Issue Overview: The sharing economy

By Bloomberg, adapted by Newsela staff on 09.09.16

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The "sharing economy" is a way of connecting people with something to sell with people who want something. It suggests a group of people sharing what they have. The idea seems great. However, some say the sharing economy is not a good idea.

The sharing economy is powered by companies like Uber and Airbnb. Uber connects people who need a ride with people willing to pick them up in their own cars. Airbnb connects travelers looking for a place to stay with people who have a spare room.

**DEFINITIONS**

**economy**
The system of how money is made and spent in a certain place, like a city or country

**investor**
A person who puts money into a business in exchange for some of the profits

**ownership**
The act of owning something; in the sharing economy, people share the ownership of objects
The sharing companies say they allow people to make money from things that would otherwise go unused. People can now make some extra cash with their car or an extra room. Customers can get what they want cheaply and easily.

Fans of the sharing economy say it brings neighbors together and narrows the gap between rich and poor. Others say it does just the opposite. They say it forces people to work for less money and with fewer protections. According to one 2015 magazine headline, “The Sharing Economy Isn’t About Sharing at All.”

**The Situation**

Investors have poured money into sharing companies, even though most companies have yet to make large profits. In 2014, investors gave the companies a total of $4.1 billion. In 2015, the amount invested rose to $17.9 billion.

Uber is now valued at over $62 billion, meaning investors believe the company is worth that much. Uber has a higher valuation than many companies that have been around for years and that make far more money. Airbnb is now valued at $30 billion.

The sharing companies are facing many challenges. For example, in both Massachusetts and California, Uber has been sued because its drivers do not have cab licenses. In France, Uber has been protested and fined.

Cities from New York to Seoul have joined together to produce a common set of rules. They hope these rules will help them control the sharing companies.

Meanwhile, new sharing companies are popping up. One example is DogVacay, which lists 25,000 dog sitters.
The Background

Some type of sharing economy has been around for years. So what is new about today’s situation? The answer: smartphones. Today’s sharing economy got its start in 2008, when Apple introduced its App Store. Suddenly, it was easy to quickly find someone who wanted to work.

One of the first big sharing companies was also founded that year. Called TaskRabbit, it connects people looking for work with others looking to avoid chores. The task can be something unpleasant like cleaning dead fish out of a tank. Or, it can simply be something that someone does not have time to do.
The Argument

People have very different views on the sharing economy. Some say it hurts workers by taking away their rights. Workers can lose their jobs at any time. They do not get benefits like sick pay or paid vacations.

Some also claim the sharing economy is increasing the gap between rich and poor. For example, apartments used for sharing become unavailable to renters. With fewer apartments on the market, rent prices go up. Housing becomes even more expensive, making life harder for those who are not rich.

Many say sharing companies have an unfair advantage. For example, Uber does not have to follow the same rules as taxi companies do. Sharing companies also do not have the same costs.

The sharing economy has its strong supporters, though. They say sharing companies make it easy for people to make a little extra money. Sharing also offers an escape from fixed working hours and dull office work.
Supporters also point out that over time sharing companies become more like other businesses. For example, in Houston, Texas, there are new laws for Uber. Now the company’s drivers must follow some of the same rules that taxi drivers follow.
Quiz

1. Which of the following are two MAIN ideas from the article?
   (A) The sharing economy brings neighbors together. It also lets people make more money.
   (B) The sharing economy has many important good things about it. One benefit is that it lets people who don’t have a well-paying job to have more money.
   (C) The sharing economy has been around for many years. It lets people work outside of an office for companies like Uber.
   (D) The sharing economy has become much more popular recently. While some people enjoy it, others think it could be bad for workers.

2. Which detail would be MOST important to include in a summary of the article?
   (A) The sharing economy lets people use their extra room.
   (B) Smartphones have made the sharing economy easier to use with apps.
   (C) Investors gave sharing companies $4.1 billion in 2014 to continue to grow their businesses.
   (D) TaskRabbit connects people looking for work with others who need chores done.

3. Use the graph titled “Sharers Tend to Be Young” and information from the article to select the TRUE statement.
   (A) Most of the sharers are young people looking to make extra money.
   (B) Most of the sharers are over the age of 35 and looking to have a job outside the office.
   (C) Most of the sharers are young people who haven’t been able to get a job in the U.S. economy.
   (D) Most of the sharers already have a job and just want to connect to other people.

4. Based on the information in the article and in the graph “... and College Educated,” which group MOST agrees with the idea that the sharing economy is beneficial?
   (A) Young people who went to high school.
   (B) Older people who got their PhD.
   (C) Young people who went to college.
   (D) Older people who did NOT go to college.