

Gig Watch

Onlinestudiecirkel – arbete och organisering del 3

Innehåll:

- Tactics – från sida 125 ur boken RULES FOR RADICALS av SAUL D. ALINSKY
- Platform Capitalism – sida 36-93 ur boken Platform Capitalism av Nick Srnicek

Uppgifter till texterna:

- Välj ut ett eller flera stycken ur varje text som du tycker är intressanta, som du kan presentera på cirkeln.
- Formulera en egen fråga utifrån varje text som du vill diskutera.

Tactics

We will either find a way or make one.

— Hannibal

TACTICS MEANS doing what you can with what you have. Tactics are those consciously deliberate acts by which human beings live with each other and deal with the world around them. In the world of give and take, tactics is the art of how to take and how to give. Here our concern is with the tactic of taking; how the Have-Nots can take power away from the Haves.

For an elementary illustration of tactics, take parts of your face as the point of reference; your eyes, your ears, and your nose. First the eyes; if you have organized a vast, mass-based people's organization, you can parade it visibly before the enemy and openly show your power. Second the ears; if your organization is small in numbers, then do what Gideon did: conceal the members in the dark but raise a din and clamor that will make the listener believe that your organization numbers many more than it does. Third, the nose; if your organization is too tiny even for noise, stink up the place.

Always remember the first rule of power tactics:

Power is not only what you have but what the enemy thinks you have.
[{footnote 1}](#)

The second rule is: *Never go outside the experience of your people.* When an action or tactic is outside the experience of the people, the result is confusion, fear, and retreat. It also means a collapse of communication, as we have noted.

The third rule is: *Wherever possible go outside of the experience of the enemy.* Here you want to cause confusion, fear, and retreat.

General William T. Sherman, whose name still causes a frenzied reaction throughout the South, provided a classic example of going outside the enemy's experience. Until Sherman, military tactics and strategies were based on standard patterns. All armies had fronts, rears, flanks, lines of communication, and lines of supply. Military campaigns were aimed at such standard objectives as rolling up the flanks of the enemy army or cutting the lines of supply or lines of communication, or moving around to attack from the rear. When Sherman cut loose on his famous March to the Sea, he had no front or rear lines of supplies or any other lines. He was on the loose and living on the land. The South, confronted with this new form of military invasion, reacted with confusion, panic, terror, and collapse. Sherman swept on to inevitable victory. It was the same tactic that,

years later in the early days of World War II, the Nazi Panzer tank divisions emulated in their far-flung sweeps into enemy territory, as did our own General Patton with the American Third Armored Division.

The fourth rule is: *Make the enemy live up to their own book of rules.* You can kill them with this, for they can no more obey their own rules than the Christian church can live up to Christianity.

The fourth rule carries within it the fifth rule: *Ridicule is mans most potent weapon.* It is almost impossible to counterattack ridicule. Also it infuriates the opposition, who then react to your advantage.

The sixth rule is: *A good tactic is one that your people enjoy.* [\[footnote 2\]](#) If your people are not having a ball doing it, there is something very wrong with the tactic.

The seventh rule: *A tactic that drags on too long becomes a drag.* Man can sustain militant interest in any issue for only a limited time, after which it becomes a ritualistic commitment, like going to church on Sunday mornings. New issues and crises are always developing, and one's reaction becomes, "Well, my heart bleeds for those people

and I'm all for the boycott, but after all there are other important things in life"—and there it goes.

The eighth rule: *Keep the pressure on*, with different tactics and actions, and utilize all events of the period for your purpose.

The ninth rule: *The threat is usually more terrifying than the thing itself.*

The tenth rule: *The major premise for tactics is the development of operations that will maintain a constant pressure upon the opposition.* It is this unceasing pressure that results in the reactions from the opposition that are essential for the success of the campaign. It should be remembered not only that the action is in the reaction but that action is itself the consequence of reaction and of reaction to the reaction, ad infinitum. The pressure produces the reaction, and constant pressure sustains action.

The eleventh rule is: *If you push a negative hard and deep enough it will break through into its counterside;* this is based on the principle that every positive has its negative. We have already seen the conversion of the negative into the positive, in Mahatma Gandhi's development of the tactic of passive resistance.

One corporation we organized against responded to the continuous application of pressure by burglarizing my home, and then using the keys taken in the burglary to burglarize the offices of the Industrial Areas Foundation where I work. The panic in this corporation was clear from the nature of the burglaries, for nothing was taken in either burglary to make it seem that the thieves were interested in ordinary loot—they took only the records that applied to the corporation. Even the most amateurish burglar would have had more sense than to do what the private detective agency hired by that corporation did. The police departments in California and Chicago agreed that "the corporation might just as well have left its fingerprints all over the place."

In a fight almost anything goes. It almost reaches the point where you stop to apologize if a chance blow lands *above* the belt. When a corporation bungles like the one that burglarized my home and office, my visible public reaction is shock, horror, and moral outrage. In this case, we let it be known that sooner or later it would be confronted with this crime as well as with a whole series of other derelictions, before a United States Senate Subcommittee Investigation. Once sworn in, with congressional immunity, we would make these actions public. This threat, plus the fact that an attempt on my life had been made in Southern California, had the

corporation on a spot where it would be publicly suspect in the event of assassination. At one point I found myself in a thirty-room motel in which every other room was occupied by their security men. This became another devil in the closet to haunt this corporation and to keep the pressure on.

The twelfth rule: *The price of a successful attack is a constructive alternative.* You cannot risk being trapped by the enemy in his sudden agreement with your demand and saying "You're right—we don't know what to do about this issue. Now you tell us."

The thirteenth rule: *Pick the target, freeze it, personalize it, and polarize it.*

In conflict tactics there are certain rules that the organizer should always regard as universalities. One is that the opposition must be singled out as the target and "frozen." By this I mean that in a complex, interrelated, urban society, it becomes increasingly difficult to single out who is to blame for any particular evil. There is a constant, and somewhat legitimate, passing of the buck. In these times of urbanization, complex metropolitan governments, the complexities of major interlocked corporations, and the interlocking of political life between cities and counties and metropolitan authorities, the problem that threatens to loom more and more is that

of identifying the enemy. Obviously there is no point to tactics unless one has a target upon which to center the attacks. One big problem *is* a constant shifting of responsibility from one jurisdiction to another—individuals and bureaus one after another disclaim responsibility for particular conditions, attributing the authority for any change to some other force. In a corporation one gets the situation where the president of the corporation says that he does not have the responsibility, it *is* up to the board of trustees or the board of directors, the board of directors can shift it over to the stockholders, etc., etc. And the same thing goes, for example, on the Board of Education appointments in the city of Chicago, where an extra-legal committee is empowered to make selections of nominees for the board and the mayor then uses his legal powers to select names from that list. When the mayor is attacked for not having any blacks on the list, he shifts the responsibility over to the committee, pointing out that he has to select those names from a list submitted by the committee, and if the list is all white, then he has no responsibility. The committee can shift the responsibility back by pointing out that it is the mayor who has the authority to select the names, and so it goes in a comic (if it were not so tragic) routine of "who's on first" or "under which shell is the pea hidden?"

The same evasion of responsibility is to be found in all areas of life and other areas of City Hall Urban Renewal departments, who say the responsibility is over here, and somebody else says the responsibility is over there, the city says it is a state responsibility, and the state says it is a federal responsibility and the federal government passes it back to the local community, and on ad infinitum.

It should be borne in mind that the target is always trying to shift responsibility to get out of being the target. There is a constant squirming and moving and strategy— purposeful, and malicious at times, other times just for straight self-survival—on the part of the designated target. The forces for change must keep this in mind and pin that target down securely. If an organization permits responsibility to be diffused and distributed in a number of areas, attack becomes impossible.

I remember specifically that when the Woodlawn Organization started the campaign against public school segregation, both the superintendent of schools and the chairman of the Board of Education vehemently denied any racist segregationist practices in the Chicago Public School System. They took the position that they did not even have any racial-identification data in their files, so they did not know which of their students were black and which were

white. As for the fact that we had all-white schools and all-black schools, well, that's just the way it was.

If we had been confronted with a politically sophisticated school superintendent he could have very well replied, "Look, when I came to Chicago the city school system was following, as it is now, a neighborhood school policy. Chicago's neighborhoods are segregated. There are white neighborhoods and black neighborhoods and therefore you have white schools and black schools. Why attack me? Why not attack the segregated neighborhoods and change them?" He would have had a valid point, of sorts; I still shiver when I think of this possibility; but the segregated neighborhoods would have passed the buck to someone else and so it would have gone into a dog-chasing-his-tail pattern—and it would have been a fifteen-year job to try to break down the segregated residential pattern of Chicago. We did not have the power to start that kind of a conflict. One of the criteria in picking your target is the target's vulnerability—where do you have the power to start? Furthermore, any target can always say, "Why do you center on me when there are others to blame as well?" When you "freeze the target," you disregard these arguments and, for the moment, all the others to blame.

Then, as you zero in and freeze your target and carry out your attack, all of the "others" come out of the woodwork very soon. They become visible by their support of the target.

The other important point in the choosing of a target is that it must be a personification, not something general and abstract such as a community's segregated practices or a major corporation or City Hall. It is not possible to develop the necessary hostility against, say, City Hall, which after all is a concrete, physical, inanimate structure, or against a corporation, which has no soul or identity, or a public school administration, which again is an inanimate system.

John L. Lewis, the leader of the radical C.I.O. labor organization in the 1930s, was fully aware of this, and as a consequence the C.I.O. never attacked General Motors, they always attacked its president, Alfred "Icewater{sic}-In-His-Veins" Sloan; they never attacked the Republic Steel Corporation but always its president, "Bloodied Hands" Tom Girdler, and so with us when we attacked the thensuperintendent of the Chicago public school system, Benjamin Willis. Let nothing get you off your target.

With this focus comes a polarization. As we have indicated before, all issues must be polarized if action is to follow. The classic statement on polarization comes from Christ: "He that is not with me

is against me" (Luke 11:23). He allowed no middle ground to the moneychangers in the Temple. One acts decisively only in the conviction that all the angels are on one side and all the devils on the other. A leader may struggle toward a decision and weigh the merits and demerits of a situation which is 52 per cent positive and 48 per cent negative, but once the decision is reached he must assume that his cause is 100 per cent positive and the opposition 100 per cent negative. He can't toss forever in limbo, and avoid decision. He can't weigh arguments or reflect endlessly—he must decide and act. Otherwise there are Hamlet's words:

And thus the native hue of resolution
Is sicklied o'er with the pale cast of thought,
And enterprises of great pith and moment
With this regard their currents turn awry,
And lose the name of action.

Many liberals, during our attack on the then-school superintendent, were pointing out that after all he wasn't a 100 per cent devil, he was a regular churchgoer, he was a good family man, and he was generous in his contributions to charity. Can you imagine in the arena of conflict charging that so-and-so is a racist bastard and then diluting the impact of the attack with qualifying remarks such as "He

is a good churchgoing man, generous to charity, and a good husband"? This becomes political idiocy.

An excellent illustration of the importance of polarization here was cited by Ruth McKenney in *Industrial Valley*, her classical study of the beginning of organization of the rubber workers in Akron, Ohio:

[John L] Lewis faced the mountaineer workers of Akron calmly. He had taken the trouble to prepare himself with exact information about the rubber industry and The Goodyear Tire and Rubber Company. He made no vague, general speech, the kind the rubberworkers *{sic}* were used to hearing from Green [then president of the A.F. of L.]. Lewis named names and quoted figures. His audience was startled and pleased when he called Cliff Slusser by name, described him, and finally denounced him. The A.F. of L. leaders who used to come into Akron in the old days were generally doing well if they remembered who Paul Litchfield was.

The Lewis speech was a battle cry, a challenge. He started off by recalling the vast profits the rubber companies had always made, even during the deepest days of the Depression. He mentioned the Goodyear labor policy, and quoted Mr. Litchfield's pious opinions about the partnership of labor and capital.

"What," he said in his deep, passionate voice, "have Goodyear workers gotten out of the growth of the company?" His audience squirmed in its seats, listening with almost painful fervor.

"Partnership!" he sneered. "Well, labor and capital may be partners in theory, *but they are enemies in fact.*

... The rubberworkers listened to this with surprise and great excitement. William Green used to tell them about the partnership of labor and capital nearly as eloquently as Paul Litchfield. Here was a man who put into words—what eloquent and educated and even elegant words—facts they knew to be true from their own experience. Here was a man who said things that made real sense to a guy who worked on a tire machine at Goodyear.

"Organize!" Lewis shouted, and his voice echoed from the beams of the armory. "Organize!" he said, pounding the speaking pulpit until it jumped. "Organize! Go to Goodyear and tell them you want some of those stock dividends. Say, So we're supposed to be partners, are we? Well, we're not. *We're enemies.*"

- *The real action is in the enemy's reaction.*

- *The enemy properly goaded and guided in his reaction will be your major strength.*
- *Tactics, like organization, like life, require that you move with the action.*

The scene is Rochester, New York, the home of Eastman Kodak—or rather Eastman Kodak, the home of Rochester, New York. Rochester is literally dominated by this industrial giant. For anyone to fight or publicly challenge Kodak is in itself completely outside of Rochester's experience. Even to this day this company does not have a labor union. Its attitudes toward the general public make paternalistic feudalism look like participatory democracy.

