

A Liberal Egalitarian Perspective on the Platform Economy: Mitigating its Distributive Effects or Changing the Organizations Running it?

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Introduction

The rapid growth of what is often called the ‘gig’, ‘sharing’, or ‘collaborative’ economy involving new *club goods* and online *platforms*, and the development of well-known brands such as Zipcar, Uber, Airbnb, or CouchSurfing, has raised enthusiasm about its potential to improve economic efficiency and to create new markets. But it has also generated concerns about its effects on inequalities and existing social protections.

In this article, I investigate, from a Rawlsian, liberal egalitarian conception of justice, how public institutions should regulate *clubs* and *platforms*. Liberal egalitarians believe that public institutions should promote the freedom of individuals to pursue their own conception of a good life. They take this to mean protecting equal basic liberties but also distributing fairly the means of effective freedom such as income and other social primary goods. John Rawls’ first principle of justice claims that “each person has the same inalienable claim to a fully adequate scheme of equal basic liberties, which is compatible with the same scheme of liberties for all.”¹ With this first principle in mind, we could be concerned about the amount of personal information required to run many online platforms and related privacy issues. But this article focuses on distributive issues. Rawls’ second principle requires that “social and economic inequalities are to be arranged so that they are both (a) to the greatest benefit of the least advantaged and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.”² The task consists in finding how to regulate this new phenomenon in a way that respects principles of justice and, in particular, maximizes the situation of the least advantaged.

I argue that a just regulation of new *clubs* and online *platforms* might require both changing the kind of *organizations* running them and implementing *mitigating* policies to compensate the negative effects of market disruptions. The first contribution consists in explaining how theories of organizations can help to understand two important economic processes facilitated by information technologies like online platforms. This subsequently allows me to untangle various ways in which these processes create unjust inequalities. The second contribution consists in distinguishing two distributive strategies to tackle resulting unjust inequalities. According to the *mitigating strategy*, public institutions should tolerate all kinds of organizations running clubs and platforms and limit their intervention to mitigating policies such as redistributive taxation and adapted social protections. The *organizational strategy* goes further. In addition to previous mitigating policies, public institutions should also change the kind of organizations running clubs and platforms. They should promote cooperatives of contractors and users, for instance, to compete with current investor-owned firms and to ultimately run the platform economy in their stead. The third contribution consists in discussing the pros and cons of each strategy. In particular, I raise a challenge to the *organizational strategy* and I outline the kind of arguments needed to respond to it. This suggests that the *organizational strategy* could be justified but this requires more research.

The article is organized as follows. In Section 1, I explain why I restrict my analysis to only two economic processes facilitated by new information technologies: 1. *the replacement of private goods with club goods* and 2. *the creation of new markets through online platforms*. In Section 2, I explain some distributive effects of these economic processes. I also explain

how the *mitigating strategy* proposes to mitigate unjust inequalities. In Section 3, I explain how the *organizational strategy* proposes to go further and to change the kind of organizations running platforms. In Section 4, I discuss the pros and cons of each strategy. In particular, I raise a liberal egalitarian challenge to the *organizational strategy* and I outline the kind of arguments needed to respond to it.

1. An organizational understanding of clubs and platforms

Recent years have witnessed the development of a variety of practices and labels such as the ‘gig’ and ‘sharing’ economy, ‘platform consumption’, ‘peer-to-peer’ selling or renting, ‘recirculation’, ‘co-production’, ‘access-based consumption’.³ All these practices may have something in common – they are facilitated by information technologies like online platforms – but it is undesirable to reduce them to a single phenomenon.

I avoid standard definitions for two main reasons. *First*, many popular definitions often undesirably mix normative and descriptive content. For instance, one should be careful with the popular ‘sharing economy’ label because ‘sharing’ is a thick concept often associated with normative requirements – i.e. ‘intentionally contributing to pro-social activities for free’. Such a normatively charged label can lead to endless debates about which models in the sharing economy truly involve ‘sharing’.⁴ On some accounts, Airbnb would not qualify as ‘sharing’ because the intention of users is to make money and because there is a price to renting a room, while CouchSurfing would qualify as ‘sharing’ because the declared intention of this platform is to create a ‘community’ and because people host each other for free. By contrast, enthusiasts adopt some firms’ narrative according to which any exchange on their online platforms constitutes a ‘sharing’ experience that changes the way we ‘connect to each other’.⁵ In a liberal framework and assuming a pluralistic society, the problem with normatively charged definitions and labels is that people have different values and different understandings of concepts like ‘good intentions’, ‘communities’, and ‘sharing’. Using normatively charged concepts to define the phenomenon, is bound to lead to disagreements. *Second*, any attempt at proposing one single definition risks losing descriptive accuracy because the effects of new information technologies on economic transactions are diverse.

Contrary to other attempts at a general definition, I rely on theories of organizations to shed light on some economic processes that have taken more importance recently. I chose to restrict my analysis to only two economic processes facilitated by new information technologies: 1. *the replacement of private goods with club goods* and 2. *the creation of new markets through online platforms*, either through the externalization of transactions previously performed within organizations on the market or through person-to-person exchanges only mediated by online platforms.⁶ I do not claim that they encompass all the practices observed in the ‘sharing’ or ‘platform’ economy but I focus on these processes.

Theories of organizations – explaining why we have economic organizations and markets – help to understand how new information technologies like online platforms can transform the economy. Herbert Simon argued that both *organizations* and *markets* are tools to exchange information and coordinate human activities in order to do what we could not do by ourselves. He points out that modern economies could more appropriately be labeled organizational economies rather than market economies: “we are so accustomed to hearing our society described as a market economy that we are often surprised to observe that... markets have steadily declined, and business (and governmental) organizations have steadily grown as the principal coordinators of economic activity.”⁷ Whether organizations or markets are the most effective tools to coordinate specific economic activities depends on the circumstances.

Organizations allow centralized coordination and are convenient tools, for instance, to divide work between people with highly interdependent activities requiring frequent and rapid

communication, or when simple coordination rules like traffic lights can improve efficiency. Under these circumstances, “organizations, through the authority mechanism, provide a means for coordinating the activities of groups of individuals in ways that are not always easily achieved by markets.”⁸ In other circumstances, the price mechanism is sufficient to coordinate economic transactions in a decentralized way on the market. Interestingly, organizations are actually important for markets to even exist. While markets are often thought to be able to coordinate economic exchanges without obvious central planning, with very little information, and without a common purpose, the reality is that public and private organizations play a crucial role in designing markets and maintaining the conditions necessary for them to produce an efficient allocation of resources. These conditions include a shared knowledge of prices and characteristics of the goods to avoid information asymmetries, the stability of manufacturing practices and standards of quality to avoid fraud and deception, the absence of externalities, or the safety of transit routes to reduce transportation costs. These conditions, necessary for markets to function properly, are secured by public and private organizations.⁹

This picture provides a useful background to understand how information technologies can affect the relative efficiency of coordinating economic transactions within *organizations* or through *markets*. Simon had already understood that information technologies would lead to economic transformation. For him, “current developments in electronics, notably the development of the World Wide Web and e-markets, and the enhanced abilities of organizations to manage geographically dispersed activities, provide new opportunities of unknown magnitude for coordination at a distance”. Yet, he was not sure about the consequences, and wondered whether “we will see a continuation or acceleration of the current trend towards concentration of productive activity within organizations, or will see that trend slowed or even reversed in favour of markets.”¹⁰

Oliver Williamson’s transaction costs approach helps to understand further the effects of new information technologies on economic transactions. He proposed an influential theory to compare different coordination mechanisms – of which organizations and markets are the leading alternatives – based on their respective capacity to *reduce the cost of economic transactions*. His theory is based on two behavioral assumptions: humans are boundedly rational and at least some agents are opportunistic. The first assumption simply states that economic agents often lack relevant information about future events or have insufficient cognitive capacities to analyze the information they have, which prevents them from making complete contracts – i.e. fully informed contracts specifying all the terms of a given economic transaction between agents. Incomplete contracts open the door for opportunistic behaviors: an opportunistic agent could use incomplete transaction agreements to take an advantage at the expense of her partner. This can reduce trust between agents by increasing uncertainty. When market agents include the risk of opportunistic behavior in their expected utility evaluation, the expected cost of a transaction on the market can rise and reach the point at which it prevents otherwise mutually beneficial economic transactions from happening.¹¹

