

# Threats to Social Justice Brought by the C2C Sharing Economy Giants without Clear Constraints May Outweigh the Preliminary Well-Being

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**Abstract:** Sharing economy is a new economic model for the development of Internet technology in recent years. It means to maximize its application value by sharing the means of production, and thus generate additional profits. At present, the sharing economy has involved all aspects of people's life, such as: living, travel, catering and other industries. Although the sharing economy can improve the convenience of life and increase the income level to a certain extent, but also with the emergence of a lot of inequality, such as widening the gap between the rich and the poor, resulting in unequal tax issues, as well as competition with traditional industries, thus forcing some people to lose their jobs. In this regard, this paper suggests that we should formulate reasonable laws according to the actual situation of various regions laws and policies will promote the progress of sharing economy.

## 1. Introduction

There is no consensus on the definition of sharing economy in academic literature temporarily, it is normally understood as a socio-economy model that makes the idle commodities be commonly used through reducing the cost of consumers access to them, so as to reduce waste and pollution<sup>[1]</sup> (Botsman & Rogers, 2011). Due to the shift in needs of customers, the sales force in the traditional field has been replaced by micro entrepreneurs called service providers<sup>[2]</sup> (Kumar et al., 2018) who does not bear the ownership responsibility but can provide the public with great convenience and then obtain huge income<sup>[3]</sup> (Eckhardt & Bardhi, 2015). With gradual expansion of the scale of sharing economy, the boundary of what can be shared on the sharing economy platforms seems to be gradually blurred. From bike sharing to car sharing, from hotel sharing to charging points sharing, things to be shared are bringing sharing crazes, and at the same time, they may also greatly change the order of social and economic operation. This essay, aims to elaborate that the imperceptible threats to social equity brought by the boundaryless internationally prevalent sharing economy platforms nowadays may outweigh the original benefits they bring, in the capital flow that leads to the polarization between the rich and the poor, the unfair taxation tendency, and the negative impacts on the traditional industries in the long run, these three steps. Then, simple suggestions of future relevant policies are given such that the completeness of the discussion is maintained.

## 2. Boundaryless Sharing Economy May Enlarge the Gap between the Rich and the Poor

To begin with, boundaryless sharing economy platforms are likely to make more capital flow to the groups which have already owned huge amount of assets in the name of benefiting the society, which may enlarge the gap between the rich and the poor. Sundararajan (2016)<sup>[4]</sup> thought that today's popular business-to-business mode sharing economy platforms such as Airbnb, TaskRabbit and Uber reduce the transaction cost through their advanced logistics software and crowdsourcing information of users. Indeed, the emergence of these prevalent sharing economy platforms allows people to achieve common transactions like renting houses and cars, selling commodities and labor services more easily at a marginal cost close to zero<sup>[5]</sup> (Rifkin, 2014). Apart from the cheaper goods and services benefiting the public, Rifkin<sup>[5]</sup> (2014) also regards that the circulation and

common use of commodities reduces the demand and manufacture of them in the industry. It means that because of the low cost of use, people may mostly prefer to order a sharing private car home on Uber rather than take a taxi which is harmful for the environment. When traveling, people are likely to choose to log in to their Airbnb accounts to book a home stay shared with others instead of staying in an expensive hotel with low cost performance, all of these also present great environmental protection value of sharing economy platforms. With those advantages benefiting the society, sharing economy platforms have formed their own specific brands, which is appreciated by investors and the public that they are estimated to be worth around \$15 billion nowadays and are expected to jump to \$335 billion by 2030 <sup>[6]</sup> (PwC, 2015).

