FTC The "Sharing" Economy Workshop
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Segment 4
Transcript

MARINA LAO: So thank you all so much for staying to the end. This is the fourth panel. And I've introduced myself before. But I guess for those of you who are just coming in, my name is Marina Lao, and I'm the director of the commission's Office of Policy Planning. And to my right is my colleague Megan Cox, who will be co-moderating this panel with me. Megan is an attorney with the agency's Bureau of Consumer Protection.

We have on this panel four speakers with expertise on issues relating to the sharing economy and on competition and consumer protection policies. I'll introduce each panelist very briefly. I won't go into the details of all of the incredible accomplishments, as I will cut too much into our discussion time. But their full bios are, of course, in the registration packet. We do have a fifth speaker who was unable to come because of a family emergency, but I will just mention that it's a joyous emergency, so we're very happy for him. So we have four speakers. And I will just start, I guess, alphabetically.

Sofia Ranchordas. Sofia is currently a resident fellow at Yale Law School. She's also an Assistant Professor of Law at Tilburg Law School in the Netherlands. Her research focuses on the interaction between innovation and law.

And at the far end is my colleague Maurice Stucke, who is a law professor at the University of Tennessee. He's a co-founder of the Data Competition Institution and of counsel at the Concurrence Group. This year, he is an academic visitor at Oxford. He publishes and speaks regularly on antitrust law and policy. And the reason I refer to him as my colleague is that, like me, he used to be with the Department of Justice Antitrust Division as a trial attorney there.

Sitting next to Maurice is Arun Sundararajan, whom we have heard from just earlier. Arun is a professor at New York University School of Business. He has written and spoken extensively on the sharing economy. He's currently wrapping up writing his book about the sharing economy and the crowd-based future of capitalism.

And sitting right next to me is Adam Thierer, who is a Senior Research Fellow with the Technology Policy Program at the Mercatus Center at George Mason University. He specializes in technology, media, internet, and free speech policies. His latest book is Permissionless Innovation: The Continuing Case for Comprehensive Technological Freedom.

So with that, let's turn now to what this panel is about. The previous panel, which was extremely lively, provided the industry and regulatory views on the interplay between competition, consumer protection, and regulation. On this panel, what we hope to do is to delve into the policy issues. The panel will offer different approaches to balance society's need to promote innovation and competition and the need to provide consumer protections as well.

Among the questions that we will ask are, what consumer protection issues do sharing economy practices raise, and how should they be addressed without overburdening the new business models and hindering the entry into the market and hindering their continued growth and evolution? Should state and local regulators take into account reputation of feedback mechanisms that we've discussed this morning in addressing these consumer concerns? We will also look briefly into the future at network effects, a topic that was discussed in the morning, and ask if they're truly a concern with the sharing economy businesses. And if they are, what are the policy implications?

So with that, let's start the first round of questions. And what we will do is the first round is simply an opportunity for our panelists to give us the general views about the sharing economy without a debate. And then we will go on to five substantive questions, which we will delve more deeply into what has been raised in the introduction. And we will then have the debate.

So Adam, if I could start with you. You and some of your colleagues at the Mercatus Center at George Mason have written in depth, and you have filed comments with the agency on many of the issues pertinent to the sharing economy. You have written that markets' competition reputation systems and ongoing innovation often solve consumer protection issues much better than regulation. Would you like to elaborate on that and other significant issues that you have included in the comments that you submitted to the FTC?

ADAM THIERER: Certainly, Marina. And thank you and Megan for inviting me here to be here today on behalf of the Mercatus Center at George Mason University, where we've recently published quite a bit of scholarship on sharing economy policy issues, the law and economics associated with this exciting new sector. Do you want us to go on for about five minutes, you said?

MARINA LAO: About five minutes. Maybe four.

ADAM THIERER: OK, I'll try four. I'm a quick talker. And we just recently released two law review articles and a new major filing to the Commission on this issue for this workshop.

So the general conclusions of our research I'll try to divide into or four or five buckets and quickly summarize them in four or five minutes. The first overarching principle that I think we try to get forth in our work is that good intentions only get you so far in this world. And just because we label something to be a consumer protection policy or regulation doesn't mean that it actually protects consumers in practice.

In fact, much consumer protection regulation historically has had a fairly miserable record of serving consumers, and unfortunately, a fairly marvelous record of serving incumbent industries. Sometimes, the public interest looks more like the private interest. And generations of economic historians, economists, political scientists, and legal scholars have documented this fact on both the left and the right.

Moreover, even when regulations weren't captured by affected industries, many regulations in this sector have come to burden innovation and become a formidable barrier to new forms of entry and entrepreneurialism. This, in turn, has hurt consumer welfare by denying the public more and better types of services, lower prices, better quality, and better information.

The second general conclusion of our work is that the sharing economy and modern information technology platforms are solving a lot of the very real world problems that regulators were meaning to address with consumer protection regulations. The ease of innovation and entry in the online world means that new entrants can come in and provide better options to solve complex problems that previously thought were only able to be solved through regulation.

Informational empowerment is a big part of that. The internet and information technology solves a lot of these problems by offering consumers more and better information about products and services and giving them ways to lower their transaction and search costs when they go out into the market. Importantly, and probably a central feature of the sharing economy, are these reputational feedback mechanisms, which is the subject of one of the two new law review articles we've released at Mercatus. These reputational feedback mechanisms and product and service ratings and review systems, which we've heard about earlier, create powerful reputational incentives for all parties involved in transactions to perform better and develop trust between these diverse parties.

The combination of all these factors helps create what is known as self-regulating markets, where bad actors are generally weeded out and very quickly out of the way. And this alleviates the need for a lot of the top down regulation we've seen in the past.

We've already heard a lot-- and this is a third conclusion from our research-- we've already heard a lot today about how the sharing economy has demonstrably improved consumer welfare. But I think it's worth repeating that it's the combination of more choices, more competition, more service innovation, and differentiation, price differences, higher quality services, so on and so forth, that were not necessarily available in the past even though that was the desire of the very well-intentioned regulations that were put in place. But ultimately, it failed to deliver.

So these platforms today wouldn't be thriving unless there was a clear consumer demand for them and a fairly high level of satisfaction and comfort with them overall. And that bears repeating because of the fact that it means that we don't always necessarily need to have a preemptive regulatory policy in place to solve that problem. A fourth general conclusion of our work, which I'll briefly addresses, is the topic of the previous panel, which is that there's always this need about leveling the playing field in sectors that are undergoing comprehensive technological transformation. And that's a challenging question, and a very legitimate problem because of the creation of regulatory asymmetries in these industries and sectors in transition.

But the best way to level the proverbial playing field is not by regulating up to put everybody on the same level playing field or achieve parity, but rather, by deregulating down to give everybody an equal level playing field that's usually achieved by whatever the new entrants faces. If you think about it, what we face in the field of technology policy today is a lot like what we faced in the world of trade in the postwar period, where we had a serious problem with reciprocity and fairness in terms of how we applied law and, in this case, things like tariffs.

