Share vs Platform Economy

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Abstract

This commentary on the article by Grabher and König focuses on the controversy in the literature between “sharing economy” and “platform economy”. In light of the theoretical and historical perspective expressed by Karl Polanyi in his classic The Great Transformation and adopted by the two authors, sharing economy can be interpreted as an attempt of a resocialization of the economy, while platform economy seems to fully realize what Polanyi calls the “market society”. Grabher and König rightly criticize Polanyi’s “double movement”, but, in our opinion, they do not draw all the consequences of their criticism. In fact, the theoretical structure they propose fails to explain the reasons why the 1929 crisis was followed by a process of re-embedding of the economy through state intervention, while after the 2008 crisis this process did not take place and the neoliberal model continued to rule the society. Indeed, with the diffusion of the platform economy this model has been further strengthened. Nevertheless, we still believe that digital technologies are in themselves open to different forms of underlying social relations and internal governance. Therefore, it is on such relationships that theoretical attention and political action should be focused. A movement that intends to change the present situation can effectively leverage the new technologies, by guiding them towards reciprocity relations capable of revitalizing the civil society and the internal cohesion of the democratic state.

Keywords: Platform economy; sharing economy; Polanyi.

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There are terms that owe their success to the semantic ambiguity that characterises them, that in the social imaginary count more for what they hide than what they reveal and, thanks particularly to that ambiguity, are destined to tell the story which defines an era. And it has been so — as noticed in Pais & Provasi, 2015 — for the term *sharing economy*, and it risks being so now for the term *platform economy*. According to Gillespie the term *platform* has gradually become established in the digital world (but not only in that one) because along with the support that it gives, the platform “raise[s] level surface” (2010, p. 350), allows one to start off from a higher technological level, saves on resources, suggests also a lack of constraints imposed on what will be built “on top” of it; it highlights the openness to a wide range of possible solutions and the synergies that it encourages — in a word, its *neutrality*.

It is understandable how the term *platform economy* has taken root in recent years far beyond the web broadcasting sector taken into consideration by Gillespie in the above-mentioned article (2010), up to the point where it became an emblematic category of a way of working in the digital economy, an alternative to the idea of *sharing economy* widespread up until some years ago to define the same phenomena. Grabher & König very helpfully pick up on the change in register in their article in *Sociologica*, referring to a “sharing euphoria” which has left more and more room for “platform disillusion” and opposing the social values of sharing and the idea of an alternative to the market economy of the former, to the “compulsive” logic for ever-increasing profit under the sign of a neoliberalism which has become (if at all possible) ever more exasperated than the latter (2020, p. 96).

In some of the most notable considerations that have been made in recent years (see Zuboff, 2019) the platform economy has taken on the meaning of a veritable form of regulation or development model for the whole economy (digital and not). The large online multinationals (starting with the US “GAFAM”: Google, Apple, Facebook, Amazon, Microsoft and the Chinese “BAT”: Baidu, Alibaba and Tencent) condition the whole business world with their pervasiveness and power, needing digital visibility to sell and compete in the global economy and they depend increasingly on the services (cloud, intelligent management of the supply chains, e-commerce, logistics) of the large global platforms. They moreover have learnt over the last few years how to develop real “ecosystems”, by exploiting the synergies of the multi-sided markets, the potential for growth in complementary markets and the positive network externalities. They have become, above all, owners of enormous amounts of data, often conferred unwittingly by the end users in exchange for largely free services, used for forecasting and marketing purposes by the platforms themselves and by the companies who are willing to pay for it. To complete the picture, platforms developed the capacity to attract from the outset huge venture capital investments and then become self-financing corporations thanks to cashflow and an unprecedented capitalization of the stock exchange. Zuboff (2019) highlights the social consequences “of surveillance” of this capitalist model, but it is certain (even if not completely agreeing with Zuboff’s panoptic vision) that there is a question of innovation which it is not exaggerated to define *disruptive* compared to previous business models.

Grabher & König (2020) believe that to understand this radical change in economic paradigm, they can usefully use the theoretical framework used by Karl Polanyi (1957) to interpret the “great transformation” that took place in the late 19th and early 20th century following the Industrial Revolution. But they do so with a reconstruction of Polanyi’s thought which is unusual regarding its most established interpretations. Indeed, in recalling the cornerstones of his thinking — that there cannot be a market which is totally *disembedded* from underlying social and political relations and which an excessive movement of *commodification* activates a *counter-movement* of re-politicisation and re-socialisation of the economy — they
reinterpret, at least in our opinion, his thinking in ways that are closer to theories (like that of Kondratieff & Stolper, 1935) on the relationship between technological innovations and the long-term developments of the economy (Perez, 2009; Mason, 2015). They propose an interpretation of Polanyi which identifies the turning point in modern economic history not as the advent of capitalism as much as industrial mechanization. The latter, and not capitalist accumulation, would seem to be the driving force of the process of liberal marketisation. According to Grabher & König (2020), Polanyi dates the emergence of the market economy back to a complex alchemy of political, social, institutional and technological ingredients. The markets did not simply represent the outcome of a natural predisposition to the individualistic massification of use, as the classic economy maintains. But rather, they were the manifestations of a complex interaction between the opportunities offered by technology, the performative effects of science and deliberate efforts to provide regulatory institutions consistent with those. But in the end, it would still be technology to command and not capital with its economic and social power relations.

