

The Just and Democratic Platform? Possibilities of platform cooperativism

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Abstract

The sharing economy emerged with enthusiasm about its ability to provide economic opportunity, fairness, and autonomy for earners. Yet after a decade its results have been decidedly mixed, with many earners suffering from low wages and a lack of self-determination. Our findings suggest that while it is operating reasonably well for casual earners, the experience of dependent workers is much less positive. At the same time, non-profit sharing initiatives have failed to scale. For this reason, there has been growing interest in platform cooperatives, which are owned and governed by earners. We report on the first academic study of a platform cooperative, Stocksy United, a stock photography company. We find it has been able to offer better earnings for earners, robust governance, and satisfied members. We argue that platform cooperatives can be an important component of a just and democratic political economy.

Introduction

The Great Recession shone a bright light on structural problems that had been accumulating in the global economy for years: the acceleration of extreme inequality in the household distributions of income and wealth, weak demand, hidden unemployment, unsustainable consumer debt, and growing imbalances between rural and urban areas. At the same time, the climate crisis intensified as the international community proved unable to control emissions and engineer the turn-around required to avoid runaway climate chaos. The failure of national governments to solve these economic and ecological challenges, coupled with a decades-long right-wing attack on the state, resulted in widespread pessimism about the possibility and efficacy of political action, particularly in the United States. This proved to be fertile ground for optimism about a variety of market-based solutions. One of those solutions came to be known as the “sharing economy.” It emerged with the Great Recession and promised a new way of organizing economic activity. It would be smaller-scale, more personal, and much more efficient. Power would not be concentrated in the hands of a few. It represented a way to deploy new technology in the service of human needs. Indeed, founders and ordinary participants claimed it could be the solution to multiple problems facing capitalist societies: inequality and exclusion, stagnant incomes, climate chaos, and social disconnection (Schor 2014; Schor 2020). The central vehicle for realizing these goals was online person-to-person exchange made newly feasible by innovations in digital technology (Benkler 2006).

The core idea is that small-scale, personal economic activity becomes viable as a result of digital tools, matching algorithms, and crowdsourced reputational data. These features overcome the longstanding drawbacks of peer-to-peer, or person-to-person markets, such as costly search and

risky exchanges. Consumers reap benefits and individual providers can control their work lives in new and empowering ways. (Castillo, Knoepfle, and Weyl 2018; Einav, Farronato, and Levin 2016; Horton and Zeckhauser 2016; Sundararajan 2016; Schor 2020). In particular, the “sharing economy” offered the possibility of giving workers control over their schedules, total hours of work, and the labor process itself. The promise is that individuals can do it themselves by participating in this emergent, humane market (Fitzmaurice et al 2018).

Not everyone believed in the promise of the “sharing economy.” There has been widespread skepticism about some platform companies, particularly Uber, which has the largest labor force by a big margin. Some argued that the sharing sector represented the emergence of a hyper-predatory regime of labor control (Hill 2015; Scholz 2016b; Rosenblat 2018). Others foresaw a new frontier in the commodification and corporatization of everyday life and the destruction of urban quality of life (Slee 2015; Morozov 2013; and Stears, this volume) . A decade after its founding, many in the U.S. have written off the sharing economy as a malignant force degrading workers and neighborhoods. Others still see potential in the technologies and peer-to-peer structure. The experiences of some European countries, which have subjected platforms to more stringent regulation, suggests that policies and impacts are not pre-determined by economics or technology (Rahman and Thelen 2019; Thelen 2018; Söderqvist 2017). Since 2018, regulatory activity protecting residents and workers has increased in the U.S., particularly in ride-hailing and accommodation. And after years of unsuccessful legal efforts to re-classify platform workers from independent contractors to employees (Collier, Dubal, and Carter 2017), pioneering legislation to convert providers to employees has enacted, although this fight is ongoing. It is possible that after a decade of regulatory arbitrage and nullification by the firms (Acevedo 2016; Calo and Rosenblat

2017; Collier, Dubal, and Carter 2018; Rahman 2016), the power of platforms is being reined in. If so, workers and urban residents will likely benefit.

But this familiar turn to regulation, welcome as it will be, may not exploit the more transformative possibilities of the new technologies used by platforms in the sharing economy (Benkler 2004, 2006, 2013; Schor 2010). That may require a less traditional approach. In particular, the peer-to-peer (hereafter P2P) structure enabled by technology may not only make transactions more efficient, it may also do the same for democratic governance. This is the contention of a small, but growing movement for platform cooperativism (Scholz and Schneider 2016; Scholz 2014, 2016a). Platform cooperatives borrow some of the features of worker cooperatives, in particular worker ownership and governance. But because platforms typically operate differently than conventional firms they also offer new opportunities and challenges. Platform coops raise the possibility that P2P marketplaces can support a new enterprise form that is capable of achieving greater economic justice and democracy than conventional firms.

Platform cooperatives are best understood as one type of firm within a larger, more pluralist economy. This vision counters the conceit of some twentieth century economic theory that the capitalist firm is optimal, and that economies should evolve toward a singular business form. Rather, it sees platform cooperatives as one type in a diverse eco-system of ownership and governance arrangements that include small and large scale commons, trusts, varied financial arrangements (public banks, crowd-sourcing, credit cooperatives), small and owner-run businesses, non-profits, networked enterprises and others (Benkler 2006; Piore and Sabel 2000; Ostrom 1990; Alperovitz 2011).

