

The “Sharing” Economy: Issues Facing Platforms, Participants, and Regulators

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My desire to submit comments to Public Comment process stems from a long standing, but distant, admiration of the FTC practice of seeking public debate on matters of competition and consumer policy with an interest in the topic at hand. Rather than submit comments directed mainly at the questions raised by illustration for the hearing I have chosen to arrive at those questions by a more circuitous route. That route is mainly provided by a long discussion of what the history of transport in London may be able to tell us of how the sharing economy should be viewed and how previous processes of reform, innovation and competition have developed.

My particular interest in this topic was piqued by a number of references in studies to the role of the Thames Watermen in blocking early attempts to introduce coaches onto the streets of London, most famously by persuading the King of the time to ban them from inner London entirely in the 17th Century. Any body able to make their ban a new technology entirely, even if for just a short period of time, is worthy of study and I was fortunate enough to secure a copy of a long out of print history of the company of watermen by one Henry Humpherus² (three volumes up to the late 19th Century) which goes into minute detail every twist and turn of their lobbying and legal manoeuvres stretching from the early 16th to late 19th Centuries.

Submitting comments to this process has afforded me the luxury of studying the history of the watermen and other transport modes in London in some detail. Doing so affords the opportunity to try and identify possible historical parallels to our existing discussion, as well as put in to context current innovations in relation to their predecessors. It has been striking just how little has changed in regulatory discussions over such a lengthy period of time. I trust my comments and observations may be of some use and interest in your deliberations³.

Introduction

The role of the emerging ‘sharing’ or ‘on-demand’ economy offers opportunities to many consumers and producers in ways that are apparently new and different to those offered to them under existing business models. The emergence of these nascent business models and the rapidity of their take-up by producers and consumers poses notable challenges to some existing producers. Of course, the speed of take-up also indicates that a significant number of producers have either adapted to the new business models, or entered the market because of these business models. It also signals that a large number of consumers feel comfortable with the widening of their menu of choices and the manner of delivery of those choices.

In responding to the questions posed and in an effort to explore the issues underpinning those questions I will attempt to approach the issues from three directions. Firstly, by mapping out the fundamentals of why regulation occurs in particular sectors, secondly, whether the emerging models of business activity readily yield to such a methodology and finally by applying historical examples from the emergence of competing transport models in particular in and around the River Thames in London.

¹ Comments entirely the views of the author should not be taken to reflect in any way the views of any body with whom I am or have been connected. Currently Inquiry Chairman at the Competition and Market Authority UK and previously a consultant and consumer activist.

² Henry Humpherus. Originally 1890, Reprinted 1981. History of the Origin and Purposes of the Company of Watermen and Lightermen of the River Thames, with Historical Notes. EP Microfilm Limited.

³ A number of quotes contain spellings in either the original 17th Century English or its common usage in the 19th Century. While unusual they are correct in their original usage.

The reason for this tripartite approach is to enable me to try to strip away some of the hyperbole and rancour around the emerging business models encapsulated in the 'sharing' and 'on-demand' economy and to do so using examples that illustrate previous struggles between business and regulatory models. As Marshall McLuhan put it '(w)e look at the present through a rear-view mirror. We march backwards into the future.'⁴ Embracing a viewing of the present and future regulatory balance in the sharing or on-demand economy through historically coated lenses will also help illustrate the adage, attributed to William Gibson in a number of iterations that **'the future is already here; it is just not evenly distributed.'**⁵

One of the challenges in current analysis of the sharing and on-demand economy is the fact that a number of different business models appear to be running alongside each other. When this occurs it is quite usual to hear demands for a 'level playing field'. These demands usually revolve around the fact that existing regulatory burdens on a sector facing disruptive challenge are often not evenly distributed. Indeed part of the aim of the new disruptive entrant is often to deliver the targets of regulation by way of alternative mechanisms such as online rating systems, GPS tracking and cashless payment systems.

The pain felt by those using the incumbent business model when dealing with new entrants operating different business models is often focused on the fact that existing regulatory burdens have arisen from a complex process of negotiation between regulated and regulator that delivers perceived benefits to both sides of the process. The physical provision of services, such as for-hire transport or hotels, has historically been one of the sectors that politicians, both local and national find congenial to impose tax or license fees on.

If we return to the historical development of transport services in London over the past 500 years we see that almost everyone has sought to present itself as capable of transferring money to the Treasury coffers in return for some form of exclusivity. Indeed, the discussions around the licensing of hackney coaches rather lead to a bidding war between the established operators and potential new entrants as to who could transfer the most monopoly rent to the Exchequer without impoverishing themselves!

The development of transport services in London during the early 17th century into the late 19th century provides an interesting example of how competing choices for consumers evolved alongside each other. It is tempting to consider the history of transport as some form of linear path along which old modes of travel are quickly supplanted by newer modes of travel, the latter quickly gaining acceptance and the former withering quickly away. However, the history of London transport systems gives a lie to this comfortable view and can put our current discussions into greater context.

The development of each of the modes of travel throws up useful pointers about how intra-modal and inter-modal competition can occur. It can also indicate the field of competition across which modes operated and the concerns that were expressed about developments that are now seen as entirely positive, but which at the time were controversial. This latter point allows us to reiterate the need to look at our current endowment of transport modes through the rear-view mirror of history and recognise that almost every aspect of existing modes we take for granted were the subject of often fierce dispute and negotiation involving firmly held views and well-argued positions on all sides.

Viewing the disputed development of the endowment we now have also allows us to ask a rather more fundamental question of that endowment; what if those opposed to alternative business models had succeeded in blocking them? What sort of impacts would this have had? And have we gained societally from the entry of newer business models?

⁴ <http://www.wired.com/2011/07/march-backwards-into-the-future-marshall-mcluhans-century/>

⁵ <http://quoteinvestigator.com/2012/01/24/future-has-arrived/>

As Pratt argued as far back as 1912 'Transport on the Thames constituted a vested interest of great concern to the watermen, who had hitherto regarded as their special prerogative the conveyance of Londoners along what was then London's central thoroughfare; and the story of the way in which they met the competition of vehicular traffic in the streets is worth telling because it illustrates the fact that each successive improvement in locomotion and transport has had to face opposition from the representatives of established but threatened competition.⁶

The Company of Watermen were properly brought into existence by their regulation by the King in 1555. However, their existence, and indeed the market for cross-Thames transport pre-existed this time by many years. River crossings of the Thames have existed since Roman times, with the earliest bridge examples creating rapids with a four foot drop that often killed hardy travellers.

The first post Roman Bridge across the Thames lasted from 1176-1209 but burned down with significant loss of life caused by onlookers rushing to get a better view of the fire. The more ready use of ferries to cross the Thames and to travel East-West and vice versa clearly provided opportunities for overcharging and price gouging. In 1293 the Gravesend to London ferry regularly overcharged passengers by levying a fee of a full penny when it was supposed to be half that. A number of the ferrymen were summonsed and gave surety that they would not overcharge again on pain of a 40 shilling bond, which was a considerable sum of money. This did not stop them overcharging and by 1313 they were up before the assizes again. By 1300 the Putney ferry (commonly used by travellers to the West Country) was pulling in around 20 shillings a year. By the end of the 14th Century, one of the first quid-pro-quo agreements between the King and a transport provider had developed. The Watermen of Gravesend and Milton were given the monopoly of transporting people from there to London in return for the use of specified boats and fixed fares of 2 pence per head or the whole boat for four shillings. This monopoly was reaffirmed in 1401 in an effort to stop the London watermen travelling East to take their trade from them.

The importance of the Watermen in the early mobility of the Capital area meant that the regular complaints of overcharging by ferrymen was taken very seriously. Complaints of overcharging or exploitation of travellers led to King Henry VIII passing an Act in 1524 to regulate fares charged by Watermen on the Thames. The 1555 Company of Watermen Act mentioned above was the first attempt to outline rights and responsibility in the provision of water transport for the Thames and surrounding waterways. By 1585 Queen Elizabeth I had granted them a coat of arms with the motto 'at commandment of our superiors', which predated and predicted the 'taxi-rank' model by which many for-hire car systems are supposed to operate, whereby a next operator in line picks up the next passenger in line at their command. Barely forty years after their formation as a Company it was estimated in Stow's Survey of London (1598) that around 40,000 people (mainly men) earned a living on or about the river. Within two hundred years that number had more than tripled with 10,250 employers, 122,320 persons employed⁷. If one considers that the first reliable census of population occurred in 1801 which put Greater London with a population of 1,096,784 people it is possible to show just how important the River Thames was as a source of employment.

⁶Pratt, Edwin A. 1912. 'A history of Inland Transport and Communications'. Newton Abbott. P58.

⁷ P416. Vol 1. Henry Humpherus. Reprinted 1981. History of the Origin and Purposes of the Company of Watermen and Lightermen of the River Thames, with Historical Notes. EP Microfilm Limited. Hereinafter Humpherus.

Part I: What sort of regulation are we dealing with for innovation?

There is a temptation in any discussion of reform processes or when reviewing existing regulatory structures to take the current dispensation as a given; to view the existing arrangements as somehow a neutral reflection of a neutral technocratic process that delivers evenly considered benefits to participants in a politically and socially beneficial manner. It is worth recapping how the emergence of regulation is viewed before seeing the degree to which our understanding applies in 'sharing' economy markets. In what may now be a fairly aged paper Joseph Stiglitz, and Peter and Jonathan Orszag rather neatly mapped out what 'The Role of Government in a Digital Age' (Commissioned by the Computer and Communications Industry Association⁸) might look like. The list of reasons for regulation included:

1. **Failure of competition.**
2. **Public goods...**(In general, private markets will not supply public goods⁹ – or not supply them in sufficient quantities – and therefore the government has a role to play in providing them.
3. **Externalities.** In general, the government has a role to play in correcting negative externalities or promoting positive externalities. Without government involvement, private markets will typically under-produce goods with positive externalities and over-produce goods with negative externalities.
4. **Incomplete markets.** A fourth possible justification for government activity is incomplete markets. For example, imperfections in capital and insurance markets – such as the absence of insurance coverage for certain types of risks – may warrant government involvement. A classic example of an imperfect capital market is the inability to borrow against higher future earnings, which justifies a government role in providing loans or loan guarantees for post-secondary education expenses. In addition, certain types of goods or services may require large-scale co-ordination, which may be possible but difficult to achieve without governmental assistance.
5. **Information failures...**information is in some ways a public good – and therefore this rationale for government is similar to the second rationale.
6. **Macroeconomic fluctuations.** The government has a role to play in correcting macroeconomic imbalances, such as those that lead to periodic problems with high unemployment, inflation, or recession.
7. **Redistribution.** Even if private markets produce goods and services efficiently, society may not like the distribution of income that results. The government may therefore have a role in redistributing income – for example, through a progressive tax system – to produce a more equal distribution of income.
8. **Merit goods.** Finally, there may be cases in which individuals would make “bad” decisions if left to their own devices, and in which government paternalism is therefore warranted. For example, the government compels individuals to attend school or wear seat belts largely because it is concerned that people will not do “what’s best” in the absence of such mandates. The government may sometimes be justified in compelling individuals to consume “merit goods” (such as elementary education).’

The relatively neutral, or indeed positive, assessment of regulatory responses echoes Normative Analysis as a Positive Theory which argues that 'regulation is supplied in response to the public's demand for the correction of a market failure or for the correction of highly inequitable practices (for example, price discrimination or firms receiving windfall profits due to some change in industry conditions.) According to this theory, if a market is a natural monopoly, then the public will demand the industry be regulated because a first best solution is not achieved in the absence of regulation. Unfettered competition will result in either too many firms producing and/or price exceeding the socially optimal level. By regulating the industry, net welfare gains result and it is this potential for welfare gains that generates the public's demand for

⁸ http://cdn.cciainet.org/wp-content/uploads/library/govtcomp_report.pdf

⁹ Public goods defined as having 'two critical properties: First, no additional costs are involved in providing the good to an additional person (formally, the good has zero marginal costs and is referred to as being “nonrivalrous”). Second, it is impossible to exclude individuals from benefiting from the good (formally, the good is “nonexcludable”). A classic example of a public good is national defence: Defending 270 million people does not necessarily cost more than defending 260 million people, and it is generally not possible to exclude anyone from the benefit of national defence.'

regulation. In this way the public interest theory uses normative analysis (when should regulation occur) to produce a positive theory (when does regulation occur).¹⁰

This approach is supported by the belief common in many sectors that efforts at regulation are often responses to significant failures of existing forms of regulation; a fire in a hotel can trigger demands for greater provision of safety equipment, the exposure of over-charging in taxi firms can lead to demands for more tightly controlled metering. The track record of regulations driven by a highly publicised failure is not a particularly good one. Famously in a UK context, a series of well publicised dog-bite attacks lead to the Dangerous Dogs Act that sought to outlaw certain breeds of dog¹¹ and has since become shorthand among many in the legal community for laws pushed through hastily as a knee-jerk reaction to public anguish, the unintended effects of which have played out painfully over time.

