

The Sharing Economy is an Alternative to Capitalism



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Abstract: People address that sharing economy means to share and utilize idle resources effectively and create a better functioning economy. The shortcoming is that sharing economy must assume the economic risks, that is, leading to rapidly decreasing employment. However, this article argues that sharing economy has the potential to lead to an alternative capitalist model because its goal is profit and the means are a form of capitalism; capital does not own possession in this sharing economic model, but the workers contribute their resources as a possession to make a profit.

Keywords: sharing economy; alternative capitalist model; the form of capitalism

1. Introduction

“The sharing economy is gaining traction in the transportation industry, with the increasing popularity of ride sharing (carpooling and vanpooling), bike sharing, car sharing (shared-use access to a vehicle fleet), and on-demand ride services often provided by a community driver, especially amongst the millennial generation” (Michelle, 2014). Basically, a sharing economy means sharing your idle resources with other people, utilizing resources more effectively and creating a better functioning economy. Idle resources are any type of wasted product that has some value, be it money, services, or something else. It is called idle resources because it has a value that is not being utilized. A sharing economy is making use of idle resources. Some people advocate that a sharing economy is a good economic model because it drives down the cost, builds up connections and develops sustainable development. However, some people think that a sharing economy is not a good economic model. In their opinion, sharing economy must assume the economic risks, that is, leading to rapidly decreasing employment. Meanwhile, employees cannot gain enough well-being and partial health insurance when working in sharing economic companies under this immature economic mechanism. My argument is that even though sharing economics is public and social at its core, it still has the potential to lead to an alternative capitalist model because its goal is profit and the means are a form of capitalism.

2. The Origin of Sharing Economy

The origin of the term “sharing economy” can trace back to the 1970s. “This paper is concerned specifically with arts of collaborative consumption, namely, those events in which one or more persons consume economic

goods or services in the process of engaging in joint activities with one or more others” (Joe L & Dr Marcus, 1978). For instance, “drinking beer with friends, eating meals with relatives, driving to visit someone or using a washing machine for family laundry are acts of collaborative consumption” (Joe L & Dr Marcus, 1978). Collaborative consumption is a way of sharing goods or resources to avoid wasting materials.

3. The Development of Sharing Economy

However, the sharing economy phenomenon developed gained popularity and gained profit from the progress of the Internet. A good example is Uber Technologies Inc, which is an online transportation network company; it allows users with their cell phones to request a ride service. The biggest difference between Uber and a traditional taxi company is that Uber company drivers use their own cars instead of using cars from a taxi company. Uber has become the largest taxi and driving company that does not have any cars itself. Users just need to download its application and become users, and then they can use Uber in over three hundred cities with 160,000 Uber driving services, they could easily find an Uber car nearby them when they need Uber service, and the nearby Uber driver would come to pick users in a quick time. In this way, customers would not need to spend a long time waiting for a taxi like before. In sharing economic principle, the idle resources are those idle cars that park in garages or have extra seats. Another good example is Airbnb. Airbnb is a room lending website that works like a hotel booking site—prospective travellers go online, select the dates they want to travel and pick from a list of options. The value of Airbnb is roughly \$24 billion according to The Wall Street Journal. The major difference between Airbnb from traditional hotels is that the offered places by Airbnb are not professionally run hotels or apartments, they are more like real homestays and houses of ordinary people who are looking to make some extra

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money by renting idle bedrooms for travellers, as well as short-term renting for people. Prospective hosts can register on the site for free, set a price per night for their accommodation and upload pictures of their offered spaces. They can even set house rules.

4. Benefits of Sharing Economic Model

Uber and Airbnb are great examples of this special economic model in recent years—the sharing economy model. Some people advocate that a sharing economy is a good economic model because it drives down the cost of products, makes those products more accessible, builds connections, and develops sustainable development. This model has been spurred on by the Internet. “The digital dimension is important for initiatives that aim for size, partly because it reduces transaction costs (the time involved in arranging exchanges), but also because it allows crowd-sourcing of reputational information and ratings that mitigate the risks of intimate exchanges among people who don’t know each other” (Schor, 2016). The sharing economy benefits its users in many ways. For example, “Fernando Chiara, a 26-year-old working full time in the insurance industry in Los Angeles, began driving nights and weekends for Uber to make extra cash in the summer of 2013. From Uber...he regularly made \$700 to \$900 a week, before expenses, working 20 to 30 hours”(Emaily, 2015). As for development, Uber Company and Airbnb Company could drive down the cost of public transportation and the number of hotels, which saves more land for planting vegetation, improves city air quality and saves precious resources like petroleum. Also, economizing the materials and lands in cities and decreasing the usage of vehicles could develop sustainable development in the future.