In this paper, I report on research from a project on the sharing economy conducted by me and a team of PhD. students in sociology. Our research, which spanned 2011-2018, covered thirteen cases of for profit and non-profit entities, including the first academic study of a platform cooperative. Our cases are Airbnb, Turo, TaskRabbit, Lyft and Uber, Postmates and Favor, a timebank, a food swap, a makerspace, Stocksy, (the platform coop), and an open education case. We did interviews, hundreds of hours of ethnography, web scraping, and quantitative analysis. Our database contains roughly 325 interviews. I draw upon our findings in this chapter. Details on our methods and findings can be found in a series of papers, which are available on our project website¹ and a summary of our work is contained in Schor 2020. I will begin with a short history of the sharing economy, then turn to a discussion of labor outcomes on for-profit platforms. I will then report on our findings in the not-for-profit cases, as they are relevant for platform cooperatives. I then turn to our research on Stocksy, one of the earliest and most well-established platform cooperatives.

“Sharing Economy” Practices: goods, space, and labor services

There are three main sub-segments within the sharing economy: goods, space, and gig labor services, although this division is somewhat arbitrary, given that all exchanges take place in space and require both labor and capital.² The precursors of today’s sharing economy are ebay and Craig’s List, two peer-to-peer markets that were established in 1995 and familiarized users with the P2P structure (Schor and Fitzmaurice 2015). In addition, eBay pioneered the use of a crowdsourced ratings and reputation system, a feature which is integral to nearly all the commercial platforms, and which many of its former employees went on to employ as founders of

sharing economy sites (Stein 2015). The pairing of the for-profit eBay with the not-for-profit Craig's List is also notable, as it mirrors the mixed composition of the sector in its original incarnation. Both also began as marketplaces for used goods, responding to the surfeit of imported consumer items available at historically low prices (Schor 2010). By creating online markets for used mass market goods, these platforms enabled a transition from the informal, low-value markets that used goods exchange had become consigned to in the previous half century. Digital technology made these trades more convenient and the reputation system helped build trust among transactors, a key factor that has historically limited second-hand markets. The size of this market is difficult to estimate. However, in terms of participation on the provider side, it is the largest of the three sub-sections of the sharing sector. In 2016, an estimated 18% of Americans earned money by online selling (and 14% of those sold used goods), in comparison to 8% who earned income via gig labor tasks such as digital work, ride-hailing, and cleaning (PEW Research Center 2016). There are now many sites organizing P2P exchange, particularly in the apparel sector, where the development of fast fashion resulted in the acceleration of the cycle of acquisition and discard. General exchange sites have also proliferated, employing a range of exchange practices. The largest, Freecycle, uses a gift model, and stresses reciprocal giving (Aptekar 2016). Other sites, such as Freegle (a Freecycle offshoot), do not discourage income-based asymmetry with affluent donors and low-income receivers (Martin, Upham, and Budd 2015). Some platforms organize P2P short-term rental of durable goods, such as cars, camping gear, photography equipment, tools, apparel, and household items that are used intermittently. These also operate with a range of exchange practices, from the purely commercial, to non-monetized forms such as tool and toy libraries.

The second category is space-sharing. Here the originator is Couchsurfing, which was started in 1999, and uses a gift exchange model for hosting travelers. Like successor sites such as Airbnb, Couchsurfing uses crowdsourced reputational data to build trust among potential hosts and guests. It has a mission to build connection among people across the world, and research shows that has been successful building friendships, although the strength of induced social ties declines with frequency of use (Parigi et al. 2013; Parigi and State 2014). Airbnb, a rental model which grew explosively, came to dominate this sub-segment. Other space sharing sites offer storage, parking, offices, kitchens, and land. These are frequently termed capital platforms (Farrell and Greig 2016) because the bulk of income earned in this sector is from a capital “good,” i.e., the space. Makerspaces, a rapidly growing offering in both for- and non-profit versions, combine space and tools. Airbnb is a salient example of a broader trend seen on some of the commercial capital platforms—it began with a P2P structure, but evolved toward B2C (Business to Consumer) transactions, i.e., commercial operators renting multiple units. Recent regulatory actions and enforcement may now be reversing this trend although there is uncertainty about whether these measures will be successful (Schor 2020).

The third sub-segment is labor services, also known as the gig, or on-demand economy. This is a diverse segment, including ride-hailing and delivery, caring labor, housecleaning, and errands or “handyman” work.³ Uber reports an estimated 3.9 drivers globally, with perhaps one million in the U.S. Care.com, the largest platform for caring labor, reports 13.9 million.⁴ There are also not-for-profits in this segment. Timebanks organize multi-lateral barter exchange on the principle that each provider’s time is equally valued. Other examples include repair cafes and food exchanges (swaps, surplus redistribution, food preparation).

The diversity of business organization, exchange models, user type and structure, and mix of capital and labor has contributed to terminological and analytic ambiguity and controversy (Frenken and Schor 2017; Schor and Attwood-Charles 2017). Figures 1 and 2 categorize entities according to their profit-status, user structure (P2P versus Business-to-Customer), skill level, and mix of capital and labor. Other relevant dimensions include the form of exchange (monetary, barter, gift, loan), medium of exchange (some sites create their own currencies), whether the work is done off or online, and whether the customers are individuals or businesses.

The earliest term for the sector was “collaborative consumption,” (Botsman and Rogers 2010), which focused on arrangements that increased the utilization of existing assets, and included sharing space (eg, accommodations r offices) and goods (eg, car rental, household items). Some analysts reserve the term “sharing economy” for this type of exchange, whether monetized or not, because it involves shared use of the asset across time (Frenken and Schor 2017). However, others argue that if a rental fee is charged, the practice is not sharing, because it is done for monetary gain (Belk 2007). In practice, the term sharing economy has been used indiscriminately and incoherently, to encompass nearly all platforms that use matching algorithms (Schor and Attwood-Charles 2017). As some platforms became increasingly predatory toward their workers, the use of the term sharing became less defensible, and declined in favor of terms such as the gig and on-demand economy, for labor platforms, and the platform economy (Kenney and Zysman 2016) for the entire sector. However, those terms are both broader (including B2B and digital labor, as well as social media and retail sites) as well as narrower (excluding non-profits). The term sharing economy has traditionally been used to refer to both for-profit and not-for-profit, consumer-

oriented P2P entities of the three types discussed above (goods, space, and labor). Because that is the segment that we have focused on in our research, I will use that term. However, it is important to note that describing commercial entities such as Airbnb or Uber as “sharing” companies can serve to obscure their anti-social practices.

