Disruptive Sharing Pt. 3



We live in the golden era of consumer bliss.

A few mouse clicks and we can sit back and wait for front-door delivery of everything we never knew we wanted. At a discount. And without the nuisance of having to spend time actually talking to a clerk or salesperson. Eventually, those pesky clerks will experience the joy of excess leisure time as robots assume their non-essential functions and the brick-and-mortar stores die away. Disruption!

We can tap a few ephemeral pixels on our smartphones and, lo and behold, a smiling driver in a late-model car will miraculously materialize to drive us quickly and safely to our destination. Your driver might even offer you a breath mint or some other treat to make your ride more enjoyable as you bask in the redolence of sandalwood-scented air freshening technology. Sharing!

We can find a place to stay in a far-away land, someplace that feels local and may even be/have been an actual residence inhabited by an actual local. Atmosphere! Authenticity™! And best of all…you usually get to dodge taxes and fees that a hotel would charge. Disruption AND Sharing!

What's not to like?

At first glance, not much. But there's more to these disruptions than meets the eye.

Pretty much everybody understands how Amazon has

~~undermined~~ (sorry) disrupted the standard brick and mortar retail economy. The costs in lost jobs and local economic activity have been enormous. Defenders of disruptive capitalism would point to the epic success and enormous popularity of Amazon as its obvious justification.

That cool flat you rented in New Orleans? Very possibly it used to be the home of a family who eventually had to move because the Return on Investment from renting the place to tourists far outstrips the RoI on renting to a regular citizen. Under the logic of the marketplace, this is a right and just outcome. Never mind that the displaced resident might be the chef or shopkeeper or musician whose work made your trip so *delightful* (assuming the cafe or retail store has not already closed under pressure from mega-chains…and the musician, playing for tips, watched you listen for 20 minutes and walk away without dropping any coin in the hat) now commutes to New Orleans from somewhere like Houma or Tickfaw or Slidell because real estate values – already stressed by an influx of hipsters, urban pioneers, and (dog love 'em) carpetbagging entrepreneurs – have grown increasingly distorted and unaffordable.

Sure, and ok, but what could possibly be wrong with letting people freely enter into an arrangement whereby an innovative and disruptive company connects them with people who need a ride, that they will pay for, and that allows a go-getting driver to make "up to $75 and hour or more!"? As we saw in part 1 of this trilogy, Uber and Lyft are able to offer lower prices and nicer rides largely through their ability to exempt themselves from governmental regulations and to classify their employees as not-really-employees-at-all.

But even if we could ignore all these factors – which is easy to do so long as the disruption is disrupting someone who is not you – the biggest problem with the Amazons and Ubers and such is that they have achieved such dominating size and power. Again, defenders of the prevailing market paradigm will

point to the success and size of these relatively new companies as justification in and of itself, striking the argument that those who create value deserve to enjoy the rewards of their innovation.

All well and good. But perhaps Amazon and Uber and Airbnb and PayPal and such do not actually *create* any value<fn>Distinct here from the convenience it offers.</fn> to speak of, but merely facilitate its transfer from one or more pockets of the economy into their own very large pockets. Does Uber *create* value or simply profit off of the work and equipment of its not-employees? Does Amazon create value or simply extract it from publishers and brick and mortar booksellers that it can knuckle due to its size and market dominance?

What a killjoy. Mea culpa.

Besides, there are plenty of brick and mortar businesses doing really well. Try to deny the success of restaurant mega-chains or superstores. Every time a new chain opens in our town, the lines to try the world's greatest biscuit or most anodyne Tex-Mex stretch around the block. We like it cheap and fast.<fn>Remember: "Fast. Good. Cheap. Pick two."</fn> But these enterprises generally rely upon two factors to be able to sell cheap at a profit. First, the sheer scale of Mickey D's or KFC allows them to beat down the prices of the goods they purchase. Second, they are able to get away with paying sub-living wages to their employees, who in turn receive subsidies from governments (state and federal) to almost make up the difference. In other words, these juggernauts of capital are relying on taxpayer subsidies. The people who are enjoying fast and cheap are often paying for it twice.<fn>Also, too, the employees of the suppliers, forced to lower prices to retain their mega-chain clients, turn around and drive down wages of their own employees. Bigger bugs eat little bugs. Little bugs eat littler bugs, and so ad infintum. But that's ok. Ain't no bugs on me!</fn>

Adding insult to injury is the fact that the regulatory hurdles for opening a small business are extraordinarily difficult for local, independent entrepreneurs. For large chains, teeming with armies of clerical and legal staff, these challenges are about as daunting as a flea fart. In every aspect, their scale offers significant advantage.

