Sharing Economy between Commons and Commodification

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Introduction

New forms of production often referred to as 'sharing economy' are at the same time praised for their emancipatory potential and scolded for undermining regulation. While the growing economic importance of big data and digitally stored knowledge has inspired renewed debates around the role of so-called intellectual property rights, the rise of new digital platforms mediating collaborative production and/or usage of both rival and non-rival goods is at the center of political regulation debates. Given the dynamic development of various forms of sharing economy, it is not surprising that scholars across disciplines are increasingly divided with regard to their assessment of the consequences of these new digitally driven forms of production for economic and societal developments more broadly.

For instance, law scholar James Boyle (2003, 2008) drew parallels between the English enclosure movement described by Polanyi (1944) – the process of fencing off common land and turning it into private property from the end of the fifteenth century onwards – and recent developments of increasing intellectual property rights protection. Boyle argues that "[w]e are in the middle of a second enclosure movement" targeting diverse fields from the human genome via patents to all kinds of cultural goods via stronger copyright protection. In addition, new data- and platform-driven business models often subsumed under the label of 'sharing economy' increasingly rely on commodification of personal data as well as commodification of trust in interpersonal relations (Thompson, 2015).

At the same time, other scholars emphasize the development of new forms of commons-based peer production (Benkler, 2006) transcending – if not reverting – commodification based on business interests and expanding markets. Signature examples for these developments are open source software (Holtgrewe & Werle, 2001) and other forms of collaborative production such as Wikipedia (Tkacz, 2014). An interesting commonality between most of these examples is that they rely on private contractual means to create a digital commons as a public good (Dobusch 2012) – a strategy that is not without its inherent contradictions and pitfalls (Elkin-Koren, 2005).

In this paper, I will revisit current debates around 'sharing economy' with a Polanyi-inspired focus on countervailing developments between commons and commodification. After differentiating generally between two types of sharing economy in the subsequent section, I

will apply a Polanyi perspective on the dynamics represented by these two types of sharing economy. In the concluding section I will then discuss the political implications of the countervailing dynamics of commons and commodification observable in the digital realm.

Types of 'Sharing Economy'

When looking at prominent empirical examples regularly discussed under the label 'sharing economy' such as AirBnB (short-term lodging in residential properties), Linux (open source software operating system) or Uber (transportation service provider), three commonalities can be identified as being constitutive for each of those cases. First, some asset owned or produced by one party is collaboratively used with other parties; this constitutes the 'sharing' aspect of 'sharing economy'. Second, the collaborative use of the assets provided is mediated by some form of digital platform, which allows for scaling shared usage among platform users. It is this internet-related increase in the scale of sharing practices, which explains growth of both interest in and economic relevance of 'sharing economy'. Third, sharing practices are governed by some set of formal and informal rules established or at least mirrored by the platform mediating collaborative usage.

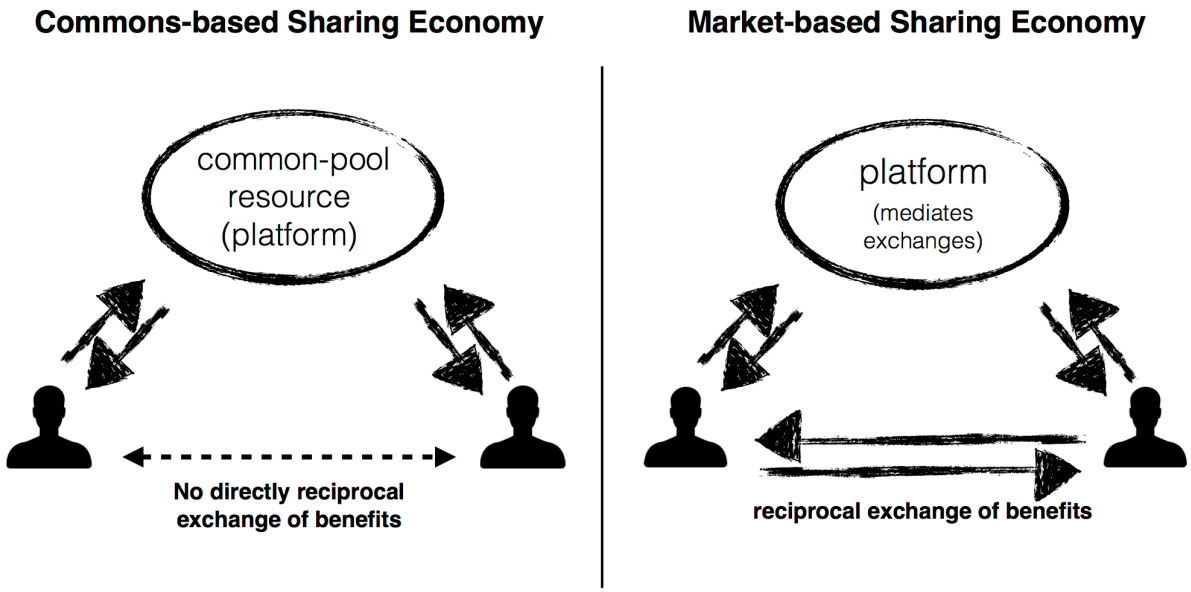

Figure 1: Commons-based and market-based sharing economy

While I subsume only cases fulfilling the first two characteristics under the label 'sharing economy' (see also Belk, 2014), I would argue that differences in terms of governance allow us to identify two very distinct types of sharing economy: commons-based and market-based sharing economy respectively (see Figure 1).

