AND IF THE «COLLABORATIVE ECONOMY» DID NOT EXIST?

«It is fundamental to check each time whether our struggles impact on - transform - operations efficiently and not only on forms. Failing that, our alternatives will become ridiculous in the sense that they sustain the intolerable we intend to eradicate.»¹

«The historic forms in the new guises found by capitalism from one era to the next do not follow a natural and inevitable development, but are certainly the result of a political momentum.»²

The terms «collaborative economy» or «sharing economy» are almost systematically associated with companies such as Uber or Airbnb, but there is much less talk about Tournevie³ or Cambio⁴, which also claim to be from that collaborative economy. But, for a correct comparison, these companies evolve in quite a different universe. It is therefore justified to challenge the definition of the collaborative economy, as it usually refers to distinctly different realities.

It is necessary to remember the fact that the terminological challenge is fundamental especially, when terms full of symbolism like «collaboration» and «sharing» are used. But beyond the debate, there are practices and a project of society founded on certain values. In this sense it is crucial first to distinguish between collaborative initiatives and those only using their name. Just as we seem to find it obvious to highlight the social project, to which the «collaborative economy» refers. A thorough reflection shows that these two terms combine the principles which are also supported by the social economy. Is the linguistic shell of collaboration therefore empty?

THE “COLLABORATIVE” STATE-OF-THE-ART

Even though scientific literature does not stop multiplying the sources on the collaborative economy, it is necessary to consider the fact that this term evokes others (peer-to-peer, sharing economy, economy of functionality...) and that it is used to characterize sometimes contradictory realities. As a result, the boundaries are blurred, when one tries to define

³ Brussels tool repository proposing the loan of a large choice of utensils for an average annual contribution of € 20. Visit: http://www.tournevie.be/francais/#intro
⁴ Car sharing system. Visit: www.cambio.be
distinct systems in a single concept. We have chosen two definitions which illustrate - in our opinion - two major tendencies in the field of the collaborative economy.

Price Waterhouse Coopers (PWC), one of the four major auditing and consultancy companies worldwide, underlines that « the sharing economy allows individuals and groups to touch a remuneration on the basis of underused assets. In this way, physical assets are shared as services » ². And to quote some examples of companies fitting that definition: Amazon Family Library, Airbnb, Spotify, Uber. The collaborative economy is therefore an economy, which makes profits thanks to commercializing usage rather than ownership. In other words: one does not sell the object but its usage instead.

The international OuiShare collective which defines itself « as a community, an accelerator of ideas and projects dedicated to the emergence of the collaborative society » regards the collaborative economy as « all economic practices and models based on horizontal structures and communities transforming the way we live, create, work » ⁷. This is based on the mutualisation of resources « by giving preference to access instead of ownership, optimizing resources to a greater extent and reducing waste », on the basis of « open and horizontal governance ».

As a result, the mutualisation of resources or the fact that preference is given to the usage of an asset instead of its ownership seems to be the common denominator of the two definitions. Knowing that the start of a product may be realized in different ways and thus lead to structures whose objectives are either partly or even totally contradictory. And in this sense, the collaborative economy may be regarded as a new form and not as a new economy. It is rather like a new tool, which fundamentally different companies coming from distinct economic systems will appropriate for themselves. In fact, « the forms of the economy may change radically : the appearances, the modalities, the words to talk about them … But this does not mean that over and beyond its internal functioning - let’s say its rationale, its spirit, its « soul » - has also been transformed » ⁷. Thus we have to ask ourselves which collaborative form(s) best serve(s) the system(s) and to see to what extent the things presented to us as an innovation of the collaborative economy will simply turn out to be a variation of its form?

**UBER : THE SAME BUT DIFFERENT**

In what respect is Uber collaborative? Where do we find sharing? Even though the mutualisation of resources, i.e. of vehicles, is definitely one of the fundamental characteristics of the company, what is its objective? What is the logic underlying the Uber project?

