



**China Council for International Cooperation on  
Environment and Development**

**Sharing economy: A New Economic Revolution Led  
by Lifestyles**

## **Background Report of Members of Ecological Civilization**

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### **Introduction:**

The leading researcher of this project is Professor **ZHANG Xiaode**, Deputy Director of the Department of Economics of the Chinese Academy of Governance, who is responsible for determining the research ideas, developing a research framework and modifying the paper. The paper is divided into eight chapters written by **ZHANG Wenming**, **HUANG Yi**, **MENG Ye**, **ZHANG Wenming**, **DENG Huibo**, **MOU Weiyong**, **XU Juntao**, **CHEN Anguo**, respectively.

## **Main Conclusions**

### **1. Four characteristics of the sharing economy: The sharing economy is an economy of new consumption, new information, new wealth and humanization.**

(1) The sharing economy is a new consumption economy promoted by people's new consumption concepts such as "utilization is more important than ownership" and "leaving things lying idle is a waste and using things without buying them". (2) The sharing economy is a new information economy under which resources across sectors are reallocated with high efficiency and low costs, and based on information technology. (3) The sharing economy is a new wealth economy under which idle things, spiritual resources, cultural resources and natural resources are shared. (4) The sharing economy is a new people-oriented economy under which "every one's ability is fully leveraged and everything is fully used", and "self-interest is achieved through altruism". In a word, based on the new driving force, new factor, new wealth and new target, the sharing economy is a new economic revolution that initiates the ecological civilization era and a new economic pattern that leads the future economic and social development.

### **2. The function of the sharing economy: The sharing economy is a new pattern and a new path of environmental protection.**

Firstly, the sharing economy helps us find the new path of environmental protection from the reforms on the consumption end. For a long time, the environmental protection has been focus on how to reduce energy consumption on the production end. But we cannot fundamentally solve the problem of modern high pollution and high energy consumption if we do not reduce the high energy consumption and keep focusing on the consumption end. While the sharing economy address the mismatch with a lifestyle revolution based on public awareness of green consumption.

Secondly, the sharing economy help us find a new economic pattern and market organisms to solve the problem of environmental protection. Based on green consumption concept, the rise of the sharing economy has made the environmental protection realize a revolutionary upgrade and transformation in the last half century,

which is a new economy transformed from the enlightenment of environmental awareness to the promotion of environmental consumption. It causes transformation of environmental protection that has been stranded in external power for a long time into an internal power depending on market transaction.

Thirdly, sharing economy has found a new driving force for environmental protection. For half the century, environmental protection campaigns have been advocated mainly by governments, few elites in society and nongovernmental institutions and so on, while the sharing economy is a new ecological campaign promoted by green consumption concept that benefits and involves everyone.

### **3. Four reasons for the rise of the sharing economy:**

(1) Environmental awareness promotion: Transformation from enlightenment of environmental protection to consumption awareness of environmental protection is the age cause for the rise of sharing economy. (2) The sharing consciousness: The change of lifestyle from exclusive to shared is the internal driving force. (3) The sharing and reallocation of consumer surplus resources are the economic bases of the rise of the sharing economy. (4) The Transboundary revolution boosted by the Internet Plus is the technical support for the rise of sharing economy.

### **4. Types of sharing economy: Sharing economy can be divided into four types:**

(1) Sharing economy of private resources, including the sharing of items surplus, service surplus, time surplus, space surplus, financial surplus and so on. (2) Sharing economy of public resources, which is divided into urban public space sharing and rural society resources sharing according to space. (3) The "sharing economy" of quasi-public resources. (4) New industry in the era of sharing economy: The quasi-public industry. Sharable "internet and finance", sharable e-commerce infrastructure, sharable new energy and smart grid energy.

### **5. The operation mechanism of the sharing economy: common development and coordination.**

The mechanism of traditional market economy is dominated by competition, while Internet-Plus sharing economy is dominated by common development and coordination. The new business ecological system led by internet platforms does not

exclude competition, but with frequent interactions among multi parties on the platform in a more open system, the competitions among enterprises are more sufficient. However, this competition is under the the common development and coordination mechanism created by Internet platform, which includes three aspects: First, innovation mechanism of transboundary integration and coordination. The innovation power of traditional economy mainly comes from the competition, while the innovation of sharing economy comes from the integration and coordination. Second, the coordination and interaction mechanism of macro-integration and micro-activation. The Internet technology has not only created a coordination mechanism for transboundary allocation of different resources of cross section, but also injected a vertical joint and integration mechanism that traditional economy doesn't have, connecting the macroscopic and microscopic. Third, the common development and coordination mechanism with multi-subject participation. All the horizontal, vertical transboundary and penetrating coordinated mechanisms of sharing economy bring vitality to the economy which forms symbiosis and sharing for economic development where multi-subject participates.

#### **6. The Governance mode of sharing economy: polycentric and collaborative governance.**

The traditional market economy concentrates on dealing with the relationship between the market and the government. While the sharing economy is a synergetic mechanism which is both competitive and common development-based, and participated with multi subjects. And it is the synergetic mode with both **common development** and competition, that is just as the polycentric governance mode proposed by Ostrom who won the Nobel prize in economics in 1990. And that's what determines that the governance mode of sharing economy should jump out of the thinking set of either the government or the market, and find the governance mechanism of interest sharing and benefit equilibrium through the participation of multi subjects including the government, enterprises, and the public.

#### **7. Theoretical innovation of the sharing economy: a new mode of market economy.**

(1) The new economics logical premise: From Adam Smith's Economics of egoism to Confucius's Economics of altruism. The rise of the sharing economy in the era of Internet is a game-changing revolution to the Western economics, making altruism a logical premise of sharing economy. The characteristics of elements in sharing economy field determines that egosim has to be achieved through altruism. In the model of sharing economy, the more people participate in the sharing of factors, the faster the value added of factors will be.

(2) The theory of new factors of economic growth: Cross-sector factors and non-material factors. The sharing economy breaks through the restrains of the traditional theory of economic growth factors. Labor, land and technology no longer influence only on economic growth, by which, however, values added of the elements extended are far beyond the factors themselves. The new power of economic growth derives from the intelligent integration of factors. The intellectual integration of factors on the on platforms like Internet is a subversion to the traditional economic growth model, it forms a whole new economic power and makes a new driving force for economic growth.

(3)The new capital of sharing economy: social capital and natural capital. In the new capital field developed by internet and creation, social capital including connotation such as trust has an promoting effect on economic growth by promoting innovation. The new wealth formed by the innovation of social capital is a public and multi-wealth value added model.

(4) The new wealth of sharing economy: the wealth of life and the wealth of production. The production field is dominated by wealth, the possession of the useful and scarce resources is regarded as an effective means of increasing wealth. The sharing life will not be interrupted by the production of wealth, and it is a process of creating wealth when the two sides are experiencing both material and spiritual wealth in the process of sharing. And the integration of boundaries of life and production, changes the wealth view that wealth can be only created in production, and makes life become a process of consumption and production.

(5) A new market model: a common development and coordination model of "Internet Plus". For the sharing economy rising all around the world, market entities like producers and consumers are in a relationship of common development, competition and coordination. Based on Internet technology as a transformation platform, the market credit comes into being with the dominant of the "Internet Plus". While market credit in internet inherits the credit constraints of real economy market, moral values and credit awareness appears to be more cautious. Internal morality and external regulation system becomes a new mechanism and new model of sharing economy.

### **8. Development status and characteristics of sharing economy in China:**

(1) The sharing economy has evolved into the national development strategy. The fifth Plenary Session of the 18<sup>th</sup> Central Committee of the CPC adopted "Recommendations for the 13th Five-Year Plan for Economic and Social Development" which brings sharing development into the five major development concept of China, and for the first time brings the development of sharing economy into the national development strategies.

(2)Internet leading, platform priority, government guidance. China falls behind the United States on the micro level in sharing economy, but on the macro level, China has formed the advantages and characteristics of Internet leading, platform priority, government guidance.

(3) The rapid rise of urban sharing economy. The Chinese sharing traffic based on Di Di Taxi is developing rapidly in the first tier cities of China. In recent years, under the pressures of reversal of supply-demand relations in Chinese real estate industry, some real estate developers started joining the new crowdfunding mode of real estate, Internet and finance. The mode of crowdfunding also starts arising in the government's urban infrastructure investment field of project "PPP". The sharing lifestyle arising in the folks is quietly occurring in big cities of china.

(4)"The internet driven country and city" : The rise of sharing economy in rural areas. The "Internet Plus" is deeply changing the traditional relationship between

urban and rural areas. The development gap between the urban and rural areas that can't be solved by conventional technology can be easily broken down by the Internet Plus. Especially under the promotion of Internet and rural green resources, the development of sharing economy of China in rural areas shows a trend of diversity and rapid growth, which is not inferior to the sharing economy in urban areas, and has become beautiful scenery as a characteristic of Chinese sharing economy.

#### **9. Four advantages of Sharing Economy in China :**

(1) Systematical advantages of crossover resource integration. Based on the correct decisions made by the Chinese government in developing the sharing economy, China's advantage resulting from the significant role played by the Chinese government will come into play again. Particularly, along with the effective implementation of reforms in governmental managerial systems, China's sharing economy, guided by national strategic decisions and scientific direction and supported by the government, will develop rapidly in a healthy way.

(2) Market advantages of the great power. The scale effect of the sharing economy means that the more people participate in the sharing economy, the more economic benefits it will bring. This characteristic of the sharing economy provides a developmental advantage for China as a country with a huge population. At present, China has the largest market and Internet market. The development of mobile terminals, in particular, offers a vast market for the growth of the sharing economy.

(3) Corresponding cultural advantages of the sharing economy. Based on common development and coordination, sharing economy does not only take altruism values as the headstone but also needs to agree with the culture of systematically integrated thinking. And it is altruism and the culture of integrated thinking that serves as the merits of the traditional Chinese culture.

(4) Late-developing advantages of "cities and rural areas". In the traditional industrial economic model, cities and rural areas are in a state of separation and conflict. Whereas, the sharing economy system supported by the Internet Plus will change the relation between cities and rural areas fundamentally and will essentially

turn the unequal relation in which cities and rural areas are separated and opposite into an equal and cooperative relation of mutual exchange. China is the oldest agricultural country in the world with the oldest and the most populated rural society, which is not a favorable situation for traditional industrial economy. However, in terms of developing the sharing economy, it is a unique late-developing merit of China.

## **Main Strategy Countermeasures and Suggestions**

### **1. Formulate the Development Strategy of China with Synchronous Development Thinking.**

The sharing economy that has emerged is a revolution for the world economy transforming from the era of knowledge economy to the era of wisdom economy. In the past economic revolutions, China has always been a follower. However, this time, based on Internet Plus, sharing economy gives China the equal access to opportunities as developed countries. And this is our major premise and leading thinking for development strategy of China, therefore, three suggestions are given as follows:

**(1) Reinterpret the period of strategic opportunity.** The Eighteenth National Congress of the CPC reports that "China is still in an important period of strategic opportunities when much can be done". This important period of strategic opportunities is the new economic revolution of Internet Plus where China and developed countries develop and share synchronously. Thus, according to this thinking, we should reinterpret the new meaning of Chinese strategic opportunities in the new era and reposition the strategic position of sharing economy during the 13th Five-Year Plan of China.

**(2) Develop Chinese strategic planning for sharing economy.** In order to occupy the commanding heights of the development of sharing economy, the United States, the European Union, the United Kingdom, Japan and other developed countries have developed national strategic plans to promote the development of sharing economy. China has unique advantages in the development of sharing economy which developed countries don't have, thus China's strategic planning for sharing economy should be formulated according to China's national conditions.

**(3) Introduce the concept of sharing economy into the strategy of The Belt and Road.** Vigorously promote the strategy of sharing economy of international Internet Plus, and by exchanging needed products and avoid repeated construction, achieve the crossover collaboration of resources among the countries along The Belt and Road. Especially for the excess capacity, promote international leasing business with the

concept of “utilization is more important than ownership” through Internet Plus, a platform on which China can promote the international construction of sharing economy system in the world.

## **2. Coordinate The Development of Chinese Economic Transformation With Sharing Economy.**

**(1) Promote the reform of the supply side with sharing economy.** Firstly, vigorously promote the development of new sharing services based on Internet Plus .Promote the conversion of surplus consumer goods into sharing consumer goods with the new concept of“leaving things lying idle is a waste and using things without buying them”. Second, vigorously promote the development of new internet manufacturing industry. Fully implement the “Guidance of State Council on Deepening The Integration and The Development of The Manufacturing Industry of the Internet (State issue[2016] No. 28)”. Third, vigorously promote the development of new internet financial industry, and provide financial support for the real economy and small, medium-sized enterprises and micro businesses. Fourth, promote the development of culture sharing industry such as internet tourism and internet education.

**(2) Promote the construction of sharing cities with sharing economy.** First, increase the construction of large data of urban resource management, promote the full sharing of urban resources, break the sector monopoly of the Internet resources. Second, promote the reform under which public resources, such as sports, culture, libraries, parking lots, laboratories and so on within the walls of urban universities, governments, institutions and enterprises, solve the problem of repeated construction and the underuse exclusive to certain sectors. Fourth, vigorously promote the integration development of mobile Internet and distributed new energy, and improve the utilization of urban new energy. Third, strengthen the construction of sharing community. Promote the community sharing service system with Internet Plus, promote the community mutual-support, mutual labor exchanges, and family surplus sharing, etc.

**(3) Promote the urbanization of two-way flow of urban and rural areas.** First, the value of the countries should be redefined from the height of the sharing economy development. The concept of sharing economy allows the citizens and peasants to re-recognize each other's important values. Second, liquidize the resources of hollow villages with sharing economy ,and make the hollow village a new sharing space for urban residents and villagers. Strengthen the construction of the infrastructure of the hollow villages, construct park green spaces, cultural entertainment facilities, farmers' career parks and other infrastructure facilities, allowing more citizens to experience and share the happiness life in rural areas. Third, vigorously promote sales of the Internet+ rural unique agricultural products. Fourth, vigorously promote the development of urban agriculture and community agriculture shared by urban and rural areas.

