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**THE SHARING
ECONOMY**

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DEBATING MATTERS
TOPIC
GUIDES

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MOTION:

**“THERE SHOULD
BE TOUGHER
REGULATION ON THE
SHARING ECONOMY”**

ABOUT DEBATING MATTERS

Debating Matters because ideas matter. This is the premise of the Institute of Ideas Debating Matters Competition for sixth form students which emphasises substance, not just style, and the importance of taking ideas seriously. Debating Matters presents schools with an innovative and engaging approach to debating, where the real-world debates and a challenging format, including panel judges who engage with the students, appeal to students from a wide range of backgrounds, including schools with a long tradition of debating and those with none.

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KEY TERMS

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INTRODUCTION

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In 2016, a London employment tribunal ruled that drivers of transportation company Uber had the right to be considered as employees rather than self-employed contractors [Ref: [BBC News](#)], meaning that they are now entitled to a whole host of benefits including sick leave, the national minimum wage and holiday pay [Ref: [BBC News](#)]. The controversy surrounding the sharing economy has led to Uber being banned, or subject to serious restrictions in many European countries, including Hungary, Belgium, France, Germany, Italy and Spain [Ref: [Financial Times](#)], as the company and its technology, is said by critics to impinge on and undercut existing and established taxi services, without being subject to the same regulations and restrictions. Companies such as Airbnb have begun to face legislation too, with the German city of Berlin restricting rentals in an attempt to stop rents from rising in the city [Ref: [Guardian](#)], and Deliveroo forced to pay the minimum wage in the UK, after protests from drivers and government intervention last summer [Ref: [Independent](#)]. Some suggest that these moves to restrict, ban or legislate against these companies, marks the beginning of a trend of greater regulation of the so called 'sharing economy', which can be described as allowing people to "rent beds, cars, boats and other assets directly from each other, co-ordinated via the internet" [Ref: [Economist](#)]. For some, the sharing economy "extends the free market into areas of our lives where it previously couldn't go" and exist as part of daily lives, for instance Deliveroo, Yodel, as well as Airbnb and Uber [Ref: [Spectator](#)]. But this shift from more traditional market exchanges has led to many questions about how the sharing economy could and should be regulated. The concerns range from the safety of consumers, the rights of the workers themselves and the impact on the wider market. However, those embracing the sharing economy argue that attempts to regulate it could have negative consequences on consumers who benefit from the choice, convenience and affordability the sharing economy offers. In light of the competing arguments, should the sharing economy be left to innovate, free from extra regulation and red tape? Or is it right that companies like Uber and Deliveroo are taken to task over their business models?



A changing economy, for the better?

Through the rapid development and growth of internet technology, it is argued that the sharing economy has been able to thrive in converting “every commodity that has been bought and removed from the market... into a rentable object that never leaves the market at all” [Ref: [Guardian](#)]. It means that it is now possible to, “make money in your spare time or from assets that would otherwise be unused” [Ref: [Telegraph](#)], whilst those who own homes and cars significantly benefit from the sharing economy, consumers also benefit from its affordability and choice [Ref: [Spectator](#)]. Some say that this expands the capitalist arena further than previously imaginable, making a more efficient use of underutilised goods and services. Moreover, greater competition in the market is also good for efficiency, and subsequently the wider economy, by forcing industries “to innovate and adopt new technologies to improve their services and survive” [Ref: [Bruegel](#)]. That said, opponents assert that the sudden growth of the sharing economy has led to undesirable results. For example, Airbnb has been accused of “contributing to London’s housing crisis by removing homes from the market for long-term rental” [Ref: [Huffington Post](#)], and Uber has been blamed for adding to London’s carbon footprint and congested roads, where it is estimated that an additional 10,000 cars are now on London’s streets plying for taxi business [Ref: [New Economics](#)]. There has also been a lot of criticism of the use of the term ‘sharing’, with commentator Steven Poole noting that genuine peer-to-peer sharing is not really happening, and instead, giant corporations are monopolising an industry for their own gain [Ref: [Guardian](#)].