A disruptive innovation

Platform technology has been hailed as a disruptive innovation that will yield welfare for producers and consumers in these multi-sided markets (Rochet and Tirole 2003), as well as social benefit in the form of the common good claims.⁵ There is widespread agreement that these firms have been disruptive, however, observers differ in their analysis of why. Some argue that political economy factors account for the success of the major platforms, in particular the ability to ignore regulations, misclassification of workers as independent contractors, and other factors related to market and political power (Dubal 2017; Collier et al. 2017; Vallas 2018; van Doorn 2017; Rahman and Thelen 2019; Calo and Rosenblat 2017). However, the viability of platforms in countries where they have conformed to regulations suggests that this is not the whole story (Rahman and Thelen 2019; Thelen 2018; Söderqvist 2017).

The alternate approach focuses on the novel technological features of platforms. Most important is that these technologies render peer-to-peer markets more efficient, and therefore more feasible. Three aspects of the technology are salient. First, platforms reduce the transactions costs associated with exchanges, by organizing electronic payments and insurance, mobilizing GPS technology, and facilitating easy entry and exit of suppliers. This reduces setup and financial outlays for sellers to engage in income-generating activity. Second, algorithms make efficient matches between

buyers and sellers and reduce search, a previously costly activity in P2P markets on account of the heterogeneity of sellers. And third, the platforms gather crowdsourced reputational information to create trust among strangers. This enables a key feature of multi-sided markets, which is that they enable “stranger sharing” (Schor 2014). (The classic contribution on new forms of sharing is (Benkler 2004), who uses the term social sharing.) Historically, stranger sharing has been limited on account of the risks of transacting with unknown others. The presence of both brokers and middlemen, and trusted brands can be understood partly as ways to mitigate the risks associated with exchanges among unknowns. Crowdsourced reputational data has the potential to perform a similar function and increases willingness to transact with strangers.⁶ The combination of these three factors results in lower barriers to entry and enhanced viability for single-person producers, as simple economic analysis can show (Einav et al. 2016). Some economists have even gone so far as to predict that it heralds the “end of employment” (Sundararajan 2016) although that seems unlikely given that the efficiencies of the technology are less relevant for complex production processes that require extensive coordination. However, platform technology is well suited to services, which currently employ a majority of the U.S. labor force. Thus, the question arises whether these digital innovations may be an enabling factor for a substantial sector of the economy to be organized as independent entities with substantive control over their conditions of production.

The hope that platform technology will result in viable, non-predatory peer-to-peer markets runs counter to the view that technology markets have a tendency toward monopoly (Kahn 2017; Dube et al. 2018). Dominant firms such as Google, Facebook and Amazon are considered to be beneficiaries of network effects, i.e., a cost structure that declines with additional users. In a

monopolistic market, the platform can engage in predation and manipulation of users, thereby undermining the possibility for viable independent production (Rahman 2016; Calo and Rosenblat 2017). This is less of an issue in the sharing sector than in online tech markets. There are some genuine network effects, for example, on lodging sites, however, many of the services on offer (ride-hail, delivery, caring labor) are local (Horan 2016), which curtails network effects. Furthermore, these markets differ from Facebook and Google because those firms are selling their own products. Sharing platforms are intermediaries among independent producers and consumers. (Amazon is a hybrid in this respect.) Even if the platform is large, if it can facilitate an eco-system of small or independent producers and if it is democratically owned and/or governed it can serve their needs.

Labor outcomes on for-profit platforms

One decade in, have platforms met the promises of the sharing economy discourse? For consumers, there has been clear benefit, especially in ride-hail, lodging, and delivery, via lower prices and increased supply. For workers, the picture is mixed, although it is difficult to quantify outcomes, due to a lack of data from the platforms and the casualness of this type of employment. The literature is plagued by Uber-centricity, and while ride-hail does comprise a large segment, it is unique in a number of ways (Schor et al. 2019; Ticona and Mateescu 2018). The research is especially limited on higher-skilled providers and caring labor, despite the latter being the largest category of earners in the sector (Ticona, Mateescu, and Rosenblat 2018). Furthermore, conditions in this sector change rapidly, as platforms can easily alter compensation, incentives, rules, and terms of service, and many do so frequently. However, some conclusions are possible. We address

three main areas: wages and compensation, autonomy and labor process, and governance/voice in the firm.

With respect to wages and compensation, the picture is mixed, with marked differences across skill level and between capital and labor platforms. In general, the relatively high wages of the early years have been reduced as more providers join platforms. However, on a number of platforms, earnings are comparatively good. For example, on TaskRabbit, the platform we have studied, hourly wages remain high and workers are generally satisfied (Schor et al. 2019). Similarly, we have found that earners on “capital” platforms such as Airbnb are earning substantial sums, and express high levels of satisfaction (See also (Farrell, Greig, and Hamoudi 2018)). By contrast, in ride-hail there is accumulating evidence of a race to the bottom, as the dominant platforms squeeze drivers’ earnings (Horan 2019) and exert more control (Rosenblat 2018). Studies of some of the nation’s largest cities reveal that full-time ride-hail work is common, and earnings after expenses are often below the hourly minimum wage (Parrott and Reich 2018; UCLA Institute for Research on Labor and Employment 2018). Bank account data reveals a 53% collapse in monthly driver earnings between 2014 to 2018 (Farrell et al. 2018). Journalistic accounts and qualitative research have documented deteriorating conditions, with drivers sleeping in their cars, going deeper into debt, and expressing tremendous frustration with the growing share of revenue being extracted by the platforms (Robinson 2017; Streitfeld 2019). Delivery work appears to be on a similar trajectory, with declining income for workers and growing evidence of discontent. We have found that platform outcomes are much better for supplemental earners than for those attempting to make full-time livelihoods (Schor et al. 2019). Across all platforms, supplemental

earners have higher wages, safer conditions, and greater job satisfaction than those who are dependent on their platform earnings to pay their basic expenses.