Rochester prides itself on being one of America's cultural crown jewels; it has its libraries, school system, university, museums, and its well-known symphony. As previously mentioned we were coming in on the invitation of the black ghetto to organize them (they literally organized to invite us in). The city was in a state of hysteria and fear at the very mention of my name. Whatever I did was news. Even my old friend and tutor, John L. Lewis, called me and affectionately growled, "I resent the fact that you are more hated in Rochester than I was." This was the setting.

One of the first times I arrived at the airport I was surrounded by reporters from the media. The first question was what I thought about

Rochester as a city and I replied, "It is a huge southern plantation transplanted north." To the question why was I "meddling" in the black ghetto after "everything" that Eastman Kodak had done for the blacks (there had been a bloody riot, National Guard, etc., the previous summer), I looked blank and replied, "Maybe I am innocent and uninformed of what has been happening here, but as far as I know the only thing Eastman Kodak has done on the race issue in America has been to introduce color film." The reaction was shock, anger, and resentment from Kodak. They were not being attacked or insulted—they were being laughed at, and this was insufferable. It was the first dart tossed at the big bull. Soon Eastman would become so angry that it would make the kind of charges that finally led to its own downfall.

The next question was about my response to a bitter personal denunciation of me from W. Allen Wallis, the president of the University of Rochester and a present director of Eastman Kodak. He had been the head of the Department of Business Administration, formerly, at the University of Chicago. He was at the university when it was locked in bitter warfare with the black organization in Woodlawn. "Wallis?" I replied. "Which one are you talking about—Wallace of Alabama, or Wallis of Rochester—but I guess there isn't any difference, so what was your question?" This reply (1) introduced an element of ridicule and (2) it ended any further attacks

from the president of the University of Rochester, who began to suspect that he was going to be shafted with razors, and that an encounter with me or with my associates was not going to be an academic dialogue.

It should be remembered that you can threaten the enemy and get away with it. You can insult and annoy him, but the one thing that is unforgivable and that is certain to get him to react is to laugh at him. This causes an irrational anger.

I hesitate to spell out specific applications of these tactics. I remember an unfortunate experience with my *Reveille for Radicals*, in which I collected accounts of particular actions and tactics employed in organizing a number of communities. For some time after the book was published I got reports that would-be organizers were using this book as a manual, and whenever they were confronted with a puzzling situation they would retreat into some vestibule or alley and thumb through to find the answer! There can be no prescriptions for particular situations because the same situation rarely recurs, any more than history repeats itself. People, pressures, and patterns of power are variables, and a particular combination exists only in a particular time—even then the variables are constantly in a state of flux. Tactics must be understood as specific applications of the rules and principles that I have listed

above. It is the *principles* that the organizer must carry with him in battle. To these he applies his imagination, and he relates them tactically to specific situations.

For example, I have emphasized and re-emphasized that tactics means you do what you can with what you've got, and that power in the main has always gravitated towards those who have money and those whom people follow. The resources of the Have-Nots are (1) no money and (2) lots of people. All right, let's start from there. People can show their power by voting. What else? Well, they have physical bodies. How can they use them? Now a melange of ideas begins to appear. Use the power of the law by making the establishment obey its own rules. Go outside the experience of the enemy, stay inside the experience of your people. Emphasize tactics that your people will enjoy. The threat is usually more terrifying than the tactic itself. Once all these rules and principles are festering in your imagination they grow into a synthesis.

I suggested that we might buy one hundred seats for one of Rochester's symphony concerts. We would select a concert in which the music was relatively quiet. The hundred blacks who would be given the tickets would first be treated to a three-hour pre-concert dinner in the community, in which they would be fed nothing but

baked beans, and lots of them; then the people would go to the symphony hall—with obvious consequences. Imagine the scene when the action began! The concert would be over before the first movement! (If this be a Freudian slip—so be it!)

Let's examine this tactic in terms of the concepts mentioned above.

First, the disturbance would be utterly outside the experience of the establishment, which was expecting the usual stuff of mass meetings, street demonstrations, confrontations and parades. Not in their wildest fears would they expect an attack on their prize cultural jewel, their famed symphony orchestra. Second, all of the action would ridicule and make a farce of the law for there is no law, and there probably never will be, banning natural physical functions. Here you would have a combination not only of noise but also of odor, what you might call natural stink bombs. Regular stink bombs are illegal and cause for immediate arrest, but there would be absolutely nothing here that the Police Department or the ushers or any other servants of the establishment could do about it. The law would be completely paralyzed.

People would recount what had happened in the symphony hall and the reaction of the listener would be to crack up in laughter. It would make the Rochester Symphony and the establishment look utterly

ridiculous. There would be no way for the authorities to cope with any future attacks of a similar character. What could they do? Demand that people not eat baked beans before coming to a concert? Ban anyone from succumbing to natural urges during the concert? Announce to the world that concerts must not be interrupted by farting? Such talk would destroy the future of the symphony season. Imagine the tension at the opening of any concert! Imagine the feeling of the conductor as he raised his baton!

With this would come certain fall-outs. On the following morning, the matrons, to whom the symphony season is one of the major social functions, would confront their husbands (both executives and junior executives) at the breakfast table and say, "John, we are not going to have our symphony season ruined by *those people!* I don't know what they want but whatever it is, something has got to be done and this kind of thing has to be stopped!"

Lastly, we have the universal rule that while one goes outside the experience of the enemy in order to induce confusion and fear, one must not do the same with one's own people, because you do not want them to be confused and fearful. Now, let us examine this rule with reference to the symphony tactic. To start with, the tactic is within the experience of the local people; it also satisfies another rule

—that the people must enjoy the tactic. Here we have an ambivalent situation. The reaction of the blacks in the ghetto—their laughter when the tactic was proposed—made it clear that the tactic, at least in fantasy, was within their experience. It connected with their hatred of Whitey. The one thing that all oppressed people want to do to their oppressors is shit on them. Here was an approximate way to do this. However, we were also aware that when they found themselves actually in the symphony hall, probably for the first time in their lives, they would find themselves seated amid a mass of whites, many of them in formal dress. The situation would be so much *out of their experience* that they might congeal and revert back to their previous role. The very idea of doing what they had come to do would be so embarrassing, so mortifying, that they would do almost anything to avoid carrying through the plan. But we also knew that the baked beans would compel them physically to go through with the tactic regardless of how they felt.

I must emphasize that tactics like this are not just cute; any organizer knows, as a particular tactic grows out of the rules and principles of revolution, that he must always analyze the merit of the tactic and determine its strengths and weaknesses in terms of these same rules.

Imagine the scene in the U.S. Courtroom in Chicago's recent conspiracy trial of the seven if the defendants and counsel had anally

trumpeted their contempt for Judge Hoffman and the system. What could Judge Hoffman, the bailiffs, or anyone else, do? Would the judge have found them in contempt for farting? Here was a tactic for which there was no legal precedent. The press reaction would have stunk up the judge for the rest of time.

Another tactic involving the bodily functions developed in Chicago during the days of the Johnson-Goldwater campaign. Commitments that were made by the authorities to the Woodlawn ghetto organization were not being met by the city. The political threat that had originally compelled these commitments was no longer operative. The community organization had no alternative but to support Johnson and therefore the Democratic administration felt the political threat had evaporated. It must be remembered here that not only is pressure essential to compel the establishment to make its initial concession, but the pressure must be maintained to make the establishment deliver. The second factor seemed to be lost to the Woodlawn Organization.

Since the organization was blocked in the political arena, new tactics and a new arena had to be devised.

O'Hare Airport became the target. To begin with, O'Hare is the world's busiest airport. Think for a moment of the common experience of jet travelers. Your stewardess brings you your lunch or dinner. After eating, most people want to go to the lavatory.

However, this is often inconvenient because your tray and those of your seat partners are loaded down with dishes. So you wait until the stewardess has removed the trays. By that time those who are seated closest to the lavatory have got up and the "occupied" sign is on. So you wait. And in these days of jet travel the seat belt sign is soon flashed, as the airplane starts its landing approach. You decide to wait until after landing and use the facilities in the terminal. This is obvious to anyone who watches the unloading of passengers at various gates in any airport—many of the passengers are making a beeline for the men's or the ladies' room.

With this in mind, the tactic becomes obvious—we tie up the laboratories. *{sic}* In the restrooms you drop a dime, enter, push the lock on the door—and you can stay there all day. Therefore the occupation of the sit-down toilets presents no problem. It would take just a relatively few people to walk into these cubicles, armed with books and newspapers, lock the doors, and tie up all the facilities. What are the police going to do? Break in and demand evidence of legitimate occupancy? Therefore, the ladies' restrooms could be occupied completely; the only problem in the men's lavatories would be the stand-up urinals. This, too, could be taken care of, by having

groups busy themselves around the airport and then move in on the stand-up urinals to line up four or five deep whenever a flight arrived. An intelligence study was launched to learn how many sitdown toilets for both men and women, as well as stand-up urinals, there were in the entire O'Hare Airport complex and how many men and women would be necessary for the nation's first "shit-in."

The consequences of this kind of action would be catastrophic in many ways. People would be desperate for a place to relieve themselves. One can see children yelling at their parents, "Mommy, I've got to go," and desperate mothers surrendering, "All right—well, do it. Do it right here." O'Hare would soon become a shambles. The whole scene would become unbelievable and the laughter and ridicule would be nationwide. It would probably get a front page story in the London *Times*. It would be a source of great mortification and embarrassment to the city administration. It might even create the kind of emergency in which planes would have to be held up while passengers got back aboard to use the plane's toilet facilities.

The threat of this tactic was leaked (again there may be a Freudian slip here, and again, so what?) back to the administration, and within forty-eight hours the Woodlawn Organization found itself in

conference with the authorities who said that they were certainly going to live up to their commitments and they could never understand where anyone got the idea that a promise made by Chicago's City Hall would not be observed. At no point, then or since, has there ever been any open mention of the threat of the O'Hare tactic. Very few of the members of the Woodlawn Organization knew how close they were to writing history.

With the universal principle that the right things are always done for the wrong reasons and the tactical rule that negatives become positives, we can understand the following examples.

In its early history the organized black ghetto in the Woodlawn neighborhood in Chicago engaged in conflict with the slum landlords. It never picketed the local slum tenements or the landlord's office. It selected its blackest blacks and bused them out to the lilywhite suburb of the slum landlord's residence. Their picket signs, which said, "Did you know that Jones, your neighbor, is a slum landlord?" were completely irrelevant; the point was that the pickets knew Jones would be inundated with phone calls from his neighbors.

Jones: Before you say a word let me tell you that those signs are a bunch of lies!

Neighbor: Look, Jones, I don't give a damn what you do for a living. All we know is that you get those goddam niggers out of here or you get out!

Jones came out and signed.

The pressure that gave us our positive power was the negative of racism in a white society. We exploited it for our own purposes.

Let us take one of the negative stereotypes that so many whites have of blacks: that blacks like to sit around eating watermelon. Suppose that 3,000 blacks suddenly descended into the downtown sections of any city, each armed with and munching a huge piece of watermelon. This spectacle would be so far outside the experience of the whites that they would be unnerved and disorganized. In alarm over what the blacks were up to, the establishment would probably react to the advantage of the blacks. Furthermore, the whites would recognize at last the absurdity of their stereotype of black habits. Whites would squirm in embarrassment, knowing that they were being ridiculed. That would be the end of the black watermelon stereotype. I think that this tactic would bring the administration to contact black leadership and ask what their demands were even if no demands had

been made. Here again is a case of doing what you can with what you've got.

Another example of doing what you can with what you've got is the following:

I was lecturing at a college run by a very conservative, almost fundamentalist Protestant denomination. Afterward some of the students came to my motel to talk to me. Their problem was that they couldn't have any fun on campus. They weren't permitted to dance or smoke or have a can of beer. I had been talking about the strategy of effecting change in a society and they wanted to know what tactics they could use to change their situation. I reminded them that a tactic is doing what you can with what you've got. "Now, what have you got?" I asked. "What do they permit you to do?" "Practically nothing," they said, "except—you know—we can chew gum." I said, "Fine. Gum becomes the weapon. You get two or three hundred students to get two packs of gum each, which is quite a wad. Then you have them drop it on the campus walks. This will cause absolute chaos. Why, with five hundred wads of gum I could paralyze Chicago, stop all the traffic in the Loop. They looked at me as though I was some kind of a nut. But about two weeks later I got an ecstatic letter saying, "It worked! It worked! Now we can do just about anything so long as we don't chew gum."

—quoted in Marion K. Sanders' *The Professional Radical—Conversations with Saul Alinsky*.

As with the slum landlords, one of the major department stores in the nation was brought to heel by the following threatened tactic. Remember the rule—the threat is often more effective than the tactic itself, but *only* if you are so organized that the establishment knows not only that you have the power to execute the tactic but that you definitely will. You can't do much bluffing in this game; if you're ever caught bluffing, forget about ever using threats in the future. On that point you're dead.

There is a particular department store that happens to cater to the carriage trade. It attracts many customers on the basis of its labels as well as the quality of its merchandise. Because of this, economic boycotts had failed to deter even the black middle class from shopping there. At the time its employment policies were more restrictive than those of the other stores. Blacks were hired for only the most menial jobs.

We made up a tactic. A busy Saturday shopping date was selected. Approximately 3,000 blacks all dressed up in their good churchgoing suits or dresses would be bused downtown. When you put 3,000

blacks on the main floor of a store, even one that covers a square block, suddenly the entire color of the store changes. Any white coming through the revolving doors would take one pop-eyed look and assume that somehow he had stepped into Africa. He would keep right on going out of the store. This would end the white trade for the day.

