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Selling-out to Capitalists turns the Sharing Economy into a Trojan Horse

“Ever since the emergence of the Web, whose multitudinous pages are themselves created with open standards, information technology has tended to become more and more open. Increasingly, software companies stress their openness. Often, this is mere marketing” (Pontin 2009). These days more often than not, this technique is not merely used for misleading marketing campaigns but as a well formulated strategy, the foundational business model even, to coax the consumer into whole-heartedly adopting a technology platform into their work and daily life. A platform that starts off promoting openness (and/or is completely free of cost) and as it retains users become enmeshed in (the world of) the platform, to gradually begin introducing advertising and implementing full-scale choice architecture which eventually leads to users-as-products and advertisers-as-customers. The irony of the sharing economy in regards to this business model is the plain fact that these are companies that are legally bound to maximize shareholder-not-stakeholder value, capitalizing on products and services that are provided by everybody else, to everybody else. “The aim is to turn a business, whose overriding aim is to make a profit, into ‘radical belonging organizations’” (Henwood 2015). These technology companies have long touted themselves as the positive vibe, open, free, sharing kind of organizations freeing people from conventional corporations and limiting societies, but this has proven to be a wolf in sheep’s clothing. The sharing economy is more or less an extension of the same ideology. Like a free internet and open software, it is an essential step in techno-societal evolution and its ideals are plausible but they are overhyped and misused and ultimately every semblance of the ideals is misconstrued. Eventually even the ideals of the sharing economy will to be disfigured and destroyed. But with its death, if we (in an internet of, by and for the people) sellout to capitalists (i.e. working/innovating for them, using their products or selling startups to them) the sharing economy will leave behind a society that believes itself to be democratic and communal but will be more totalitarian and disconnected than ever before.

Youtube, undoubtedly the front runner of the sharing economy, started out as an ad-free way for people to share their videos with the world. Within a year of being acquired by Google and after sufficiently “growing the user community” and building a sizeable database of content, in 2008 Youtube began introducing advertising (Mitchel & Munster 2012). But only subtly at first, since Youtube still had sufficient competition in the “open” market (Vimeo, Dailymotion) and advertising was neither hip and nor as acceptable as it today. Though Google did have strong financial backing and another ulterior motive – the collection of massive amounts of user data and metadata, which are useful not only for advertising & sales through choice architecture, but a large quantity of data (any data) is literally the bedrock of any half-decent Artificial Intelligence technology. After running out its competition, Youtube introduced a membership fee to avert the ads – for what is unarguably user generated content, after the users (and posters) were, arguably, already paying for the cost of maintenance of the site, servers and company, unwittingly, when their data was collected. “Google’s new scheme would shift more power to the company; though, as with all the other transitions, it would offer benefits to users as well, which often serve to mask, or at least make palatable, the expansion of power” (Tufekci 2016). Google has long attracted users through providing free services in exchange for mining through their data, starting implicitly with their first product– their search engine and explicitly with ads in Gmail. Eventually Google will have not only used every tool in the capitalist rulebook, but will have created a new iteration, backed with their computational & data intelligence – to eat out competitors (and naïve entrepreneurs) in a concerted effort to monopolize the internet, and through it society.

Amazon too vouches for a similar model, in fact, it might take the cake for popularizing the model of long-term user retention (monopolization) in lieu of short term gains. In his original and later letters to shareholders urging them to get a hold of their horses, the CEO wrote "We believe that a fundamental measure of our success will be the shareholder value we create over the long-term. This value will be a direct result of our ability to extend and solidify our current market leadership position. The stronger our market leadership, the more powerful our economic model". It is clear today that Amazon is not interested in mere profit, it wants to control the market, all markets (Evans 2014). Since most any business model would be more powerful given economic leadership, it should be safe to imply that the Amazon’s business model isn’t quite that revolutionary, from a financial perspective, despite standing at the forefront of the sharing economy with it’s ‘Amazon Marketplace’ program. But it sure does read as a well laid plain for a successful monopoly.