However, more and more customers and platforms' joining in sharing economy in search of their own benefits is likely to make the capital flow of the whole society unfair unconsciously. TaskRabbit, a sharing economy platform making people who need extra income from temporary jobs such as translating documents and decorating rooms satisfied. According to the study done by Schor <sup>[7]</sup> in 2015, most of the service providers who can make money on this platform are those who receive higher education and master high-end skills. They are lawyers, politicians, senior accountants, and university professors in various fields. What's more, the main reason why most of them join this platform is to earn extra salary in a totally new way for ordinary life rather than replace their previous jobs. This is the reflection of the unfairness in the capital flow of the sharing economy platforms that, it increases the income of high-income people, and the basis of this extra income is their original high income. This phenomenon can be seen in a lot of sharing economy platforms, such as Airbnb, a temporary housing rental platform which is already using this unequal economic model to make use of the real estates that people already have (Schor <sup>[7]</sup>, 2015). If the services and products provided by the sharing economy are further unrestricted, more and more industries probably transform to the sharing economy to obtain their own profits. In this process, sharing economy platforms may make most of the capital monopolized in the hands of the original high-income people, however, it is in the name of benefiting residents and environmental protection. It can be predicted that the gap between the rich and the poor is possibly expanded, causing a series of social problems to some degree.

### **3. Sharing Economy Bring about an Unfair Taxation Tendency Gradually**

Next, sharing economy platforms may create a group of people without job security and then bring about an unfair taxation tendency gradually. Admittedly, as springboards, sharing economy platforms enable the unemployed and inexperienced graduates to participate in labor market, and they are also the new direction and catalyst of entrepreneurship (Schibsted <sup>[8]</sup>, 2016). The characteristics of the customers of the sharing economy platforms are roughly divided into four categories by Schibsted: lack of necessary skills, lack of time, needing more spare time and needing to accomplish a specific task which requires too much physical strength. As a result, the demand for cheap labor increases on the sharing economy platforms and at the same time, the work of many low-end skill holders is also likely to become simpler and more efficient due to the big data technology. For instance, the appearance of Uber, a private car and taxi service platform started in Silicon Valley in the United States, attracts a large number of unemployed people with driving licenses, and they scramble to sell their labor force, provide consumers with convenience and help with saving their valuable time <sup>[9]</sup> (Pelzer et al., 2019). In this sense, these prevalent sharing economy platforms seem to bring more job opportunities to the society and solve some unemployment issues to some extent.

Nevertheless, in the process mentioned above, the present prevalent sharing economy platforms create a new highly flexible working class without job security <sup>[10]</sup> (Standing, 2011), which is also not fair from the tax perspective then. According to Srnicek <sup>[11]</sup> (2017), unlike other famous internet giants like Tencent, Google or Facebook, most of the sharing economy platforms are regarding themselves as a media to earn fees between consumers and service providers. Some of them also integrate relevant platforms' services and sell to users for commercial benefits. Therefore, Srnicek regards that workers working on the platforms are not considered as a part of the platforms'

workforce, but independent contractors. It means that they do not receive job security such as free physical examination, retirement pension, medical insurance and so on which are normally offered to traditional full-time workers. Under this background that the sharing economy gradually expands without clear boundary, it may evolve into an economy which sharing the scraps, which means that people do the unpredictable jobs and patch together almost not enough to make a living gradually <sup>[12]</sup> (Reich, 2015). However, it is still the evitable responsibility of the government departments to cope with these harmful effects accompanied. Predictably, most of the negative externalities are borne by the taxpayers as a whole, which may form a tendency of unfair taxation and then lead to some social disorders. Relevant policy makers have to concern about them seriously before preparing to further develop the sharing economy platforms and increase their market shares.

#### **4. Sharing Economy Platforms Are Likely to Cause an Unfair Competition with Traditional Industries**

Finally, sharing economy platforms are likely to cause an unfair competition with traditional industries, which may have a negative impact, and in the long run, this unfair competition is likely to make the original advantages of sharing economy platforms, such as low price, convenience and environmental protection disappear gradually. According to a research article done by Dogru <sup>[13]</sup> et al. in 2020, thanks to the rapid development of science and technology, the production efficiency of various traditional industries has been significantly improved, and some of them are even facing overcapacity currently. They also think although traditional enterprises have mature production system and economic strength, they are probably suffering greatly from the sharp decrease in demand for commodities or services due to the rapid expansion of sharing economy platforms, which has far exceeded expectations. For instance, there is a certain possibility of economic depression of China's bicycle industry, many bike shops are hard to make a living due to the emergence of Chinese bike sharing platforms like Mobike <sup>[14]</sup> (China Sohu Finance, 2018). Predictably, this unfair competition between the new and traditional economies is likely to give rise to the decline of national investment in a specific scientific research for the production of a certain commodity or service due to the decline in demand for it, which perhaps slows down or even stops the development of productivity. The diversification of the types of services and goods shared on the sharing economy platforms possibly make this unfair competition and the negative effects more serious. What's worse, according to a research done by Frenken & Schor <sup>[15]</sup> in 2017, with the sharing economy gradually weakening the traditional one and occupies the leading position, the mode of sharing economy will gradually have the same characteristics of original traditional economy, such as huge consumption of resources and environmental pollution. This argument shows that all the people's livelihood conveniences and environmental protection benefits seen at present stage are only the first-round effects of the sharing economic platforms, they have a risk of disappearance over time.

