

The Sharing Economy at the Crossroads. A Conflict Between Social Values and Market Mechanisms

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Abstract

In the last few years the phenomenon of the Sharing Economy rapidly gained momentum. The reasons for this success are multiple but the most important is the tendency to faster exchanges and economic relationships both on the real and the financial market. This awareness made it essential to start the study from the crisis of the hyper-capitalism and of the concept of ownership which is being replaced with that of a more fluid sharing. In this way, we will analyze the words, the concepts and the values at the basis of the sharing economy which influence the effects this new way of acting and living has on the economies and on the socialization processes of the countries involved. In this perspective, we will also try to consider if and to what extent the sharing economy can have a positive impact on sustainable development.

Keywords: Hyper-capitalism, sharing economy, sustainable development, globalization, access, socialization

1. The Crisis of the Hyper-Capitalism

During the last decade, the world has been the scene of unimaginable technological and social changes. The most important of which are the process of globalization which eroded the borders of the nation-states and spread trends, ideas and problems on a global scale, and the development of the data driven innovation. Data have become so important for us that we cannot imagine a life without Google searches, online weather forecasts or GPS technologies. “The use of technology and the subsequent generation and utilization of digital data have become ubiquitous, virtually taken for granted. The impact of these technologies is evolving continuously with the creation of new content, connectivity, analysis software and infrastructure” (Jetzek1, Avital & Bjorn-Andersen, 2013).

These two phenomena together are facilitating and encouraging the development of what scholars call “sharing economy” or “collaborative consumption”. From the United States to the Eastern Europe, to Asia and Oceania, the phenomenon is becoming increasingly vast and increasingly discussed. Uber, Airbnb, HomeExchange, and so on are flourishing everywhere, creating new challenges and new opportunities for the communities involved. But, what does this imply? Is it relatable to the need for sustainable development? Is it a completely positive phenomenon or presents some critical issues? Let us start from the beginning, i.e. by the most important aspects of Hyper-capitalism and its crisis.

The term Hyper-capitalism is usually used “to depict a relatively new form of capitalistic social organization marked by the speed and intensity of global flows that include exchange of both material and immaterial goods, people, and information” (Ritzer,

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2011). In other words, the term Hyper-capitalism indicates a degeneration of capitalism, consisting in economic imbalances and atomization of the social life, able to permeate every aspect of sociality and socialization. In this context, the different spheres of the human life (polity, economy, kinship and culture) overlap. The result is that the economic sphere becomes dominant over the others: economy becomes increasingly and inexorably embedded in the social, cultural and political life at the point that it is impossible to distinguish between one and the other. “In addition, critical scholars believe that this new type of capitalist system has moved toward an extreme *laissez-faire* capitalism that is marked by greed, selfishness, destruction, wars, and exploitation” (Ritzer, 2011). Since 1980, in fact, the wave of deregulation authorized an increasing of flow of capitals supported by no or little regulation. This produced what Harman (2009) called the “zombie capitalism”. Taking the definition that some economists gave to some banking institution after the crisis of 2008 – i.e. of “zombie banks” as of financial institutions that were in an “undead state” – Harman speaks of a zombie system while describing the failed capitalist system of the twenty-first century which appears to be in a state of death when it comes to achieving the objectives related to basic human needs. Following this reasoning, it is undeniable that capitalism has change during the years, particularly after the start of the deregulation process and the massive spread of information technologies which have had an upward fly after the 2000s. We are speaking of a substantial transformation provoked by the development of new technologies in communication, transportation and market functioning (Graham, 2002) which favored faster exchanges both on the real and the financial market. “Hence, the traditional form of the capitalist market economy, in which spheres of production, consumption, and circulation are separated, does not adequately describe current social, cultural, and economic relations” (Ritzer, 2011).