And again, the free market evangelist will likely consider a business's scale, and its attendant market advantages, as examples of the "common sense" dictum that RoI and growth are proof of the value of an enterprise. And given how that Randian worldview has managed to take root, not too many folks bother to question beyond that premise.

Luckily, though, there are some willing to scratch the surface of these arguments. The Summer 2016 issue of The American Prospect features a terrific article called *Confronting the Parasite Economy.* It's a hard look at how companies who survive on underpaying their employees are in fact undermining the economic health of the entire system. This might be easy to ignore if it were coming from the usual socialist/leftist critique factory.<fn>Yeah, our side has one, too. It is, alas, not as effective as the VRWC echo chamber.</fn> But the author of this study is Nick Hanauer, an entrepreneur and one of the earliest investors in Amazon. No wild-eyed fanatic, this guy. But he knows which way the wind blows, and he's long warned that unrestrained accumulations of wealth – and the power it brings – will lead to the collapse of economy overall.

Hanauer has founded and funded a progressive think tank with an eye to countering the kind of right-wing chop shops that have proliferated over the past 30-40 years. And he is making a forceful case that the relentless drive to slash prices and suppress wages is going to end with the disappearance of the middle class, with a great divide between people who will have some semblance of discretionary income – which is certainly the most important driver of a healthy capitalist economy – and the people who decide whether to buy food or

medicine.<fn>As Krugman often reminds us, “My spending is your income, and your spending is my income”, and round and round we go. If the vast majority have nothing to spend, whither your income?</fn>

Hanauer is one example of an entrepreneur putting his assets to work confronting what he sees as a social problem. Bill Gates is giving away gazillions of dollars to alleviate disease and “improve” education. Zuckerberg is in on the act, too, establishing a foundation for good works. It’s arguable that the Koch Brothers do the same thing through their donations to arts organizations, public broadcasting, &c.

You got a problem with that?

If not, maybe you should. The very fact that such a small group of people, accountable only to their own whims and desires, have the ability to create such massive disruption in the realms of social policy is more than a little too much like the Gilded Age beneficence of Carnegie and Gould and Morgan and Rockefeller. Further, the outsized influence of, say, the money Gates promises to schools who adopt his vision of what constitutes “better” leads to a headlong rush to get a piece of that action by adopting whatever foolishness is attached. Here again, the remora swarm the stream of cash whether the outcomes are beneficial, harmful, or just another exercise in hand-waving and incantation.<fn>Spoiler alert: hand-waving and incantation.</fn>

The Cult of the Unicorn Entrepreneur – distinct from actual good work done by real ‘treps – points to the big winners, the Zuckerbergs and the Cubans and the Trumps, as examples of this-could-be-you inspiration, the modern equivalent of the old Ragged Dick bootstrap myths. And yeah, it could be you. But for all the romanticism of a college dropout becoming the richest man in the world, it’s worth remembering that these were guys who dropped out of Harvard and the like, and who started life with a pretty decent pair of boots and straps up

with which to pull themselves. This is not to suggest that the circumstances of their birth made it ‘easy’ for them to achieve great wealth; they have worked their tails off. But don’t kid yourself; telling the average kid on lunch program assistance that she can become the next Zuckerberg is not just unlikely, but somewhat cruel.

The Cult of the Unicorn Entrepreneur (CUE!) is not objectionable because it urges people to follow their dreams, or attempt the seemingly impossible against all odds, or to work their asses off to actualize an innovative idea. It is objectionable because it has been pressed into service in the Makers vs. Takers propaganda campaign that leads people to declare “I built that”, to glorify the go-it-alone ethos of the Galtian superhero. Worse: to justify the sufferings of millions because they “just couldn’t cut it”.

