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## In UK, Established Businesses Target 'Sharing Economy'

By Matthew Feeney

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The British government recently launched an independent review of the sharing economy in order to assess its “social and economic potential.” Although this approach to the sharing economy is in stark contrast to what is often seen on the other side of the Atlantic, sharing economy fans should be wary of what the review may recommend.

The website for the review (published on Monday) does not currently contain many details, however it does mention that three sectors where the sharing economy is firmly established in the U.K. will be examined. These three sectors are 1) “personal and commercial space,” 2) “transport,” and 3) “time and skills.”

The “personal and commercial space” sector includes companies such as Airbnb and One Fine Stay, online marketplaces where homeowners can advertise their properties for short-term rents. Thanks to laws enacted during the 1970s, homeowners in London who want to rent their homes for less than three months must have permission from local LOCM +0.13% authorities to do so. However, in June Secretary of State for Communities and Local Government Eric Pickles said, “It’s time to change the outdated, impractical and restrictive laws from the 1970s, open up London’s homes to visitors and allow Londoners to make some extra cash.” Changes in the laws are included in the Deregulation Bill, which is currently at the committee stage in the House of Lords.

The “transport” sector of the sharing economy in the U.K. includes Uber, which is competing with London’s iconic black cabs. London cabbies held a protest earlier this year against how Uber was being treated by London’s transportation regulator; a move that Uber claimed resulted in an explosion in British signups. London mayor and self described fan of rules-based anarchy Boris Johnson said shortly after the London cabbie protests that banning Uber in the U.K.’s capital would be difficult. Lyft, one of Uber’s main U.S. competitors, has yet to launch in the U.K., but a British entrepreneur could develop an app to compete with Uber’s technology.

GetTaxi, an app that allows users to hail a licensed black cab, is already providing Uber with some competition

The last firmly established sector of the sharing economy that will be subject to the British government's review is "time and skills." One of the most prominent sharing economy companies in this sector is TaskRabbit, a U.S.-based company that launched in London last November. The company allows for users to outsource a range of tasks such as furniture assembly, keg delivery, house cleaning, and lawn mowing. TaskRabbit competes in the U.K. with Sooqini and TaskPandas, two other errand marketplaces.

London, and the U.K. more broadly, could be an ideal incubator for the sharing economy. The U.K. is a wealthy country and home to one of the world's largest financial centers as well as a large population of Internet-connected adults. Given the right legal and regulatory environment, there is no reason why the U.K. could not compete with California as the world's center of technological entrepreneurship.

Yet the review could make policy recommendations that would hamper the growth of the sharing economy in the U.K. According to the review's website, the methodology of the review includes seeking evidence from "established businesses that are facing increased competition from the sharing economy." The review will also ask established businesses for their opinions on policies and regulations.

If the review considers the opinions of established businesses that are threatened by the rise of the sharing economy, there is a risk that the review will recommend uncompetitive and burdensome policies that may let sharing economy companies operate, albeit in awkward regulatory environments.

In the case of the transport sector, the review may recommend that special regulatory carve outs for companies such as Uber be created. Such regulatory schemes can be seen in California, where regulators have labeled ridesharing companies as Transportation Network Companies. While such a designation does allow ridesharing companies to operate legally, it adds to the number of regulations already affecting the transportation industry and could become problematic if a company like Uber expands from being solely a transportation technology company to a company that is also involved in logistics.

Likewise, errand marketplaces like TaskRabbit could develop into marketplaces where users not only seek handymen but also teachers for their children or doctors to make house calls, a service already offered by the American app Pager. Such developments would be difficult if a special regulatory designation is created for errand markets in their current form.

Supporters of the sharing economy may be reassured that the review is being lead by Debbie Woskow, who runs the sharing economy network Collaborative Consumption Europe and is CEO of Love Home Swap, a vacation home-swapping company. However, established

businesses will be sure to make their grievances heard, and given that Woskow is tasked with exploring the “risks” the sharing economy may pose to the U.K. it should not come as a surprise if the British government’s independent review recommends policies which allow for the sharing economy to function in a potentially problematic regulatory framework.

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