For a low-income group, shopping is a time-consuming experience, for economy means everything. This would mean that every counter would be occupied by potential customers, carefully examining the quality of merchandise and asking, say, at the shirt counter, about the material, color, style, cuffs, collars, and price. As the group occupying the clerks' attention around the shirt counters moved to the underwear section, those at the underwear section would replace them at the shirt counter, and the personnel of the store would be constantly occupied.

Now pause to examine the tactic. It is legal. There is no sit-in or unlawful occupation of premises. Some thousands of people are in the store "shopping." The police are powerless and you are operating within the law.

This operation would go on until an hour before closing time, when the group would begin purchasing everything in sight to be delivered

C.O.D.! This would tie up truck-delivery service for at least two days—with obvious further heavy financial costs, since all the merchandise would be refused at the time of delivery.

The threat was delivered to the authorities through a legitimate and "trustworthy" channel. Every organization must have two or three stool pigeons who are trusted by the establishment. These stool pigeons are invaluable as "trustworthy" lines of communication to the establishment. With all plans ready to go, we began formation of a series of committees: a transportation committee to get the buses, a mobilization committee to work with the ministers to get their people to their buses, and other committees with other specific functions. Two of the key committees deliberately included one of these

stoolies each, so that there would be one to back up the other. We knew the plan would be quickly reported back to the department store. The next day we received a call from the department store for a meeting to discuss new personnel policies and an urgent request that the meeting take place within the next two or three days, certainly before Saturday!

The personnel policies of the store were drastically changed.

Overnight, 186 new jobs were opened. For the first time, blacks were on the sales floor and in executive training.

This is the kind of tactic that can be used by the middle class too. Organized shopping, wholesale buying plus charging and returning everything on delivery, would add accounting costs to their attack on the retailer with the ominous threat of continued repetition. This is far more effective than canceling a charge account. Let's look at the score: (1) sales for one day are completely shot; (2) delivery service is tied up for two days or more; and (3) the accounting department is screwed up. The total cost *is* a nightmare for any retailer, and the sword remains hanging over his head. The middle class, too, must learn the nature of the enemy and be able to practice what I have described as mass jujitsu, utilizing the power of one part of the power structure against another part.

COMPETITION

Once we understand the external reactions of the Haves to the challenges of the Have-Nots, then we go to the next level of examination, the anatomy of power of the Haves among themselves.

But let us go deeper into the psyche of this Goliath. The Haves possess and in turn are possessed by power. Obsessed with the fear

of losing power, their every move is dictated by the idea of keeping it. The way of life of the Haves is to keep what they have and wherever possible to shore up their defenses.

This opens a new vista—not only do we have a whole class determined to keep its power and in constant conflict with the HaveNots; at the same time, they are in conflict among themselves. Power is not static; it cannot be frozen and preserved like food; it must grow or die. Therefore, in order to keep power the status quo must get more. But from whom? There is just so much more than can be squeezed out of the Have-Nots—so the Haves must take it from each other. They are on a road from which there is no turning back. This power cannibalism of the Haves permits only temporary truces, and only when equally confronted by a common enemy. Even then there are regular breaks in the ranks, as individual units attempt to exploit the general threat for their own special benefit. Here is the vulnerable belly of the status quo.

I first learned this lesson during the 1930s depression, when the United States experienced a revolutionary upheaval in the form of a mass labor-union-organizing drive known as the C.I.O. This was the radical wing of the labor movement; it espoused industrial unionism while the conservative and archaic A.F. of L. clung to craft unionism.

The position of the A.F. of L. excluded the masses of workers from union organization. The battle cry of the C.I.O. was "organize the unorganized." Very quickly the issue was joined with the gargantuan automobile industry, which was at that time an open shop, and completely unorganized. The first attack was against the behemoth of this empire, General Motors. A sit-down strike was launched against Chevrolet. John L. Lewis, then the leader of the C.I.O., told me that at the height of this sit-down strike he heard a rumor that General Motors had met with both Ford and Chrysler to advance the following proposition: "We at General Motors are fighting your battle for if the C.I.O. beats us, then you're next in line and there will be no stopping them. Now we are willing to let the C.I.O. sit in at Chevrolet until hell freezes and suffer that loss in our profits *if* you will hold your production of Fords and Plymouths [the price-class competitors to the Chevrolet] to your present market. On the other hand, we cannot hold out against the C.I.O. if you boost production in order to sell to all potential Chevrolet customers who will buy your products because they cannot get Chevrolets."

Lewis, who was an organizational genius with a rare insight into the power mechanics of the status quo, dismissed it with a perceptive comment. It doesn't matter whether this is a false rumor or true, he said, because neither Ford nor Chrysler could ever agree to overlook

an opportunity for an immediate increase in their profits and power, shortsighted as it might be.

The internecine struggle among the Haves for their individual selfinterest is as shortsighted as internecine struggle among the HaveNots. I have on occasion remarked that I feel confident that I could persuade a millionaire on a Friday to subsidize a revolution for Saturday out of which he would make a huge profit on Sunday even though he was certain to be executed on Monday.

Once one understands this internal battle for power within the status quo, one can begin to appraise effective tactics to exploit it. It *is* sad to see the stupidity of inexperienced organizers who make gross errors by failing to have even an elementary appreciation of this pattern.

An example is to be found just a couple of years ago when during the height of the rising tide of the struggle for civil rights certain civil rights leaders in Chicago declared a Christmas boycott on *all* the department stores downtown. The boycott was a disastrous failure, and any experienced revolutionary could have predicted without any reservations that this would have been the case. Any attack against the status quo must use the strength of the enemy against itself. Let

us examine this particular boycott—the error was in trying to boycott *all*, instead of *some*. Few liberals, white or black, would forgo all Christmas shopping in the most attractive shopping places. Even if it had not been the Christmas season, we know that picket lines are relatively ineffective today in stopping the general population. There is a low degree of identification on the part of the general population with the labor movement or with picket lines in general. However, even that low degree can be exploited by placing a picket line in front of only one department store. If the same merchandise can be purchased at the same price at another department store across the street, the slight uneasiness that the picket line creates can affect a significant number of customers—they have an easy enough, visible enough alternative: they will cross the street. The power squeeze comes when the picketed department store sees a number of customers going across to its competitors.

This calculated maneuvering of the power of one part of the Haves against its other parts is central to strategy. In a certain sense it is similar to the Have-Not nations playing off the U.S.A. against the U.S.S.R.

THEIR OWN PETARD

The basic tactic in warfare against the Haves is a mass political jujitsu: the Have-Nots do not rigidly oppose the Haves, but yield in such planned and skilled ways that the superior strength of the Haves becomes their own undoing. For example, since the Haves publicly pose as the custodians of responsibility, morality, law, and justice (which are frequently strangers to each other), they can be constantly pushed to live up to their own book of morality and regulations. No organization, including organized religion, can live up to the letter of its own book. You can club them to death with their "book" of rules and regulations. This is what that great revolutionary, Paul of Tarsus, knew when he wrote to the Corinthians: "Who also hath made us able ministers of the New Testament; not of the letter, but of the spirit; for the letter killeth."

Let us take, for example, the case of the civil rights demonstrations of 1963 in Birmingham, when thousands of Negro children stayed out of school to participate in the street demonstrations. The Birmingham Board of Education dusted off its book of regulations and threatened to expel all children absent for this reason. Here the civil rights leaders erred (as they did on other vital tactics) by backing off instead of rushing in with more demonstrations and

pressing the Birmingham Board of Education between the pages of their book of regulations by forcing them to live up to the letter of their regulations and statements. The Board and the City of Birmingham would have been in an impossible situation with every Negro child expelled and loose on the streets—if they didn't reverse themselves before they acted, they would have reversed themselves one day later.

Another dramatic failure to understand tactics came during the second Chicago public school boycott, in 1964, a struggle against a de facto segregated public school system. We know that the efficacy of any action is in the reaction it evokes from the Haves, so that the cycle escalates in a continuum of conflict. Lacking any reaction from the Haves (except public notice of the numbers of children involved), effects of the boycott were significantly over by the next day. This boycott was what I call a terminal tactic, one that crests, breaks, and disappears like a wave. Terminal tactics do not arouse the reaction that is essential for the development of a conflict. A terminal tactic is to be exercised only to finish a conflict, for it is ineffective in the development of the rhythm of give and take that one must have while stepping up the war and building the movement.

Civil rights leaders could console themselves with the "psychological carry-overs," "public display of support," and similar prayerful

hopes, but as for carrying on the conflict for integration, that was over and done with by the next day. Nice memory.

In Chicago the Haves slipped badly when both a judge and a district attorney muttered that the book of regulations banned attempts to induce the absence of public school students, and growled ominously about an injunction against all civil rights leaders taking part in the development of the boycott. Here, as always, whenever the Haves start living by their book they present a golden opportunity to the Have-Nots to transform what had been a terminal tactic into a sweeping advance on many fronts. The children wouldn't need to be absent—the leaders would be the only people who needed to act. Now was the time to start an intensive campaign of ridicule, insults, and taunting defiance, daring the district attorney and the judge either to live up to their regulations and issue the injunctions or stand publicly exposed as fearful frauds who were afraid to put the law where their mouths were. Such behavior on the part of the Have-Nots would probably have resulted in the injunction. But by this time the boycott tactic would have had shaking consequences. Immediately following the boycott every civil rights leader in the city of Chicago involved in it would have been in violation of the court injunction. But the last thing that the establishment wants is to indict and imprison every single civil rights leader (which would have included

leaders of every religious organization in town) in the city of Chicago. Such a step would have shaken the power structure of Chicago, and certainly put the entire issue of school segregation policy on the line. Without any question, the district attorney and the judge would have had to depend on postponements in the hope that everybody would just forget about it. At this point, now that the civil rights leaders had the powerful weapon of the book of laws of the Haves, they would have to stand fast publicly—once again taunting, insulting, demanding that the judge and the district attorney "obey the law," charging that the district attorney and the courts had issued an injunction which they had publicly, willfully, and maliciously violated, and that they therefore must be compelled to pay the penalties for this action. If the civil rights leaders insisted that they be arrested and tried, the Haves would be on the run and in complete confusion, caught in the strait jacket of their own book. Enforcement of their injunction would have resulted in a citywide storm of protest and a rapid growth in the organization. Non-enforcement would have signaled a breakdown and retreat of the Haves from the Have-Nots, and also resulted in swelling the size and force of the Have-Not organization.

TIME IN JAIL

The reaction of the status quo in jailing revolutionary leaders is in itself a tremendous contribution to the development of the Have-Not movement as well as to the personal development of the revolutionary leaders. This point should be carefully remembered as another example of how mass jujitsu tactics can be used to so maneuver the status quo that it turns its power against itself.

Jailing the revolutionary leaders and their followers performs three vital functions for the cause of the Have-Nots: (1) it is an act on the part of the status quo that in itself points up the conflict between the Haves and the Have-Nots; (2) it strengthens immeasurably the position of the revolutionary leaders with their people by surrounding the jailed leadership with an aura of martyrdom; (3) it deepens the identification of the leadership with their people since the prevalent reaction among the Have-Nots is that their leadership cares so much for them, and is so sincerely committed to the issue, that it is willing to suffer imprisonment for the cause. Repeatedly in situations where the relationship between the Have-Nots and their leaders has become strained the remedy has been the jailing of the leaders by the establishment. Immediately the ranks close and the leaders regain their mass support.

At the same time, the revolutionary leaders should make certain that their publicized violations of the regulations are so selected that their jail terms are relatively brief, from one day to two months. The trouble with a long jail sentence is that (a) a revolutionary is removed from action for such an extended period of time that he loses touch, and (b) if you are gone long enough everybody forgets about you. Life goes on, new issues arise, and new leaders appear; however, a periodic removal from circulation by being jailed is an essential element in the development of the revolutionary. The one problem that the revolutionary cannot cope with by himself is that he must now and then have an opportunity to reflect and synthesize his thoughts. To gain that privacy in which he can try to make sense out of what he is doing, why he is doing it, where he is going, what has been wrong with what he has done, what he should have done and above all to see the relationships of all the episodes and acts as they tie in to a general pattern, the most convenient and accessible solution *is* jail. It is here that he begins to develop a philosophy. It is here that he begins to shape long-term goals, intermediate goals, and a self-analysis of tactics as tied to his own personality. It is here that he is emancipated from the slavery of action wherein he was compelled to think from act to act. Now he can look at the totality of his actions and the reactions of the enemy from a fairly detached position.

Every revolutionary leader of consequence has had to undergo these withdrawals from the arena of action. Without such opportunities, he goes from one tactic and one action to another, but most of them are almost terminal tactics in themselves; he never has a chance to think through an overall synthesis, and he burns himself out. He becomes, in fact, nothing more than a temporary irritant. The prophets of the Old Testament and the New found their opportunity for synthesis by voluntarily removing themselves to the wilderness. It was after they emerged that they began propagandizing their philosophies. Often a revolutionary finds that he cannot voluntarily detach himself, since the pressure of events and action do not permit him that luxury; furthermore, a revolutionary or a man of action does not have the sedentary frame of mind that is part of the personality of a research scholar. He finds it very difficult to sit quietly and think and write. Even when provided with a voluntary situation of that kind he will react by trying to escape the job of thinking and writing. He will do anything to avoid it.