On questions of autonomy, control over schedules, and conditions of work there is also mixed evidence. The opportunity to work without a boss, with control over one's schedule and conditions of work has been a major attraction for many platform earners. For supplemental earners, those aspects of the experience are mostly realized, and highly appreciated. On the other hand, dependent workers lose flexibility and while they continue to appreciate the lack of a "boss," in the most predatory sectors (eg, ride-hail and delivery), they are more subject to "algorithmic control" (Rosenblat and Stark 2016) and the discipline of the market (Schor et al. 2019). Dependent workers are more compelled to conform to demand-based schedules that maximize their earnings, and on the lower wage platforms they must work very long hours. Thus, they lose a good deal of the flexibility of short and personalized hours. However, except among the most exploited dependent earners, autonomy remains a positive feature of platform work. There are additional downsides to dependent work such as a higher likelihood of accepting jobs that pose risk, either to personal safety or in terms of the financial payoff (Ravenelle 2019; Rosenblat 2018; Ladegaard, Ravenelle, and Schor 2018). We find that supplemental earners are more likely to disregard ratings and flout company rules in order to ensure their safety or do the work as they prefer. Dependent workers describe more desperation and precarity, even if they prefer platform work to other options.

Finally, on the question of governance and voice, we also find variation over time and across platforms. In the early years, and especially outside of ride-hail, many earners felt heard and part

of a community. That has changed as platforms have attempted to grow and increase revenue. On larger platforms that provide little “customer service” for earners (such as Uber), workers have voiced strong frustration with the lack of support and the absence of voice. Indeed, some platforms have become notorious for failing to consider earners’ situations and experiences. For example, a three-day strike by Instacart delivery workers in the Fall of 2019 was quickly met by the company with a pay cut. While some platforms articulate a discourse of “partnership” with earners, there are almost no formal mechanisms in the sector for effective voice. This is central to what platform cooperatives can offer, as we discuss below.

Race and Class Inequality

The discourse of disruption associated with the emergence of the sector suggested that sharing platforms would undermine longstanding inequalities of race and class, by providing open access with low barriers to entry. Economists Samuel Fraiberger and Arun Sundararajan (2017) argued that low-income households would benefit disproportionately from the opportunity to rent out assets. However, a growing body of research suggests that racial and class inequality is reproduced on platforms (Ticona and Mateescu 2018; van Doorn 2017). While there is some evidence of reduced barriers (for example, there are more women ride-hail drivers than taxi operators), most studies find discriminatory behavior by race. We find that the platform sector is reproducing a hierarchy of outcomes based on skill and capital that parallels the legacy labor market. A study of TaskRabbit found that the algorithm is less likely to recommend Black Taskers (Hannák et al. 2017), perhaps because they receive lower ratings. Another study of TaskRabbit in Chicago found that low-income residents were disproportionately unlikely to be earning on the platform and that Blacks, and especially Black men, received lower ratings (Thebault-Spieker, Terveen, and Hecht

2015). In our analysis of outcomes on Airbnb across ten U.S. markets, we find that while residents of neighborhoods with more non-White households are more likely to list their properties, their outcomes are worse on nearly all dimensions than counterparts in areas with higher White populations. They get lower prices for their listings, book less frequently, and receive lower ratings (Cansoy 2018; Cansoy and Schor 2019).

The platforms have also been characterized by “opportunity hoarding” with respect to education and employment status (Schor 2017). From the beginning they have attracted earners with high education levels. Because the kinds of activities done on sharing platforms (driving, cleaning, handyman, errands) have traditionally been done by people without college educations, this represents a crowding out effect by educational credential. While there has also been an expansion of demand for these services, in ride-hail and lodging, traditional taxi drivers and hotel cleaners seem to have lost out (Dubal 2017; Zervas, Proserpio, and Byers 2014). Hoarding by employment status occurs because of the prevalence of platform earners who hold other full-time jobs (Schor et al. 2019).

While the dystopian fears of some critics are likely overblown, the optimistic accounts of the early days are also inaccurate. The track record of platforms on issues of work and income suggests that while they have been vital for some participants to earn extra money, they are failing as a new source of full-time livelihood. The question of whether the downward trajectory experienced by ride-hail drivers will be replicated on other platforms is also still unanswered. It is also worth noting that platforms have taken advantage of their political clout both to evade existing regulations and re-structure the regulatory environments in which they operate (Calo and

Rosenblat 2017; Collier et al. 2018; Rahman 2016; Stemler, Perry, and Haugh 2019; Thelen 2018). While the bulk of the regulatory change has benefited the platforms at the expense of legacy industries and worker protections, more recently that has been changing, with the institution of minimum wage guarantees (in the case of New York City ride-hail drivers), data sharing requirements, and stricter enforcement of limitations on short-term rentals. However, while regulatory action is to be welcomed, it is unlikely to fundamentally change the political economy of the sector. Large platforms will remain dominant and will mainly operate in their own interests. A deeper transformation of power will require new enterprise structures. In the early days of the sharing economy, there was considerable enthusiasm and hope that non-profits were a dynamic form with a compelling economic model and the ability to scale rapidly. I turn now to those experiences.

Are non-profits the alternative?