Viscusi et al rather cynically argue that 'regulation is originally put in place to correct a market failure but then is mismanaged by the regulatory agency.' Stigler¹² argued that interest groups will seek to maximise their income by seeking to persuade the state to use its monopoly of coercion to their benefit. Regulation is a key tool for interest groups to persuade the State to redistribute income from one group to another. Peltzman¹³ advanced this argument in 1976 arguing that the individual who controls regulatory policy chooses policy to maximise their own political support; in deciding government policies, a politician will assess the size of the group that will gain from regulation and how much wealth should be transferred to them. This calculation will be made as part of a desire to be re-elected and thus involves calculations of political support (both in terms of votes and financing).

The Sitgler/Peltzman model tends to point to regulation being sub-optimal in advancing the wealth and social interest of the wider community. This is simply because the regulator will seek to maximise their own net benefit, rather than the maximum benefit possible. Trade-offs and middle ground will always be sought to maximise benefits minus losses.

The importance of the interest group in seeking gains from regulation was neatly summed up in the Annual Report of the US Council of Economic Advisers (1994); '(a)s recognised by both the framers of the Constitution and modern scholars of public choice, all political systems provide interest groups with an incentive for 'rent seeking' that is, manipulation of collective action for private benefit...[rent seeking] can lead government agencies to make decisions that benefit a particular interest group even though they are costly to society as a whole¹⁴, rent seeking being defined as 'the resource-wasting activities of individuals in seeking transfers of wealth through the aegis of the state.¹⁵

The activity and relative strength of interest groups was neatly modelled by James Q Wilson¹⁶ across a number of publications:

¹⁰ W. Kip Viscusi, John M. Vernon, Joseph E. Harrington. 2005. Economics of Regulation and Antitrust - P377

¹¹ Baldwin, Robert, Hood, Christopher and Rothstein, Henry (2000) Assessing the Dangerous Dogs Act: when does a regulatory law fail? Public Law (Summer). pp. 282-305. ISSN 0033-3565

¹² Stigler; the theory of economic regulation.....

¹³ Peltzman. Toward a more general theory of regulation -journal of law and economics 19 Aug 1976 211-40)

¹⁴ Edward E Zajac Political Economy of Fairness. 1995. MIT Press.

¹⁵ Buchanan, Tollison, and Tullock, 1980 ix

¹⁶ James Q. Wilson. 1973. Political Organizations. Basic Books. NY; James Q. Wilson, ed. 1980. The Politics of Regulation. Basic Books. NY; James Q. Wilson. 1989. American Government, 4th ed. DC Heath.

Wilson's model of politics

PERCEIVED BENEFITS	PERCEIVED COSTS	
	Concentrated	Diffuse
Concentrated	UNCERTAIN GOVERNMENT ACTION <u>Interest Group politics</u>	GOVERNMENT ACTION <u>Client politics</u>
Diffuse	GOVERNMENT ACTION <u>Entrepreneurial politics</u>	UNCERTAIN GOVERNMENT ACTION <u>Majoritarian politics</u>

Where costs are concentrated on a particular group, but benefits are also concentrated on a particular group we tend to see interest group politics. Where the benefits of a policy are concentrated on one interest group, but the losses are spread out over a larger number, client politics tends to prevail. Where both costs and benefits are diffuse one finds almost the model of representative democracy that western civilisation is supposed to aspire to. Perhaps the most interesting area of the model is the area where benefits are diffuse, but costs are concentrated. Here we enter the realm of the entrepreneurial politician.

If we take the emergence of the sharing or on-demand economy as a model of political activity we tend to see areas of the economy where the benefits of existing regulations are generally paid for by a large number of people and the gains focused on a small number of people/institutions. However, there is a significant problem with a neat division of gains. Most of the most significant 'disruptive' innovators have entered markets where regulation is primarily local in nature. If we take taxi and hotel licensing as examples, the rent afforded to hotel and taxi operators by the local licensing system tends to deliver benefits both to the licensee (exclusivity, entry restrictions) and the licensor (fees, taxes, license sales). Under Wilson's model the existing model of regulatory politics is likely to be a client politics model, where the local government and local incumbent industry both extract rent from the existing arrangement. However, for new entrants the model is much more likely to look like an entrepreneurial political model. Such a model would predict that the new entrants are likely to run a model of political engagement more akin to an NGO fighting a human rights battle than a 'normal' industry lobbying effort. The fact that such disruptors are heavily engaged with social media technologies and driven by smartphone technologies would tend to provide a perfect tool with which to engage with entrepreneurial campaigning.

Unlikely bedfellows in regulatory politics

One of the most interesting side-bars to regulation was put forward by Bruce Yandle in a 1983 article in Regulation Magazine, 'Bootleggers and Baptists in the Theory of Regulation.'¹⁷ Yandle starts from the premise that alliances can be formed around issues for totally contradictory reasons. Secondly, rhetoric can be just as important as simply campaign finance. Lobbying only succeeds when it combines the two. The original Bootlegger-Baptist alliance focused on the campaign to keep the prohibition of alcohol in 1930 Americas. Baptists supported prohibition as a moral effort to stop Americans succumbing to demon drink. Bootleggers, supported prohibition because it guaranteed them enormous profits. An almost literally unholy alliance formed to keep prohibition; Baptists providing the moral rhetoric to stir the spirit of the American electorate and bootleggers providing funds to ensure their market was not threatened.

¹⁷ Bruce Yandle. "Bootleggers and Baptists: The Education of a Regulatory Economist." Regulation 7, no. 3 (1983): p12; Adam Smith and Bruce Yandle. 2014 Bootleggers and Baptists: How Economic Forces and Moral Persuasion Interact to Shape Regulatory Politics. Cato Institute.

Conclusions on the lessons from regulation

1. Regulation in areas subject to significant entry by sharing and on-demand economy players is generally shaped around existing business models;
2. Regulation shaped around incumbent business models tends to have been negotiated between the regulator and regulate;
3. Such negotiations often involve the erection of barriers to protect incumbents in return for income generation or other social objectives;
4. Systems of local regulation tend to resemble client politics models at worst and interest group politics models at best;
5. Sharing and on-demand economy entrants tend to have to apply entrepreneurial politics, which often places them at odds with local regulators;
6. Incumbents are often able to rally support from diverse interests against new entrants.

Part II: What can a study of history tell us about regulation of innovation?

Background comments:

Transport Licensing has not changed much

Our review of regulation above points to the differing views of the origin of regulation. In transport on and around the Thames the origins of regulation were diverse. On the one hand there were genuine concerns on pricing and overcharging, often enforced with violence, on the part of transport providers. The Watermen, and later hackney coach operators wanted to gain control of their market and impose order. This order allowed them to do two things; firstly guarantee a living income for their membership and secondly, to provide an early form of social insurance safety net for when either trade was down (most notably during 'frost fairs' when the Thames froze over completely) or when members fell ill or died. The exchequer was always on the lookout for activities it was able to tax to pay (usually) for wars and transport was one of the easier ones to fashion a levy of license for. Consumers were also looking for some form of assurance that their transport provider knew what they were doing (failure to do so regularly lead to death on the River) and would not overcharge or otherwise mistreat them; or at least could be brought up before some form of regulator if they did. Transport became, and remains, a point of the economy upon which the incentives of licensee and licensor converged, even when objectives differed among them.

The OECD¹⁸ in its seminal report on the regulation of the taxi industry argues that 'supporting regulations' for effective taxi regulation cover three main areas:

- Conduct regulation;
- Vehicle Standards; and,
- Driver standards.

The 1555 'Act Touching Watermen and Bargemen upon the River Thames' was justified on a number of grounds that may be familiar to modern transport operators.

1. **A strong reason for action:**
 - a. 'Divers and many misfortunes and mischances';
 - b. 'Subjects have been 'robbed and spoiled of their goods, and also drowned';
2. **Conduct standards**
 - a. **Performance standards of providers:** 'Rude, ignorant, unskilful number of watermen';
3. **Driver standards:**
 - a. **Entry restrictions:** have to have at least 2 year's experience and licensed by the 8 overseers and rulers – by writing and seal – on pain of one month imprisonment;
4. **Vehicle Standards:**
 - a. **Vehicle size restrictions:** "a great number, and the most part of the wherries and boats, now occupied and used, and of late time made for rowing upon the said river, being made so little and small in portion, and so straight and narrow in the bottom...' Vehicles must be '22 feet in length and four and half feet wide – or which shall not be substantially and well able and sufficient to carry two persons on one side tight – or will be seized and sold off with proceedings to the crown and complainant (half each);
 - b. **Vehicle registration:** all Watermen's names put on a register;
 - c. **Vehicle inspection:** eight overseers can inspect any vessel at any time;

¹⁸ Competition Committee. DAF/COMP(2007) Organisation for Economic Co-operation and Development. 11-Sep-2008. Taxi Services Regulation and Competition.

5. **The establishment of a regulator:** yearly election of eight watermen ‘wise, discreet and best’ of watermen’;
 - a. **External control of pricing:** set by Mayor and Aldermen (1559) overcharging will be fined by 40 shillings per offence plus imprisonment for 6 months.

The subsequent history of the Thames watermen is worthy of study in large part because it covers such a long period of economic and social history and in part because it concerns an area of the economy that is the current subject of considerable dispute. The watermen were, in many ways, the taxi drivers of their day. They were subject to licensing and pricing control, were required to undertake training and had a unique culture and tradition that shaped a good deal of modern London. They were party to a history that saw London emerge from the 16th Century into a world city with the development of road and rail transport, faster river transport, the building of bridges and the start of public transport. The way the watermen responded to those developments and challenges can help put some of our current issues of dispute into some sort of historical context, particularly when one considers that the bus and taxi industry of today was in part built on the destruction of the water-taxi industry that existed before them a fact the watermen knew very well at the time and did their best to battle.

Charting the history of the travails of the watermen also provides us with ample opportunities to ask a number of questions that should be asked of all attempts to stop innovation; would we be in a better place if this innovation is slowed or halted? Can we predict accurately what this innovation will lead to? Can we predict other innovations that might flow from this single innovation?

It is also worth remembering what Machiavelli pointed out with such clarity some time before the time period we are concerned with regarding the watermen: ‘(a)nd it ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new. This coolness arises partly from fear of the opponents, who have the laws on their side, and partly from the incredulity of men, who do not readily believe in new things until they have had a long experience of them. Thus it happens that whenever those who are hostile have the opportunity to attack they do it like partisans, whilst the others defend lukewarmly, in such wise that the prince is endangered along with them.’ (The Prince, VI¹⁹).

Over the period from 1555 to the end of the 19th Century, our main period of concern, the watermen faced many challenges thrown up by innovation, technology and the pressures of competition. It is easy to categorise opponents of innovation as Luddites intent on violently smashing up new technologies. However, such a categorisation underplays the less noticeable activities of those opposed to innovation in putting barriers in the way of those seeking a change in the order of things. The history of the watermen clearly illustrates some of the general rules of regulation outlined above and also indicates just how persistent the opponents of change can be and how apt the quote from Machiavelli has proved over time.

Our survey of the watermen will try and bring together the lessons from their struggles over three centuries into four sections. Section one will look at their struggles against infrastructure project of various types; Section two will look at their struggles with direct forms of competition; Section three will look at the struggles they had with competition within their existing transport mode and finally a mop up Section will bring together some of the other issue raised by the efforts of the watermen,

¹⁹ For an interesting take on the link between Machiavelli and innovation policy see Benoît Godin. The Politics of Innovation: Machiavelli and Political Innovation, or, How to Stabilize a Changing World. Project on the Intellectual History of Innovation Working Paper No. 17 2014 <http://www.csiic.ca/PDF/WorkingPaper17.pdf>

including the recognition that the Baptist and Bootlegger coalitions have as long a history as Baptists, though maybe not as long as bootleggers.

Is the sharing economy entirely new?

The current focus on the sharing or on-demand economy can get a little lost in the excitement of the 'newness' of the technology and the solutions that it provides. Looking at the history of a number of sectors, though, will indicate that the problems that the sharing economy attempts to deal with, most notably the more efficient utilisation of resources is in itself not a new problem. A reading of history can also illustrate how differing means of delivering the same service or product can emerge at different times and compete with each other over considerable periods of time.

The origins of the for-hire transport market in London illustrate just how different business models can emerge and operate alongside each other and how resource utilisation was a significant factor in the way the sector developed. One of the most significant concerns of the Thames watermen (the people carrying people by boat on the Thames), facing competition from the early taxi trade, was the challenge they faced from the equivalent of the sharing water economy of the 18th century. Watermen were barred from working on Sundays, although specific Sunday ferries were allowed. Given that Sunday was one of the few days on which many people were not working themselves there was a gap in the market for the provision of boats. This was, in part, filled by boat builders who rented out their spare boats to members of the public to enjoy on the Thames; a classic sharing economy activity.