I remember that once I accepted an invitation to participate in a oneweek discussion at the Aspen Institute. The argument was made that this would be a good opportunity to get away from it all and write. The institute sessions would last only from 10:00 to noon and I would be free for the rest of the afternoon and the evening. The

morning began with the institute sessions; the subjects were very interesting and carried over through a luncheon discussion, which lasted until 2:30 or 3:00. Now I could sit and write from 3:00 to dinner, but then one of the members of the discussion group, a most interesting astronomer, stopped in for a chat. By the time he left it was 5:00 p.m.; there wasn't much point in starting to write then, for there would be cocktails at 5:30, and after cocktails there wasn't much point in sitting down to start writing because dinner would be served soon, and after dinner there wasn't much point in trying to start writing because it was late and I was tired. Now it is true that I could have got up immediately after lunch, told everybody that I was not to be disturbed, and gone to spend the afternoon writing. I could have gone back to my quarters, locked the door, and, hopefully, started writing; but the fact is that I did not want to come to grips with thinking and writing any more than anyone else involved in revolutionary movements does. I welcomed the interruptions and used them as rationalizing excuses to escape the ordeal of thinking and writing.

Jail provides just the opposite circumstances. You have no phones and, except for an hour or so a day, no visitors. Your jailers are rough, unsociable, and generally so dull that you wouldn't want to talk to them anyway. You find yourself in a physical drabness and confinement, which you desperately try to escape. Since there is no

physical escape you are driven to erase your surroundings imaginatively: you escape into thinking and writing. It was through periodic imprisonment that the basis for my first publication and the first orderly philosophical arrangement of my ideas and goals occurred.

TIME IN TACTICS

Enough of philosophical cells—let's get back to the business of the active essentials of organizing. Among the essentials is timing.

Timing is to tactics what it is to everything in life—the difference between success and failure. I don't mean the timing of the start of a tactic—that is important certainly, but as has been stated repeatedly, life does not usually afford the tactician the luxury of time or place when the conflict is engaged. Life does permit, however, that the skilled tactician be conscious of the utilization of time in the use of tactics.

Once the battle is joined and a tactic is employed, it is important that the conflict not be carried on over too long a time. If you will recall, this was the seventh rule noted at the beginning of this chapter. There are many reasons of human experience arguing for this point. I

cannot repeat too often that *a conflict that drags on too long becomes a drag*. The same universality applies for a tactic or for any other specific action.

Among the reasons is the simple fact that human beings can sustain an interest in a particular subject only over a limited period of time. The concentration, the emotional fervor, even the physical energy, a particular experience that is exciting, challenging, and inviting, can last just so long—this is true of the gamut of human behavior, from sex to conflict. After a period of time it becomes monotonous, repetitive, an emotional treadmill, and worse than anything else a bore. From the moment the tactician engages in conflict, his enemy is time.

This should be kept in mind when one is considering boycotts. First, any consideration of a boycott should carefully avoid essentials such as meat, milk, bread, or basic vegetables, since even selective buying weakens after a period of time as the opponent cuts his prices below his competitors. With non-essentials—grapes, bananas, pistachio nuts, maraschino cherries, and the like—many liberals can make the "sacrifice" and feel noble.

Even so, any skilled organizer knows that he can push this negative over into a positive: he can compel or maneuver the opposition to

make the mistake themselves. The drama of continuous involvement builds up an immunity to any further excitement. The consequence is that the opposition will finally, out of their own tedium, give in.

The pressure of time should be ever-present in the mind of the tactician as he begins to engage in action. This applies to the physical action such as a mass demonstration as well as to its emotional counterpart. When the Woodlawn Organization in Chicago decided to have a massive move-in on City Hall with reference to an issue on education, 5,000 to 8,000 individuals were to fill the lobby of City Hall in Chicago at 10:00 a.m. for a confrontation with the mayor. At the time the strategy was being developed, the function of time in the use of the tactic was examined and understood, and therefore the tactic was utilized to its fullest potential rather than turning into a debacle, as was the case with the recent poor people's march, Resurrection City, etc. There was a clear understanding on the part of the leadership that when some thousands of people are assembled downtown, the physical tedium of standing, of being in one place for a period of time, begins to dampen ardor rather soon, and that small groups will begin to disappear to go shopping, go sight-seeing, get refreshments. In short, the life of the immediate metropolitan area becomes much more attractive and inviting than simply being in City Hall in an action that has already spent the excitement of witnessing

the opposition's shock. After a while — and by "a while" meaning two to three hours — the 8,000 would have dwindled to 800 or less and the impact of mass numbers would have been seriously diluted and weakened. Furthermore, the effect on the opposition would have been that the mayor, seeing a mass action of 8,000 shrink to 800, would assume that if he only sits it out for another two or three hours the 800 will shrink to 80, and if he sits it out for a day there will be nothing left. That would have gained us nothing.

With this in mind, the leadership of the Woodlawn Organization made its confrontation with the mayor, told the mayor that they wanted action and quickly on their particular demands, and that they were going to give him just so much time to meet their demands. Having given their message, they said, they were now calling off their demonstration, but they would be back in the same numbers or more. And with that they turned around and led their stillenthusiastic army in an organized, fully armed, powerful withdrawal, and left this mass impression upon the City Hall authorities.

There is a way to keep the action going and to prevent it from being a drag, but this means constantly cutting new issues as the action continues, so that by the time the enthusiasm and the emotions for one issue have started to de-escalate, a new issue has come into the scene with a consequent revival. With a constant introduction of new

issues, it will go on and on. This is the case with many prolonged fights; in the end, the negotiations don't even involve the issues around which the conflict originally began. It brings to mind the old anecdote of the Hundred Years War in Europe: when the parties finally got together for peace negotiations nobody could remember what the war was all about, or how it had begun — and furthermore, whatever the original issues, they were now irrelevant to the peace negotiations.

NEW TACTICS AND OLD

Speaking of issues, let's look at the issue of pollution. Here again, we can use the Haves against the Haves to get what we want. When utilities or heavy industries talk about the "people," they mean the banks and other power sectors of their own world. If their banks, say, start pressing them, then they listen and hurt. The target, therefore, should be the banks that serve the steel, auto, and other industries, and the goal, significant lessening of pollution.

Let us begin by making the banks live up to their own public statements.

All banks want money and advertise for new savings and checking accounts. They even offer premium prizes to those who will open accounts. Opening a savings account in a bank *is* more than a routine matter. First, you sit down with one of the multiple vice-presidents or employees and begin to fill out forms and respond to questions for at least thirty minutes. If a thousand or more people all moved in, each with \$5 or \$10 to open up a savings account, the bank's floor functions would be paralyzed. Again, as in the case of the shop-in, the police would be immobilized. There is no illegal occupation. The bank is in a difficult position. It knows what is happening, but still it does not want to antagonize would-be depositors. The bank's public image would be destroyed if some thousand would-be depositors were arrested or forcibly ejected from the premises.

The element of ridicule is here again. A continuous chain of action and reaction is formed. Following this, the people can return in a few days and close their accounts, and then return again later to open new accounts. This is what I would call a middle-class guerrilla attack. It could well cause an irrational reaction on the part of the banks which could then be directed against their large customers, for example the polluting utilities or whatever were the obvious, stated targets of the middle-class organizations. The target of a secondary attack such as this is always outraged; the bank, thus, is likely to react more

emotionally since it as a body feels that it is innocent, being punished for another's sins.

At the same time, this kind of action can also be combined with social refreshments and gathering together with friends downtown, as well as with the general enjoyment of seeing the discomfiture and confusion on the part of the establishment. The middle-class guerrillas would enjoy themselves as they increased the pressure on their enemies.

Once a specific tactic is used, it ceases to be outside the experience of the enemy. Before long he devises countermeasures that void the previous effective tactic. Recently the head of a corporation showed me the blueprint of a new plant and pointed to a large ground-floor area: "Boy, have we got an architect who is with it!" he chuckled. "See that big hall? That's our sit-in room! When the sit-inners come they'll be shown in and there will be coffee, T.V., and good toilet facilities—they can sit here until hell freezes over."

Now you can relegate sit-ins to the Smithsonian Museum.

Once, though—and in rare circumstances even now— sit-downs were really revolutionary. A vivid illustration was the almost

spontaneous sit-down strikes of the United Automobile Workers Union in their 1937 organizing drive at General Motors. The seizure of private property caused an uproar in the nation. With rare exception every labor leader ran for cover—this was too revolutionary for them. The sit-down strikers began to worry about the illegality of their action and the why and wherefore, and it was then that the chief of all C.I.O. organizers, Lewis, gave them their rationale. He thundered, "The right to a man's job transcends the right of private property! The C.I.O. stands squarely behind these sitdowns!"

The sit-down strikers at G.M. cheered. *Now* they knew *why* they had done what they did, and *why* they would stay to the end. The lesson here is that a major job of the organizer is to instantly develop the rationale for actions which have taken place by accident or impulsive anger. Lacking the rationale, the action becomes inexplicable to its participants and rapidly disintegrates into defeat. Possessing a rationale gives action a meaning and purpose.

{footnote 1} Power has always derived from two main sources, money and people. Lacking money, the Have-Nots must build power from their own flesh and blood. A mass movement expresses itself with mass tactics. Against the finesse and sophistication of the status quo, the Have-Nots have always had to club their way. In early Renaissance Italy the playing cards showed swords for the nobility (the word *spade* is a corruption of the Italian word for sword), chalices (which became

hearts) for the clergy, diamonds for the merchants, and clubs as the symbol of the peasants. {end footnote}

{footnote 2} Alinsky takes the iconoclast's pleasure in kicking the biggest behinds in town and the sport is not untempting . ." —William F. Buckley, Jr., *Chicago Daily News*, October 19, 1966. {end footnote}

The Genesis of Tactic Proxy

THE GREATEST BARRIER to communication between myself and would-be organizers arises when I try to get across the concept that tactics are not the product of careful cold reason, that they do not follow a table of organization or plan of attack. Accident, unpredictable reactions to your own actions, necessity, and improvisation dictate the direction and nature of tactics. Then, analytical logic is required to appraise where you are, what you can do next, the risks and hopes that you can look forward to. It is this analysis that protects you from being a blind prisoner of the tactic and the accidents that accompany it. But I cannot overemphasize that the tactic itself comes out of the free flow of action and reaction, and

requires on the part of the organizer an easy acceptance of apparent disorganization.

The organizer goes with the action. His approach must be free, openended, curious, sensitive to any opportunities, any handles to grab on to, even though they involve other issues than those he may have in mind at that particular time. The organizer should never feel lost because he has no plot, no timetable or definite points of reference. A great pragmatist, Abraham Lincoln, told his secretary in the month the war began:

"My policy is to have no policy."

Three years later, in a letter to a Kentucky friend, he confessed plainly: "I have been controlled by events."

The major problem in trying to communicate this idea is that it is outside the experience of practically everyone who has been exposed to our alleged education system. The products of this system have been trained to emphasize order, logic, rational thought, direction, and purpose. We call it mental discipline and it results in a structured, static, closed, rigid, mental makeup. Even a phrase such as "being open-minded" becomes just a verbalism. Happenings that cannot be understood at the time, or don't fit into the accumulated "educational" pattern, are considered strange, suspect, and to be

avoided. For anyone to understand what anyone else is doing, he has got to understand it in terms of logic, rational decision, and deliberate conscious action. Therefore when you try to communicate the whys and wherefores of your actions you are compelled to fabricate these logical, rational, structured reasons to rationalizations. This is not how it is in real life.

Since the nature of the development of tactics cannot be described as a general proposition, I shall attempt instead to present a case study of the development of the proxy tactic, one that promises to be a major tactic for some years to come. I shall try to take the reader into *my* experience with the hope that afterward he will reflect candidly upon the hows and whys of his own tactical experience.

We know that we are predominantly a middle-class society living in a corporate economy, an economy that tends to form conglomerates so that in order to know where the power lies, you have to find out who owns whom. For some years past it's been like trying to find the pea in the shell game—but now there are strobe lights flashing for further confusion. The one thing certain is that masses of middleclass Americans are ready to move toward major confrontations with corporate America.

College students have argued that their administrations should give student committees the proxies in their stock portfolios for use in the struggle for peace and against pollution, inflation, racially discriminatory policies, and other evils.

Citizens from Baltimore to Los Angeles are organizing proxy groups to pool their votes for action on the social and political policies of "their" corporations. Feeling that national proxy organization may give them, for the first time, the power to do something, they are now waking to a growing interest in the relationship of their corporate holdings to the Pentagon.

This pragmatic means toward political action has loosed new forces. Recently I talked to three students at Stanford's School of Business Administration about the ways and means of proxy use. I asked them what their major goal was and they responded, "Getting out of Vietnam." They shook their heads when I asked whether they had been active on this issue. "Why not?" I inquired. Their answer was that they didn't believe in the effectiveness of demonstrations in the streets, and recoiled from such actions as carrying Viet Cong flags, draft card burning or draft evasion, but they did believe in the use of proxies. Enter three new recruits; you can depend upon the establishment to radicalize them further.

Like any new political program, the proxy tactic was not the result of reason and logic—it was part accident, part necessity, part response to reaction, and part imagination, and each part affected the other. Of course "imagination" is also tactical sensitivity; when the "accident" happens, the imaginative organizer recognizes it and grabs it before it slips by.

The various accounts of the "history" of the development of the proxy tactic show a line of reason, purpose, and order that were never there. The mythology of "history" is usually so pleasant for the ego of the subject that he accepts it in a "modest" silence, an affirmation of the validity of the mythology. After a while he begins to believe it.