**Sharing the value?**

The economic logic is one of accumulating capital and increasing the financial value of the company. Evidence for that is the last capital increase valuing the « unicorn» ⁸ company at more than $50 billion. In addition, there is tax evasion through the Netherlands and

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² Our translation of: « Sharing economies allow individuals and groups to make money from underused assets. In this way, physical assets are shared as services ». Study realised by PWC in 2015, commissioned by the European Commission : PWC, « The Sharing Economy. Consumer Intelligence Series », available at: www.pwc.com/CISsharing

⁷ Excerpt from: http://ouishare.net/fr

⁷ DE LEENER Philippe, op cit., p.15

⁸ This term designates a start-up for new technologies having the associated capital without being listed at the stock exchange. The rarity of such companies and their technological (and thus a bit fantastic) characteristics have been linked to the animal which defines them at the moment..
Bermuda to enable profit optimisation by paying less tax. Thanks to an ingenious fiscal structure, the company manages to move its profits to rather mild climates in terms of corporate income tax. Far from innovating or benefiting from a legal vacuum, Uber simply practices the « transfer price » process. Sharing the value therefore does not happen through state mechanisms (in this case, taxes) in view of the mutualisation of wealth. Is this practised in the company without involving the shareholders? Some people see the remuneration of drivers as one form of sharing the created value. But this cannot be regarded as such. It is in fact a remuneration received in exchange for a service provided. It is therefore a salary. This takes us to the organisational model of the company. A model which we have to analyse not as a totally new phenomenon but rather as the follow-up to a process which has been going on for many years: the vertical disintegration of companies.

**Externalisation for better accumulation**

If « the vertically integrated company is typical for the division of labour in the 20th century, the last 15 years have been marked by an enormous movement towards vertical disintegration and therefore the development of new forms of production » This tendency means externalising certain production stages and/or the distribution process by resorting to subcontracting, partnerships and consultants. Apart from reducing production cost, the main objective is to guarantee by the economies of scale practiced by the companies that they gain access to specific technologies they do not master themselves. It is also a means of externalising the responsibility for the company to new units. From this perspective, it is much more profitable to « have things done »: the workers, the investment needed for the infrastructure, materials ... are no longer at the charge of the company.

In practical terms, externalisation generally comes in two forms: outsourcing and subsidiaries. Just like subcontractors subsidiaries are essential elements of the cost-cutting strategy of multinational corporations, but it is important to make a distinction between them to highlight two fundamental differences: the responsibility of the company giving the orders and the flexibility of inter-company relations.

Specifically, the relations uniting subcontractors with the companies are of a contractual nature. That means that « the subcontractor commits to provide a product or service on the basis of instructions coming from the ordering company which continues to dominate the product and its characteristics » The units are therefore legally separate but economically interdependent. The subsidiary also has its own legal entity, but at least some of its capital is held by the parent company. This results in the following schizophrenic situation: from a legal and accounting perspective, they are independent, but they nonetheless appear in the consolidated accounts of the order-giving company. The relations are therefore more in the nature of a contract but also part of the heritage (through shares). This is fundamental when the question of responsibility by the order-giving company in production processes is

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10 Transfer prices are intercompany transactions (with goods or services) which are realised irrespectively from any price established by the market. These prices are therefore less expensive. The objective is to facilitate the trade between subsidiaries and the parent company. Nonetheless, the company uses this advantage for invoicing transactions wherever corporate taxes are levied and to post profits in subsidiaries established in free zones.


13 This dependence generally concerns the subcontractors who experience that the majority of their economic activity is dedicated to the orders of multinationals. In this sense, the latter has a powerful tool to exert pressure towards price reduction.
addressed. In the case of subsidiaries, the parent company is responsible\textsuperscript{14} for the dependent unit. But this responsibility is void in the relations linking the subcontractors to the order giving company.

« Order giving » - the term is highly enlightening, as it shows rather meaningfully the power relations existing almost always between the « disintegrated » company and the externalised units. These power relations we consider to be a bit more unbalanced in the case of subcontracting relations. Actually, the order-giving company can change subcontractors much more easily than subsidiaries since - as its owner - it would be directly impacted by the consequences of such a change. Furthermore, the lead company orders the same activities to be carried out by several subcontractors to avoid an interrupted production in case of problem with one of them. This competition creates additional pressure for the subcontractors who must align themselves with their competitors’ price for fear of losing their contracts with the parent company. In this sense and with respect to the relative magnitude of the orders of the parent company in the turnover of the subcontracting company, power relations will be more or less unbalanced. Given that the subcontracting company realises most of its revenue with the parent company, what room for manoeuvre does it have to negotiate about a price reduction demanded by the order-giving company, for example? For these reasons and in the current context of globalization creating global competition between productive resources, subcontracting is most advantageous for a multinational corporation, as it transfers the negative effects of adjustments in business activities and the workforce to the subcontractor, and this is not possible in case of subsidiaries.