Organizations exist at least partly because they can help to reduce transactions costs compared to market transactions by dealing with three problems of market contracting. First, by creating hierarchies and authority relationships, organizations reduce the cost of monitoring very *frequent economic transactions*. Second, by creating long-term binding contracts, organizations create safeguards against the risk of losing long-term investments in very *specific assets* due to unforeseen future event – for instance when firms make large investments in material capital or when workers make investments in very specific human capital that cannot easily be transferred to other kinds of economic activities. Third, by centralizing the information and coordination of the most essential parts of their production process – i.e. their core business – within the organization, they can mitigate market *uncertainty*. In sum, when economic agents are not fully informed and lack the capacity to make complete contracts, the costs of coordinating their economic transactions through hierarchical organizations may be lower than the cost of doing so through the market. This

explains why organizations exist but it also explains the *boundaries* between organizations and markets – i.e. which parts of the production process are conducted within organizations and which parts are externalized on the market. A transaction is done within an organization as long as the cost remains lower than the cost of doing it on the market.¹²

This helps to understand two economic processes facilitated by new information technologies. First, in some cases, information technologies like phone applications help *club organizations* to centralize more activities within their boundaries by increasing their coordination capacity. Second, in other cases, information technologies like online platforms create *new markets* by reducing the costs of market transactions and thus leading some organizations to externalize more transactions on the market. These two economic processes have led to evolutions in contractual transactions which partly explain the rise of clubs and platforms. I restrict my analysis to these two economic processes and their distributive effects.

1.1. Club goods.

Information technologies improve the capacity of *club organizations* to coordinate efficiently the shared use of goods. This allows centralizing more economic transactions within clubs. Clubs essentially propose to replace *private goods* by *club goods*. As James Buchanan remarks, contrary to public goods, club goods are excludable, but contrary to purely private goods, club goods are non-rival at least to some extent.¹³

A car-renting organization like Zipcar, for example, proposes to replace your *ownership* of a ‘car’, an excludable and rival private good, by a ‘membership’ to the Zipcar club giving you *access* to the use of a car. The membership to Zipcar is a club good: it is excludable because you can deny someone the membership, but it is, to some extent, non-rival because two persons can use their membership simultaneously. While two persons cannot use the same car at the same time, they can use their membership simultaneously to take turns at using a car. Replacing your ownership of a car by a membership to Zipcar has advantages because each new member of the club helps reduce the *per capita* cost of the carpool. Ideally, the goal is to find the optimal size for the club – i.e. how many people can Zipcar include in the club given the number of cars they have. If the club grows beyond its capacity to coordinate users, too many people could want to use their membership simultaneously and congestion would occur.

There is nothing fundamentally new with this phenomenon. Clubs have existed for a long time and include traditional book, tools or toys libraries, as well as car or bike-sharing organizations. Information technologies simply improve clubs’ efficiency by allowing the organization to automatically coordinate users in real time through phone applications which reduce coordination costs and congestion. This means that for a given carpool, clubs can include more members, thus reducing the *per capita* cost of the carpool and the cost of the membership. This allows, first, to increase the scale of existing clubs and, second, to create clubs for a wider diversity of goods that used to be more difficult to share with others like cars or kick scooters. This is one of the economic processes facilitated by new information technologies and it leads to new transactions resulting from clubs’ improved efficiency.

1.2. New markets.

Online platforms allow market agents to gather, pool, and analyze market information about suppliers and consumers in much more effective ways which reduce the costs of contracting directly on the market. This allows creating *new markets*, either through the externalization of more transactions previously performed within organizations on the market or through person-to-person exchanges only mediated by online platforms. The new economic transactions resulting from this can be properly called the platform economy.¹⁴

First, using Williamson's terminology, online platforms can simply lead to an evolution of the boundaries between organizations and markets because existing organizations or new organizations can experiment innovative business models externalizing more of their core economic transactions on the market. Examples of new firms resulting from this evolution are crowdsourcing production platforms like Wikipedia, peer-to-peer service platforms like Uber, Task Rabbit or Menu Next Door (a cooking platform), and peer-to-peer renting services like Airbnb and CouchSurfing, which remain large organizations.

The resulting transformation goes as follows. Previously, if a firm wanted to provide, say, a housecleaning service, it established a hierarchical management structure, long-term contracts with employees, and centralized coordination. This is because the alternative, i.e. finding a new market contractor each time they needed to clean the house of a client, was too costly: it involved the cumulated costs of monitoring very *frequent transactions* between market contractors and clients, securing *specific assets*, in this case a pool of qualified cleaners, and managing *uncertainty*, such as insufficient information about the trustworthiness of market contractor. Using hierarchical management, long-term contracts with employees, and centralized coordination were ways to reduce these costs. Now, a service platform like Task Rabbit is retaining only some of the financing, management, and marketing activities within their core business while externalizing most transactions on the market by hiring a new market contractor each time they need to perform a task like cleaning a client's house. The reason is that platforms reduce the costs of market contracting: the monitoring of *frequent transactions* between market contractors and clients is automatized by the platform, the cost of securing *specific assets* is reduced because online platforms allow accessing a much larger pool of potential market contractors which makes it easier to secure a qualified housecleaner each time they need one, and the cost of managing market *uncertainty* can be reduced by using ingenious reputation systems for instance. These reputation systems are crucial to the platform economy because, by allowing users to rate each other, they increase trust between strangers and reduce market uncertainty. This is partly how Uber convinces us to enter in a stranger's car or how Airbnb convinces us to let a stranger stay in our house.¹⁵

The boundaries between organizations and markets change as firms externalize more transactions on the market. The difference between online marketing and online platforms is this. An economic organization like a restaurant can keep hierarchical management structures, long-term contracts with most employees, and centralized coordination, and simply use online marketing to reach more clients. By contrast, Menu Next Door is a different kind of organization with different boundaries. It retains within their core business only some financing, management, and marketing activities, but externalizes most transactions on the market by hiring new market contractors each time they need to cook a meal for a client. Cooks register on the platform and, through it, coordinate on their own their transactions with potential clients. In these cases, hierarchies are 'lighter', long-term contracts have mostly disappeared, and coordination is more decentralized. Yet, organizations running large platforms often retain significant financing, management, and marketing tasks as well as substantial power to control transactions. Some firms like Uber, using their platform to find new market contractors each time they need a driver for a client, have kept the capacity to impose elaborate pricing policies, to control transactions and standards of service, and to use powerful management methods to push workers to work more and take more clients.¹⁶

Second, the same economic process can lead some organizations to abandon almost all tasks other than simply mediating person-to-person exchanges. Platforms using information technologies to connect suppliers and consumers are not a new thing and are very similar to public markets like the New York Stock Exchange. New online platforms simply allow extending this form of economic coordination to new sectors of economic activity like the small-scale, daily exchange of goods and services. Examples are re-circulation and peer-to-

peer exchange platforms like E-bay or Craigslist.¹⁷ The same economic process is at stake but the difference has to do with the level of control that firms running platforms keep on economic transactions. Some platforms only serve as a market place for people to exchange goods or services on their own terms.

The contribution in this section consists in explaining how theories of organizations help to understand economic processes involved in the ‘sharing’ or ‘platform’ economy. I restrict my analysis to these two economic processes: 1. *the replacement of private goods with club goods* and 2. *the creation of new markets through online platforms*, either through the externalization of more transactions previously performed within organizations on the market or through person-to-person exchanges only mediated by online platforms. These economic processes are not new but are facilitated by new information technologies. They also have important distributive effects which need to be addressed.

2. The mitigating strategy

In this section, I investigate the distributive effects of these two economic processes. I also explain the *mitigating strategy*,¹⁸ according to which public institutions should tolerate all kinds of organizations running clubs and platforms, and limit their intervention to mitigating policies like redistributive taxation and adapted regulations and social protections.