As Humpherus puts it for 1797: '(t)he Company being unsuccessful in the Act of 1794 to obtain any restriction on boat builders letting out boats on Sundays, presented petitions to both House of Parliament about the 17th of August, 1797, and alleging various reasons against the same, particularly the desecration of the Sabbath by rowing matches, &c., rioting, quarrelling, fighting, and bloodshed frequently taking place, and the continued loss of lives by inexperienced parties navigating boats from not having a person in charge thereof.²⁰' The complaint to Parliament was couched in terms of public safety and public order rather than loss of income. The challenge of the sharing economy operated by the boat builders was a common complaint of the watermen, a complaint that never appears to have achieved any traction with politicians over the many years that they made it. The sharing economy in boats was quite considerable; '(i)n Maitland's History of London, it is stated, that the number of boats working on the river, according to a return made on the 28th September 1734, amounted to 5,972, and of barges to 767; he also states that Mr Church, the clerk of the company, had assured him that there were about 1,000 boats in addition, kept for letting out, and also about 1,000 barges.²¹' By such an estimate the rental, or sharing economy in boat letting was around a quarter of the total market.

The Watermen were also vexed over a considerable period of time that the Lightermen, licensed to carry goods, on occasion carried passengers as well, eating into their monopoly. The Lightermen carried passengers in large part because their boats were of a similar nature to those of the Watermen, and because they operated in the same geographic market. Carrying passengers on semi-laden boats would have made great economic sense, particularly as the Lightermen suffered economic decline earlier than the Watermen. The struggles the Watermen had with Lightermen attempting to utilise their resources more efficiently carried on for at least sixty years, in terms of formal complaints, though it is likely to have carried on for some time before it was officially complained about.

²⁰ Vol II. P425. Humpherus.

²¹ P151. Vol II. Humpherus.

In 1641 the Watermen petitioned Parliament with a complaint that Lightermen were breaching the 1555 Act by carrying passengers; thus stealing their trade.²² The relative ease with which Lightermen could carry passengers meant that the problem did not cease upon this complaint, with the Lightermen being accused of 'working unlawful engines and instruments' in 1659 and 1660, before attempts were made to merge the two companies, splitting the Lightermen from the Woodmongers and merging them with the Watermen in 1700. The merger took over thirty years to negotiate.

The need to utilise resources efficiently drove innovation in the early coach markets in London and in fact the origins of for-hire coach transport lay in the need of coach owners to rent out their coaches to enable them to pay an exorbitant license fee!

As Warren points out in his 'History of the London Cab Trade'; '(a)t this time any person owning a coach was required to pay to the Exchequer £50 per annum,..., which cost more than the coach itself. It was to recoup some of the high cost of owning a coach that their owners, mostly nobility, hired them out for others to drive²³.'

Section I: Challenges to Infrastructure Projects

Challenges from infrastructure: opposition to bridges

London is renowned for its large number of beautiful bridges and thousands of people travel daily across them by foot, taxi, bus and bicycle.²⁴ The enormous utility provided to London by the bridges across the Thames masks the controversy that greeted every building proposal that was laid before Parliament. It is still a little hard to believe that for a long time London Bridge was the only permanent crossing that the Thames had.

As London grew the demand for more river crossings increased; and as proposals for bridges were put before Parliament, so the Watermen petitioned opposing them. For example in January of 1722 a bill was put before the House of Commons to build a bridge at Westminster. In response 'a petition of several bargemen and watermen from Kingston, Richmond, Mortlake, Barnes and other places, on behalf of themselves and many thousands others, urging that the bridge if erected would be the ruin of many thousand families, pernicious to the navigation, as well as detrimental to the trade of London and Westminster, was presented to the House of Commons, praying to be heard by counsel against it, which was ordered accordingly...A petition from the court of Lord Mayor was also presented against the same...Petitions in opposition thereto were also presented during the proceedings, from the watermen of Queenhithe, Bermondsey, Deptford and other places; on the twenty-fifth of January counsel was heard on behalf of the company against the bill, and the same was adjourned for further consideration; but no further meeting seems to have taken place.²⁵'

The Watermen were so concerned by the building of such a bridge that they 'employed two mathematicians respecting such bridge, and the sum of ten guineas was afterwards voted them for their trouble. Several pamphlets were printed and circulated, containing reasons against the building of the bridge, urging among other things that it would be the ruin of watermen, by depriving them of a

²² Lords MSS, 3 May 1641, rulers' petn, annex, fos. 4, 5.

²³ P16. Philip Warren. 1995. The History of the London Cab Trade: from 1600 to the Present Day. Taxi Trade Promotions Ltd, London.

²⁴ For a detailed history of London's Bridge see Peter Matthews. 2008. London's Bridges. Shire Publications.

²⁵ Vol 2 p 117. Humphreus.

large amount of business in ferrying over passengers and garden stuff from Lambeth to the City of Westminster²⁶.’

The same occurred in 1726 when a ‘proposal to build a bridge at Putney, which was rejected by Parliament in 1671, was again brought forward, and a petition presented to the House on the 21st of Feb, praying for leave to erect on there, or some convenient place between London Bridge and Kingston Bridge.²⁷’

The opposition to bridge building tended to follow a similar pattern. A proposal would be made, often by land owners on either side of the proposed site to erect a bridge. The Watermen would then oppose the bridge, often supported by the City of London who wished all economic activity to centre on their fiefdom. Parliament would debate the scheme, with petitions coming in from all sides. If the proposal made it through Parliament a group would be appointed to compensate watermen (in particular ferry operators) for loss of business. It was also common to require the bridge makers to install steps at either end, and on both sides, of the bridge to enable the watermen to carry on their trade. For example, when Vauxhall Bridge was built in 1809 payment of compensation was made and the provision that ‘there should be constructed at each end, and on each side of each end of the bridge, convenient stone stairs, and also plying places for the use of the watermen, &c., who were to have the free use of the same, which were to be kept in repair by the bridge company.²⁸’ By 1850 there were over 100 setting down and picking up points on the river.

If we take the example of the Putney Bridge proposal in 1726 we can see that ‘It also provided that the bridge should not be built until full and ample satisfaction had been made, for all prejudice, loss or damage sustained by the owners, proprietors or lessees, of the horse and foot ferries, between Putney and Fulham, to be ascertained as therein mentioned²⁹.’

The sums of money used to compensate watermen for their loss of earnings was often a considerable amount. Such negotiations and procedures could add considerable time as well as cost to proposals to build bridges. ‘On the 3rd April 1728, the Commissioners and Trustees appointed under the Act of twelfth George 1, chapter 36, for building a bridge at Putney, petitioned the House of Commons for additional powers, and for obtaining money for building the bridge, which was referred to a committee. The Committee reported to the House that the several estimates for the building amounted to £9566:10:0; that in the case of the Horse-ferry existing there, a jury had been empanelled according to the Act to ascertain the amount to recompense to be paid, and their verdict was for £9655:10:0, the jury had also estimated the injury to the watermen of Fulham and Putney, for their Sunday foot ferry at £62 per annum, and recommended the powers sought to be given; the Bill was accordingly introduced and the Royal assent given thereto on the 28th of May following.³⁰’

The cost of recompensing the watermen was actually greater than the cost of building the bridge and the ongoing costs to the bridge builders was not insignificant either. It should be noted that the sums handed over from the bridge tolls was to be used as a form of social security net ‘that several yearly sums of 31 pounds to Fulham and 31 pounds to Putney, ascertained by a jury should be paid for ever out of the tolls and revenues of such bridge, and be distributed amongst such poor watermen, poor

²⁶ Ibid.

²⁷ Vol II p125. Humpherus.

²⁸ P74/75. Vol III. Humpherus.

²⁹ Vol II. P126. Humpherus.

³⁰ Vol II. P129. Humpherus.

widows of watermen, and poor children of watermen residing in those parishes, as their respective vestries should think fit.³¹

The eventual erection of the Putney Bridge still meant that there were only two bridges over the main body of the Thames; the new Putney Bridge and the very old (c600 years) London Bridge. Numerous efforts had been made to erect new bridges but at every turn the Watermen had organised to oppose such efforts: '(p)roposals had been made on several occasions to erect one at Westminster, but it had been successfully opposed. The erection of the bridge at Putney, caused the inhabitants of Lambeth and Westminster, who were desirous of obtaining similar accommodation, to petition in favour thereof, and schemes for forming the same from Whitehall, New Palace Yard, and the Horseferry were proposed. The court of the Watermen's Company, anticipating great injury to watermen and lightermen generally, determined to oppose the Bill, and at a meeting on the third of February, a committee was appointed to attend the Parliament for the purpose.³²

With a cynical eye on history one can see that the main driver of opposition to bridges was the fact that incomes would drop as traffic was diverted from the boats to the bridge. However, the grounds on which the watermen opposed the building of bridges were not simply stated as pecuniary. It is not unreasonable to recognise that the watermen's life was a hazardous one. London Bridge was notoriously difficult to navigate through with regular accidents and loss of life. The state of the art of bridge building, with large stone or wooden columns placed into the river at relatively short spans, meant that every bridge erected affected the ability of wind and human powered boats to successfully navigate the river; the creation of eddies and currents, the shifting of silt deposits and the creation of difficult to predict water speeds on what is a fairly fast moving tidal river were areas of legitimate concern for the watermen. This was reflected in the terms under which they would oppose the building of Westminster Bridge, for example '(a)mong the various reasons printed and circulated against the bridge, were the following;

- The new bridge will prejudice the navigation of the river – by retarding the flux of the tides – by increasing the shallows and the sandbanks;
- By creating new ones in the river everywhere, within the compass of the flux of the tide;
- By the danger and delay which it will create to the conveyance of goods and passengers, more especially in and about the new bridge;
- Danger to the wherries or smaller boats;
- Danger to the larger barges which are unwieldy, heavy loaded and not easily governed either by sail, rudder or poles;
- By the fall of the waters there, whether upon the flux or re-flux of the tide;
- By the eddies which will thereby be created;
- By the shallows and sandbanks which will be cast up thereabout;
- Delay even to wherries or small boats, more especially to larger vessels, which must not longer pass that way by night, nor in the day time but at high water, nor then without danger of falling upon the piers of the proposed bridge, especially in high winds;
- The rise of the price of all provisions, brought down from the western parts, and danger of loss of valuable cargoes, and the decrease of watermen, so useful to the sea service, whether private or public service.³³

³¹ Vol II. P130. Humpherus.

³² Vol II. p154/155. Humpherus.

³³ Vol II. P155/6. Humpherus.

The opposition, while clearly under-pinned by an economic self-interest, was couched in much broader terms, terms which both made the case appear more reasonable and the presenter less self-interested. The threat to life and limb of working on the river is evidenced by the estimate in 1768 'that there were drowned at London Bridge, about fifty people upon an average every year, ...prime of watermen, bargemen and seamen.³⁴

Opposition to Westminster Bridge was repeated when efforts were made to erect a bridge at Blackfriars in 1755. 'Blackfriars bridge: a committee was appointed by the Court of Lord Mayor etc. to inquire into and report whether the construction of a new bridge might in anywise prejudice the navigation of the river, who reported 'that it would greatly obstruct the same and be very prejudicial to the commerce of the city'; and on the report being considered by that court on the fifteenth of January, they determined by a majority of twenty-six, not to agree with such report.³⁵

When the Bill to push ahead with the bridge was presented to the Commons in 1756 'petitions were presented in favour of the counter plan of improving London Bridge; on the ninth of February a petition from the rulers, &c, was presented against it, alleging that it would obstruct the navigation, and highly prejudice the members of the company, by totally destroying the Sunday ferries between Westminster Bridge and London Bridge, (the average receipts for the last four years being four hundred and nine pounds and ten shillings.³⁶) It is interesting to note that the opposition to a new bridge contained a campaign to improve the existing bridge rather than provide competition for it by the provision of another.

Despite opposition a 'new temporary bridge was opened as a bridle way, to the no small mortification of the watermen, 'who cannot help complaining of this precipitate expedient, to deprive them of their bread at this hard time; many of us say the old men may be dead before the stone bridge can be finished, and it is hard to starve us to death before our time by a wooden one³⁷.' A stone bridge was opened in 1769.

The delicate balancing act needed for dealing with the watermen was indicated by the fact that many trades were affected by changes in technology or terms of trade at the time. On May 17th 1765 'alarming riots took place amongst the silk weavers from the great distress among them, they were ultimately dispersed by the military, after severe fighting, the pavement having been pulled up for attacking the soldiers; a threat was used that the riots would be renewed, and that the watermen would join them, who were probably also in great distress, caused by the number of watermen returned to the river since the declaration of peace.³⁸' The peculiar problem faced by the watermen was that they were required to provide a quota of competent sailors to serve aboard the ships of the Royal Navy. At any one time around a third of the Thames watermen were serving in the Navy which meant that when peace occasionally broke out on the seas the number of returning watermen would significantly add to the number of those seeking business on the river.

