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# THE CHALLENGE FOR ECONOMICS FROM THE NEW “DIGITAL” ECONOMY: SHARING AND COLLABORATIVE ECONOMY THROUGH THE “PLATFORMS NEOCAPITALISM” OF THE 21<sup>ST</sup> CENTURY\*

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## **Abstract**

*The so-called collaborative or sharing economy constitutes a multifaceted concept of increasing relevance and evolving in definition that will constitute the focus of our study. This article is presented methodologically as a macro-synthesis of the main trends of the economy, from its local and global spheres, in the convergence that can be glimpsed from the new phenomenon that we are dealing with of neo-capitalism based essentially on digital platforms and media. Some have already advanced it as turbo-capitalism or capitalism 3.0, in increasing expansion from the analysis of massive data from digital platforms. The resulting greater efficiency of decentralization and heterogeneity can be exploited by communities. We claim the need to support the constitution of public support that can constitute the response of the government to the multiple new challenges posed by what we are calling as “platform neocapitalism”, which dilutes countries in a planetary and accelerated scale, unimaginable at the beginning of the present 21st century.*

**Keywords:** *sharing economy, digital platforms, collaborative economy*

## **1. INTRODUCTION**

Driven by digitalization, the sharing economy involves the *peer-to-peer* (p2p) exchange of tangible and intangible slack (or potential slack) resources, including information, in both global and local contexts. It could not be a problem when you connect to your library and receive information services online, but this revolution means that there are not physical intermediaries. Rethinking value exchange could be applied to library thinking or book loan. However, sometimes the elimination of third-party intermediaries means that risks are often borne by the providers and consumers of resources rather than by a central actor.

While the most visible platforms in the sharing economy began in the United States, sharing has become a global phenomenon. The expansion of platforms to other countries is a crucial factor but the idea of sharing has caught on around the whole world. Platforms are proliferating throughout Europe, where cities are becoming centres of “sharing” practices and Paris has become the annual home of the

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“OuiShare” fest (*Yes We Share*). On February 2, 2014 Amsterdam launched its ‘Amsterdam Sharing City’ campaign and officially became Europe’s first named sharing city, embracing a diversity of sharing activities sought to facilitate both digital and non-digital forms of sharing economy; as a means of achieving the dual goals of economic innovation and sustainability.

The “sharing economy” is a term frequently incorrectly applied to ideas where there is a true efficient model of matching supply with demand, but perhaps zero sharing and collaboration involved. Platforms enterprises that require the tap of an app to instantly access a clean shirt, massage, etc. are fundamentally different from other platforms genuinely built on the sharing of underused assets. Mobile-driven versions of point-to-point delivery aren’t the sharing economy, and these on-demand apps are no so different; they are thrown under the same umbrella as part of the sea change in consumer behaviour that uses the smartphone as a remote control to efficiently access things.

In multiple sectors, the p2p trend has been boosted thanks to the appearance of companies that build specialized websites to put individuals who offer their services in contact with potential buyers. Obviously, it is a phenomenon that is most successful where there may be greater initiative and possibilities on the part of private agents in the digital world. In particular, the cases of transport and tourism are notable; and particularly relevant have been the cases of Uber (for travel, putting drivers in contact with travellers) and AirB & B (offering lists of accommodation in private homes to potential guests) as well-known spearheads that initially led these two sectors, giving publicity and general wings to these new p2p initiatives.

By way of illustration, milestones would be reached in practically all areas and sectors according to the literature review (Figure 1).



Source: Bloomberg Brief. (2015). The sharing economy

Figure 1

Shouldn't public libraries and parks count? Historically, libraries were considered institutions reserved for the elite and educated, but in today's increasingly tech-driven society, libraries have evolved into anchors and nerve centres for cities in order to serve citizens from all socioeconomic backgrounds. The mission as librarians is to understand the future of humanity as a whole or system, and the myriad of technologies causing it to change, and social inequalities that continue to fragment and marginalize communities. Into the mix of solutions for libraries is to strengthen their 'sharing economy' role.