I adopt a broadly Rawlsian, liberal egalitarian framework which defines what just or unjust inequalities are. I set aside issues related to the first principle of equal basic liberties like privacy to focus on distributive issues. I adopt a *metric* of freedom to measure distributive inequalities. On the interpretation I adopt, this involves evaluating arrangements according to their impact on the distribution of the means of effective freedom – namely Rawls’ social primary goods which include income and wealth, the powers and prerogatives attached to positions of authority and responsibility, and the social bases of self-respect. A just distribution *pattern* is one that respects the second principle of justice and, in particular, the difference principle according to which inequalities are to be arranged to the greatest benefit of the least well-off.¹⁹ Public institutions should thus organize clubs and platforms in a way that maximizes the bundle of social primary goods of the least well-off.

2.1. Club goods.

Information technologies improve clubs’ efficiency by reducing congestion which improves their capacity to replace the *ownership* of a private good like a car by a club good like a Zipcar membership, allowing *access* to a car. This can have two main effects. First, this can help to increase the number of members of existing clubs and thus reduce the cost of membership, because each new member reduces the *per capita* cost of the goods shared. Second, this can lead to the creation of new clubs for goods that used to be more difficult to share. In both cases, sharing access to consumption goods can reduce the cost of living for some people which is in itself a desirable thing.

The main positive distributive effect is that, in many cases, the cost of important consumption goods like cars makes up a larger proportion of the budget of low-income people which means that reducing the cost of using these goods disproportionately benefits the least well-off. Juliet Schor notes that “these innovations can provide people with low-cost access to goods and space.”²⁰ The development of clubs can thus, in many cases, be expected to improve the economic prospects of the least well-off.

However, the scope of these positive effects is limited at present. Empirical research suggests that low-income people today are less likely than educated, middle-class people to have access to or choose to use sharing services.²¹ This could be for various reasons. The cost

of membership may still be too high for low-income people, there may not be any service points in their area, or some people may lack the digital literacy to use phone applications.

Public institutions can intervene to make sure that the least well-off can fully take advantage of clubs. Depending on the diagnostic, a *mitigating strategy* may include targeted subsidies to either cut the membership cost for low-income people or help launch service points in poor areas, and education programs to improve digital literacy. Nevertheless, club goods seem to have mostly positive distributive effects by reducing the cost of living for the least well-off and public support can simply help people to take advantage of them.

2.2. *New markets.*

Online platforms create new ways to connect suppliers and consumers and reduce the cost of market transactions. This can lead to the creation of *new markets*, either by changing the boundaries of firms through the externalization of more economic transactions on the market or by fostering person-to-person exchanges mediated by platforms.

The distributive effects of this second economic process are more complex. *Prima facie*, the mere evolution of the boundaries of firms and the creation of new markets cannot be expected to systematically increase or decrease unjust inequality. The main reason is that creating new markets simply pushes further the phenomenon of decentralization of economic activities through the price system described by Friedrich Hayek. For him, given the extreme division of labor and complexity of modern economies, large-scale central planning is generally inefficient. Instead, decentralizing the coordination of economic transactions in competitive market is preferable because the price system automatically records all the relevant data which allows a more efficient coordination of market actors: “Entrepreneurs, by watching the movement of comparatively few prices, can adjust their activities to those of their fellows.”²² But Hayek himself admits that markets do not allocate resources in close correspondence with any standard of “subjective merit or individual needs”, or any other conception of social justice. Compensations on the market depend on a “combined game of skill and chance” which largely depends on how much people are willing to pay for a given task, which depends on arbitrary factors like supply and demand that may not be under anyone’s control and thus have little to do with individuals’ merit or needs.²³ Therefore, if what we are concerned about is distributive justice, there can be positive and negative distributive effects depending on how new markets are structured or what they replace.

Regarding positive distributive effects, creating new markets can sometimes mean creating new income opportunities (e.g. Uber, Airbnb) and cheaper consumption opportunities (e.g. cheaper transportation, holidays, etc.) for low-income and unemployed people. Sometimes, this can improve competition and increase the price/quality ratio of goods and services. For Schor, labor exchange and service platforms like Task Rabbit, extract far less value than traditional agencies proposing services like child care, concierge services, or home health care aides, and peer-to-peer renting platforms like Airbnb offer generally lower prices than alternatives like hotels. Thanks to their online interface and reputation systems, platforms also allow people to earn money in ways that had not previously been safely or easily available.²⁴ The distributive benefits of this phenomenon may be limited, however, because empirical research suggests that in many cases, income earned by contractors on service platforms (like Uber drivers) comes, not in addition, but in substitution of other forms of income, while the income earned by users of peer-to-peer renting platforms (like Airbnb) is mainly accessible to people who have material capital to rent in the first place (in this case, an apartment).²⁵ Yet, it remains true that the platform economy does provide some new income opportunities and can reduce the cost of living for some of the least well-off.

More generally, positive distributive effects can derive from the overall efficiency gains of Schumpeterian creative destruction.²⁶ Just like any technological innovation, the

platform economy destroys previous business models and replaces them with creative new ones. In the long run, this can improve the overall efficiency of the economy which can benefit everyone including the least well-off. For instance, the invention of electricity surely made candle-makers more precarious for a while but, all things considered, electricity has benefited everyone including, ultimately, candle-makers and their families.

Yet, regarding negative distributive effects, if creative destruction can increase aggregate production, improve overall economic efficiency, and benefit everyone in the long run, there will be winners and losers in the short-term and this can make people worse off. Therefore, efficiency gains can have positive distributive effects only if public institutions implement policies transferring some of the gains from the winners to the losers in ways that contribute to maximizing the economic prospects of the least well-off.²⁷

This is what the *mitigating strategy* proposes to do. Public institutions should tolerate all kinds of organizations in the platform economy, and should limit their intervention to policies compensating the losers. This strategy needs to tackle at least three problems resulting from creative destruction: *a.* some ‘good’ jobs are replaced by ‘bad’ jobs, *b.* losers bear important transition costs, and *c.* existing regulations and social protections are disrupted.

a. ‘Good’ jobs are replaced by ‘bad’ jobs. With the rise of the platform economy, some argue that jobs with better working conditions and fewer risks are replaced by jobs with worse working conditions and more risk, or simply that the platform economy creates jobs with bad working conditions. To begin, by avoiding long-term employment contracts, the platform economy shifts the risk of not having enough clients from firms to contractors (who now have no income if there are no clients).²⁸ Moreover, a recent study of the Economic Policy Institute shows that in the United States, “Uber driver compensation – the income drivers get after deducting Uber fees and driver vehicle expenses from passenger fares – averages \$11.77 an hour. This average Uber driver hourly compensation is substantially less than the \$32.06 average hourly compensation of private-sector workers and less than the \$14.99 average hourly compensation of workers in the lowest-paid major occupation.”²⁹ The study also finds that compensations often falls below the minimum wage when mandatory contributions, vehicle expenses, and other costs are subtracted: “the Uber driver ‘no benefits’ hourly wage or discretionary compensation – the hourly compensation adjusted for an assumption that Uber drivers pay the extra payroll taxes that the self-employed must pay but do *not* provide a standard benefits package for themselves – falls below the mandated minimum wage in nine of 20 major markets.”³⁰ These are reasons to believe that platforms sometimes make some of the least well-off even worse off.

One objection to this conclusion could be that the mere fact that the platform economy avoids long-term contracts, worsens working conditions, and shifts more risks on contractors is not necessarily unjust. If everyone involved in the platform economy had already secured a fair share of social primary goods, could freely choose to enter the platform economy to get some additional income, and had a reasonable freedom of exit, this phenomenon would not necessarily make anyone worse off. Indeed, consider the limit case of a reasonably well-off university student accepting occasional Uber Eats delivery gigs to increase her pocket money and to stay in good shape. She contributes to this platform voluntarily and has perfect freedom of exit, she does not need any further income to live well, and she has many job opportunities waiting for her as soon as she finishes her studies. In this case, the working conditions at Uber Eats would not necessarily be unjust since she is not among the least well-off, the platform does not provide a substantial share of her bundle of social primary goods, and she can exit whenever she no longer finds working conditions acceptable.

