M.A. in Political Science
With a concentration in European Union Policy Studies
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The Struggle to Share: Why National Governments in Europe Respond Differently to the Introduction of Sharing Economy Platforms into Traditional Service Sectors

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Abstract

The rapid growth of sharing economy platforms such as Uber and Airbnb have garnered harsh criticism from national governments around the world. In the U.S. where these platforms originated, legal battles across the states are still on going, but robust public demand and support for these platforms ensure that lawmakers do not regulate them out of existence. In Europe, public engagement has yet to reach the point in which it will seriously affect the regulatory dispositions of lawmakers, as outlined in this paper. For this reason, it is apparent that European states are focusing more heavily on other factors outside of consumer demand[1]. This paper examines the regulatory crackdowns in Italy on ridesharing and France on home-sharing to identify the predominant factors that are leading governments to impose tough restrictions on these companies. By identifying unremarkable levels of public opinion, current and past political landscapes that heavily favor traditional service providers, and differing environments for innovation, it is evident that the leading contributors to a more regulated Europe are largely caused by the political capital of interests groups as well as cultural and historical aspects such as long-standing protection of taxi unions and the affinity for centralized government control, both of which, are difficult to maintain in the presence of the sharing economy.

Written for Topic in Economic and Social Policy (Professor Helen Callaghan)
Presented at the JMU - MWP 13th Graduate Symposium,
7 April 2020

Table of Contents

Introduction

The presence of the sharing economy in traditional markets continues to spark contentious debate. In the European context, much of this debate is centered on what constitutes the appropriate amount and severity of regulatory measures that allow states to effectively monitor and set boundaries on sharing platforms. Proponents of increased regulatory oversight and restrictions argue that unfettered market interruption damages established service sectors. This includes the undercutting of prices, labor shortages, and reduced consumer demand. As likely expected, regulatory opponents call on government to take a step back and allow the invisible hand to direct market entrance. European free market advocates seek to provide open access to new platforms in order to increase competition and boost entrepreneurial opportunities to benefit individual and federal wallets. In many European states, the argument has essentially been decided, one way or the other. States such as Estonia and Ireland have welcomed new sharing economy competitors into their markets, while fierce governmental opposition has developed in Italy, France, the Netherlands, and Germany[2]. Regulation aside, it is estimated that the economic size of the sharing economy in the EU alone is € 28 billion[3].

The aim of this paper is to identify the factors that contribute to the substantial regulatory differences that exist between European states. This paper poses three hypotheses. One, public opinion of member state populations hold substantial sway over the regulatory actions of governments. Two, differences in state regulation on ridesharing and home-sharing are due to political concerns. Three, traditional sentiments on innovation cause slow and unsteady integration. To examine these aims, this paper will examine two cases of government crackdown on sharing economy platforms in Europe, ridesharing in Italy and home-sharing in France to identify why these states opted to narrow the opportunity of market integration for these platforms. Three factors will be examined to determine whether or not the hypotheses are viable; public opinion, political environment, and the disruptor status of Uber and Airbnb.

The structure of this paper is as follows. The first section is a literature review introduces leading research relevant to the topic. The second section provides background information to give needed context to the issue being addressed and will elaborate on the three factors noted above. The third section is the justification for the case selections chosen. The fourth section presents the methods used to gain findings. The fifth section presents both the data and findings of the methods used. Finally, the fifth section serves as a conclusion to the paper.

Literature Review

Current literature on the sharing economy is abundant but tends to focus heavily on whether platforms are a positive or negative force on economies, industries, and labor chains. For the purposes of this paper, two leading articles will be used to provide an overview of the current state of research on European response to the sharing economy with a more holistic perspective. The first, is the *Rise of Uber and Regulating the Disruptive Innovator* by Geoffrey Dudley, David Banister, and Tim Schwanen which. The second is *Regulating the European Sharing Economy: State of Play and Challenges,* by Malthe Mikkel Munkoe.

In Dudley, Banister, and Schwanen's work, the authors focus on the rise of Uber, but assert that the hesitation of governments to open their markets to new competition points to a persistent aversion to market disruptors. The same disruptive nature that gives platforms such as Uber and Airbnb their successes, is the very same reason for their inability to effectively integrate into markets. Governments continue to impose restrictions against new competitors to lessen the number of consumer liabilities as well as reduce the need to reevaluate national industries[4].

The second article poses the idea of a 'patchwork Europe.' Munkoe identifies that European states hold vastly different regulatory standards for sharing economy platforms. His key factors include the high importance of public safety, employee rights, and protection of established businesses. He urges that these factors have equally contributed to the crackdown of regulation in European countries including, Germany, Italy, France, Belgium, and the Netherlands[5].