For the new scenario it is crucial that products, solutions and services should be as digital as the people using them, all around the world, this new tasks should be recognized and rewarded inside the own library system, adapted to the new times. The '*new sharing economy*' refers to the sharing of goods and services via online platforms in a digital coordinated way. In the field of economy, some people call this new phenomena of 'sharing economy' with different names (digital economy, gig economy, platform economy, access economy, or collaborative consumption). The fundamental emergence of peer-to-peer digital platforms, is what is today known as that, allowing individuals to make use of *under-utilized inventory* via fee-based sharing, a way of obtaining, giving, or sharing access to goods and services).

## 2. SHARING AS MAIN TREND OF THE ECONOMY

As Greaves et al. (2012:11) argue, properly implemented technology saves money; the richer the technology implementation, the more positive the direct cost reductions and indirect revenue enhancements. The education sector has often failed to experience transformation through the use of technology; in fact, an understanding of the financial benefits of technology is surprisingly absent in schools. This failure is due, in large part, to the challenge, being real or perceived, of allocating the necessary initial capital budget to start such initiatives. The investment was done in libraries and universities in recent years in order to digitize collections and references, to provide digital support for the loan service and to give access easily to information and materials at disposal. Today in a context of crisis, it seems more difficult to face the present challenge; to be innovative and creative is not an option anymore and seems an urgent issue.

Moreover, the digital revolution is much more than converting data to a digital form; in fact, digitize is a subset of the concept represented by the word digitalize, which represent today's real challenge. An understanding of the financial benefits of technology is surprisingly absent in schools and libraries. With software and computation is possible exchange among strangers –as opposed to the proposed local community-based exchange– which is one of the salient characteristics of contemporary online 'sharing economy' platforms. Building trust continuously to get both sides of a market on board has been a key challenge and driver of success and it is hold that review ratings reduce information asymmetry and are a reliable form of self-regulation that ensures consumer protection and security without any form of regulatory intervention.

Users and consumers supposedly benefit from cheaper and more convenient choices and possibilities as a result of more 'pseudo-competition' even if face risks due to the lack of consumer protection and liability rules. Anyway, several labels are used interchangeably and sometimes inconsistently as synonyms: 'sharing economy', 'collaborative consumption', 'access-based consumption', 'collaborative economy', or 'circular economy'. Clarification on them is not relevant for the purpose of our task, so we are going to skip the development of this debate. Today, high-value assets such as real estate or vehicles are investments that many find either unattainable or, for a variety of reasons, unattractive. From now on the new economic philosophy is going to be all about 'accesses' over acquisitions.

### 3. THE POLITICAL ECONOMY OF THE SHARING AND COLLABORATIVE ECONOMY

One of the most successful examples that can illustrate the evolution of thinking this way would be 'car sharing'. An old idea that got potential with the digital platforms; in fact, it was launched for the first time in 1948 in Zurich but much later, in the 1980s, was very popular in Northern Europe operated by many small and community-based not-for-profit cooperatives (Shaheen et al., 1999). Timeshare condominiums lowered the transaction costs of taking vacations as replaced buying your own property, for example. Yes, this is not a new idea, but the transaction required to make them work are still large and risky in economic terms (i.e. sales staff, legal contracting, and marketing). By contrast, the new cost reduction in transaction lets everyone get into the timeshare business without the older transaction costs considered necessary till now. With the support of the necessary new liberal regulation they would be able to flourish while old industries and suppliers are complaining for the negative effects and unpredictable changes in the market conditions.

Sharing Economy, which coordinates sharing of goods and services via online platforms, is a new phenomenon and people wonder if it is a temporary trend or is here to stay forever; regulating the new economy is a difficult challenge. Boosters claim for room and light regulation for these new technologies which will yield utopian outcomes (empowerment of ordinary people, efficiency, and even lower carbon footprints); while critics denounce them for being about economic self-interest rather than sharing, and for being predatory and exploitative. Many 'critics' or 'detractors' questioned whether the popular claim that the sharing economy is fairer, more transparent, participatory, and socially-connected is anything more than rhetoric for the large; and economics as science would have to face this argument before or later too. Even further, economic development would mean something different and better than it did in the twentieth century: it would mean improving quality, for rich and poor, rather than just ever-greater quantity, inequitably distributed.