The problem with this picture is that it does not represent the reality of the platform economy. To begin, more advantaged contractors like our university student, often work for platforms like Task Rabbit or Uber Eats either to increase an existing income or because they are only temporarily underemployed or unemployed. In many cases, they have more freedom of exit than poorer contractors because they can more easily access alternative job

opportunities. As a result, more advantaged contractors often offer at a cheaper price the same services that much poorer workers used to provide in traditional service firms such as house cleaning and delivery, thus crowding poorer workers out of the market.³¹ Finally, poorer workers who lose their jobs in traditional firms sometimes have to join the new platforms and accept lower compensations and working conditions. Because of background injustices in society, poorer contractors enter the platform economy because they have few alternative income opportunities which weakens their freedom of exit. This can lead to situations of domination as in any precarious position in which workers do not have much freedom of exit.³² These are reasons to believe that the worsening of working conditions caused by the platform economy does make some of the least well-off even worse off.

A *mitigating strategy* could consist in solving background injustices and increasing the bargaining power of all contractors in the platform economy by providing everyone with alternative income opportunities and a reasonable freedom of exit. As Diane Coyle remarks, “to the extent that low pay or bad conditions in any one sector or business reflect the absence of attractive outside options, the focus for policy intervention should be on the broader state of the labour market.”³³ To improve outside options, public institutions could make public investments to help create well-paying jobs and improve everyone’s access to education and training for instance. As a result, platforms would have to improve working conditions to attract a sufficient number of contractors to meet the demand. As Schor remarks, “part of the difficulty in assessing the impact of these new earning opportunities is that they are being introduced during a period of high unemployment and rapid labor market restructuring. Working conditions and protections are already being eroded... Alternatively, if labor markets improve, sharers can demand more of the platforms because they have better alternatives.”³⁴ However, while mitigating background injustices can help to improve working conditions in many precarious jobs, there is a limit to its effectiveness in the case of the platform economy. In this case, anyone can easily participate and accept a few gigs on their free time, which means that wealthy university students and low-skilled, low-income workers always compete for the same clients, which drives prices down. Another *mitigating strategy* is thus required to mitigate negative effects on the least well-off: a general system of redistributive taxation is effective to make sure that, despite complex distributive effects resulting from ever-changing transformations, parts of the overall gains are transferred from winners to losers.

b. Losers bear important transition costs. With the rise of the platform economy, workers losing their previous job or wanting to relocate because working conditions have degraded, have to bear important transition costs in the short-term because they cannot instantly be relocated to new businesses. This is the case of taxi drivers who sometimes invested a lot of money to buy a car and a taxi license from local authorities and suddenly had to compete with Uber’s contractors.³⁵ In any case, changing occupation often involves transition costs like a period of unemployment and retraining.

A *mitigating strategy* involves state intervention and Keynesian economic policies³⁶ to absorb these costs collectively, like public investments to create new jobs, unemployment benefits, and retraining programs. This can reduce transition costs that unemployed people face and help improve the situation of the least well-off. But it can also improve efficiency because it prevents the inefficient waste of human capital resulting from prolonged periods of unemployment. This kind of adjustments is already routine in our economy. Public institutions could also support private initiatives like Bit Source: a company in Kentucky, USA, retraining coalminers as coders.³⁷ However, while this strategy is generally effective, there is a problem in the case of the platform economy. The abolition of long-term contracts means that in some countries, people involved in the platform economy are not considered as workers but as independent contractors and are thus denied some protections usually provided to workers losing their job. This leads us to the third problem raised by creative destruction.

c. *Existing regulations and social protections are disrupted.* The platform economy disrupts existing regulations and social protections. Adapting regulations to new realities requires a case-by-case evaluation. I only mention some examples. In some countries, systems of social protection and health insurance are attached to people's employment and do not always protect independent contractors which means that replacing long-term employment contracts with market contracts deprives people from social protection.³⁸ There is also evidence of racial and gender discrimination in the platform economy because social rating systems tend to reflect existing prejudices and antidiscrimination laws have not yet been adapted to apply to the platform economy.³⁹ Urban regulations supposed to secure affordable rents are disrupted by Airbnb, leading to surges in long-term rent prices in many cities.⁴⁰ Finally, many note that some platforms thrive mainly because they take advantage of inadequate regulations to avoid taxes and go around labor or consumer safety regulations.⁴¹

A *mitigating strategy* consists in adapting regulations and social protections. In many countries, the law is already changing. I can only mention some examples. Some propose to secure social protections to platform contractors, either by extending the employment status and related social rights to platform contractors, or by making social protections universal, unconditional, and thus independent from any employment status.⁴² Cities like Paris, Amsterdam, and Barcelona have considered tightening conditions on Airbnb renting to limit the surge in rent prices.⁴³ Schor underlines that “regarding regulation, insurance, and taxation, the platforms are mobilizing political support, and... they seem to be generally accepting of the idea that some regulation is necessary.”⁴⁴ While this process of adapting regulations to new realities is routine, the platform economy has created an urgent need to regulate new abusive practices. For instance, Uber has been criticized for using psychological tricks and addictive gamification methods – like lining up gigs automatically, setting artificial targets and non-monetary rewards – to push drivers to work more, take more clients, sometimes at hours and locations that are less lucrative for them and with insufficient breaks.⁴⁵ But this is not fundamentally different from other kinds of abusive management practices and only needs to be quickly regulated to avoid harming workers.

The contribution of this section consists in untangling various distributive effects of the two economic processes on which this paper focuses. I also explain the *mitigating strategy* proposing to implement the kind of mitigating policies that are already standard practice when dealing with innovations and market disruptions, but adapted to the platform economy. Examples of such mitigating policies include using a general system of redistributive taxation to transfer gains from winners to losers, reduce workers' transition costs with unemployment benefits and retraining programs, and adapting regulations and social protections, for instance, by making them independent from employment status. But this strategy may not be sufficient to maximize the situation of the least well-off. Another strategy goes further.

3. The organizational strategy

In this section, I explain the motivation to explore *complementary* strategies to further reduce inequalities and improve the situation of the least well-off. I also outline the *organizational strategy*.⁴⁶ Indeed, since the evolution of organizations is central to the rise of clubs and platforms, changing the organizations running them and, in particular, avoiding the monopolistic tendencies of many platforms, may be useful to limit unjust inequalities. I leave the discussion of the pros and cons of each strategy for the last section.

One motivation to investigate other distributive strategies is this. In a liberal egalitarian framework, assuming that the principles of equal basic liberties and fair equality of opportunity are secured, arguing that an economic arrangement is just requires demonstrating

that it limits inequalities to the ones that are to the *greatest* benefit of the least advantaged. Therefore, it is not sufficient to demonstrate that it *benefits* the least well-off compared to worse arrangements. Instead, we need to compare all potential arrangements and choose the one that *maximizes* the situation of the least well-off. If, in *addition* to mitigating policies, changing the kind of organizations running clubs and platforms can further limit inequalities and improve the situation of the least well-off, then justice requires it.

The main difference between the two strategies is the kind of organizations which ends up running clubs and platforms. According to the *mitigating strategy* public institutions should tolerate all kinds of organizations and limit their intervention to mitigating policies. This means that a variety of organizations could get involved in running clubs and platforms, including investor-owned firms like Zipcar, Uber, Airbnb and most large platforms. Following Henry Hansmann, there are reasons to believe that investor-owned firms are likely to dominate many markets because this ownership model helps to reduce some transaction costs such as the cost of accessing capital and the cost of decision-making (because investors often have more homogeneous interests than other classes of patrons like workers or users).⁴⁷ Moreover, this strategy may imply tolerating the monopolistic tendencies of large platforms.

The *organizational strategy* proposes instead that public institutions should intervene to gradually change the kind of organizations running clubs and platforms. The idea is that organizations involved can have different ownership models which allocate control over various kinds of assets to different groups, with different distributive effects. Previous mitigating policies are required anyway to mitigate some distributive effects of any disruptive innovation. But public institutions could also intervene to break monopolies and promote more egalitarian organizations, like cooperatives of contractors or users, to compete with investor-owned firms and to ultimately run clubs and platforms in their stead.