Commons-based sharing economy

Historically, commons-based economies pre-date market economies (Graeber 2009). As described by Polanyi (1944, p. 36), market-based economies depended on "enclosures of open fields and conversions of arable land to pasture" – a development Polanyi termed "a revolution of the rich against the poor" (ibid., p. 37). Before this first enclosure movement, large parts of land were jointly cultivated as a commons by the locally resident communities. But even after the rise of modern market economies, certain fields continued to follow commons-based logics, the most prominent being the field of academia. Publicly funded researchers are jointly producing and cultivating a commons of scientific knowledge. However, even academia has not been entirely devoid of commodification in form of (increasingly expensive) scientific journals and, more recently, a growing pressure for universities to acquire and market patents as a source of revenue (Geuna and Rossi, 2011).

Overall, the history of the commons has commonly been described as one of a continuous demise with commodification and establishment of market-based coordination mechanisms as a necessary – and eventually efficient – response to an alleged "tragedy of the commons" (Hardin, 1968; critical: Ostrom, 1999). Even Polanyi (1944, p. 36), while acknowledging the "devastations" of the enclosure movement during the earlier Tudor period in England, speaks of "ultimately beneficial enclosures".

Given this century-long trend away from the commons as a form of organizing economic activities, the comeback of the commons under the label "sharing economy" in the digital realm is ever more remarkable. The foundation for the digital comeback of the commons had actually been laid already prior to the rise of the Internet in the early 1980s, when Richard Stallman invented free and open source software licenses. What had looked as a classical commodification of the commons story – a previously collectively shared commons of software code produced by academics transforming into a market for software as a commodity such as Microsoft Windows and Office – was effectively and sustainably challenged by a commons-based counter-movement (Holtgrewe 1999; Benkler 2002). Today, free and open source software is virtually everywhere, from Linux embedded in appliances over smartphones (e.g., Android is Linux-based) to the Internet itself (e.g., Apache webserver or content management systems such as Wordpress).

The legal framework for such new forms of commons-based production was established by the development of Free and Open Source Software licenses such as the General Public License (GPL). A key element of GPL is the 'copyleft' clause, which permits the use, distribution, and alteration of source codes as long as these changes are also made available under the same type of license. The general idea behind any form of such open license is to use copyright not to exclude others from using copyrighted works but rather to grant rights in a standardized way to third parties and thereby restrict the possibilities for private appropriation of common goods.

Given the legal underpinnings of free and open source software, it should come as no surprise that copyright lawyers such as Lawrence Lessig (2001; 2008) and Yochai Benkler (2002; 2004; 2006) were among the first to recognize and theorize new forms of commons-based sharing economy have been. Benkler in particular argued that "commons-based peer production" (Benkler, 2006) or "social sharing" are forms of "productive cooperation that are based neither on the price system nor on managerial commands" (Benkler, 2004, p. 279). Examples of "social sharing" discussed by Benkler (2004; 2006) include cases such as car pooling, which involve material resources, as well as cases of immaterial resources provided by volunteers such as the free online encyclopedia Wikipedia.

Note that digital technologies might increase the scope and field of applicability for certain forms of social sharing. In the case of Wikipedia, wiki technology together with open content licenses lead to the replacement of a market for encyclopedias with a commons-based model of knowledge production. In the case of the platform "Couchsurfing", users offer guest beds or rooms to each other without monetary remuneration: "A host should never ask a guest to pay for their lodging, and a guest should not offer."[1] However, it is the Couchsurfing platform that creates a commons of lodging by featuring user profiles and ratings, which effectively establish trust between strangers.

The main commonality of all those examples of commons-based sharing economy is that actors contributing to the commons cannot expect directly reciprocal remuneration in return, neither by the platform nor by individual users of the respective contributions; there is no quid-pro-quo, at least no one is entitled to it. Note, however, that commons-based sharing practices might happen on either commercial platforms (e.g., sharing Creative-Commons-licensed photos on the commercial photo-hosting platform Flickr) or on platforms hosted by

[1] See http://www.couchsurfing.com/about/faq/ (accessed December 19, 2016)

non-profit entities (e.g., the non-profit Wikimedia foundation hosting Wikipedia and its sister projects).