The research of these works is fundamentally important to understanding the role of sharing platforms in our interconnected global markets, but the image these studies create is incomplete. This is not enough to understand the true context of the sharing economy in Europe due to differing public sentiments, diverse political landscapes, and varying market aversion to innovation, pointing to a clear gap in the research. This paper will offer a new evaluation that examines the differences in regulatory response between European states to develop a more comprehensive picture of the European environment in regard to the sharing economy.

Background

Sharing economy explained

The sharing economy has many names and even more segment facets. Whether known as the peer-to-peer economy, collaborative economy, or gig economy its nature remains the same. Sharing platforms offer individuals the ability to work on their own time, using their own property to offer various services to the public. They utilize stagnant, and in some cases depreciating assets to boost their own profitability and societal productivity. This is the uniqueness of the sharing model. These individuals are known as independent contractors, a separate classification from traditional employees. Contractors simply utilize platforms to offer their services to platform users, without being bound by employment contracts. In theory, these individuals are their own employers, determining hours, equipment, and in some cases, pay[6].

One important difference between Uber and Airbnb that is important to note for the paper moving forward, is that ride-sharing operators must work at a set rate, giving them less discretion than an Airbnb host who can list prices at their preferred rate[7]. Major debate continues on whether or not these individuals should be allowed to skirt employee classification considering in many ways, they act in the same manner as employed individuals.

Since the 2008 global financial crisis, individuals continue to seek alternative employment opportunities that give them greater control over their work environment. It is safe to assume that citizens always want more choice, rather than less. From an employment perspective, allowing sharing platforms to operate gives citizens increased access to markets they would customarily have to receive training, obtain certification, secure a job position, and commit to set wages and hours to operate in. The simplicity and ease of signing up as a service provider for either use of their car or home, bypasses the timely and costly process of entering into a new career field. On the other hand, opponents view this ease as a direct effort to undercut the business of citizens and companies who do work in these fields, through more traditional avenues. For ridesharing, this means circumventing taxi licenses and, and for home-sharing bypassing hotel occupancy taxes, housing permits, and other safety regulations. In this way, sharing platform providers have a direct line of access to traditional market consumers without having to become accredited in the area or abide by traditional laws[8].

Factor 1: Public Opinion

The development of ride and home-sharing companies answered growing demand for newer, better services that are geared toward the individual, not the collective. Uber allows consumers to order a car with the click of a button to their exact location in minutes. They can see who their driver is and their user generated ratings, view the cost of the ride before they order, and write a review of their experience once at their destination. The app adds a level personalization that traditional taxi companies cannot replicate. Home-sharing is much the same. The hotel industry prides itself on maintain brand standards. When a guest stays at a Hilton in London, it is likely that that another person staying at a Hilton in Budapest will have much the same experience. The standardization has made the hotel industry what it is, trusted and safe for travelers. In today's society where guests increasingly prioritize uniqueness, individuality, and personalization, consumers are looking for alternative experiences. Airbnb and home sharing sites offer one of a kind stays to travelers. They embody their local surroundings and culture through style of home, décor, and the personal touches of the rental owners all for a price that is usually much less expensive that traditional hotel stays.

Public opinion is shaped in many ways by public demand. The more the public wants a product or service the greater the belief is that it is a positive presence in the specific area. Government regulation in this sense can conflict with public opinion easily. A common motive that lawmakers cite in the regulation of industries is consumer safety, which rings true in many of the state led initiatives in Europe to restrict sharing platform access to markets. While safety is central to the goals of consumers, when weighed against the prioritization of increased service and product options, consumers often choose the latter. This can pit government interests and public interests against each other fairly easily[9].

Factor 2: Political Landscape

In the European sense, the political landscape is widely diverse, but all states face similar pressures. From labor unions to leading companies, political officials are held accountable by the industries that dominate national industry sectors. With the European Union (EU) attempting to integrate as many facets of policy as possible, the sharing economy is no different. The EU readily voices its support for sharing economy integration into member states, citing more work opportunities for EU citizens and its growing effort to make the EU a digital hub. For member states, however, even the most EU-centric, EU involvement in national markets still receives intense pushback. Governments, both on the left and right, continue to assure their workforce and public populations that national industry remains in the hands of national leaders, rather than

EU officials hundreds or thousands of miles away in Brussels[10]. This assertion of national government competence leads governments to enforce sharing economy regulation that fits only the needs of their markets own rather than the whole of Europe.