Leaving the task of an exegetical evaluation of this reading to the scholars of Polanyi’s thought, and giving Grabher and König the possibility to specify their position on the matter in their reply, here we limit ourselves to recalling the consequences on the interpretative system put in place by the authors. This is formulated through a threefold analysis that is applied in parallel both to the Polanyian great transformation and to the one of the platform economy and it is based on technology, science and the state. If the great transformation that followed the industrialization of the twentieth century was based on the opportunities offered by mechanization, on the performative vision of political economy and on the complementarity between liberal governmentality and the market, the great transformation of these years has been organized around a technological infrastructure built on data, on the dominant and transversal paradigm of network analysis and on a new way of managerial governmentality.

In this reconstruction, automatic data processing technology takes on the role of process driver, increasing the efficiency of market transactions to an extraordinary degree and, above all, transforming the fabric of social relations into data that can be captured and processed by large digital platforms for use or resold for marketing purposes. The data are, according to Grabher & König (2020), to all intents and purposes similar to Polanyian fictitious commodities (land, labour and money), insofar as they are not “products for sale” but put on the market following a process of enclosure by digital platforms (the “second” after the primitive one of Marxian memory). Network analysis has thus become the dominant scientific paradigm, transforming social relations into nodes and ties of a network, encouraging their translation into automatically processable data and imposing the networked ego of social network analysis instead of the homo economicus of political economy. Above all, the notion of network plays an “ideological” function (at the origin of the same narration of the sharing economy), suggesting a sense of social sharing among the end users of the platforms, even if they share little more than the software application that manages their online interactions. Finally, the fundamental role of the state as regulator of the market also undergoes a significant twist with respect to the liberal tradition of the past. Governments seem to be subjugated by the sociotechnical complexity of digital infrastructures and end up delegating the (self-)regulation of the platforms to platform managers, encouraging the emergence of large private powers with a total lack of any public control.

Grabher & König’s (2020) paper, in an overview inspired by Polanyi’s historical and theoretical perspective, is full of interesting suggestions and useful indications. At each of the three levels of the above-described structure, the proposed ideas open up further promising paths.
of research: the idea that data today is a fictitious commodity like Polanyi’s three classic ones, or the performative and not merely descriptive nature of network analysis, or finally the indication that managerial governmentality, imposed by large digital platforms on governments, marks a clear discontinuity with respect to the liberal-democratic structure of the past. And yet it seems to us that it fails to respond convincingly to the question from which it starts: to settle the dispute sharing vs. platform. More precisely, even if it seems to take the side of a market economy dominated by platforms, this position does not find a persuasive foundation in the argument. There must be some reasons for this, and we would like briefly to spend some time on this in the rest of this review.

The most problematic point from which we should start is Polanyi’s double movement. We can share the criticism that Grabher and König make regarding Polanyian mechanistic conception of double movement, as if the process of commodification consequent to the needs of the industrial revolution generated in itself an automatic reaction of the state. This is a conception that, according to the authors, overlooks the fact that the political forces that oppose the market are not in themselves always progressive and can jeopardize the social dimension also because of an excess of the redistributive mechanisms of the state. And yet the structure proposed by Grabher and König fails to draw all the possible implications from this well-founded criticism, in particular that behind these movements (of dis-embedded and re-embedded) there are obvious power relations. Of the three levels of their theory, the least developed is the one related to the state and the different forms of governmentality that have distinguished it. The differences between the liberal governmentality of the first great transformation and the managerial governmentality typical of the transformation of recent years are only hinted at in their distinctive features and it is not clear whether the latter form can be traced back to the principles of neoliberalism at the level of government, or whether it is a completely new form (as Zuboff, 2019 seems to suggest).

But the crucial question that we would have expected in the sharing vs. platform debate is: why does the counter-movement occur so strongly after the crisis of ’29, by means of Keynesian and welfare state policies, and it is not present at all after the subprime crisis of 2008, which was just as disruptive as the one in ’29 and which marks the maximum manifestation of neoliberal dis-embeddedness? This question has been answered differently by many scholars who have measured themselves with the resilience of neoliberalism, despite the crisis; none of these responses, however, can be taken into account by Grabher and König’s framework, which, with the analytical distinction of the three factors mentioned above, end up rather losing Polanyi’s double movement and the power relations on which it is based.