**(4)Lead the participatory mass innovation with the platform of sharing economy.** Actively develop the advantages of platform superiority of innovation and sharing of maker spaces, provide platform access, data information and other resources to small and micro enterprises and entrepreneurial team. Mobilize the power of the whole society to support the development of Innovation works, Makerspaces, venture bases of small smart business and other new types of maker spaces.

**(5) Vitalize the inventory with sharing economy, especially for the real estate inventory.** At present, most of the existing excess capacity of China is due to the information asymmetry and lagging consumption concept. Take large number of real estate inventory for example, the massive spare rooms should be vitalized in sharing economy ways by promoting the development of social rent with the thinking of sharing economy. From the perspective of the development of sharing economy, China's future urbanization of real estate is not to increase more real estate, but to maximize the sharing utility of the existing real estate resources through sharing economy ways.

**(6) Exploit the advantages of sharing economy in poverty alleviation.** Many poverty-stricken regions in fact boast the resource of organic food, handicraft, and eco-tourism that are needed by urban middle classes. Internet plus and sharing

economy could lift people in those regions out of poverty in a decent and dignified way. It's therefore proposed to put these products onto the lists of national green procurement, and public procurement.

**(7) Vigorously promote the development of distributed and shared mobile new energy.** Vigorously develop distributed energy in the vast rural and remote areas, especially should develop the mode of photovoltaic power generation to promote a global new energy revolution.

### **3. Explore a Path of Coordination and Multi-governance of Environmental Protection with the Thinking of Sharing Economy.**

Ideas determine the thinking and thinking determines the way out. The thinking of coordination and common development in sharing economy, breaks the shackle of technology-relied environmental protection, capitalize on the cloud computing and internet for greater integration so as to mobilize multiple players in a larger space and activate various resources, thereby exploring a pathway to environmental protection with multi-governance.

**(1) Organize the coordination and multi-governance of the environmental protection.** Break the shackle of technology-relied environmental protection of the Ministry of Environmental Protection of the Republic of China (MEP) , adapt to the requirements of Internet coordination and multi-governance. It is suggested that the "National Great Environmental Protection Collaborative Governance Committee" be organized with the leading of central government and participated by relevant departments. According to the thinking of five in one proposed by the eighteenth National Congress, adjust the function and internal organs of the MEP to meet the requirements of great environmental protection of coordination and multi-governance.

**(2) Supervise the coordination and multi-governance of the environmental protection.** At present, there are two major resources needed to be made better collaborative uses in China's environmental supervision and management. One is transboundary data resources provided by the Internet era, another one is the environmental protection supervision resources provided by the participation of folk organizations. Therefore, proposals are as follows :Firstly, make use of the established

national environmental monitoring network and database, make further links and integrations of Internet resources related to environmental protection, such as the meteorological data and land-round supervision, to form a full-covered Internet monitoring and supervision system of coordination and multi-governance of the environmental protection. Secondly, to establish a social organization collaborative governance division or department in the MEP, specifically responsible for the supervision and management of mobilizing and coordinating social organizations to participate in environmental protection. At present, there are already 60 social organizations in China, most of which are related to environmental protection, and those huge social resources have not been fully utilized. Thirdly, to open up channels of supervision and law enforcement, explore intelligent environmental protection monitoring and early warning system, the four in one of “monitoring, early warning, command, law enforcement”, for law enforcement. It is worthy of attention and promotion that at the end of 2015, Hengshui, Hebei began the construction of intelligent environmental protection monitoring and early warning system for law enforcement including the four in one “monitoring, early warning, command, law enforcement” system.

**(3) Coordination and multi-governance from the source:** Sharing economy is a the new economy based on multi-consumer end where the resources are made full use, and also is a new breakthrough to solve the environmental protection problem on the consumer end. Therefore, the proposals are as follows: First, cooperating with relevant departments and base on the new concept and culture of “leaving things lying idle is a waste and using things without buying them”, the MEP should promote the new life movement for reducing consumption, green consumption and sharing consumption on the consumption end. Second, vigorously promote nationally the construction of green families, green communities, green campuses and green governments. Third, government departments should take the lead of advocating green consumption, and promoting the government's green consumption from the purchase of green low carbon products. Fourth, it is suggested that the government should levy a luxury tax and luxury consumption tax as a redistribution means of

government regulation of production and consumption and social wealth and at the same time, relevant new policy that encourages the participation in the Internet sharing consumption should be introduced.

**(4) The cross-region coordination and multi-governance:** The integration of the Beijing-Tianjin-Hebei region is an important step for China in cross-regional collaborative governance. Nevertheless this is only a beginning. And it is suggested that the MEP should vigorously promote collaborative governance in larger space. Therefore, the proposals are as follows: first, the environmental protection departments should vigorously promote access to the “The Belt and Road great environmental protection strategy of internationally cross-regional and collaborative governance”. The northwest of the Silk Road and the Middle East region are the weakest region of Chinese and the world’s ecological environment, also the important barriers for environmental protection. It is suggested that the MEP start the “The Belt and Road internationally cross-regional and collaborative governance” with activities and mechanisms like dialogue, forums, co-construction, etc. Second, vigorously promote the compensation, coordination mechanism of cross-region coordination governance for the western and eastern regions. Third, start the international cross-region collaborative governance activities and mechanisms like dialogue, cooperation, co-construction for environmental protection of Three Rivers’ source and the Qinghai-Tibet Plateau.

#### **4. Improve The System of Supervision, Management and Service**

**(1) Improve the construction of the Internet market.** At present, there has been the two-coexist market systems in China, one is traditional market, the other one is the Internet market. Since how to develop the Internet market plays a very important strategic role in Chinese future economic development, the proposals are put forward as follows: First, the government should adapt to the requirements of new Internet market, issue of "Guidance to Promote and Perfect the Construction of Internet Market System" should be intruded. Second, redefine the major functions of government and enterprises in the new Internet market. In accordance with the new division of labor, government should increase the investment of Internet market

infrastructure which the enterprise can not afford, such platform construction of cloud computing system and Internet market. Third, promote the reform of the telecommunications system, and vigorously promote the reform of the Internet tariff prices, to reduce the price of the Internet and create opportunities for the development of Chinese Internet market.

**(2) Improve the tax, financial system of sharing economy.** First, start tax collection and management for sharing economy which has formed enough scale. Avoid “one size fits all” for tax collection and management, and carry out targeted tax collection and management according to the growth stage of sharing economy. For the businesses still in the early stage of sharing economy, they not only can not be taxed, but also should be given appropriate tax incentives. Second, increase investment, capital and financial support for sharing economy, to create a different mechanism of blood supplies according to different types of sharing economy.

**(3) Explore multi-center governance.** Sharing economy is a multi-subject involved economy different from the traditional economy, which determines the future governance model of sharing economy would be multi-center coordinated governance. Firstly ,improve the error tolerance of development of sharing economy and provide the opportunity for trial. Secondly, build the new governance, regulatory, supervision system that serve sharing economy. Thirdly, promote the construction of new credit system needed by serving the the development of sharing economy.

**(4) Promote interdisciplinary research.** First, increase the training to enterprises and the government of sharing economy, incorporate sharing economy. Curriculum of sharing economy should be introduced into training course system of all levels of Party school and the administrative institute as soon as possible. Second, increase the research and think tank research on sharing economy. The country should take sharing economy as an important research topic into the social science fund research, and establish the official sharing economy think tank, co-ordinate the study on major issues of sharing economy. Exploit advantages of non-governmental think tank research institutions, and carry out a massive data analysis and other cooperative research in the form of topics and other with sharing economy platform service

providers.

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# **Chapter 1 The Concept, Essence and Mission of sharing economy**

## **1.1 The Concept and Characteristic of Sharing Economy**

As for what is the sharing economy, the theoretical and industrial circles have a variety of explanations. From the perspective of the origin and history of the rise of sharing economy, sharing economy can be divided into the traditional sharing economy the and modern sharing economy.

The earliest study of sharing economy can be traced back to Martin Weitzman's 1984 book "sharing economy", where Weitzman said the sharing system refers to that the negotiations between the capitalists and workers on wages determine the sharing ratio but not the specific amount of wages, he considered that the cause of "stagflation" is the unreasonable existing wage structure in the capitalist system, and proposed that sharing system should take instead of wage system. At the end of the 1980s, Nobel Laureate in economics in 1977, James Meade developed sharing economy subject. He put forward that workers can participate in the enterprise income share through the way of employee stock ownership. And in the Marxism, the economic system is the root of the unfair capitalist economic distribution, so the real sharing can not be achieved simply by the improvement of the distribution system.

The traditional sharing economy subject is the economic discipline of the study on the capitalist economic system from the income distribution. It attempts by means of changing the distribution of labor and capital to improve the microeconomic structure defects of the capitalist economy in order to ensure stable and rapid economic development. Marxism's sharing economy subject takes the reform of the social economic system as the object. And the current sharing economy, which is rising all around the world, is a new economic form rising under the background of Internet technology and ecological civilization. Although the goals both included the sharing of social resources and benefits, there are great differences between the Internet era sharing economy and the traditional sharing economy.

In "China sharing economy Report 2016", sharing economy is defined as the sum

of using integration of the Internet and other modern information technology, sharing of massive decentralized idle resources, and meeting the diverse needs of economic activities, which consists of three aspects: First, sharing economy is a new economic form after a certain stage of the information revolution and the Internet technology makes sharing economy possible; Second, it connects optimal allocation of resources between supply and demand, and solve the problem of coexistence of shortage and idle waste of resources; Third, the new idea of the development of the information society, the new concept of consumption and development of “people-oriented and making the best use”.

In “sharing economy - New Economic Solution on Supply Side“ recently published, written by MA Huateng, sharing economy is more directly defined as: “Sharing economy refers to the economic phenomenon that the public share idle resources with others on social platforms in order to acquire income.”

"Italy sharing economy Policy Report" puts forward that in Italy, the industry generally believes there are four basic features of sharing economy: (1) Use new information technology as support: With the new technology platform, people can obtain specific services at any time and place; (2) Not take possession of the property as premises: The products and services are not sourced from the enterprise itself but the user groups; (3) The real wealth is people: The key to success of sharing economy is to converge people groups with the same problem and the same interest. (4) Economy and experience convenience: And this is also its core competitiveness.

Synthesizing the definition of sharing economy at home and abroad, this paper will define sharing economy as: sharing economy is a new economic form derived from interaction of new consumption mode and Internet information technology, which re-allocates and shares social and public idle resources. This economic form has the following four characteristics:

(1) The sharing economy is a new consumption economy promoted by people’s new consumption concepts such as “utilization is more important than ownership” and “leaving things lying idle is a waste and using things without buying them”. And the transformation of economic development driven by from production mode to

consumption mode is the new driving force for the development of modern sharing economy.

(2) The sharing economy is a new information economy based on Internet information technology, realizing low cost, high efficient reconfiguration of transboundary resources. Information technology becoming a new factor of modern economic growth, is the new growth mechanism that differs sharing economy from the traditional industry.

(3) The sharing economy is a new wealth economy under which idle things, spiritual resources, cultural resources and natural resources are shared. The transformation from the value-added wealth economy dominated by the materials and production end to the compound value-added of materials spirit dominated by the consumption end , is the new cocept of sharing economy.

(4) The sharing economy is a new people-oriented economy under which “every one’s ability is fully leveraged and everything is fully used”, and “self-interest is achieved through altruism”. The transformation from capital economy controlled by a few people to the humanistic economy controlled by everyone is the essence of sharing economy.

In a word, based on the new driving force, new factor, new wealth and new target, the sharing economy is a new economic revolution that initiates the ecological civilization era and a new economic pattern that leads the future economic and social development.

## **1.2 The Mission of Sharing Economy: Boost the New Era of Ecological Civilization 这里**

Dr. Jeremy Rifkin claims in "Zero Cost Marginal Society: “Sharing economy is a subversion of the entire capitalist economic paradigm in the last 300 years.

The logic of economic growth in the industrial civilization is to expanding the scale of capital and labor force, and reduce the cost through technological innovation to achieve the capital appreciation. One can only survive in the market by maximizing the priority of capital, labor, technology, therefore competition, monopoly and technical blockade is the thinking logic and growth mechanism of industrial civilization. However, sharing economy relying on the Internet is a subversion and

change of this logic. Integration and distribution of Internet technology that tends to zero marginal cost for monopoly transboundary resources will fundamentally change competitive economy from the era of industrial economy. Instead of competition, a kind of symbiotic coordinated mode participated by multi-subjects and of full allocation, transboundary resources has become an important driving force for the growth of sharing economy. In the transboundary resources sharing systems opened by Internet technology, the more public and business participating in transactions in the system, the more transaction costs, the greater profits the public and business will obtain. Capital-leading industrial competition mechanism exists the problem of one winner wins all and results in social polarization, while the coordination and common development mechanism supported by the Internet is the mechanism where the public and enterprises can both obtain the sharing profits.

In this sense, the logic thinking of sharing economy is the reverse of the industrial civilization. For more exclusiveness and better life, individual in industrial civilization deliberately plans for as much as possible consumption of earth resources to increase their wealth, which is a zero-sum game, a non cooperative mode in which you either win or lose. While sharing economy is everyone's "positive-sum game" which reduces the production and consumption of earth resources through sharing resources and expands the reuse of resources by mutual assistance. And this is the economic development paradigm under the idea of ecological civilization of harmony, opening and sharing.

### **1.3 The Function of Sharing Economy: A New Mode and New Path for Environmental Protection**

The biggest breakthrough of sharing economy is that we have found a preliminary solution to the contemporary energy and environmental crisis.