Factor 3: Industry disruptors

Like SpaceX redefining space technology research or Bitcoin upending the financial sector by offering an alternative to traditional investing, ride and home-sharing companies are actively redefining transportation and lodging sectors. Uber, Lyft, Airbnb, and other sharing platforms hold a common status as an industry *disruptor*. This means they effectively steal a large share of the consumer market held by established companies. It also means they will inevitably experience the sharply negative consequences of holding this classification[11]. With it comes sharp skepticism, primarily over perceived damages to established industries, and severe regulatory obstacles that hinder integration into markets.

It is inevitable that government plays catch up to innovation. The old adage that innovation leads, and government regulation follows, is truer in today's start-up dominated global market chain than ever before. When new technology or services are introduced to the public for consumption and use, government's first inclination is to regulate, but in the case of the sharing economy, *how* to regulate effectively and efficiently is still being decided.

Case Selection

To further the hypotheses posed, this paper looks at severe cases of regulatory crackdown. Italy and France were chosen for two reasons. One, tourism and travel are central economic drivers in their economies. This creates a level of similarity between the two states, due to their fierce protection of their tourism sectors, including transportation and hospitality. Two, they offer opposing views on what segments of the sharing economy to regulate. Italy has focused regulation on largely allowing Airbnb to function without too much government hinderance. Conversely, France has imposed strict restrictions and fines on Airbnb but has been hesitant to do the same for Uber. This is a unique paradox that provides a more comprehensive understanding of why European states are responding so differently to such platforms.

Case 1: Italy

Italy continues to be a fierce defender of its service industries, particularly its taxi conglomerates. Taxi services are a central segment of the Italian economy and are heavily regulated by regional and federal governments. The number of taxis on the road, the number of taxi licenses granted each year, annual driver fees, and consumer rates are all determined bureaucratically. This leaves little to no room for municipal decisions to change local regulations to benefit their area. Instead, it has been increasingly difficult for new taxi permits to be granted, effectively cutting off the Italian population from successfully entering the taxi market. The problem remains in the lack of municipal control. Too many taxis may affect larger cities like Milan, Florence, and Rome, but for less populated areas, more taxis can be sustained and are needed. Due to the national nature of this industry, this discrepancy has yet to be solved effectively. The entrance of Uber and other ride-sharing platforms in many ways was a private sector solution to this public sector problem.

By allowing non-licensed taxi drivers to offer their own services to transportation consumers, areas with taxi shortages could see increased movement and a solution to unmet demand. In larger, more overcrowded cities the benefits of ridesharing are primarily consumer centric. More options mean lower prices, more convenient pick up locations and times, and even greater ability to request the type and size of vehicle to accommodate specific needs. For consumers, ridesharing integration makes transportation more personalized, but this evolution is not a big enough gain for Italian legislators to open their markets[12].

Taking note of taxi labor unions is another key element central to this discussion. Labor unions are strong in Italy, especially those that represent the taxi industry. Union leaders have long-standing and well-established relationships with Italian legislators, making it difficult for the interests of ride-sharing companies to find a foot hold at the legislative levels. The political capital labor unions hold is immense, approximately 35 percent of the Italian workforce hold membership in a labor union[13]. Industry health and viability is key to union member interests, which can form strong voting blocks that influence elections. For Italian lawmakers, it appears that the interests of established industry sectors still outweigh new economic opportunities.

Even more imminent than voting however, are workforce strikes. Italy is no stranger to organized labor strikes. From taxi drivers, to bus and train operators, the country experiences strikes on a fairly frequent basis. Strikes in the transportation sector are strong enough to bring the country, and its tourism sector to a halt. With these consequences in mind, Italy's visceral reaction to the integration of new car service is understandable. New competition threatens the security and longevity of an already over saturated market.

Case 2: France

Unlike Italy, France has a thriving ride-sharing sector. Uber and other platforms operate freely throughout the country and readily compete with taxi services. Home-sharing, however, has not been afforded the same leeway and continues to feel the brunt of French regulatory policy. The burdensome effects of recent crackdowns can be hard to see with over 65,000 listings still operating in Paris on Airbnb alone, but the platform and operators face a barrage of legal requirements that can make it extremely difficult to operate lawfully. It is assumed that a number of these listings are operating outside of the legal framework. In early 2018, France passed legislation that implemented licensing requirements for home-listers to acquire costly permits prior to listing their home on any rental platform. Failure to obtain a permit and post their listing without a legal permit number or for too many days can result in hefty fines upwards of € 5,000 per infraction. This is up from a former € 450 prior to the regulatory change. In 2018, A Parisian homeowner who has been listing her home on Airbnb since 2011, was fined over € 57,000 for not acquiring an operating license and permit from the city[14]. With these restrictions in place, it is likely that the number of listings will decrease in the months and years to come as France further buckles down on home-sharing.