How do we solve that problem? We solved it by applying most favored nation clauses to trade agreements that achieved reciprocity in trade. And we did that by basically saying, you're going to accord equal treatment to other nations that you would accord to some other players that you do trade with. And whatever is the lowest level of burden that you accord to some other player is what you'll accord to everybody. This was the genius of the postwar trade experiment that led to the greatest opening of global markets in history.

And that's the same sort of model we need for the sharing economy-- achieving parity through liberalization of these markets and these regulations. And generally speaking, as we do so, our goal should be to have an innovation policy of a permissionless innovation, generally speaking, which means that new innovators are free to experiment with new business models, new methods of doing business. And then to the extent harms develop or accidents happen, we deal with them after the fact through other mechanisms.

And on that point-- this is another big theme of our research at Mercatus-- we should always remember-- and I can't believe nobody has talked about it today-- that many alternative remedies exist to solve real world problems that do develop. Whether it's questions about liability or accidents or bad actors, we have insurance contracts, product liability, and other legal remedies. And this is really the genius of the common law. Because the common law has always worked to solve these sorts of problems that have developed in every other segment of our capitalist economy. There's no reason they can't work here as well.

Fifth and finally, I would say that the best role that public policy can play this time is to clear the way for even more sharing economy innovation and entry by removing barriers to entry in trade. Again, we should work to level the playing field, but do so with an eye towards liberalizing markets through permissionless innovation. State and local officials in some cases are trying to clear the way for that.

But if they fail to do so and these barriers to entry and innovation remain, the Federal Trade Commission can play a very important role here, as it has historically, using its advocacy or even its antitrust enforcement powers to look into the question of when state and local government policies are serving as an impediment to greater interstate trade and competition. This is something that's very pertinent now since it was a recent Supreme Court case on this matter in North Carolina Dental that I'd be happy to discuss here today.

But in closing, I'll just mention that at a minimum we should bear in mind that it's important to be humble in this area and understand that the sharing economy is still very much in its cradle. This is not a phrase that any of us even had in our vocabulary five years ago. Now we're having a whole FTC workshop about it. That's a sign of how fast things move in the modern technological economy.

But in light of that, we should be very careful about the kind of public policies we try to craft today. Because none of us have a crystal ball that can perfectly predict the exciting future that lies ahead. Thank you.

MARINA LAO: Thank you, Adam. Sofia, in your scholarship, you have asserted that the issues we're discussing should be analyzed from the perspective of innovation law. You've also said that regulatory flexibility is important in addressing the complexity and the uncertainty that attends sharing economy platforms. Can you explain further what these concepts mean, and perhaps keep it to four minutes?

SOFIA RANCHORDAS: I'll try. Well, thank you. So [INAUDIBLE] business scholarship, I have tried to offer an alternative for this highly polarized debate between those that defend the sharing economy because it's innovative and offers numerous benefits to consumers and those that actually just disregard the innovative elements and just focus rather on the privacy deficit, on the reduced consumer protection, and the public safety arguments.

My alternative framework that I suggest basically focuses on tries to focus on a more flexible approach to the regulation of sharing economy. So it doesn't mean that I necessarily agree with Adam's suggestion to self-regulate, but I don't think that self-regulation is able to solve all the problems. By regulatory flexibility, I mean not only the sense of adapting regulations more frequently, but also allowing for more experimentation-- so not only experimentation in the field so that new entrepreneurs can experiment with new forms of sharing economy practices, but also experimenting with the rules themselves.

I'm totally aware that my framework, or at least my suggestion, would never fit a civil law country. And actually, if we look at what's happening right now in Europe, sharing economy practices have not been well received. So I assume that the 40 jurisdictions that I will refer to on a previous panel [INAUDIBLE] European jurisdictions.

So my innovation law perspective, at least as I name it in my scholarship, basically means that yes, we should regulate the sharing economy, but we should also not forget that sharing economy does bring about a great deal of innovation. We should be prioritized. So in this sense, I started from the idea that sharing economy practices have-- or at least they are built on a triangular relationship between two peers and a platform. And this platform should be the center of the regulation, not the sector. So a sharing economy practice, like AirBnB, does not necessarily have the same problems as a taxi or a hotel. We're talking about problems which are inherent to platforms, and they are common problems. And privacy is definitely probably the best example.

So in my framework, what I suggest is basically that first we should prioritize innovation, or at least innovation goal, and indeed, protect sharing economy practices that fulfill this goal that are innovative. So I don't just mean that any smartphone application is innovative, but those that actually increase our welfare, then they should benefit from a more flexible regulatory approach. And I do think there's no doubt that AirBnB and Uber do enhance welfare in general.

A second point is that basically if we actually decide to grant more flexibility to sharing economy practices-- because at the end of the day, we're not renting our extra room every day-- then we have to look at how we should do it. It has already been mentioned today that the sharing economy is evolving very fast. And one of the [INAUDIBLE] here is that we actually are regulating sharing economy practices with very outdated rules, rules which were designed for different practices, for the commercial equivalents' practices, and not practices which are based on online platforms, on smartphone apps.

So my suggestion has been basically to adopt more flexibility in the sense that when we are not aware of all the risks and opportunities in sharing economies, perhaps we should not regulate it right away. Perhaps you could actually have a regulatory delay here or define simple standards or guidelines with which Uber, AirBnB, or any new smartphone applications-- I refer just to the platform-- should comply with. So regulatory delay is it one of the options I would suggest.

And the second one would be basically to return to a very old mechanism called [INAUDIBLE] that we all have heard of, which basically means that in order to ensure that we don't end up with outdated regulations, that we can just terminate regulations. If we don't know what's going to happen in one year from now, we're afraid that there will be insurance issues, why don't we just experiment with certain rules? At least say, well, let's do this at a state level. Public [INAUDIBLE] commissions can do this in theory. And assess whether this has beneficial effects or not on the sector, and also, whether there are risks attached to this.

And finally, I think that by having a more flexible regulatory approach to a sharing economy, we could also stimulate or at least give incentives to sharing economy platforms to at least provide more information on what kind of data they are sharing or not and what kind of data they have. So I think my solution is, yes, there should be regulation. This regulation should either be principle-based, or it she be regulation characterized by temporality.

MARINA LAO: Thank you, Sofie.

Arun, you've done a lot of research and have written extensively on many aspects of the sharing economy. You've also argued that consumer issues that arise due to information asymmetries can be addressed through different forms of self-regulation. And also, in a recent paper-- which you mentioned in your presentation earlier-- you used a new economic model to show that sharing economy tends to benefit people with below median incomes more than they benefit people with above median incomes, which is somewhat contrary to popular assumptions.

So I was wondering if you could briefly address these points and other issues that you think are important and that you would like to raise at this time.