The further danger of mythology is that it carries the picture of "genius at work" with the false implication of purposeful logic and planned actions. This makes it more difficult to free oneself from the structured approach. For this if no other reason mythology should be understood for what it is.

The history of Chicago's Back of the Yards Council reads, "Out from the gutters, the bars, the churches, the labor unions, yes, even the communist and socialist parties; the neighborhood businessmen's associations, the American Legion and Chicago's Catholic Bishop

Bernard Sheil. They all came together on July 14, 1939. July 14, Bastille Day! Their Bastille Day, the day they deliberately and symbolically selected to join together to storm the barricades of unemployment, rotten housing, disease, delinquency and demoralization."

That's the way it reads. What really happened is that July 14 was selected because it was the one day the public park fieldhouse *{sic}* was clear—the one day that the labor unions had no scheduled meetings—the day that many priests thought was best—the one day that the late Bishop Sheil was free. There wasn't a thought of Bastille Day in any of our minds.

That day at a press conference before the convention came to order a reporter asked me, "Don't you think it's somewhat too revolutionary to deliberately select Bastille Day for your first convention?" I tried to cover my surprise but I thought, "How wonderful! What a windfall!" I answered, "Not at all. It is fitting that we do so and that's why we did it."

I quickly informed all the speakers about "Bastille Day" and it became the keynote of nearly every speech. And so history records it as a "calculated, planned" tactic.

The difference between fact and history was brought home when I was a visiting professor at a certain Eastern university. Two candidates there were taking their written examinations for the doctorate in community organization and criminology. I persuaded the president of this college to get me a copy of this examination and when I answered the questions the departmental head graded my paper, knowing only that I was an anonymous friend of the president. Three of the questions were on the philosophy and motivations of Saul Alinsky. I answered two of them incorrectly. I did not know what my philosophy or motivations were; but they did!

I remember that when I organized the Back of the Yards in Chicago I made many moves almost intuitively. But when I was asked to explain what I had done and why, I had to come up with *reasons*. Reasons that were not present at the time. What I did at the time, I did because that was the thing to do; it was the best thing to do, or it was the only thing to do. However, when pressed for reasons I had to start considering an intellectual scaffolding for my past actions—really, rationalizations. I can remember the "reasons" being so convincing even to myself that I thought, "Why, of course, I did it for those reasons—I should have known that that was why I did it."

Platform Capitalism

Capitalism, when a crisis hits, tends to be restructured. New technologies, new organisational forms, new modes of exploitation, new types of jobs, and new markets all emerge to create a new way of accumulating capital. As we saw with the crisis of overcapacity in the 1970s, manufacturing attempted to recover by attacking labour and by turning towards increasingly lean business models. In the wake of the 1990s bust, internetbased companies shifted to business models that monetised the free resources available to them. While the dot-com bust placed a pall over investor enthusiasm for internet-based firms, the subsequent decade saw technology firms significantly progressing in terms of the amount of power and capital at their disposal. Since the 2008 crisis, has there been a similar shift? The dominant narrative in the advanced capitalist countries *has* been one of

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change. In particular, there has been a renewed focus on the rise of technology: automation, the sharing economy, endless stories about the ‘Uber for X’, and, since around 2010, proclamations about the internet of things. These changes have received labels such as ‘paradigm shift’ from McKinsey¹ and ‘fourth industrial revolution’ from the executive chairman of the World Economic Forum and, in more ridiculous formulations, have been compared in importance to the Renaissance and the Enlightenment.² We have witnessed a massive proliferation of new terms: the gig economy, the sharing economy, the on-demand economy, the next industrial revolution, the surveillance economy, the app economy, the attention economy, and so on. The task of this chapter is to examine these changes.

Numerous theorists have argued that these changes mean we live in a cognitive, or informational, or immaterial, or knowledge economy. But what does this mean? Here we can find a number of interconnected but distinct claims. In Italian autonomism, this would be a claim about the ‘general intellect’, where *collective cooperation and knowledge become a source of value*.³

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Such an argument also entails that the *labour process is increasingly immaterial*, oriented towards the use and manipulation of symbols and affects. Likewise, the traditional industrial working class is increasingly replaced by *knowledge workers* or the ‘cognitariat’. Simultaneously, the generalised deindustrialisation of the high-income economies means that *the product of work becomes immaterial*: cultural content, knowledge, affects, and services. This includes media content like YouTube and blogs, as well as broader contributions in the form of creating websites, participating in online forums, and producing software.⁴ A related claim is that *material commodities contain an increasing amount of knowledge*, which is embodied in them. The production process of even the most basic agricultural commodities, for instance, is reliant upon a vast array of scientific and technical knowledges. On the other side of the class relation, some argue that the economy today is dominated by a new class, which does not own the means of production but rather has *ownership over information*.⁵ There is some truth in this, but the argument goes awry when it situates this class outside of capitalism. Given that the imperatives

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of capitalism hold for these companies as much as for any other, the companies remain capitalist. Yet there is something new here, and it is worth trying to discern exactly what it is.

A key argument of this chapter is that in the twenty-first century advanced capitalism came to be centred upon extracting and using a particular kind of raw material: data. But it is important to be clear about what data are. In the first place, we will distinguish *data* (information that something happened) from *knowledge* (information about why something happened). Data may involve knowledge, but this is not a necessary condition. Data also entail recording, and therefore a material medium of some kind. As a recorded entity, any datum requires sensors to capture it and massive storage systems to maintain it. Data are not immaterial, as any glance at the energy consumption of data centres will quickly prove (and the internet as a whole is responsible for about 9.2 per cent of the world's electricity consumption).⁶ We should also be wary of thinking that data collection and analysis are frictionless or automated processes. Most data must be cleaned and organised into standardised formats in order to be usable.

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Likewise, generating the proper algorithms can involve the manual entry of learning sets into a system. Altogether, this means that the collection of data today is dependent on a vast infrastructure to sense, record, and analyse.⁷ What is recorded? Simply put, we should consider *data* to be the raw material that must be extracted, and the *activities* of users to be the natural source of this raw material.⁸ Just like oil, data are a material to be extracted, refined, and used in a variety of ways. The more data one has, the more uses one can make of them.

Data were a resource that had been available for some time and used to lesser degrees in previous business models (particularly in coordinating the global logistics of lean production). In the twenty-first century, however, the technology needed for turning simple activities into recorded data became increasingly cheap; and the move to digital-based communications made recording exceedingly simple. Massive new expanses of potential data were opened up, and new industries arose to extract these data and to use them so as to optimise production processes, give insight into consumer preferences, control workers, provide

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the foundation for new products and services (e.g. Google Maps, self-driving cars, Siri), and sell to advertisers. All of this had historical precedents in earlier periods of capitalism, but what was novel with the shift in technology was the sheer amount of data that could now be used. From representing a peripheral aspect of businesses, data increasingly became a central resource. In the early years of the century it was hardly clear, however, that data would become the raw material to jumpstart a major shift in capitalism.⁹ The incipient efforts by Google simply used data to draw advertising revenues away from traditional media outlets like newspapers and television. Google was performing a valuable service in organising the internet, but this was hardly a revolutionary change at an economic level. However, as the internet expanded and firms became dependent on digital communications for all aspects of their business, data became increasingly relevant. As I will attempt to show in this chapter, data have come to serve a number of key capitalist functions: they educate and give competitive advantage to algorithms; they enable the coordination and outsourcing of workers; they

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allow for the optimisation and flexibility of productive processes; they make possible the transformation of low-margin goods into high-margin services; and data analysis is itself generative of data, in a virtuous cycle. Given the significant advantages of recording and using data and the competitive pressures of capitalism, it was perhaps inevitable that this raw material would come to represent a vast new resource to be extracted from.

The problem for capitalist firms that continues to the present day is that old business models were not particularly well designed to extract and use data. Their method of operating was to produce a good in a factory where most of the information was lost, then to sell it, and never to learn anything about the customer or how the product was being used. While the global logistics network of lean production was an improvement in this respect, with few exceptions it remained a lossy model as well. A different business model was necessary if capitalist firms were to take full advantage of dwindling recording costs. This chapter argues that the new business model that eventually emerged is a powerful new type of firm: the platform.¹⁰ Often

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arising out of internal needs to handle data, platforms became an efficient way to monopolise, extract, analyse, and use the increasingly large amounts of data that were being recorded. Now this model has come to expand across the economy, as numerous companies incorporate platforms: powerful technology companies (Google, Facebook, and Amazon), dynamic start-ups (Uber, Airbnb), industrial leaders (GE, Siemens), and agricultural powerhouses (John Deere, Monsanto), to name just a few.

What are platforms?¹¹ At the most general level, platforms are digital infrastructures that enable two or more groups to interact.¹² They therefore position themselves as intermediaries that bring together different users: customers, advertisers, service providers, producers, suppliers, and even physical objects.¹³ More often than not, these platforms also come with a series of tools that enable their users to build their own products, services, and marketplaces.¹⁴ Microsoft's Windows operating system enables software developers to create applications for it and sell them to consumers; Apple's App Store and its associated ecosystem (XCode and the iOS

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SDK) enable developers to build and sell new apps to users; Google's search engine provides a platform for advertisers and content providers to target people searching for information; and Uber's taxi app enables drivers and passengers to exchange rides for cash. Rather than having to build a marketplace from the ground up, a platform provides the basic infrastructure to mediate between different groups. This is the key to its advantage over traditional business models when it comes to data, since a platform positions itself (1) between users, and (2) as the ground upon which their activities occur, which thus gives it privileged access to record them. Google, as the platform for searching, draws on vast amounts of search activity (which express the fluctuating desires of individuals). Uber, as the platform for taxis, draws on traffic data and the activities of drivers and riders. Facebook, as the platform for social networking, brings in a variety of intimate social interactions that can then be recorded. And, as more and more industries move their interactions online (e.g. Uber shifting the taxi industry into a digital form), more and more businesses will be subject to platform development. Platforms are, as a

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result, far more than internet companies or tech companies, since they can operate anywhere, wherever digital interaction takes place.

The second essential characteristic is that digital platforms produce and are reliant on ‘network effects’: the more numerous the users who use a platform, the more valuable that platform becomes for everyone else. Facebook, for example, has become the default social networking platform simply by virtue of the sheer number of people on it. If you want to join a platform for socialising, you join the platform where most of your friends and family already are. Likewise, the more numerous the users who search on Google, the better their search algorithms become, and the more useful Google becomes to users. But this generates a cycle whereby more users beget more users, which leads to platforms having a natural tendency towards monopolisation. It also lends platforms a dynamic of ever-increasing access to more activities, and therefore to more data. Moreover, the ability to rapidly scale many platform businesses by relying on pre-existing infrastructure and cheap marginal costs means that there are few natural limits to growth. One

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reason for Uber's rapid growth, for instance, is that it does not need to build new factories – it just needs to rent more servers. Combined with network effects, this means that platforms can grow very big very quickly.

The importance of network effects means that platforms must deploy a range of tactics to ensure that more and more users come on board. For example – and this is the third characteristic – platforms often use cross-subsidisation: one arm of the firm reduces the price of a service or good (even providing it for free), but another arm raises prices in order to make up for these losses. The price structure of the platform matters significantly for how many users become involved and how often they use the platform.¹⁵ Google, for instance, provides service like email for free in order to get users on board, but raises money through its advertising arm. Since platforms have to attract a number of different groups, part of their business is fine-tuning the balance between what is paid, what is not paid, what is subsidised, and what is not subsidised. This is a far cry from the lean model, which aimed to reduce a company down to its core

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competencies and sell off any unprofitable ventures.¹⁶

Finally, platforms are also designed in a way that makes them attractive to its varied users. While often presenting themselves as empty spaces for others to interact on, they in fact embody a politics. The rules of product and service development, as well as marketplace interactions, are set by the platform owner. Uber, despite presenting itself as an empty vessel for market forces, shapes the appearance of a market. It predicts where the demand for drivers will be and raises surge prices in advance of actual demand, while also creating phantom cabs to give an illusion of greater supply.¹⁷ In their position as an intermediary, platforms gain not only access to more data but also control and governance over the rules of the game. The core architecture of fixed rules, however, is also generative, enabling others to build upon them in unexpected ways. The core architecture of Facebook, for instance, has allowed developers to produce apps, companies to create pages, and users to share information in a way that brings in even more users. The same holds for Apple's App Store, which enabled the production of

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numerous useful apps that tied users and software developers increasingly into its ecosystem. The challenge of maintaining platforms is, in part, to revise the cross-subsidisation links and the rules of the platform in order to sustain user interest. While network effects strongly support existing platform leaders, these positions are not unassailable. Platforms, in sum, are a new type of firm; they are characterised by providing the infrastructure to intermediate between different user groups, by displaying monopoly tendencies driven by network effects, by employing crosssubsidisation to draw in different user groups, and by having a designed core architecture that governs the interaction possibilities. Platform ownership, in turn, is essentially ownership of software (the 2 billion lines of code for Google, or the 20 million lines of code for Facebook)¹⁸ and hardware (servers, data centres, smartphones, etc.), built upon open-source material (e.g. Hadoop's data management system is used by Facebook).¹⁹ All these characteristics make platforms key business models for extracting and controlling data. By providing a digital space for others to interact in, platforms position themselves so as

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to extract data from natural processes (weather conditions, crop cycles, etc.), from production processes (assembly lines, continuous flow manufacturing, etc.), and from other businesses and users (web tracking, usage data, etc.). They are an extractive apparatus for data.