Platforms face equally tough standards and increased liability under the new provisions. For each listing posted in Paris without the proper documentation, Airbnb can be charged € 12,500 per illegal listing on their site. After finding roughly 1,000 improper listings on Airbnb in 2018, the City of Paris fined the platform € 12.5 million which remains unpaid. It is important to highlight that as ramifications upon the platform itself tighten, officials run the risk of Airbnb pulling out of Parisian or French markets altogether[15].

France is an important case to examine due to the large market that it offers to home-sharing platforms, but it is far from an outlier. Similar government intervention can be seen popping up in cities throughout Europe. London, Barcelona, and Berlin are all actively attempting to rein in home-sharing platforms operating in their cities. In Amsterdam, legislators recently reduced the number of nights homeowners can list their homes on rental platforms to a meager 30 nights per year, becoming one of the strictest regulations set upon listers throughout Europe[16]. Like France, the fear of increasing rent and home prices, the crowding out of natives, and reshaping communities is causing serious conversions to be had at local, regional, and federal levels about how to limit to spread of these operators.

Methods

The three factors outlined above, public opinion, political environment, and aversion to industry disruptors, will be applied to the cases of Italy and France to either reinforce or dispute the hypotheses posed at the start of this paper.

To weigh public opinion, two Eurobarometer polls will be used to generate a picture of public sentiment on the sharing economy in both countries from 2016 to 2018. These surveys focus primarily on the presence of public demand and perceived lifestyle improvements that EU citizens view as a consequence of sharing platforms entering traditional service markets in their areas. Viewing these trends over time also allows us to analyze how public opinion has changed in accordance with more or less regulation, as government reactions have developed in response to market entrance.

Political environment will be analyzed by looking at how political parties in power are interacting with labor groups and trade associations. These interest groups are playing a tangible role in the creation of obstacles and hurdles that sharing economy platforms are being forced to navigate. In many countries around the world, striking a balance between new and traditional companies or services is a difficult task for government officials, but one that is made a priority in order to advance economic interests and opportunities for citizens. In Italy and France, however, we see direct government overreach to keep new service providers down, to protect the interests of those traditional companies.

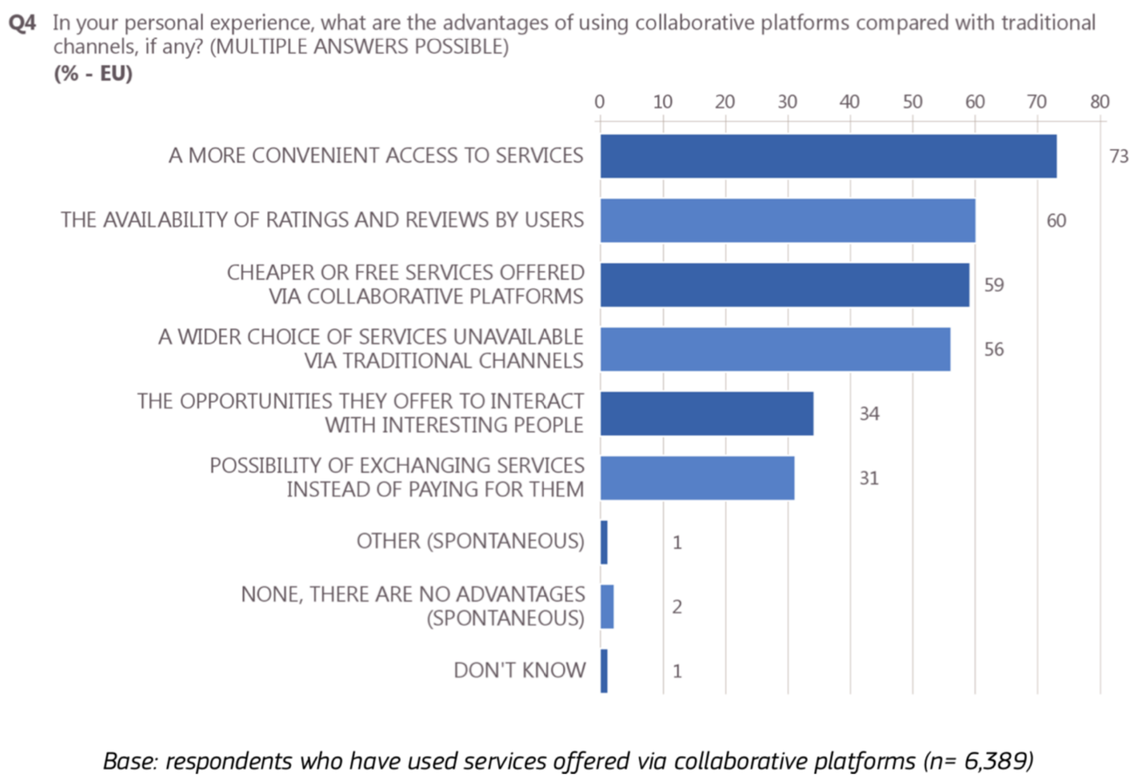
Response to market acceptance of industry disruptors is a more difficult factor to examine. This paper will look at how Italy has received Airbnb and how France has received Uber. This will highlight whether these companies or if there is some innate difference between ride and home sharing that cause governments to regulate differently. To add numerical dimension, the annual Global Competitiveness Report will be referenced to further develop the status of Italian and French markets in regard to the sharing economy. The report focusses on the presence or absence of key factors in countries that contribute to innovation, entrepreneurship, and a startup culture. Analyzing both Italy and France will determine if there is a true aversion to innovation that hinders private sector development inherent to both states, or if Uber and Airbnb present specific instances that call for increases regulatory attention.