ARUN SUNDARARAJAN: All right. So thank you, Marina. And I wanted to thank the FTC for putting together such a fabulous and thought provoking day of discussion. I really learned a lot, and I think that this has been very educational for me.

So I'd like to situate my comments in the context of the prior panel, which was fabulous, although it seemed to look at the necessity of intervention by non-market entities as given-- inertial, in a sense. And it helps to frame our discussion by thinking about the purpose of regulation as surgical intervention to prevent different forms of market failure, whether these be from information failures, whether they be from externalities, a variety of other causes.

And over the last few years, I've observed the platforms, the business models, and the technologies that are creating this new sharing economy. I call it the sharing economy because it's a convenient term, much like we call social media social media even though it's not all social. It solves a whole bunch of problems of market failure that used to exist in the past. But as we shift business away from provided by firms and institutions towards being provided by peer-to-peer markets, I think it's important for us to be vigilant about new forms of market failure that may emerge.

So the second point I wanted to make was that when protecting customers, or you're thinking about consumer safety or consumer protection, society often makes trade offs between safety and the cost of enforcement of a regulatory regime. And for example-- I'll use the example of restaurants, because that industry is not represented here or has not been represented in the panels, and so it forms a useful case in point without getting into the specifics of a particular industry.

The ideal solution to food safety would be to station a health inspector in every restaurant, have them inspect every piece of food, and make sure that it was safe before a consumer consumed it. Now, of course, this is not the solution to safety that we have chosen. We instead have spot inspections and a set of rules. And there's a trade off that society makes between safety and enforcement costs. And so to me, it seems like when people start running supper clubs out of their homes for money and occasionally feeding people, that we have to make that same trade off and perhaps come up with a different regulatory regime for these occasional providers than we have come up with the frequent or professional providers.

And so both of these are to set the stage for the prescription that I've been given fairly consistently over the last three years, which favors self-regulation. This is not the same as no regulation. It is not the same as deregulation. It's simply the performing of regulatory activities by entities other than the government. And if you look at the US economy, different kinds of self-regulatory organizations are widespread.

Self-regulatory organizations have emerged naturally through history. They go back hundreds of years. This is not an idea created by the sharing economy or created by platforms. It's just like I recognize that when you create a new entity that is mediating transactions between two trading parties, then you are creating the possibility that this entity can take on some of the regulatory responsibility that we have to give to different entities in the past.

So in a Chicago Law Review article that was published a couple of months ago, my co-author Molly Cohen and I outline how self-regulation can form part of a broader innovation-enhancing solution. We provide guidelines for sharing economy regulations that draw from the experiences in industries ranging from nuclear power and financial intermediation to chemical production and cotton supply.

It seems to us that demonstrated enforcement capabilities and the perception of legitimacy are essential for the success of self-regulatory organizations. Leveraging reputational concerns can complement traditional regulation. And there's a distinction between those entities that are best suited for addressing problems of information asymmetry and those entities that are best suited for addressing problems of externalities.

I want to make two other comments really quickly if I may. One is-- and this came up in the previous panel-- I propose an idea that I label delegated regulation through data. And this roughly encompasses an idea where platforms are charged with the enforcement, perhaps with audited evidence, rather than as an alternative to them handing over data to a government for the enforcement of their regulations.

And so I see this as an attractive alternative to policies that advocate open data. Because there are often business challenges associated with handing over widespread data from a private entity to a government entity. I think that this kind of solution where a platform or a third party is charged with things ranging from collecting hotel taxes to making sure that there is no discrimination on the transactions conducted on their platforms can be achieved effectively by delegating these responsibilities to platforms, allowing them to use machine learning techniques to identify patterns that may not have otherwise emerged, and providing evidence of compliance through audited statements, much like publicly traded companies provide audited financial statements rather than opening up their books all of their investors.

Finally, on the issue of the sharing economy and its equalizing effects, I think that with the right policy, there is a great deal of opportunity for this emerging sector of the economy to have an equalizing effect on our society. In fact, that's part of the reason why I got interested in the sharing economy in the first place-- the idea that people who couldn't afford to own might get access to a higher quality of life when they could choose access over ownership. Already the returns to trade from platforms like AirBnB and Etsy and, to some extent, Lyft and Uber, have created a vast amount of work that goes well beyond the usual skill-biased technical change returns that we see come out of technological progress where you've got hundreds of thousands, maybe millions of people who do not have skills that are biased towards the use of the new technology-- like a Etsy sellers, AirBnB hosts, Uber drivers-- but nevertheless are enjoying the returns created by the creation of these platforms.

So the paper that Marina mentioned develops a new economic model about how an economy is impacted when, in addition to buying and selling goods through new and used good markets, consumers can also rent them to each other through a peer-to-peer market. We calibrated this model using data from one peer-to-peer car rental marketplace, Getaround, as well as data from the National Household Transportation Survey, Bureau of Labor Statistics, NADA, a variety of data sets. And the intuition behind our finding that the peer-to-peer rental market is welfare improving for people below median income comes from three points.

One is that there is always a fraction of the economy that is excluded when ownership is the only way to gain access. This sector of the economy tends to be low income. And that sector of the economy gets included when you have access to a peer-to-peer rental market. And the data that I looked at on activity showed a negative correlation between rental activity on peer-to-peer car rental marketplace and income, so there's more activity of rental in lower income neighborhood in San Francisco. So that's one.

The second is that in our projections to the future where we calibrated our model and looked into the future when this behavior became more widespread, people who tend to be lower income will give up ownership in favor of rental because the cost of ownership are high, the costs of carrying the asset are high. And so it is more likely that a lower income person is going to choose to rent and give up those costs of ownership and some of the convenience, and therefore enjoy the benefits. And finally, it is also more likely that someone who is below median income is going to buy a better product now because they can earn some money by renting out their product through the peer-to-peer rental market. So you may end up buying a more energy efficient car, a better home.

So those are my comments, and thank you.

MARINA LAO: OK. Thank you so much, Arun.

Maurice, as an antitrust and privacy scholar who have focused on technology, the internet, and two-sided platform issues, what is your general perspective on the competition and consumer issues that are raised by the sharing economy?

MAURICE STUCKE: Well, thank you very much for inviting me today. And I think what we've heard today is that from an antitrust perspective, there are tremendous upsides from the sharing economy. We've heard that from the other panelists and from the earlier panels as well. But there are also potential risks. And what I want to raise here are not risks that are going to happen today or tomorrow. These are potential risks that could happen down the road.

I don't think anyone today will say that the FTC should regulate tomorrow. That would be twofold. First, you're bringing it from the state level to the national level, which is not necessarily good. And second, you're then saying they're already presupposing there's a problem, and you may not have the proper tools.

But what I'm identifying is, what are some of the potential long-term issues that may arise in the competition authority to ask, do I have the tools currently to quickly address that issue should it arise? Do I have the tools to analyze the issue? Do I also have the tools to remedy the issue?