The vertical disintegration of companies has therefore thoroughly modified their role, as it changes from the lead function in production\textsuperscript{15} to a production chain. Nothing or almost nothing is produced by the company « which nonetheless orders and receives all or almost all benefits of the productions under its remote control »\textsuperscript{16}.

\textit{Uber} adopts exactly the same processes. It realises them in an original or at least innovative manner. For the moment, itz can benefit from the « legal vacuum » existing around some of its practices. Thanks to the Internet, which leverages its services both geographically and numerically at the least possible cost, \textit{Uber} manages to take its externalisation practices to the extreme. And this company is an example for total vertical disintegration, which is based on the worker on the one hand and on the community on the other. The drivers may, by virtue of their trips, be regarded as subcontractors, and so are the users due to the rates they pay for the services they use\textsuperscript{17} in the sense that they actually carry out a task upon \textit{Uber’s} instructions, while \textit{Uber} keeps their application under control. Consequently, this is total vertical integration, as it manages to be involved in the contracts of the majority of the workers (the drivers) and in their role as users of the service at the same time.

The self-employed status in the work contract must be seen as an extension of the externalisation of cost and the responsibility of the parent company in the form\textsuperscript{18}. This status enables the company to transfer to the worker all the cost which \textit{Uber} would normally have to bear, if the drivers were employed. Thus, the company is released from the insurance cost, the salaries of the drivers (and thus the employer’s contributions), productive resources (vehicle and fuel), the licences and qualifications demanded from the drivers. All these costs are thus borne by the \textit{Uber} « employees ». To highlight this feature :

\begin{flushright}
\textsuperscript{14} In a manner which is limited to its capital input, however.
\textsuperscript{15} The term is used here with a comprehensive definition including both goods and services.
\textsuperscript{17} The users and the drivers are in fact legal entities which are distinct from Uber and associated with the company through a usage contract.
\textsuperscript{18} The drivers are involved through a non-negotiable contract, where they have to accept all \textit{Uber} terms and conditions.
\end{flushright}
it is as if workers in the automobile industry were demanded to come to work with their own tools and employment insurance.

Apart from accepting these costs, the drivers must transfer 20% or 25% of their service rates under the pretext of a commission. This allows Uber to make profits\(^\text{23}\). The American company only makes available the Internet platform, which enables it to link the drivers with their clients. Even if the drivers touch a remuneration, is it adequate given the numerous cost factors they have to bear as well as their non-existent social security? Certain drivers pretend that this is not work but just an activity allowing them to top up their income at the end of the month. Uber also insists on the high flexibility of this supplementary activity which would therefore guarantee that of the workers keep up their main employment. « With Uber, you drive when you want it, without any constraints, in a free and flexible manner. You arrange your own time schedule. This is what you see! »\(^\text{20}\). Drivers are also graded\(^\text{21}\) depending on their flexibility/availability and must respond to at least 80%\(^\text{22}\) of the callouts they receive, if they do not want to risk a suspension of their account or a unilateral termination by Uber (which only warns them after the termination has become effective).

Just like in subcontracting relations, Uber also releases itself from any form of responsibility linked to the activity of the drivers for the service provided\(^\text{23}\) and in connection with their working conditions. The fragmentation of the worker pool makes standing up for their rights tiresome or even impossible. The power relations in this case are definitely unbalanced. The mutualisation of the vehicles, which may be considered as a collaborative practice, thus only has the single purpose of serving Uber’s interests in reducing its production cost.