Data and Findings

Public Opinion:

This section uses data gathered from two Eurobarometer surveys to provide a broad picture of where European sentiments currently sit on the sharing economy. Figure 1 shown below offers a general overview of whether or not citizens believe that there are tangible benefits to using sharing platforms, from ride and home sharing to other peer created services. A massive 73 percent of survey respondents answered that they view platforms as 'a more convenient access to services' indicating that European sentiments are leanings more toward a positive perception[17].

Figure 1:



Source: European Commission, Eurobarometer 467, 2018

The same study conducted in 2016, Flash Eurobarometer 438, asked a similar question. Of the 7,409 respondents, 41 percent answered that collaborative economy platforms are more conveniently organized for consumer use[18]. This percentage jump shows a growing awareness of the sharing economy across Europe and as the levels of awareness grows, convenience of sharing platforms is growing in the European mindset. This awareness, however, does not necessarily imply that general support for the sharing is increasing. More convenience does not automatically assume that consumers are less worried about their rights as consumers, general safety, or unfair competition.

To analyze the specific sentiments of the two cases in question, Figure 2 shows the responses of citizens in each member state to the question, ‘do collaborative services offer a wider range of services than traditional channels.’ Here, it is clear that the general perspective of the EU population does believe sharing platforms can increase the variety of services to consumers at 56 percent. Italy and France range starkly on either end of this spectrum. Only 35 percent of surveyed Italians see new platforms as a path to more consumer choice, while 65 percent of French respondents do, a 30-percentage point difference. This is an evident sign that public support does not easily point to more or less government regulation, considering both countries in question have heavy regulation but vastly different levels of support.

Figure 2:

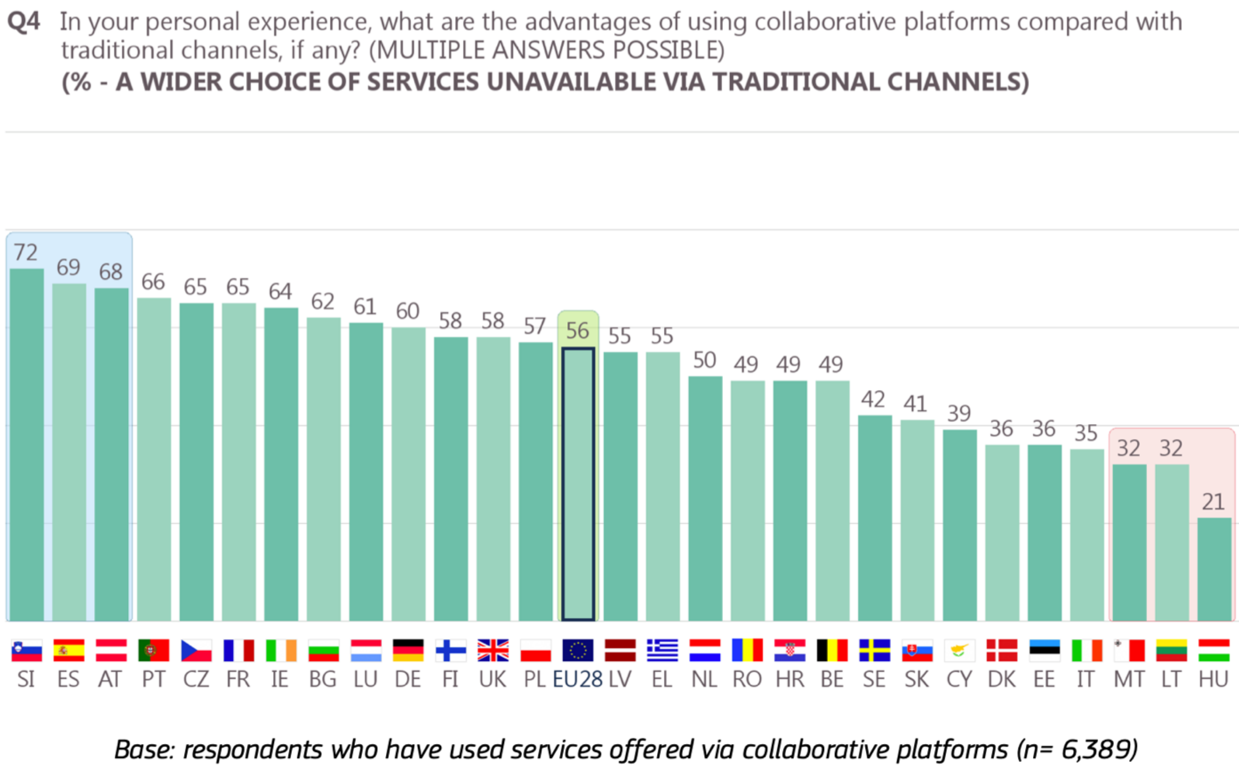
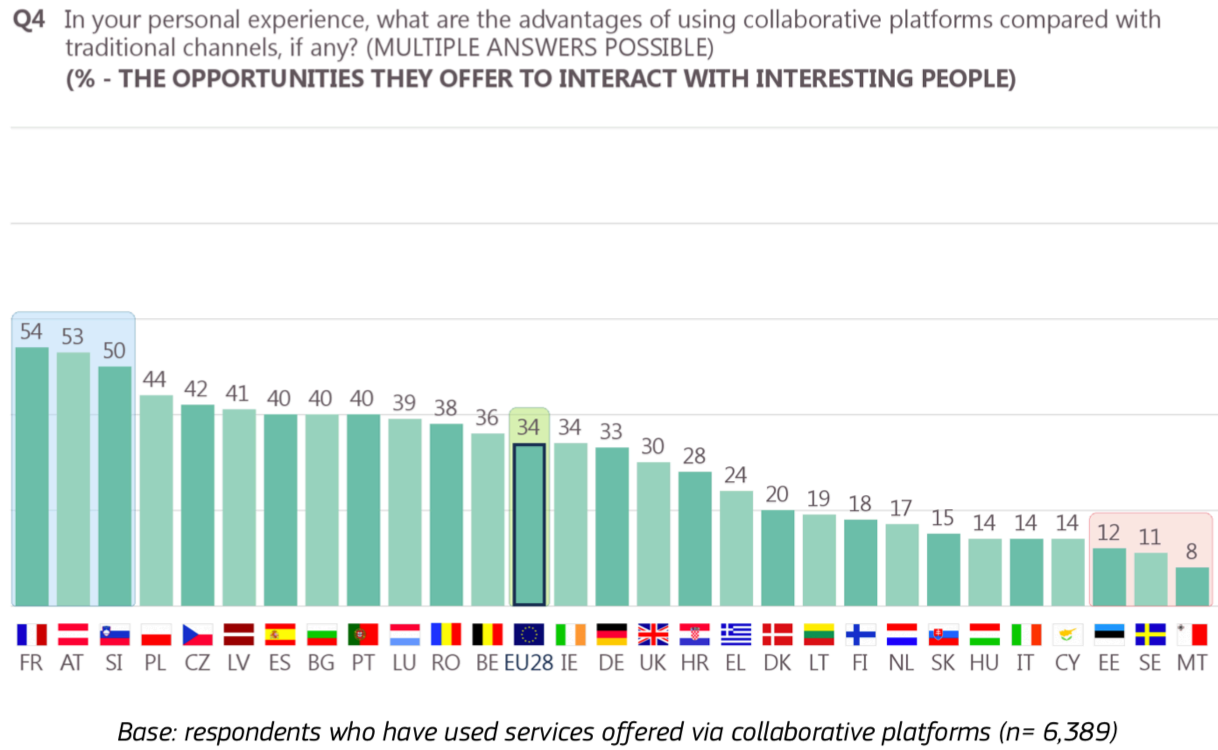


Figure 3 presents a more cultural snapshot, by highlighting whether or not the sharing economy is viewed as an opportunity to engage with other people but the conclusions are much the same. French sentiments on this factor are the highest in the EU. At 54 percent of French respondents see the use of these platforms as a way to engage with different people. Here, we can also see that this is barely of interest to Italian citizens. At the end of the spectrum, only 14 percent of Italians hold this same opinion[19]. These numbers indicate that there is little to no concern regarding the presence of the sharing economy in Italian sectors. The goal of platforms like Uber, Airbnb, and others are to provide better and more convenient options to consumers. Without consumers sharing this same need and belief, it is understandable why certain countries so readily push these competitors out of the markets.