So the sharing economy raises certain risks. One of the risks that you have is the online sharing economy is often characterized by a multi-sided platform in which you have buyers, sellers as well as advertisers. And the platform itself is controlling a lot of data. It's getting data from the users as well as from the sellers. So there's a significant volume of data. There's a significant variety of data. And this data can have significant value. And having that control over that data can provide a company a significant competitive advantage. And what we've seen over the past year is the competition authorities starting to recognize the competitive significance of big data.

So having the concentration of data in one platform raises several issues. It raises, as we've already heard from Sofia, potential privacy issues. The potential concern down the road is, what if a dominant platform uses its market power to extract more data than what consumers might otherwise want? It also raises consumer protection issues, particularly if the platform provider can use that data to engage in behavioral advertising and price discrimination.

And it also raises five potential antitrust concerns. The first concern-- and we heard this this morning-- is the rise of data-driven mergers. Data can help companies attain or maintain a competitive position, a dominant position. The problem is that often these data-driven mergers defy the conventional antitrust analysis.

And one example I just threw out there-- suppose Google were to acquire Uber. It wouldn't be necessarily a horizontal merger, a vertical, or a conglomerate merger. And the concern here is not whether or not the price for Uber's services go up, but one company having a significant amount of data. And is that reasonably capable of helping the company attain or maintain its dominant position in other markets?

The second concern-- and Marina mentioned it earlier-- are network effects. And what we've already heard from this morning is that these online platforms can be characterized by several network effects. And one thing that we also heard from this morning is that network effects aren't necessarily bad. But they can be. They can increase entry barriers, and they can provide breathing room for dominant firms to engage in behavior that may ultimately reduce consumer welfare.

The third concern involves anti-competitive restraints by the platform operators. And we heard that this morning as well. And this might come about with exclusivity provisions. Let's say the dominant platform prohibits sellers from using other platforms-- so for example, if Uber prevented its drivers from using Lyft and vice versa.

The fourth potential antitrust concern involves vertical integration by a dominant platform operator. And this is the case where the platform operator now becomes a seller on the platform. And the incentives of the operator can change, and it starts favoring its own products and services to the detriment of other sellers and also to the detriment of consumers.

And the final concern involves price fixing. And here, what if we have a dominant platform and the dominant platform uses, let's say, one pricing algorithm? So you have a series of vertical agreements in the industry. One issue is, does that have the effect, then, of tampering with market prices?

So what are some of the canaries in the coal mine? That came up as well this morning. What are some of the things that the Competition Agency should start considering? And the first is, to what extent do users multi-home? How frequently do they use multiple platforms? Second, who owns the sharing economy platform? There are potential antitrust concerns if the dominating operating system-- let's say the dominating mobile operating system, for example, also controls the platform.

This came up in the European Commission decision involving Facebook What's App, is that there is a potential risk. If the operating system also controls the app, to what extent can it take advantage of status quo bias? Also, to what extent by controlling the operating system does then the operator of the platform start then making it harder for consumers to perhaps switch to rival platforms?

And then third, is there any evidence of the platform operator seeking to increase switching costs of either buyers or sellers to rival platforms? And now you have issues of data portability issues that we're going to address later. And consumers may feel locked in if they have a significant amount of valuable data and interaction history that they can't easily transport onto another platform. And technology exists that can enable the consumer to transport that information, but the platform operator doesn't.

So what I want to emphasize, again, is not that these issues are imminent. But what the competition authority should ask is, do I have-- first of all, am I asking the right questions? And second, do I have the tools that should this issue arise, I can then address it? So for example, if a dominant firm acquires one of these sharing platforms, do I have the analytical tools to assess what the impact would be? And then secondly, can I act quickly in the regards to prevent, then, the industry from tipping, let's say, into a dominant firm's favor. Thank you.

MARINA LAO: Thanks, Maurice.

MEGAN COX: Thank you all for that great overview. It certainly identified a number of issues we hope to further discuss on the panel.

The issue I'd like to begin with is the idea of self-regulation in the sharing economy. So Sofia, Arun has made the point in his remarks that a self-regulatory approach can address many consumer protection concerns. Some may react with that to some skepticism in light of some of the consumer protection issues that are arising in the sharing economy, such as safety issues, equal access issues, or issues regarding terms of service and meaningful disclosures to consumers. So what is your reaction to the self-regulatory approach? How might this idea interplay with the innovation approach you were discussing? And if you could touch upon how the expectations consumers bring to some of these transactions, and how that should inform how the platforms are regulated.

SOFIA RANCHORDAS: Well, I do think expectations matter when it comes to regulation of sharing economy. Because at the end of the day, we do not have the same expectations towards our peers. And consumer protection originally derived from this balance between professionals and consumers.

To a certain extent, especially when we look back at the history of sharing economy-- because if we do a historical research on this, we see that the original collaborative practices, they were just peer-to-peer. There was no online platform, and there was no professional involved. When it comes to the peer-to-peer transaction, I do believe that we are talking about application of the so-called Samaritan laws, where consumer protection is very reduced, because you don't have consumers. You just have two peers.

And this comes very close to what Arun was mentioning this morning about the difference between the regulated sphere and the non-regulated sphere where you're basically just preparing an extra bedroom for your mom. That's a personal sphere. I don't think in a personal sphere, we're talking about the same type of expectations or consumer regulation.

A different situation happens when we are talking about this triangular regulation where we basically have two peers, or more peers, and a platform, which is a professional. And by having this professional element in the relationship, we definitely have to think about new ways of approaching consumer regulation. So naming and shaming is a very effective tool to regulate and to protect consumers, but it's only a tool, which might not be sufficient to actually address all externalities.

Another tool which might be more effective, and which we already see with eBay, is to have more effective consumer dispute claims, alternative dispute claims. And I think if we do have those in action, we actually are complementing the existing consumer protection regulation.

At a certain extent, I don't think we should neglect the fact that what we do have different expectations when it comes to sharing economy. But at the same time, there is no difference in expectations when it comes to relationship between platforms and consumers. And I think at that level, the expectations are exactly the same. And this is relevant for privacy protection.

Although it is true that privacy protection is often neglected because Americans don't really care about their data-- because that's what people often say-- but actually, we do care about our data, especially if we have a merger involving different apps, where basically just by monetizing our data, you can just buy a profile. If it happens, I think we as consumers do really care about how privacy is being managed.

MEGAN COX: Thank you. And Maurice, do you have a reaction to give on the self-regulatory approach?

MAURICE STUCKE: Yeah. I think the touchstone for me is that there's no absolutes. If there's a self-regulatory approach that works to address certain types of the market failures, and that works more effectively than other types of regulation, then I say go for it. That's a good thing. It's part of the tool kit.

There are things, though-- we can't say necessarily that-- and I don't think anyone really is saying that self-regulation is a panacea for all the harms. It's not going to necessarily deal with data-driven mergers where the company acquires the platform for the data and that can then lead to market power. So it really is, what's the sort of behavior that you're looking at on the particular local level, and to what extent would a self-regulatory organization be superior to the alternatives. And if it is, then I say no one would disagree that that would be the best outcome.