The collaboration of users (through comments and quotations on the platform) also allows the Californian company to shed all responsibility for managerial processes in its control of the workers. Even though Uber specifies that it is not responsible for the content posted on the platform, but has - in contrast – the «non-exclusive, royalty-free right to use, copy, distribute and disclose to third parties any user contents for any purpose, by any means and worldwide»\(^\text{24}\). The collaboration of the users is thus doubly useful: firstly to release the controlling company from the control of its workers and, secondly, to use these data for purposes, which may potentially be highly lucrative by selling them to commercial companies.

The objective of all this is an excellent match for the determination of the company of externalising the cost associated with its service to optimize its profit. From this perspective, the collaborative economy which Uber claims for itself is nothing but a new form of capitalism, which is supported by a logic of pushing externalization to an extreme and facilitated by the Internet as the technological tool. Even though we can fully subscribe to the statement that this type of company has vested « the transactions between individuals as well as our free time, our objects and accommodations in hidden values which have been left dormant so far.»\(^\text{25}\)

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\(^{15}\) In 2015 the Uber drivers thus generated $ 11 bn. The company’s revenue thus amounts to approx. $ 20 bn. (20 % of all proceeds). See : http://www.latribune.fr/technos-medias/internet/uber-pourrait-tabler-sur-2-milliards-de-dollars-de-chiffre-d-affaires-en-2015-499641.html

\(^{20}\) See the Uber website: https://partners.uber.com/join/?lang=fr&utm_source=vivastreet&utm_campaign=jobboard_standard_bel_201504

\(^{4}\) After several grades ranging from 1 to 5, the drivers get the average grade. It is representative of their service quality. Uber demands that all its drivers score a grade of 4.7. See: http://www.chauffeur.uber.com/faq/les-regles-fondamentales-uber/vtc/

\(^{23}\) See : [https://help.uber.com/fr/FR/h/b6da86a4-2938-497c-a4fd-fd6f386aeeaf](https://help.uber.com/fr/FR/h/b6da86a4-2938-497c-a4fd-fd6f386aeeaf)

\(^{21}\) See the Uber terms and conditions on this subject: [https://www.uber.com/fr/legal/bel/terms](https://www.uber.com/fr/legal/bel/terms)

\(^{24}\) Ibid.

The productive relations forming the basis of the capitalist logic remain firmly in place, but they are moved behind an impersonal platform leaving the impression that the workers are free from these relations. But we have seen that this is not the case. Therefore it is not possible to define this type of company with concepts which are so fraught with symbols like « sharing » and « collaboration », as these terms are linked to a view of the world far away from of the Uber model. With their positive connotations, these practices risk to impose themselves as alternatives, while they only correspond to a digitalized neoliberal capitalism endangering our truly collaborative processes such as social security on the one hand or the fact that the entire infrastructure is financed through taxation and that the workers’ rights are protected on the other. And this is a real risk as PWC wonders in its study on the way how « the concepts of the sharing economy could be applied to business models existing in all sectors? » 26. And other companies already operate this way. And the analysis undertaken for Uber may fully apply to other companies as well. The logic of externalising costs comes in various forms, but it always follows the same profit-optimising objective.

If Uber then cannot be considered as a player in the collaborative economy, what about companies, civic collectives, associations whose principles and practices following the definition of OuiShare?

THE COLLABORATIVE ECONOMY AND THE SOCIAL ECONOMY, HOW DO THEY INTERSECT?

Looking more closely, the principles advanced by OuiShare follow those advocated by the social economy. It must be kept in mind that Wallonian law defines the social economy as all « goods or services producing economic activities operated by companies which are primarily cooperatives and/or have a social purpose, associations, cooperatives, mutuals or foundations, whose ethics are expressed in all following principles: a purpose of serving the community or the members instead of profit making, an independent management, a democratic decision-making process; priority to persons and work instead of capital in sharing the revenues » 27. This means that there is a civic purpose and the horizontal decision-making which define the collaborative economy. It is also interesting to note that the spirit of these principles give it an innovative dimension. Wikipedia thus talks about « new forms of work organisation » based on « a more horizontal than vertical organisation, the mutualisation of goods, spaces and tools (usage rather than ownership), the organisation of citizens in a “network” or in communities and generally the Internet as an intermediary platform (with the exception of models such as mutual networks for exchanging know-how) » 28. But horizontal work organisation or civic purpose have not been apparent in recent years. And could they be dated, as they are so old? One could also believe that the mutualisation of resources was born together with the concept of the collaborative economy. We must conclude, however, that the business of using goods rather than owning them already has a few wrinkles. Only think of our libraries, ludotheques ... Nothing new, therefore...

