

Dynamics of the Sharing Economy between Commons and Commodification

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Abstract

Revisiting scholarly debates around the weal and woe of the so-called “sharing economy,” this essay proposes a distinction between commons-based and market-based forms of the sharing economy. Applying a Polanyian lens to these two types of sharing economy not only reveals countervailing developments between commons and commodification depending on the type of platform governance; in addition, such a perspective also directs attention to externalities regularly associated with the expansion of market logics in previously nonmarket territories.

Keywords: sharing economy, commons-based peer production, externalities

Dynamiken der 'Sharing Economy' zwischen Commons und Kommodifizierung

Zusammenfassung

Vor dem Hintergrund akademischer Debatten über Wohl und Weh der sogenannten „Sharing Economy“ führt dieser Essay die Unterscheidung zwischen allmende-basierten und markt-basierten Formen von Sharing Economy ein. Mit Hilfe einer von Polanyi inspirierten Perspektive auf diese beiden Typen von Sharing Economy lassen sich in der Folge nicht nur gegenläufige Entwicklungslinien zwischen Allmende und Kommodifizierung in Abhängigkeit der jeweiligen Plattform-Governance identifizieren. Darüber hinaus lenkt so eine Betrachtungsweise auch die Aufmerksamkeit auf Externalitäten, die üblicherweise mit der Ausdehnung von Marktlogiken in neue, zuvor nicht-marktliche Bereiche verbunden sind.

Schlagwörter: Sharing Economy, allmende-basierte Produktionsweise, Externalitäten

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Sharing Economy between Commons and Commodification

Introduction

New forms of production often referred to as the “sharing economy” (e.g., Bardhi/Eckhard 2012) are simultaneously praised for their emancipatory potential (e.g., Benkler 2004) and scolded for undermining regulation (e.g., Ellmer 2015; Schumich 2017). While the growing economic importance of big data and digitally stored knowledge has inspired reignited debates around the role of so-called intellectual property rights, the rise of new digital platforms mediating collaborative production and/or the usage of both rival and non-rival goods is at the heart of political regulation debates. Given the dynamic development of various forms of the 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, the law scholar James Boyle (2003, 2008) draws parallels between the English enclosure movement described by Karl Polanyi (1944)—the process of fencing off common land and turning it into private property from the end of the fifteenth century onward—and recent developments toward increasing protection of intellectual property rights. Boyle (2003: 37) 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 the 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 2004, 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).

While the notion of the digital sharing economy originally emerged in the context of commons-based alternatives to market-based production, the term has recently been adopted by a growing variety of services, including platforms following market-based approaches. In this paper, I will therefore revisit current debates around the 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 to 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

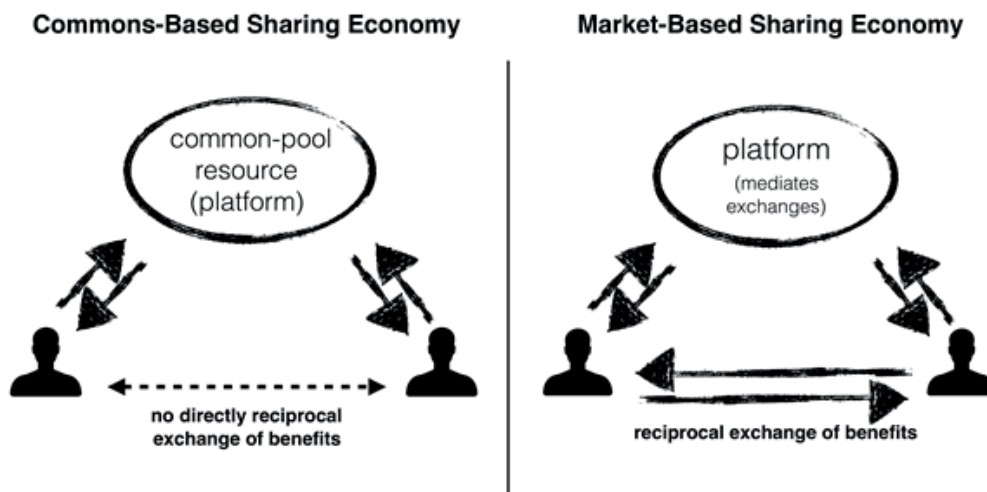
When looking at prominent empirical examples regularly discussed under the label of the sharing economy (e.g., Ossewarde/Reijers 2017) such as AirBnB (short-term lodging in residential properties), Linux (an open-source software operating system), or Uber (transportation service provider), three commonalities can be identified as being constitutive of each of those cases. First, an asset owned or produced by one party is collaboratively used with other parties; this constitutes the “sharing” aspect of the “sharing economy.” Second, the collaborative use of the assets provided is mediated by some form of digital platform, which allows for scaling this shared usage among platform users. It is this Internet-related increase in the scale of sharing practices that explains the growth of both interest in and the economic relevance of the 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.