In each of the three sub-segments of the “sharing economy” there are non-commercial entities engaged in similar activities to the commercial companies.⁷ The non-profits also promised many of the benefits that were expected to flow from platform technology: the expansion of P2P exchange, putting idle capacity to use, safe stranger exchange, and meeting needs the market was failing to address. While the activities of the non-profit segment have not resulted in the negative externalities (eg, congestion, rising rents) associated with a number of the for-profit companies, in the United States they have largely failed to scale and many have failed altogether.⁸ Given that many of these sites used similar technology to their commercialized comparators, albeit in simpler, lower-cost versions, this divergence in trajectory needs explanation. In our research we have identified two factors to account for the slow development of this sector—a lack of instrumental

value for users, and practices of social exclusion (Attwood-Charles and Schor 2019; Fitzmaurice et al. 2018; Fitzmaurice and Schor 2018; Schor et al. 2016).

All the non-profit sites were founded to promote social benefits. These include reducing inequality and bridging social class (timebanks, surplus food redistribution, goods gifting), lower carbon and eco-footprints (used goods loaning and exchange sites, repair efforts, most food-related efforts), and building community (nearly all). Yet many have failed or grown slowly despite their appealing missions.⁹ Among our cases, the swap failed altogether (Fitzmaurice and Schor 2018), the timebank had limited trading volume (Dubois, Schor, and Carfagna 2014), and the makerspace was successful but highly socially and culturally exclusionary (Attwood-Charles and Schor 2019; Attwood-Charles 2017). In the first two cases, many participants joined because of ideological commitment to mission and values, but were not motivated to make trades, because they had no need for the goods and services on offer. Some timebank members treated it like a charity activity, accumulating hours for services they performed with no desire to spend them. Food swap participants left events with their own offerings. The lack of instrumental value for users has also been found in case studies of other non-profits. Bellotti and co-authors explained low trading volume in a California timebank by a mismatch between ideologically and instrumentally oriented participants (Bellotti et al. 2015, 2014). A study of a Finnish goods and service exchange site for university students found that while they appreciated the goals of the site it offered limited utility (Suhonen et al. 2010). A study of neighborhood initiatives in the U.K. designed to create innovative, non-monetized markets had similar findings (Light and Miskelly 2015).¹⁰ Our U.S. national survey of sharing practices found that fewer than one-third of respondents indicated they were interested in engaging in higher levels of sharing of tools and household items.¹¹ This is likely

due in part to the low cost of durable goods in the U.S. (Schor 2010, ch. 2) in comparison to the time and inconvenience of P2P trading.

In some cases, the structure of the market is responsible for low activity. This was especially the case in the timebank. A key principle of timebanks is that every person's time is valued equally. While this is an ideologically appealing attraction which members frequently referenced as a motive for joining, in practice they are reluctant to price their own specialized skills at the wage level associated with generalized skills such as driving, childcare, or household help. Furthermore, many members failed to offer the valuable skills they had (legal advice, coding) in preference to their amateur avocations. These practices reduced trading volume and the objective of social class-bridging.

Socially exclusionary practices in these sites also contributed to the absence of instrumental value. One example is that critiques of capitalism, which were common, included a critical attitude toward money itself. Exchanges in gift, barter, or alternative currencies were sacralized, in contrast to the profanity of trades in legal tender.¹² Some of our time bank members aimed to live in what one termed a “de-monied” state. At the makerspace we found that trades (for help) took place using both money and beer. The former was used for “profane” trades between high-status makers and ordinary participants; the latter was the “sacred” medium of choice among an exclusionary elite of highly-skilled makers (Attwood-Charles and Schor 2019). More generally, the critique of money is evidence of the class privilege of participants on these sites, as their comfortable styles of life made this rejection possible (Bourdieu 1984). By conflating the medium of exchange with

the social relations of exchange, many non-profit sites failed to attract participants who had urgent needs for income, in contrast to the for-profit platforms that offered easy opportunities for earning.

We also found evidence of widespread practices of social exclusion across our sites, which were highly skewed by class and race. The sites were all racially segregated, with very few or zero African Americans and Latinx participants. There was also strong gender segregation across and, in the case of the makerspace, within the site. Education levels were not merely high, but stratospheric. The most extreme case was the time bank where all respondents had a B.A., more than half had a Master's level degree, and more than half had at least one parent with a graduate degree. The high cultural capital of participants led to a variety of snobbish, distinguishing practices, such as the rejection of trading partners on account of bad grammar or unprofessional profiles, or in the food swap, for failure to adhere to new foodie tastes (Carfagna et al. 2014; Johnston and Baumann 2007). At the makerspace, cultural capital took the form of extreme “distancing from necessity,” with exotic, impractical, and idiosyncratic making. Functional making and repair (valuable to income-constrained households) was largely invisible and clearly devalued (Attwood-Charles and Schor 2019).

While the relative lack of instrumental value has inhibited the growth of the non-profits, they do have a strong asset that a number of the for-profit platforms have largely forfeited—credible claims to deliver multiple common good benefits. The desire for fair economic outcomes, sustainable ecological impact, and more social connection is widespread among the population, especially among younger generations. We found this was not only the case with respondents in our non-profit sites, but participants on commercialized platforms expressed the hope that their activities

would contribute to these goals (Fitzmaurice et al. 2018). While they held a “hostile worlds” (Zelizer 2000) view of the relation between the market and non-market society, they were optimistic that sharing platforms were capable of constructing an alternative, more humane and sustainable market. This suggests the possibilities of hybrid models, which have genuine commitments to the common good outcomes but which also offer instrumental value to users. Potential examples include TimeRepublic a for-profit online timebank with operates its own (time) currency that has been able to attract large numbers of users,¹³ and the first decade-plus of etsy, an online marketplace for handmade goods that operated as a B-corporation with a small fee and a commitment to social benefit.¹⁴ The lesson of these examples, however, is that in both, the need to meet investors’ profit expectations led to a re-orientation toward financial goals. That tension has led to a movement for a new digital form, the platform cooperative, which operates in the interest of its user-owners, rather than investors.