Competitive advantage

Those critical of the sharing economy often point to the fact that “the sharing economy companies create bumps on what is otherwise a level playing field” [Ref: [Bloomberg](#)]. For instance, “taxi regulations and license fees force taxi fares to be higher than Uber’s” [Ref: [Guardian](#)], and Airbnb hosts can “avoid paying the higher taxes imposed on hotels, such as expensive property taxes and value added tax” [Ref: [Vice](#)]. As a result, applying tougher regulation to the sharing economy would allow all companies to compete equally, and be subject to the same rules. Tom Kibasi, director of the Institute for Public Policy Research argues that, “the rules of the market are set by society, not by private corporations, no matter their own assessment of the social value of their mission, and despite many of their founders’ Silicon Valley libertarian instincts” [Ref: [Huffington Post](#)]. But it is suggested that the down side to tougher regulation, is that it can have negative impacts on consumers, as closing tax and employment loopholes could mean the likes of Uber and Airbnb may pass on higher costs meaning that, “consumers will feel the pain. If people are put off becoming drivers with Uber, its infamous surge pricing will become more common. It’s a toxic mix for those who prize Uber’s flexibility, affordability and convenience” [Ref: [Telegraph](#)]. One commentator suggests that “authorities should make sure that the market remains open to competitors of Uber... as market dominance and monopolies are translated to high prices for passengers.” [Ref: [Bruegel](#)] Others however, claim that governments should not impose tougher regulations, but that sharing economy companies should take voluntary steps to abide by government rules: “Airbnb’s intention to require London hosts to abide by the city’s rules is a step in the right direction... voluntary steps are needed from Uber and others. More litigation and public indignation, on the other hand, would be unhelpful” [Ref: [Bloomberg](#)].

THE SHARING ECONOMY DEBATE IN CONTEXT CONTINUED...

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Protecting consumers and workers

Many justify greater regulation on the sharing economy in order to protect consumers and workers. The sharing economy requires a lot of trust between seller and purchaser when making transactions that are not externally regulated. As a result, there have been numerous accusations and incidents of unsafe Uber drivers [Ref: [CNET](#)] and Airbnb horror stories [Ref: [Huffington Post](#)]. This has led to calls for greater regulation to improve standards, with suggestions that Uber drivers should pass “criminal history and driving history check(s), a need to have zero blood-alcohol concentration, and for their cars to undergo an initial roadworthy inspection and appropriate follow-up inspections” to protect customers and drivers [Ref: [Guardian](#)]. Other critics of the sharing economy point to the ‘exploitation’ of workers [Ref: [TUC](#)], and maintain that to prevent this exploitation, we need regulation to ensure “sharing economy workers get a fair deal while also protecting wages and conditions across the sectors these services operate in.” [Ref: [SHM](#)] Moreover, according to some opponents, self-employment status in the sharing economy “has allowed unscrupulous employers to avoid employment rights, sick pay and minimum wage for their staff” [Ref: [Daily Mail](#)]. However, polls indicate that despite the downsides, Uber drivers are happy with their employment status as: “76 per cent of (drivers) prefer the current arrangements... self-employed people, even on low incomes, have higher job satisfaction than full-time employees...preferring the flexibility that comes with working for themselves” [Ref: [Telegraph](#)]. And others go as far to say that “self-employment has become a bogeyman for the Left... [they] think that without a paternalistic employer, we are bereft children” [Ref: [Telegraph](#)], and argue that the sharing economy is beneficial to us all, with “workers and customers (having) more power and choice than previous generations could imagine” [Ref: [The Times](#)]. So, should we expect the sharing economy to fall into line with traditional

ways of providing services, thus improving working conditions and safety? Or would regulation of the sharing economy dilute the innovation that it has brought to both workers and consumers, because: “The game is changing, and the rules we write should welcome this, not obstruct it” [Ref: [Telegraph](#)]?



ESSENTIAL READING

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FOR

[Be partners in regulation, or be prepared to be forced out](#)

Tom Kibasi *Huffington Post* 5 December 2016

[Theresa May can't afford to miss the opportunity to tackle the 'gig' economy](#)

Andrew Grice *Independent* 30 November 2016

[Uber and the economic impact of sharing economy platforms](#)

Georgios Petropoulos *Bruegel* 22 February 2016

[Sharing economy services like Uber, Airbnb need federal regulations](#)

Andrew Leigh *Sydney Morning Herald* 9 February 2016

AGAINST

[In London, Airbnb surprises by being humble](#)

Leonid Bershidsky *Bloomberg* 2 December 2016

[The Uber verdict must not crash our 'gig' economy](#)

The Times 30 October 2016

[The Uber ruling is bad for drivers and customers - self-employment is the way forward](#)

Tom Welsh *Telegraph* 29 October 2016

[Uber is good for everyone. Unions must leave it alone](#)

Mark Littlewood *The Times* 21 July 2016

IN DEPTH

[Unlocking the sharing economy. An independent review](#)

Debbie Wosskow *Gov.UK* November 2014



BACKGROUNDERS

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[A shorter stay](#)

David Gilbert *Vice* 4 January 2017

[The current and future state of the sharing economy](#)