The opposition to bridge building did not lessen over time. 'On the 13th of February 1818, a petition was presented for forming the proposed bridge at Rotherhithe, which was afterwards read a first time on the sixteenth of March. On the third of April, a petition of the wherry-men of Elephant Stairs was presented against the bill, or for the grant of such indemnity the house might think fit; and on the sixth

³⁴ Vol II. P273. Humpherus.

³⁵ Vol II. P225. Humpherus.

³⁶ Vol II. P230/231. Humpherus.

³⁷ Vol II. P265. Humpherus.

³⁸ Vol II. P265. Humpherus.

of April, nine petitions of free watermen and lightermen, plying at Kidney Stairs, King Stairs, Pageants Stairs, Stone stairs, Mill Stairs, Execution Dock stairs, Prince's Stairs, Globe stairs and Cuckold's Point stairs, were presented to the same purport. No arrangements having been made by the rulers with the promoters, as to compensation for Sunday ferries, on the ninth of April the rulers determined to present a petition against the bill if necessary.³⁹

Challenges from infrastructure: opposition to dock building

While the opposition of the watermen to the building of bridges was a steady occurrence throughout the period from the 16th to 19th Century, the enormous growth of London as a Port in the 19th Century presented a peculiar problem for them. Towards the end of the 18th Century and into the early years of the 19th Century there were a large number of proposals to build new dock complexes in and around the East End of London. The result would be to divert a good deal of shipping from the River into the docks and offload goods in more centralised hubs rather than onto lighters to then move goods onto their destination.

As with the bridges the Watermen (and Lightermen who were of more importance in this area of lobbying) demanded compensation for loss of business from the new dock complexes. Humpherus outlines one case from 1806 that indicates the scale of the claims made for compensation: 'the sum demanded as compensation (without reckoning the purchase of land and houses, which cost the London dock proprietors especially, an enormous sum,) was nearly four millions sterling, but of this only 673,382 were paid, all the rest were disallowed. The government also bought up the legal quays for four hundred and eighty six thousand, eight seven pounds.⁴⁰

The sums claimed by the watermen were the equivalent of around £300mn and that paid to watermen equates to around £50mn in current UK pounds. What is quite telling is the admission that '(t)he result of the opposition was that many of the master lightermen received large sums for the loss of their business, which took place for some time, as will be seen in 1808 and 1809. The accommodation afforded by the docks, afterwards gave a fresh impetus to business, and the early losses of lightermen were recovered.⁴¹' The lightermen were compensated handsomely for the loss of income they claimed would come from the arrival of docks, but the enormous increase in commerce created by the docks lead to them working even more than before they claimed compensation.

The enormous complex at St Katherine's Docks, adjacent to Tower Bridge and which is now a dock for pleasure craft and the location of a luxury flats and office blocks had a slightly tortured origin. The initial proposal to build the docks in 1824, was opposed by 'a petition from the watermen of Irongate stairs, and of the St Catherine's ferries, being freewatermen and residents of the parish, and on the twenty-sixth two petitions of watermen of Alderman Parson's stairs and of watermen &c., of St Catherine's stairs ferry, were presented against the same. On the twenty-ninth, a petition from Lord Cholmley, of Euston Hall, Lincolnshire, and of the watermen of Tower Stairs, was presented against it, as well as one from the fellowship porters; the bill was opposed on the second reading, and carried by seventy-four votes against fifty-five⁴².'

The failure of the Bill was much celebrated with 'the precinct of St Katherine presented a scene of great gaiety, originating from the rejoicings of the inhabitants at the withdrawal of the bill for the formation

³⁹ P150. Vol III. Humpherus.

⁴⁰ P29. Vol III. Humpherus

⁴¹ P29. Vol III. Humpherus

⁴² P185. Vol III. Humpherus.

of St Katherine's dock, the house of every street, lane and alley were illuminated⁴³.' Unfortunately for the watermen the celebrations were short-lived. By 1825 the Bill supporting the building of St Katherine's docks had passed.

Challenges from infrastructure: tunnels beneath the Thames

One of the more obscure and unusual parts of the existing inner London train network, the East London Line, started life as a project to build a tunnel for coach and foot traffic in the early part of the 19th Century. As a result the tunnels and infrastructure of the line are unique on the train network. The evolution of the Thames Tunnel is an interesting side note to the history of innovation and emerging business models.

The original plan for the Thames Tunnel, on which work commenced in 1825, was for a tunnel for foot and coach traffic from Rotherhithe to Wapping⁴⁴, one of the narrower stretches of the Thames. The tunnel builders had to immediately compensate the waterman and ferry operators that their tunnel may affect. As Humphreus puts it: '(t)he works were commenced in 1825, under the auspices of that eminent engineer, Mr Brunel, who was to be paid ten thousand pounds, and one thousand pounds per annum during the progress of the works, six hundred feet were completed, when on the eighteenth of May 1827, and again on the twelfth of Jan 1828, irruptions of water took place, with loss of life, stopping the works. In 1835 the works were resumed, and the tunnel finished and opened for foot passengers on the twenty fifth of March 1843, but was closed in 1871, and formed into a railway, called the East London Railway.⁴⁵'

The tunnel was eventually taken into the Tube network, then transferred to the Overground network and now serves a much more vibrant part of London boosted by the redevelopment of the docks complexes on either side of the Thames. The concerns the watermen had with the tunnel stealing coach and passenger traffic were to some extent borne out, though in an entirely different manner to the one that had imagined.

Challenges from infrastructure: the campaign against piers

One of the most contentious innovations against which the Watermen campaigned in the early 19th Century was the erection of piers. The piers were needed by the larger steam boats to enable them to quickly and safely load and unload passengers in comfort. With hindsight it is difficult to imagine that the piers we use to alight on ferry boats or pleasure craft would be the subject of controversy; they so clearly represent a more comfortable way to get on and off rivercraft than the alternatives. However, until the proposal, all passengers and goods had to be loaded and unloaded onto smaller wherries and boats operated by the watermen.

The first attempt to build such a pier in London, in 1828 was brought to the attention of the company of Watermen; 'a deputation of watermen attended from Tower stairs, and stated an application was about to be made by the Steamboat Pier company, to erect a pier between Brewer's quay and Tower stairs, with an underground communication with it, for passengers and goods to the steamboats, when the court determined to watch and, if necessary, to oppose the same.⁴⁶'

One of the most controversial pier battles occurred at Gravesend, the terminus for established long distance ferry routes. The first effort to build a pier, in 1830, was opposed by the Watermen 'upon the

⁴³ P186. Vol III. Humphreus.

⁴⁴ https://en.wikipedia.org/wiki/Thames_Tunnel

⁴⁵ P187/188. Vol III. Humphreus.

⁴⁶ P237. Vol III. Humphreus.

humane consideration and that it would deprive the watermen of their occupation, in conveying passengers between the packets and landing place, and several meetings took place on the subject.^{47'}

The opposition to a Gravesend pier led to an ingenious move by a Mr Pitcher, who constructed 'a landing jetty on his land at Northfleet, about a mile from the landing place at Gravesend, where passengers could land and embark without boats. It was opened on the tenth of July, and about 40,000 persons used the jetty and walked to and from Gravesend, up to the end of the season.'^{48'}

The response of the watermen of Gravesend was twofold: to form themselves into a 'club' or form of local trade union, to oppose the building of the Gravesend Pier and secondly, to sue Mr Pitcher to close his Pier; '(a) committee of watermen was appointed to indict the pier, as it prevented their employment and also saved the boat hire and toll passing from the steamboat to the shore.'^{49'}

The proposal to build a pier at Gravesend was passed on 22nd June 1833, despite the opposition of the watermen who 'in a mass attacked the pier, the toll house on the quay was much damaged, the iron railing by which the quay was enclosed was destroyed, the piles of the jetty cut through, and part of the platform torn up and turned adrift in the river, they were only stopped by a military force arriving from Tilbury, when the mayor read the riot act.'^{50'}

Undeterred '(a)nother temporary pier was provided at the premises of Mr Starbuck, in West St Gravesend, for the accommodation of the public, until the pier should be built, which was opened by the Mayor on eighth of July. Measures were taken for the protection of the peace, in addition to the Thames Police from London and a corps of riflemen, two hundred special constables were sworn in, but the ceremony passed off without any further attempt from the watermen, who were evidently in a great state of excitement.'^{51'}

As soon as the piers were built, the number of passengers travelling increased enormously. In 1833 there were almost 300,000 passengers to and from Gravesend on the steam boats, a figure that was to more than double to 670,542 by 1835, and 1,141,285 by 1842.

While many watermen found employment on the Pier itself and fewer piloting the steam boats, the steamboats put an end to the existing long distance ferry operations. As Humphreus put it by 1835: '(t)he preference given by the public to steam packets between London and Gravesend, led to the extinction of sailing boats in the long ferry. They had maintained a hopeless struggle for some years, and as some of them dropped off, the little employment to be found was divided among reduced numbers, but the last of them, the Duke of York, was withdrawn this year.'^{52'}

Challenges from infrastructure: opposition to playhouse relocation

For many visitors to London a visit to the riverside Globe Theatre⁵³ is part of their itinerary. The location of the Globe, near to the river edge, is in large part due to the fact that, in the absence of more than one bridge until the 18th Century, the only way to ferry passengers from the more populated Northern shore of the Thames to the South was by ferry or wherry. The earliest audiences at the playhouse, and others, would almost certainly have been conveyed by watermen. The Globe was not the only

⁴⁷ P248. Vol III. Humphreus.

⁴⁸ P253/254. Vol III. Humphreus.

⁴⁹ P254. Vol III. Humphreus.

⁵⁰ P279. Vol III. Humphreus.

⁵¹ P279. Vol III. Humphreus.

⁵² P284. Vol III. Humphreus.

⁵³ https://en.wikipedia.org/wiki/Globe_Theatre

playhouse on the banks of the Thames. Theatres and other entertainments on the South side of the River, including the notorious 18th Century Pleasure Gardens at Vauxhall, have a long history.

As Humpherus points out for 1586 '(t)he watermen of London and Westminster found considerable employment in ferrying persons to and from the playhouse, &c. at Bankside.⁵⁴' What is less well known is the role the watermen played in limiting the growth of theatres away from the river; 'several attempts were made to introduce similar places of amusement into the City of London, but they were strenuously opposed by the watermen and their friends, as being against their interests. The Lord Mayor and Aldermen were also opposed to their introduction.⁵⁵' 1613 saw a petition moved by the watermen to stop theatre players moving from Bankside to the City of London to put on a play. As Humpherus they 'took great interest in opposing playhouses, then existing only on bankside, being licensed in London or Middlesex, or within four miles of London on the North side of the Thames, as it deprived Watermen of their fares across the river.⁵⁶' Rival petitions were heard before the King with the watermen pointing to their military service and loyalty to the Crown against the desire of the players to put on plays North of the river.

The theatres at the time provided employment for watermen returning from war ferrying passengers to and fro; 'the theatres at Bankside, consisting of the Globe (the scene of Shakespeare's exertions as an actor, and where most of his last pieces were performed,) the Rose and the Swan, with other private theatricals, besides the bear-baiting, caused a large amount of business in ferrying citizens over the Thames, the passage over London Bridge (then the only bridge) being tedious and inconvenient, but the players left the Bankside and commenced playing in London and Middlesex, which deprived the watermen of a great source of employment, and caused considerable dissatisfaction among them, and numerous meetings took place, and ultimately it was determined to oppose the players.⁵⁷'

⁵⁴ P138. Vol I. Humpherus.

⁵⁵ *ibid*

⁵⁶ P176/177. Vol I. Humpherus.

⁵⁷ *Ibid*.

Section II: Competition from other transport modes

Competition from other transport modes: the battle against the hackney coach

The current disputes between taxi operators and ride-sharing and on-demand services like Uber and Lyft often involve accusations that the technology provider will drive existing operators out of business. In their day the watermen were effectively the taxi operators of the time, with a monopoly on the provision of transport services across and up and down the river. They sought to protect that monopoly against all comers, be they bridge builders, as evidenced above, or the early forms of the modern road taxi operators. The arrival of the coach, itself a creature of an early sharing economy model, was perhaps the most vociferously opposed innovation of the 17th Century. While the watermen disliked the coaches because of the competition, their campaign found sympathy among those who preferred the quiet of the 17th Century road network to be unencumbered by fast moving coaches pulled by horses. It should be remembered that the 'road network' in London was not a modern asphalt paradise, it was a series of poorly maintained and often rutted roads that turned to mud and sludge as soon as it rained, or flooded. Coaches made the state of the roads considerably worse, damaging the road surface and adding to congestion as the city grew.

