Time To Turn The Page Of Platform Capitalism?

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Tech giants like to be regarded as unicorns. Since the late 1300s, the unicorn has been the national animal of Scotland. Believed to be the natural enemy of the lion – a symbol that the English royals adopted around a century earlier –it is clear to every Scot that the mythical animal is stronger. Tech giants equally like to see themselves as invincible. But others can see the beginning of the end of platform capitalism coming nearer.

Platforms emerged as a new business model in the early 2000s, rapidly becoming a success story in the aftermath of the financial-economic crisis of 2007-8. Labour's share of GDP has since fallen. The parallel failure of corporate governance has brought decreasing consumer trust, especially among young people concerned about environmental issues such as under-utilised assets and waste avoidance, but also open to new forms of consumer behaviour and new mobility needs.

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Platforms such as Uber, Amazon Mechanical Turk, and Airbnb are very good at making false promises: to make the world a better place, with greater freedom, more flexibility and transparency, and to "democratise" access to goods, services, and mobility. Only in the terms and conditions (T&C) is it laid down that access is not free, but payable with your own data. Users must sacrifice their data to access the platform – or game over. The T&C provide no transparency or open access to ratings – and only the workers are rated, not the employers. The ratings are inflexible and not portable from one platform to another.

Many platforms promise to make the world better, while damaging the environment and working conditions and accelerating the externalisation of costs. The gig economy may sound cool, but many of the jobs offer a fast track back to the problems faced by day labourers in the 1850s. The arrangements invented by the platforms disguise the employment relationship and facilitate avoidance of social security and taxes. Departure from the employer-worker relationship is key for this business model, rendering re-regulation necessary. The gig economy needs to meet its responsibilities to workers by turning undeclared work into declared work.

The clients of online platforms are mainly in North America and Europe. The European Commission is being asked to propose an EU framework for platforms based on the presumption of an employment relationship and confirmation that the place of work is where the worker carries out the work. Minimum wages must be respected, access to social protection facilitated, tax obligations notified, employers disclosed along with co-workers. Deductions (at source) from wages must be prohibited, together with the drafting of one-sided terms. The right to organise and bargain collectively must be ensured as well as protection of private data.

Start-up myths

Is the whole platform economy only about fake democracy and biased conceptions of sharing? That was the impression of the London court which assessed in its landmark judgment that Uber drivers are not self-employed: 'Any organisation … resorting in its documentation to fictions, twisted language and even brand new terminology, merits, we think, a degree of scepticism.' The court called it a fiction that Uber operates with 30,000 independent contractors.

The risk is that platforms make us sleepwalk into an era of long-lasting precarity. Due to globalisation, value chains are getting longer and responsibilities should have been prolonged in parallel, but the responsibility chains are shorter than ever. From one subcontractor to the next, working conditions and wages get worse and

worse. Many platforms continue to behave like youngsters who have just launched a small start-up in a garage. However, it is time to grow up and take responsibility. The idea that "early in a technology, a thousand flowers should bloom" (Obama 2016) may be right at the very beginning, but…

Online platforms generate major spill-over effects: The corporate advantage of using crowdworkers can lower labour costs substantially since the platform is not providing a safety net – no social protection, unemployment insurance, sick leave or paid holidays as we've seen. An online labour platform such as 'Upwork' has just a few hundred employees overseeing 10m "freelancers" from all over the world, undercutting each other's wages. Where is the societal progress in producing ever more cheaply by cutting wages and safety nets?

The European Commission unfortunately does not push platforms into taking responsibility but gives an alibi to the tech giants, happy to "disrupt" one industry or another, for not respecting the laws and awards them a competitive advantage in the process. Its first task should be to establish a level playing field and ensure fair competition, but its main concern is to prevent Member States from acting. The Commission tends towards technological solutionism based on the misconception that markets and technology alone bring solutions.

Instead of making false promises, the tech giants should do some homework to avoid an environmental, social and gender backlash. There is a distinct masculinisation of the workforce in the ICT sector – with a high-earning IT elite and less diversity. The spread of new technologies has not led to a significant drop in energy consumption, on the contrary. Online labour platforms treat labour as a commodity to be bought and sold. This business model runs counter to de-commodification – or in the wording of the fundamental ILO principles: 'labour is not a commodity' (1944). The question is how to stop the erosion and corrosion of the employment relationship and the casualisation of labour. Karl Polanyi underlined that you must "be constantly on the watch to ensure the free working of the system" (The Great Transformation 1944).

Platform co-ops

Can platform co-operativism generate better policy solutions? Co-ops have not played a transformational role in past decades. However, a new trend is emerging: often grassroots initiatives of young non-profit activists inventing new platform co-ops. Trade unions are starting to support such co-ops. Is it realistic to envisage that one day soon a broad network of co-ops could challenge the platform monopolies and create a different future? During a recent co-op conference in New York, encouraging signs emerged from many initiatives which have the advantage of shared aspirations and common values such as solidarity, cooperation and sustainability. While male-dominated techno giants tend towards a gender imbalance, co-ops could well enhance gender equality. While the giants extract value from people and nature, externalise costs and disempower labour, co-ops could invest in a circular economy and sustainability. While techno giants increase inequality (and profits), co-ops usually cap excessively high incomes – and lay the base for a rebirth of democracy and active participation.

After decades of neoliberalism and unfettered globalisation, the pendulum is starting to swing in the opposite direction. Why not imagine thousands of taxi drivers or flat rental co-ops with a sense of social and environmental responsibility, offering fair wages and working conditions? Such a network of co-ops in the digital era could lead to a cooperative renaissance and create a new dynamic which could make Uber and Airbnb superfluous.

Is it possible to combine co-operativism with 21st century technologies? The 21st century means access to better and more sustainable mobility, not a return to the second industrial revolution based on fossil fuels; and a step towards sustainable green transport based on renewable energy (solar, wind, geothermal, biomass, small hydro…). The Commission could do more to promote co-ops and the European Cooperative Society (SCE) as an optional legal form to facilitate co-ops' cross-border and transnational activities.

There are 250,000 cooperatives in the EU, owned by 163m citizens (a third of the EU population) and employing 5.4m. In the US, there are 30,000 cooperatives, employing 2.1m. The new cooperative movement can create opportunities for social advancement and democratisation – extending citizen rights rather than customer rights alone. But there is admittedly a long way to go.

The tech giants must be aware that platform capitalism contributes to the sense of desperation that has crept into the workforce in industrialised countries, paving the way to anti-globalisation and anti-Silicon Valley rhetoric. If this new corporate model is left unregulated, it will further undermine democracy. Do we have to wait for a dysfunctional and techno-addicted European Commission to agree the necessary new deal?