From a liberal egalitarian perspective, institutions of the basic structure like the constitution, the judiciary or rules governing markets, including the regime of property rights, are simply legal instruments that must be regulated in a way that contributes to a just society. This means that, beyond the requirements of the first principle of equal basic liberty – securing an equal protection of property rights and a sufficient amount of property to allow for personal independence – a regime of property rights is justified *if and only if* it is necessary to limit inequalities to the ones that maximize the situation of the least well-off.⁴⁸ Therefore, deciding which organizational ownership model should dominate in the economy is mainly an empirical issue. I now explain why changing the kind of organizations running clubs and platforms could, in some cases, have desirable distributive effects.

3.1. Club goods.

In the case of clubs, one issue concern who owns shares of the firm running the club (shares of Zipcar for instance). Because of what club organizations are, the firm generally owns the private goods that will be shared by members (cars in the case of Zipcar). Options include public ownership – municipalities can provide accessible club goods to their residents for instance – cooperatives of users, or investor-owned firms like Zipcar.

A potential distributive advantage of public or cooperative ownership is that surpluses produced by the club can benefit the public or users in various ways. Publicly run clubs could reinvest surpluses in other public services targeting the least well-off while both public and cooperative clubs could reinvest surpluses to improve services to their poorest members. These models also allow the public or users to influence the club's decisions. By contrast, managers in investor-owned firms focus on maximizing profits for investors.⁴⁹

Yet, there may be good reasons to welcome investor-owned clubs. Since launching new clubs requires some starting capital, allowing investor-owned firms to launch clubs can greatly improve the availability of club goods which, as discussed previously, contributes to

improving the situation of the least well-off. Moreover, competition between clubs can limit profits and make club goods more affordable to everyone. Finally, there seem to be no urgent need to change the ownership model of clubs because club members do not work there and club decisions rarely have a significant effect on their main income or their protection from abusive management practices. Therefore, there seems to be no decisive reason to prefer and promote one specific ownership model over others.

3.2. *New markets.*

In the case of firms using platforms to create new markets created by platforms, the question of which ownership model is best to maximize the situation of the least well-off seems both more important and more complex. Contrary to clubs, these firms' ownership model affects contractors and users significantly. For instance, working conditions at Uber have a significant impact on contractors' main income and protection from domination and abusive management practices. On Airbnb, lenders are often renting their own flat and may, therefore, want a say on usage conditions.⁵⁰ Ownership issues include *a.* who owns shares of the firm running the platform (shares of Uber for instance), which does not necessarily include the ownership of the material capital necessary to providing the service (cars are usually owned or rented by Uber drivers) and *b.* who owns the data used to run the platform (the list of drivers in a given city and their ratings in the case of Uber).

a. First, who owns shares of firms running the platform can have various distributive effects. Options include again public ownership, cooperatives of contractors and users, and investor-owned firms like Uber and most large platforms. The ownership model determines the structure of authority within the firm and in who's interests decisions are made, which can affect strategies, working or usage conditions, etc. While public ownership of platforms is an option, I do not discuss it in detail. Public institutions could fund public platforms but running them in all sectors is likely to be too costly and competition between platforms may be desirable to promote economic efficiency. By contrast, cooperative platforms remain a private ownership model and allows competition between various platforms.

Supporters of worker cooperatives like Tom Malleson propose evidence that this ownership model is more egalitarian than investor-owned firms. Inequalities of income within them tend to be much lower, workers share profits, and they elect managers democratically which means that managers take decisions with workers' interests in mind. This contributes to limiting the creation of unjust inequalities and to improving the economic prospects and social protections of the least well-off.⁵¹ Similarly, supporters of 'platform cooperativism' like Trebor Scholz propose to support cooperative platforms owned by contractors and/or users to challenge investor-owned models and to reduce unjust inequalities.⁵²

A potential distributive benefit of cooperative platforms is that, while they offer similar services than regular platforms like Uber, they allow either contractors to influence decisions on their compensations and working conditions, or users to influence decisions about prices and terms of service. For instance, this model could prevent abusive management practices such as gamification methods discussed above by giving contractors more voice to influence how the platform is run.⁵³ Examples of such cooperatives include Eva, a cooperative of taxi contractors *and* users operating in Québec, Canada since 2017 and aiming at challenging Uber's monopoly. This organization runs a similar service as Uber, but the commission charged to drivers is much lower (15% for Eva, 25% for Uber), which improves the income of drivers and can thus benefit the least well-off.⁵⁴

Therefore, the *organizational strategy* proposes that public institutions should promote cooperative platforms owned by contractors and/or users through targeted subsidies, tax breaks, logistical support, and other favorable regulations. When combined with the other mitigating policies, this could be a way to further improve the situation of the least well-off.

b. Second, authors like Bruno Carballa Smichowski and Maxime Lambrecht underline that who owns the data also has important distributive effects because it determines what kind of platforms dominates markets. Today, platforms like Uber can dominate markets partly because they have exclusive ownership of the data on their contractors and users. This data is largely generated by contractors and users themselves registering, making transactions, and rating each other. Because Uber has a larger pool of contractors and users, it benefits from *indirect network effects*: the larger the pool of contractors becomes, the more attractive the service becomes for users, and vice-versa. This can create a tendency for contractors and users to converge to a single platform once it has reached a critical mass. Moreover, because Uber has better data, it benefits from the *data snowball effect*: the better Uber's data becomes, the better the service becomes, which attracts more consumers and lead to even better data. This provides Uber with a stronger market position and makes it difficult for small players with smaller pools of contractors and users to compete.⁵⁵ Such monopolistic position and the fact that contractors' data, in particular their reputational data, is not portable to other platforms, allows Uber to impose high commissions and bad working conditions on contractors who cannot easily defect to competing platforms. Uber can also impose pricing policies benefiting investors instead of contractors or users. One way to eliminate Uber's market power is to make them share some of their data with other platforms – in particular, contractors' contact information and reputational data – so that users could order any contractor from any competing platform app.⁵⁶ Making such data accessible and/or portable to all competing platform could thus improve competition.⁵⁷

Defenders of this proposal argue that it could produce distributive benefits. *To begin*, reducing the market power of large platforms could help any competitor, including cooperatives of contributors and users, to compete with large investor-owned firms. This could, therefore, support the development of cooperative platforms and foster the benefits that these organizations have for contractors and users, in particular, for the least well-off.⁵⁸

Moreover, in monopolistic platforms, contractors enter a state of dependency because the platform becomes the only way for them to get clients. Even when competing platforms exist, there are often high switching costs if contractors cannot carry their reputational information to other platforms. As a result, they become vulnerable to arbitrary decisions by platform managers who can threaten to exclude them. This can push contractors into accepting exploitative working conditions because they have no other option. Making data, in particular contractors' reputational information, 'portable' to alternative platform – thus helping contractors to reach clients using alternative platforms if they are not satisfied with their working conditions – would reduce the power that platforms have on contractors and reduce their ability to impose high commissions and bad working conditions.⁵⁹ While cooperatives improve contractors' voice, improving competition gives them more exit.

Finally, breaking the monopoly of large players like Uber could avoid monopoly prices for users, increase the number of transactions, and redirect competition towards relevant factors like prices, platform design, rating systems' performance, etc. While economic efficiency is not a goal in itself for liberal egalitarians, a more efficient economy could be useful to the extent that efficiency gains can increase tax revenue or create more income opportunities in ways contributing to maximizing the situation of the least well-off. Yet, I discuss limits to this argument in the next section.

The contribution of this section consists in distinguishing the previous *mitigating strategy* from the *organizational strategy*. I suggested that this *organizational strategy* may not be required for *clubs* and focused on *platforms*. The *organizational strategy* proposes to change the kind of organizations running platforms by promoting organizations with

alternative ownership models and avoiding monopolistic tendencies. However, justifying this strategy within a liberal egalitarian framework faces at least one important challenge.

4. Discussion: A challenge to the organizational strategy

In this section, I discuss the pros and cons of each strategy. I set aside issues related to the first principle of equal basic liberties and to fair equality of opportunities. Potential violations of equal basic liberties or cases of discrimination are important and need to be tackled with regulations like in other production processes. I believe that, if properly implemented, both distributive strategies discussed here are compatible with securing these principles. I chose to focus on issues related to the distribution of other social primary goods such as income and wealth and the powers attached to positions of authority and responsibility. In this regard, I now explain an advantage to the *mitigating strategy* which raises a challenge to the *organizational strategy*. I also outline the kind of arguments needed to respond to this challenge. These arguments suggest that the *organizational strategy* could be justified but making this case is difficult and would require more research.

