Sharing Some Thoughts on the "Sharing" Economy
Prepared Remarks of Commissioner Maureen K. Ohlhausen[1]
"Sharing" Economy Workshop
June 9, 2015

I am delighted to be here today to help open the FTC's workshop on the sharing economy. I first want to thank all the participan

There is nothing wrong with that press dynamic, but it may give outsiders a somewhat inaccurate understanding of our mission. Yes, we do vigorously enforce the laws that protect

Change is always hard – even the most beneficial changes can cause short-term dislocations and damage to those deeply invested in the older order. Yet the potential social value of disruptive innovation is no less true today than it was in Schumpeter's time.

For example, there are already some suggestions that the rise of the sharing economy may have disproportionately positive effects on less affluent consumers over the long term. The ability to effectively rent rather than buy expensive goods, or to partially defray the cost of ownership through facilitated sharing may be most valued by consumers that cannot afford to buy those same items outright.[2] While it is still early days at this point, these potential effects illustrate how disruptive innovation can often bring meaningful change to people's lives.

To be clear, I am neither an advocate nor a detractor of any particular business model. Whether these new businesses will soon spur a major re-ordering of certain segments of the economy or they fall short of those lofty goals should not be our principal concern here. At the end of the day, it is not for us in government to pick the winners and losers in the marketplace.

I would also note that just as government should not directly decide how future competition should unfold, so too is it inappropriate for existing competitors to exercise control over the firms they compete with. In all too many situations, we at the FTC encounter these "Brother May I?" scenarios. This situation occurs when a new competitor effectively has to request permission from the incumbent firms to enter the market. Whether through effective control of state regulatory boards or by obtaining protectionist legislation, incumbent firms can place themselves in a position to determine who they must compete with.[3]

---

[2] *See* Samuel P. Fraiberger and Arun Sundararajan, *Peer-to-Peer Rental Markets in the Sharing Economy*, NYU Stern School of Business Research Paper (Mar. 6, 2015), *available at* http://ssrn.com/abstract=2574337.

[3] This scenario can also occur when a private firm with market power can effectively wield its own power to prevent

(4) How do we best avoid creating two distinct regulatory tracks – with one set of rules for the older, incumbent businesses and a different set of rules for the new entrants they now increasingly compete against? I'd suggest that picking winners by creating a regulatory differential in favor of new entrants should be just as undesirable as retaining regulations that deter meaningful new entry.

(5) How should regulators appropriately respond to a highly dynamic market where the business models of today may be comp