A first possible answer, shared by many scholars (among others Arrighi & Silver, 1999; Streeck, 2014), is the one that sees globalisation as the main reason for the loss of effectiveness of the economic policies of nation states and within them, of the (market and political) bargaining power of workers due to the pressure exerted by the emerging countries’ labour markets. A second response insists rather on the ability of large corporations to exert influence on governments, both by threatening to leave the country in the event of the adoption of policies which go against their interests and through the more or less lawful financing of parties and their leaders (Crouch, 2011; Reich, 2015). A third response looks mainly at the forms of government of democracies and the shift of political power from parliaments to governments and above all to independent technical authorities (often supranational: IMF, World Bank, WTO, ECB, etc.) which apply market principles to public decisions (Rosanvallon, 2011; Ferrarese, 2017). This trend goes hand in hand with the growing power of finance, not only in economic matters but also because of the political conditioning that it exerts through the financing of sovereign debt.

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to the point of assuming in some circumstances and for some countries a substitute function for the sovereignty of the state itself.

Now these answers, which have been around since the 1990s, are further enhanced by the emergence of the platform economy. So it is for the process of globalisation, especially for the emergence of global platforms acting as intermediators in work, be they online, i.e. not taking on the physical presence of the worker (as in the case of intangible professional work) or mobile, i.e. requiring physical interaction and consequently a specific location of the operator (mobility and logistics services, domestic cleaning, personal care) (Codagnone et al., 2016). If perhaps for the first time in the history of mankind the former allow for the radical transformation of work into a totally “liquid” commodity, even the latter make it inexpensive for those in control to “exit” from a local market if the labour protections imposed by the state are not appreciated (as in the case of Foodora, which first threatened and then abandoned the Italian market stating that this was due to the lack of changes to labour regulation). Finally, the technical-financial dimension is also strengthened by the economy of the platforms, and not only for the increased role played by managers in their self-regulation, but also for the function of speculative capital in financing their growth, with the consequence — also highlighted by Grabher & König (2020) — of the winner-take-all effect and the emergence of large monopolies which are difficult to regulate and are indeed able to exert a great influence on the governments themselves.

These are answers that are not necessarily mutually exclusive and that appropriately place the difficult power relations that characterise contemporary reality at the center of the analysis. And yet they lack a convincing interpretation of the reasons for the crisis of legitimacy that the liberal-democratic nation states are experiencing. These are forced to rely on governments and independent authorities that are less permeable to democratic pressure, while they are excessively accommodating towards strong economic powers, mainly because of the intrinsic fragility that results from the fragmentation of the constituencies that have governed the political dialectics of the past. The same process of globalisation — with the regulation in favour of capital mobility and the lack of attention towards social dumping of emerging countries and the permissive policies of the so-called tax havens — was certainly started under the pressure of large corporations, but above all from the growing political difficulties that developed countries experienced in the second half of the 1970s. It is not possible here to go into the causes of this condition (see Provasi, 2019); suffice to note that the private power of the large platforms (the managerial governmentality in Grabher and König’s analysis) is part of the situation of the intrinsic weakness of states in governing a fragmented multitude of networked egos shut inside their own individualities.

These trends are therefore part of the underlying neoliberal paradigm, that seems to be able to express itself at its maximum through the platform economy, more than in the establishment of digital technologies in itself. However, these technologies are open to different possible forms of social relations and internal governance. In our previous article (Pais & Provasi, 2015), using Polanyi’s contribution to which even Grabher & König (2020) refer, but interpreting it by starting from the three forms of integration (exchange, redistribution, reciprocity), we tried to distinguish different types of use of web technologies starting from the underlying social relations.

One of these possible uses is characterized by the exchange (market) form. When we wrote that article the platform economy was not yet so widespread; however, we were beginning to guess that platforms could enhance even more the existing commodification (through the on-demand, retail and the gig economy). It was, if anything, the commercial use of the collected data which at that time was still largely neglected and which has today become prevalent for
the new business models. But alongside the exasperation of the exchange form made possible by digital platforms, there are other possible types of use of web technologies from different underlying forms. In particular, we focused on the different forms of reciprocity from simple collaboration, typical of the experiences of collaborative consumerism, to the real production of common goods with shared ownership, such as for free or open source software (for a classification, which in part overlaps with what we proposed and which appropriately leads the platform model to one of the forms of coordination proposed, see also Loveluck, 2015).