The bitterest irony is that progressively greater concentrations of wealth and market power in the hands of a few makes it all the less likely that the small, home-grown ‘trep will succeed. Tech megaliths are legendary for buying up the competition and killing it, and if the plucky small ‘trep won’t sell, well then there are armies of lawyers on staff who will happily drive Mr and Mrs Plucky into the ground through legal action.

<fn>And let’s just save for later the spectacle of entrepreneurial Leviathans using their wealth to finance speculative torts to punish people or concerns they do not like. Sure, if Gawker were a printed rag it would be unworthy to hang in an outhouse. But to give a Peter Thiel the power to break an organization that should be protected by the First Amendment raises all kinds of gnarly worries, free speech-wise. Thiel might have every right to go after an enemy. But his outsized wealth and power makes it pretty much an unfair fight all the way down. Also, too…fuck Gawker. It would be tough to pick sides on this if I didn’t feel about the First Amendment the way the bullet fondlers feel about the

Second.</fn> <fn>And before anyone tries to say that what Thiel did is the same as what the ACLU has done for decades…just no. The ACLU is outfront and open about all their legal work, even when they defend Nazis. Thiel was hiding in the shadows. Not the same thing.</fn> <fn>This is also a guy who wrote, “I no longer believe that freedom and *democracy* are compatible.”</fn>

Our society lavishes inordinate praise on people who have been lucky enough to accumulate a fortune. Some of these folks have earned it.<fn>More or less. I tend to agree with Fran Liebovitz on this score: “No one earns $100 million. You steal $100 million.” But that’s another argument for another day.</fn> Some people have become wealthy through nothing more than dumb luck or through accident of birth, born on third base with a silver spoon in their mouth. Others gain their wealth through a scorched earth practice of acquire-and-dismantle or disaster capitalism. Many more attain wealth through blatant fraud.<fn>Remember: Rick Scott was a business *genius*.</fn>

Recall the time when Ken Lay was besties with the President and graced the cover of all the popular business mags, which serve as the *People* and *Vogue* magazines of the 1% crowd and their acolytic wannabe followers. These fawning peddlers of hagiographic bootstrapper mythology – along with their breathless counterparts at CNBC, FOX Business, &c. – are only too happy to help us understand that entrepreneurial geniuses like Mark Cuban and Jack Welch and Lee Iacocca (and even the inexcusable Carly Fiorina) are role models, icons of greatness.

Anyone who wonders how we find ourselves pondering the very real possibility of a tin-plated grifter like Donald Trump as our next president need look no farther than this insane devotion to the concept that extreme wealth indicates extreme merit.

In the end, Your Narrator holds a strangely optimistic faith that any real improvement in our social and economic relations lies in the hands of entrepreneurs<fn>And let’s go ahead and include in this group people working in government and non-profit realms who bring entrepreneurial spirit to their missions.</fn> who treat their entrepreneurship as a central component of their commitment to be responsible citizens in pursuit of our common-wealth.

It will not come through the largesse of a Gates or Zuckerberg or Koch. It will be because we create a class of entrepreneurs who understand that their role is to improve the common-wealth, people who want to do well and good, people who do not view extreme accumulations as the sole measure of success in a world where you can never be too rich or thin.

It will also require a shift in attitude as to the role of government, by citizens and gummit employees alike. Maybe it’s time for government to behave entrepreneurially<fn>And dog knows, that’s a tricky balancing act, mos def.</fn> and for our citizenry to drop the all-too-easy stance of anti-government scepticism, to stake a claim in a process that, admittedly, they have been told is closed to them, doesn’t work anyway, and here’s a shiny object go away now.

Here’s where the pessimism can’t help but gain a toehold. The Gospel of the Free Market has had an impressive run over the past 35 years. Government is bad, you see. It strangles initiative and innovation through excessive taxation and overreaching regulation. These precepts are so internalized into the conventional wisdom, into *common sense*, as to make anyone who contradicts the scripture appear as a Quixote-ish heretic.