During the 17th Century the company of Watermen's most prominent leader was a poet by the name of John Taylor. He was a prolific traveller, writer, poet, and member of the Royal Navy before retiring to run a public house. In a book in 1622, with the snappy title 'A Very Merry, Wherry, Ferry, Voyage or Yorke for my Money; Sometimes Perilous, Sometimes Querrellous, Performed with a Paire of Oars, by Sea, from, London⁵⁸', he railed against the:

'Carroches, coaches, jades and Flanders mares,
Do rob us of our shares, our wares, our fares;
Against the ground we stand and knock our heeles,
Whilst all our profit runs away on wheelles.
And whosoever but observes and notes
The great increase of coaches and of boates,
Shall find their number more than e'er they were
By halfe and more, within these thirty years;
Then watermen at sea had service still,
And those that stay'd at home had worke at will
Then upstart hel-cart coaches were to seek,
A man could scarce see twenty in a weeke;
But now I thinke a man may dayly see
More than the wherrys on the Thames can be.'

The newness of the coaches introduced in London lead Taylor to refer to them as 'a strange monster, it amazed both horse and man. Some said it was a great crab-shell brought out of China; some thought it was one of the pagan temples, in which the cannibals adored the devil.⁵⁹' He further fulminated that 'since phaeton broke his neck, never land hath endured more trouble than ours, by the continued rumbling of these upstart four-wheeled tortoises. Whence comes leather so dear? By reason or against it of the multitude of coaches which consume all the best hides in the kingdom; when many honest

⁵⁸ P208. Vol 1.

⁵⁹ P207. Vol 1.

shoemakers are undone, and many poor Christians go barefoot at Christmas. Yet a coach or carouch is a mere engine of pride, which no one can deny to be one of the seven deadly sins.⁶⁰

The Watermen were increasingly agitated by the emergence of the coach trade and in particular were irritated by the fact that coaches were plying for hire near the Temple Gate and carrying the legal profession to Westminster Hall and back. These important passengers, both for payment and for lobbying, could be loaded into a coach at fourpence each, which was cheaper than a fare by boat. The stealing of trade on routes parallel to the Thames was a significant grievance which led to the petitioning of the King to ban coaches from competing with Watermen. As John Taylor put it; 'if the coaches would carry people north or south,...,there would be no grievance but their carrying east and west will ruin the watermen.'⁶¹

The challenge to the Watermen led to them lobbying the King to crack down on the coach trade, which he duly did in a proclamation of January 19th 1635 which in rather grand terms slammed the brakes on the growing coach trade:

'That the great number of Hackney coaches of late time seen and kept in London, Westminster and their suburbs, and the general and promiscuous use of coaches there, were not only a great disturbance to his Majesty, his dearest consort the Queen, the nobility, and others of place and degree, in their passage through the streets, but the streets themselves were so pestered and the pavements so broken up, that the common passage is thereby hindered and made dangerous, and the price of hay & provender, &c., thereby made exceeding dear, wherefore we expressly command and forbid that no Hackney or hired coaches be used or suffered in London, Westminster, or the suburbs thereof, except they be to travel at least three miles out of the same; and also that no person shall go in a coach in the said streets, except the owner of the coach shall constantly keep up four able horses for our service when required.'⁶²

It is worth repeating the proclamation in full as it nowhere mentions the Watermen or their efforts to restrict competition. The reasons given for the ban on coaches was quite explicit; congestion and over provision, causing harm to the road network and potential danger to the general public, and the driving up of the price of provisions to feed the new industry.

In realpolitik terms the ban made sense on at least two fronts and was constructed quite carefully as a result. The ban was on coaches within the bounds of the Bills of Mortality, the three miles radius of the City of London. It coincided with the already granted monopoly of 1630 for the Sedan Chairs operated by Sir Saunders Duncombe. The threat to the Watermen thus appeared halted; Sedan Chairs were effectively granted a monopoly within the City of London and Westminster and the Watermen given the monopoly on longer journey up and down and across the Thames (remembering that only one, very congested, bridge crossed the river at this time). The upstart coaches were restricted to journeys beyond the bounds of the City.

The nascent taxi industry was faced with a dilemma. It could obey the law and only operate outside of the City of London and Westminster or it could ignore the law and pick up passengers and campaign for reform; it opted for the latter. There is, of course, a degree of irony that the origins of the current taxi industry lay in ignoring the law of the land whilst lobbying for change, given the accusations that are made against the ride sharing and on demand apps.

⁶⁰ P207. Vol 1. Henry Humpherus.

⁶¹ P20. Philip Warren.

⁶² P227. Vol I. Humpherus.

While generally ignoring the ban on coach operations, the existing operators petitioned the king in June 1636⁶³ regarding the general use of coaches by ‘Chandlers, Innkeepers, Brokers and others who were competing with coachmen.’ The coachmen sought to create a system of regulation and promotion similar to that of the watermen, in return for handing over significant sums of money to the exchequer.

By 1637 the King issued a proclamation to the Marquis of Hamilton, to license fifty Hackney coaches, ‘finding it very requisite for our nobility and gentry, as well as for foreign ambassadors, strangers and others⁶⁴’. As Warren, the historian of the taxi trade put it ‘within two years of the proclamation, it was as if it had never been made for hackney coaches were working very much as before; because the people wanted them.⁶⁵’

The emergence of a Fellowship of ancient coachmen in response to the 1635 ban led to the Act of June 1654⁶⁶ that related to hackney coaches ‘in the City of London and Westminster and six miles about from the late lines of communications.’ Two hundred coachmen were to be licensed to operate, with thirteen overseers, who were entrusted to choose the remainder. Each coachman admitted to the Fellowship had to pay £2 toward the expenses of the company.

Fee structures were very much focused on the nobility of the time, geared towards hire for an entire day and for journeys exceeding six miles outside the boundaries of the City of London and Westminster. However, the charging system within the six mile limit of the Lines of Communication are familiar to taxi passengers and drivers today; ‘sixpence a mile forward and sixpence back’. The coachman could charge one shilling per hour waiting time after the first hour and if more than three passengers were carried he was allowed to charge sixpence for each additional passenger.⁶⁷

Unfortunately the fellowship did not survive the rather unruly nature of the coach drivers at the time and was disbanded in 1656. The hackney coachmen were forced to go back to the old ways of doing business, operating from the yards and inns throughout the city. Within four years they started to venture back out into the City, cruising for fares. This brought down the ire of King Charles II who sought on October 18th 1660 ‘to restrain the excessive numbers of hackney coaches in the City of London and Westminster. They are therefore forbidden to stand in the streets and may only be hired from a yard or stable.’

The coachmen roundly ignored the proclamation limiting their ability to ply for trade on the streets as evidenced by an entry in Samuel Pepys’s diary ‘notwithstanding that this was the first day of the king’s proclamation against coaches coming onto the streets to stand to be hired, yet I got one to carry me home.⁶⁸’ A further raising of the limit occurred in 1683 when the numbers were increased to 400, and again to 600 in October 1688 and seven hundred in April 1694.

Competition from other transport modes: the arrival of the Omnibus

In a world of well-developed public transport systems with buses and indeed local train services a part of many peoples’ everyday lives it is interesting to look back to the early development of the bus services in London to illustrate again how something that is so commonplace was initially received. It should be remembered that prior to the arrival of the Omnibus all ‘public’ transport occurred in coaches, on wherry’s or by sedan chair. The service was highly personalised and labour intensive.

⁶³ P23. Warren.

⁶⁴ P230. Vol 1. Humphreus.

⁶⁵ P23. Warren.

⁶⁶ P25. Warren.

⁶⁷ P25. Warren.

⁶⁸ P48. Warren.

The first public omnibus in London was launched in June 1829 by George Shillibeer from the 'Yorkshire Stingo' Inn, Paddington to the Bank of England in the City. It should be noted that it had been possible to run 'stage' coaches since the Stage Coach Act of 1822, but it was fully seven years before the first concerted attempt was made to do so. The Omnibus (modelled on the Parisian version) travelled along what was then the New Road and is now the Marylebone, Euston, Pentonville and City Roads. It 'was drawn by three beautiful bays. It was built in the shape of a van, windows on each side and one at the end, and was capable of carrying sixteen or eighteen passengers inside; at first the fare was one shilling, but afterwards reduced to sixpence.⁶⁹

To anyone familiar with London the route is a little peculiar for a first route given that it effectively skirts around the northern edge of Central London and is a West-East service rather than the more familiar periphery-centre route that tends to dominate most public transport. The reasons for choosing this route were as regulatory as they were commercial. It was certainly the case that Paddington was fast developing as an area for suburban population growth where a newly growing middle class was able to pay to travel by omnibus. It was also the case that the New Road had been made toll free to create a bypass road to the City avoiding Central London.

The route was also a careful avoidance of the Bills of Mortality, the old measure of the City of London. By starting in Paddington Shillibeer was able to pick up and drop off passengers until he reached St Pancras Church. As soon as he did so he could not legally pick up passengers without being in breach of the 1815 Hackney Coach act that banned short and long stage coaches from picking up passengers within the three mile radius of the City of London.

It is no great surprise that the early experiments with Omnibuses were not particularly successful given how restricted they were in their operations. It took fully two years (three allowing for implementation) for Omnibuses to be de-criminalised and allowed to pick up passengers within the confines of the City. The main object of the 1831 Act (which came into effect Jan 5th 1832) was to liberalise license numbers and remove the restriction on long and short stage coaches from picking up and dropping off within the Bills of Mortality area.

The liberalisation of picking up and setting down rules (originally designed to protect the hackney coach trade) changed the face of transport in London; '(w)ithin the space of a few years the transition from short stage to the omnibus had been rapid and the coaches had given way almost entirely to the omnibus design.⁷⁰

1825: 418 short stage coaches departing from the city of London

1834: 293 short stage coaches; 232 omnibuses

1839: 200 short stage coaches; 625 omnibuses

As an interesting post script to Shillibeer's initial forays into the Omnibus trade it should be noted that as the owner of a number of existing hackney coach licenses he, along with twenty one other cab proprietors, on Match 27th 1832, petitioned the Aldermen in the City of London for: 'extra cab ranks in Fleet Street, Cheapside Cornhill and the Bank, which are at present occupied by your petitioners new but natural enemies, the omnibus, to the great injury and entire exclusion of your old and tried friend the hackney carriage.⁷¹

⁶⁹ Vol II. P239. Humpherus.

⁷⁰ P86. Warren.

⁷¹ P86. Warren.

Competition from other transport modes: the opposition to steam boats

The campaign against coaches that was so vociferous, and poetic, in the 17th Century was replaced by an opposition to the arrival of steam boats in the 19th Century. The steam boats presented a peculiar problem, and one that was echoed to some extent with the problem posed by the new dock complexes East of the City of London. Steamboats were able to carry many more people, faster and with more timetabling certainty than the existing boats plied by watermen, they were also more likely to bring with them complementary innovations in landing and disembarking passengers; an innovation that would lead to a new battle front for the watermen, as discussed above.

In 1812 'a Mr Lawrence constructed a steam boat at Bristol, which he brought to London, to ply on the Thames for passengers, it is however recorded, 'that the company of watermen made so strenuous an opposition to what was considered an innovation of their vested rights, that the proprietor was obliged to return with his steamer to Bristol.^{72'}

While the 1812 incursion may have been beaten off, it was not long before hardier souls established steamboat companies to offer competition for passengers on the river. In November 1814 'a steam packet company was formed in London, for establishing steam conveyance on the river, Mr Dodd, the civil engineer who promoted the tunnel at Gravesend in 1799, had the merit of completing the arrangements, and next Spring was to witness boats between London and Gravesend, and London and Kingston.^{73'}

Of course, within the year the Watermen had taken action against the steamboats under the Watermen's Act and it was required that a freeman of the company was appointed master of the vessel. While the provision of the service itself could not be halted it was still a requirement that passengers be embarked and disembarked on smaller watermen's boats both in London and Gravesend. However, the die was set by the fact that the steam boats could travel from London to Gravesend and return within a specified and predictable time of twelve hours. The arrival of the steamboats, while initially competing with the watermen for journeys were actually creating an entirely new market; that of the day-trip to the coast, a market that would democratise leisure travel for the burgeoning middle classes of Georgian and Victorian Britain.

The innovation of the steam boats that was initially opposed were mainly of the longer haul variety capable of taking large numbers of passengers the length of the Thames on day trips. However in 1820 there arrived on the River 'the introduction of cabriolets or 'cabs' from Paris, where they had long been used; they were painted uniformly of a chocolate colour, side seats for the driver were universally adopted, and gigs and other vehicles soon followed, and further interfered with watermen's labour.^{74'}

The effect on the watermen of the arrival of steamboats was dramatic: '(i)n 1820 there were but three steamboats running as before mentioned. In 1830, the number had increased to 20.^{75'} Humpherus opines for 1825: 'the steam boats between London and Gravesend, were gradually progressing and rising in public favour; the poor watermen's sailing boats dropped off one by one, the number of steam boat passengers last year, being fifty-seven thousand two hundred and forty-eight.^{76'}

By 1830 '(t)he various bridges above London bridge had nearly destroyed all employment for watermen and their boats; steam boats, hitherto used only below London Bridge, had nearly destroyed the

⁷² P98/ Vol III. Humpherus.