Firstly, the sharing economy helps us find the new path of environmental protection from the reforms on the consumption end. The globalized industrial economy tied by capital is in endless pursuit of more production and competing simply by speed. If contemporary humans can't reform the capitalist economy pattern that meets capital greedy growth, there'll be no way in solving the energy and environment crisis. To

lead contemporary humans out of this vicious cycle, it's of most importance to start the lifestyle revolution on consumer side. For a long time, the environmental protection has been focus on how to reduce energy consumption on the production end. But we cannot fundamentally solve the problem of modern high pollution and high energy consumption if we do not reduce the high energy consumption and keep focusing on the consumption end. While the sharing economy address the mismatch with a lifestyle revolution based on public awareness of green consumption.

Secondly, the sharing economy help us find a new economic pattern and market organisms to solve the problem of environmental protection. Based on green consumption concept, the rise of the sharing economy has made the environmental protection realize a revolutionary upgrade and transformation in the last half century, which is a new economy transformed from the enlightenment of environmental awareness to the promotion of environmental consumption. It causes transformation of environmental protection that has been stranded in external power for a long time into an internal power depending on market transaction.

Thirdly, sharing economy has found a new driving force for environmental protection. For half the century, environmental protection campaigns have been advocated mainly by governments, few elites in society and nongovernmental institutions and so on, while the sharing economy is a new ecological campaign promoted by green consumption concept that benefits and involves everyone.

#### **1.4 The Tendency of Sharing Economy: March from Exclusive Industrial Economy to New Era of Sharing Ecological Civilization**

Since Rome club was founded in 1968, the western world has begun to look for a ecological development mode which is more conducive to the economic growth and environmental balance. Especially the "Limits to Growth" published in 1972, reflects the constraints of global economic growth: population growth, food production, natural resources excessive consumption and environmental pollution, and put forward the problem that resource depletion will cause the limit to global economic growth. But after half a century, a lot of achievable ecological economic programs have failed to be popularized in the world. Because most of the entrepreneurs have

been mainly concerned about the expansion of production and profit maximization, and have been accustomed to saying “no” to the idea and measures of ecological environment. In Industrial economic mode, the enterprise expands the scale by increasing the use of elements, while sharing economy breaks the simplification increase and scale demands of traditional industrialization, but effectively uses the original element resources instead.

This kind of development mode is consistent with the logic of ecological civilization development, that is, to achieve the recycling of the material without the consumption of new resources. The breakthroughs of traditional industrial thinking by sharing economy are irresistible. When all companies begin to reduce costs through the platform resources, sharing economy will become the dominant mode of the future economic development. Sharing economy will become a deconstruction of traditional industrial economy and industrial civilization, and a construction of new economy of ecological civilization and ecological economy.

### **1.5 The Essence of Sharing Economy: Revolution That Returns Capital Economy to Humanistic Economy**

In traditional economy, market price is the result of market competition. Besides labor, land and capital, elements accumulated as the common wealth from human knowledge of science and technology have not entered into the cost structure as an independent element, and are not paid to adapt to the contribution. Sharing economy has broken the monopoly of minority for elements in time and space. The fusion, connection, innovation and diffusion of factors in depth make everyone humbly aware that we are in a social economic and ecological system with common interest and common concern, where we realize our own value benefit from our contribution to others, and also from sharing from others.

The Chinese traditional culture based on the rural acquaintance society is a sharing society based on the altruistic ethics. However, this sharing is limited to a small scale of acquaintance society. After the western Enlightenment, though the awakening of the "self" spirit broke restrictions in the small scale of acquaintance society, the exclusive economy based on self-interest ethics separate the relationship between

people and people. In the industrial society linked by capital and wealth accumulation, people become exclusive islands. The ideal humanistic society, which is pursued by the western Enlightenment, has been overwhelmed and controlled by the powerful capital force. While connected by Internet, based on the consumer side of the sharing and participation, sharing economy is a breakthrough on the capital control, and a return of humanistic economy. Sharing economy does not exclude capital or the market, but sharing economy that everyone can participate in and that is combined in accordance with self demand will be the organic combination of Chinese traditional social altruism ethics and humanism , pursuit of Western Enlightenment.

The return of humanistic economy indicates equality, respect and connection in larger range on a basis of region and nationality, and that is the ecological civilization time with universal harmony.

## **Chapter 2 The Historical Background And Reasons For The Rise of Sharing Economy**

Media and theorists always use Internet Plus to explain the reasons for the rise of sharing economy, whose importance can't be denied. As a new economic mode, the endogenous motivation of sharing economy is not only a technological revolution, but also a result of the interaction of complex reasons.

### **2.1. The Promotion of Environmental Awareness: Transformation from enlightenment of environmental protection to consumption awareness of environmental protection .**

Environmental awareness is not a new concept. Since the beginning of 1980s, environmental awareness has emerged in some developed countries. However, at present the progress and upgrade of environmental awareness depends on the upgrade from the enlightenment to environmental protection awareness. As environmental problems become more and more serious, more and more people realize that they would be the biggest victims if they don't protect the environment. Thus, from the enlightenment of environmental protection, the contemporary human are marching

into a new era of green consumption awareness.

Consumers' attention to the environmental and health problems has converted into to the consumer demand of good environment, safe food and clean air. It is the new demand caused by green consumption consciousness that promotes the development of the green economy and sharing economy.

Green consumption consciousness is a kind of re-consumption economy which based on the conservation of consumption in modern society. It is a fundamental correction to the high-speed, luxury consumption culture which is encouraged by the society in a long time. We found that people who participates in sharing economy, out of the motivation of economic income, another important motivation is the green environmental consciousness. Sunil Paul, the CEO of Sidecar, said: "Because of the emergence of these innovations, we believe that after 10 years the car ownership will be reduced by half than the ownership today. People nowadays think that they must own a car, but the idea will change in the future into become satisfied with only can take a ride." Compared with traditional economy, sharing economy is a green economy which appeals to the ecological environment protection more. Its rapid development will effectively curb the pursuit of the vicious circle between more production and more consumption.

Meanwhile, under the motivation of green consumption consciousness in the market, the responsibility that enterprises should take has also converted into the new value which they want to seek and manage. To take environmental responsibility, consciously internalize environmental costs as well as set up the public image of environmental protection, has become one of the modern enterprise brand values.

**"Life water" has become an environmental behavior which benefits the enterprise, consumers as well as the society**

The example of "Life Water" is the most typical example. Life Water is a water company which produces and sells drinking water. In statistical work, they found that in Shanghai, every year at least 800 tons of bottled water are discarded without being finished. The discarded drinking water, is the water-drinking amount for 800,000 children a year in the water-stressed

area. Life Water thinks something should be done to change the present situation of serious waste of water. The company immediately sets out to transform its 45 set of assembly lines in 15 factories, producing 50 million bottles of water which only contain half bottle of water every day. Why is only half bottle of water? Because Life Water realized that usually half bottle of water can quench people's thirst in time, the remaining half bottle of water is often wasted unconsciously. Therefore, now only half bottle of water is sealed to meet the normal needs of consumers, and another half bottle of water is donated to children in water-lacked regions directly by the company. To cultivate the water-saving awareness of consumers, the company also prints child's photos and QR code on the bottle, sweeping it and you can see the details about the water-lacked region. The half bottle of water is still 2 Yuan a bottle, but with kindness, the good idea has helped to solve the problem of more than 530,000 children's drinking problems, at the same time it also has obtained the continuous attention of more than 300,000 fans, as well as a miracle of 652% increase in revenue for the company.

## **2.2. The Sharing Consciousness: The Change of Lifestyle from Exclusive to Sharing.**

The sharing economy is a revolution of another new lifestyle. Its motivation comes from the awakening of the spirit of sharing. Negative effects on the contemporary human from the industrial civilization are not only a visible energy and environment crisis, but also the invisible mental lost. Materialism, which led the development of industrial civilization to ideological, believes that the growth of material wealth is the navigation of the progress of human civilization. The growth of material wealth must contain the growth of happiness. However, with the development of time, people increasingly find that there is no linear relationship between the material growth and human happiness. What's more, excessive material consumption not only leads to the energy and environment crisis for contemporary human, but also cause a series of social problems for the lack of spirit consumption.

Statistics show that the per capita GDP has increased by three times in the past 50 years, but the Americans' happiness doesn't increase. The rate of violent crime has increased 3 times and the number of people who don't contact with neighbors has

increased 4 times. A quarter of people feel unhappy and depressed. Press of EU announced that in 2013, nearly 50 million people in EU suffered from serious mental health problems, account for about 11% of the total population in EU. At the same time, the rapid growth of China's GDP has also raised lots of mental illness. According to the data released by the Chinese center for disease control and prevention, there are 160 million people in China nowadays who are suffering from all kinds of mental patients, including more than about 6000 depression patients. Why will all industrialized countries meet the same problems after developing to a certain degree? This is a trap of the materialism in the process of industrialization.

Shaped by modern industrial civilization, the life value system is a lifestyle and culture to compare the amount of things you have. For the cars and houses you have, the more brand products they are, the more higher social evaluation you have. However, in the era of sharing economy, the universal values of life will be disruptively changed. Sharing Economy is reshaping new social standard of in the future under which the car is no longer a status symbol, but a tool that you can share with others. The era of sharing economy is an era to compare the amount of things that you can share with others. If you have the ability to share more to the society, you will also get more materials and spiritual wealth. This is a balance between material consumption and spirit consumption.

The sharing economy makes the inner motive power of spirit consumption increased gradually. People are willing to share the products as well as the spirits. Survey data shows that the air dorm which can get the favor of many consumers in a short time is because that the consumer in the process of consumption can experience kindness which is not provided in a traditional business model. A south Korean who lives in London for 20years, is willing to put his spare room to rent out, not just for the sake of income, but also for he can communicate with people from other cultures in this way. ZHU Jingshi, the director of Didi taxi, said: "In fact we are no longer merely a taxi service company. We not only hope that they can make more money, but also wish that the owners can make more friends. There are actually social elements in hitchhiking. Under the skyscrapers which are isolated by materialistic society, people

have a kind of desire to break the isolation and share spirit consumption.

### **2.3. The Sharing and Reallocation of Consumer Surplus Resources**

Modern market economy has created a large number of products and services with highly efficient labor productivity. This makes us deeply feel: capacity of modern economic supply side is acceleratingly overweighting, regardless the law of “diminishing marginal utility of consumer”. So we are caught in the paradox of duality that worsens economic growth and social living conditions: excess production, sales fatigue, excess consumption, consumption fatigue, resource depletion, environmental degradation. Overproduction and excess consumption has become a global phenomenon. According to relevant data: food wasted by Chinese is worth up to 200 billion Yuan, drained food is equivalent to a year’s rations of more than 200 million people. And the global household and enterprise inventory of clothing, can meet the actual consumer demand for ten years.

The sharing economy is able to achieve True communication of the production and consumption based on new technology, new innovation and new organizational mode, diminish the gap between supply and demand; at the same time output created by over grabbing earth resources will be gradually digested, and the future of green sustainable consumption mode will be created. This is a huge improvement. With the help of sharing economy, consumers can put their idle house, car, durable consumer goods and even the extra time in the re-allocation of social resources and obtain income.

Statistics show that the average idle time of a car is 23 hours per day. If they are put into sharing economy cycle, it is estimated that one car used to share will reduce the sales of 8-9 cars. Former president of General Motors, Larry Burns said: “With every car joining the sharing platform, the factory can produce 15 less cars.”

This re-consumption economy that comes from the integration of consumers on the contrary meets the demand for individuation and differential of a large number of consumers. Different from the identification and standardized products from industrial front end, idle resources screened by the consumers seem to be more close to people's lives. Consumers with their own consumer experience participate in the sharing and

cooperate production with other consumers, in order to establish a different market credit from the traditional economic. A great deal of emergence of re-consumption economy and consumers becomes a new driving force for economic growth.

#### **2.4 The Trans-boundary Internet Plus Revolution Promotes the Wide Spread of Sharing Economy**

If the green consumption consciousness, spiritual consumption consciousness, as well as the consumer surplus are the material conditions for the rise of sharing economy , then the technology of Internet+ is an important factor that turn the possibility into reality. The boost effects of Internet Plus on the rise of sharing economy are mainly manifested in the following aspects:

(1) Achieve the re-allocation of cross-sector resources. The most powerful function of the Internet infrastructure is to integrate all resources in a platform. Through the integration of information technology, it has expanded the production and consumption management boundary, ability and scope. Through cross-sector integration platform resources, it has realized the superposition of innovative technology and production. Ali, for example, through the intelligent hardware, Internet, data technology from cross-sector health care industry, has established a healthy APP named parents care plan, which creates an interactive management relationship among parents, children and doctors.

(2) Internet plus activates the new elements of sharing economy. Due to the platform-production of Internet Plus, it has weakened the importance of equivalent material elements and factors of production have become more flexible. With information technology as the core of the knowledge capital, social capital and other soft elements not only become the new elements of wealth appreciation, but also through the Internet's overlay effect, and constantly create more economic development needs of the new elements. For example, Zhongrong, relying on the Internet, which achieve the new financial form and breaks the traditional financial system and entrepreneurial enterprises can be carried out in various forms of public financing through the internet. Small entrepreneurs can reduce the cost of financing, which has greatly contributed to the realization of innovation. The data from a U.S.

research agency shows that: By 2020, Zhongrong will have created 2 million jobs in the United States and the financial scale will reach 500 billion U.S. dollars.

(3) Internet Plus presses the new markets and business models for sharing economy, which promotes the integration of the real market and online market. For example, the largest catering O2O brand "ele" in China, starting from food delivery business in the real market, expanding to onlinedock third partyteams and crowdsourcing logistics, now has extended its deliverybusiness to fresh food, supermarket and home service. Integration of online and offline at the same time will greatly reduce the intermediate link of the business and the formate of the center of the new business model, such as all the terminals scheduled air tickets and hotels through the "Ctrip", or users have directly access to media information through WeChat.

(4) The Internet Plus has cultivated a new credit under sharing economy: electronic credit. Credit is one of the important conditions of sharing economy. The process of continuous access to the Internet is also a process which electronic credit is gradually established. On the Internet platform, a lot of enterprises also have to act the role as a credit mediationin organization of fragmented supply and demand resources. For example, the largest rental platform airbnb opened users' access to Facebook account in 2011, then the tenant could get more housing and the landlord's information through the account. And when the rental business finishes, airbnb also provides two-way evaluation system for both customers to establish trust. Being available on the Internet, the evaluation data becomes electronic credit basis of other business.

