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Uberization of labor and Marx's *Capital*

Abstract: In the last decade, we saw the expansion of digital platforms and decentralized and freelance labor relations in the global capitalist economy. This combination has been called Gig Economy and its specific labor relation Uberization. This process is directly link to the intensification of work, working day expansion, low remuneration, absence of labor rights and amplification of indirect control over the labor process. Although this phenomenon appears as something new, considering Marx's analysis of piece-wage in *Capital*, it's possible to see the very features and consequences of Uberization. The remuneration, be it by hour or piece/gigs, no alters the essential nature of labor relations in capitalism. The aim of this paper is, therefore, to identify that Marx's *Capital* already anticipated this tendency of capitalist economy and traced the main consequences of Uberization of labor.

Keywords: Gig Economy. Uberization. Marx's *Capital*.

Uberização do trabalho e *O Capital* de Marx

Resumo: Na última década, vimos a expansão das plataformas digitais e relações de trabalho descentralizadas e freelance na economia capitalista global. Essa combinação tem sido chamada de Gig Economy e suas relações de trabalho específicas de Uberização. Esse processo está diretamente ligado à intensificação do trabalho, expansão da jornada de trabalho, baixa remuneração, ausência de direitos laborais e amplificação do controle indireto do processo de trabalho. Embora esse fenômeno apareça como algo novo, considerando a análise de Marx sobre o salário por peça em *O Capital*, é possível ver as mesmas características e consequências da Uberização. A remuneração, seja ela por hora ou peça/tarefa, não altera a natureza essencial das relações de trabalho no capitalismo. O objetivo deste artigo é, portanto, identificar que *O Capital* de Marx já havia antecipado essa tendência da economia capitalista e traçou as principais consequências da Uberização do trabalho.

Palavras-chave: Gig Economy. Uberização. *O Capital* de Marx.

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Introduction

In recent years it has been possible to see the emergence of a very peculiar synthesis between Information and Communication Technologies (ICTs) and decentralized, freelance and on demand labor relations. On one hand, there are digital platforms that connects producers and consumers and, on the other, gig workers without fixed salary and basic labor rights. This particular combination has been characterized as Gig Economy and the specific labor relations as Uberization (De Stefano, 2016; Johnston & Land-Kazlauskas, 2019; Bloomer, 2019; Fontes, 2017).

Just to have in mind the dimension of this process, in 2018 the gross volume of Gig Economy was US\$204 billion worldwide; in 2019, this number grew to more than US\$250 billion and are expected to grow to more than US\$450 billion in 2023. Inside these numbers, the transportation sector corresponds to 58% of the total gross volume. Regionally, the leading countries of this total are the U.S., Brazil, France and United Kingdom, respectively. In comparison with developed economies, underdeveloped countries have had an increase in 30% of use of gig work in digital platforms. That is, this phenomenon is a global trend in contemporary capitalism (Muhammed, 2019; Mastercard, 2019; Johnston & Land-Kazlauskas, 2019).

Basically, Gig Economy labor relations are based on decentralized, freelance and on demand jobs without fixed contract and salary – performed generally in digital platforms – known as Uberization. The earnings of these workers are exclusively based on the number of gigs/tasks they perform. From Uberization of labor a great number of consequences emerges. As it is already clear, these labor relations are directly link to intensification of work, working day expansion, low remuneration, absence of labor rights, amplification of indirect control over the labor process, etc. (Fontes, 2017; Istrate & Harris, 2017).

However, although it appears that Uberization of labor is a new feature in contemporary capitalism, it's not possible to argue that these labor relations are new. Of course, it carries the combination of digital platforms and decentralized labor relations, but we can identify that Marx (1976) saw this process as constitutive tendency of capitalist economy. More than that, by analyzing the piece-wage in *Capital* Marx argued that the remuneration by tasks/gigs no alters the nature of labor relations and is a *par excellence* tendency in capitalism and already identified the main consequences to the working class.