⁷³ P123. Vol III. Humpherus.

⁷⁴ P150. Vol III. Humpherus.

⁷⁵ P253. Vol III. Humpherus.

⁷⁶ P195. Vol III. Humpherus.

employment below, as their number and size were increasing. Although the rules and bye laws made, regulated their rate of speed, and provided for their being licensed to carry a convenient number of passengers according to their size and admeasurement, such rules were not observed, many of them were navigated in a very reckless manner and often excessively crowded, and complaints in the daily papers were of frequent occurrence⁷⁷.'

In another parallel with existing debate about the sharing and on-demand economy it should be noted the complaint that the new entrant or new technology (in this case steam power and bridge building) was not abiding by the law, was not safe and was causing negative public comment in the press.

The response of the watermen was twofold; to oppose the innovations where possible and to loosen the bounds that were already placed upon them. The terms of their lobbying efforts was neatly summed up in a petition presented to the Court of the Company of Watermen in 1826: '(t)he petition stated that the formation of docks and steam navigation had greatly reduced their employment, that they were precluded from working on the Sunday, by penalties for so doing, but that boat builders were under no regulation, and let out boats on Sundays, and therefore had all the work, which caused the petitioners great distress; they therefore prayed the company would endeavour to get power to register the owners of such boats and to grant watermen the licenses to work on Sundays⁷⁸.'

Competition from other transport modes: Chairmen

The problem of congestion caused by coaches in 17th Century London was added to by the operation of Sedan Chairs. In 1630 the monarch had granted 'letters patent' to a Sir Saunders Duncombe to let out Sedan chairs for hire in London.⁷⁹ The monopoly thus afforded was justified on the grounds of congestion and the fact that giving a monopoly in Sedan Chair journeys would reduce the number of coaches on the roads: 'That whereas the streets of our cities of London and Westminster and their suburbs, are of late so much incumbered with the unnecessary multitude of coaches, that many of our subjects are thereby exposed to great danger, and the necessary use of carts and carriages for provisions thereby much hindered; and Sir Sanders Duncombe's petition representing that in many parts beyond sea people are much carried in chairs that are covered, whereby few coaches are used amongst them; therefore we have granted to him the sole privilege to use, let and hire a number of the said covered chairs, for fourteen years.⁸⁰

In the early 18th Century Steele, in one of his Tatler papers argued, 'the chairmen or slaves of the rich, take up the whole street, while we peripatetics are very glad to watch for an opportunity to whisk across a passage, very thankful that we are not run over for interrupting the machine.'⁸¹

Perhaps because of the Royal link and their relative lack of enemies the Sedan Chair was not brought under any legislative oversight until '1711 when they were placed under the authority of the Hackney Coach Commissioners and their numbers were restricted to two hundred, with the proviso that another hundred could be licensed if it were thought necessary.'⁸²

The artificial restriction to two hundred was challenged by a number of Chairmen who petitioned Parliament in June 1712. Their petition highlighted what is now viewed as a common problem in taxi

⁷⁷ P245. Vol III. Humphreus.

⁷⁸ P209. Vol III. Humphreus.

⁷⁹ P21. Philip Warren.

⁸⁰ P62. Warren.

⁸¹ P62. Warren.

⁸² P57. Warren.

licensing in particular, namely that the limited number of licenses had allowed rich speculators to buy them and then rent them to Chairmen at rates higher than the cost of a license.

The lack of ready income on the part of Chairmen meant that they were priced out of the market for licenses and forced to rent them to access the market. 'the commissioners have been pleased to give a license to several young men that have not been above half a year employed in the said employment and to eminent men and women who never did any of the labour themselves, who, having engrossed the license to themselves to let to foreigners, at such extravagant rates as £6 per annum, by which means we that are inhabitants and ancient chairmen shall be ruined having not so much money to lay down. We do beg and beseech your honours to permit us to carry gentlemen in our own chairs, or that you will be pleased to license one hundred more.'⁸³

Despite the spread of coaches and the existence of watermen the Sedan Chair continued in used until the early 19th Century. As late as 1810 regulations were still in force in the City of London 'that such chairmen who do wait for fares at the Guildhall, do place their chairs in that part of Blackwell Hall Yard which shall be allotted for that purpose.'⁸⁴

Competition from other transport modes: Opposition to the railways

The enormous growth in passenger traffic caused by the arrival of steam boats lead to proposals to build railways between various ports of call for steamboats. For example, in 1833, '(t)he number of passengers by steamboats to and from Greenwich led to new competition on land, and a bill was brought into the House of Commons for constructing a railway, the same was under the consideration of the court, and a petition of the Greenwich watermen was also received and considered...Petitions against the bill were presented by the Deptford Creek Bridge Company, the watermen of Greenwich and several others.'⁸⁵

As steam triggered a burst in passenger numbers on the London to Gravesend route, so the railways were to do the same for travel, initially from London to Greenwich. The London and Greenwich Railway Act of 1833, lead to the building of a railway line to Greenwich, which opened on December 24th, 1838 'the manner in which it competed with the watermen's boats and steam boats for the traffic of the river is shewn by the number of passengers by trains, which in four days was stated to be 76,420.'⁸⁶

⁸³ Ibid.

⁸⁴ P57. Warren.

⁸⁵ P273. Vol III. Humpherus.

⁸⁶ P344. Vol III. Humpherus.

Section III: Competition within existing transport modes

Competition within transport modes: watermen's disputes with lightermen

The Company of Watermen was originally composed only of Watermen, who were largely focused on the for-hire market and wherrymen, who operated the more regular ferry services. Both were licensed to carry passengers and goods. The Lightermen and Woodmongers were a company of the City of London (number 63 on the list), who were licensed to carry goods only. As Humpherus puts it in 1667; '(d)ifficulties appear to have arisen between the members of the Watermen's Company and the lightermen free of the city, who most likely did not confine themselves to carrying goods on that part of the river within the city, and were desirous of increasing their rights. These disputes appear to have been brought before the King in Council, as on the twentieth of December an order in Council was made, referring the subject to the Lord Mayor and Court of Aldermen, to reconcile the difference between them, or else to report what was fit to be done therein most conducing to the public good.⁸⁷'

The dispute between the two groups appears to have been a particularly difficult one as no report was made in response to this request until fully seven years after the request for resolution. The lightermen made a number of attempts to force a merger between the two Companies, something that was opposed by the Watermen and was only achieved in an Act of 1700.

Competition within transport modes: early divisions between coach operators

The 1635 ban galvanised the coach operators to petition the king in June 1636⁸⁸ regarding the general use of coaches by 'Chandlers, Innkeepers, Brokers and others who were competing with coachmen. They sought a charter of incorporation to put them on the same footing as the Watermen. Such a charter would give them some degree of control on entry limits and fee structures, as well as internal discipline. In return the Exchequer would gain licensing fees at a time, like so many, when the Crown was dealing with the threat of war.

In the early 17th century there were, as with the Watermen, two groups of coachmen; those who relied solely on coach driving for a living and those who were brought into service on an opportunistic basis to turn a profit when demand required it. The former were generally required to stand their coaches in the yards of inns, but who later followed Captain Bailey's example of gathering around the Maypole in the Strand. They were generally referred to as the 'ancient coachmen' and were the progenitors of the modern licensed taxi trade. The latter group comprised mainly of the coaches operated by merchants, shopkeepers and innkeepers who would hire out their vehicles on occasion to earn extra money. As Warren put it '(f)or as long as there has been a licensed trade, there has also been an unlicensed one working quite well and prosperous without any recourse to a licensing system.⁸⁹'

The decision to limit the number of coach operators to four hundred in 1683 were challenged by other potential operators. In particular, one called Murray made arguments in 1685 that could easily be made in a number of cities now. He argued for a looser allowance of operators on three grounds:

1. London and Westminster had grown considerably since the limit was imposed in April 1662;
2. There was a pool of 1,200 coaches driving for hire and suppressing that number would cause hardship on the rest; and,

⁸⁷ P303. Vol I. Humpherus.

⁸⁸ P23. Warren.

⁸⁹ P24. Warren.

3. An easier way around the problem was to raise the license fee to £6 for the first four hundred coaches and £10 for coaches above that number.

It is interesting to note that the arrival of 'minicabs', the Renault Dauphine, launched by Welbeck Motors on June 19th 1961⁹⁰ followed a similar path of strife. After getting what they thought of as a rather weak response from their existing trade union body the London Taxi trade formed the London Cab Trade Crisis Committee in July 1961 to oppose the operation of the minicabs. There were regular reports of disputes between taxi drivers and minicab drivers, similar to those seen between watermen and lightermen and between watermen and coachmen and '(b)etween Aug 23rd and Nov 27th 1961, 37 taxi drivers were prosecuted by the police arising from incidents involving minicabs. Of these fifteen were found guilty, three summonses were dismissed, five cases had been adjourned, eleven were waiting to be heard and three men had been sent for trial.⁹¹' Welbeck motors ceased operating in 1965 and the licensed taxi trade initially won legal battles that would have effectively outlawed minicabs from operating in London. However, the genie was out of the bottle and minicabs started to increase in number with no clear willingness on the part of the authorities to clamp down on it.

Section IV: Wider lessons from the watermen

Baptists and Bootleggers on the Thames

The failed 1601 'an Act to restrain the excess and superfluous use of coaches within this Realme of England⁹²' argued that the growth of the number of coaches would lead to the damage the economy and promote criminal activity: 'the saddlers trade is like to be ruined, evil disposed persons securely convey themselves in coaches and cannot be discerned from persons of honour.⁹³' The cost of leather, as argued above, was to be a regular refrain; 'whence cometh leather so dear?' Taylor wrote in 1623, 'by reason of the hackney coach that doth consume all the best hides in the Kingdom wherebye many poor shoemakers are undone and many poor Christians go barefoot at Christmas.⁹⁴'

Famously the Watermen in 1635 had the support of London shopkeepers who argued that '(f)ormerly, when ladies and gentlemen walked in the streets there was a chance of obtaining customers to inspect and purchase our commodities; but now they whisk past in the coaches before our apprentices have time to cry out 'What d'ye lack?⁹⁵'

The watermen were often joined in their efforts to stymie new transport modes by both allied professions and others who sought common cause with them. On the nineteenth of July 1822, 'a petition from coach proprietors, innkeepers, &c., in business between London and Dover, was presented to the House of Commons, complaining of loss of business by the number of passengers carried by the steam boats on the river, praying for enquiry and that some tax should be put upon such steam boats.⁹⁶'

⁹⁰ P163. Warren.

⁹¹ p164. Warren.

⁹² P16. Philip Warren. 1995.

⁹³ P16. Philip Warren. 1995.

⁹⁴ P20. Philip Warren. 1995.

⁹⁵ Lord William Pitt Lennox. Coaching with Anecdotes of the Road. Hurst and Blackbutt. London

⁹⁶ P171. Vol III. Humpherus.

It was not just the allied trades that helped to stymie new entrant technologies, the City of London spent a good deal of time, and money trying to ensure that the locus of the economy stayed firmly in their domain. To return to long battle over the building of Westminster Bridge:

‘During the seventeenth century various attempts had been made to build a new bridge close to the horse ferry and, in 1664, discussions were held on the subject at the Privy Council. Although the representative of the City of Westminster was in favour, as the bridge would offer much improved communications, the Lord Mayor was against the idea for the usual reasons. In the end nothing happened because the City of London bribed Charles II with a loan of £100,000, which was a powerful argument, as the king was always short of money.’⁹⁷

Congestion is nothing new as an excuse for regulation

Most modern cities struggle with traffic congestion and many have invested in public transport schemes or enacted restrictions on permitted forms of road traffic in particular, to allow ease of movement for citizens.

While the problem of congestion is not to be under-estimated it is interesting to view the problem in historical perspective. This is particularly the case when viewing three aspects of congestion; firstly, its source, secondly, the regulations designed to restrict certain forms of activity and finally the justifications used to enact regulations against congestion.

The watermen used the congestion caused by coaches as a powerful argument to restrict their numbers and usage: “(w)e poor watermen have not the least cause to complain against any conveyance that belongs to persons of worth or quality, but only against the caterpillar swarm of hirelings. They have undone my poor trade, whereof I am a member. This swarm of trade spoilers, like grasshoppers or caterpillars of Egypt, have so overrun the land that we can get no living on the water; for every day, if the Court be at Whitehall, they do rob us of our livings, and carry five hundred and sixty fares daily from us. I pray you but note the streets and the chambers or lodgings in Fleet Street or the Strand, how they are pestered with coaches, especially after a masque or play at Court, where even the very earth shakes and trembles, the casements shatter, totter, patter, and clatter, and such a confused noise is made that a man can neither sleep, speak, hear, write, nor eat his dinner or supper quiet for them; besides, their tumbling din, like counterfeit thunder, doth sour wine, beer, and ale, almost abominably, to the impairing of their health’s that drink it, and the making of many a victualler’s trade fallen.”⁹⁸

The refrain from the watermen, that coaches would steal their trade, clog up the streets (particularly at times of peak demand) and cause all manner of noisy congestion may have been written in rather melodramatic language, but the complaints bear a spooky echo through the ages. The only complaint that is not repeated in current debates appears to be the one regarding the spoiling of wine and beer through the sheer noise of the coach operators.