## **Chapter 3 Types and the Operation Mechanism of Sharing Economy**

The sharing economy can be divided into private resources sharing, public resources sharing and quasi-public resource sharing, from the perspective of types of re-allocation of resources under the effect of the Internet.

### **3.1. The Sharing Economy of Private Resources**

As far as private-owned resources are concerned, surplus has become a common phenomenon. Goods surpluses, service surpluses, time surpluses, space surpluses, and even capital surpluses, can all be "shared" through the Internet in a larger social context and realize their value, and thereby enhance social welfare.

### **3.1.1 Goods Surpluses Sharing**

The "expected life" of private consumption goods is often lower than its "expected physical life", which results in a large number of idle goods resources. In addition, as the changing of the family life cycle in different stages, the scale of the idle goods increases further. And with the help of the Internet platform, the rental and re-circulation of idle items is smoother than which in the past. Rapid diffusion of mobile technology, low-cost access to geographic information, and social networking communication are widely accepted, all of which make surplus goods sharing more efficient.

#### **The Free Fish of Sharing Goods Surpluses**

The Idle trading community – the Free Fish, is the leader in the Chinese goods surplus sharing. By March 2016, the cumulative real-name authentication users have been more than 100 million, and 170 million idle items have been turnover. From April 2015, the Free fish began to build the "fish pond" (form a certain geographical location of trading community or interest-based idle trading circle with the core of communities, companies and schools). By March 2016, there are more than 125,000 "fish ponds" in China, 30-year-old young people have a higher acceptance level of goods sharing and accounts for nearly 70% of idle fish users.

### **3.1.2. Service Surplus Sharing**

Except goods surpluses, service surplus is an unexploited ore. Whether it is general labor or professional skills, it has the problem of supply and demand information asymmetry problem, and matching efficiency problem. Internet platform significantly reduces the cost of communication, and the evaluation mechanism enhances the confidence of the participants. In this situation, the ice of service surplus sharing has gradually melted.

### **Zaihang, the Platform Which is Good at Service Sharing**

In the field of skill and service sharing in China, the Zaihang platform is a recent emerging star. Gathered more than 8,000 experts in various fields in moreover 10 cities. It has helped hundreds of thousands of people to solve problems. It committed to the skill and service sharing. Customers can seek answer, advice, customized services from experts of Xaihang, such as family planning plans, career choices, bottlenecks of start-up companies, all aspects of personalized service needs or problems.

#### **3.1.3. Time Surplus Sharing**

In modern the sharing economy, people can not only sell their excess products, but also can sell their own time to do things like taking the dog, getting back dry cleaning clothes or assembly furniture services and other services. This kind of sharing economy called time surplus sharing. In the United States there is a start-up company called Instacart standing out in Silicon Valley with 1 hour door-to-door service business. And the valuation of it soars all the way in just two years and a half and led the Forbes 2014 potential enterprise list. The company is taking full advantage of freelancers' time that dispersed in the community and with the help of Internet technology, achieves the promise of one-hour service. The participation in these distribution freelancers, they are both the object and subject of this distribution service. And it is up to their mobility time to become distribution services. **It can be said** the one-hour service is enjoyable for their remaining time and sharing services living in a specific community.

#### **3.1.4. Space Surplus Sharing**

Vacant buildings, spare rooms, or even a living room sofa can be short-term rental. It not only meet the tourists and business travelers' accommodation needs, but also the need of the owner who hope to reduce the troublesome of real estate rent or transaction. Such business is also expected to be welcomed. For example, the Piglets, as short rent network, is China's leading daily rentals website, similar to the Airbnb model, which formally launched in August 2012, and has branches in 13 cities such as

Beijing and Shanghai. Now its housing resource covers more than 130 domestic cities. Its aim is to provide integrity, guaranteed online communication and trading platform services to both landlord and tenant.

### **3.1.5. Financial Surplus Sharing**

Different from the traditional large financial institutions, supported by the Internet platform, private financial surplus has been shared rapidly, and micro-finance has burst new vitality of the economy. P2P network loans and network crowd funding has become the main form of financial surplus sharing. And the goal of financing, is not just for the financing itself, but including the sharing of investment objects. Currently, the majority of the sharing are concentrated in the film video, music publish, cultural creativity, real estate and other projects. “Taobao Crowd funding” is one of the most well-known public networking platforms in China. By mid-May 2016, the cumulative fund-raising amount has been more than 1.8 billion, and 14 million people have supported the item. And one-way support figure has been up to the amount of 35.59 million Yuan, and the largest number of unilateral support is close to 350,000. Whoever, as long as he or she has a plan to be completed, he or she can launch the project to show the program, and invite those who like the program to provide financial support.

## **3.2. The Sharing Economy of Public Resources**

Public resources are inherently shared, but under the influence of the new concept of consumption and the role of the Internet, the traditional public resources in the cross-sector integration and configuration have been achieving the depth of the development and utilization. Whether it is or between urban or rural areas, and even in the world, the openness and sharing of public resources have great potential.

### **3.2.1. Urban Public Space and Resources Sharing**

The emerging Internet city, intelligent city, has created for the city with new conditions to the deeper reuse of public space, hospitals, libraries, sports facilities, communities, universities, research, innovation and other elements. In the West, urban community has been the new organizational unit of the sharing of local resources, which has become a new initiative to revitalize the city. The activities of the public

promoted by Chinese government has been making the sharing of innovation, coordination and innovation become a new vitality of urban development.

On March 28, 2015, started in Hangzhou Yuhang's, "Dream Town" is to use the city's Internet resources, to attract more than 500 business projects and more than 4,000 Chuangke settled. At present the dream town has become a place attracting the national and even the global entrepreneurial youth to gather here. September 28, 2015, government of Guiyang City announced the city traffic large data incubator for the community is opened, and the Municipal Public Security Traffic Management Bureau will open nearly 2000GB data in the platform, Chuangke can get free access to data and Cloud computing resources early in the business through traffic large data incubator. Government's data opening has activated the many resources in the city to play a new role.

### **3.2.2. Resources in Rural Society Sharing**

The Internet Plus has a function of cross-sector integration, so that the village which has been missed by the modern society and the economy has become involved in the sharing economy. Especially prompted by Internet Plus and green resources, rural areas has presented a diversity of fast-growing momentum, and not worse than the sharing economy in the city. At present, there are several types of the sharing economy in developing villages in China. First, there is the sharing economy which connects cities with villages. It originated in Switzerland Community Support Agriculture (Community Support Agriculture) in the 1970s. It is a new village sharing economy. Under the pressure of food safety caused by agricultural pollution, the urban residents who wish to get organic food through the establishment of stable relationship with the villagers. In this condition, the community agriculture formed, and it is a type of urban and rural sharing agriculture. Second, this type of sharing economy relies on cooperative organizations to grow up. Up to 2014, the country has 1.24 million farmers cooperatives, accounting for 35% of the number of farmers in the country. The third type is urban and rural electricity provider sharing economy. Ali Institute released the "Agricultural e-commerce White Paper (2013)", and data shows that there are 39.40 million sellers who manage agricultural products in Ali platform

in 2013. At present, rural electric business has been a trend.

“Rural Taobao” is the full name of the “Cun Tao”, Alibaba plans to invest 10 billion RMB and establishes 1,000 county-level service centers and 100,000 village service stations in three to five years. Through the deep cooperation with local governments and e-commerce platform, set up county and village levels of service network to achieve the two-way flow of "net goods to the countryside" and "agricultural products into the city". From October 12 to 17, rural Taobao carried out online "Pocket Pig" activities. Relying on Internet technology and platform, the city's strong spending power and technological advantages combine with the rural agricultural production capacity and ecological resources, achieved an efficient docking and sharing, breaking the barriers of urban and rural resource exchange.

### **3.3. The Sharing Economy of Quasi-public Resources**

From an economic point of view, the road network and the information network covering the whole society is a quasi-public goods with externalities. The integration of cross-sector resources brought by the Internet lead to the biggest change in modern economic development, that is to enable the community to share the rapid expansion of the total quasi-public resources. As a quasi-public resources Internet information technology, the sharing of modern quasi-public resources plays a two-pronged role which is worthy of our attention.

#### **3.3.1. The Trinity Hybrid Sharing System of Cloud, Network and End**

At present, the "cloud, net, and end" information engineering, which is formed by the government and the enterprise mix investment, is the highest sharing and the most participates quasi-public resources. The biggest performance of internet technology cross-sector integration is to break the boundaries between the traditional private resources and pure public resources. So that many of the original private resources come into public sharing resources, on the other side, the limited public resources come into more private public resources. Such as Ali cloud which commit to create a public, open data-centric cloud computing service platform. It is a private enterprise investment, but it is an open private and public shared service space. It creates the peak of 140,000 trades per second, the peak of 85,900 payment per second. Ali cloud

is the world's largest hybrid cloud architecture; it is the world's first core trading system cloud; It can achieve 1000 km outside the transaction to pay "off-site live"; it is the world's first financial services used in the distributed relational database OceanBase. Advances in cloud computing have become a powerful tool to break public and private resources and to private sharing and public sharing.

As quasi-public resources of the Internet, the improvement of the use of modern quasi-public resources is closely related to the full use of public transport resources. The modern logistics network is composed of three parts: Skynet, Ground Grid and Human Net. It is a logistics data platform which integrates logistics, electricity, consumer and manufacturing. Skynet is an open data platform, and ground network is the future business of physical infrastructure, while Human Net - rookie Inn is the last mile infrastructure. Data platform can dock logistics enterprises and electricity providers, to establish a collaborative linkage mechanism. Intelligent warehouse and inventory front improve efficiency and speed up the turnover rate, achieve reach in 24 hours in the large geographical area.

### **3.4. The New Industry in the Era of Sharing Economy: Quasi - public Industry**

In the traditional market economy, property right clarification is the prerequisite to enter the market for effective trading. In the modern Internet, the property rights of many industries is not more and more clear, but more and more blurred, which become a quasi-public characteristics of new enterprises.

#### **3.4.1. The Sharable "Internet Plus Financial"**

Today's "Internet Plus Finance" was born from flexible manufacturing, long tail market and economies of scale in the new economy. Internet financial data sources, relying on cloud computing and powerful information processing capabilities, breaking the geographical limitation of traditional financial industry, so as to improve the coverage of financial services at low cost, and rapid expansion of financial audiences in a short time, ultimately, to ease the short of financial resources available problem. In the traditional economy, the credit assessment and supervision is a matter of government. In the "Internet Plus financial" system, the financial system itself can solve the problem. For example, sesame credit assumes such a function.

### **Typical case: sesame credit**

The "Sesame credit" is China's first personal credit score relying on the transaction volume of the treasure record, similar to the United States FICO score. Sesame synthesis individual users multiple dimensions of information, and a higher score represents a better behalf. Ali Travel launched a credit live hotel service plan based on the sesame credit, and the user booked the hotel can enjoy the "zero deposit" to stay and other services. Sesame credit and ant micro-loan launch the "borrow chant". Through it, the user can apply for loans, repayment for a maximum period of 12 months, relying entirely on sesame credit points for credit review. It approved get loans within 3 seconds. Users do not have to pay a deposit or brush pre-authorization can reserve a short rent car rental products.

The "sharing" of the credit infrastructure capability reduces the business risks and facilitates the consumption of the people, so that the credit is equal to the wealth, which promotes the social credit level.

#### **3.4.2. The Sharing of E-commerce Infrastructure Capacity**

Relying on the platform of "sharing" of e-commerce infrastructure capabilities, China has gradually formed a commercial system of ecological development, design, production, sales and service areas, which can achieve distributed collaboration. Relying on the platform, a number of small and medium-sized enterprises (individuals) interactive network production system, replacing the traditional, a few large enterprises chain production system, inspiring open collaborative innovation that any party cannot independently complete and reduce the risks of economies shake. E-commerce infrastructure capacity in China has been ranked the forefront of the world, its ability to further "share", will upgrade the economic transformation and play a greater driving force.

#### **3.4.3. The Sharing of Modern Manufacturing Infrastructure Capabilities**

Manufacturing industry is using the Internet, large data, to promote production and market demand in close collaboration, and its production technology, production methods, management methods are undergoing significant changes. The sharing of

modern manufacturing infrastructures is gradually showing growing trends. Such as Haier's enterprise platform, employee innovation and customer personalized is its new exploration to modern manufacturing infrastructure sharing ability. Haier focuses on doing the global manufacturing infrastructure in the era of the Internet breaking corporate boundaries, and good ideas around the world can share Haier's strong manufacturing capabilities. Employees are no longer just performers, but the collection of internal and external creativity, pioneering and innovative creators. All centered on the user experience to strengthen interaction with consumers, and to meet the growing demand for personalized.

**Typical case: Delan Technology Cooperated with the Media and Haier**

Delan technology, Media and Haier together, apply the smart home appliances to business relying on the Internet of things, cloud computing and large data by Ali Cloud Computing. Which enhance the functionality of the product, enhance the consumer experience, and strengthen the manufacturers design, production and maintenance capabilities. The emergence of third-party data service providers will promote the orderly flow and sharing of manufacturing data, which will activate China's huge production capacity, and will be the key resource for China's huge market, smart home appliances and user habits. Bringing changes to the manufacturing sector, achieve its high-end links expansion in the value chain.

**3.4.4. New Sharing Era of New Energy Plus Smart Grid Energy**

The combination of new energy with distribution and mobility characteristics and modern smart grid will break the traditional energy open and utilization model. Non-renewable coal, petroleum energy's own characteristics, determines the traditional energy development and utilization model, which is a large company monopoly of exclusive resources. Renewable solar energy and wind energy resources, which are free and highly shared, make the traditional energy development model ineffective. In particular, this new public energy with the combination of modern smart grid, will make the whole society fair and effective, and low-cost makes new energy possible. Smart grid is also a profound change in the relationship between

producers and consumers, the traditional power grid is one-way relationship, in which the producer is responsible for the supply, and the consumer is responsible for the use. While smart grid is bi-directional or even multi-directional, which consumers can participate in production.