Platform cooperativism

The failures of the for-profit platforms to deliver good outcomes to workers on the three dimensions we identified above (compensation, autonomy, and voice), in combination with the lack of growth in the non-profit sector, have resulted in the emergence of a movement for platform cooperatives. They are a subset of the larger class of worker cooperatives, which date from the early 19th century in England. While this is still a new form, the innovations associated with platform technology may help to solve longstanding questions about cooperatives.

In the literature there are two broad classes of questions and research about the cooperative form—economic performance and democratic governance. Key economic questions are coops’ relative performance on productivity, employment, and wages in comparison to conventionally managed firms. There is now quite a bit of evidence to conclude that that employee owned and governed firms are economically sustainable and that they return more economic value to workers, reduce turnover, and motivate work effort (Blasi, Freeman, and Kruse 2017; Cheney et al. 2014; Pencavel 2013a). While there may be differences between conventional and cooperative firms in terms of rates of innovation, how employment responds to reduced demand, and other economic outcomes, the cooperative form is clearly viable. The biggest economic challenge to the scaling of this model remains one that was identified decades ago: access to capital (Gintis 1989). If this problem were solved, it is likely that a cooperative sector could grow and prosper. Indeed, that seems to be occurring in many places in the world (Cheney et al. 2014). One challenge is what researchers have termed “degeneration,” or the decline of worker ownership and devolution to a conventional set-up in which owners hire workers (Cheney et al. 2014; Pencavel 2013). One explanation is the “iron law of oligarchy,” in which an owner-elite comes to dominate.

A related set of questions involves the extent of democratic participation. There is less literature on this issue, although ensuring robust participation by workers and maintaining democratic control over elected management are ongoing challenges. One argument is that robust democracy is difficult when participatory firms are embedded in larger societies that have few democratic structures (Varman and Chakrabarti 2004). A second issue is a potential tradeoff between democracy and efficiency, which has been noted in some cooperatives (Ng and Ng 2009). However, there is also evidence in the literature of “regeneration,” when enterprises revitalize

their governance mechanisms and practice (Cheney et al. 2014). How might platforms cooperatives fare on these issues?

The platform cooperative is an online enterprise that is owned and governed by those who work on it.¹⁵ This form harnesses the benefits of the technology with a structure that is oriented to fair treatment and self-determination for producers. If governance is robust it can also create social ties, and even solidarity. Platform cooperatives have the potential to overcome some of the weaknesses of both the for-profit and non-profit forms as discussed earlier. With respect to the former, they deliver a larger fraction of the revenue to the workers, and are more likely to institute rules and policies that a majority of workers consider fair and equitable. For example, algorithmic management is less problematic if workers help develop the algorithms and they remain accountable to worker-owners. Democratic governance also allows members to reject clients or projects they are ethically opposed to, an issue which has become a particular flashpoint at tech companies (Fang 2019; Shaban 2018). At the same time, if the cooperative is successful it can deliver valuable instrumental benefits to members.

In conventional economic theory, the ownership and governance of the platform should be largely irrelevant. Capital receives only the reward that it earns via its contribution to the value of the product. Labor earns the same. Optimal policies are generally assumed to be attributable primarily by the requirements of technology.¹⁶ Of course, the conventional economic perspective is obviated in cases where markets are not perfectly competitive, and capital can extract more than its marginal product, which is true of many segments of the sharing economy. Indeed, most advocates of platform cooperatives depart from the conventional economic wisdom, and believe that the owners

of capital typically have power which they exert over workers. If so, worker ownership should result in meaningful differences in outcomes. Of particular importance is the fact that algorithms and crowdsourced reputational information can take over management functions such as vetting and insuring the quality and character of providers, and some of the value from these tasks can be retained by worker-owners. This is particularly important in care work, cleaning, and other personal services with high risk potential, so that agencies are able to capture a large fraction of the product. These occupations are ideal for the platform cooperative form (Schor 2014).

To date, there are relatively few platform cooperatives in operation, particularly in the U.S.¹⁷ Large international examples include SMart, a freelancers coop in Europe with 35,000 members¹⁸ and Fairmondo, a German retail cooperative selling ethical and sustainable products, which has 2000 members.¹⁹ In the United States, there are small sharing economy cooperatives of taxi drivers and housecleaners currently operating, with healthcare cooperatives in formation.²⁰ The literature on platform cooperatives is small (Scholz and Schneider 2016; Schneider 2018; Benkler 2016; Fedosov et al. 2019; Jackson and Kuehn 2016; Lampinen, Huotari, and Cheshire 2015). Our team did what we believe to be the first case study of a platform cooperative—a stock photography company called Stocksy United (Sulakshana, Eddy, and Schor 2018). At 1000 members, it is the largest and most well-established North American producer-owned platform cooperative currently in operation. (In contrast to our other cases, it is not a “sharing economy” company because its customers are mainly businesses. One difference is that they do not use a public reputation system and there is no direct contact between the artists and the customers. However, at the time we were undertaking our research there were no other viable options to study.)

Stocksy was founded by Bruce Livingstone and Brianna Wettlaufer, two owners of a stock photo platform that they sold to Getty, the industry leader. The acquisition resulted in artists' dissatisfaction with pay and policies under the new regime. The former owners then decided to organize a new cooperative to foster creativity, provide higher returns to artists, and enable democratic governance. Founded in 2012, Stocksy is a multi-stakeholder²¹ coop in which the staff and a governing board²² also hold shares. The biggest obstacle to establishing cooperatives, financing, was not relevant, as the founders offered a \$1.3 million loan from the proceeds of the original sale. Stocksy also began with high levels of industry-specific knowledge and expertise, and a proven track record. While it's impossible to know how much that mattered, it seems obvious that it did.

By most metrics Stocksy has been extremely successful. It has robust revenues, and was able to repay its loan and begin profit-sharing in its second year. It has carved out a lucrative market niche with a unique positioning in the industry—as a boutique shop with a distinctive aesthetic style. We found that members report high levels of satisfaction. The cooperative structure attracted highly talented and successful artists who ordinarily will not sell in the low prestige stock portion of the industry. Members did not complain about exploitation or unfair treatment. Artists receive 50% of one-time sales, in comparison to the 15% industry standard, and 75% for extended licenses (versus 45%). Some take advantage of the community aspects of the site, getting support from the online Forum and in some cases, meeting up with other Stocksy members.