The remainder of this chapter will give an overview of the emerging platform landscape by way of presenting five different types of platforms. In each of these areas, the important element is that the capitalist class owns the platform, not necessarily that it produces a physical product. The first type is that of *advertising platforms* (e.g. Google, Facebook), which extract information on users, undertake a labour of analysis, and then use the products of that process to sell ad space. The second type is that of *cloud platforms* (e.g. AWS, Salesforce), which own the hardware and software of digital-dependent businesses and are renting them out as needed. The third type is that of *industrial platforms* (e.g. GE, Siemens), which build the hardware and software necessary to transform traditional manufacturing into internet-connected processes that lower the costs of production and transform goods into

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services. The fourth type is that of *product platforms* (e.g. Rolls Royce, Spotify), which generate revenue by using other platforms to transform a traditional good into a service and by collecting rent or subscription fees on them. Finally, the fifth type is that of *lean platforms* (e.g. Uber, Airbnb), which attempt to reduce their ownership of assets to a minimum and to profit by reducing costs as much as possible. These analytical divisions can, and often do, run together within any one firm. Amazon, for example, is often seen as an e-commerce company, yet it rapidly broadened out into a logistics company. Today it is spreading into the on-demand market with a Home Services program in partnership with TaskRabbit, while the infamous Mechanical Turk (AMT) was in many ways a pioneer for the gig economy and, perhaps most importantly, is developing Amazon Web Services as a cloud-based service. Amazon therefore spans nearly all of the above categories.

Advertising Platforms

The elders of this new enterprise form, advertising platforms are the initial attempts at building a model adequate to the digital age. As we will see, they have directly and indirectly fostered the emergence of the most recent technological trends – from the sharing economy to the industrial internet. They emerged out of the easy credit-fuelled dot-com bust, whose effect was twofold. One aspect of it was that many competitors collapsed, leaving the various areas of the tech industry increasingly under the control of the remaining enterprises. The sudden unwillingness of venture capital (VC) to finance new entries meant that entry into the competitive landscape remained closed as well. The monopoly tendencies of the early tech boom were solidified here, as a new range of dominant companies emerged from the ashes and have continued to dominate ever since. The other important consequence of the bust was that the drying up of VC and equity financing placed new pressure on internet-based companies to generate revenues. In the midst of the boom there was no clearly dominant way to

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raise a sustainable revenue stream – companies were relatively equally divided among different proposals.²⁰ However, the centrality of marketing to finance capital’s ‘growth before profits’ strategy meant that dot-com firms had already built the basis for a business model oriented towards advertising and attracting users. As a percentage of revenues, these firms spent 3–4 times more than other sectors on advertising, and they were the pioneers in purchasing online advertising as well.²¹ When the bubble burst, it was perhaps inevitable that these companies would turn towards advertising as their major revenue source. In this endeavour, Google and Facebook have come to represent the leading edges of this process.

Created in 1997, Google was an early recipient of venture funding in 1998 and received a major \$25 million funding round in 1999. At this point Google had been collecting user data from searches and using these data to improve searches.²² This was an example of the classic use of data within capitalism: it was meant to improve one’s services for customers and users. But there was no value leftover from which Google could generate revenue. In the wake of

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the dot-com bust, Google increasingly needed a way to generate revenues, yet a fee-based service risked alienating the users who were the basis of its success. Eventually it began to use the search data, along with cookies and other bits of information, to sell targeted ad space to advertisers through an increasingly automated auction system.²³ When the National Association of Securities Dealers Automated Quotations (NASDAQ) market peaked in March 2000, Google unveiled AdWords in October 2000 and began its transformation into a revenue-generating company. The extracted data moved from being a way to improve services to becoming a way to collect advertising revenues. Today Google and Facebook remain almost entirely dependent on them: in the first quarter of 2016, 89.0 per cent of Google's and 96.6 per cent of Facebook's revenues came from advertisers.

This was part and parcel of the broader shift, in the early years of the new millennium, to Web 2.0, which was premised more on user-generated content than on digital storefronts and on multimedia interfaces rather than on static text. In the press, this shift came packaged with a

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rhetoric of democratising communication in which anyone would be able to create and share content online. No longer would newspapers and other mass media outlets have a monopoly over what was voiced in society. For critical theorists of the web, this rhetoric obscured a shift to business models premised upon the exploitation of ‘free labour’.²⁴ From this perspective, the story of how Google and Facebook generate profit has been a simple one: users are unwaged labourers who produce goods (data and content) that are then taken and sold by the companies to advertisers and other interested parties. There are a number of problems with this account, however. A first issue with the free labour argument is that it often slides into grand metaphysical claims. *All* social interaction becomes free labour for capitalism, and we begin to worry that there is no outside to capitalism. Work becomes inseparable from non-work and precise categories become blunt banalities. It is important, however, to draw distinctions between interactions done on platforms and interactions done elsewhere, as well as between interactions done on profit-oriented platforms and interactions done on

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other platforms.²⁵ Not all – and not even most – of our social interactions are co-opted into a system of profit generation. In fact one of the reasons why companies must compete to build platforms is that most of our social interactions do *not* enter into a valorisation process. If all of our actions were already captured within capitalist valorisation, it is hard to see why there would be a need to build the extractive apparatus of platforms. More broadly, ‘free labour’ is only a portion of the multitude of data sources that a company like Google relies upon: economic transactions, information collected by sensors in the internet of things, corporate and government data (such as credit records and financial records), and public and private surveillance (such as the cars used to build up Google Maps).²⁶

Yet even limiting our attention to user-created data, it is right to call this activity *labour*? Within a Marxist framework, labour has a very particular meaning: it is an activity that generates a surplus value within a context of markets for labour and a production process oriented towards exchange. The debate over whether or not online social

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interaction is part of capitalist production is not just a tedious scholarly debate over definitions. The relevance of whether this interaction is free labour or not has to do with consequences. If it is capitalist, then it will be pressured by all the standard capitalist imperatives: to rationalise the production processes, to lower costs, to increase productivity, and so on. If it is not, then those demands will not be imposed. In examining the activities of users online, it is hard to make the case that what they do is labour, properly speaking. Beyond the intuitive hesitation to think that messaging friends is labour, any idea of socially necessary labour time – the implicit standard against which production processes are set – is lacking. This means there are no competitive pressures for getting users to *do* more, even if there are pressures to get them to do more online. More broadly, if our online interactions are free labour, then these companies must be a significant boon to capitalism overall – a whole new landscape of exploited labour has been opened up. On the other hand, if this is not free labour, then these firms are parasitical on other valueproducing industries and global capitalism is in a more dire

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state. A quick glance at the stagnating global economy suggests that the latter is more likely.

Rather than exploiting free labour, the position taken here is that advertising platforms appropriate data as a raw material. The activities of users and institutions, if they are recorded and transformed into data, become a raw material that can be refined and used in a variety of ways by platforms. With advertising platforms in particular, revenue is generated through the extraction of data from users' activities online, from the analysis of those data, and from the auctioning of ad space to advertisers. This involves achieving two processes. First, advertising platforms need to monitor and record online activities. The more users interact with a site, the more information can be collected and used. Equally, as users wander around the internet, they are tracked via cookies and other means, and these data become ever more extensive and valuable to advertisers. There is a convergence of surveillance and profit making in the digital economy, which leads some to speak of 'surveillance capitalism'.²⁷ Key to revenues, however, is not just the collection of data, but also the analysis of data. Advertisers are

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interested less in unorganised data and more in data that give them insights or match them to likely consumers. These are data that have been *worked on*.²⁸ They have had some process applied to them, whether through the skilled labour of a data scientist or the automated labour of a machine-learning algorithm. What is sold to advertisers is therefore not the data themselves (advertisers do not receive personalised data), but rather the promise that Google's software will adeptly match an advertiser with the correct users when needed.

While the data extraction model has been prominent in the online world, it has also migrated into the offline world. Tesco, one of the world's largest retailers, owns Dunnhumby, a UK-based 'consumer insights' business valued at around \$2 billion. (The US arm of the company was recently sold to Kroger, one of America's largest employers.) The company is premised upon tracking consumers both online and offline and using that information to sell to clients such as Coca-Cola, Macy's, and Office Depot. It has attempted to build a monopolistic platform for itself as well, through a loyalty card that channels customers into Tesco stores with the promise of

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rewards. Simultaneously, more and more diverse information about customers is being tracked (to the point where the company is even suggesting using wearables as a source of customer health data).²⁹ Non-tech firms are also developing user databases and using data to adapt to customer trends and effectively market goods to consumers. Data extraction is becoming a key method of building a monopolistic platform and of siphoning off revenue from advertisers.

These advertising platforms are currently the most successful of the new platform businesses, with high revenues, significant profits, and a vigorous dynamism. But what have they been doing with their revenues? Investment levels remain low in the United States, United Kingdom, and Germany, so there has been little growth in fixed capital. Instead these companies have tended to do three things with their cash. One was to save it, and high levels of corporate cash have been an odd phenomenon of the post-2008 era. As we saw in Chapter 1, tech companies have taken up a disproportionately large amount of this cash glut. The leaders of tax evasion have also been tech companies: Google, Apple, Facebook, Amazon, and Uber. The

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second use of this cash was in high levels of mergers and acquisitions – a process that centralises existing capacity rather than building new capacity. Among the big tech companies, Google has made the most acquisitions over the past five years (on average, it purchases a new company every week),³⁰ while Facebook has some of the biggest acquisitions (e.g. it bought WhatsApp for \$22 billion).³¹ Google’s creation of the Alphabet Holding Company in 2015 is part and parcel of this process; this was an effort designed to enable Google to purchase firms in other industries while giving them a clear delineation from its core business. Thirdly, these companies have funnelled their money into tech start-ups, many of the advertising platforms being large investors in this area. As we will see, they have set the conditions for the latest tech boom. Most importantly, however, they have provided a business model – the platform – that is now being replicated across a variety of industries.

Cloud Platforms

If advertising platforms like Google and Facebook laid the groundwork for extracting and using massive amounts of data, then the emerging cloud platforms are the step that has consolidated the platform as a unique and powerful business model. The story of corporate cloud rental begins with e-commerce in the 1990s. During the late 1990s, e-commerce companies thought they could outsource the material aspects of exchange to others. But this proved to be insufficient, and companies ended up taking on the tasks of building warehouses and logistical networks and hiring large numbers of workers.³² By 2016 Amazon has invested in vast data centres, robotic warehouse movers, and massive computer systems, had pioneered the use of drones for deliveries, and recently began leasing airplanes for its shipping section.³³ It is also by far the largest employer in the digital economy, employing over 230,000 workers and tens of thousands of seasonal workers, most of whom do low-wage and highly stressful jobs in warehouses. To grow as an e-commerce platform, Amazon has sought to gain as many

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users as possible through crosssubsidisation. By all accounts, the Amazon Prime delivery service loses money on every order, and the Kindle e-book reader is sold at cost.³⁴ On traditional metrics for lean businesses, this is unintelligible: unprofitable ventures should be cut off. Yet rapid and cheap delivery is one of the main ways in which Amazon entices users onto its platform in order to make revenues elsewhere.

In the process of building a massive logistical network, Amazon Web Services (AWS) was developed as an internal platform, to handle the increasingly complex logistics of the company. Indeed, a common theme in the genesis of platforms is that they often emerge out of internal company needs. Amazon required ways to get new services up and running quickly, and the answer was to build up the basic infrastructure in a way that enabled new services to use it easily.³⁵ It was quickly recognised that this could also be rented to other firms. In effect AWS rents out cloud computing services, which include on-demand services for servers, storage and computing power, software development tools and operating systems, and ready-made applications.³⁶ The utility of this practice for

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other businesses is that they do not need to spend the time and money to build up their own hardware system, their own software development kit, or their own applications. They can simply rent these on an ‘as needed’ basis. Software, for instance, is increasingly deployed on a subscription basis; Adobe, Google, and Microsoft have all started to incorporate this practice. Likewise, the sophisticated analytical tools that Google has developed are now beginning to be rented out as part of its AWS competitor.³⁷ Other businesses can now rent the ability to use pattern recognition algorithms and audio transcription services. In other words, Google is selling its machinelearning processes (and this is precisely where Google sees its advantage over its competitors in the cloud computing field). Microsoft, meanwhile, has built an artificial intelligence platform that gives businesses the software development tools to build their own bots (‘intelligence as a service’, in the contemporary lingo). And International Business Machines (IBM) is moving to make quantum cloud computing a reality.³⁸ Cloud platforms ultimately enable the outsourcing of much of a company’s information technology

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(IT) department. This process pushes knowledge workers out and often enables the automation of their work as well. Data analysis, storage of customer information, maintenance of a company's servers – all of this can be pushed to the cloud and provides the capitalist rationale for using these platforms.

