Which Way for the Gig Economy?

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The so-called “sharing economy” is sometimes also called the “gig economy”—arguably a more accurate term, because “sharing economy” carries overtones of cooperation and mutuality that are (to say the least) grossly misleading. In the case of ride-sharing companies like Uber and Lyft it’s misleading because it suggests the direct sharing of rides between drivers and riders when drivers are for all practical purposes employees of the company that holds “intellectual property” rights on the sharing app, and riders are its customers. Uber drivers are in the news, both for filing class action suits against the company to toss aside the fiction that they’re self-employed, and launching strikes on their own initiative for to protest Uber’s steep, repeated rate cuts. Such resistance underlines the unacceptability of the status quo; but the question remains of what to replace it with.

To repeat, the gig economy as we know it is unacceptable. It’s an entirely parasitic arrangement in which a capitalist corporation uses its ownership of a proprietary platform to insert itself between drivers and riders and extract tribute for letting them interact with each other. But in replacing this framework, we can either go backwards or forwards.

The backwards alternative is to reorganize the sharing economy as regular capitalist employment, along mid-20th century lines, where everybody works for a company and takes orders from a boss, in return for a defined hourly wage and benefits package. And this model is also generally associated with the control of production and services by large, hierarchical, capital-intensive firms with a high degree of market power, that can pay high wages and benefits and pass the costs on to consumers through oligopoly pricing.

But like it or not, that old workerist model, in which economic life is organized around the employment relation, is obsolete. The capital outlay for producing goods and services, and the optimal scale of production, are rapidly declining. Entry barriers to production by self-employed small players are falling. And the number of labor hours it takes to produce a given standard of living is likewise falling. The technological basis for control of production by large corporations, and the organization of most work on the basis of the employment relationship, is eroding. And the continued shrinking of the average work week, and growing shift of economic activity from wage employment to the informal and social economy, is inevitable. The reduced need for labor is a good thing; what’s bad is that the full benefits of labor’s increase in productivity don’t go to workers themselves, but are siphoned off by a bunch of glorified tapeworms.

The problem is not the sharing economy, or self-employment, or work on a per-gig basis, as such. It's that the wrong people set the terms and reap the benefits. The platforms are owned and controlled by a capitalist corporation that extracts profit for itself, to the disadvantage of an increasingly underpaid, powerless and precarious workforce.

And there's nothing wrong with sharing the idle capacity of underutilized capital goods like cars, in order to reduce the need for car ownership and the per capita cost of access to car transportation. Such sharing (and other forms like neighborhood tool libraries) not only reduces dependence on wage employment for subsistence and reduces average cost of living, but it reduces the immense resource waste entailed in duplicate ownership of capital goods that most people hardly ever use. The problem is that right now, rather than sharing being an expression of the agency of working people in reducing their own dependence on capitalist employers, corporations like Uber use their ownership of the sharing platforms to expropriate most of the savings for themselves. Most of the capital is owned by the drivers themselves; Uber's only function—connecting drivers to passengers—is performed by software that could just as easily be free and open source.

The way forward from the Uber model is a mixture of open-source apps, stakeholder cooperatives of service providers and customers, and worker-controlled institutional mechanisms like revived guilds or cooperatively owned temp agencies for pooling costs and risks to supply the benefits currently supplied by (a decreasing percentage of) capitalist employers.

Even before the rise of the sharing economy, there was a growing movement to replace precarious employment through capitalist temp agencies with worker-owned cooperative alternatives. The basic function of a temp agency is not at all capital-intensive. It could be done by anyone with a telephone and email address, fax machine, mail drop, and scheduling and payroll software, cutting out the middleman and splitting the difference between the high rates charged to clients and the low wages paid to employees. The main legal barrier to doing it cooperatively is non-competition clauses enforced by the legacy temp agencies. Back in the 90s labor activist Sara Horowitz, in the San Francisco Bay Area, helped organize temporary agencies that functioned along the same lines as the old Longshoremen's hiring halls.

Since then, Horowitz has played the leading role in organizing the Freelancers' Union, a cooperative platform that functions much like a medieval guild in providing affordable benefits to its self-employed membership.

There's nothing inherently "progressive" about large employers providing benefits. The benefits they provide are all funded by value produced by the workers themselves, and the function of distributing benefits over a large population of workers could be just as easily performed through a platform owned and controlled by the workers themselves, as those medieval guilds of small craft producers did.

As for the sharing apps, the function itself is perfectly amenable to the open-source software model. In fact open-source, cooperatively organized sharing apps are being widely developed all over the world. Advocates of commons-based peer production frequently refer to this model as "platform cooperativism" (in contrast to what Neal Gorenflo calls "Death Star platforms" like Uber)—sharing platforms owned and controlled by the workers themselves. For example, the Israeli blockchain-based ride-hailing service La'Zooz isn't "owned" by anybody. It's simply a distributed p2p service with no central servers—much like file-sharing software—for putting drivers and passengers in contact with each other. Arcade City in Portsmouth, N.H. is a similar blockchain-based service. There are also cooperatively owned taxi companies like Union Taxi, with their own local ride-hailing apps, that offer a third way alternative to both local medallion cab monopolies and Uber's precarious model.

Given such alternatives the barrier to shifting from proprietary apps like Uber to genuine sharing isn't at all technical; it's inertia. It's entirely feasible for cooperative groups of drivers and passengers to compile mutual contact lists of their own, and feed them into local open-source apps for future reference in order to cut out the middleman and work directly with each other. And as drivers become increasingly disgruntled at rate cuts and cavalier treatment, the prospect of higher rates for themselves and lower fares for passengers should have growing appeal. Fellow C4SS writer Thomas Knapp told me that in his experience most Uber drivers were already in the process of doing this:

> Every Uber driver I know carries personal business cards.
>
> And every Uber RIDER I know has described the experience of having the driver de-link future business transactions from Uber's system by handing them one of those business cards and saying "if you need a ride, call me directly instead of using the app."

All the way back in the mid-19th century, the anarchist Pierre-Joseph Proudhon argued that the main function of capitalists was parasitic: interposing themselves between producers, preempting the horizontal, cooperative relationships between them and collecting tribute—skimming rent off the added value created by the cooperative activity of social labor itself.

The so-called "wage fund" function, by which the capitalist advanced wages to the worker against future production, was in functional terms actually the baker advancing bread to the brewer, the brewer advancing beer to the baker, and both advancing victuals to factory workers against future industrial output. This function could just as easily be performed by direct, horizontal relationships between workers themselves, using mutual credit. But the capitalist, with the help of the state, preempted these relationships and set up a toll gate to collect a monopoly rent—usury—for the function.

And the increased productivity of combined labor—a function resulting from the cooperation of the workers themselves, and more efficiently managed by those same workers than by overseers representing absentee owners—became yet another cash cow for capitalist employers to extract rents from, through their preemption of the function of coordinating advances of credit between producers.

What Proudhon proposed was mutualism—cutting out this usurped role of the capitalist employer in alliance with the state, which parasitized on the social nature of production and the cooperation of workers themselves, and letting the workers themselves directly organize the mutual credit function for themselves and keep for themselves the full benefits of increased productivity for cooperation.

This model is today more relevant than ever.

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