But would a comparison of the social and collaborative economy not reveal a variation of form instead of the creation of a new economic system? It really seems that the idea OuiShare calls the « collaborative economy » is nothing but a series of principles and practices, which are partly used already by the social economy and aim at the same objectives.

26 PWC, op. cit., p.5.
28 Excerpt from : https://fr.wikipedia.org/wiki/%C3%A9conomie_collaborative
But let us introduce some nuances. Far be it from us to deny the innovative and creative dimension of the current collaborative movement. But this innovation is not really due to the principles adopted from the collaborative economy but rather to its technical support: the digital platforms. Consequently: « for better or for worse, the age of the network seems to hint at a company in which cooperation again offers evolutionary benefits »29. In the case of our study it has enabled us to link communities to each other and to facilitate the mutualisation of their resources by suppressing intermediaries and simultaneously creating others (platforms). In this sense, it must be underlined that the collaborative economy enables a disintermediation and direct contacts between the users (and, in certain cases, producers).

The new ways of collaborative practices promised by the Internet thus constitute a powerful lever for change which the structures of the social economy can seize to introduce a new momentum in their ways of production, consumption and redistribution. And Michel Bauwens underlines: « the alternative cooperative sector is rarely associated with establishing extensions at present »30, even though this is one of its missions. The essentials are already in place, the collaborative practices and the excitement they create simply re-invigorate a system which could otherwise fall asleep. This boom of the collaborative movement therefore has to be credited for highlighting two important elements: the lack of knowledge about status and the things certain players in the social economy already practice on the one hand and the opportunities for this system to appropriate these new developments on the other.

**CONCLUSION**

As we see, the collaborative economy is an abusive concept, as it does not refer to a new economic system but to (new) practices. For this reason, the current definitions are blurred and a catchall, as they tend to regroup several contradictory economic systems in one definition. It would therefore be more appropriate to talk about collaborative practices than the collaborative economy to avoid any risk of amalgamating them and thus their derivatives in civic projects driven by the players employing these practices31. And when projects are disassociated from the service using them, they enables us to be aware of the system we serve, we support, we guarantee.

Consequently, the collaborative practices based on the mutualisation of resources, on the value of use rather than the value of ownership are not new. The crisis of recent years and the technology of the Web made them fashionable again and produced a popularity boom. When they are absorbed by the dominant capitalist system and do not constitute any alternative, we also see that they refer to the intrinsic and specific practices of the social economy such as horizontal decision-making or civic purpose. The success of the « collaborative economy » might be surprising, when we consider that the institutionalisation and conceptualisation of the social economy is at least 30 years old. Recalling that the collaborative economy does not exist therefore allows us to reintroduce into the public debate the significance of the social economy in which collaborative practices are already implemented. They have simply adopted other forms enabling them to amplify their resonance and to enlarge their public. It is therefore important that the players of the social economy embrace the new forms which seem to result in a certain boom. But even if these practices have a laudable objective, they give rise to a whole series of questions regarding their delimitation. Actually, « the collaborative economy has

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29 FILIPPOVA Diana (sous la dir.), Société collaborative. La fin des hiérarchies [Collaborative society. The end of hierarchies]. Editions rue de l’échiquier, Paris, 2015, p. 27.
31 These collaborative practices concern consumption (tool libraries), production (fablabs) and funding (crowdfunding).
numerous positive sides which may serve as a basis for transforming the economy (...). But they must not make us blind for the inherent risks of some cases, which concern social and regulatory dumping and could threaten the development of working conditions and collective services » 32.

SAW-B ASBL, Solidarité des Alternatives Wallonnes et Bruxelloises, is a pluralist federation of social companies and the social economy.

Its goals?
- Defending and representing the social economy on the Belgian and European level.
- Creating awareness and make social undertakings and the social economy known as an economic alternative.
- Developing the social economy, promoting networking and mutualisation.