### **3.5 Operation Mechanism of Sharing Economy: Symbiotic Coordination**

#### **3.5.1. Operation Mechanism One: Integrate, Coordinate and Innovate Mechanism in Different Areas**

The biggest characteristics of the sharing economy that differs from the traditional economy is that it relies on the Internet platform for cross-sector economic integration of social resources, which determines the operation mechanism is one for symbiotic coordination and mechanism. The traditional market economy is dominated by competition, the sharing economy is under the dominant of symbiotic coordination mechanism.

In recent years, the Internet platform has become the leader of the new economic. Up to May 2015, the world's 15 big Internet Cos in accordance with the market value are platform companies, which include 11 in the United States, 4 in China. The market value of 15 Internet Cos is nearly \$2 trillion and 500 billion, is 144 times more than 20 years ago. The power of the Internet platform is remarkable.

The Internet platform leads a new business ecosystem, and it does not exclude competition, but let enterprise competition become more fully by the way of inner frequent interaction in a more open system. But this kind of competition is processing under the symbiotic coordination mechanism that created by the Internet platform. The Internet platform is the sunshine, creating a symbiosis, sharing and coordination of large scale system, which promote a new business emerge. According to the statistics of human resources and social security department, such as Tmall and Taobao, the online shopping platform, directly created 1000 new jobs.

### **Haken's Synergetic Theory**

Coordination theory (Synergetics) also known as the "Synergetics" or "union", is a new subject that gradually form and develop on the basis of multidisciplinary research since 1970s, it is an important branch of the theory of system science. Its founder was the famous physicist Haken (Hermann Haken), a professor at the University of Stuttgart in Germany. In 1971, he proposed the concept, in 1976, he systematically discussed the synergy theory, and published synergetics introduction, higher synergetics and so on. Synergy theory believes that different systems, despite their different attributes, exist between the mutual influence and mutual cooperation in the whole environment.

The overall or collective effect caused by the synergistic system can emit its effects in different natural system or social systems. The synergistic effect is the internal driving force of the formation of ordered structures. The sub-system of any complex system, under the action of external energy or material reaching a certain critical value, will produce collective effect.

This synergy can make the system change at the critical point of synergistic effect from disorder into order, producing a stable structure from the chaos. The synergistic effect of system demonstrates the view of self-organization phenomenon.

#### **3.5.2. Operation Mechanism Two: Coordination and Interaction Mechanism between Macrointegration and Microactivation**

The Internet technology not only creates a coordination mechanism for different resources allocation of the cross-sections, impours the traditional economic system with connection of the macroscopic and microscopic mechanism.

Industry and agriculture infrastructure, communications infrastructure, Internet platform, production and living services, producer / service provider / consumer / free connection of each layer are involved in the Internet platform that provides expanding accessory that beyond a single ownership to the other levels of services, products and systems. Modern agriculture, modern manufacturing industry, modern circulation industry states are set up on this basis.

### **3.5.3. Operation Mechanism Three: Coordinated Symbiosis Mechanism of Multi-subject Participation**

What all horizontal and vertical coordination mechanism of the sharing economy bring to the economic vitality is the formation of multiple-involved subjects in the economic development of the symbiosis and sharing. The consumer economy is increasingly showing new features, namely, the demand for personalized, well-informed, interrelated more and more proactive. Their transformation pushes the business organization to in the direction of the "platform + small enterprise (personal)", so that they can "take over" a lot of "small and quick" demands

It also reflects the characteristics of the "micro economy" in the internal of big enterprises , which they own themselves as a platform, composes its internal staff to small innovation groups that similar to the small business. The employee's information is open to the public, the competition among the enterprises has changed into "platform + innovation group (individual) " extends to, around the Internet platform, form a lot of" platform + small enterprise (personal) ".

In short, relying on the formation of the Internet platform in horizontal ,vertical direction, the coexistence of multiple subjects to participate in the coordination mechanism is the biggest feature of sharing economy.

### **3.6. The Governance Mode of Sharing Economy: Polycentric and Collaborative Governance.**

What the traditional market economy need to solve is the relationship between market and government. While the the sharing economy needs to do is the relationship of multi-subject coordination. The traditional governance model of market economy is a type of mechanical system. The market is a mechanical system that controlled by the government.

No matter how self-perfect adjusted by the market economics, in fact, the market is like a machine, regardless of their own operation, still cannot do without the traditional market regulation. The reason that the traditional market failed to form a self-regulated mechanism in real sense is that the traditional market mechanism is based on a single competition mechanism of competition mechanism. A single,

one-way competition mechanism lead the single-target and high standard competition. This is a republication of modern sports competition. The negative effect the competition caused is that the imbalance that the winner occupies the most social resource allocation, must under the government regulation and management .This is the market failure, also the government. So there is a defect in the modern single market competition.

#### **Ostrom's Theory of Multi-center Governance**

Eleanor Ostrom, one of the founders of the American public choice school, was awarded the 2009 Nobel prize in economics for the contributions to the theory of multi center governance.

The multi-center governance theory arises from theory analysis of the profound and rich empirical analysis. On the basis of the self organization mode of extensive investigation in the real world, he undertakes British sociologist Poland, "social order" theory, puts forward the theory of "polycentric governance". The study on the Austria shows that compared with the government's imposed rules and pure market, local communities can manage forests better, lakes and Fisheries and other public resources. A group of interdependent individuals may organize themselves to achieve jointly revenue in the condition that all others facing the situation avoiding responsibility or other opportunism temptation." Multi-center" has become a way of thinking and theoretical framework , and becomes the production of public goods and public affairs.

The sharing economy is a multi-subject participation of both competition and symbiosis. Such a symbiotic and collaborative mode of competition, is the one of Ostrom's. Thus, the sharing economy needs to jump out of government governance mode that the market mode is either this or that .The governance mechanism should be found from the government, enterprises, public participation in multi subjects .For the rise of the sharing economy, we need to use a new thinking not the traditional way to deal with the problem of the sharing economy disorder.

The government should improve the angle of the multi-subject participation,

explore the road of "polycentric cooperative governance" with the government, enterprises and societies under the platform of Internet. Under the believing that the network mechanism can push the formation of multiple coordination self-discipline constraint function, the use of means and the regulation of industry diversification, social supervision to form the cooperative governance.

## **Chapter 4 The Theory Innovation of Sharing Economy: A New Mode of Market Economy**

The sharing economy has changed the traditional economic model from production to consumption type, from the mere production end to a consumption end where everyone get involved in, and diversified its development targets from just profits to diversified targets including the development of economy, environment, spirits and so on, which leads to the market mechanism of resource allocation transfers from the competition to symbiosis. The result is that market mechanism of resource allocation transfers from competition a unique way to symbiosis. The market allocation of resources changes from the price signals of the original market economy transaction information medium to the information media of Internet. All information and whole process disclosed by the Internet solve the information asymmetry problem in a certain extent. The pursuit of fairness in the socialist becomes available under the sharing economy market mode, sharing from the simple production data to environment, information and other social resources. The market decision-making mechanism correspondingly changes from capital control to consumers' fully engagement.

### **4.1. The New Economics Logical Premise: From Adam Smith's Economics of Egoism to Confucius's Economics of Altruism.**

The modern western economics is built on the logical basis of Adams Smith's "Economic Man Hypothesis" of self-interest. Adams Smith believed that "if we can stimulate their self-interest in his favor, and told them to let him work which is for their own advantages, then he would be more likely to reach their goals you set for

them .”It is the nature of People to always pursue the maximization of individual interests also includes the side of altruism. The free economic of Adam Smith’s advocates pursuing the maximization of their own interests through the division of labor and exchange, in the procedure of which bring welfare to others and society, and its economy logic is achieving egoism through altruism.

The rise of the sharing economy in the era of Internet is a game-changing revolution to the Western economics, making altruism a logical premise of sharing economy. The characteristics of elements in sharing economy field determine that egoism has to be achieved through altruism. In the model of sharing economy, the more people participate in the sharing of factors, the faster the value added of factors will be, so the value growth of the non-material elements is the law of the marginal decreasing cost. Secondly, right and ownership is separated under the Internet sharing economy, what makes exclusive products sharable. If I sold a car, it is a transfer of ownership and right of use. To maximize my interest, I should repeat the assignment of the using right. That’s “you must first transfer from altruism, than can achieve egoism”.

Rifkin reviews that:“With the construction of network’s infrastructure and the corresponding collaborative sharing mechanism, Chinese steps into the zero-cost society will ensure its leadership in the third industrial revolution era, and will pave a farere, more sustainable and more prosperous way of the after-carbon ecological civilization.” However, the economic self-interest altruism can dates its back to the traditional global concept of economy of Confucian. The wealth view of Confucian is that "When the wealth are gathered, people will scatter, and when the wealth are scattered ,people will gather" ,which is based on the sustainable growth and from the perspective of the concept and the characteristics of agricultural factors. Confucian’s "benevolence" deduces the relationship among people to the intrinsic relationship of universe ,which means that the universe is an intrinsic association, and performs as an act through the forgiveness ,which is also called altruism. The Confucian altrium deep rooted in the hearts of Chinese, and imperceptibly influence the innovation behaviors of Chinese.

#### **4.2 The Theory of New Factors of Economic Growth: Cross-sector Factors and Non-material Factors**

The sharing economy broke the traditional economic growth theory constraints, labor, land or technology is not the sole role in the economic growth. The added value extending out of the labor force, land or technology elements is far more than itself, such as through industry linkage, system innovation, elements of coordination and other ways, making the workers, capitals, technology and resource elements configured, producers and consumers can realize "win-win" situation. Whether your own surplus or temporarily unused items transferring to others with paid share, or the two sides through peer-to-peer exchange sharing to use property, are related to the combination and reconstruction of many elements. The cross-sector elements break away from the traditional one that emphasis on accumulation, property right argument, is conducive to the integration of industry system, reduces the cost of factor to promote economic growth. Successful transformation of elements profits from the data and platforms, information (data) like capital, labor, the independent elements of production, "big data era" provides convenience for the elements of effective cross-sector.

The new power of the sharing power economy growth is derived from the intelligent integration of elements. Elements in cloud computing, intelligent Internet infrastructure, networking and other new infrastructure and large-scale cooperation become intelligent, break the traditional behaviour that emphasizing the value chain from top to bottom, internal research and independent development, realize the interactive and collaborative value network and innovation of cross boundary combination. A man of knowledge, technology, information and other new elements in the era of information economy, can quickly be shared by others, forming a scale. The intelligent integration of elements on the Internet or other platforms, subverts the traditional mode, forms a new economic power and constitutes a new power of the sharing economy growth.

#### **4.3 The New Capital of Sharing Economy: Social Capital and Natural Capital.**

The era of industrial economy, capital controls market decision-making mechanism, and take the currency capital as the leader. The sharing economy is based on the information setting targets for the media, environment, resources, economics and other diversification, various capital form of consumers fully participation.

Table :Comparison of different forms of capital

	Social, natural capital	Monetary, human-made capital
Different forms of capital	Shared capital	Exclusive, private capital
Capital appreciation goal	Sharing maximization of benefits	exclusive maximization of benefits
Capital appreciation mechanism	Equality, fairness	Unfair distribution of social wealth

With the development of communication technology and the falling cost of accessory to the Internet, using the Internet as a platform, the sharing economy creates capital economic value which is different from the traditional form. The Internet platform significantly reduces communication costs, directly supports the formation of large-scale cooperation, sharing capabilities of the whole society, to stimulate the micro economic vitality. The formation of sharing information and public recognition in social network helps people achieve their expectations in the communication, and improve the overall welfare level of participants and the efficiency of innovation. The exchange from the trading relationship to supply relations, from exchange ownership to the specific time of the service in Internet, is changing our thinking way on economic theory and time. In the new capital field of Internet plus the creation, including trust and other social capitals by promoting innovation, make an effect on economic growth.

Unlike individualism and materialism, the sharing economy breaks the boundary of life and production, consumption and production, consumers are producers, and

producers are consumers. Consumers are tied to the pattern of capital to find a new way in the sharing economy, the monopoly will exist. The new wealth formed by social capital and innovation, is a public, multi wealth mode. The producers and consumers share together in a new way, which is built on the basis of mutual benefit. In the future competition, the traditional self serving as a starting point of the logical thinking is difficult to win, then the model of self-interest following altruistic seizes the commanding point, to realize self-value in the process of the formation of altruistic value, altruism and self interaction.

#### **4.4. The New Wealth of Sharing Economy: the Wealth of Life and the Wealth of Production.**

The production field created by wealth, utility and the scarcity of resources is regarded as an effective means of increasing wealth. For a long time, using the production of wealth to reflect the production of a country or region's material basis and the level of production, investment, production, depreciation, labor, technology and other habits, is becoming the index that shows the wealth of production.

With the improvement of development mechanism, the trading mechanism and the cognitive level and ability, the single form of wealth has been unable to meet the demands of economic development and the traditional economic forms of wealth will inevitably change.

The sharing economy is a new ecological wealth model of public wealth, multiple value-added, breaks through the traditional production of economic wealth ,combing calculated, divided, needed goods and the spirit of moral and cultural intangible products of human life to create a "life of wealth and production of wealth" new ecological wealth.

Sharing life is not because that the wealth process interrupts life, but share both material and spiritual wealth in the process, it is a process of creating wealth. Integration of production and life boundary reverses the concept of wealth that only production creates wealth, makes the life into the process of production and consumption. To understand the sharing economy of new wealth, ecology, we must change our cognition system from a single production of wealth value to the

production and life of multiple wealth system; deepen the understanding of national welfare maximization.