Stocksy differs from most platforms because membership is by application and has been subject to limits. It has been extremely competitive to join, with a 6% initial acceptance rate which rose to

10%. Demand to participate is a good metric for how well the cooperative is serving its members' interests. Total membership was capped at 1000 and expansion has been controversial. However, management would like to grow, and after a few proposals to add artists were rejected by members, they found a compromise which is enabling modest annual growth, with accountability to membership. More generally, balancing provider supply and consumer demand is a key question for platform cooperatives. Capping membership may reduce the flexibility to choose hours and schedules, however it also allows the cooperative to maintain a good balance between supply and demand. By contrast, freelancer cooperatives such as SMart do not maintain membership limits.

In our research we found that members were mostly satisfied with governance. Communication occurs via an online forum, which is also the mechanism for taking decisions. Approximately 200-300 of the 1000 members participate. Members come from 65 countries (spanning many time zones) and speak different languages. Therefore it is not possible to hold conventional real-time meetings, and decisions must be taken via non-synchronous participation. It is our impression that non-participation does not stem from dissatisfaction, but either low overall involvement with the platform and a general satisfaction with decisions and operational practices.

The success of Stocksy is especially impressive in view of a dynamic that we find endemic to most platforms in the sharing space: diversity of participant orientations. As we found in our other case studies, there is variation in the extent to which earners rely on platforms for income, with the co-existence of supplemental and dependent earners. This range is found on the labor and capital platforms we studied, and has been found on marketplaces such as etsy (Etsy 2013), and digital platforms Upwork and AMT (Popiel 2017; Gray and Suri 2019; Caraway 2010). In Stocksy, the

distinction manifests itself between professionals and what are called hobbyists (or more derogatorily by the former, mom-tographers). The high quality of smartphone cameras has enabled participation with low investment in equipment, an example of the low barriers to entry which characterize many sharing platforms. On Stocksy, a second axis of differentiation is between those with an artistic versus a commercial orientation, which does not overlap fully with the professional/hobbyist divide. In our research, we found some low-level tension among these groups.

Another issue, also common to the platforms noted above, is that Stocksy is a winner-take-all market. In 2016, 87 of the 1000 members earned 66.2% of the total royalties. Among those 87, the top 9 contributors earned 26.5%.²³ Stocksy's perhaps uniquely extreme concentration is due to a number of factors. One is the presence of highly talented artists, who are attracted by the cooperative set-up. The second is the diversity noted above, and specifically the presence of a small number of highly commercially-oriented producers who invest considerable sums on shoots (up to \$20,000 for one shoot) and submit large portfolios alongside hobbyists who rarely submit. This "challenge of individual contribution," is especially an issue with online coops, because conventional worker coops are more likely to make collaborative products. Online, individual contribution is the norm, members are competing against each other, and scarce skills can earn rents. Where the skill distribution is more equal, such as in driving, delivery, care, and homework, earnings distributions are more equal, driven more by hours worked than hourly remuneration. Those cooperatives may also set fixed rates or narrow hourly wage ranges. For Stocksy, the replicability of each photograph means a few very popular images can yield high earnings.

Stocksy is an instructive example for advocates of the platform cooperatives, however, it is also in many ways a best case. Its founders had deep experience in the industry and ample financing. It also carved out an upscale, more profitable niche in a competitive market. Cheney et al. (2014) note that to be successful in global markets, cooperatives may now need to not merely respond to markets, but may have to create and lead them. Stocksy is a successful example of doing just this. Furthermore, it did not face issues that are central for consumer-oriented service labor cooperatives (in ride-hail, cleaning, and caring labor), such the “tyranny of the market,” when consumers are not willing to pay living wages, or there is a sharp tradeoff between prices and demand. (For a discussion of this kinds of dilemmas, see (Sandoval 2019). Stocksy artists were generally insulated from these economic dilemmas.²⁴

Envisioning a Pluralist Economy

It is too early to know whether cooperatives will become widespread. However, if they do they may prove to be an important innovation in the platform ecosystem that can protect workers against exploitative employers and provide the opportunity for self-determination. The costs of the basic technology are in decline, and there are efforts underway to create open source toolkits that will make establishing a platform cooperative relatively easy. For providers, platform cooperatives are likely better than monopolistic companies. However, they are not a panacea. Their ability to shape the larger labor market in which they operate is limited except in the case of substantial monopsonist power or cross-industry collaboration among cooperatives. However, that type of price setting is likely illegal. This suggests that platform cooperativism, even in its most successful incarnation, can only be one component of a system-wide restructuring that is capable of producing economic democracy and justice. Furthermore, platform cooperatives have little inherent

advantage over for-profits on issues of ecological and carbon sustainability. To deliver those outcomes, this enterprise structure must be paired with a robust regulatory regime which internalizes key externalities, and an expanding culture of solidarity and ecological responsibility.

In our view, platform cooperatives should be seen as one, albeit important type of enterprise form in a hybrid, or pluralist economy (Alperovitz 2011; Benkler 2006; Rodrik and Sabel, this volume). Cooperatives, both off and online, address working conditions and help to create democratic workplaces. But other forms of economic organization are also feasible and desirable. These include small businesses and self-employment. Resources held in common by local and regional communities are another important form that has become increasingly popular. Some of these may function as not-for-profits. Land and housing trusts are another building block of a new hybridized economic eco-system. The global community must also find a structure for managing the atmospheric commons sustainably. We don't yet know what that will be. What we do know is that is growing excitement and energy around various alternative forms of economic organization. If they expand, they hold the possibility for creating a more democratic and just economy.