While this essay inevitably delves into different areas of technology, its main concern is that of the Sharing Economy; accessed through a product defined as a web-based app, that allows P2P sharing of data (as information, products or services), through an intermediary company that maintains the app (and/or provides additional services – such as insurance) regardless of whether they charge a fee. This definition of the sharing economy rightfully excludes companies and business models such as zipcar and scoot that own their own fleet of vehicles, and for this current conversation are more accurately defined as collaborative consumption. For the purpose of this essay in light of varying definitions it is important to clarify the software, that (or tend to) fall under the umbrella of the sharing economy, and are opined about. Using the broad concepts ‘sharing’ and ‘economy’ as the basis; for the purpose of this essay they can be delineated into Non profit such as Cragislist and Wikipedia, Profit sharing such as Lyft or Turo, Maximizing Profit such as Uber, Airbnb, Google Maps (& Waze), Yelp and finally models that are not explicitly shared economy but do share, and introduce a new materialism and thus tend to fall under the same umbrella (collaborative consumption, hipster capitalism etc.) such as Zipcar and Scoot.

Comparing Ebay and Craigslist, the first global success stories of a web-based platforms as peer to peer marketplaces, the sharing economy and its definition took on two similar but distinct directions. Nonprofits like Craigslist and Wikipedia served as virtually self-maintaining platforms, facilitating a healthy Sharing economy of goods and services, whereas the for-profit platforms favored active maintenance and additional value added services (insurance) warranting a service fee for effective use. Ebay took on an altogether different approach; one of leveraging the Shared Economy for personal gain. They used their marketing acumen, and the deep VC funded pockets, to offer unprecedented savings to attract the consumer and when consumers built their lives and businesses on their marketplace they implemented a slowly but surely increasing service fee. Lost in the conversation of sharing economy, between non-profit facilitation platforms and the vc-backed capitalistic oligopoly that is exploiting it, are the products and services that truly do trade in the sharing economy and follow in its ethos – mutual benefit to maintainers of the platform (or its VAS) and its users (seller-buyers). Unfortunately, despite being the point of this conversation they are not explored in further depth due to the mounting pressure of VC funders to subvert them. It is my hope that this essay creates thought and conversation towards fulfilling our sharing dream, brings to light the consequences of stagnation in the world of capitalistic platforms and encourages to discover the correct platform for our own true involvement in this changing tide.

To anyone living in the 21st century, the benefits of Wikipedia and Craigslist to the community at large are ontologically clear. Wikipedia allows the creation of unprecedented encyclopedic knowledge that is not only self regulating but also peer-reviewed. Craigslist allows the recycling of goods and by its very nature, not through choice architecture, encourages the ‘un-intentional’ building of communities. But neither of them monetize the work that they put into building & maintaining the systems and thus don’t explicitly fall under a traditional model of SE, but they are in fact and very much so because they redefine reused goods and information as economic media. They built they grounds for what is currently available and what is possible but they did not explicitly profit from it, even though the users of their product, and society as whole, did. In my understanding, the creators and maintainers of the platform (not the data that is shared within it) should also profit, and this in my opinion is the basis of what we want the sharing economy to be – a marketplace that benefits all parties equally, creating value for each and all through transactions and for society – better communities, less monopolies, less capitalism, breaking free from FICO currency insecurities, etc.

Moving onto those interested in maximizing profit, Airbnb, “the best capitalized revolutionary movement in history” (Henwood 2015), does offer insurance (a Value Added Service, which is great) and wants to connect hosts and guests rather than just connect guests to accommodation (and hosts to revenue) but this is not explicitly true. O’Regan and Choe’s empirical research concluded that “relationships become dispensable as they are commoditized”.

“While disruption and innovation is important to the accommodation sector, Airbnb is not replacing a wasteful and hierarchical hotel sector. It is adding market-based problems to the sector that will be far more difficult to solve or disrupt” (O'Regan & Choe 2017). Despite the large revenue (and the large profit opportunity), and the fact that they charge a relatively larger percentage of fees, Airbnb seemingly still has to spend its venture capital towards areas such as marketing, lobbying and legal fees.