From that, the aim of this paper is to identify that Marx's *Capital* already anticipated this tendency of capitalist economy and traced the main consequences of Uberization of labor. In addition, this paper tries to fill the void of analysis of Uberization from the critique of political economy. The remainder of this paper is divided in two sections. In the first section, we presented the main characteristics of the Gig Economy and its labor relations. In the second section, we exposed and argued that in *Capital* Marx already anticipated the main features of Uberization of labor and its consequences.

The Gig Economy and labor

We can characterize the Gig Economy as a business model that combines technology and decentralized, freelance and on demand employment of the labor force. The most influential companies of Gig Economy are those in technology-influenced sectors, mainly digital platforms. The idea of Gig Economy implies the notion of Sharing Economy: a perspective that relates goods and services from spaces connected to online platforms or even decentralized networks that can result in monetary or non-monetary benefits. A clear example of this idea of sharing can be seen on Wikipedia, where any individual connected to the Internet can make a significant (or not) contribution to the development of a free and accessible world encyclopedia (Rinehart & Gitis, 2015).

These two perspectives combined characterizes the current business model that uses part-time/on demand labor relations linked to digital platforms as a way to overcome the limits of capital accumulation nowadays. A clear global example of this is the Uber, Lyft, and Airbnb companies that connect these main features.

The Gig Economy represents the maturation of the process of economic globalization and technological development. From 1970s we have seen the transition from the metal-mechanical-chemical productive pattern to microelectronics and telecommunication. The maturation point, therefore, concerns this long process of technological development of Information and Communication Technologies (ICTs) that will lead to business models who provides forms of labor exploitation in contemporary capitalism (Perez, 2002).

According to Istrate and Harris (2017), the Gig Economy has, at least, three main features. The first one is related to labor. Unlike the standard fixed salary job, in the Gig Economy the salary depends exclusively on the number of tasks or projects performed (gigs) by the workers. The second refers to the form of consumption. Consumers have a huge variety of options of goods and services through digital platforms. Finally, the third characteristic concerns the way in which the intermediary company connects producers and consumers via digital platforms.

Istrate and Harris (2017, p. 3) summarize as follows:

The gig economy is made up of three main components: the independent workers paid by the gig (i.e., a task or a project) as opposed to those workers who receive a salary or hourly wage; the consumers who need a specific service, for example, a ride to their next destination, or a particular item delivered; and the companies that connect the worker to the consumer in a direct manner, including app-based technology platforms. Companies such as Uber, Airbnb, Lyft, Etsy or TaskRabbit act as the medium through which the worker is connected to – and ultimately paid by – the consumer. These companies make it easier for workers to find a quick, temporary job (i.e., a gig), which can include any kind of work, from a musical performance to fixing a leaky faucet. One of the main differences between a gig and traditional work arrangements, however, is that a gig is a temporary work engagement, and the worker is paid only for that specific job.

From that, the main features of Gig Economy are digital platforms companies, the gig workers and the final consumers. From the point of view of digital platforms companies, they have been the driving force behind the expansion of this phenomenon. These companies facilitate transactions between consumers and producers in digital platforms, make work more flexible, provide online payment options from which a significant fee is charged and provide online profiles with the qualities and reputation of producers and consumers (Istrate & Harris, 2017).

In general, in developed countries, for workers who are connected with consumers in digital platforms, in average two large groups can be identified. The first concerns those who provide their work for a living: drivers, manual workers, and delivery workers. The main characteristics of these workers are lower years of schooling and low income, whose working life was based on part-time and temporary jobs, or also due to the difficulty in finding jobs with greater stability. In the second group are those workers who provide some good or service with a higher income and education and do not depend exclusively of part-time work. This is because they generally have full time jobs and look to earn an extra income working on digital platforms (Istrate & Harris, 2017). But this has been changing over the years. Each year many qualified workers have no options but to be a full gig worker.