In fact, in the last few years, it has become the domain of conflicting discourses, legal disputes, and at times violent strikes (i.e., traditional taxi drivers in big cities as Paris-France). Currently, commercial 'sharing' platforms operate in an institutional vacuum and stand to some extent 'above the law', which makes it easy for 'detractors' to argue that they are simply thriving on 'regulatory arbitrage', rather than producing innovation. They add service delivery capacity, which should decrease prices and increase supply and consumer choice, thereby enhancing consumer welfare. Then, on the supply side, they put pressure on prices and sales of traditional businesses, reducing their revenues and potentially the number of jobs they offer. The 'sharing economy' is a paradigmatic case of a policy-relevant issue where facts are uncertain, values disputed, and the stakes grow increasingly high.

Cheaper prices or lower costs; and technology, have fuelled an unprecedented consumer-driven movement especially in certain particular sectors, such as the travel sector, or the travel industry. The traditional accommodations sector suffers a competitive disadvantage, wondering how to adapt to this new scenario. Governments are facing the dilemma of supporting greater participation in the tourism industry while ensuring their reputation is not compromised by inadequate standards. In the absence of clear and sufficient standards and regulations for this emerging sector, the reputation of destinations would be compromised. The sharing economy has created new micro-entrepreneurial opportunities for engaging more individuals in the tourism industry and broadening the geographic reach of options for the traveller. Having more stakeholders in the tourism industry would stand to benefit everyone.

Economists insist that the economy must grow. Why? Well, so unemployment and poverty can be eliminated according to what they have been taught. In Australia, the material wealth has nearly tripled, but unemployment is still there. In fact unemployment is several times higher than half a century ago. The sharing economy creates new gainful employment for additional market entrants and employment opportunities for independent contractors; however, it has been shown that there are also costs in terms of job security and quality (Codagnone et al., 2016). The self-defined 'sharing' platforms increasingly cover important sectors of the economy such as transportation, accommodation and rental, retail, office space and logistics, finance and consumer

credit, and the labour market. They operate on factor markets (capital, labour) and on product markets (goods and services), and therefore affect the entire economy.

## 4. CONCLUSIONS

Together with the Internet and mobile telephones, the evolution of the Sharing Economy has led to increase digitalization; a more efficient sharing of goods, services and information; and faster effective internationalization among new firms due to reduced transaction costs. Indeed, people argue that the Sharing Economy is a “social revolution” because it is leading to the transfer of power from a few large firms to a multitude of loosely connected actors. By reducing entry barriers for app creators and digital platform providers, technology plays a major role in driving down transaction costs. We need active economic policies and conscious planning regulation regarding the new challenges –both from the private sector as well as from the public sector– to grow in values in this transit towards a new “Platform Neo-capitalism”.

The current problem was contextually defined by Peter Barnes (2006), in his work “Capitalism 3.0”, as a system lacking institutions that preserve shared inheritance, that penalizes or charges corporations and multinationals for degrading nature, or that empowers or enhances the power to “demand” from people whose basic needs are now being ignored. Thus, the system creates progressively more evils, waste, and ever-widening disparities between rich and poor. It is a scathing critique of the foundations of the same system in both practical and theoretical terms.

The collaborative or sharing economy is becoming difficult to ignore as a global movement that dominates news with tales of start-up glory and threats of government responses to industry disruption. It is not just another model or alternative economy, as many point out; rather than that, it seems that it will constitute the general model or the new economic paradigm. We claim the need to support the constitution of public support that can constitute the response of the government to the multiple new challenges posed by what we are calling as “Platform Neo-capitalism”, which dilutes countries in a planetary and accelerated scale, unimaginable at the beginning of the present 21st century.

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