The main advantage of the *mitigating strategy* and the corresponding challenge to the *organizational strategy* can be summarised as follows: *a.* the presumption of formal freedom claims that restricting formal freedom is justified only if *necessary* to realize justice and, in particular, to maximize the situation of the least well-off, and *b.* changing the organizations running platforms may not be *necessary* to maximize the situation of the least-well-off. *Therefore*, the restrictions of formal freedom required by the *organizational strategy* may not be justified. In what follows, I explain each premise of this argument in turn.

a. The presumption of formal freedom claims that restricting formal freedom is justified only if necessary to realize justice:

Rawls argues in favor of a general presumption of formal freedom or “against imposing legal or other restrictions on conduct without sufficient reason”.⁶⁰ We can understand this presumption as claiming that restrictions of formal freedom are justified only if they are *necessary* to achieve a just society. This presumption holds for all formal freedoms, not only ‘basic’ ones, and aims at preventing unnecessary legal restrictions. In a Rawlsian framework, there is a *sufficient* public reason to realize a just distribution. Therefore, on one interpretation of the presumption, a distributive strategy can be justified only if it is *necessary* to realizing this goal, i.e. only if *no less intrusive alternative* to achieve the same goal.⁶¹ For instance, if we assumed that, properly implemented, both distributive strategies outlined above could reach the same distribution of social primary goods, then public institutions should arguably choose the one that *restricts formal freedom the least*.

This seems to give an advantage to the *mitigating strategy*. The policies proposed by this strategy do restrict some formal freedoms, for instance, by regulating through the tax code how people can use their market income or by regulating through the labor code the kind of benefits or protections that firms have to provide to contractors. But it preserves the formal freedom of investors to create or invest in any kind of organization they want and the formal freedom of contractors and users to choose the platform they prefer, even monopolistic investor-owned firms. The *mitigating strategy* arguably restricts formal freedom less than the *organizational strategy* because the latter proposes to implement the same mitigating policies like redistributive taxation and extended labor regulations *plus* additional heavy-handed state interventions to change the organizations running platforms and to improve competition. This correspondingly raises a challenge to the *organizational strategy* because, if it can be demonstrated that mitigating policies are able to maximize the situation of the least well-off at least as well as the policies of the *organizational strategy*, the latter would constitute

unnecessary restrictions of formal freedom and would, therefore, not be justified.⁶² The weak point of this argument is that it depends on the empirical claim that, if properly implemented, mitigating policies are indeed able to bring the bundle of the least well-off at least to the same level as the *organizational strategy*. Therefore, in a liberal egalitarian framework, arguing for the *organizational strategy* requires refuting this claim and showing that such a strategy is the best way to *maximize* the situation of the least well-off. But this may be difficult to show.

b. Changing the organizations running the platform economy may not be necessary to maximize the situation of the least-well-off:

The mere fact that the *mitigating strategy* tolerates more inegalitarian organizations like investor-owned firms and that the *organizational strategy* promotes ‘more egalitarian’ ones is not sufficient to prefer the latter. As Rawls explains: “an institution may be unjust although the social system as a whole is not [for instance if] within the structure of an institution or social system one apparent injustice compensates for another.”⁶³ Institutional roles may require firms to sometimes act in ways that do not directly aim at solving injustices but end up contributing to a just society because other parts of the institutional arrangement redistribute compensate unjust inequalities. The question thus consists in determining which strategy is best able to *maximize* the situation of the least well-off. This is a difficult empirical issue.

Based on previous sections, one could expect that the *organizational strategy* would have better distributive effects because it implements mitigating policies like redistributive taxation and adapted social protections *plus* policies promoting organizations likely to improve contractors’ compensation, working conditions, and protection from abusive management practices, and improving competition and Pareto efficiency. The problem is that the resulting economic effects are difficult to predict. Indeed, more intrusive market regulations and lower expected profits for investors could reduce the amount of exchanges and the incentive for investments and innovation in the platform economy. This could reduce public revenue and create fewer income opportunities for low-income contractors and unemployed people.⁶⁴ Coyle also argues that over-rigid regulation risks losing many of the benefits that the platform economy can provide to both contractors and users. Moreover, she remarks that “the platforms provide an on-ramp to the formal labour market for people who might have been out of work for some time – such as mothers who have been caring for children, or the long-term unemployed”⁶⁵ which are among the least well-off. Interventions aiming at changing the organizations running platforms may thus be self-defeating and end up reducing the economic prospects of the least well-off.

This raises a serious challenge for the *organizational strategy* because restrictions of formal freedom required to change the organizations running platforms may not be justified.

To conclude, I now outline the kind of arguments needed to respond to this challenge. I cannot offer a full defense of this strategy. I only propose leads that liberal egalitarians could follow, but developing these arguments should be the object of further research. Liberal egalitarians need to show that promoting egalitarian organizations is *necessary* to maximize the situation of the least well-off. They can do so either by demonstrating that, despite real economic advantages, the *mitigating strategy* would fail at mitigating all relevant inequalities, *or* that the *mitigating strategy* does not have such strong economic advantages after all.

First, as I said, liberal egalitarians could try to demonstrate that, despite real economic advantages, the *mitigating strategy* would fail at mitigating all relevant inequalities and would *not* be able to realize a fair distribution of all social primary goods. Some authors follow this line. Regarding *income and wealth*, redistribution is possible to some extent but, in practice, states faced a substantial reduction in their capacity to tax multinational organizations such as the ones often running large platforms. Regarding *other* social primary goods, authors like

Martin O'Neill or Samuel Arnold also argue that redistributive taxation is not sufficient to correct all relevant distributive injustices because it fails at distributing fairly power or self-governing capacities. There may be tradeoffs to make between income, power, or other primary goods, that could justify intentionally decreasing the share of income of the least well-off to increase their share of other goods.⁶⁶ Moreover, authors like Christian Schemmel discusses whether redistributive taxation and other forms of social protection in traditional Welfare States can be *stable* over time. For instance, one issue is that large pre-tax inequalities can lead people to develop the belief that market compensations are deserved and lead more advantaged people to oppose redistributive schemes. In Rawlsian terms, the *mitigating strategy* may not be able to generate its own support in the long run.⁶⁷

Second, liberal egalitarians could try to demonstrate that the *mitigating strategy* does not have such strong economic advantages after all, because promoting more egalitarian organizations would not significantly tamper with economic efficiency. There is some evidence suggesting that worker cooperatives in other sectors can be very efficient, provided some public support to access capital, so it is not obvious that public interventions to promote cooperatives of contractors and users would reduce economic efficiency enough to harm the least well-off.⁶⁸ However, this is a complex economic issue that requires much more research. Public institutions could nevertheless start by small steps to gradually promote a number of cooperatives of contractors and users and observe their performance to determine whether they can deliver the expected distributive benefits.

The contribution of this section consists in discussing the pros and cons of each strategy. I raised an important challenge to the *organizational strategy*: *a.* the presumption of formal freedom claims that restricting formal freedom is justified only if *necessary* to realize justice and, in particular, to maximize the situation of the least well-off, and *b.* changing the organizations running the platform economy may not be *necessary* to maximize the situation of the least-well-off, because it may create inefficiencies, which could reduce the bundle of goods of the least advantaged. Therefore, the restrictions of formal freedom required by the organizational strategy may not be justified. I outlined the kind of arguments needed to respond to this challenge. These arguments suggest that the *organizational strategy* could be justified but making this case is difficult and requires more empirical research.

Conclusion

Regulating clubs and platforms in a just way may require very different kinds of interventions. In the case of *club* organizations, I argued that they have mostly positive distributive effects. There seems to be no strong reason to prefer one kind of organization over others to run these clubs. Public institutions may simply need to intervene to help the least well-off to access club goods. Depending on the situation, such policies may include targeted subsidies to either cut the membership cost for low-income people or help launch service points in poor areas, and education programs to improve digital literacy.