**4.5. A New Market Mode: A Symbiotic and Coordination Mode of Internet Plus**

The sharing economy has no clear boundaries in the main market production and consumption, reduces intermediate links of market transactions, weaken the role of the two secondary market circulation businesses, to achieve cross-sector combination of the main body of the market, to form a new composite body. With the support of Internet, networking and other information technology platform, the cross-sector fusion cost of the sharing economy market main body decreases gradually, and the market entry and exit is becoming life-like and personal, and family idle surplus sharing highlights their consumption function. The reproduction of the sharing economy market is the new economic performance to become the main market of multiple, cross-sector, complex form Symbiotic market also has competition, but the competition is mastered by Symbiotic. The altruistic economic people participating in market transactions, symbiosis has become the biggest power. The competition of market economy in the place of winner is not suitable for the sharing economy.

Table: Market economy comparison of competition and symbiosis

	Competitive market economy	Symbiotic market economy
Starting point of logical	The game of Selfish economic men	Altruistic economic cooperation
market cycle	The winner and the government antitrust	Symbiotic development forming internal self-adjustment mechanism
Relationship between government and market	Resolve the "failure" problem	Higher degree self-organizing economy

At present, the sharing economy is rising in the world. Producers and consumers and other market players are the symbiotic relationship between competition coordinated developments. The development of Internet technology, energy and environment crisis become the intrinsic motivation of the sharing economy, the spontaneous formation of the individual and the family sharing unused items to others, derives sharing model from the market mechanism. Social welfare and resource are shared, to step into a new form of economic cooperative symbiosis saving more energy, and social resources. Under the inheritance of Internet market credit of the real economy's credit constraint, morality and credit consciousness is even more cautious. But regarding the role of the sharing economy under the credit market of the Internet as a single, you apparently don't recognize the essence of the sharing economy. The Internet derives the "+" effect which is the truth of the sharing economy market credit mechanism. The credit coming from the consciousness of heart, the environmental protection consciousness, spiritual consumption, and new ways of life consciousness let the market credit more stable.

## **Chapter 5 The Development of Sharing Economy in China**

### **5.1. The Sharing Economy Develops into a National Development Strategy**

The 30-year planned economy period after the founding of New China was the sharing economy of that period. Its main character is: It is an economy that based on unitary public ownership and collective ownership jointly possesses public resources, achieves equal distribution and common prosperity. Its biggest disadvantage is: Unitary public ownership that rejects market economy belongs to an economy featuring low-efficiency and great shortage of supply. Because of low-efficiency caused by leading role of plan in resource distribution, the ideal common prosperity has not achieved.

During 38 years of China's reform and opening up, China transformed from planned economy to socialist market economy. During this period, the biggest innovation of the socialist market economy with Chinese characteristics is to integrate

public-owned economy that ensures common prosperity with market economy that improves social resource efficiency.

Relying on high-efficiency of market economy to achieve common prosperity, China's path of reform is a road spreads the whole area from one point and gradually advancing from the east to the middle and west regions. During this period, on state-strategy level, China formulated and advanced four strategies aiming to achieve common prosperity: the first is the goal of a well-off society towards common prosperity; the second is regional strategy of balanced development; the third is poverty reduction strategy; the fourth is full perfection of social security system.

The Fifth Plenary Session of the 18th CPC Central Committee has put forward the concept of innovative, coordinated, green, open, and shared development, integrating shared development into national development strategy symbol for the first time. The proposal suggests that “open up more space for cyber economy, carry out Internet plus action plan, develop technology and application of Internet of Things, develop the sharing economy and promote the integration of Internet development with economic and social progress” This is the first time for the Central Government to put forward the concepts of Internet economic space and the sharing economy in five-year-plan. China has successfully held World Internet Conference for two times. The first conference was held in Wuzhen of Zhejiang province on November 2014, over1000 industry elites, experts and scholars and government officials attended this conference. When meeting representatives attending the conference, Premier LI Keqiang pointed out that Internet is not only a new tool of driving mass entrepreneurship and innovation, but also a new platform for government administration. General Secretary XI Jinping attended the second World Internet Conference on December 2015 and delivered a keynote speech. This fully demonstrates that government highly values Internet share.

The report of China Internet Network Information Center shows that the contribution rate of internet in economic growth increase obviously during the12th Five-Year Plan, ranking the tops in the world. The Proportion of Internet economy in GDP kept rising and reached 7% in 2014, surpassing US. At the encouragement of

policy, it is estimated that the proportion of Internet economy in GDP will further improve during the 13th Five-year plan.

## **5.2. The Development Characteristics of China Sharing Economy: Internet Lead, Platform Priority and Government Guidance.**

China's sharing economy lags behind the US on micro-level, but it has formed advantages and characters featuring Internet lead, platform priority, government guidance on macro-level. The recently issued the 37<sup>th</sup> CNNIC shows that, by December 2015, Chinese netizen scale reached 688 million; mobile net subscribers reached 620 million; China's internet users scale is the largest in the world; Internet popularizing rate is 50.3%. The scale of China's sharing economy was about 1.95 trillion Yuan in 2015 and moreover, the sharing economy has created over 200 new enterprises and got 2 billion dollars risk capital injection. The annual increase rate of the sharing economy in the next five years is expected to reach 40% or so, the proportion of market scale in GDP will up to 10% in 2020. The platform priority is another character of China moving to the sharing economy. According to Metcalfe's Law, internet value is in direct proportion to the number square of user, this positive externality leads to rapid development of Internet platform and dramatic rise of Internet value. Relevant reports show that China's Alibaba, Tencent and Baidu are in the third, fifth and sixth place respectively in the world's largest Internet company by market value. Based on differentiated market, three enterprises focus on forging search platform, shopping platform and social platform respectively and form different characteristics. The shared platform they created is distributed with many consumers, merchants and service providers, it forms a large amount of data through frequent trading, and preferential development platform provides development with big environment, open and share.

Relying on the organic combination of macro strategy advantage led by government with market independent regulation mechanism is a main experience for China to gain the achievements of reform and opening up. In the development of sharing economy promoted by Internet plus, government-dominant model plays role again, which becomes an important reason that Internet gains rapid development in

China. In the aspects of state-level matched system, the country promulgated many policies , regulations and instructions one after another from 2015 to now to promoted rapid and sound development of Internet industry. On July 2015, the state council released *The guidance on promoting Internet plus action*, marking that the country promotes Internet to expand from consumption area to production area on the state policy level, this makes productive industry take advantage of Internet technology to substantially improve innovation ability and development level, thus inject a new vigor into industry development.

The Chinese government's investment in Internet area is in full swing. Relevant information shows that state-level Internet investment and fund are in the process of research and planning. The cooperative investment between enterprises directly under the central government and local government starts. On May4 2016, China Unicom signed *The strategic cooperation framework agreement on promoting Internet plus* with people' government of Shanghai, planning to invest 14 billion Yuan within 5 years. Investment in Internet area at provincial and city levels is gradually rolling out.

Thus it can be seen that national strategy of Internet plus driven by the government is the only way to gradually integrate big data and mobile Internet technology with manufacturing industry and making China marching towards the manufacturing power. Millions of people are more accessible to the benefits of economic growth. This "Chinese model" will influence economic development deeply.

### **5.3. The Rapid Rise of Urban Sharing Economy**

The development of transportation infrastructure lags far behind urbanization process, especially in big cities. Aiming to solve overcrowded urban public transportation, Didi cab-hailing app emerges at the right moment in the context of fully using public transportation facilities. Didi travel has finished 1.43 billion orders in 2015 and ranked the first in the world, becoming the biggest trader in global sharing economy. More than 80% Chinese taxis have installed Didi app, residents can order taxis at any time with this app. After that, express car, private car, ride sharing, designated driving service and other rich business models enable Didi fully mobilizes possible transport capacity(including public transport means, private cars etc.) to

solve urban traffic demand.

Crowd funding is a shared economy that aggregates small capital to a large investment. At the demand-supply reversal pressure of China's real estate industry, some property developers also come to try the new crowd funding mode ——“real estate, Internet, finance”. Besides, new crowd funding model also appears in city infrastructure PPP investment project.

The sharing economy is a new economic revolution driven by lifestyle reform, which is best illustrated by the spirit of sharing life in Chinese big cities in recent years. In 2014, a man named NIU Jian, after building a experiment of sustainable sharing life called the urban peach garden in Shunyi district of Beijing, the spirit of sharing life even spread into a dozen big cities, which has caught the attention of real estate tycoons. They try to use this way to build new life-sharing property and community. Although NIU Jian 's urban peach garden is a case, it indicates that a new trend of future urban development is coming.

The sought-after sharing economy is inseparable with consumption model and ideal. From the view of consumption model, with the extensive use of smart-phone and mobile Internet, Chinese cities' online shopping groups increase rapidly, more than 60% netizens with a scale of 413 million participate in online shopping, among half of whom are 80s people aging from 26 to 35. Most of them are well-educated, their consumption ideas are more flexible and open, they are more likely to accept new things and value right of use instead of ownership, they prefer sharing consumption featuring paying or renting. The participants of sharing economy set their eyes on ideal resources, housing, transport and capital and so on. This new consumption model and ideal add new vigor into private shared economic development and will determine the development orientation of future online consumption.

#### **5.4. “Rural Areas Plus Cities” Led by Internet: The Rise of Sharing Economy in Rural Areas**

The thing most needs our attention is that Internet plus is changing traditional rural-urban relationship deeply. Traditional technology can't solve the development gap between urban and rural areas, but this problem is easily solved by Internet plus.

As promoted by Internet and rural green resources, rural areas is showing a momentum of diversity and fast growth. Not inferior to urban areas' sharing economy, it becomes a beautiful landscape of China's sharing economy. Nowadays, the sharing economy of developing rural areas is shown as following types:

The first is community that links rural and urban areas. CSA (community support agriculture) that flourishes in many large and medium-sized cities recently belongs to the typical sharing economy shared by rural and urban areas. Under the pressure of food security caused by agriculture pollution, the community agriculture that those urban citizens who want to get organic food build stable customer relationship with villagers belongs to rural-urban cooperative shared economy. At present CSA in Japan, Europe and America develop at a fast speed. It also grow quickly in China's large cities.

The second is rural e-commerce economy that links up the rural-urban market trade. Ali Research issued *The white paper on agriculture product e-commerce (2013)*. The statistics show that 394,000 sellers trade agriculture products on Ali platform. Now rural e-commerce is showing a momentum of high development. Farmers' income increase plus the popularization of Internet in rural areas make rural e-commerce get the huge development potential. Take "Taoshihui" as an example, the county ecology it forges integrates agriculture products on the platform and provides original direct supply, shares special agriculture products of different areas across the region through e-commerce platform. This can not only meets the rural residents' consumption demands, but also revitalize rural economy.

#### **E-commerce of Shaji Town of Jiangsu Province**

Inspired by IKEA procurement service, Huining county of Shaji town in Jiangsu province opened the first seed online store in 2006, which has developed into thousands of stores now. After accurately positioning market demand, the Chinese IKEA's furniture of Shaji town has entered stages of scale production and online selling. Because of close local favor among villagers, furniture production of Shaji town is quickly copied broadly and its production scale quickly expand, there also

emerge divisions of labor inside the furniture production chain, this forms all kind of clusters including timber production, transport enterprise, furniture assembly enterprise, paint processing enterprise and so on. Furniture production and selling, enterprise development process and formation of the whole industry chain all fully embody the characteristics of the sharing economy.

The third is Happy Farmhouse that rising through the Internet. Happy Farmhouse is a new sharing economy that farmers provide urban people with a way to return to field, enjoy fresh air, village and village lifestyle. It is originally a lifestyle that only enjoyed by farmers. However, with the pressure of city disease and Internet technology, the rural lifestyles that do not create wealth originally become the source of wealth. Happy Farmhouse in Zhejiang province has developed into an important motive and industry of rural economic development. In 2014, Zhejiang province invested up to 20.8 billion Yuan to “beautiful village construction”. 97% of villages in the province carried out centralized collection and treatment of domestic waste, 37% of villages implemented effective governance of domestic sewage, the farmers benefit rate of rural domestic sewage reached 42%. By the end of 2015, there has been 856 leisure tourism village of Happy Farmhouse in the province, 2336 rural tourist attractions. In 2015, the total tourism income of the province exceeded 630 billion Yuan, an increase of 13.8% over last year, in which rural tourism contribute a lot.

## **Chapter 6 Obstacles and Challenges in the Development of Sharing Economy of China**

The market size of the sharing economy in China has reached to 1956 billion Yuan in 2015. Its average annual growth rate will be around 40%, and market size will also be more than 10% of GDP. The development potential of the sharing economy in China is enormous, as well as the obstacles and challenges. Five aspects of them should be broken through in the future development, which come from the administrative system, the group and department’s interest, the sense of the concept, the management system and lack of relevant laws and regulations.

### **6.1. Obstacles of Administrative System Barriers: Restrict the Integration of Cross-sector Resources**

At present, the sharing economy in China covers 10 mainstream industries including transportation, finance, education, health care, catering, as well as over 30 sub-areas. Cross-sector resources integration is an intrinsic requirement for the development of sharing economy, so to speak the economic model dominated by the Chinese government is advantageous to the development of cross-sector resources integration. But the drawbacks exist in the Chinese government management system, such as sever department divisions, is seriously influencing the requirement for cross-sector resources integration, which is needed in the sharing economy development. Since the reform and opening-up policy, investments on China's public resources have been increased a lot, and large public resources have been formed. But the obstacle of department division led advantages of these public resources not fully played out. In current Chinese cities, the public resources, like library, sports facilities, cultural facilities, parking space, green space to rest, which originally belong to citizens to share, have become the exclusive resources of universities and administrative departments. Temples, like European churches, spread Chinese cities and mountains. They originally belong to public to share, but now they have become department resources to make money by commercial tourism. In a word, current China's administrative system should transfer from “departmental administration” to “public administration”, to adapt the requirements of the sharing economy development.