Market-based sharing economy

Very likely the success and positive image of Free/Open Source Software and Wikipedia as the signature examples of what some perceived to be a new form of economy (e.g., "Wikinomics", Tapscott 2008) contributed to a growing popularity of the term 'sharing economy' more broadly. Some even argue that the term is applied in an entirely misleading manner to examples, which actually represent "'pseudo-sharing' in that they often take on a vocabulary of sharing (e.g., "car sharing"), but are more accurately short-term rental activities" (Belk, 2014, p. 1597). And indeed, calling a service such as UberX 'sharing economy', where self-employed drivers offer taxi services with their own car, is mostly just pseudo-sharing. But while sometimes the 'sharing'-label might be solely misleading, I would argue that many new forms of "short-term rental activities" mediated by digital platforms indeed constitute a form of sharing economy in that previously exclusively used property is shared among an increasing number of users. The case of Uber is also an example for such a "short-term rental activity" with its service UberPool, which combines on-demand ride sharing with the basic UberX taxi service.

What I call 'market-based sharing economy' thus shares with commons-based sharing economy the collaborative production and/or use of resources by distributed actors, which are linked via digital platforms. However, contrary to a commons-based approach, market-based sharing economy features directly reciprocal exchange between suppliers and users of a shared resource, mediated by a jointly used platform. What essentially makes it market-based is the prominent – if not dominant – use of the price mechanism to coordinate suppliers (sellers) and users (buyers; see also Benkler, 2004).

In the case of AirBnB, for instance, residential properties are made available for short-term lodging. And very similar to the commons-based approach of Couchsurfing, the platform features user profiles with peer-rating histories, which in turn reduce transaction costs and establish a level of trust necessary to make sharing among strangers feasible. As opposed to couchsurfing, however, users pay a price set by the property owner for being allowed to use the respective property. Similar examples of co-existing cases of commons-based and market-

based sharing economy can be found in other fields such as ride sharing (e.g., Uber, DriveNow/Car2Go vs. BlaBlaCar, Mitfahrzentrale.de) or open source software (e.g., RedHat Linux vs. Fedora)[2].

Of course, the prominent use of the price mechanism to coordinate shared asset usage does not imply that users are predominantly driven by commercial interests; users of AirBnB might value direct contact to locals and tourists respectively and users of free floating car sharing such as DriveNow or Car2Go might see this as an opportunity to abstain from owning a car. Given the directly reciprocal exchange of benefits between platform users nevertheless makes the platform first and foremost a (new form of digitally organized) market place (see Ahrne et al., 2015).