Figure 3:



Another telling section of the 2018 survey noted that 44 percent of Italians responded that alternative transportation platforms offer greater convenience than traditional services. Of European countries surveyed, Italian at 44 percent was the second lowest of all responses[20]. This could potentially be due to one of two opposing realities. One, that Italians are unable to access ride-sharing platforms and perhaps have not experienced the convenience of calling a ride with the click of a button. The second, is that Italians simply do not see a gap in their transportation market that would require a new competitor such as Uber.

Overall, it is evident that Italian public opinion is consistently less favorable than EU averages and trends toward the lowest end of all spectrums presented. France on the other hand clearly holds strongly favorable opinions, coming in above EU averages in almost every category.

Political Landscape

The Five Star Movement continues to be very popular with young voters. The promise of increased opportunities, economic advancement, and bolstered innovation are driving the left-wing populist party's support. This would indicate a new commitment to introducing new companies, such as the sharing economy into Italian markets[21]. In the case of Uber, this hasn't been the case. These officials are still as beholden to traditional labor unions, whose bodies make up mid to older generations of voters, as previous governments. Unions in Italy, similarly to France, are immensely powerful, and clearly more determinant than promises of MS5 to its youth population. Italian taxi unions have pull at every level of government and have played a central role in ensuring that Uber does not integrate into their market[22].

In France, legislators are aiming to stem what they have coined 'the law of the jungle.' In their terms, serial Airbnb hosts are acting no differently than hotels. Much of this could be attributed to the heavy regulatory sentiments of France's government[23]. It is no secret that France has always favored a more centralized government that implements blanket regulation, rather than opting to allow localities to enforce laws that are more suited to their own regions and areas. For sharing economy regulation this is no different. Current Airbnb restrictions centered in Paris are impacting all of France, reducing the ability of neighboring town populations to act as an Airbnb host[24]. France also holds a long history of government intervention in industry sectors. Tough regulation and high standards keep sectors functioning at a level of even quality, stringent price controls, and standardized employee work requirements and wages. The threat of the sharing economy is that the government is essentially unable to intervene in these factors. The draw of the sharing economy is that employee wages and hours are highly flexible and largely unimpacted by the requirements of its traditional market counterparts.

Industry Disruptors

Both Italy and France are experiencing high involvement of labor unions and industry trade associations to oppose sharing economy platforms from encroaching on their territory. This has similarly been the case in the U.S. but all in all, the sharing economy is functioning openly across U.S. states, with minor to no limitations compared to those of Europe. In both Italy and in Paris, France advertising Uber and Airbnb are respectively banned. This highlights the unwillingness of both governments to allow consumer demand of the platforms to grow. This begs the key question of *why*? France aims to be a global tech hub; which observers would assume that sharing economy integration would be a key asset of this. Other 'tech hubs' such as England and Estonia have effectively allowed the sharing economy to operate, increasing their regions entrepreneurship and opportunities to their citizens.

To put these into perspective, this paper looks at the World Economic Forum's Global Competitiveness Report. This annual report analyzes 137 state economies and ranks them based upon productivity, attractiveness to entrepreneurs, and market openness. In the 2017-2018 report, Italy ranked a dismal 43 out of 137 countries. At first glance that may not seem too bad, but this number comes in after notoriously slow or unwelcoming economies like Russia, the Czech Republic, and Indonesia. For the eighth largest economy in the world, and third largest in the Eurozone, it would be expected that Italy should welcome new opportunities at a higher rate than it does. In the same report France comes in much lower, ranking 22 out of 137[25], indicating a healthier environment for modernization that its southern counterpart.

The report also includes a scale that scores states from 1 to 10 representing performance levels of innovation, 1 being the least performing and 10 being the most. At a rough score of 3.4, Italy lags behind France at a score of 4.5. This groups Italy with India, Indonesia, and Russia while France is close behind the UK, Japan, and Germany. To put this into perspective, the U.S., has the highest score of 6.5. This data indicates that while Italy may be struggling to gain a foothold in innovation development, France is readily keeping up with innovation leaders[26]. This does not point to any inherent aversion to market evolution or growth within France, on the contrary it is successfully becoming a beacon for innovators and entrepreneurs alike.

Conclusion

The start of this paper posed three hypotheses. This section will explore whether the hypotheses are proven correct or if this paper's findings have refuted initial assertions.