When the sharing economy arrived in London coach transport in 1625 there were but twenty coaches available for hire. But even these, by 1633 led to such complaints of congestion around the Blackfriars playhouses that the Star Chamber on 22nd November ‘order all coaches to leave as soon as they have set down, and not return till the play is over, nor return further than the west end of St Pauls Church Yard, or fleet conduit.’⁹⁹

⁹⁷ P90. Peter Matthews. 2008. London’s Bridges. Shire Books.

⁹⁸ Lord William Pitt Lennox. Coaching with Anecdotes of the Road. Hurst and Blackbutt. London.

⁹⁹ p224. Vol 1. Henry Humpherus.

The enterprising Captain Bailey (RN) established probably the first taxi-rank in 1634 when 'Permission was obtained on the fourth April for their plying out of doors, and a stand was formed by the May-Pole in the strand, near Somerset House. It consisted of four carriages, with coachmen dressed in liveries.'¹⁰⁰

The creation of taxi-ranks and the increasing hiring out of coaches lead the Watermen to petition Parliament in May/June 1634 'that the Hackney coaches are so many in number, that they pester and incumber the streets of London and Westminster, and, which is worst of all, they stand and ply in the terme tyme at the Temple gate, and at other places in the streets, and doe carry sometimes three men for four pence the man, or four men for twelve pence, to Westminster or back again, which doing of this doth undoe the Company of Watermen.'¹⁰¹

Legislate in haste, repent at (great) leisure

One of the more interesting aspects of an historical review of the regulation of for-hire transport is just how long certain regulations and restrictions can last for, or indeed how long it can take to reach a compromise when competing interests clash. It is unlikely that the particular rules being drawn up at any time are done so with the expectation that they will outlive their expected utility. However, the law; certainly in Common Law jurisdictions, grows and develops over time building on the rules and regulations of the past often without necessarily recognising that their utility may have passed. Measures enacted with one object in mind often end up having an unintended impact on many others.

By way of example we will note with interest the fact that the term 'Bills of Mortality' plays a rather interesting role in the development of the for-hire market in London.¹⁰² The initial object of the Bills was to enable the rulers of the country to accurately assess the births, deaths and marriages within London. In 1536, Thomas Cromwell, then Chancellor of England, required Parishes to 'keep a true record and exact register of all christenings, weddings and funerals.' The weekly registers began on December 21st 1592 and ran until the final christening was recorded on Aug 3rd 1858. The Bills of Mortality covered around 97 Parishes in medieval London (prior to 1639) and 16 Parishes outside the walls of the old City. By the time the Bills were ended the area covered by the reporting restriction covered the 1639 parishes plus an additional 38 parishes and 8 district churches. The area of the Bills equated roughly to a three mile radius from the traditional centre of the City of London, from which milestones were measured, the location of the standard water supply at the junction of Cornhill and Gracechurch Street.

The Bills of Mortality were the rule of thumb measure to define the geographic market of the City of London. As such, they became the boundary within which monopolies were granted to differing forms of transport over time and within which restrictions occurred to competing modes of transport. The role of the Bills in stimulating the omnibus service will be discussed later.

While the Bills of mortality affected the regulation of London transport for a mere three hundred years, the rules for apprenticing Watermen was even longer lived. The origins of the regulation of the Watermen on the Thames was the creation of the Company of Watermen in 1555 (by Royal Act). This Act created a body to make rules for all ferrymen and watermen between Windsor and Gravesend, the then upper and lower bounds of the Thames for practical transport purposed. The problem of training apprentices, and thus regulating the number of watermen allowed to service the for-hire transport market on the Thames, was a well-entrenched problem. The problem was two-fold; firstly, the Thames

¹⁰⁰ P225. Vol 1. Henry Humpherus.

¹⁰¹ P225. Vol 1. Henry Humpherus.

¹⁰² I am indebted to Philip Warrens'. 1995. The History of the London Cab Trade: from 1600 to the Present Day. Taxi Trade Promotions Ltd, London. P7 and throughout the text.

was a significant expanse of water to navigate safely. Secondly, the Watermen wished to earn a reasonable living by restricting the number of Watermen allowed to ply for trade. The safety aspect of Thames navigation should not be understated. The state of the art in bridge building at the time, London Bridge, was notorious for creating dangerous areas of water during tidal flows claiming the lives of many river users over the years.

As a result of the desire to ensure both safety and entry restriction the apprenticeship served for Watermen was set at one year in 1555, a period that was increased to seven years in 1603. The seven year apprenticeship was reduced over time to a five year apprenticeship, which was still considerably longer than for any other UK river effectively limiting entry to working on the Thames. The rules for the Thames were only brought into line with the rest of the UK and indeed Europe in 2007. The creation of a harmonised license caused considerable opposition from the Watermen who generated public upset and claims that disaster would result from the reform of the licensing system.¹⁰³ The market restrictions imposed in 1603 to limit entry and in response to the peculiar safety problems caused by London Bridge thus were only removed in 2007, over 400 years after they were enacted.

It should also be remembered that when the Watermen were facing challenge from the Lightermen letting out spare capacity on their boats to carry passengers, an early sharing economy move, it took fully thirty two years to solve the problem by merging the two groups of workers into one livery house.

Conclusions on the lessons from history

It is more than a little difficult to try and draw some lessons from history for our present discussions of the sharing and on-demand economy. However, a few spring to mind:

- 1. Elements of the sharing economy are very old**
 - a. 17th and 18th Century coach owners or boat builders renting out their vehicles to more efficiently utilise their assets would feel quite at home in the sharing economy;
- 2. Every innovation has an opponent**
 - a. The watermen, who are still around today, opposed every innovation from coaches to steamboats, railways and bridges. They always had a good argument for why things should not be allowed to happen;
- 3. Opposition to innovation tends to be mainly dull and piecemeal**
 - a. Most opposition to innovation comes in the form of lobbying and attempts to snare innovators in regulations and law suits. Violence and sabotage can break out, but it is outweighed in impact by the background work
- 4. Opponents of innovation generally have reasonable position, reasonably argued**
 - a. The watermen had a point; they lived dangerous lives with fierce competition between them and serious troughs in demand. Technology and innovation was a threat and eventually killed them off as a viable mode of transport;
- 5. Opponents of innovation wrap their self interest in cloths of many types**
 - a. While the watermen had a point their main concern was their income. This is not unreasonable but the arguments generally put forward against innovation tended to be social, health and safety related or appeals to patriotism;
- 6. Opponents of innovation have more friends than innovators**
 - a. The watermen were supported in their opposition to innovation at times by the local shopkeepers, inns and public houses. At all times the government of the City of London,

¹⁰³ <http://www.theguardian.com/uk/2007/jan/02/britishidentity.patrickbarkham>;
<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtran/320/320ii.pdf>

their ultimate regulator, sat behind them in their desire to keep the centre of the economy of London, and thus the UK, in their hands;

7. Current arguments against the sharing and on-demand economy are nothing new

- a. While the language may be different there are startling historical parallels and echoes in the arguments being used against innovation. The irony in the transport field is that the taxi industry attacks the on-demand competition in terms very similar to those the watermen used to attack them;

8. Every new mode of transport has broken existing laws and forced them to change

- a. The on-demand and sharing economy is often attacked for breaching existing rules and regulations. Every innovative transport mode has done this at its inception. When rules are designed around an incumbent business model it is almost impossible to challenge that business model without breaking the laws that describe it. The modern taxi, bus, rail and passenger boat network would not exist today had it obeyed the laws applied at its inception;

9. Markets generally find a way to work irrespective of the rules

- a. To steal from the original Jurassic Park, Dr Ian Malcolm (played by Jeff Goldblum) warns the owner of the park that 'the kind of control you're attempting simply is...it's not possible. If there is one thing the history of evolution has taught us it's that life will not be contained. Life breaks free, it expands to new territories and crashes through barriers, painfully, maybe even dangerously, but, uh... well, there it is.' The same can, to a similar degree be said about innovative markets, history shows that attempts to control innovation, particularly significant innovation like steam or rail, simply fail. Markets crash through barriers often initially painfully and sometimes dangerously. The issue should not be whether it happens, but how we minimise the downsides of innovation, while ensuring the upside is captured.

10. Innovation can be slowed and made considerably more expensive

- a. The watermen were effective lobbyists against the development of bridges across the Thames (which is difficult to believe now) over centuries and extracted enormous levels of compensation to allow building to occur. All significant innovations from docks to steamboats and piers were slowed down or temporarily beaten off. Innovations may always win in the end but the costs of battle can be significant

11. Innovation begets unpredictable further innovation

- a. One of the most obvious issues to emerge from reviewing the history of a transport sector over time is how innovation leads to other innovation, often in ways that the original innovator could not foresee. For example, the railways would not have travelled where they did without the steamboats having proven the potential market for travel existed; the tube and before it the bus market would not have existed had stage coaches and coaches not developed before them.

12. Would the world be a better place if the watermen had won?

- a. It is fairly common to either read or view what can loosely be termed 'alternative history'; usually involving World War II. In the context of the watermen it is worth asking what would have happened if they had won any of their significant battles outright. It should be remembered they won a lot of them in the short term, but lost in the long term. Would London have developed at all as a world city if the coach industry had been kept out of the centre of London and would we still be carried around in Sedan Chairs or forced to use boats to get across a bridgeless Thames? While such thoughts seem farfetched it allows us to place current demands for new business model bans or restrictions to make them resemble existing business models into context. Will the world be a better place if we stop

innovations because they make some incumbent operators feel uncomfortable? History would tend to tell us otherwise.

13. The future is always here and unevenly distributed

- a. The period of time we reviewed illustrates how at any one time the future is always arriving, but in uneven distribution. For example, in local transport terms the watermen have been plying their trade on the Thames in one form or another from at least the 13th Century to the present day. At various time they have competed with Sedan Chairs (17th-19th Century); Coaches/taxis (17th Century to the present day); Steam/diesel boats (19th Century to present); Buses (19th Century onwards) and Railways (19th Century onwards). The arrival of an innovation did not immediately supplant the previous technology. It often took many years, if not centuries, for technology to shift entirely from one mode to another. Each technology had their Unique Selling Point and sheer inertia and customer familiarity and loyalty ensured that many lasted longer than simple economics would indicate.

Answers to Specific FTC questions

How can state and local regulators meet legitimate regulatory goals (such as protecting consumers, and promoting public health and safety) in connection with their oversight of sharing economy platforms and business models, without also restraining competition or hindering innovation?

There can be no doubt that the local, regional and national regulators have the right, and indeed duty to regulate activities that have the likelihood to harm consumers. This harm can take the form of financial harm (in short being ripped off) and physical harm. As the question indicates striking the right balance between protecting consumers and ensuring competition and innovation is not an easy.

We are aided by a reading of history to recognise that the answer to the question posed has varied over time. Since the first provision of transport services there have been complaints of overcharging and the putting of consumers in harm's way. The fact that rules on charging on the Thames were introduced as long ago as the 13th Century indicates that this is not a recent phenomenon. The question thus has to be posed why such a situation has been common in transport modes. The answer is likely to lie, in part, with the incentive structures built into the contracts between supplier and consumer. The key challenge over time has been to try and align the incentives of the supplier and consumer. A number of factors will determine if the incentives are aligned:

1. Is the supplier of the service the owner of the vehicle?
2. Is the supplier the licensed operator or are they renting that license?
3. Is the supplier in a market where their performance will affect future employment?
4. Is the supplier in a market where purchase is likely to be a one-off interaction?
5. Can the consumer get redress for poor performance?
6. Can the consumer assess ahead of time likely performance level?

The early attempts to align incentives had more to do with aligning the incentives of the transport supplier with the main source of power, essentially providing income to the Treasury in return for a license to operate. The cap on licenses was designed to ensure that income levels among license holders was high and license income for the provider of licenses was also high. The interests of consumers was of secondary importance. In markets with infrequent purchase, or one-off contracts that are unlikely to be repeated, there is a likelihood that consumers will run the risk of overcharging (or worse as the history of the Thames indicates). The response of early regulatory systems was to fix prices, which then became the subject of constant dispute, and enforce them with a complaints procedure and fining system. Indeed the fines established on the watermen were eye-wateringly high compared to most modern systems.

The incentive alignment problem tends to be most acute when the owner of the service is not necessarily the provider of the service. The person who owns a hotel, but lives elsewhere, may not be as incentivised, or indeed aware of problems, as the owner-occupier of a bed & breakfast; the owner of a number of taxi-licenses may not be as incentivised as the owner driver, or licensee driver. It is in partly for this reason that quite detailed safety regulation has grown up in the taxi and hotel market; as the ultimate principal in charge of performance becomes increasingly divorced from the supplier of the service the likelihood of incentive alignment with the consumers of the service decreases.