### **6.2. Obstacles of Groups and Departments' Interest: Limited Sharing of Quasi-public Network Resources**

As the quasi-public resource, traffic network and telecommunication network have covered the whole country, and their use-costs have a lot of external effects on the whole economy. But under the groups and departments' monopoly interests, these quasi-public resources in China failed to play its proper advantages. Theoretically, the greater the population is, the higher the efficiency of the use of public resources in the network will be , and the lower the marginal cost will be. As a populous country in the

world, China should get network resources with the lowest marginal cost. In fact, the Chinese public network resources used by citizens cost a lot for a long time. Prime Minister LI Keqiang pointed out that: “According to the assessment of the International Telecommunications Union, we ranked after 80 in the world. Our potential and margin in increasing the information infrastructure, and improving the network bandwidth are tremendous.” He said to the heads of relevant departments to study how to cut down the traffic fee, to achieve “small profits but quick turnover”. In addition, the issue of Chinese highway fees remains to be solved. The highway resources are monopolized by interest groups, so high fees seriously influence China's overall logistics costs. At present, main traffic share platforms have accessed more than ten million cars, accounting for over 6.5% of the total vehicles, and have covered 2.5 hundred million users, accounting for 18.3% of the population, spreading over 60% cities.

Expensive highway fees increase the social logistics cost, making different commodity circulation market show the huge differences in the process of combination because of their special market structure characteristics. Particularly for the Chinese domestic circulation of agricultural products market, the phenomenon of “last one kilometer” is obvious resulted by high logistics costs.

### **6.3. Environmental Awareness and Integrity Environment Hinder the Development of Private Sharing Economy.**

Since the 21st century, China's consumer behavior has transformed from consumption of actual needs to possession consumption, relationship consumption and luxury consumption. This transformation makes personal consumption lack environmental awareness. And credit problems are more serious. All of those cause the big obstacle for the private sharing economy, which is embodied in the following three aspects:

First, exclusive consumption, like possession, flaunt, hinders the sharing economy development. On the one hand, families in middle class or above in particular, possess many goods with no actual use, or low utilization, accounting for over 60% of family matters; On the other hand, China's luxury consumption increases year by year. In

2015, China's luxury consumption reached 1168 hundred million dollars, accounting for 46% of the global.

Second, lacking of environmental awareness influences the development of green sharing economy. Though the sharing economy's influence on environmental protection has become increasingly prominent, like the year 2015, only two products of Carpool Express and Ride Sharing have saved 5.1 hundred million liters of gasoline, and have decreased 13.55 million tons of carbon emissions, without environmental awareness, the effect of environmental protection of sharing economy won't last long.

Third, the poor credit environment hinders the healthy growth of the sharing economy. Market economy has never been more than just a result of a deal, which requires a stable credit environment. In the Internet economy mode, lacking of honesty concept will seriously influence the healthy growth of the sharing economy.

#### **6.4 Traditional Economic Administration Barriers Hinder the Rise of Sharing Economy**

The current dominant economic and social management system, which based on industrial economy and industrial production, stress the management style, like concentration of power, stratified management, area and regional segmentation. The sharing economy, based on the network, has the typical networked, trans-regional, and multi-industry characteristics, whose demands are clear, and supply elasticity and flexibility are higher, and it can quickly mobilize all kinds of social resources. The traditional management system has been lagging behind the innovation development, while the new management system to adapt the sharing economy is still no-show: On the one hand, access system issue, which is enterprises with the sharing economy, has much lower access system than traditional industries. For example, special car drivers and taxi drivers in the travel area, individual landlords and traditional hotel industry in the short rent area, have no needs to obtain all kinds of government specified legislation, and most of them use the way of online registration, only examined by the platform; on the other hand, tax regulation issue, that is the tax of the sharing economy platforms and individual is still unclear. It's still not clear that the sharing

economy platforms use which kind of tax, and individuals participating in the sharing economy need to pay another income tax, besides the percentage of platforms.

### **6.5. The Mismatch between the Quick Development of Sharing Economy and Corresponding Legislation and Supervision**

The development of sharing economy is in its early stage, while some industries take low cost expansion and savage development, which rapidly impact on the interests of the original pattern, making difficulty in regulatory harmonization and grey areas of regulation. Current policies and systems don't adapt to the demands of the development of new formats and consumers' rights and interests cannot get effective guarantee.

As according to the requirements of existing laws and institutions, most the sharing economy modes have the suspicion of “illegal”, and even face huge commercial risk of being called off at any moment. In this regard, the sharing economy development put forward new challenges to current policies, systems and laws, and is forcing supervision department to research and enact policy systems, innovate and improve the supervision ways and means to adapt it. To inspect from the connection of man to man, and man to society, the theoretical study of the sharing economy crosses the economics, sociology, political science, psychology, and other fields, and needs further ideological emancipation, to promote theoretical innovation and management innovation.

## **Chapter 7 Potentials and Advantages of China's Sharing Economic Growth**

### **7.1. Systematical Advantages of Cross-sector Resource Integration**

The role played by the Chinese government has made great contributions to the marvelous achievements realized by China since its reform and opening-up. The sharing economy based on the Internet economy has become the trend of global economic development nowadays. From the perspective of the current situation, China attaches great importance to the development of the sharing economy based on

the Internet and governmental support. The Central Committee of the Communist Party of China Recommendations for the 13th Five-year Plan for Economic and Social Development passed on the Fifth Plenary Session of the 18th Central Committee of the Communist Party put it forward clearly that the sharing economy is a part of national development strategy. Based on the correct decisions made by the Chinese government in developing the sharing economy, China's advantage resulting from the significant role played by the Chinese government will come into play again. Particularly, along with the effective implementation of reforms in governmental managerial system, China's sharing economy, guided by national strategic decisions and scientific direction and supported by the government, will develop rapidly in a healthy way.

## **7.2 Market Advantages of the Great Power**

The competition-based market economy is an elite-dominated and winner-take-all economy and a world economy controlled by a handful of multinational enterprises and countries. Therefore, since in terms of the industrial economic development of the modern world, the economic powers came on the world stage one after another have been Western European countries with small populations instead of heavily populated countries.

However, the sharing economy dominated by the co-dependent and cooperative mechanism is an economy shared by elites and the public. The scale effect of sharing economy means that the more people participate in the sharing economy, the more economic benefits it will bring. This characteristic of the sharing economy provides a developmental advantage for China, the country with a huge population. At present, China has the largest market and Internet market. The development of mobile terminals, in particular, offers a vast market for the growth of the sharing economy.

By December of 2015, the population of Chinese netizens has reached 688 million and the Internet penetration rate was 50.3%. The development of smart phones offers a more flexible access for people to get online. Over 1.3 billion people use phones in China and 90% of them get online with mobile clients on their phones. Although Chinese Didi Taxi started relatively late than Uber of America, the number of its users

in China exceeded than of Uber quickly, ranking the first place in the world. The total number of orders of Chinese taxi-hailing Apps of 2015 was 2 billion, of which Didi's accounted for 71.5% with 1.43 billion orders. Besides, Uber took the second place with 18.3%. The rapid growth of Didi results exactly from the huge market advantage of China's massive Internet users and governmental support.

### **7.3. Cultural Advantages Corresponding to Sharing Economy**

The sharing economy, based on the principles of cooperation and co-dependence, does not only take altruism values as the headstone but also needs to agree with the culture of systematically integrated thinking. Altruism and the culture of integrated thinking properly serve as the merits of the traditional Chinese culture. Altruism has enjoyed a long history in traditional Chinese thoughts when the altruistic theory has been formed in the Spring Autumn and Warring States Period. Such traditional code of conduct of China as "Benevolence, Righteousness, Courtesy, Wisdom and Faith" and "Faith and Honesty, Filial Piety and Fraternal Love, Courtesy and Justice, Honor and Disgrace" represents what altruism means. In addition, during the process of serving the agricultural economy, an ancient systematic perspective of has formed which people observed astronomy, explored geography and sought harmony. This systematic perspective is a holographic integration of human and the nature. This systematically integrated thinking agrees exactly with demands of the development of the sharing economy. As for the sharing economy, the two parties in the business are in a state of benefit integration in which they are co-dependent and share fuzzy identities, which agree with the integration theory in traditional Chinese culture.

### **7.4 Late-developing Advantages of the "Cities plus Rural Areas"**

In the traditional industrial economic model, cities and rural areas are in a state of separation and conflict. Rural areas had been replaced by cities generally during the developing process of the traditional industrial economy because only cities were qualified to develop industrial economy. Whereas, the sharing economy system supported by the internet will change the relation between cities and rural areas fundamentally by turning the unequal relation in which cities and rural areas are separated and opposite into an equal and cooperative relation of mutual exchange.

In traditional industrial society, the pursuit of high efficiency, high goals and inherent expansionary feature make the reserved and veiled rural areas that have lasted for thousands of years disappear in the era of industrial civilization. The development bridges the communication between cities and rural areas. However, in the system of the sharing economy, the industrial civilization and agricultural civilization share the same foundation for co-development. Leisure country life, green space, the idyllic scenery, farming activities, ancestral halls in the countryside and artifacts are remarkably attractive for people living in big cities. The coming sharing economy era provides vast space for mutually beneficial development for cities and rural areas.

The sharing economy arises from high-value fixed assets such as real estates and cars. Along with the deepening practice, the sharing economy has penetrated in every aspect of people's life and the objects of the sharing economy range from tangible materials like cars, garages, clothes, sofa, houses, beds and tools to intangible skills, resources, time and intelligence. Slow-paced lifestyle, low-cost organic food, sound environment, traditional artifacts and unique folk culture are exclusive features of rural areas in China, which are also products needed by the middle-class living in cities in the era of ecological civilization. Thus, the "Internet + support" mode makes it possible.

The combination of "cities plus rural areas" endows Chinese sharing economy a new feature and provides new developing space. It is no longer a concept but a market under rapid development. At present, Ali Research defines Chinese villages and towns as "Taobao Villages". By December of 2014, there are 212 "Taobao Villages" founded in China, scattering in over 10 provinces and one city including Fujian Province, Guangdong Province, Hebei Province, Henan Province, Hubei Province, Jiangsu Province, Shandong Province, Sichuan Province, Tianjin and Zhejiang Province. There are over 70,000 active sellers among all the "Taobao Villages" in China. Besides, it is predicted that "Tao Villages" will provide jobs from over 280,000 people.

## **Chapter 8 Strategy Countermeasures and Suggestions on Promoting China's Sharing Economic Growth**

### **8.1. Perfect the Socialist System with Chinese Characteristics with Concept of Sharing Economy and Make the Sharing Economy an Important Economic Form which Implements the Five Development Concepts.**

To realize the equal distribution of social wealth and common prosperity is the essence of the socialist system. However, how to determine the economic foundation of the socialist system has always been the biggest difficulty during the process of socialist economic construction with Chinese characteristics. During the period of planned economy, people observed the social principles of equal distribution. The socialist pursuit of common prosperity turned into common poverty due to the lack of highly efficient economic support. The socialist market economy which has been established since the reform and opening-up has laid the highly efficient economic foundation for the socialism. However, the competition-based market economy did not contain any inner mechanism which could fulfill the principles of social equality and common prosperity. Therefore, the government shall be regarded as the leading force in solving problems related to distribution. Besides, there is a co-dependent and cooperative competition mechanism in the sharing economy which arises in the modern world, which makes an organic combination of equality, sharing and efficiency pursued by the socialism. In this sense, the sharing economy determines a new economic form for the socialism with Chinese characteristics.

<b>Socialism with the planned economy</b>	<b>Socialism with the market economy</b>	<b>Socialism with the sharing economy</b>
The socialist principles of justice and sharing are guaranteed but the economic foundation supporting these principles is uncertain.	The economic foundation of socialist principles is guaranteed but the powerful capital won't make the socialist justice an endogamy part of the economy. It is	Socialist principles of justice and sharing are endogamy parts of the economy, which is the new economic foundation for the

	uncertain.	socialism.
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The following countermeasures are recommended in the specific implementation:

**Firstly, it is suggested that the central government shall regard the development of the sharing economy as an importantly economic form which implements the five development concepts.** The socialist market system reform driven by the sharing economy thinking promotes Chinese market economy transforming from the single market economy based on competition to the coordinated and co-dependent sharing economy.

**Secondly, alleviating poverty by applying the thinking of sharing economy.** Many poverty-stricken regions in fact boast the resource of organic food, handicraft, and eco-tourism that are needed by urban middle classes. Internet plus and sharing economy could lift people in those regions out of poverty in a decent and dignified way. It's therefore proposed to put these products onto the lists of national green procurement, and public procurement.

**Thirdly, the mixed-ownership reform in China shall be driven by the sharing economy thinking.** The crossover mixed ownership created by the sharing economy turns exclusive resources into sharable resources. The government shall take advantage of this principle and promote reforms in state-owned enterprises in China with the sharing economy thinking so as to make state-owned and private resources sharable as much as possible.

## **8.2. Explore a New Path for China's Economic Transformation and Upgrading from the Perspective of Sharing Economy**

**8.2.1. Vitalize the stock economy, especially the unsold homes inventory with the sharing economy.** The inventory or excess capacity can be divided into three categories as in dormant assets (such as vehicles, homes and equipment), standby time (such as unemployed graduates and non-business hours) and idle skills (skills offered in a non-business approach such as skills and rich experience of the retired professionals.). From the perspective of principles of the sharing economy, China's capacity is excess and most excess capacity results from information asymmetry. For

instance, in terms of vast unsold homes inventory, the sharing economy thinking shall be used in increasing renting socially. That is to say, the huge number of unsold homes shall be reduced in an economy-sharing way. **From the perspective of the sharing economy, during Chinese urbanization in the future, what real estate industry should do is not to build more houses but to make current housing resources sharable and utilized as much as possible via the sharing economy.**

**8.2.2. Participatory mass innovations shall be guided by platforms of the sharing economy.** The government and related departments shall make full use of the advantage of innovative sharing platforms in actively developing the maker space. In addition, micro-enterprises and entrepreneur teams shall be allowed to enter the platform and use resources such as data information. The entire social force shall be activated to support the development of new maker space including innovative factories and intellectual entrepreneur bases of micro-enterprises. Low-cost and convenient social space and resource-sharing space shall be provided for start-ups via marketization so as to enhance the entrepreneur network system based on the Internet Plus. The government and related departments shall promote the development of entrepreneur service industry while popularizing new organizational modes of research and development including crowd sourcing and user-participatory designs. In addition, they should be the driving force for the construction of the platform on which people from different fields can communicate and cooperate with each other.