While I subsume only cases fulfilling the first two characteristics under the label of 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: the commons-based and the market-based sharing economy respectively (see fig. 1).

Commons-based sharing economy

Historically, commons-based economies predate market economies (Graeber 2009). As described by Polanyi (1944: 36), market-based economies depen-

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



Source: own composition

ded 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.: 37). Before this first enclosure movement, large pieces of land were jointly cultivated as a commons by the locally resident communities. Yet even after the rise of modern market economies, certain areas continued to follow commons-based logics, the most prominent being the realm of academia. Publicly funded researchers jointly produce and cultivate a commons of scientific knowledge. However, even academia has not been entirely devoid of commodification in the form of (increasingly expensive) scientific journals and, more recently, growing pressure for universities to acquire and market patents as a source of revenue (Geuna/Rossi 2011). This growing pressure to patent research outcomes represents the creation of fictitious commodities in the realm of knowledge, similar to Polanyi’s (1944: 76) examples of labor, land, and money.

Overall, the history of the commons has usually been described as one of continuous demise with commodification and the 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: 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 of the sharing economy in the digital realm is even more

remarkable. The foundation for the digital comeback of the commons had actually been laid prior to the rise of the Internet in the early 1980s, when Richard Stallman invented free and open-source software licenses (Weber 2004). What had looked like 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).¹

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

¹ However, commons-based open-source software is far from the end of history in the software realm. Specifically the rise of cloud-based software-as-a-service offerings challenges some of the established open-source business models (see, for example, Riehle 2019).

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 a commons-based sharing economy. 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: 279). Examples of “social sharing” discussed by Benkler (2004, 2006) include cases such as carpooling, 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 have led to the replacement of a market for encyclopedias with a commons-based model of knowledge production. In the case of the Couchsurfing platform, users offer guest beds or rooms to each other without remuneration: “a host should never ask a guest to pay for their lodging, and a guest should not offer.”² However, it is the Couchsurfing platform that creates a commons of accommodation by featuring user profiles and ratings, which effectively establish trust between strangers (critically assessing the effect of ratings: Ossewarde/Reijers 2017).

The main commonality of all these examples of the commons-based sharing economy is that actors contributing to the commons cannot expect directly reciprocal remuneration in return, neither by the platform nor by the individual users of the respective contributions; there is no *quid pro quo*, or at least no one is entitled to one. In some cases, as shown in the case of Couchsurfing, direct reciprocity is even explicitly forbidden to prevent market logics from taking over. Of course, this does not mean that someone acting as a host on Couchsurfing cannot profit from being hosted elsewhere nor that a volunteer contributor to Wikipedia might not profit from articles provided by other volunteers. Not being entitled to directly reciprocal remuneration only means that a host or editor must not demand or request any direct—monetary or non-monetary—compensa-

tion either from guests or Wikipedia readers or from the platform providers Couchsurfing or Wikimedia in return for any specific contribution to the respective commons.

Note, however, that commons-based sharing practices might occur on either commercial platforms (e.g., sharing Creative Commons-licensed photos on the commercial photo-hosting platform Flickr) or on platforms hosted by nonprofit entities (e.g., the nonprofit Wikimedia foundation hosting Wikipedia and its sister projects). Accordingly, the types of (user participation in) governance vary substantially. Again, Couchsurfing is an instructive example, given that its centralized and corporate governance model not only allowed the owners to change the governance structure from nonprofit to for-profit in 2011, but also led to calls for Couchsurfing members to switch to nonprofit alternatives such as BeWelcome.³