The infrequency of purchase and poor feedback mechanisms has driven the requirement for the display of licenses, safety certificates and complaints procedures within taxis and hotels, for example.

The fact that incentive alignment has largely become a matter of regulation rather than a result of market interactions has tended to mean that incentive alignment has become a negotiated process;

suppliers have to be persuaded to act more in consumers' interests and are often compelled to do so (flat fares to and from airports to stop out of area consumers being overcharged; publishing rates on the inside of doors in hotels). They are often placed in the position of collecting taxes on behalf of local governments (levies to fund public transport, tourism taxes). In return they demand, and expect, some degree of latitude on other charges or regulations and restrictions on who can compete with them.

In essence the existing system of local, state and national regulation should not be treated as some sort of objective standard, but as the distillation of a long process of negotiation and attempts to align incentives between different players in the marketplace. It could be argued that for a very long time the main incentive alignment in many local service markets has been between the most immediate source of power and the providers of services, rather than between service provider and consumer. Local licensing schemes have attempted to force alignment of interests between consumer and provider, but the fact that the licensing system is overseen by an arm of the local government means that it is often the licensing system itself that becomes the main focus of lobbying for benefit, rather than the marketplace. In such circumstances the interests of consumers is unlikely to trump those of organised provider interests.

Against such a backdrop we need to ensure we are humble enough to recognise that innovation and competition may well provide a different balance of incentives on the part of providers and consumers. New technologies may provide mechanisms to alignment incentives in a different manner to that which is recognised by the existing regulatory process. Rather than try to force a square peg into a round hole we need to instead use the opportunity of innovation to reassess the means of regulation we use to achieve stated goals. Focusing on the goals themselves (consumer information, 'fair' charging, high levels of safety, allowing exit on poor performance etc.) rather than the existing means to achieve those goals (license capping, charging controls, in car displays etc.) is likely to be more effective in assessing new technologies.

For example, if we are interested in safety an app that provides driver details ahead of service provision (photo, car make and license) is likely to provide a route to passenger safety. The fact that this information is stored and capable of being checked should a problem arise, again is likely to enhance safety. Having apps and websites that publish feedback on performance is likely to enhance both the information consumers have ahead of purchase as well as make sure providers are incentivised to provide high levels of performance for want of a poor review. Of course, review sites have their problems, but provided that a review can be tied to actual consumption experience (through tying a specific purchaser to their review) then it is likely that feedback loops will drive up standards and provided surety to consumers.

In short, in effectively functioning markets incentives are aligned between consumers and producers. The history of many service markets shows that this alignment process is often complicated and beset with problems. It has tended to focus more on the alignment of the interests of providers of services with those that can restrict their operation rather than between providers and consumers. The rather cumbersome nature of many local rules and regulation on service provision in many local markets is an indication that perhaps we have not currently got an effective means of aligning those incentives. If we assume that we may not have all the answer already distilled within local regulatory systems and recognise that those systems are often the result of and focus of intense lobbying and negotiation, then we need to treat innovative new entrants not as a threat to delivering benefits to consumers, but as a possible different route to delivering those benefits.

As our review of history shows innovation in transport provision is fought at every step. Would we live in a better world today if the watermen had been able to stop bridges being built of the Thames or if

steam power had been blocked as a means of travelling on the river? The early bridges created dangerous conditions for ships on the river and led to quantifiable numbers of deaths of watermen and their passengers. The early steamboats were far from a settled technology and there are many examples of early steamboats blowing up and killing crew and passengers. Both innovations and technologies were attacked under then existing regulations on the grounds of protecting consumers from harm and 'unfair' competition. The opponents of innovation on the Thames had perfectly well argued and reasonable positions, often based on safety and 'level playing fields', that would have blocked entry by bridges, docks, theatres, coaches, steamboats, railways, piers and tunnels. Would London have been a better city and would London residents have been better off had those arguments won?

It is clear from a reading of a history of transport on and around the Thames that almost every innovation in transport involved existing rules being broken or ignored. The origins of the modern taxi industry lies in the sharing economy of its time (the renting out of expensive coaches), and in the ignoring of legally mandated caps on coach numbers. The early taxi operators broke the law and let the market decide if they should thrive. Their flouting of the existing law worked and public pressure and support ensured that the cap on licenses was raised until the taxi industry itself wanted to restrict numbers to guarantee a living for their members. The early taxi industry happily took trade away from the watermen and contributed to their demise both as a means of transport and as a way of life. If the watermen had had their way and London transport had been limited to sedan chairs and coaches for long journey only, would London have developed at all and would it have been a better place as a result? Certainly congestion would have been less if they had won their battle and the streets would be quieter and the air probably cleaner.

The origins of the modern bus network ran afoul of rules designed to stop coaches competing with hackney coaches. Would we be in a better place now if the omnibus had remained blocked from picking up passengers within the three mile inner ring of London? If steamboats had been barred from use for shorter journeys or had been forced to load passengers by wherry rather than on piers would the economy of the South Coast of England have grown in the way it did, or would the early pioneers of steam been able to drive the industrial revolution and steam powered transport without the early pioneers of steam power?

At every step and every innovation the balance of incentives changed between supplier and consumer. Every innovation broke existing rules and regulations and often innovators flouted laws designed for a different business model or technology and forced regulators to eventually change those rules to suit the innovators as much as the incumbents. Our current dispensation is the result of generations of innovation, and the stretching and breaking of existing regulations.

How have sharing economy platforms affected competition, innovation, consumer choice, and platform participants in the sectors in which they operate? How might they in the future?

While it is tempting to crystal-ball gaze about the possible effect of current innovations in sharing economy platforms it is perhaps better to consider how other innovations in the sharing economy helped shape different aspects of our current lives as a possible pointer to where the current innovations may push us.

As we have argued above, the origins of the modern taxi industry in the UK came from the need to coach owners, facing a license fee greater than the purchase cost of the vehicle, to rent out their vehicle to more efficiently utilise their resource. The hiring out of the vehicle was carried out in the yards of

inns and public houses, the places licensed for the hire of coaches. This early sharing economy platform shaped the siting of many inns and public houses along coaching routes as well as shaping the development of the for-hire transport market.

Similarly the crossing points of the River Thames helped to generate ferry routes whose popularity encouraged the building of bridges. The building of the bridges helped to develop the economies of both sides of the Thames, while the success of the ancient ferry routes encouraged the entry of steamboats that in turn encouraged the entry of the railways, both of whom drove the development of the leisure and internal tourism economies. It is relatively simple to use hindsight to chart how innovations and the creation of new platforms drove what we now know to be significant changes in the economies of different countries. At the time of their creation however, as we have charted above, there was considerable opposition to these innovations and platforms.

It is difficult to dispute that the innovations of the sharing and on-demand economy have increased consumer choice and increased competition. They have also challenged our conception of how the alignment of incentives should occur in the regulation of the activities that they have most directly affected. However, as with the arrival of the coach or the steamboat, it is difficult to accurately chart where these innovations and platforms will drive us. It is also probably dangerous for us to do so. The genius of human ingenuity has been its ability to innovate and make connections between previously unconnected developments. Thus the placing of GPS technology in smartphones may have initially been seen as a useful tool for personal navigation, but the creation of complementary technologies that have become a part of so many consumers' everyday lives is likely to only be the start of a much broader process.

It is perhaps more important that we consider innovations in new technologies and in the delivery of existing services in new and more efficient ways as a form of 'canary in the mine' to allow us to ensure that our regulatory systems are capable of allowing innovations to develop alongside ensuring that consumers are able to make an informed cost-benefit assessment of the range of activities on offer to them. It is not that long ago that the emergence of the now well-entrenched electronic commerce challenged our understanding of the marketplace and the levels of consumer protection and privacy that were relevant to it. Those of us old enough to remember the Internet before the World Wide Web, with the peculiar pleasures of file transfer protocol, will remember the early controversies about whether the Internet should even be used for commerce, an issue that always seemed slightly academic with a dial-up modem that created the soundtrack to the working lives of many of us. Many consumers were simply too scared of the new medium, or apprehensive of handing over financial information, to initially partake in what now so many do.

In assessing the new sharing and on-demand economies we need to ensure that we do not try to prescribe a path down which they should travel, but allow them to innovate and change driven by consumer demand or risk-taking in the hope that consumer demand will follow. If we apply the laws and rules of an incumbent business model on innovative models we may slow their development and ability to innovate and develop in others. Given the core of the model, which appears to be a personal-smartphone centred mechanism to efficiently utilise a resource through matching supply and demand more effectively, can be applied to many other areas of activity, the only thing we can probably be reasonably sure about is that the sharing and on-demand economy platforms that exist now are likely to look significantly different in a few years' time.

What consumer protection issues—including privacy and data security, online reviews and disclosures, and claims about earnings and costs—do these platforms raise, and who is responsible for addressing these issues?

The emergence of what is loosely termed ‘Big Data’ poses a number of potential problems for consumers. These include the storage and misuse of personal data, misleading online reviews, the potential for price discrimination and the leaking of data. In most instances the firms that hold our personal data have an incentive not to leak it because of reputational and market damage. The issue of personalised pricing is very much in its early days and few real-world examples have emerged. Online review sites can be manipulated, but there appear to be a number of existing legal routes to deal with this problem. However, many of the problems that Big Data poses are at present largely theoretical, although this does not minimise their importance. In the first instance the responsibility for protecting data and its use must lie with those firms that store it and those individuals that generate it. They must be incentivised to protect the data that is created and used. The emergence of ad-blocking technologies, Virtual Private Networks and the like indicate that many consumers are cognisant of the potential problems that may occur and are utilising tools to limit their potential impact. There is a certainly a role for authorities to monitor developments and utilise existing rules, on misleading advertising or fraudulent claim, for example, but beyond that there is does not appear to be enough of a problem to need fixing for any more interventionist a role to be considered.

What particular concerns or issues do sharing economy transactions raise regarding the protection of platform participants? What responsibility does a sharing economy platform bear for consumer injury arising from transactions undertaken through the platform?

As we have argued above innovations in service provision always entail a reassessment of the mechanisms used to protect consumers. There is no universal level of consumer protection and different levels of risk are applied in different activities and this itself varies across countries. Different standards between countries on everything from wearing helmets on bicycles and motorbikes, to handguns and unpasteurised cheese and texting while driving illustrates this fact. The existing rules on liability and responsibility have developed in different sectors on differing trajectories and have done so in response to the business model predominant in that sector at the time the rules were drawn up. There has always been a recognition in regulatory systems that different participants in the marketplace have different incentives and abilities to ensure health and safety. Thus an enormous resort hotel is likely to face a different regulatory burden to a small B&B lived in by the owner, if for no other reason than the scale of likely safety problem is likely to be different. The target may be the same, a safe stay, but the means by which that is delivered may be different.

Given the relative newness of the sharing economy platforms it is probably better at this stage to engage in debate about how consumer health and safety can be assured in the new economic models rather than assuming that the current rules and regulations are necessarily the end word in the regulation of the same.

How effective are reputation systems and other trust mechanisms, such as the vetting of sellers, insurance coverage, or complaint procedures, in encouraging consumers and suppliers to do business on sharing economy platforms?

The emergence of reputation systems has been one of the most important aspects of the sharing economy and indeed of electronic commerce more generally. The use of buyer and seller rating and feedback on platforms like ebay and amazon have introduced the idea of greater consumer control of advice and information. The emergence of Tripadvisor and similar efforts on travel provider websites indicates just how popular such services have become. It is worth noting how much these feedback and review mechanisms have evolved and shifted over time more in favour of allowing consumer control over increasing aspects of the review process.

The emergence of ecommerce platforms have also allowed the building of brands based on the development of trust often entirely online. The centrality of review and feedback tools to the AirBnb, Uber and Lyft models attests to how important this has become as a signal of performance to consumers.

However, it is not just the review systems that help generate trust and confidence. The design of many of the sharing economy apps remove some of the quirks of existing business models that have historically frustrated or concerned consumers. For example, allowing all transactions to be made within an app removes the need to have an often indeterminate amount of cash to hand to pay for services. Similarly, for for-hire car services having a GPS tracking option allows travellers to indicate their route and location in a manner that previously would have been ignorant of.

The issue of complaints mechanisms is perhaps one of the less clearly solved problems. This is probably in part because the sharing economy apps already contain significant feedback opportunities and so there is an inbuilt assumption that feedback will be accurate and fair and the results of that feedback is felt once it has been made. However, there is enough twitter chatter to indicate that there are some problems, not least in terms of driver ratings for for-hire car apps that appear to not be functioning entirely satisfactorily.

The relative newness of the sharing economy and on-demand economy services would still indicate that the need for government intervention is some way off. The levels of trust and level and speed of feedback that most of these services offer is light years ahead of existing schemes for other business models and one would expect them to evolve as the services become more mature.