MEGAN COX: Great. Thank you. And Arun, did you want to respond?

ARUN SUNDARARAJAN: Sure. Neither Sofia nor Maurice said anything that I disagree with. I just wanted to reinforce a point which Sophia made, which is that we are in a number of sectors transitioning from peer-to-peer commerce that was non-intermediated, and therefore did require government regulation, to a world where a lot of this peer-to-peer commerce is mediated and thus may be well-suited for a self-regulatory solution in which the platform plays some of the rule of the regulator.

But I also did want to reinforce that point-- that we may, in fact, also see sectors that used to be firm to consumer, like the accommodation that are now becoming peer-to-peer that may create new forms of market failure that may need to be addressed by a variety of solutions, including self-regulatory third party government platform. And to Maurice's point, I do want to agree and reinforce the point that you made.

Nobody is suggesting that the absence of regulation or some sort of nongovernmental self-regulation is a panacea for everything. You're absolutely right. My argument is merely that it be considered as a viable alternative and as a viable solution recognizing that perhaps the existing regulatory infrastructure was built for an economy in which you did not have these professional third party intermediaries.

MARINA LAO: Thank you.

Arun, Adam had spoken about the power of reputational feedback mechanisms and how we can often rely on these mechanisms to protect consumers. I know you generally agree with that proposition as well. But do they alleviate all consumer health and safety concerns? Are there concerns where reputation mechanisms would not work? What about externalities? I'm thinking about insurance that so many people talked about-- Commissioner Sandobal and Matt Doss talked about it earlier. Would reputation mechanisms take care of problems that are market failures caused by externalities?

ARUN SUNDARARAJAN: OK. Well, I think when we say reputation system, I think different people mean different things. And the scope of what is included in a reputation system may be broader or narrower depending on-- the panel this morning, a lot of their focus on what they meant by reputation system was a system that collects feedback from other peers, digitizes it, and makes it available for potential customers to look at. To me, that's one thin slice of the trust infrastructure.

You have these peer feedback systems. You've got identity verification systems. You've got systems that digitize social capital, like Facebook and LinkedIn. You've got identity systems that rely on the existence of a government. When you digitize your state-issued ID and that causes people to trust, say, AirBnB more, the removal of the entity that is issuing that state-issued ID is going to weaken the digital trust infrastructure. And so this trust infrastructure is not purely digital. It's not created from within purely. And there's brand, and there are third party certification, the Better Business Bureau emerging one.

So I think that while recognizing that today's, quote unquote, reputation systems go well beyond these digitized peer feedback systems, I think that they are well equipped to take care of a number of the problems that are created by asymmetric information. They seem well suited to deal with some of the issues of adverse selection that would otherwise have not been like dealt with. I think that the higher the stakes of the transaction-- that is, if you contrast sending a package on eBay, which is relatively low stakes for the receiver with getting into a stranger's car and say drive me to another city, which is relatively high stakes, I think there's a hierarchy of needs that a consumer has from a trust system.

They want to know, is this person real? Does this person have good intentions? And then, is this person going to be good at what they do? That's generally the third concern. And the feedback systems can tell you a lot about the third, a little bit about the first and second. But you often see a greater layering of the non peer feedback systems as the stakes of the transaction go up.

With respect to externalities, there are definitely certain externalities that cannot be easily addressed by either peer-to-peer feedback systems or more broadly by reputation systems. Because in all of the examples that I've given, the incentives of the platform are perfectly aligned in some ways with the incentives of the broader societal incentives. A profit-maximizing marketplace wants safety. They want high quality sellers. They want to be able to distinguish between the high quality and the low quality. And so the interests of society are aligned with the interests of the provider of the reputation system.

With some of the externalities, it's not immediately clear that the platform is the right self-regulatory organization or that the peer feedback system is the right regulatory mechanism. For example, the congestion externalities that were brought up this morning, if they do become an issue, that does seem to be something where it's either going to be a government entity or a government law that is enforced by the platforms. Similarly, concerns about the externalities that are placed on people living in buildings that have a lot of AirBnB hosts that are in them, there are some externalities that are born.

It sometimes has seemed to me that so long as a uniform code is put in place, that the right entity to enforce that would be the homeowners associations, the coop boards. Because in some ways, you are localizing the-- the set of people who are bearing the cost of those externalities is exactly the set of people who are under the jurisdiction of that association. So rather than going to either the platform or to the city or to the state, it makes a lot of sense to go to the entity whose scope of power is exactly the set of people who might be harmed by those externalities, leading, perhaps, to AirBnB free and AirBnB friendly buildings.

And so the short answer is, yes, there are a number of situations in which these reputation systems may not be sufficient. But if we define them broadly enough, they will like address most issues of asymmetric information. But we may see different self-regulatory organizations to step in to deal with externalities.

ADAM THIERER: Can I make three brief points building on that? That was excellent, and I agree with everything Arun said. I think the study that we released at Mercatus Center on reputational feedback mechanisms takes a historical overview of these things have evolved going back to ancient times all the way to present and tries to put the modern sharing reputation feedback mechanisms in some historical context. And we draw a few general conclusions that I'll just point out here really quick. First of all, reputational feedback mechanisms are in a constant state of flux. And that's because, secondly, there's no one size fits all formula for what works. There's going to be different needs in different contexts, and I'll give a concrete example in a second.

But also, third, none of these things happen in a vacuum. Reputational feedback mechanisms play alongside of many other types of social mechanism and legal mechanisms to try to enforce good behavior. So it could be that you're not only using a reputation feedback mechanism on a site, you're also relying on some sort of back end, hooking it to a LinkedIn account or a Facebook account. You're relying on actual human contact where you actually meet somebody. There could be a lot of different mechanisms to verify identity of reputation.

Now, really quick concrete point here of the most important of these conclusions about the fact that the market's in a constant state of flux and there's no one size fits all-- just two concrete examples. You look at a service like Shuttle, which is trying to be Uber for kids, basically trying to chauffeur our kids around-- that's a pretty sensitive thing. I'm a parent of a 13-year-old and a 10-year-old. If I'm going to have somebody pick up my kids, I want them highly, highly vetted. The reputation feedback systems they're putting in place with Shuttle are very, very rigorous, go well beyond anything required by law. And that's because most parents would never sign up for it unless they were in place in that way.

But then you look at the opposite end of the spectrum, and you look at something like-- my daughter and I recently sign up for an account on 1000tools.com, which is a tool sharing site. And I told my daughter for a summer project if she came in to business with me, so to speak, we would take all my all tools old tools that I've amassed for the years, and she can take pictures of them and come up with prices, and we'll rent them out and I'll give her half of everything. And don't worry. She's 13, so it's all COPPA compliant. The FTC doesn't need to come after me. And hopefully, this works. I don't know. But we're going to go and try this.

