may be, government could also pitch into these pensions schemes. But the most important thing is I believe having the conversation with these companies with come up with solutions and this is very important because the definitions of the workers the companies are changing nowadays. It should proactively manage this change, not reactively. Because reactions come at the price. For instance, if you disrupt the system and these people lose their insurances, this could lead to massive problems within the economic system.

So we should proactively have those conversations with sharing economy companies and governments, and we should answer these questions. But everyone has right to have the insurance, the social security system, the pensions schemes for health insurance whatever. This is for sure.

[06:58-07:18]

Interviewer: I see that. Thank you very much. The another question is about adoption of the sharing economy and states and the governments. Because the new trends are coming, and the companies the number of size of companies are increasing, do you think in how long the full adaptation between the government and companies start?

[07:19 – 10:18]

Interviewee: Well, it depends, depends on the quality of the conversation between the companies and the government. So, if the collaborative economy companies are collaborative with the governments, quotation marks, then this process would take short amount of time. Okay, but for instance Airbnb is a case in points, at this point. Because Airbnb did the right thing and sit with the government officers and decide to conduct daily businesses together. On the contrary, of the Uber, Uber is also another case, and I think Uber took a lot of lessons from their previous actions with the government. They did not care about the needs of the government and this caused a lot of problem. Some of countries actually banned because of that. Yes, But Airbnb did the opposite thing.

They set it with government officials from the very beginning. They laid down their cards in the table, on the table. Collaboratively government officials and Airbnb
officers tried to design a system, which could serve both the companies, customers and the government official’s needs.

So you know that complete this process we should talk with companies as governments. Companies should talk with us. So we could jointly build a system together for the sake of the citizens and the companies.

**Interviewer:** So can we also say that it depends on countries as well?

**Interviewee:** Well, definitely it depends. Look. There are two sides in a conversation. So, if they are not both responsive and collaborative, this conversation will not serve it purpose. So the attitude of the government officials is also important.

Because you know there is an ongoing like in our case in Turkey there is a hundred years old democracy and bureaucracy. So there are certain ways of doing government business. So you need to speak same language with the government officers. That is important.

You need to address their concerns. You cannot have just the companies had on your head. You should also wear the government hand and understand their perspectives, their needs their hesitations and you should answer them collaboratively and this is vice versa. It is also valid for the government as well.

[10:10 – 10:30]

**Interviewer:** That is true. Actually the last question is also link with the same previous question. Because as the government styles different each other and perspective and the role and the policies are different each other, so what do you think like the common joint groups can create rules and regulations each other like for example WTO.

[10:31 – 13:07]

**Interviewee:** WTO yes, I know. Well there are a lot of different international organizations which cover the daily business of governments. World Bank, International Monetary Bank also known as IMF and WTO. Well they have some background. But the most important thing is in my opinion, Look. Let’s look at the WTO. The decision making process of the WTO biased. Rules are determined by the developed countries and they tried to enforce these rules to developing countries. They say protectionism is bad but they had these practices forty or fifty years ago.
They were protectionist and they took advantage of that position. Now that they had the leverage. They are saying protection is miss bad, or they are not aware of the developing countries they had to understand their perspectives. They are just dictating the rules to them. In this case, every reaction has a reaction.

So our governments, our people come up with different solutions to tackle these problem. I cannot exclusively talk about them. But there are shortcuts and there are way around to international regulations as well.

But it does not have to be like this. If you take the developing countries perspectives, their officials in the table and respect their opinions and jointly decide on the common procedures, then you do not have these problems these organizations may serve its foundation purpose in this case.

But, if you just you know gather with three or four countries in the developed world like USA and UK and say okay this is the international regulation sharing economy companies, then developing countries governments will have their own responses to these regulations. So, it’s all about collaboration. Well at the end, I would say the collaborative economy is also about the collaboration. All different parties together for a better world.


Interviewer: Okay, thank you very much. Actually my questions are so far done. I would like to kindly ask if you have another comments about the things. But I strongly believe that those comments will help to end my thesis will help to further details for other students as well.


Interviewee: Thank you very much. It was our pleasure. We are currently, as Turkish government, also working on design of this sharing economy regulations. How to tax them, what will the pensions schemes, what will be the insurance cases, or what will be the rise of the service provides. We are currently working on them and I would be happy if you would share the results of your thesis with us. So that we could also incorporate your arguments into our regulations, maybe. After some screening.
Interviewer: I will do that. It would be really amazing corporation with the Turkey as well. So, thank you very much for your help and for your contribution.

It was my pleasure, thanks.

Thank you very much.

Thanks.

6.3. Written Interview Transcription

Date Sent: 13/04/2017
Date Received 25/04/2017
Place: Budapest, Hungary
Interviewee: Arpad Koszegi
Interviewer: Ali Ilhan

**Q: Do you think sharing economy creates value rather than re-distributing value?**

- **A:** I think it rather creates value, given that attracts additional possible users/customers. For example, without SE some who are using audio/video streaming services would rather take illegal means to listen to/view content. Or - instead of doing the housework alone - someone can hire others to help, because it's more affordable. So sharing economy does not only redistribute the slices of the cake, but increases the size of the whole cake.

**Q: Could you briefly share your thoughts on taxation of sharing economy companies? Would you prefer the taxation of the service providers (i.e. drivers, renters) or the company itself? (For the sake of sustainable growth)**

- **A:** There are several different models applied globally, it always depends on the local legislative system, regulations and user behavior. From a "fair competition" point of view both parties shall be taxed. The important thing is to use an approach, where the SE individuals and companies also share financial burdens
with the rest of the society without completely taking away the competitive advantage that SE provides.

- So lawmakers need to find the right balance between making SE chipping in more and still enabling the additional profit that otherwise wouldn’t be possible. It is vital, that rules must be clear and easy to follow, meaning no significant administrative burden.

Q: As you know, the legal position of the service providers is obscure. There is an ongoing debate about the status of workers. Do you think the workers at sharing economy should be considered as employees?

- A: There are no one size fits all. Even if they are considered employees, the related legislation shall be amended to enable certain simplifications for SE employers, given that applying the exact same requirements would jeopardize the whole SE model. But if not employees, some measures need to be built in the system to increase safety and security of the workers. There could be a possibility to apply different rules for companies of different size and revenue. But you are right, this is an ongoing debate, and there is no perfect solution yet.

Q: In your opinion how long would it take for the governments to fully comprehend the industry and design regulations accordingly?

- A: The whole SE only started around a decade ago. In the last 2-3 years it became a hot topic (mostly Uber and Airbnb) all around the world, and finally the EU also communicated official guidelines last year (interpreted by most that it supports SE). First everyone only talked about the success of SE companies, they became the poster child of business innovations, but now the debate and social outrage is getting stronger. In my opinion most governments will react and regulate this industry in a few years the most, but there won’t be a universally applied model, given the differences of the legal and political systems.

Q: Aside from the governments and companies what other institutions could be valuable to create a sustainable sharing economy ecosystem? What are your thoughts about the involvement of international organizations such as World Trade Organization or World Bank?
- A: They can be important facilitators and platforms for debate, but still governments (incl. EU) will take the lead on forming this ecosystem.