In underdeveloped economies, however, is quite different. These countries generally have a great informal labor market and higher unemployment rates, so we can see one large group of workers who have been transformed in gig workers by the circumstances of the periphery of capitalism. From precarious workers to newly unemployed, from lawyers to engineers, there is no alternative but to become a gig worker.

The employment of the labor force in these sectors are mostly based on temporary and freelance contracts. That is, workers are subject to different modalities: part-time, self-employed, on demand, etc. (Rinehart & Gitis, 2015; Johnston & Land-Kazlauskas, 2019). In addition, “gig workers, as independent contractors, do not receive benefits, like health insurance, from the technology platform companies; rather, they must procure them on their own” (Istrate & Harris, 2017, p. 5).

These main characteristics of Gig Economy labor force has been called Uberization, because Uber is one of the greatest companies of the segment (Fontes, 2017). Although Uber is just one of many companies, it is the leading company that has grown exponentially worldwide over the years. Therefore, by speaking of Uberization of labor we are only reaffirming a general tendency of accumulation of capital and subordination of labor.

Let's briefly look into the numbers of Uberization. Specifically, in the U.S., the share of gig workers jumped from 10.1% in 2005 to 15.8% in 2015. Between 2005 and 2015, self-employed workers increased 19% in the U.S. (Istrate & Harris, 2017). Besides that, the earnings of these type of work are very low. For example, in the U.S., some gig workers in digital platforms can get US\$2 per hour, more than three times

below the average minimum wage (ILO, 2018). From this gig salary the working day need to increase for more than 10 hours to make a salary to survive.

In the United Kingdom, the number of gig workers doubled in three years. In 2019, U.K. had 4,7 million gig workers and these numbers are expected to increase in the following years. From the expansion of Gig Economy, now 1 of 10 workers in the U.K. are employed in Uberization conditions (Partington, 2019).

In the European Union, according to Bloom (2019), the number of gig workers doubled between 2000 to 2014, making this type of labor relation the leading group of fastest growth. In South Africa, there are at least 30.000 gig workers, dividing in two groups: the first half are taxi drives and the rest delivery gig workers.

In Brazil, the Uberization of labor is evident. In less than a decade, we have seen the dramatic expansion of it. In 2019, according to IBGE, more than 5 million Brazilian workers had their main source of income from digital platforms like Uber and, at least, 17 million have eventually some source of income from digital platforms (Gavras, 2019). Between 2014 and 2019, Uber alone saw its gig workers grew from 5.000 to more than 600.000. The most dramatic situation, however, concern bike delivers in Brazil, known as the 'Bikeboys'. Although they work 12 hours a day and 7 days a week, they do not reach the national minimum salary.

Uberization and Marx's *Capital*

Although it seems that Uberization of labor is something strict new in contemporary capitalism, we are going to argue that this process is a tendency of capitalism and Marx's *Capital* already anticipated this phenomenon and its general consequences.

In *Capital*, Marx (1976) already identified in piece-wage something very similar to what we can find in Uberization of labor in Gig Economy. In the chapter on piece-wage in Volume I of *Capital*, Marx explained how this form of salary was not something strictly new and coexist with other forms of payment. As Marx putted, this coexistence always occurred, "both forms of wages exist side by side, at the same time" (Marx, 1976, p. 692). This idea, however, does not contradicts the fundamental nature of capitalism salary regime, that is, the forms of salary payment, be it by piece (gig) or by time, "no way alters their essential nature" (Marx, 1976, p. 693).

According to Fontes (2017), in Gig Economy the company owns only part of the means of production necessary to perform the company main activities. Mainly the online platform where the middle activities are developed and settled between the workers and the consumers. In consequence, they have full control in managing and enabling the combination of the means of production with the labor force to serve the consumer market, without requiring employment in the formal sense (Fontes, 2017).