The logic behind them is akin to how utilities function. Jeff Bezos, Amazon's chief executive officer, compares it to electricity provision: whereas early factories had each its own power generator, eventually electricity generation became centralised and rented out on an 'as needed' basis. Today every area of the economy is increasingly integrated with a digital layer; therefore owning the infrastructure that is necessary to every other industry is an immensely powerful and profitable position to be in. Moreover, the significance of the cloud platform for data extraction is that its rental model enables it to constantly collect data, whereas the older purchasing model involved selling these as goods that were then separated from the company. By moving businesses' activities onto cloud platforms, companies like Amazon gain direct access to whole new datasets (even if some

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remain occluded to the platform). It is unsurprising, then, that AWS is now estimated to be worth around \$70 billion,³⁹ and major competitors like Microsoft and Google are moving into the field, as well as Chinese competitors like Alibaba. AWS is now the most rapidly growing part of Amazon – and also the most profitable, with about 30 per cent margins and nearly \$8 billion in revenue in 2015. In the first quarter of 2016, AWS generated more profit for Amazon than its core retail service.⁴⁰ If Google and Facebook built the first data extraction platforms, Amazon built the first major cloud platform in order to rent out an increasingly basic means of production for contemporary businesses. Rather than relying on advertisers' buying data, these cloud platforms are building up the basic infrastructure of the digital economy in a way that can be rented out profitably to others, while they collect data for their own uses.

Industrial Platforms

As data collection, storage, and analysis have become increasingly cheaper, more and more

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companies have attempted to bring platforms into the field of traditional manufacturing. The most significant of these attempts goes under the rubric of ‘the industrial internet of things’, or simply ‘the industrial internet’. At the most basic level, the industrial internet involves the embedding of sensors and computer chips into the production process and of trackers (e.g. RFID) into the logistics process, all linked together through connections over the internet. In Germany, this process is being heralded as ‘Industry 4.0’. The idea is that each component in the production process becomes able to communicate with assembly machines and other components, without the guidance of workers or managers. Data about the position and state of these components are constantly shared with other elements in the production process. In this vision, material goods become inseparable from their informational representations. For its proponents, the industrial internet will optimise the production process: they argue that it is capable of reducing labour costs by 25 per cent, of reducing energy costs by 20 per cent (e.g. data centres would distribute energy where it is needed and when), of reducing maintenance

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costs by 40 per cent by issuing warnings of wear and tear, of reducing downtime by scheduling it for appropriate times, and of reducing errors and increasing quality.⁴¹ The industrial internet promises, in effect, to make the production process more efficient, primarily by doing what competitive manufacturing has been doing for some time now: reducing costs and downtime. But it also aims to link the production process more closely to the realisation process. Rather than relying on focus groups or surveys, manufacturers are hoping to develop new products and design new features on the basis of usage data drawn from existing products (even by using online methodologies like A/B testing to do so).⁴² The industrial internet also enables mass customisation. In one test factory from BASF SE, the largest chemicals producer in the world, the assembly line is capable of individually customising every unit that comes down the line: individual soap bottles can have different fragrances, colours, labels, and soaps, all being automatically produced once a customer places an order.⁴³ Product lifecycles can be significantly reduced as a result.

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As factories begin to implement the components for the industrial internet, one major challenge is establishing a common standard for communication; interoperability between components needs to be ensured, particularly in the case of older machinery. This is where industrial platforms come in, functioning as the basic core framework for linking together sensors and actuators, factories and suppliers, producers and consumers, software and hardware. These are the developing powerhouses of industry, which are building the hardware and software to run the industrial internet across turbines, oil wells, motors, factory floors, trucking fleets, and many more applications. As one report puts it, with the industrial internet ‘the big winners will be platform owners’.⁴⁴ It is therefore no surprise to see traditional manufacturing powerhouses like General Electric (GE) and Siemens, as well as traditional tech titans like Intel and Microsoft, make a major push to develop industrial internet platforms. Siemens has spent over €4 billion to acquire smart manufacturing capabilities and to build its industrial platform MindSphere,⁴⁵ while GE has been working rapidly to develop its own

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platform, Predix. The field has so far been dominated by these established companies rather than being subject to an influx of new start-ups. And even the industrial internet start-ups are primarily funded by the old guard (four of the top five investors), keeping funding for the sector strong in 2016 despite a general slowdown in other startup areas.⁴⁶ The shift to industrial platforms is also an expression of national economic competition, as Germany (a traditional manufacturing powerhouse represented by Siemens) and the United States (a technology powerhouse represented by GE) are the primary supporters of this shift. Germany has enthusiastically bought into this idea and developed its own consortium to support the project, as has the United States, where companies like GE, Intel, Cisco, and IBM have partnered with the government in a similar non-profit consortium to push for smart manufacturing. At the moment the German consortium aims simply to raise awareness and support for the industrial Internet, while the American consortium is actively expanding trials with the technology.

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The competition here is ultimately over the ability to build the monopolistic platform for manufacturing: 'It's winner takes all,' says GE's chief digital officer.⁴⁷ Predix and MindSphere both already offer infrastructural services (cloud-based computing), development tools, and applications for managing the industrial internet (i.e. an app store for factories). Rather than companies developing their own software to manage the internal internet, these platforms license out the tools needed. Expertise is necessary, for instance, in order to cope with the massive amounts of data that will be produced and to develop new analytical tools for things like time series data and geographical data. GE's liquid natural gas business alone is already collecting as many data as Facebook and requires a series of specialised tools to manage the influx of data.⁴⁸ The same holds for software designed to collect and analyse big data, for the modelling of physical-based systems, or for software that makes changes in factories and power plants. These platforms also provide the hardware (servers, storage, etc.) needed to operate an industrial internet. In competition with more generic platforms like AWS, industrial platforms

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promote themselves as having insider knowledge of manufacturing and the security necessary to run such a system. Like other platforms, these industrial firms rely on extracting data as a competitive tool against their rivals, a tool that ensures quicker, cheaper, more flexible services. By positioning themselves as the intermediary between factories, consumers, and app developers, these platforms are ideally placed to monitor much of how global manufacturing operates, from the smallest actuator to the largest factory, and they draw upon these data to further solidify their monopoly position. Deploying a standard platform strategy, both Siemens and GE also maintain openness in terms of who can connect to the platform, where data are stored (on site or in the cloud), and who can build apps for it. Network effects are, as always, essential to gaining a monopoly position, and this openness enables them to incorporate more and more users. These platforms already are strong revenue sources for the companies: Predix currently brings GE \$5 billion and is expected to triple this revenue by 2020.⁴⁹ Predictions are that the sector will be worth \$225 billion by 2020 – more than both the consumer internet of things

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and enterprise cloud computing.⁵⁰ Nevertheless, demonstrating the power of monopolies, GE continues to use AWS for its internal needs.⁵¹

Product Platforms

Importantly, the preceding developments – particularly the internet of things and cloud computing – have enabled a new type of ondemand platform. They are two closely related but distinct business models: the product platform and the lean platform. Take, for example, Uber and Zipcar – both platforms designed for consumers who wish to rent some asset for a time. While they are similar in this respect, their business models are significantly different. Zipcar owns the assets it rents out – the vehicles; Uber does not. The former is a product platform, while the latter is a lean platform that attempts to outsource nearly every possible cost. (Uber aims, however, eventually to command a fleet of self-driving cars, which would transform it into a product platform.) Zipcar, by contrast, might be considered a ‘goods as a service’ type of platform.

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Product platforms are perhaps one of the biggest means by which companies attempt to recuperate the tendency to zero marginal costs in some goods. Music is the best example, as in the late 1990s downloading music for free became as simple as installing a small program. Record labels' revenues took a major dip, as consumers stopped purchasing compact discs (CDs) and other physical copies of music. Yet, in spite of its numerous obituaries, the music industry has been revived in recent years by platforms (Spotify, Pandora) that siphon off fees from music listeners, record labels, and advertisers alike. Between 2010 and 2014 subscription services have seen user numbers rise up from 8 million to 41 million, and subscription revenues are set to overtake download revenues as the highest source of digital music.⁵² After years of decline, the music industry is poised to see its revenue grow once again in 2016. While subscription models have been around for centuries, for example in newspapers, what is novel today is their expansion to new realms: housing, cars, toothbrushes, razors, even private jets. Part of what has enabled these product platforms to flourish in recent years is the

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stagnation in wages and the decline in savings that we noted in Chapter 1. As less money is saved up, big-ticket purchases like cars and houses become nearly impossible and seemingly cheaper upfront fees appear more enticing. In the United Kingdom, for instance, household ownership has declined since 2008, while private rentals have skyrocketed.⁵³

On-demand platforms are not affecting just software and consumer goods, though. One of the earliest stabs at an on-demand economy centred on manufactured goods, particularly durable goods. The most influential of these efforts was the transformation of the jet engine business from one that sold engines into one that rented thrust. The three big manufacturers – Rolls Royce, GE, and Pratt & Whitney – have all moved to this business model, with Rolls Royce leading the way in the late 1990s. The classic model of building an engine and then selling it to an airline was a relatively low margin business with high levels of competition. The competitive dynamics outlined in Chapter 1 are on full display here. Over the past 40 years the jet engine industry has been characterised by very few new companies, and no companies leaving the

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industry.⁵⁴ Instead the three major firms have competed intensely among themselves by introducing incremental technological improvements, in an effort to gain an edge. This technological competition continues today, when the jet engine industry pioneers the use of additive manufacturing. (For instance, GE's most popular jet engine has a number of parts that are now 3D printed rather than welded together out of different components.⁵⁵) But margins on the engines themselves remain small, and competition tight. By contrast, the maintenance of these engines involves much higher profit margins – seven times higher, according to estimates.⁵⁶ The challenge with maintenance is that it is quite easy for outside competitors to come in to the market and take the profits away. This prompted Rolls Royce to introduce the 'goods as a service' model, whereby airlines do not purchase the jet engine but pay a fee for every hour one is used. In turn, Rolls Royce provides maintenance and replacement parts.

The raw material of data remains as central to this platform as to any other. Sensors are placed on all the engines and massive amounts of data

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are extracted from every flight, combined with weather data and information on air traffic control, and sent to a command centre in the United Kingdom. Information on the wear and tear on engines, possible problems, and times for scheduling maintenance are all derived. These data are immensely useful in blocking out competitors and in securing a competitive advantage against any outside maintenance firm that may hope to break into the market. Data on how the engines perform have also been crucial for developing new models: they enabled Rolls Royce to improve fuel efficiency and to increase the life of the engines, and generated another competitive advantage over other jet engine manufacturers. Once again, platforms appear as an optimal form for extracting data and using them to gain an edge over competitors. Data and the network effects of extracting them have enabled the company to establish dominance.

Lean Platforms

In the context of everything that has just been described, it is hard not to regard the new lean platforms as a retrogression to the earliest stages

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of the internet-enabled economy. Whereas the previous platforms have all developed business models that generate profits in some way, today's lean platforms have returned to the 'growth before profit' model of the 1990s. Companies like Uber and Airbnb have rapidly become household names and have come to epitomise this revived business model. These platforms range from specialised firms for a variety of services (cleaning, house calls from physicians, grocery shopping, plumbing, and so on) to more general marketplaces like TaskRabbit and Mechanical Turk, which provide a variety of services. All of them, however, attempt to establish themselves as the platform upon which users, customers, and workers can meet. Why are they 'lean' platforms? The answer lies in an oft-quoted observation: 'Uber, the world's largest taxi company, owns no vehicles [...] and Airbnb, the largest accommodation provider, owns no property.'⁵⁷ It would seem that these are asset-less companies; we might call them virtual platforms.⁵⁸ Yet the key is that they do own the most important asset: the platform of software and data analytics. Lean platforms operate through a hyper-outsourced model, whereby

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workers are outsourced, fixed capital is outsourced, maintenance costs are outsourced, and training is outsourced. All that remains is a bare extractive minimum – control over the platform that enables a monopoly rent to be gained.

The most notorious part of these firms is their outsourcing of workers. In America, these platforms legally understand their workers as ‘independent contractors’ rather than ‘employees’. This enables the companies to save around 30 per cent on labour costs by cutting out benefits, overtime, sick days, and other costs.⁵⁹ It also means outsourcing training costs, since training is only permitted for employees; and this process has led to alternative forms of control via reputation systems, which often transmit the gendered and racist biases of society. Contractors are then paid by the task: a cut of every ride from Uber, of every rental from Airbnb, of every task fulfilled on Mechanical Turk. Given the reduction in labour costs provided by such an approach, it is no wonder that Marx wrote that the ‘piece-wage is the form of wages most in harmony with the capitalist mode of production’.⁶⁰ Yet, as we have seen, this

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outsourcing of labour is part of a broader and longer outsourcing trend, which took hold in the 1970s. Jobs involving tradable goods were the first to be outsourced, while impersonal services were the next to go. In the 1990s Nike became a corporate ideal for contracting out, in that it contracted much of its labour to others. Rather than adopting vertical integration, Nike was premised upon the existence of a small core of designers and branders, who then outsourced the manufacturing of their goods to other companies. As a result, by 1996 people were already voicing concerns that we were transitioning to ‘a “just-in-time” age of “disposable” workers’.⁶¹ But the issue involves more than lean platforms. Apple, for instance, directly employs less than 10 per cent of the workers who contribute to the production of its products.⁶² Likewise, a quick glance at the US Department of Labor can find a vast number of non-Uber cases involving the mislabelling of workers as independent contractors: cases related to construction workers, security guards, baristas, plumbers, and restaurant workers – to name just a few.⁶³ In fact the traditional labour market that most closely approximates the lean

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platform model is an old and low-tech one: the market of day labourers – agricultural workers, dock workers, or other low-wage workers – who would show up at a site in the morning in the hope of finding a job for the day. Likewise, a major reason why mobile phones have become essential in developing countries is that they are now indispensable in the process of finding work on informal labour markets.⁶⁴ The gig economy simply moves these sites online and adds a layer of pervasive surveillance. A tool of survival is being marketed by Silicon Valley as a tool of liberation.