“While packaging their market communication along the rhetoric of morality and eco-ethics, they do not address or promote moral or ethical decision-making…Airbnb will continue to exacerbate market problems rather than seeking to fix them in the short to medium term” (O'Regan & Choe 2017). The trend of VC’s using startups as long term investments seems more like a recipe for a coup d’état of the current oligopolies (of their respective industries), rather than a disruption of the broken, capitalistic economy. The fact that the larger companies of the SE are held afloat by VC money, rather than profits, should suggest these SE companies are after all just puppets for a capitalistic agenda.

“While it may, through unintended effects, create some positive social, economic, and environmental benefits…, It will not contribute, to any great degree, to a more sustainable world, or more sustainable tourism marketplaces. Airbnb will not create secure and stable jobs, generate greater trust amongst hosts and guests, and make us greener or more ethical tourists” (O'Regan & Choe 2017)

There are severe concerns that SE companies abuse their model in avoidance of taxes and the tax regulations that would’ve applied to traditional employer-employee relationships, such as tax-withholding and providing income breakdowns, causing many of their unsuspecting consumers to unknowingly commit tax fraud. This results in an inconsistency between actual practice and the sharing economy’s widely articulated goals of openness and equity (Schor, J. B. et al, 2016)

While the opinion portrayed is harsh, it is only because of the love for these technologies (made by these companies), products and the industry that they are critiqued. “The sharing economy can be viewed as a niche of socio-digital experiments, with the paradoxical potential to: promote more sustainable consumption and production practices; and, to reinforce the current unsustainable economic paradigm”

Unfortunately, it is observable that SE companies are more interested in things other than the core of the sharing economy, “in the five years since the emergence of a sharing economy concept rooted in a critique of hyper- consumption it has been successfully reframed as purely an economic opportunity”. They are ultimately against the core idea underpinning the sharing economy – the equanimous redistribution of wealth. “If the sharing economy continues along this current pathway of corporate co-option it is highly unlikely to drive a transition to sustainability”. The current marketing used by supposedly sharing economy companies is a Trojan horse backed by venture capitalists that is not only lies but also hiding the real possibilities of the Sharing Economy as it runs the authentic low-capital startups out of business (Martin 2015).

The data we create to effectively be part of the sharing economy is abused by the platforms we use. The Shared economy has become a particularly effective way to get masses to willingly submit large amounts of data, especially audiences who would’ve otherwise had reservations sharing their data with the ‘non-hip’ companies or other organizations like the government, IBM-like corporations and Wall street, and the advertising & marketing industries.

Really, with all this data, in the hands of these capitalists it is hard to not see a scary future. Infact, Elon Musk in a recent TED talk announced the reason for keeping his Open.AI platform as a non-profit company was to save from the dystopian market dominance aimed for by companies like Google, Facebook et al. Meanwhile, in the most recent Google Keynote, their new shell-CEO, announced how Google was going to help people from stop using its phones so much – by providing a beautiful app for one to analyze the data of their usage habits, such as how many times it was unlocked, on the phone. The irony is tragic, in a dramatic and thus literal sense.

The latest update of the Californian Ideology … It traffics in one of Silicon Valley’s favorite words, “disruption,” but it’s a bit short on the intense utopian promises of the New Economy era of the late ’90s. Then, technology was going to make work meaningful, end recessions and promote human understanding. Now, technology is making it easier for you to hail a taxi (Henwood D., 2009)

In its latest effort to subvert rational thought it truly can be said that Venture Capital ruined the sharing economy and everything that goes with it.

When asked during his televised presentation, ‘The Third Industrial Revolution’, what needed to be done to ensure that revolutionary ideas were not used against the revolution, such as with the sharing economy, Jeremy Rifkin responded plainly, specifically addressing his youthful audience “Don’t sell out”.

To me, behavior of these technology companies in the modern world is personified in the Pink Floyd song Dogs, “when they turn their back on you, you’ll get the chance to stick the knife in”. The takeaway of ‘course of this dichotomous experience of technological advancement along with societal degradation, for me has been to remain watchful of the companies that promote a shared economy and mindful of my interactions with them.

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