But the traditional economy is not likely to be defeated because of this, what the sharing economy platforms bring is not a devastating beat, but perhaps an opportunity for the traditional economic model to be redefined and reconstructed with the internet thinking in this new era. Undoubtedly, the development of the internet is the core of current sharing economy platforms, and also the inevitable outcome of the progress of the times <sup>[16]</sup> (Yang, 2018). According to Yang, although a large number of industries and enterprises are developing towards the goal of internet plus, there are few that can transform successfully and smoothly, which is mainly due to the influence of traditional enterprises' own features of large-scale and their conservative thinking. Therefore, they probably cannot adopt appropriate solutions when faced with problems arising from transformation, which not only affects transformation and upgrading, but also suffers from existing damages of businesses. This essay regards that, to maintain healthy and stable development environment of traditional industries, they should adopt a positive attitude to accept the internet and actively cooperate with the new sharing economy platforms. For example, according to an article done by Sohu Finance in 2018, Chinese shared bicycle platform ofo cooperated with bicycle

manufacturer Flying Pigeons with a daily output of 400,000 bikes, if there was no bike sharing platform, Flying Pigeons probably will never have a market with such a large turnover. What is even better, the article said that as long as bicycle manufacturers produce bikes according to the order and install GPS on each of them to connect to the internet, the market issues and rest of the things do not need to worry about.

## 5. Policy Guidance of Sharing Economy

Along with the rapid diversification of the types of the commodities and services shared on the sharing economy platforms, they grow rapidly, and the government departments would need to deal with the three downsides discussed above. However, according to Ganapati & Reddick<sup>[17]</sup> (2018), policies for regulating platforms of sharing economy in major cities all over the world are disorder or have not yet formed, which is more worrying. Ganapati and Reddick regard that the difficulty of regulation lies in how to minimize the disadvantages and inequities brought by the sharing economy platforms while taking advantages of the benefits brought by innovation. This essay regards that, on the one hand, the future relevant policies should still support the innovation and further development of sharing economy platforms, because they are at the forefront of science and technology, which may make cities more attractive and even facilitate the overall economic development to some extent. On the other hand, the strategies to deal with the drawbacks should be optimized as well, from the perspective of digital government, government departments may try requiring the sharing economy platforms to improve the transparency of commercial data, especially those who involve the public rigid-demand resources. Through the realization of capital flow supervision, a clear, visual and controllable sharing economic boundary can be established gradually. Government departments can use this effective digital supervision as a tool to achieve social equity and capital redistribution. In this way, poor residents may also enjoy better services and get proper life security by the methods such as increasing proper taxation of some sharing economy platforms, and then the negative impacts of social inequity can possibly be alleviated.

## 6. Conclusion

In conclusion, intuitively, sharing economy platforms are based on internet technology, however, they are not simply some technological products invented to obtain profits. In this context, effective and efficient governance means that every government department and major public should recognize the potential threats behind beneficial factors brought by the sharing economy platforms. It also means that they should not only pay attention to the short-term economic and environmental benefits, but also be alert to the unequal impacts they bring to all the roles involved in this big economic system such as the rich and the poor, taxpayers, and traditional industries discussed in this essay. Only by constantly establishing new policies to adapt and try, mastering the reactions of sharing economy platforms under the execution, combining with the local economic characteristics, and then formulating the most appropriate economic model for the development of the specific region, can people control the vicious expansion of sharing economy platforms and social inequality they bring effectively. And finally, sharing economy platforms can play their positive role to the greatest extent and really benefit the society.

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