By contrast, regulating the *new markets* created by online platforms could require both changing the kind of *organizations* running platforms, by promoting cooperatives of contractors or users for instance, and implementing strong *mitigating* policies to mitigate some negative distributive effects of market disruptions.

However, the *organizational strategy* faces an important challenge: *a.* the presumption of formal freedom claims that restricting formal freedom is justified only if *necessary* to realize justice and, in particular, to maximize the situation of the least well-off, and *b.* changing the organizations running the platform economy may not be *necessary* to maximize the situation of the least-well-off, because it may create inefficiencies, which could

reduce the bundle of goods of the least advantaged. *Therefore*, the restrictions of formal freedom required by the *organizational strategy* may not be justified. I outlined the kind of arguments needed to respond to this challenge. Liberal egalitarians need to show that promoting egalitarian organizations is *necessary* to maximize the situation of the least well-off. They can do so either by demonstrating that, despite its real economic advantages, the *mitigating strategy* would fail at mitigating all relevant inequalities, *or* that it does not have such strong economic advantages after all. There are potential arguments to support these claims. These arguments suggest that the *organizational strategy* could be justified in a liberal egalitarian framework but making this case is difficult and requires more empirical research.

If the *organizational strategy* were justified in the case of the platform economy, public institutions would need to implement policies supporting cooperatives of contractors or users. Examples of such policies include targeted subsidies to help cooperatives or contractors or users and policies forcing platforms to share their data and make contractors and users reputational data portable to alternative platforms to improve competition. But in any case, the policies proposed by the *mitigating strategy* are also important to mitigate some unjust inequalities created by any innovation disrupting existing markets. Mitigating policies of this sort include improving background fairness in society and outside options for contractors through job-creation investments and using general redistributive taxation to make sure that economic transformation benefit everyone including the losers in the process. Mitigating policies also include retraining workers and providing unemployment benefit to collectively absorb transition costs. They finally include adapting social protections and regulations, for instance, by making social protections independent from employment status, and adapting safety standards and urban regulations to new market realities.

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Notes

¹ John Rawls, *Justice as fairness* (Cambridge, MA: Harvard University Press, 2001), 42.

² John Rawls, *A theory of justice* (Cambridge, MA: Harvard University Press, 1971), 83.

³ Russell Belk, "You are what you can access: Sharing and platform consumption online," *Journal of Business Research* 67 (2014): 1595-1600; Rachel Botsman and Roo Rogers, *What's mine is yours: How platform consumption is changing the way we live* (London: Collins, 2011), i-xxii; Juliet Schor, "Debating the sharing economy," Great Transition Initiative (2014), <https://greattransition.org/publication/debating-the-sharing-economy> (accessed June 2019).

⁴ Belk, "You are what you can access," *Journal of Business Research*, 1595.

⁵ Botsman and Rogers, for instance, put Airbnb and CouchSurfing in the same category as sharing organizations contributing to "platform lifestyles" (*What's mine is yours*, xvi, 73).

⁶ On the rise of platforms: Diane Coyle, "Precarious and productive work in the digital economy," *National Institute Economic Review* 240 (2017): 5-14; Julie Cohen, "Law for the platform economy," *U.C. Davis Law Review* 51 (2017); Maxime Lambrecht, "Plateformes collaboratives," in *Dictionnaire des inégalités et de la justice sociale*, ed. Patrick Savidan (Paris: Presses Universitaires de France, 2018); Maxime Lambrecht, "L'économie des plateformes collaboratives," *Courrier Hebdomadaire du CRISP* 2311-2312 (2016): 1-78.

⁷ Herbert A. Simon, "Public administration in today's world of organizations and markets," *PS: Political Science and Politics* 33, no. 4 (2000): 751.

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- ⁸ Herbert A. Simon, "Organizations and markets," *Journal of Public Administration Research and Theory: J-PART* 5, no. 3 (1995): 288, 289.
- ⁹ Simon, "Public administration," *PS: Political Science and Politics*, 750-751.
- ¹⁰ Simon, "Public administration," *PS: Political Science and Politics*, 751.
- ¹¹ Oliver E. Williamson, "The economics of organizations: The transaction cost approach," *American Journal of Sociology* 87, no. 3 (1981): 548-577.
- ¹² Williamson, "The economics of organizations," *American Journal of Sociology*, 548-577.
- ¹³ James M. Buchanan uses the example of shoes: two persons cannot use the same pair of shoes simultaneously but can take turns ("An Economic Theory of Clubs," *Economica, New Series* 32, no. 125 (1965): 1-14).
- ¹⁴ Arun Sundararajan, *The sharing economy: the end of employment and the rise of crowd-based capitalism*. (Cambridge, MA: MIT Press, 2016); Coyle, "Precarious and productive work," *National Institute Economic Review*.
- ¹⁵ Botsman and Rogers, *What's mine is yours*, x-xi, xvi, 134-148; Schor, "Debating the sharing economy," Great Transition Initiative.
- ¹⁶ On the substantial control that many platforms keep on economic transactions, see: Cohen, "Law for the platform economy," *U.C. Davis Law Review*. For examples of exploitative management practices, see: Noam Scheiber, "How Uber is using psychological tricks to push it's drivers' buttons," *The New York Times*, April 2, 2017.
- ¹⁷ Coyle, "Precarious and productive work," *National Institute Economic Review*.
- ¹⁸ One author proposing a similar strategy is Coyle, "Precarious and productive work," *National Institute Economic Review*.
- ¹⁹ Rawls, *A theory of justice*; Rawls, *Justice as fairness*.
- ²⁰ Schor, "Debating the sharing economy," Great Transition Initiative.
- ²¹ Lambrecht, "Plateformes collaboratives."
- ²² Friedrich A. Hayek, *The road to serfdom* [1944], with *The intellectuals and socialism* [1949] (London: The Institute of Economic Affairs, 2005), 59-60.
- ²³ Friedrich A. Hayek, *Studies in Philosophy, Politics and Economics* (Chicago, IL: University of Chicago Press, 1967), 172.
- ²⁴ Coyle, "Precarious and productive work," *National Institute Economic Review*; Schor, "Debating the sharing economy," Great Transition Initiative.
- ²⁵ Lambrecht, "Plateformes collaboratives."
- ²⁶ Joseph A. Schumpeter, *Capitalism, socialism and democracy* [1950] (New York, NY: Harper Perennial Modern Classics, 2008); Coyle, "Precarious and productive work," *National Institute Economic Review*.
- ²⁷ Even Hayek, otherwise skeptical of economic planning and redistribution, concedes that "the successful use of competition does not preclude some types of government interference. For instance, to limit working hours, to require certain sanitary arrangements, to provide an extensive system of social services is fully compatible with the preservation of competition... There is no reason why, in a society which has reached the general level of wealth ours has, the first kind of security should not be guaranteed to all without endangering general freedom; that is: some minimum of food, shelter and clothing, sufficient to preserve health. Nor is there any reason why the state should not help to organize a comprehensive system of social insurance in providing for those common hazards of life against which few can make adequate provision" (*The road to serfdom*, 46, 66-67).
- ²⁸ Juliet Schor, "Does the sharing economy increase inequality within the eighty percent?: findings from a qualitative study of platform providers," *Cambridge Journal of Regions, Economy and Society* 10 (2017): 264.
- ²⁹ Lawrence Mishel, "Uber and the Labor Market," Report of the Economic Policy Institute, 2018, <https://www.epi.org/publication/uber-and-the-labor-market-uber-drivers-compensation-wages-and-the-scale-of-uber-and-the-gig-economy/> (accessed June 2019).
- ³⁰ Mishel, "Uber and the Labor Market."
- ³¹ Schor, "Does the sharing economy increase inequality within the eighty percent?," *Cambridge Journal of Regions, Economy and Society*, 263-279.
- ³² On how the lack of freedom of exit can lead to domination and abuses of power, see: Iñigo González-Ricoy, "The Republican Case for Workplace Democracy," *Social Theory and Practice* 40, no. 2 (2014): 253.
- ³³ Coyle, "Precarious and productive work," *National Institute Economic Review*, 8.
- ³⁴ Schor, "Debating the sharing economy," Great Transition Initiative.
- ³⁵ Schor, "Debating the sharing economy," Great Transition Initiative.
- ³⁶ John Maynard Keynes, *The general theory of employment, interest, and money* [1936] (Boston, MA: Houghton Mifflin Harcourt, 2001).