Companies like Uber, for example, earn their profit or loss regardless of the costs of creating and maintaining their platform, costs that do not vary directly with the amount of "transportation services" sold by their precarious "employees" through the app. As Fontes (2017, p. 56) argues, under these conditions there are a strong interrelationship between "the most concentrated forms of property, which enable economic control of the process [...], the extraction control, the capture of surplus value and its circulation back to property"¹. The financing of these big Gig Economy platforms is closely linked to the need for large speculative funds to make extraordinary profits. That is, "it ties in closely with investors who, who hold monumental amounts of money, need to turn them into capital, that is, invest them in value extraction processes" (Fontes, 2017, p. 56).

Fontes (2017) argues that is evident the intensification of capital command over labor in Gig Economy and Uberization. The control of labor process is absolutely centralized and labor costs are reduced. At first glance, the digital platform intermediation in connecting producers and consumers seems to provide greater autonomy to workers. However, producers and consumers must be accredited on the platforms, following the form of electronic payment and be subject to the regulations imposed by the algorithms. Control over labor becomes impersonal and in real time (Fontes, 2017).

Marx's analysis of piece-wage suggests the same consequences. According to Marx (1976, p. 694), similar to Uberization, "[t]he quality of the labor is here controlled by the work itself, which must be of good average quality if the piece-price is to be paid in full". This means that, based on the consumer's evaluation, the goods and services provided may suffer a series of penalties that may lead to discounts or even blockages preventing the worker from working for a certain period. That is, piece-wage form of salary "become, from

this point of view, the most fruitful source of reductions in wages, and of frauds committed by the capitalists” (Marx, 1976, p. 694). If we use the digital platforms as an example, it’s possible to see the very consequence for gig workers.

Besides that, Uberization of labor enables capitalists to fully measure the increase in labor intensity. Since wages are measured by the number of gigs made, there is no need for close supervision of the work process. Now, the intensity and the working day is controlled by the worker himself, who wants to increase his daily earnings and intensify his own exploitation to the maximum.

This is closely related to piece-wage analyzed in *Capital*. Marx (1976, p. 695) argues that, “[s]ince the quality and intensity of the work are here controlled by the very form of the wage, superintendence of labor becomes to a great extent superfluous”. The piece-wage, therefore Uberization, became a better “hierarchically organized system of exploitation and oppression” (Marx, 1976, p. 695).

Although it seems the worker has a relative greater autonomy and control over his own activity, in essence it guarantees a much more intense indirect control. Digital platforms ensure real-time track control while the digital platform is active. In addition, reliance on automatic payments, linked to platforms, guarantees the direct extraction of a considerable amount of the worker’s remuneration, around 20 and 25% as a fixed fee. According to Fontes (2017, p. 56), the digital platform:

allows a search platform to be coupled with a mobile credit card technology and a locator, which ensures a close dependence of the worker, since from the credit card depends his own remuneration and the locator denounces all his routes, once the mobile phone is activated [...]. And it is through the credit card that will be directly extracted between 20 and 25% of all compensation of the worker. The rate of value extraction is iron, as is the working regime.

Since are the workers who employ the means of production, all the costs of depreciation, repair and improvement are paid by the workers themselves. If we use the Uber company as an example, we identify that the automobile as a means of production is owned by the worker or, in some cases, rented by the worker itself. Therefore, in addition to the fees charged by digital platforms, workers bear all the extra costs and maintenance of their own means of production such as fuel, repairs, tire changes, etc. In other words, according to Fontes (2017, p. 57), “[the] company moves away from concrete life and makes a point of ignoring workers’ living conditions, ensuring a near zero cost for machinery, raw material (fuel, repairs, fleet renewal) and the workforce itself”. The company only have to pay the maintenance of the platform and all the necessary structure for it.

Parallel to this, there is an expansion of capitalist segments that seek to parasitize those activities. As shown by Marx (1976, p. 695) in piece-wage form of salary, this “make it easier for parasites to interpose themselves between the capitalist and the wage-labourer”. In Uberization we can see the exact phenomenon. A clear example of this today is the Uber company: between the company and the driver there are a range of intermediaries looking to rent cars (means of production) for gig workers.