Well, it basically says on the site, leave some feedback if you had a good transaction. If something goes, wrong contact us. That's it. And it's because we're renting out for $5 a day a circular saw or a blender out your kitchen. It can be any tool or appliance in your house. So there's a wide spectrum of reputational feedback mechanisms for the wide variety of diverse needs that our citizenry has.

MARINA LAO: Sofia, did you have anything to add to that?

SOFIA RANCHORDAS: Yeah. I think that I agree with Adam. And I think I would just add that in order to improve the effectiveness of peer review mechanisms, I think apps should probably work on five aspects. The first one is detail. Of course, as Adam explained, the level of detail really varies according to the service provided. But sometimes, providing a five star review might not be enough in most cases.

The second one is numbers. In the case of AirBnB, I wouldn't trust anyone who has less than two or three reviews. And I think having a certain of reviews really matters. Of course, it might be an entry barrier, but it's something that should be worked on. The [INAUDIBLE] expertise-- once we have a peer review mechanism, we're actually leaving out of the expert role. So when we have a regulation, we see the regulators that name and shame as those that we will trust. Here it's a little bit difficult. And we actually always incur the risk that we'll have certain users that's [INAUDIBLE] that are biased and therefore will provide the bad review.

I think maybe having a form of expertise, which should be probably not provided by peer but provided by, for example, by an employee of AirBnB being or something like that, could actually help customers decide, especially in the case of new providers. And the fourth one is making sure that there's also a mechanism for fourth parties that actually are also absorbing a part of these externalities to also react.

For example, imagine you went to your house and the strangers throw a party. You as the homeowner, you don't know about it. But probably, your neighbors will. And if they could at least provide some feedback or at least provide a review of the users, maybe in the future, other hosts will not be willing to actually host these people.

MARINA LAO: Let's move on to the next question in the interest of time.

MEGAN COX: Sure. So to move on now to the issue of privacy more specifically. This has been mentioned a bit today, and it's certainly an issue that's very important to consumers. So the sharing economy platforms can collect a great deal of data from consumers, some of which is sensitive information. And this collection raises an interesting question at the intersection of competition, policy, and privacy. And that is whether a platform should be allowed to use the data that's collected from participants for another commercial purpose.

So for instance, if Uber or Lyft decided to offer the grocery delivery service of the future, should it be able to use the data collected from users at its transportation service and providing the grocery delivery service? Some may argue on privacy grounds that the platform should not be able to use the data collected from the transportation service without first getting the user's permission. Others will say, though, that the platform being able to use that data for a new purpose is more efficient.

So Sofia, I know that you are an advocate for an information fiduciary approach to this question. Could you please explain the idea of an information fiduciary a bit and how this might work?

SOFIA RANCHORDAS: Well, as we have mentioned today, online platforms perform the role of middlemen that connect and exploit both service providers and consumers. And in different sectors, we see middlemen being treated as experts which actually have to operate under a number of constraints. So in the case of financial law, we see that fiduciaries always have to act with the bona fides or duty of care in the case of civil law. In the case of common law, we see that a number of middlemen have to comply with the so-called fiduciary duty.

If we look at the relationship between peers and online platforms, we see that we also have here a very similar relationship that would justify having a fiduciary duty. This idea has been developed at Yale by Professor Jeff Balcan, who has a fantastic article on information fiduciaries. It's not on the sharing economies broader, but it is an article which actually analyzes this relationship.

So basically, the idea is, if you have a relationship based on trust and based on economic dependency-- in this case, I would just emphasize in the case of the sharing economy, you basically are trusting the brands. You're trusting Uber. You're trusting AirBnB. You not trusting the driver.

And because you have this relation of trust, you also have some duties on the side of the platform, which basically means that the platform should have not only a duty to keep your information secret, your data, which is being collected secret, but in some cases, it should also have a duty to disclose. So I'm actually analogizing the idea of fiduciary duties in the case of the sharing economy to the case of brokers. Brokers have similar problems. They have conflicts of interest, and they are solved by imposing [INAUDIBLE], by building Chinese walls in the broader case of the financial sector.

And my question is, well, if we have a very similar situation here, a very similar scenario, why don't we just basically impose the same fiduciary duty on sharing economy platforms in the sense that if the system platform has some doubts regarding the service provider, maybe these doubts or these concerns should be actually disclosed to the consumer. And the same goes to the case of privacy, where actually, the fiduciary duty should be translated in a negative duty in the sense that data should not be collected, or if it's being collected, then this data should actually not be collected without the consent of the consumer.

So the idea of having a fiduciary relationship basically means that the platform has a duty to act in the best interests of the consumer. And very often, this is not very clear, because platforms are in the middle of two peers, and it's not clear whether they're acting in benefit of the consumer or of the provider.

MEGAN COX: Thank you. Adam, did you want to share you thoughts?

ADAM THIERER: Sure. So I think it's important that we be careful about the difference between industry best practices for codes of conduct versus formal fiduciary responsibilities. Under American jurisprudence, we've been very careful about who we've accorded fiduciary responsibility labels to.

It typically comes down to sectors or professions where there's a potential serious grave harm. It's something like doctor patient relationship, or it's financial. Basically, it's potential real harm to your health or real harm to your pocketbook. And then, and only then, do we accord this fiduciary responsibility.

And there's a reason for that. Because there are additional burdens that come along with the fiduciary assignment. It's also kind of unclear about how it would even be applied in this context. Fiduciary responsibilities have evolved over time through codes and in common law, and then later have been affixed through law. It's unclear how they'd be done here. I think we're going to be hard pressed to find a way to make that work for the sharing economy considering how fast it's evolving and the fact that it does not reach that same level as, say, doctors or financial advisers.

Second of all, we can utilize the playbook that the Federal Trade Commission has already laid out for best practices for data handling and data privacy and security in other contexts for the sharing economy. There's no reason that the advice that the commission has provided more generally to the tech world can't be applied to the sharing economy. And that can all be done within the context of, again, best practices, privacy by design, security by design, and so on and so forth.

Just a general point on this. I'll point that my friends at the Future of Privacy Forum-- I see Joe Jerome over there-- they just released a report on these issues just yesterday, I believe. So I'll put in a plug for that, because it provides a nice overview of some of the steps that players can take and are already taking to deal with these issues.

But I will just say this. On this point, it is very important we remember that the sharing economy, like most of the modern digital economy, is built on data and the free flow thereof. And its success is inextricably tied up with the fact that if you want people to have more trust in these platforms, it obviously is going to necessitate the sharing of a lot of information. And so this is the fundamental tension or paradox of what we face here-- that you can't really have both a world where you want perfect reputational checks and information asymmetry solved but then have perfect privacy or data security. You're going to have a fundamental tension there always. It's going to be tough to balance it. But we should be careful not to have a one size fits all approach to it.