But what is the difference between capitalism and hyper-capitalism? Established that the most important ideas of capitalism are the right to private property, the control of the factors of production – i.e. labor, land and capital – by the private enterprises, the accumulation of capital, the competition between private businesses provide faster, cheaper and better goods and services, the willingness to change and the presence of a night-watchman state, hyper-capitalism is known to be an exasperation of capitalism characterized by hyper-consumerism – i.e. the consumption of goods for non-functional purposes (Sirgy, 2001) –, the centrality of the information technologies that influences the consumption-production flow, the costumes, the tastes, and the way of living. The immediacy, intensity, and the sheer volume of those processes make hyper-capitalism a historically unique social process (Ritzer, 2011).

In this framework, the economic and social theorist Jeremy Rifkin (2001) shows how the accessing of experiences is becoming dominant over the ownership of things. Using Internet, apps, software, smartphones, and B2B commerce, the users are contributing to give shape to a new – maybe different – type of capitalism that originates from the growing awareness of the crisis of capitalism itself both as a self-regulated economic phenomenon and as an instrument for achieving social objectives.

2. Access: The Beginning of the Decline of Ownership

Rifkin's work *The Age of Access: The New Culture of Hypercapitalism, where All of Life is a Paid-for Experience* (2001a) is a milestone in this regard. The social theorist brilliantly shows how the transactions between buyers and sellers progressively changed in time and space. Now in fact the products are bought and sold 24 hours a day for 7 days a week, in different markets, with different time zones, and in different geographical positions.

Products like CDs, books, newspapers are being sold in digital formats making the products always available and reducing their production cost. It is therefore possible to say that people more and more pay for experiences, not tangible products.

Through apps and software, we pay to be connected in networks guaranteeing unlimited access to information and new experiences. "In the network economy, both physical and intellectual property are more likely to be accessed by business rather than exchanged. Ownership of physical capital, however, once the heart of the industrial way of life, becomes increasingly marginal to the economic process. It is more likely to be regarded by companies as a mere expense of operation rather than an asset, and something to borrow rather than own" (Rifkin, 2001a). As Shipman (2015) demonstrates, the recent turbulence in the world economy are a consequence of capital gain and losses exacerbated by the disappearance of assets in the real market.

In this globalizing process, it is clear that a big change is taking place: we are shifting from a system of mass industrial production to another of mass cultural production. Our society is therefore experiencing a new phase of capitalism characterized by a continuous impulse to be connected in virtual network in order to obtain services and to try new experiences (as sport programs, virtual life-coaching, virtual tourism and so on). The immediate consequence is the replacement of old social relationships characterized by empathy, faith, solidarity with the buyer-seller market relationship. "It is human time that is being commodified, not places or things. Services always invoke a relationship between human beings as opposed to a relationship between a human being and a thing. Access to one another, as social beings, becomes increasingly mediated by pecuniary relationships" (Rifkin, 2001a).

The assimilation of the social and cultural sphere in the economic sphere represents a cardinal transformation in the future of the human beings. If we think of Polany's *Great Transformation* (2001), we realize that during the first phases of industrialization "essential to the change from a premodern economy to a market economy was the altering of human economic mentalities away from a non-utility maximizing mindset to one more recognizable to modern economists", and that "prior to the great transformation, markets had a very limited role in society and were confined almost entirely to long distance trade" (Polany, 2001). But when the great transformation begun – we are speaking of the Second Industrial Revolution – the States adopted competitive capitalist economies whose effect was the demolition of the social order and the adoption of a laissez-faire politics.

If we then consider what already said in this sociological framework, we realize that culture progressively and inexorably lost its primary role in shaping economy and society. This is the first time in history that social trust, sense of community and values are

postponed, make subservient to markets. The risk of this imbalance is the depletion and the dissipation of cultural resources, which is a global catastrophe. “Finding a sustainable way to preserve and enhance the rich cultural diversity that is the life-blood of civilization in a global network economy increasingly based on paid access to commodified cultural experiences is one of the primary political tasks of the new century” (Rifkin, 2001b).