Niam Yaraghi and Shamika Ravi *Brookings Institute* 29 December 2016

[Are Uber, Airbnb and other sharing economy businesses good for America?](#)

Jacob Morgan *Forbes* 17 December 2016

[Regulating the sharing economy](#)

Erica de la Harpe *World Finance* 7 December 2016

[Airbnb and Uber's sharing economy is one route to dotcommunism](#)

Paul Mason *Guardian* 21 June 2016

[The rules of the game have changed: we should embrace the sharing economy](#)

James Titcomb *Telegraph* 5 June 2016

[The dark side of Uber: why the sharing economy needs tougher rules](#)

Greg Jericho *Guardian* 18 April 2016

[The unforeseen dangers of Uber and Airbnb](#)

Robert E. Levine *Spectator* 5 March 2016

[The sharing economy: the good, the bad and the real](#)

Duncan McCann *New Economics* 10 December 2015

[How risky is your Uber ride? Maybe more than you think](#)

Dara Terr *CNET* 8 October 2014

[Don't believe the hype, the 'sharing economy' masks a failing economy](#)

Evgeny Morozov *Guardian* 28 September 2014

[The rise of the sharing economy](#)

Economist 9 March 2013

AUDIO/VISUAL

[The Morality of business](#)

Moral Maze *BBC Radio 4* 11 June 2016

IN THE NEWS

[Airbnb faces \\$400m lost bookings in London crackdown](#)

Financial Times 2 January 2017

[Airbnb UK tax history questioned as income passes through Ireland](#)

Guardian 19 December 2016

[Airbnb introduces 90-day annual limit for London hosts](#)

Guardian 1 December 2016

[Cabbies who took on Uber... and won! Now other firms may have to give 'casual' workers full perks](#)

Daily Mail 28 October 2016

[Uber drivers win key employment case](#)

BBC News 28 October 2016

[Deliveroo agrees to pay workers £7 an hour after wage protests](#)

Independent 14 August 2016

[Uber suspends services in Hungary after clampdown hits drivers](#)

Financial Times 13 July 2016

[Stop bashing sharing economy – tough talk from European Commission](#)

Telegraph 2 June 2016

[Sharing economy must not allow exploitation of workers by distant tax-dodging tech firms, says TUC](#)

TUC 2 June 2016

[Brussels urges more caring for sharing economy](#)

Financial Times 30 May 2016

[Berlin's government legislates against Airbnb](#)

Guardian 1 May 2016

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ORGANISATIONS

[Airbnb](#)

[Deliveroo](#)

[Uber](#)



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FOR STUDENTS

READ EVERYTHING

In the Topic Guide and in the news - not just your side of the argument either.

STATISTICS ARE GOOD BUT.....

Your opponents will have their own too. They'll support your points but they aren't a substitute for them.

BE BOLD

Get straight to the point but don't rush into things: make sure you aren't falling back on earlier assertions because interpreting a debate too narrowly might show a lack of understanding or confidence.

DON'T BACK DOWN

Try to take your case to its logical conclusion before trying to seem 'balanced' - your ability to challenge fundamental principles will be rewarded - even if you personally disagree with your arguments.

DON'T PANIC

Never assume you've lost because every question is an opportunity to explain what you know. Don't try to answer every question but don't avoid the tough ones either.

FOR TEACHERS

Hoping to start a debating club? Looking for ways to give your debaters more experience? Debating Matters have a wide range of resources to help develop a culture of debate in your school and many more Topic Guides like this one to bring out the best in your students. For these and details of how to enter a team for the Debating Matters Competition visit our website, www.debatingmatters.com

FOR JUDGES

Judges are asked to consider whether students have been brave enough to address the difficult questions asked of them. Clever semantics might demonstrate an acrobatic mind but are also likely to hinder a serious discussion by changing the terms and parameters of the debate itself.

Whilst a team might demonstrate considerable knowledge and familiarity with the topic, evading difficult issues and failing to address the main substance of the debate misses the point of the competition. Judges are therefore encouraged to consider how far students have gone in defending their side of the motion, to what extent students have taken up the more challenging parts of the debate and how far the teams were able to respond to and challenge their opponents.

As one judge remarked *'These are not debates won simply by the rather technical rules of schools competitive debating. The challenge is to dig in to the real issues.'* This assessment seems to grasp the point and is worth bearing in mind when sitting on a judging panel.



**“A COMPLEX
WORLD REQUIRES
THE CAPACITY
TO MARSHALL
CHALLENGING IDEAS
AND ARGUMENTS”**

**LORD BOATENG, FORMER BRITISH HIGH
COMMISSIONER TO SOUTH AFRICA**