FIGURE 1: CAPITAL PLATFORMS

		STRUCTURE	
		<i>Peer-to-Peer</i>	<i>Business-to-Consumer</i>
PROFIT ORIENTATION	<i>For-profit</i>	Airbnb Turo NeighborGoods	Zipcar Techshop WeWork
	<i>Not-for-Profit</i>	Couchsurfing (until 2011)	Community Makerspaces

FIGURE 2: LABOR PLATFORMS

		LABOR POOL	
		<i>High Skill</i>	<i>Low Skill</i>
PROFIT ORIENTATION	<i>For-profit</i>	Care.com Upwork Stocksy TimeRepublik	Uber, Lyft Postmates
	<i>Not-for-Profit</i>		Timebanks

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NOTES

¹ Connected Consumption and Connected Economy website: <https://www.bc.edu/bc-web/schools/mcas/departments/sociology/connected.html>.

² For example, ride-hailing services require a car, used goods exchange requires cleaning and shipping materials, and accommodation rentals require the labor of cleaning and hosting. However, the mix of capital and labor across these three segments varies considerably.

³ Another segment of the gig economy is online, digital labor, on platforms such as Amazon Mechanical Turk. This type of work is typically not included in the “sharing economy,” although it is considered gig or platform work (Gray and Suri 2019; Irani 2015).

⁴ Uber drivers at <https://www.uber.com/newsroom/company-info/>; Care.com at <https://www.care.com/company-overview>

⁵ The discourse associated with the sector also focused on two other types of claims: social and ecological. The social claim linked the P2P structure to the creation of ties among transactors, and to a widely perceived sense of disconnection within society. The ecological claim argued that the development of used goods markets and the more intensive use of “capacity” would reduce the demand for new goods, thereby lowering ecological and carbon footprints. The ecological claim is particularly dubious given that sharing services reduced prices considerably and the two largest platforms are in transport and travel (Schor 2020).

⁶ This is a potential result in part because public reputation systems suffer from ratings bias and may not be very effective in excluding malfeasants. (Cansoy 2018). It seems likely that the small number of problematic exchanges in the early days of the sector was less a function of a robust rating system than the absence of ill-intentioned actors on the sites. Over time the largest platforms seem to have attracted more problematic actors.

⁷ In the used goods sector, Freecycle, Yerdle, and other sites were organized using practices other than conventional cash trading (gift, platform specific currency, etc). The counterparts to monetized rental platforms are tool and toy libraries which have free loans. In space sharing, examples include Couchsurfing, Landshare, and co-working offices. In the labor services segment, timebanks and child care coops are alternatives to TaskRabbit and similar sites.

⁸ Efforts to establish cooperative, commons, and collaborative initiatives seem to have been more successful in Europe, particularly in those areas with a long tradition of this type of activity. (Bauwens and Onzia 2017; Morell 2018)

⁹ For example, the Repair Café movement, which is supported by a European Foundation and offers a replicable model has only about 100 listed sites in the U.S. in comparison to more than 1500 in Europe. <https://repaircafe.org/en/visit/>

¹⁰ Another factor undermining instrumental value is that some of the new sharing entities attempted to create networks of reciprocity in areas where informal economies were already operating, but which were invisible because the innovators were not members of the relevant communities (Light and Miskelly 2015).

¹¹ Survey results are available from newdream.org: <https://newdream.org/resources/poll-2014>

¹² Many participants and organizations held a “hostile worlds” (Zelizer 2000) view of the relationship between market and non-market activity. Some conflate the medium of exchange

with the social relations of exchange. This anti-monetary stance is also found in anarchist and left initiatives.

¹³ On TimeRepublik, see <https://timerepublik.com/>. In 2017 the company pivoted toward a B2B orientation:

<https://www.startupticker.ch/en/news/january-2017/the-leading-banking-group-in-italy-to-test-the-b2b-timerepublik-platform>

¹⁴ <https://www.nytimes.com/2017/11/25/business/etsy-josh-silverman.html>

¹⁵ Benkler's contributions (Benkler 2004, 2006) were formative. The concept was taken up simultaneously in 2014 by Janelle Orsi, Nathan Schneider, and Trebor Scholz. See also (Chase 2015 and Schor 2014).

¹⁶ Worker preferences can also play a role in policies such as working hours or worker autonomy. Standard theory suggests that if there are significant differences in preferences workers will sort into firms that reflect those differences.

¹⁷ Schneider maintains a list of platform cooperatives at his site entitled Internet of Ownership.

<http://ioo.coop/>. For details on the coops, see:

<https://docs.google.com/spreadsheets/d/1RQTMhPJVVdmE7Yeop1iwYhv46kgvVJQnn11EPGwzeY/edit#gid=674927682>.

¹⁸ Smart coop: <https://smart.coop/> A hybrid cooperative which is not organized only online but has its own currency, is the Brazilian Fora do Eixo which is a network of musicians, artists, producers, and venues with 200 collectives and 2000 employees. <http://foradoeixo.org.br/>

¹⁹ <https://www.fairmondo.de/>

²⁰ Coops have already formed: See <https://www.upandgo.coop/>,

<http://greentaxico-op.com/>, <https://www.shift.coop/m>, NursesCan Cooperative discussed in <https://truthout.org/articles/nurses-join-forces-with-labor-union-to-launch-health-care-platform-cooperative/>.

²¹ Some cooperatives are structured so that multiple stakeholders have ownership and voting rights. See (Chase 2015) for an argument for this form.

²² The board also has the possibility of vetoing proposals that have passed the membership.

²³ Management not only gave us these numbers, they permitted us to publicize them. The contrast with for-profit platforms is striking.

²⁴ They did face cultural tyrannies, in the form of customers' biases. Buyers hold a "neo-imperialist aesthetic," with preferences for pictures of affluent, White Westerners. Artists felt they needed to comply in order to be successful.)