

The Pros and Cons of the Sharing Economy

Comments on “Sharing the Competition” by Joshua Gans (Draft 3 Oct 2016)

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Theoretical model is straightforward

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- simple assumptions
- plausible results:
 - “sharing” of previously not fully utilized assets will increase asset usage and surplus
 - “sharing” may lead to more or less assets owned
 - level of transaction cost drives level of surplus
 - asset ownership by non-consumers acts as a constraint on platforms with market power
- not fully clear how model is used to derive / support policy recommendations (“four canaries”) presented in the second part of the article

"As regulations change, competition authorities should question rules that favour current incumbents."

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- Yes !
- competition authorities should do the same if government has not yet initiated any regulatory change: regulation already in place may impede "sharing" (and thus platform entry)
- no pro-"sharing" bias either

"Competition authorities should oppose new regulations that limit interoperability."

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- („interoperability“ defined as switching/multi-homing by asset owners)
- Yes !
- limiting „interoperability“ has clear anti-competitive effects
- not sure about example provided
- beyond advocacy there may be scope for antitrust enforcement e.g. if platform operator uses exclusivity clauses and/or platform parity clauses

"Competition authorities should scrutinise regulations based on short-term pricing issues."

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- Agreement in principle, but probably limited practical relevance of this recommendation
- e.g. regulations setting fixed taxi tariffs of greater competition concern than potential new regulations addressing "surge pricing"

"Competition authorities should challenge rules that enshrine a particular business model."

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- Yes !
- often challenging to communicate this idea to policy makers when there is currently no diversity of business models
- even for competition authority difficult to identify/evaluate alternative business models

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Thank you for your attention!



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