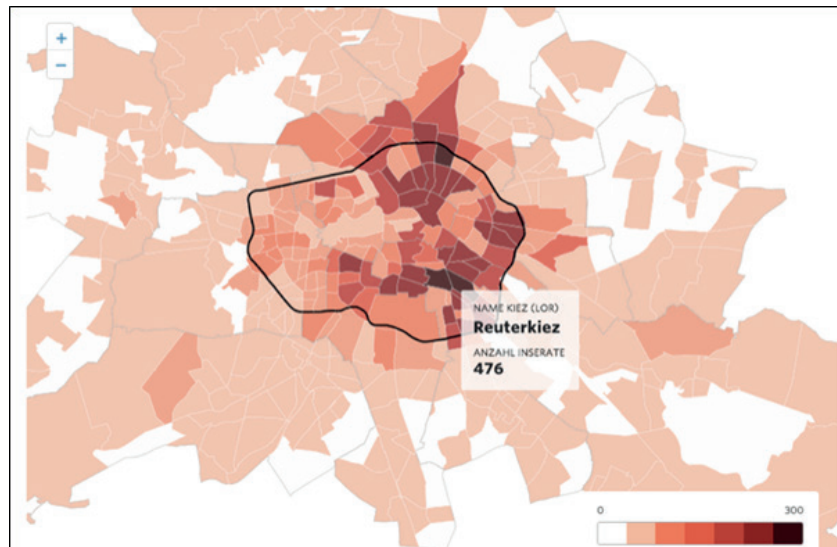
Market-based sharing economy

Very likely the success and positive image of free/open-source software and Wikipedia as the signature examples of what some perceive 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 that 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: 1597). And indeed, calling a service such as UberX part of the sharing economy, where self-employed drivers offer taxi services with their own cars, is mostly just pseudo-sharing. Kostakis (2018: 813) therefore rightly warns against confusing the “renting economy” with “digital commoning.” Yet 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 do 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 of such a “short-term rental activity” with its service UberPool, which combines on-demand ride sharing with the basic UberX taxi service.

² See <http://www.couchsurfing.com/about/faq/> (accessed December 19, 2016).

³ See <https://www.sfgate.com/business/article/A-rough-ride-to-profit-for-CouchSurfing-5920089.php> (accessed June 4, 2019).

Figure 2: Distribution of AirBnB offerings in Berlin



source: airbnbvberlin.de

What I call the “market-based sharing economy” thus shares with the commons-based sharing economy the collaborative production and/or use of resources by dispersed actors who are linked via digital platforms. However, contrary to a commons-based approach, the market-based sharing economy features directly reciprocal exchange between the 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 or BeWelcome, 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 the 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).⁴

⁴ Actually, the latter example of open source is a hybrid case, where commons-based and market-based forms of the sharing economy are to a certain degree integrated.

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. 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).

A key consequence of the market-based sharing economy is that it commodifies previously non-marketed goods and services such as short-term lodging in residential real estate. In Polanyian terms, these platforms contribute to the creation of fictitious commodities, thereby expanding market logics. Of course, such a dynamic can also be observed in other platform-based markets such as crowdworking (e.g., Ellmer 2015), which do not run under the label of the sharing economy.

In any such case, the expansion of market logics in previously non-market territories is regularly accompanied by 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 documented for cities such as Berlin (see fig. 2),⁵ this leads to a further redu-

⁵ See, for example, <http://www.airbnbvberlin.de/> (accessed December 19, 2016).

ced supply of residential real estate particularly in those (touristic) areas where real estate prices are already inflated. In the case of crowdworking, existing labor laws might be subverted or circumvented altogether. Of course, positive externalities such as reduced emissions and less 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 (Firn-korn/Müller 2011; see also Kapeller et al. 2013).

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: 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, the 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 the form of peer ratings and reviews (Thompson 2015). To some degree, the market-based sharing economy turns interpersonal relationships into a fictitious commodity. Furthermore, the market-based sharing economy might also reorganize 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 encyclopedia market). 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 both expand *and* diminish the reach of market-based coordination in our society (Stalder, 2018). However, an opposition between market-based self-regulation and state-regulated commons between these types of sharing economy cannot be observed. Instead, in many cases both approaches play out in a sphere of private governance (Dobusch/Quack 2013). This is particularly visible in the case of IP-related commons with examples such as Wikipedia or free/open-source software, which rely on alternative copyright licenses (Dobusch 2012). While alternative copyright licenses like Creative Commons face substantial limitations such as an implicit acknowledgment of a property rights logic being applied to intellectual goods (Elkin-Koren 2005), they also have the great advantage of being applicable transnationally; the latter is of particular importance in the digital realm.

Paradoxically, many of these 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 apoliticism. On the other hand, whether externalities of the market-based sharing economy are predominantly positive or negative may depend to a large degree on regulation and complementary public services. For example, Kapeller and colleagues (2013) show that the positive ecological externalities of market-based car-sharing services depend to a large extent on the availability and quality of public transportation services.

As has been argued by Polanyi (1944), the market and the 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/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 such as "Access to Knowledge" or various "Open Movements" (e.g., Open Source, Open Data, Open Government, etc.; see Dobusch/Quack 2013). Finally, the creation and propagation of what Polanyi (1944) called "fictitious commodities" by market-based sharing platforms may, at

the same time, drive negative externalities and trigger the establishment of counterbalancing private or public regulation. Taken together, not only has the dichotomy between the market and the state always been an analytical and artificial separation of two interrelated and interdependent realms, but the same also applies to the segregation of commons-based approaches from the market and the state respectively.

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