

Platform Economy and Regulation: A Territory with No Maps

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Typologies of platform

- Consumer platforms, managed on voluntary basis by participants
- Platforms that intermediate between demand and supply gaining a fee for each transaction
- Platforms that offer users the possibility to interact without charging any fee

Trust as the crucial asset

- Trust and transparency false friends
- Trust and reputation the two sides of the same asset
- Trust building and trust destroying

Microeconomics of platforms

- Granularity in supply
- Pulverization and customization of needs
- Network effects
 - market thickness
 - matchmaking
 - reduced information asymmetries

Platforms, vertical/horizontal integration, regulation and competition

- Two positive analyses lead to two different policy options:
 - 1) platforms are inherently leaning toward monopoly/oligopoly due to network effects and scale.
Policy option: **regulation** (caps, constraints...)
 - 2) Platforms market dominance and abuse can be prevented and mitigated.
Policy options: completion and antitrust (competition for/in the market, splitting, fines)

How regulation addressed platforms so far

- The core basis:
 - a) Unacceptable market relationships (abuse...)
 - b) Safety/health/environment
 - c) Rights
- “Copy and paste” approach
- Strong sectoral focus
- Regulation-of-objects rather than regulation-of-needs (taxi instead of mobility, hotel rooms instead of accommodation)
- Pressure from preexisting licensing systems (accumulation of personal assets inside regulated objects)

Platforms and regulation. Need for an overhaul

- The priority today seems to be regulators entering in the digital world.
- Platforms as self-regulated and self-policed “animals”
- Key question for regulators: are platforms self-established rules aligned with public interest?
- Market failures change due to technologies ... Regulation should adapt
- One step forward: from a simple, constant and predictable regulation to an iterative and cross-sectoral one

Legal definition of platforms and practical consequences

- Digital markets and information society services?
- Economic nature of platforms: markets or hierarchies? (Coase, 1937)
- The core issue: pure middlemen or service providers (e.g., see the European Court of Justice decision on Uber)

Platforms and competition

- The dominant antitrust rule: if prices are reduced it's always okay (consumer welfare approach)
- The new school of thought: if companies dominate market with predatory behaviour it cannot be good
“The potential harms to competition [...] are not cognizable if we assess competition primarily through price and output. Focusing on these metrics instead blinds us to the potential hazards. [...] Antitrust law and competition policy should promote not welfare but competitive markets. By refocusing attention back on process and structure, this approach would be faithful to the legislative history of major antitrust laws”
(Khan, 2016)
- From market outcomes to market structure?

Labour and platforms. State of the art

- How to consider platforms workers?
Independent contractors or employees?
- Contrasting judicial decisions across different legal systems
(*Berwick v. Uber Technologies* in California, *riders vs Foodora* in Italy, *Uber BV v Aslam* in UK)

Labour and platforms in prospect

- Relationships between organized workers and platforms
- Innovative forms of “collective bargaining” (SMart-Deliveroo in Belgium)
- A new role for antitrust in addressing monoposonistic power in labour markets?

“As far as we know, the DOJ and FTC have never challenged a merger because of its possible anticompetitive effects on labor markets, or even rigorously analyzed the labor market effects of mergers as they do for product market effects. Nor have we found a reported case in which a court found that a merger resulted in illegal labor market concentration”






































(Naidu, Posner & Weyl, 2018)

Data. Key economic features and questions

- In the domain of data, regulation is a wild west, also because information is a peculiar good
- Data show features of externalities. Who owns externalities?
- Data are also excludable, but non-rival in principle
- Who is entitled to own non-rival goods?
- Decreasing or increasing returns to scale?

“While the marginal value of data in estimating any finite dimensional quantity eventually steeply declines, the power of the latest generation of ML has been its ability to tackle increasingly sophisticated tasks as the quality and quantity of data improve” (Arrieta Ibarra et al., 2018)

What big tech know about us

	Google	Facebook	Apple	Twitter	Amazon	Microsoft
Name 				×		
Gender 			×	×	×	
Birthday 			×	×	×	
Phone Number 						
Email Address 						
Location 				 Only your time zone		
Relationship Status 	×		×	×	×	×

<http://www.visualcapitalist.com/heres-what-the-big-tech-companies-know-about-you/>

The GDPR at a crossroads. First uncertainties arising

- Data ownership seemingly assigned to users
- Right to data portability (art. 20), but not in the case of point f) of art. 6(1)
- Data are lawfully processed, without users' consent, if it “is necessary for purposes of the legitimate interests pursued by the controller”
[Point f) of art. 6(1)]
- Is portability sufficient to foster competition?

A non conclusion

Regulation and digital platforms:
a long trip to go



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Thanks for your attention

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