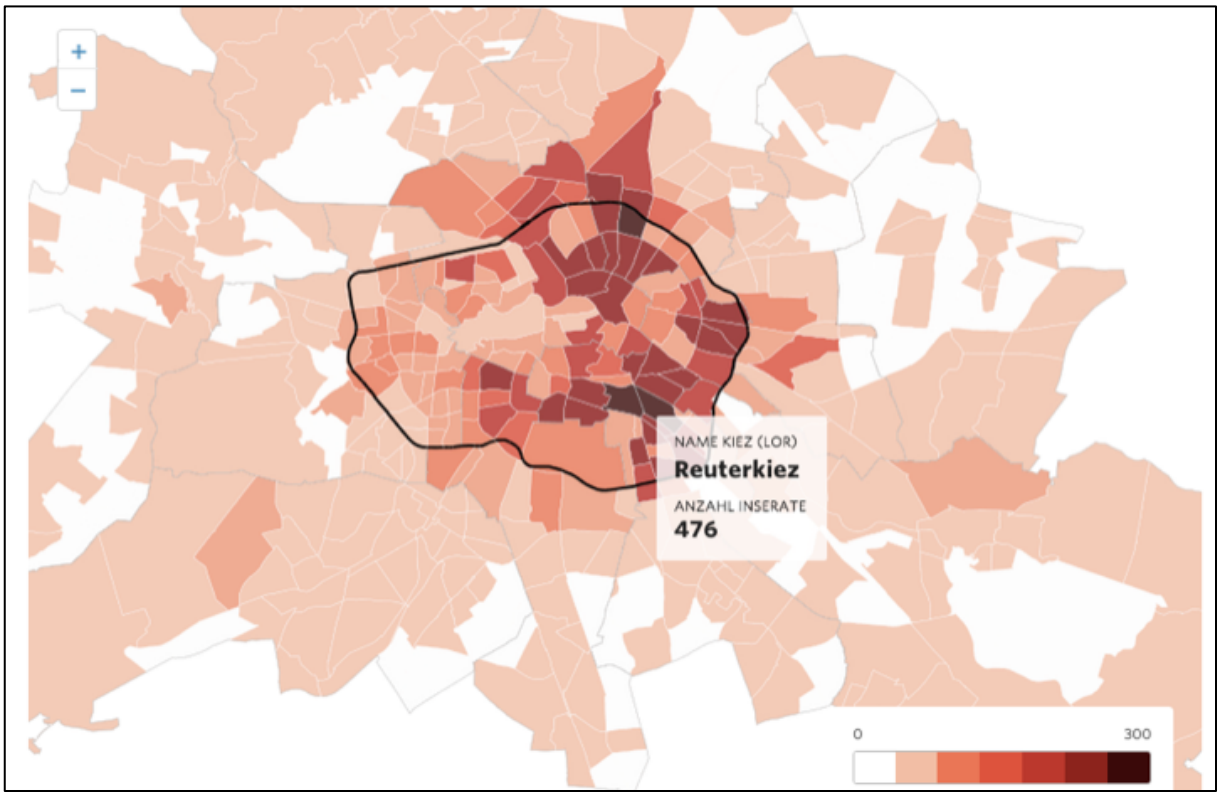

Figure 2: Distribution of AirBnB offerings in Berlin (source: airbnbvsberlin.de)

A key consequence of market-based sharing economy is that it commodifies previously non-marketed goods and services such as short-term lodging in residential real estate. Such an expansion in market logics in previously non-market territories is regularly accompanied with substantial externalities. In the case of AirBnB, home owners might choose to offer their property exclusively for short-term lodging instead of long-term renting. As has been

[2] Actually, the latter example of open source is a hybrid case, where commons-based and market-based forms of sharing economy are to a certain degree integrated.

documented for cities such as Berlin (see Figure 2),[3] this leads to a further reduced supply of residential real estate particularly in those (touristic) areas, where real estate prices are already inflated. Of course, positive externalities such as reduced emissions and resource waste might also be a consequence of market-based sharing practices, as has been evidenced by a study of free-floating car sharing services (Firnkorn and Müller, 2011).

Discussion: A Polanyi Perspective on the Digital Sharing Economy

Independent of the type of sharing economy, the examples presented so far underline Benkler's (2004, p. 341) point that "the relative economic role of sharing changes with technology". Whether the changing role of sharing leads to the rise of commons- or market-based approaches and what externalities each of these types of sharing economies might lead to, are first and foremost empirical questions.

Revisiting the contemporary dynamics around the two different types of sharing economy inspired and fostered by new digital technologies from a perspective informed by Polanyi (1944), raises the question whether these two types represent some form of "double movement". On the one hand, market-based sharing economy leads to a further expansion of market logics and organization by making previously non-marketed goods and services marketable (e.g., AirBnB and residential property), essentially relying on the commodification of interpersonal relationship traits such as "trust" in form of peer ratings and reviews (Thompson, 2015). Furthermore, market-based sharing economy might also re-organize market relationships and structures in fields that had already been governed by market logics (e.g., Uber in the field of transportation).

On the other hand, commons-based sharing practices might allow non-market-based production arrangements, thereby potentially making market governance entirely obsolete (e.g., Wikipedia in the market for encyclopedias). More often, however, commons-based sharing practices might subvert or transform complementary markets, leading to some hybrid between market- and commons-based modes of production (e.g., the case of free and open source software).

In Polanyian terms, the two types of sharing economy seem to represent countervailing logics, which at the same time and by utilizing the same technological means expand and diminish

[3] See, for example, http://www.airbnbvsberlin.de/ (accessd December 19, 2016).

the reach of market-based coordination in our society. However, we do not observe an opposition between market-based self-regulation and state-regulated commons between the types of sharing economy. Instead, both approaches play out in a sphere of private governance (Dobusch and Quack, 2013). This is particularly visible in the case of IP-related commons in cases such as Wikipedia or free e/open source software, which rely on alternative copyright licenses (Dobusch 2012). While alternative copyright licenses such as Creative Commons face substantial limitations such as an implicit acknowledgment of a property-rights-logic applied to intellectual goods (Elkin-Koren, 2005), they have also the great advantage of being applicable transnationally; the latter is of particular importance in the digital realm.

Paradoxically, commons-based sharing practices use private property and private coordination – often even based upon a for-profit platform – commonly considered to belong to the market sphere to organize non-market exchange and production (e.g., production and exchange of openly licensed educational material). Yet being located beyond the sphere of the state does not imply being apolitical. As has been argued by Polanyi (1944), market and state are not opposites but rather complements (see also Graeber, 2011). Consequently, many cases of commons-based sharing practices are politically motivated or emerge in the context of political mobilization processes (Dobusch and Quack, 2013). The political character of commons-based sharing practices is also evidenced by the relations of sharing platforms such as Wikipedia to social movements often such as "Access to Knowledge" or various "Open Movements" (e.g., Open Source, Open Data, Open Government, etc.; see Dobusch and Quack, 2010; 2013).

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