Besides that, there is the process of decentralization of the labor process. As stated above, accreditation on digital platforms enables indirect and unrestricted control over the worker, but, moreover, it qualitatively and quantitatively changes the working day. As Fontes (2017, p. 58) argues:

Apart from accreditation and locator, there is no direct control close to workers: only sheer necessity should move them to work. There are no combined or compulsory working hours, and no limits on it, nor paid rest days. They know themselves to be workers, but do not consider themselves as such, but as providers of a casual service, even if driven by the most dramatic need. In fact, they do not have a job, but a direct connection of surrendering the most value to owners who are able to impose a pre-established value production process on them. It is not the pores of free time that such owners seek to fill, as in factory processes, that carry out strict control of working time. Here it is about dealing with new scales, increasing the volume of value through massive suppliers of surplus-value. Any time available to the single worker is time to profit.

Marx provides a good parallel between piece-wage and an increasing working day and intensity of labor in this form of salary: as a result of the salary being based on gigs, he says, “it is naturally in the personal interest of the worker that he should strain his labour-power as intensely as possible; this in turn enables the

capitalist to raise the normal degree of intensity of labor more easily" (Marx, 1976, p. 695). Besides that, a natural consequence of this arrangement is that the worker desire to work longer hours per day. In Marx words, the "lengthening of the working day is now in the personal interest of the worker, since with it his daily or weekly wages rise" (Marx, 1976, p. 696).

This increase in working day and intensity is evident in both piece-wage and gigs. By analyzing piece-wage, Marx argued that the working day was so extended that even Thomas Malthus had displeased it in the 19th century. Marx (1976, p. 698-699), in *Capital*, reminds us: "Malthus remarked at that time, with reference to the facts published by Parliament: 'I confess that I see, with misgiving, the great extension of the practice of piece-wage. Really hard work during 12 or 14 hours of the day, or for any longer time, is too much for any human being'."

According to Marx, the piece-wage form of salary also provides comforting illusions for workers who, in a competitive struggle with themselves, believe that they have greater freedom, autonomy and independence. Rather, they are just in a constant struggle to survive. In his words: "But the wider scope that piece-wages give to individuality tends to develop both that individuality, and with it the worker's sense of liberty, independence and self-control, and also the competition of workers with each other" (Marx, 1976, p. 697).

From that, the notion of Uberization of labor is not something exclusively and fundamentally new, but a tendency of capitalism already identified by Marx. The innovation here is the very particular combination of new developing technologies, digital platforms, and financial capital to amplify the scope and amplitude of capital accumulation.

Final regards

The expansion of Uberization of labor is a global trend and we can see this process worldwide. From that point of view, the resulting proprieties of this phenomenon appear entirely as some new in contemporary capitalist economy. It is true that digital platforms in the Gig Economy combine new features of contemporary capitalist economy. The newly feature is, in this case, the combination of technological development, specified in digital platforms, and the need of financial capital to make extraordinary profits. In other words, the necessity of huge amounts of money to turning into capital by extracting value allied to an increasing number of workers in search to sell their labor force.

From the point of view of capitalist labor relations, it was possible to see that the phenomenon of Uberization and its main consequences to the working class does not present something exclusively new in contemporary capitalism. Marx already identified this tendency by analyzing piece-wage in capitalist dynamics. The increase of the working day and its intensity, the absence of labor rights, the decentralization of labor process, amplification of indirect control over labor, discount penalties, etc., are features of both piece-wage and gig forms of salary and they were understood with excellence by Marx as a tendency of capitalism.

Although the combination of ICTs and decentralized labor activities produces new business models through digital platforms, the central specificity of Uberization of labor remains explained by Marx's critique of political economy, that is, the necessity of capital to reduce labor costs and amplify its exploitation. It seems that Marx's critique of political economy is a great starting point capable to deal with Uberization of labor without fell in anachronist and apologist analysis of this process. From this initial approximation, new researches can emerge to go deepened in this issue.

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Note

- ¹ All quotes in other languages were freely translated by the author.

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