The form of reciprocity — neglected by Polanyi, which in the great transformation mainly focused on redistribution policies aimed at rebalancing the excesses of the market and relegates reciprocity to the exchanges of primitive societies as well as to the domestic economy — today assumes a particular function to reconstitute the ethical and social fabric that the market, on the one hand, and the state, on the other, have contributed to deteriorate during the modernity. We continue to believe that, despite the literature’s oscillation between share vs platform economy, to which Grabher & König’s (2020) article also bears witness, web technologies can offer opportunities for a different form of social relations and regulation, which were previously unimaginable.

The impact of the platform economy on Polanyi’s forms of integration can in fact be traced back to two different processes: (i) the strengthening of the extreme traits of each pure form; (ii) the hybridisation between the three forms for a different model of integration and social regulation. Scholars to date have focused mainly on the first process and, in particular, on the exchange form, with the criticism of “neoliberalism on steroids” (Murillo et al., 2017) driven by the platforms. But the contribution of Grabher & König (2020) also appropriately mentions the implications of managerial governmentality; this is an intuition that could open new paths of analysis with respect to the implementation of digital platforms in the sphere of redistribution, a largely unexplored empirical field up to now. As far as reciprocity is concerned, the platform model seems able to overcome the limits of face-to-face reciprocity and allow for a strengthening of generalized reciprocity (Sahlins, 1972). These possibilities were demonstrated during the recent pandemic crisis with the financing on the GoFundMe platform of 1,579 social campaigns in March 2020 alone (Rajwa et al. 2020).

With regard to hybrid models and, in particular, those based on forms of extending reciprocity in the direction of the market, the platforms have so far struggled to express their potential. The “marginal” nature of these forms is what makes them so original and is at the same time their main limitation. In fact, they have often been “swallowed up” by the market logic of corporations that frame themselves as social movements (Slee, 2017). Operations that have been rightly denounced as “sharewashing” (Belk, 2017), which correspond to similar rhetorical strategies by consumers, adopted “in order to feel better about their consumption” (Belk et al., 2019, p. 6). But they also received criticism from those who had expectations of expanding Polanyi’s concept of reciprocity to digital communities based on communality and non-commercialized reciprocal relations (Sahakian, 2017; Laamanen et al., 2018) and as a response “to neoliberalization as its counter-movement with its own practice and morality” (Laamanen & Wahlen, 2020, p. 50) but were forced to recognise the failure of these forms of everyday resistance practices (Suetzl, 2019).

It is still too early to understand whether the pluralism of different logics inherent in hybrid models leads to tensions (Johnsen & Waldorff, 2017) that compromise their institution (see, for example, Valor & Papaoikonomou, 2020, with reference to the case of time banking) or whether the current fragility of these models depends on the latency of innovative social movements (Melucci, 1996), so that they can gain strength again as a result of the shock caused
by the pandemic, encouraging the spread and consolidation of “moralized markets” (Balsiger, 2019). What is certain is that for this to happen, profound changes are needed not so much in digital technologies as in the underlying social and political forms: a significant movement of social innovation is required, one that can benefit from the opportunities offered by the new technologies but able to inform them about different principles.

In conclusion, we limit ourselves to briefly mention three aspects on which we believe such a movement should focus. First, on data ownership. This issue has to go beyond the current debate on privacy and involves a radical rethinking of the business models on which large platforms are currently based: reduction of the weight of advertising aimed at feeding debt-financed private consumption that is stretched beyond reasonable limits; anti-monopolistic policies that break the logic of the **winner-take-all** economy; control over the instrumental commercial use of personal data by platforms. These are policies that primarily involve the regulatory powers of governments and independent authorities, but which can count on significant alliances that a conscious and determined movement could aggregate.

Secondly, it is a question of reorienting web technologies from the commodification of social relations to instruments of possible reciprocity. The problem does not concern the technologies themselves, which as such are perfectly able of acting as sophisticated tools of interhuman communication, but rather the underlying dynamics. This is the most demanding challenge, the real terrain on which social innovation is played out, because it requires that at the level of daily behaviour people modify their behaviors, which are today mainly defined by individualistic market relationships. The signs in this regard (as mentioned above and as we already noted in Pais & Provasi, 2015) are mixed: not only some (in truth only a few) achievements of the sharing economy, but the entire social economy (now growing from cooperatives to benefit companies, from volunteering to institutional philanthropy) indicates that relationships different from the market are possible.

Finally, it is necessary to be aware that exchange (market) and redistribution (state) will continue to be decisive forms of regulation of developed societies in the future. Reciprocity — facilitated also by the network technologies — could, however, provide an essential space for experimentation of new relationships and for the revitalization of civil society. The awareness of the limits of the current model of development and its unsustainability in the medium-long term (accelerated also by the pandemic that has profoundly affected the whole world) may perhaps be able to start a process of radical innovation where the subprime crisis has failed.

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