**8.2.3. Chinese economic construction based on the Silk Road Economic Belt and the 21st-Century Maritime Silk Road shall be driven by the sharing economy.** The international Internet and cloud computing based on the Silk Road Economic Belt and the 21st-Century Maritime Silk Road shall be promoted to realize the cross-domain integration and allocation of resources among countries. Besides, in this way, mutual exchanges of needed products can be realized and repeated construction can be avoided. Especially, in terms of excess capacity, an international leasing business can be developed based on the idea that “capacity shall be developed based on real needs”.

**8.2.4. A new consumption market of the sharing economic development shall**

**be cultivated actively.** The economy of China is at a stage of transforming for the traditional heavy chemical industry to the service industry. Hence, the exploration on questions like how to promote the reuse of consumption resources with the sharing economy, how to cultivate a new market in the era of the Internet and how to motivate the development of the new service industry in an Internet era is promising and vastly potential. In terms of expanding domestic demands, China shall put aside the consumption-stimulating thinking put forward by Keynes and adopt an idea of realizing the reuse and re-consumption of consumption resources by taking advantage of the Internet Plus mode. The sharing economy in which accommodation, logistics, transportation, services and standby products are all sharable resources shall be promoted to boost the development of Chinese service industry.

### **8.3. Explore a Cooperative and Integrated Environmental Protection Pattern with the Sharing Economy Thinking.**

**8.3.1. Principles decide the thinking and the thinking determines the way out.** Enrich the simple environmental protection thinking based on technology with the coordinated and integrated thinking of the sharing economy. The cloud computing and the integrative function of the Internet shall be used in activating multiple subjects, stimulating various resources and exploring a comprehensive environmental protection based on cooperation and collaboration in a wider scale.

**8.3.2. Cooperation governance shall be organized.** Environmental governance is the single governance thinking of the Ministry of Environmental Protection. Related departments shall think out of the box and adapt to the demands of cooperation governance of the “Internet + support” mode. Therefore, this paper suggests that the central government shall take the leading position in building a “National Cooperation Governance Committee for Comprehensive Environmental Protection”. The functions and organs of the Ministry of Environmental Protection shall be adjusted according to the “Five in One” proposed on the 18th Central Committee of the Communist Party so as to adapt to the managerial requirements of the cooperative and collaborative environmental protection.

**8.3.3. Cooperation governance shall be supervised.** At present, there are two major resources of environmental supervision and management in China which need to be utilized more collaboratively. One is the crossover data resources provided by the Internet and the other is the environmental supervision resource from private or social organizations. Therefore, this paper offers three suggestions. Firstly, the established national environmental monitoring network and database shall be made the best use of and online resources related to the environmental protection such as meteorological data and land monitoring data shall be linked and integrated so as to establish a universal Internet supervision and monitoring system based on cooperative governance. Secondly, the Ministry of Environmental Protection shall set up a cooperative governance department for social organizations which is specialized in mobilizing and coordinating social organization in participating in supervising and managing environmental protection. Currently, there are 60 social organizations in China and most of them are related to environmental protection. However, these vast social resources have not been fully used. The third suggestion is to connect supervision with law enforcement so as to explore a four-in-one intellectual environmental protection system consists of “monitoring, early warning, command and law enforcement”. The action of Hengshui, Hebei Province that it has been constructing the four-in-one intellectual environmental system of monitoring, early warning, command and law enforcement since the end of 2015 should not only be paid attention to but be learned and popularized.

**8.3.4. Cooperative governance from the perspective of the source:** sharing economy based on the full application of multiple consumption resources is a new economy. In the meantime, it is a breakthrough which solves environment-related dilemma from the perspective of consumption. Hence, this paper proposed the following suggestions. Firstly, the Ministry of Environmental Protection shall cooperate with related departments in popularizing the new principle and culture that “used things are wasted and purchase is not the option” and promoting the new-life activity which advocates reduction consumption, green consumption and sharing consumption from the perspective of consumers. Secondly, related departments shall

enhance the construction of green families, green communities, green campuses and the green government national wide. Thirdly, in terms of green consumption avocations, governmental divisions shall be the leader in promoting governmental green consumption by taking the first step of purchasing green and low-carbon products. Fourthly, the government is suggested to impose luxury tax and consumption tax on luxuries. In addition, it is a way of redistributing social wealth and adjusting production and consumption. Meanwhile, new policies shall be issued to encourage people to participate in the sharing economy based on the Internet and governmental support. During the process, governmental divisions shall be the leading in promoting the green consumption and take the first step by purchasing green and low-carbon products. In order to encourage governmental green consumption, the Japanese government introduced the Green Procurement Act in 2002 which requires the government, enterprises and individuals shall participate in the environmental-friendly procurement. The government is suggested to impose luxury tax and consumption tax on luxuries. In addition, it is a way of redistributing social wealth and adjusting production and consumption. In the meantime, the government should encourage people to participate in the sharing economy based on the Internet and governmental support.

**8.3.5. Cross-domain cooperative governance:** the established integration of Beijing, Tianjin and Hebei Province is an important step taken by the government in the aspect of cross-domain cooperative governance. However, there is still a long way to go. Therefore, the departments in charge of environmental protection shall actively enhance the cooperative governance in a wider scale. Thus, this paper offers three suggestions listed as follows. The first suggestion is that environmental protection departments shall vigorously promote the “internationally cross-domain cooperative-governance environmental-protection strategy based on the Silk Road Economic Belt and the 21st-Century Maritime Silk Road”. The northwestern end of the Silk Road is the region with the weakest ecological environment in China. Similarly, the Middle East has the worst ecological environment throughout the world. Thus, these two regions are important barrier construction areas in terms of

environmental protection. Hence, the Ministry of Environmental Protection is recommended to initiate activities or establish mechanisms of dialogues, forums and co-construction related to the “internationally cross-domain cooperative governance based on the Silk Road Economic Belt and the 21st-Century Maritime Silk Road”. In addition, the second suggestion is that a compensation and coordination mechanism of cross-domain cooperative governance in the western and eastern regions shall be vigorously promoted. Moreover, the third suggestion is that activities and mechanisms of dialogue, cooperation and co-construction related to the international cross-domain cooperative governance for the protection over the three rivers source region and the Qinghai-Tibet Plateau shall be initiated.

#### **8.4 Promote the Construction of Sharing Cities with the Sharing Economic Thinking.**

**8.4.1. The boundaries between different departments shall be broke down to enhance the public resource sharing in cities.** The public resources in cities should be turned into sharable resources for cities. Exclusive public resources in communities, universities and schools of administration such as libraries in campus, sports facilities and cultural and recreational equipment shall be available to the public. The system which requires libraries in universities and temples to provide 4-hour service to cities all day shall be actively promoted so as to establish a space where citizens can learn and relax and improve themselves mentally. In addition, principles of the sharing economy shall be vigorously integrated to the process of city planning and city management. In addition, the government shall explore a new way to share urban space by connecting living districts and industrial districts together and by combining residential areas in living districts together with business districts spatially and effectively. Besides, this action makes it more convenient for residents to share resources with each other.

**8.4.2. The construction of sharable living communities in cities shall be encouraged.** The sharable community is a new concept for community management, which is also a new mode of social management innovation developed under the new circumstance. Therefore, the new generation of Internet information such as the

Internet of Things and the cloud computing shall be fully used to provide a safe and comfortable intellectual living environment for community residents. The autonomous construction of sharable communities shall be enhanced so that various community residents are entitled to participate in the management of things in their communities. Moreover, the construction of the intellectual platform of sharing services related to the property management shall be promoted. For example, the intellectual community management including parking lot management, the closed-circuit monitoring system management and the access control system management shall be further enhanced.

**8.4.3. Related departments shall promote city planning and governance with the polycentric cooperative governance thinking.** A powerful reform shall be taken in the unipolar government-dominant city planning and governance system. In addition, the multi-centric governance thinking is applied in perfecting the city planning participated by the public, communities, enterprises and the government. Additionally, in the future, cities shall be planned and organized in accordance with the resource-sharing thinking so the urban spatial structure and business mode can fulfill the developing sharing economy. Plans which meet demands of the real estate industry and land finance excessively shall be restricted. Furthermore, the government shall serve the process of making urban public economic resources sharable. It is suggested that reforms in the polycentric governance of city streets and communities shall be carried out and the direct democratic electoral system in communities shall be advocated.

## **8.5. Break the Urban-rural Segmentation and Promote the Two-way Urbanization between Cities and Rural Areas.**

**8.5.1. The value of rural areas shall be redefined from the perspective of the development of the sharing economy.** Principles of the sharing economy make citizens and peasants recognize the significant values of each other afresh. When citizens and peasants recognize the value of countryside lifestyle afresh, more city investments will be attracted to projects in rural areas including environmental protection, ecological tourism and Happy Farmhouses which make rural areas more

harmonious. At present, demands on the sharing economy from massive peasants and rural areas are booming. Thus, the sharing economy platform is able to promote the mutual communication of agricultural products from the countryside and industrial products from cities, which is beneficial for boosting the rural economy and increasing peasants' incomes.

**8.5.2. Resources of hollow villages shall be vitalized by the sharing economy in order to make the hollow villages a new place shared by urban residents and villagers.** Currently, a large number of villages are turning hollow. Thus, the sharing economy makes these hollow villages into a new consumption space for urban residents. A newly emerging Internet-based consumption which connects cities with rural areas and provides online and offline services shall be developed vigorously. In addition, a stimulation system which boosts the development of the sharing economy in rural areas and cities shall be established actively. One practical step is to develop experience economy in hollow villages or to develop rural cultural tourism based on the Internet. In addition, infrastructure including parks, grasslands, innovative parks and cultural and entertaining facilities in hollow villages shall be improved so that more citizens are able to experience the happy rural life.

**8.5.3. Sales of exclusive agricultural products which are based on the Internet and governmental support shall be promoted.** The e-business platform shall be developed to serve the sales of exclusive agricultural products. The construction of infrastructure related to agricultural e-business shall be enhanced so as to encourage peasants to make the use of all resource advantage to boost the e-business of their exclusive agricultural products. Support shall be offered to subjects of newly agricultural production and management who undertake elaborate information management on production and management activities. Information of agricultural and sideline products is entirely recorded to guarantee the food security.

**8.5.4. The urban agriculture and community agriculture shall be promoted vigorously.** According to principles of the sharing economy, urban residents are able to interact with agricultural production and management companies through the Internet. Besides, they can go to villages in the suburb to order grain, vegetables and

fruit they like. In addition, they can experience the pleasure in the farmland themselves. Based on the principles of the sharing economy, citizens are not only able to help peasants' cooperative in adopting ecological agriculture in terms of production, but also lead the connection between healthy consumption cooperatives in cities and green production cooperatives in rural areas. Therefore, a new agricultural production and management system is established based on the mutual assistance between cities and rural areas. In addition, this system will promote the development of urban-customized agriculture.

#### **8.6. Construct a Supervision and Governance System Composed of Laws and Regulations for Sharing Economy with the Polycentric Public-governance Thinking.**

The sharing economy keeps challenging traditional management modes. As for the sharing economy, rights, obligations and responsibilities of different subjects are ambiguous. In addition, there are plenty of legal lacunas which need further perfection. The government shall perfect the legal system and governance mechanism actively with the polycentric governance thinking which adapts to the demands of developing the sharing economy.

**8.6.1. More tolerance and trial runs shall be provided for the development of the sharing economy.** The mode of the sharing economy is low-cost, convenient and flexible, which leaves huge impacts on the current market orders. Therefore, it is rejected by the traditional industries. Hence, a tolerant and loose environment shall be established for the sharing economic development which is still at the starting phase. Market access restrictions of convergence products and services shall be eased. Industrial barriers shall be reduced so as to encourage enterprises to conduct business in the sharing economy. In terms of the sharing economy, the government shall establish a tolerant and enlightened managerial atmosphere so as to provide enough time for multiple subjects to participate in the sharing economy and build their own regulatory mechanisms.

**8.6.2. A new governance, legislation and supervision system shall be constructed to serve the sharing economy.** Regulations related to information

protection and information disclosure of the sharing economy shall be perfected. The government shall accelerate the formulation of laws and regulations related to the Internet security, personal information protection and management on Internet information service. Supervision over the sharing economy shall be diverse and comprehensive. On the one hand, the business innovation shall be encouraged. On the other hand, rights of customers shall be protected. In the meantime, the government shall coordinate different interested parties to protect the fair competitions in the market. It is suggested that the government shall adopt the model in which “the platform is supervised by the government while enterprises are supervised by the platform”.

**8.6.3. A new credit system serving the developing sharing economy shall be established.** The sharing economy does not only restore the credit system among people but also completely reconstruct the credit system by making people more trustworthy for each other. The socially segregated interpersonal relations are connected by the sharing economy which also connects cultural bonds of different communities. The government shall accelerate the social credit information system construction and promote the seamless connection among various credit information platforms so as to make credit information available to all related institutions. Online disclosure and share of information resources such as credit records and illegal moral crisis shall be enhanced.

## **8.7. Enhance the theoretical research, consulting and education related to the sharing economy**

**8.7.1. Enterprises and the government shall receive more training about the sharing economy.** Curriculum related to the sharing economy shall be added to the training system for Party schools and schools of administration as soon as possible to make theories and knowledge of the sharing economy familiar and acceptable for leading cadres at every level. The government shall face the demands of the sharing economy on integrated development and be the driving force in leading multidisciplinary crossover study and practice in aspects such as community management and business startups.

**8.7.2. Researches on the sharing economy and think tank shall be enhanced.**

The government shall make the sharing economy an important research project supported by the national fund of social science. An official think tank of the sharing economy shall be established so as to study important issues of the sharing economy cooperatively and coordinately. Private think tank research institutions shall play their parts in cooperating with platform servers of the sharing economy in aspects of studying the same research projects and undertaking vast statistical analysis.