5. Shortcomings of Sharing Economy

On the other hand, some people argue that a sharing economy is not a good economic model. Sharing economy must assume economic risks, decreasing employment—Uber Company has over 160,000 drivers and Airbnb has over 650,000 hosts on Airbnb, which hurts the employment of the traditional ride and hotel services. Today, those who fund and manage Uber, Airbnb, Lyft and other newly started companies are attempting to construct a new model of work and economic exchange, which they refer to as the “sharing economy” or “peer-to-peer” economy. Those who profit from this economy classify those who work in it as “independent contractors,” in order to avoid the responsibility of providing workers’ compensation and other benefits.

Another risk is trust and relationships. “For instance, trust car owners to drive them to their destinations, while members of Airbnb stay in strangers’ houses while travelling. Remarkably, what appears to be a very difficult act in the offline world—creating interpersonal trust—is a routine activity for organizations operating within this segment of the economy” (Parigi & Cook, 2016). It is hard to trust people that you have never met before.

6. Sharing Economic Model Is an Alternative Capitalist Model

My argument is that sharing economic model is an alternative capitalist model.

In general, the basic characteristic of the capitalist economic system is the capital of labour exploitation, and the goal of this labour exploitation is still to make a profit from this exploitation. This is a form of commodity economy, with the labour force as the premise, through the possession of capital and possession of the surplus value of labour. However, capital does not own possession in this sharing economic model but the workers contribute their resources as a possession to make a profit, according to Dyal Chand’s concept (Dyal-Chand, 2015). First, the companies monopolized the possession of the production data without having company-owned products. Second, the vast number of hosts becomes a labour force for the company owners who own nothing. Third, the company owners have created value out of idle surplus resources, which have become fundamental sources of the company's profit.

First, the companies monopolized the possession of the production data without having company-owned products. The Airbnb Company could be seen as “a capitalist company” and the registered hosts and their houses are “production data” in this case. Airbnb Company has over 650,000 hosts and it has become the biggest company that runs the largest number of accommodations but does not own them. These 650,000 hosts are production data of a capitalist company, which is a tool to make money for the capitalist company.

Second, the vast number of hosts becomes a labour force for company owners who own nothing. In the capitalist economic system, the vast number of workers in production has “nothing” and becomes labour work for employees. According to Karl Heinrich Marx’s *Das Kapital*, capital is the means of production, and it was used as means in the process of making a profit. But in this form of capitalism, the workers in the production have the resources (capital) to work for a capitalist company that has nothing. The registers of Uber Company have the capital, which is their own cars, and use their own cars as means in the process of making a profit for capitalism. Airbnb Company does the same thing, the registers of Airbnb Company have the capital that is their own houses and apartments, and use their own houses and apartments as means in the process of making a profit for the Airbnb Company—capitalism.

Third, the company owners have created value out of idle surplus resources, which have become fundamental sources of the company's profit. These idle surplus resources are those extra seats in cars and empty rooms in houses and apartments. The company owners “own” these resources and use these resources and these become essential sources of their company profit. These owners call this a “sharing economy” even though it is not. The “value” of either Uber Company or Airbnb Company is only the sharing of the economic idea without having real capital or resources, according to Tellier Alexandra (Tellier, 2016). What is more, the relationship between the company and the host is reproduced in the relationship between the host and the customer. Let us still consider the example of Airbnb. If one traveller wants to rent a room through Airbnb, she needs to type her destination and the check-in and check-out dates on it. After the searching step, the customer needs to send a requested email to the registered host who owns the room the customer is interested in. The

next step could be imagined as a conversation between the host and the customer, which would be considered a private email service through the Internet if the host accepts the request from the customer. Finally, the guest is asked to provide all payment information and the reservation cannot be cancelled once the host accepts the reservation; also payment is processed through the website. According to Airbnb, I think this website more leans to the host's profit, the process is mostly controlled by hosts, they can choose to accept the request from customers they wish to book, set the rental price, and make detailed rules in their houses such as what they can do and what they cannot do. A host can decide how to describe the services or houses and charge the money. Compared to traditional hotels, Airbnb is where hosts regularly rent just an extra small room or even a couch in a living room. By sharing their houses with other people without providing cleaning services as traditional hotels do, hosts can save lots of money. Additionally, they charge taxes from customers, but they do not need to pay taxes to the government because the houses are their private properties.

7. Conclusion

In conclusion, even though this kind of economic model drives down the cost, builds up connections, and develops sustainability at some points, it is not a true sharing economy. These companies still have the potential to lead to an alternative capitalist model because their goal is still profit and the means of gaining profits are a form of capitalism. However, it also has the potential to become sharing economy if it is more regulated. In this way, owners and workers would have to have transparent communication with users to keep the system standards consistent for every owner, worker and user. This is one way to achieve a real sharing economy that benefits

everyone and not a capitalistic economy that only benefits a few.

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