We can also find this broader shift to nontraditional jobs in economic statistics. In 2005⁶⁵ the Bureau of Labour Statistics (BLS) found that nearly 15 million US workers (10.1 per cent of the labour force) were in alternative employment.⁶⁶ This category includes employees hired under alternative contract arrangements (on-call work, independent contractors) and employees hired through intermediaries (temp agencies, contract companies). By 2015 this category had grown to 15.8 per cent of the labour force.⁶⁷ Nearly half of this rise (2.5 per cent) was due to an increase in contracting out, as

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education, healthcare, and administration jobs were often at risk. Most strikingly, between 2005 and 2015, the US labour market added 9.1 million jobs – including 9.4 million alternative arrangement jobs. This means that the net increase in US jobs since 2005 has been solely from these sorts of (often precarious) positions.⁶⁸ Similar trends can be seen in selfemployment. While the number of people who identify as self-employed has decreased, the number of people who filed the 1099 tax form for self-employment in the United States has increased.⁶⁹ What we see here is effectively an acceleration of the long-term tendency towards more precarious employment, particularly after 2008. The same trends are observable in the United Kingdom, where self-employment has created 66.5 per cent of net employment after 2008 and is the only thing that has staved off much higher levels of unemployment.⁷⁰

Where do lean platforms fit into this? The most obvious point is the category of independent contractors and freelancers. This category has registered an increase of 1.7 per cent (2.9 million) between 2005 and 2015,⁷¹ but most

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of these increases have been for offline work. Given that no direct measures of the sharing economy are currently available, surveys and other indirect measures have been used instead. Nearly all of the estimates suggest that around 1 per cent of the US labour force is involved in the online sharing economy formed by lean platforms.⁷² Even here, the results have to take into account that Uber drivers probably form the majority of these workers.⁷³ The sharing economy outside of Uber is tiny. In the United Kingdom less evidence is presently available, but the most thorough survey done so far suggests that a slightly higher number of people routinely sell their labour through lean platforms. It is estimated that approximately 1.3 million UK workers (3.9 per cent of the labour force) work through them at least once a week, while other estimates range from 3 to 6 per cent of the labour force.⁷⁴ Other surveys suggest slightly higher numbers, but those problematically include a much larger range of activities.⁷⁵ What we can therefore conclude is that the sharing economy is but a small tip of a much larger trend. Moreover, it is a small sector, which is premised upon the vast growth in the levels of

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unemployment after the 2008 crisis. Building on the trends towards more precarious work that were outlined earlier, the crisis caused unemployment in the United States to double, while long-term unemployment nearly tripled. Moreover, the aftermath of the crisis was a jobless recovery – a phenomenon where economic growth returns, but job growth does not. As a result, numerous workers were forced to find whatever desperate means they could to survive. In this context, self-employment is not a freely chosen path, but rather a forced imposition. A look at the demographics of lean platform workers seems to support this. Of the workers on TaskRabbit, 70 per cent have Bachelor's degrees, while 5 per cent have PhDs.⁷⁶ An International Labour Organization (ILO) survey found that workers on Amazon's Mechanical Turk (AMT) also tend to be highly educated, 37 per cent using crowd work as their main job.⁷⁷ And Uber admits that around a third of its drivers in London come from neighbourhoods with unemployment rates of more than 10 per cent.⁷⁸ In a healthy economy these people would have no need to be microtasking, as they would have proper jobs.

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While the other platform types have all developed novel elements, is there anything new about lean platforms? Given the broader context just outlined, we can see that they are simply extending earlier trends into new areas. Whereas outsourcing once primarily took place in manufacturing, administration, and hospitality, today it is extending to a range of new jobs: cabs, haircuts, stylists, cleaning, plumbing, painting, moving, content moderation, and so on. It is even pushing into white-collar jobs – copy-editing, programming and management, for instance. And, in terms of the labour market, lean platforms have turned what was once non-tradable services into tradable services, effectively expanding the labour supply to a near-global level. A multitude of novel tasks can now be carried out online through Mechanical Turk and similar platforms. This enables business, again, to cut costs by exploiting cheap labour in developing countries and places more downward pressure on wages by placing these jobs into global labour markets. The extent to which lean platform firms have outsourced other costs is also notable (though not novel); these are perhaps the purest attempts at a virtual platform

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to date. In doing so, these companies have been dependent upon the capacities offered by cloud platforms. Whereas firms once had to spend large amounts to invest in the computing equipment and expertise needed for their businesses, today's start-ups have flourished because they can simply rent hardware and software from the cloud. As a result, Airbnb, Slack, Uber, and many other start-ups use AWS.⁷⁹ Uber further relies on Google for mapping, Twilio for texting, SendGrid for emailing, and Braintree for payments: it is a lean platform built on other platforms. These companies have also offloaded costs from their balance sheets and shifted them to their workers: things like investment costs (accommodations for Airbnb, vehicles for Uber and Lyft), maintenance costs, insurance costs, and depreciation costs. Firms such as Instacart (which delivers groceries) have also outsourced delivery costs to food suppliers (e.g. Pepsi) and to retailers (e.g. Whole Foods) in return for advertising space.⁸⁰ However, even with this support, Instacart remains unprofitable on 60 per cent of its business, and that is before the rather large costs of office space or the salaries

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of its core team are taken into account.⁸¹ The lack of profitability has led to the predictable measure of cutting back on wages – a notably widespread phenomenon among lean platforms.

This has also prompted companies to compete on data extraction – again, a process optimised by the access afforded by platforms. Uber is perhaps the best example of this development, as it collects data on all of its rides, as well as data on drivers, even when they are not receiving a fare.⁸² Data about what drivers are doing and how they are driving are used in a variety of ways in order to beat out competitors. For instance, Uber uses the data to ensure that its drivers are not working for other taxi platforms; and its routing algorithms use the data on traffic patterns to plot out the most efficient path for a trip. Data are fed into other algorithms to match passengers with nearby drivers, as well as to make predictions about where demand is likely to arise. In China, Uber monitors even whether drivers go to protests. All of this enables Uber to have a service that is quick and efficient from the passenger's point of view, thereby drawing users away from competitors. Data are one of the

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primary means of competition for lean platforms.

Nevertheless, these firms are still struggling to be profitable and the money to support them has to come from the outside. As we saw earlier, one of the important consequences of the 2008 crisis has been the intensification of an easy monetary policy and the growing corporate cash glut. The lean platform boom is, fundamentally, a post2008 phenomenon. The growth of this sector is reflected most clearly in the number of deals made for start-up companies: VC deals have tripled since 2009.⁸³ Even after excluding Uber (which has an outsized position in the market), on-demand mobile services raised \$1.7 billion over the course of 2014 – a 316 per cent increase from 2013.⁸⁴ And 2015 continued this trend towards more deals and higher volumes. But it is worth taking a moment to put the funding of lean platforms in context. When we look at the lean platforms for on-demand mobile services, we are primarily discussing Uber. In terms of funding, in 2014 Uber outpaced all the other service companies, taken together, by 39 per cent.⁸⁵ In 2015 Uber, Airbnb, and Uber's Chinese competitor, Didi Chuxing, combined to

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take 59 per cent of all the funding for on-demand start-ups.⁸⁶ And, while the enthusiasm for new tech start-ups has reached a fever pitch, funding in 2015 (\$59 billion) still paled in comparison to the highs of 2000 (nearly \$100 billion).⁸⁷ Where is the money coming from? Broadly speaking, it is surplus capital seeking higher rates of return in a low interest rate environment. The low interest rates have depressed the returns on traditional financial investments, forcing investors to seek out new avenues for yield. Rather than a finance boom or a housing boom, surplus capital today appears to be building a technology boom. Such is the level of compulsion that even non-traditional funding from hedge funds, mutual funds, and investment banks is playing a major role in the tech boom. In fact, in the technology start-up sector, most investment financing comes from hedge funds and mutual funds.⁸⁸ Larger companies are also involved, Google being a major investor in the ill-fated Homejoy, while the logistics company DHL has created its own on-demand service MyWays, and firms like Intel and Google are also purchasing equity in a variety of new start-ups. Companies like Uber, deploying more than 135 subsidiary companies

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across the world, are also helped by tax evasion techniques.⁸⁹ Yet the profitability of these lean platforms remains largely unproven. Just like the earlier dot-com boom, growth in the lean platform sector is premised on expectations of future profits rather than on actual profits. The hope is that the low margin business of taxis will eventually pay off once Uber has gained a monopoly position. Until these firms reach monopoly status (and possibly even then), their profitability appears to be generated solely by the removal of costs and the lowering of wages and not by anything substantial.

In summary, lean platforms appear as the product of a few tendencies and moments: the tendencies towards outsourcing, surplus populations, and the digitisation of life, along with the post-2008 surge in unemployment and rise of an accommodative monetary policy, surplus capital, and cloud platforms that enable rapid scaling. While the lean model has garnered a large amount of hype and, in the case of Uber, a large amount of VC, there are few signs that it will inaugurate a major shift in advanced capitalist countries. In terms of outsourcing, the lean model remains a minor player in a long-term

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trend. The profit-making capacity of most lean models likewise appears to be minimal and limited to a few specialised tasks. And, even there, the most successful of the lean models has been supported by VC welfare rather than by any meaningful revenue generation. Far from representing the future of work or that of the economy, these models seem likely to fall apart in the coming years.

Conclusion

We began this chapter by arguing that twenty-first-century capitalism has found a massive new raw material to appropriate: data. Through a series of developments, the platform has become an increasingly dominant way of organising businesses so as to monopolise these data, then extract, analyse, use, and sell them. The old business models of the Fordist era had only a rudimentary capacity to extract data from the production process or from customer usage. The era of lean production modified this slightly, as global ‘just in time’ supply chains demanded data about the status of inventories and the location of supplies. Yet data outside the firm

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remained nearly impossible to attain; and, even inside the firm, most of the activities went unrecorded. The platform, on the other hand, has data extraction built into its DNA, as a model that enables other services and goods and technologies to be built on top of it, as a model that demands more users in order to gain network effects, and as a digitally based medium that makes recording and storage simple. All of these characteristics make platforms a central model for extracting data as raw material to be used in various ways. As we have seen in this brief overview of some different platform types, data can be used in a variety of ways to generate revenues. For companies like Google and Facebook, data are, primarily, a resource that can be used to lure in advertisers and other interested parties. For firms like Rolls Royce and Uber, data are at the heart of beating the competition: they enable such firms to offer better products and services, control workers, and optimise their algorithms for a more competitive business. Likewise, platforms like AWS and Predix are oriented towards building (and owning) the basic infrastructures necessary to collect, analyse, and deploy data for other companies to use, and a

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rent is extracted for these platform services. In every case, collecting massive amounts of data is central to the business model and the platform provides the ideal extractive apparatus.

This new business form has intertwined with a series of long-term trends and short-term cyclical movements. The shift towards lean production and ‘just in time’ supply chains has been an ongoing process since the 1970s, and digital platforms continue it in heightened form today. The same goes for the trend towards outsourcing. Even companies that are not normally associated with outsourcing are still involved. For instance, content moderation for Google and Facebook is typically done in the Philippines, where an estimated 100,000 workers search through the content on social media and in cloud storage.⁹⁰ And Amazon has a notoriously low-paid workforce of warehouse workers who are subject to incredibly comprehensive systems of surveillance and control. These firms simply continue the secular trend of outsourcing low-skill workers while retaining a core of well-paid high-skill labourers. On a broader scale, all of the post-2008 net employment gains in America have come from

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workers in non-traditional employment, such as contractors and on-call workers. This process of outsourcing and building lean business models gets taken to an extreme in firms like Uber, which rely on a virtually asset-less form to generate profits. As we have seen, though, much of their profitability after the crisis has stemmed from holding wages down. Even the *Economist* is forced to admit that, since 2008, ‘if the share of domestic gross earnings paid in wages were to rise back to the average level of the 1990s, the profits of American firms would drop by a fifth’.⁹¹ An increasingly desperate surplus population has therefore provided a considerable supply of workers in low-wage, low-skill work. This group of exploitable workers has intersected with a vast amount of surplus capital set in a low interest rate world. Tax evasion, high corporate savings, and easy monetary policies have all combined, so that a large amount of capital seeks out returns in various ways. It is no surprise, then, that funding for tech start-ups has massively surged since 2010. Set in context, the lean platform economy ultimately appears as an outlet for surplus capital in an era of ultra-low interest rates and dire investment opportunities

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rather than the vanguard destined to revive capitalism.

While lean platforms seem to be a short-lived phenomenon, the other examples set out in this chapter seem to point to an important shift in how capitalist firms operate. Enabled by digital technology, platforms emerge as the means to lead and control industries. At their pinnacle, they have prominence over manufacturing, logistics, and design, by providing the basic landscape upon which the rest of the industry operates. They have enabled a shift from products to services in a variety of new industries, leading some to declare that the age of ownership is over. Let us be clear, though: this is not the end of ownership, but rather the concentration of ownership. Pieties about an ‘age of access’ are just empty rhetoric that obscures the realities of the situation. Likewise, while lean platforms have aimed to be virtually asset-less, the most significant platforms are all building large infrastructures and spending significant amounts of money to purchase other companies and to invest in their own capacities. Far from being mere owners of information, these companies are becoming owners of the

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infrastructures of society. Hence the monopolistic tendencies of these platforms must be taken into account in any analysis of their effects on the broader economy.