The challenge our globalized world should face in the near future therefore concerns the identification of a balance in the most important political-economic aspects of the life. This means the preservation and the improvement of local cultures accompanied by the preservation of the possibility to access to other cultural resources and assets on the marketplace.

3. The Dichotomies in the Core Values of the Sharing Economy

Given that the sharing economy is a hybrid market model based on collaboration and exchange, people usually associate it with website or smartphone applications like AirBnB, Uber, Blablacar, TaskRabbit etc. But the sharing economy is not only an app or a website. It invokes values such as democracy, decentralization, sustainability, local economic development, sense of community and rejection of hierarchies (Botsman & Rogers 2010).

Moreover, the phenomenon reveals an important aspect related to the preservation of the environment: the choice to access to services and products rather than to buy and own them reflects anti-consumerist inclination which demonstrates that it is not the possession, but the experience we made with these things that makes people happy. This inclination therefore is ecological in the sense that drives us to optimize the use of assets we have at our disposition and to contain the excessive consumerism typical of the Hyper-capitalism.

Through networks, people share ideas and create communities based on common principles and values. Some of these communities are created between neighbours who share and exchange their goods with the people of the neighborhood creating new social reticulations expanding their network of relationships. This situation helps to strengthen the sense of community and the empathy between people.

But what is to be tested is if the dominant trend of the sharing economy goes towards the sustainable development or, as already said, towards a dangerous drift of extreme capitalism. In this sense, in fact, it seems that the phenomenon of the sharing economy presents two opposite and dichotomic souls.

Established that the sharing economy is “1) an economic opportunity; 2) a more sustainable form of consumption; 3) a pathway to a decentralized, equitable and sustainable economy; 4) creating unregulated marketplaces; 5) reinforcing the neoliberal paradigm; and, 6) an incoherent field of innovation” (Martin, 2015), the difficulty to comprehend whether it could be the future of sustainable development is evident.

However, as “there are limits to earth’s resources and its capacity to absorb the waste of products of industry; this must be taken into account in the process of economic development so that the legacy we leave our children is not a planet in a worse state of health than we inherited” (Kaplan M.A., 1992). Some aspects of the collaborative

consumption can help in this sense, favoring the contrast of Hyper-consumerist drifts: these are the preference for access rather than ownership, the appeal to values such as solidarity, equity and sustainability, the references to the rise of a social awareness. On the other hand, it is undeniable – and we must not underestimate it – the strong impact the Hyper-capitalist trends had in the strengthening of the neoliberal paradigm, the increasingly fast and reckless consumption, the creation of new, increasingly global and increasingly deregulated markets.

4. Sharing Economy and Sustainable Development: An Antithesis?

The aim of the present work was to explore the two sharply contrasting souls of the sharing economy: the sustainable and the destructive. Both affect the socio-economic phenomenon under consideration and both have contributed to give shape to it. But its future developments remain uncertain, depending on which of the two souls will prevail. In order to strengthen the positive aspects, the States of the International Community should start to regulate the phenomenon, so as to contain the drifts connected to hyper-production, hyper-consumption, the erosion of the time dedicated to the private life in favor of the time of economic life. Through the new technologies, in fact, the economy is invading every aspect of the lives of the human beings, commodifying aspects that once were not subordinated to the economic laws. States should also sensitize people that the natural resources upon which society depends are not endless, and that the ongoing depletion and pollution are going to have an irreversible impact on our lives once the irreproducible public goods will expire. That means that is essential that culture becomes once again autonomous, and even primary, with respect to the economic sphere. It is necessary to reinvert the relationship between human being and economy as the economic systems are to be considered as tools to improve our lives, not as immutable and granitic institutions, a Leviathan imposing its own time and its own rule. The time for a turnaround is about to expire, but maybe through a different economic system, and through social awareness we could create a society where the basic human needs are met without disintegrating the ecosystem guarantying our survival.

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