This sacred wisdom is, to ~~turn~~ steal a phrase, all my balls.

How we manage as a society to curb the power of extreme accumulation remains an open question, probably one that we

need to improvise on an almost daily basis. Still, there is no basis for believing that a small sliver of very wealthy people are inherently better at establishing policies that govern environmental safety, access to the internet, &c. than are people who work for government at whatever level. I know some incredibly bright, creative, and (yes) entrepreneurial folks who work for government. I also know a few extremely wealthy people who leave me wondering that they still know how to breathe. Vice is versa, also, too.

The greatest tragedy of free market evangelism has been the ongoing erosion of the idea that government can be a vehicle for safeguarding the common-wealth while encouraging an ill-founded faith that private enterprise is inherently more pure and effective. Sure, "everybody" "knows" that government is inept and inefficient, and so on. Post office jokes, &c. But really, are we going to look to the realm of insurance companies, cable tv providers, and peddlers of cubic zirconia to deliver something better?

The big difference is that, to some degree or another, the government staffer or official is *accountable*. It may be difficult, but people get voted out, staffers get fired, lawbreakers are prosecuted. It is in-built into our system of governance that such an outcome is possible. The goal of the Randian Gospel is to exempt a small segment of our society from any such restriction.

Sure, the government is a cauldron of imbecile stew. Five hundred dollar hammers and bridges to nowhere and a fighter plane that nobody wants and it doesn't work anyway. But private enterprise? West, Texas. Bhopal. Deepwater Horizon.

Comcast!

The gentle reader is now asking, "Fine, Mr Smartass Killjoy McBummer, but what can I do?" Glad you asked.

Resisting the blandishments of the sharing economy's

“benefits” is a good place to start, but not always practical. Find yourself a few drinks over the line and need a ride home? Uber is probably your best bet, and no judgement need follow your decision. The Writer stayed in an Airbnb a few months ago and loved it. And never mind the amount spent on Amazon over the years, especially when we lived in swampy isolation.

Whaddyagonnado?

Well, for one thing, when you have a choice: buy local. If you have a choice between Starbucks and a local coffee roaster, for instance, use the local. Go to your local independent bookstore if you are lucky enough to have one. Find a local farmer’s market for produce, or go to a bar owned by one of your neighbors. (Your average TGI Fridays sucks pond water anyway.) Sure, in reality, there’s only so much an individual can do to make a difference; but as more of us commit to making this difference, it starts to add up.<fn>But you can feel like a real schmuck when you buy something local that costs 5, 10, 20 per cent more. Right? News alert: that’s the Randian Gospel internalized, the articles of faith that insist that taking every advantage is the only logical path of behavior, that anyone who self-sacrifices is a sucker. Or worse. </fn>

If you are feeling entrepreneurial, ask yourself: What am I bringing to the game that supports making this kind of difference? Are you creating real opportunities for people? Are you offering something that serves to create a healthier commonwealth? To put it another way: Would you be proud to have your momma see what you’re doing?

Or maybe, just maybe, you might want to take that entrepreneurial spirit into the public sector. As we used to say back in the old days: Change the system from within.

All other issues aside, we absolutely need to bring about a shift in the general mindset that glorifies the money-maker,

the caustic “common sense” that gives permission to disregard suffering and misfortune because it is somehow *deserved*. To somehow, at long last, undermine the Reagan-esque gospel that a person who has a load of money is de facto worthy of respect *just because* the balance sheet says so.

This is not some communistic preaching that everybody needs to make the same amount of money, or that innovation and risk should not be rewarded. But surely we can agree that the personality cults that cluster around the Zuckerbergs and Cubans and Bezos (and before them the Iacocca’s and Welches) are about as justifiable as taking life lessons from the Kardashians, the Duck Dynasty guys, or Honey Boo Boo’s family. If we rely upon the denizens of Davos to lead us into the promised land we may find ourselves somewhat surprised that our new world doesn’t satisfy our expectations.

But hey, no worries. President Trump will fix everything. He’s an entrepreneur, doncha know.