MARINA LAO: I think we have time for one last question, and that is the question on network effects. We talked about network effects earlier. And of course, networks effects are not necessarily bad. They can be quite efficient. And they don't violate the antitrust laws.

However, the existence of substantial and durable network effects could mean that current platform startups could well become dominant in the future. Now, we don't know that this prediction is necessarily true. But assuming that this prediction is true, what are the implications for competition policy? For example, should platforms be required to port suppliers' data to new platforms that may emerge in their respective sectors, for instance, in order to ease entry? And Maurice, since you're an antitrust scholar who focuses on technology and the internet issues, I think you'll be a good person to address this question to.

MAURICE STUCKE: Sure. With these data-driven economies, there at least four different types of network effects. One of them is the traditional form of network effects whereby the utility increases as more users use it. The telephone is a classic example. And that can be like social networks. You want to join the social network in which your friends are on, and the more people that join it, the more likely that someone who has to decide will join the larger platform.

The second network effect involves networks involving the scale of data. And this is like learning by doing. And so search engines are that. If you look at the published parts of the FTC staff reporting, Google, one of the issues that they grappled with was the scale. Everyone recognized that scale was a factor. The dispute was how important a factor, and how many search inquiries do you need to have perfected this learning by doing? And the ways on business model also operated on these scale effects.

The third involves scale effects with the scope of data. And here, it's by having a variety of information that you can compile across various different platforms to develop a better profile of the individual and better target them with an advertisement. And then the final form of network effects is where growth on one side of the platform helps, then, growth on the other. And we heard about that this morning.

So for example, the more Uber users that you might have, the more drivers might want to then use Uber same thing with search engines. The more people that makes search inquiries on one hand, the more attractive that becomes then for online advertisers. So the reason that I mention these four different types of network effects is that the implications in terms of remedy may differ depending on which is the network effect that's at play here. And to what extent is the company then using its dominant position to entrench itself using these network effects?

So you really have to look at exactly what are the network effects at play? Are they helping the dominant firm entrench its dominant position? And even that by itself is not illegal. Then you have to say, is there any sort of anti-competitive behavior by the dominant firm to use this network effects to its advantage? Or are they engaging in, say, a merger in order to tip the market to its favor?

MARINA LAO: Adam, I know that you believe quite strongly--

SOFIA RANCHORDAS: Could I jump in and add to that? That's a great breakdown of the different types of network effects.

The two that I've see most frequently in sharing economy platforms are clearly the two-sided markets network effects and, to some extent, the learning by doing. And I think that the issue of the previous question of data potability and the desirability of an information fiduciary, I think, relates to, in some ways, superior knowledge that comes from scale that could then be ported into an adjacent industry.

But I just wanted to reiterate a point that I may have alluded to briefly earlier today, which is that there's something very different about the kinds of two-sided network effects that these platforms are displaying in that they are very localized. Uber's acquisition of drivers in New York does not help its business in Chicago except minimally for people who travel from New York to Chicago and who live in New York.

Similarly, the acquisition of space by AirBnB in San Francisco does not help customers who want to be going to a different city. And so these are sort of-- I mentioned the fractal structure. But these are-- there's a tremendous amount of difficulty, I think, that these platforms face in building sufficient liquidity at the local levels in these local markets. And given that difficulty, one might think that this would also pose a significant barrier to entry by a competitor.

Over there, I think it's important we distinguish between the kinds of network benefits that come from the supply and demand both flowing largely from the same geographic area. So in the case of ride sharing, most of the demand for the supply of New York taxi drivers comes from people who live in New York. So this is the kind of market which could tip very easily to a different provider if a lot of suppliers switched market by market, or where Lyft could dominate in one market, Uber could dominate in another market.

And that's different from an AirBnB marketplace where even though the supplier is local, the demand is global, and so the barriers to entry may be more pronounced in that case. Now, again, that's not necessarily a bad thing. But I think that building on the frameworks for distinguishing between different kinds of network effects that we need to identify-- I think that there's a need for additional academic research that goes beyond the observation that these are multi homing platforms and tries to understand how the local nature of these two-sided market affects the durability and resilience of the entry barriers posed by their network effects.

MARINA LAO: I think, Adam, I will give you the benefit of the last question, which is really a response to that. Because I know you feel quite strongly that it's premature to talk about network effects. So if you'd like to--

ADAM THIERER: Well, I think it's fine to talk about network effects. I don't want to say it's premature to say that they're of a sufficient level or concern that we need any sort of antitrust intervention at this time. I think to answer Maurice's question and his remarks about do we have the analytical tools to evaluate the competition policy issues relevant to the sector, I would say the answer is yes, we do have those tools, that the commission is very well versed in these issues-- not just network effects, but questions of bandwagon, lock in, whatever else.

They've dealt with them in other tech sectors, and of course, they've looked into things like Google's dominance and other things like that. So the commission has been there done that. And if there is a concern that arises, I'm confident they're well equipped to handle it. We don't need any additional law or body of regulation here.

But I think it's important to be humble and again understand that there's still plenty of churn and change and new entry in this sector. It's moving very, very rapidly. And let's not forget the very low switching costs associated with these sectors. It's very easy to move around and look at competition, look at different options. But then there's just the more general problem we have to keep in mind of how do we even go about defining the relevant market for purpose of analysis of these sectors? That's very complicated.

And it's not just in terms of its technological capability, but also its geographic one. I was born in rural Illinois where the family farm still had an outhouse. I don't think Uber is going to be there anytime soon. So are we talking about nationwide, locally, questions like that? But the point is-- it goes back to the point I made in m opening remarks-- it's important to have some humility here and understand things are changing pretty quick. We're in a pretty good place. I don't think we need to worry too much about our network effects creating any sort of dominant situation in this sector right now.

MEGAN COX: OK. Concluding thoughts. How about one minute per person? Starting at the end of the table, Maurice.

MAURICE STUCKE: All right. I would just begin by saying I don't think we have the right tools. I would say that we have tools-- antitrust has really good tools where data is being sold in the marketplace. So if there's data sets that are being sold, they can apply their sniff test. They're really good at it.

But when it comes to these other types of data-driven mergers-- for example, Google acquiring Nest Labs, or if Google were, for example, to acquire Uber-- I don't think we have the tools. Because there, you're not looking at substitutability. You're not necessarily looking at price. Neither the commission nor the DOJ have ever challenged a merger solely on non-price considerations alone. They've always considered price and quality and some other components.

So what I would encourage the commission to do is not only to hold more workshops such as these, which I found very informative, but I would start asking the tough questions. What would happen if we start seeing-- now, first of all, what are the canaries in the coal mine? How do we assess whether or not it is a canary? How do we assess an emerging competitive threat? Let's say someone who controls the operating system wants to acquire it. Do we have the tools to then assess how that would affect, then, consumers overall?