Hypothesis 1: Public opinion of member state populations hold substantial sway over the regulatory actions of governments. As shown in the data section of this paper, public opinion in Italy was not as supportive of ride-sharing and other sharing economy companies as most other EU member states, including France. When considered comprehensively, looking at sentiments on convenience, access, and benefits, the numbers instead point to high uncertainty. Italy frequently ranked below almost every other EU state surveyed in each of the survey's singular categories. Italians viewed the sharing economy in a very nuanced light, rather identifying these disruptors as purely positive or negative, or in favor of more or less regulation, it appears that the country is relatively unconcerned with the obstacles that lie in the way of integration. The lack of public support for the introduction of new alternative service providers, however, makes it unlikely that ride-sharing platforms will find a foot hold with lawmakers at the national level.

This could be attributed to the level of harm the public feels due to high regulation. Unlike in Italy, where not having access to ride-sharing platforms is merely an inconvenience, in France citizens themselves are being fined and squeezed out of an opportunity to use their property to increase their personal incomes. People are experiencing government regulations that strip their ability to make independent decisions with their own property and tack on burdensome financial fees. The regulations to come out of Paris severely impact the owners of listed homes, not just Airbnb or other platform companies. Data in France on sharing economy sentiments overwhelmingly trended upward, toward the higher end of all EU states. Here, public opinion is at odds with government regulation which arguably paves the way for potential legislative change in the future, if these interests continue to find national support.

The lack of Italian public support for the sharing economy could contribute to the ease in which the government has been able to ban Airbnb, but in France where there is substantial support regulations are still present. For these reasons, it is unlikely that public opinion holds any serious pull over the actions of either the Italian or French responses to Uber and Airbnb.

Hypothesis 2: Differences in state regulation on ridesharing and home-sharing are due to political concerns. Both Italy and France face pressures from the industry leaders that run both the transportation and hospitality sectors of their markets. It is unclear, however, why political opposition has come from only one of the two sectors in each country. The main factor could be that taxi companies are simply inherent to the Italian economy. Not only do taxi organizations hold immense sway with political officials but perhaps it is about culture. The protection of this industry could be heavily symbolic of Italian society. The French political landscape is much clearer to understand. Hospitality groups have played a much more active role in opposing Airbnb by dominating the home-sharing conversation to increase public and government opinions that home-sharing ruins neighborhoods and French culture.

Hypothesis 3: Traditional sentiments on innovation cause slow and unsteady integration. Italy's taxi conglomerate is a driving sector of its economy and protection of its health is key to the interests of Italian lawmakers. This commitment, however, is dampening Italy's ability to compete. Innovation is slow, entrepreneurship is sluggish, and Italy is plagued with the same "brain drain" that many Southern European states are facing. Opening markets to accommodate access to new technologies could jumpstart its economy and slowly start to redefine its reputation as anti-innovation. But as the eighth largest economy in the world and fourth largest in the EU, Italy has the potential to be a real competitor in Europe and globally if consistent effort is put forward to do so.

France does not align with this hypothesis, showing that the hypotheses is in fact faulty. France continues to lead in innovation and is keeping pace with other states as technologies and markets develop. For this reason, it is clear that France's hesitation to integrate Airbnb into its hospitality market is not a side-effect of innovation aversion, instead it is predominantly political. It is concerned foremost with protecting its ability to effectively regulate industries and companies, which could explain the slight lag in innovation behind the U.S., U.K. and Germany among other states. The presence of Airbnb has the potential to reduce France's control over new consumer platforms, products, and companies by setting a more open market precedent.

In sum

It is evident that public opinion has not had as much of an effect as political pressures and historical aversion to new innovation, this last point most noticeably in Italy. In relation to the Dudley, Banister, and Schwanen work, this paper does not conclude that the mere nature of Uber and Airbnb as market disruptor is enough to cause government crackdown. The nuanced environment of institutionalized industries, affinity for centralized control, and the influence of interest groups are more likely to be contributing factors. Additionally, Munkoe's idea of a "patchwork Europe" does seem to be confirmed by this paper's findings. State tendencies that are based on a variety of factors result in a variety of legislative outcomes. Political alliances and cultural tendencies, from the protection of taxi unions to the protection of centralized government, are the most tangible contributing factors.

Further research could examine why labor unions and trade associations in Italy and France have tackled ridesharing and homesharing as equally. Why have taxi unions in Italy been more successful in opposing Uber than they have in France? Or why have French hospitality trade associations been able to influence government enough to impose strict regulations on Airbnb but Italian associations have not? These questions could be lent to additional research in the future, that would increasingly help to understand the driving forces behind the struggle of the sharing economy to gain a foothold across Europe equally. As the European Union seeks to further unify policy cohesion across member state borders this topic is likely to receive more attention in the future.

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