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- ³⁷ Cassady Rosenblum, “Hillbillies who code: the former miners out to put Kentucky on the tech map,” *The Guardian*, April 21, 2017.
- ³⁸ Coyle, “Precarious and productive work,” *National Institute Economic Review*; Schor, “Debating the sharing economy,” Great Transition Initiative; Scheiber, “How Uber is using psychological tricks to push it’s drivers’ buttons.”
- ³⁹ Pablo Parigi and Bogdan State, “Disenchanted the World: The Impact of Technology on Relationships,” *Social Informatics* 8851 (2014): 166-182; Benjamin Edelman and Michael Luca, “Digital discrimination: the case of Airbnb.com,” Working Paper 14-056 (Harvard Business School, 2014), http://www.west-info.eu/files/airbnb_research.pdf (accessed June 2019).
- ⁴⁰ On how Airbnb has led to a rise in long-term rent prices in various European cities, see: Jon Henley, “Ten cities ask EU for help to fight Airbnb expansion,” *The Guardian*, June 20, 2019.
- ⁴¹ Coyle, “Precarious and productive work,” *National Institute Economic Review*; Schor, “Debating the sharing economy,” Great Transition Initiative. Scheiber (“How Uber is using psychological tricks to push it’s drivers’ buttons”) and Cohen (“Law for the platform economy,” *U.C. Davis Law Review*) also mention that Uber and other large platforms have created tools to deliberately avoid regulatory scrutiny and evade accountability.
- ⁴² Coyle, “Precarious and productive work,” *National Institute Economic Review*; Schor, “Does the sharing economy increase inequality within the eighty percent?,” *Cambridge Journal of Regions, Economy and Society*; Lambrecht, “Plateformes collaboratives”; Scheiber, “How Uber is using psychological tricks to push it’s drivers’ buttons.”
- ⁴³ Henley, “Ten cities ask EU for help to fight Airbnb expansion.” Paris has considered limiting the number of nights users can lend their flat on Airbnb for instance.
- ⁴⁴ Schor, “Debating the sharing economy,” Great Transition Initiative.
- ⁴⁵ Scheiber, “How Uber is using psychological tricks to push it’s drivers’ buttons.”
- ⁴⁶ Authors proposing a similar strategy include: Trebor Scholz, *Platform Cooperativism. Challenging the Corporate Sharing Economy* (New York, NY: Rosa Luxemburg Stiftung, 2016); Bruno Carballa Smichowski, “Data as a common in the sharing economy: a general policy proposal,” Working paper 2016-10 (Centre d’Economie de l’Université Paris Nord CEPN, 2016), <https://hal.archives-ouvertes.fr/hal-01386644/document> (accessed June 2019).
- ⁴⁷ Henry Hansmann, *The ownership of enterprise* (Cambridge: MA, Harvard University Press, 1996).
- ⁴⁸ Rawls, *A theory of justice*; Rawls, *Justice as fairness*.
- ⁴⁹ On city-owned renting platforms see: Scholz, *Platform Cooperativism*; Schor, “Debating the sharing economy,” Great Transition Initiative.
- ⁵⁰ On the impact of working conditions on Uber contractors, see: Mishel, “Uber and the Labor Market”; Coyle, “Precarious and productive work,” *National Institute Economic Review*; Schor, “Does the sharing economy increase inequality within the eighty percent?,” *Cambridge Journal of Regions, Economy and Society*; Scheiber, “How Uber is using psychological tricks to push it’s drivers’ buttons.” In the case of peer-to-peer renting, Schor also mentions that Airbnb created a platform for users to facilitate discussions about policy and usage conditions.
- ⁵¹ Tom Malleon proposes that public institutions should implement a variety of policies to promote worker cooperatives in many sectors of economic production to reduce unjust inequalities (*After Occupy: Economic Democracy for the 21st Century* (Oxford: Oxford University Press, 2014), 27-89). On worker cooperatives and their distributive benefits for the least well-off, see also: Gregory Dow, *Governing the firm: Workers’ control in theory and practice*. (Cambridge: Cambridge University Press, 2003); Virginie Pérotin, “Worker Cooperatives: Good, Sustainable Jobs in the Community”, *Journal of entrepreneurial and organizational diversity* 2 no. 2 (2013): 34-47; Thomas Ferretti, “Mondragon in five points: Advantages and challenges of worker cooperatives,” *Renewal – A journal of social democracy* 23, no. 4 (2015): 37-54.
- ⁵² Scholz, *Platform Cooperativism*; Carballa Smichowski, “Data as a common in the sharing economy.”
- ⁵³ Scholz, *Platform Cooperativism*; Carballa Smichowski, “Data as a common in the sharing economy.”
- ⁵⁴ Patricia Cloutier, “Marché du taxi: après Uber, Québec ouvre la porte à Eva,” *LeSoir*, January 11, 2019. Other examples here: Platform Cooperativism Consortium, Web site, <https://platform.coop/about> (accessed June 2019).
- ⁵⁵ Coyle, “Precarious and productive work,” *National Institute Economic Review*; Carballa Smichowski, “Data as a common in the sharing economy;” Carballa Smichowski, “Is ride-hailing doomed to monopoly? Theory and evidence from the main U.S. markets,” *Revue d’économie industrielle* 2, no. 162 (2018) : 43-72.
- ⁵⁶ France has attempted to create a public taxi register on which drivers can register so that users can access the same pool of drivers using any platform: letaxi, Web site, <https://le-taxi.gitbook.io/guide/> (accessed June 2019).
- ⁵⁷ Carballa Smichowski, “Data as a common in the sharing economy.”
- ⁵⁸ Carballa Smichowski, “Data as a common in the sharing economy;” Carballa Smichowski, “Is ride-hailing doomed to monopoly?,” *Revue d’économie industrielle*.
- ⁵⁹ Carballa Smichowski, “Data as a common in the sharing economy;” Carballa Smichowski, “Is ride-hailing doomed to monopoly?,” *Revue d’économie industrielle*; Lambrecht, “Plateformes collaboratives.”

- ⁶⁰ Rawls *Justice as fairness*, 44, 112. See also: Samuel Freeman, *Rawls* (New York, NY: Routledge, 2007), 83.
- ⁶¹ Similar intuitions underly the principle of proportionality used by courts and lawmakers when evaluating the legitimacy of laws limiting important freedoms (Thomas Sullivan and Richard Frase, *Proportionality Principles in American Law: Controlling Excessive Government Actions* (Oxford: Oxford University Press, 2008)).
- ⁶² Malleon underline the existence of this argument regarding interventions to promote worker cooperatives in other sectors of the economy (*After Occupy*, xxi).
- ⁶³ Rawls, *A theory of Justice*, 57
- ⁶⁴ I thank one anonymous reviewer for pointing out this difficulty.
- ⁶⁵ Coyle, “Precarious and productive work,” *National Institute Economic Review*. As mentioned by one anonymous reviewer, this argument may extend, in some cases, to populations that were unemployed because they were discriminated by employers because of their race or ethnicity.
- ⁶⁶ Martin O’Neill, “Free (and Fair) Markets without Capitalism,” in *Property-owning democracy: Rawls and beyond*, ed. Martin O’Neill and Thad Williamson (Oxford: Wiley-Blackwell, 2012), 75-93; Martin O’Neill, “Three rawlsian routes towards economic democracy,” *Revue de philosophie économique* 8, no. 2, (2008): 29-55; Samuel Arnold, “The difference principle at work,” *The Journal of Political Philosophy* 20, no. 1 (2012): 94-118; Samuel Arnold, “Right-wing rawlsianism: A critique”, *The Journal of Political Philosophy* 21, no. 4 (2013): 382-404.
- ⁶⁷ Christian Schemmel, “How (not) to criticise the welfare state,” *Journal of Applied Philosophy* 32, no. 4 (2015): 393-409.
- ⁶⁸ Malleon, *After Occupy*.

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