And there, I'm a lot more dubious. And so I would encourage the FTC and the DOJ to start really studying, what are the implications of big data on competition policy? Do we have the right tools? And if we don't do it-- I know that the European Commission is now grappling with these issues. We need to do it one way or the other. Thank you.

ARUN SUNDARARAJAN: Thanks. So I just wanted to conclude by highlighting and reiterating the tremendous potential societal benefits I see from regulatory models that delegate responsibility, and especially the delegated regulations through data from issues ranging from things as benign as collecting taxes to coming up with more effective enforcement and execution mechanisms for problems ranging from discrimination and exclusion.

There really is tremendous potential from a delegated approach rather than an open data approach. I think it's clear from the discussion that not all forms of market failure are created equal, and that we have to think carefully about what kind of information asymmetry do we have, the difference between information asymmetry and externalities, and design the regulatory solution to address the specific market failure that is perceived.

I think it's also clear that the kind of network effects that are being created by these new platforms are quite different. We have some of the analytical tools. I think we have the foundations for the creation of these analytical tools. But there's a danger in borrowing the analytical tools created for the addressing of two-sided markets-- say in the credit card industry or in other industries-- and applying them whole scale to these localized network effects without rethinking exactly what the nature of these network effects are.

And I also think that as our society moves closer to an economy in which a greater fraction of exchange and commerce is conducted through these peer-to-peer platforms that we should be vigilant in new forms of market failure. And one that I highlighted this morning that I'll reiterate-- the challenge of data Darwinism where a lack of a sufficient history of transacting might lead to exclusion of certain market participants. And we have to be vigilant for this kind of market failure. Thank you.

MARINA LAO: Sofia, your thoughts?

SOFIA RANCHORDAS: Well, I think everyone agrees the sharing economy has numerous benefits. It has, above all, democratized access and access to accommodation, to transportation. And the challenge here is basically to find a moderate approach to the regulation of sharing economy. And very often, this moderate approach is actually lacking.

So I think in this case, we have to be careful with potential risks and externalities. But at the same time, we should also not forget that there are benefits here which should not be lost. So I think the major challenges here are first, making sure that [INAUDIBLE] challenges connected with ownership are taken into account. Also, because ownership and vertical integration have been addressed in Europe.

For example, they have been one of the reasons why German courts have been actually biased against Uber, for example. They did not explain it that way, but they actually mentioned that Uber should not be treated more favorably, because it's not about small entrepreneurs. It's about a large American company which is being financed by another company. And because of that, it should not be protected. And local businesses should actually deserve this protection. So there is a certain bias here concerning ownership and financing which should also be addressed to avoid this kind of approaches.

I think the other challenge here is privacy. I think privacy is still unexplored. It is true that the sharing economy depends heavily on the flow of information. Whether this flow of information should be totally free, I'm not sure. I think there should be some walls. Whether we can call them Chinese walls or not, that's another matter. But there should be some walls preventing the information to flow too freely and certainly to flow outside the scope of the smartphone app.

And the last point that I would like to make is that one of the panelists this morning referred to the need to engage Congress in the conversation. I don't think Congress should be involved when it comes to updating legislation for platforms. This is a matter of regulation. And I think FTC and other regulatory bodies are the ones who have to make sure that regulation actually keeps up with the evolution of sharing economy practices.

MARINA LAO: Adam, you have the last word.

ADAM THIERER: Thank you.

So are information technology markets perfect? Of course not. Are reputational feedback mechanisms perfect? Of course not. But think about how far we've come and the strides we've made in such a short period of time by combining the power of these two things. It is truly remarkable today that so many perfect strangers are coming together and interacting so effortlessly across so many segments of our economy thanks to the combination of information technology and these reputation feedback mechanisms. It's worth celebrating that fact.

It's also worth celebrating the fact that the general innovation policy our country has adopted toward these sectors and these new information technologies is what got us here. And that's the idea of permissionless innovation. We generally put the idea out there that entrepreneurs could go out there and do it without first coming and seeking a blessing from somebody before they did something interesting and innovative. And they're serving the public in exciting new ways that none of us could have ever envisioned just a generation ago. I think that's worth celebrating. And thank you for inviting here today to talk about it.

MARINA LAO: Thank you. And let's give a hand to all of our presenters.

[APPLAUSE]

MEGAN COX: And now, Julie Goshorn will give a few closing remarks.

JULIE GOSHORN: So I'm conscious of the fact that I'm the last thing standing between everyone and a plane or a train or an automobile. But I need to say thank you to a lot of people for helping us pull this off today. The fact that it seems like it is pulled off very well is an indication of a lot of people working behind the scenes. And so I need to say than you briefly to all of them.

First, I want to thank all of our workshop participants for giving so much time in advance of the workshop and today on panels and on speeches. I know time is very valuable, and so I really appreciate the amount of sharing that has gone on today. I would like to thank Commissioner Ohlhausen and her staff for getting the workshop started this morning on such a strong foot. I also want to thank Commissioner Sandobal for contributing her thoughts on such short notice. That added a tremendous value to our event today.

I also want to thank Marina Lao for providing-- besides moderating in panel, a lot of input and guidance as the workshop took shape. We also should thank especially Professor Sundararajan and Professor Inev both for preparing remarks today as well as sitting on panels. They've both given us a lot of input during the development of this workshop, which has been about eight months in the making. So we appreciate that.

We also need to thank the many commission staff who've helped make this day a success. A lot of folks have participated in this. Not something that Bill or I would have pulled off by ourselves. The workshop team especially has worked tirelessly to put this together. We've got [INAUDIBLE] Brouchard and her event staff who have been behind the scenes say making this all run very smoothly. I want to thank Carrie Galula and her design team for making all the graphics very successfully and very shiny and in a way that I could never have done.

And then today, you've probably all noticed the very sizable team of paralegals and interns that have made a significant contribution to making this day run smoothly. We owe a particular thanks to Tara Coslov, Chris Brian, and Gina Pickerel for helping put everything together today and over the last few weeks. This event would not have gone smoothly without the significant involvement of all of them.

We also owe a debt of gratitude to Chairwoman Ramirez, who, as Marina mentioned earlier today, couldn't be here because of other commitments. But we know her a debt of gratitude for being very supportive of this workshop from the very beginning.

And we need to say thanks to Andy Gavel, who is no longer at the FTC, but who lent a lot of support to this idea from its genesis when he was at the commission. Finally, we want to thank all of you in the audience and watching remotely and the rest of the public for your interest in this workshop and involvement through being in the room today, watching the webcast, submitting comments, and sharing your views in other ways.

To that end, I'd like to remind you that the public comment period stays open from now until August 4. So please give us comments about what you think we did well, what you think we missed, what we can do the next we start thinking about these issues. The details of the submission process can be found on the press release announcing the workshop, which is available on the FTC website. We encourage and look forward to your comments, and we'll read them with interest.

Last thing I need to mention, which is not a thank you at all, is please remember to turn in your badges as you leave the building. Thank you all for coming. It's been a great day.

[APPLAUSE]