# The Dark Side Of Disruption: ‘The Gig Economy’ Is The New Term For Serfdom

As Free Enterprise and Capitalism crumble at the disruptors of Technocracy, a very real human cost emerges and it isn’t pretty. Technocracy will lead the world back into the dark ages, with serfdom being the norm and property ownership reserved for a very few.  TN Editor

A 65-year-old New York City cab driver from Queens, Nicanor Ochisor, hanged himself in his garage March 16, saying in a note he left behind that the ride-hailing companies Uber and Lyft had made it impossible for him to make a living. It was the fourth suicide by a cab driver in New York in the last four months, including one Feb. 5 in which livery driver Douglas Schifter, 61, killed himself with a shotgun outside City Hall.

“Due to the huge numbers of cars available with desperate drivers trying to feed their families,” wrote Schifter, “they squeeze rates to below operating costs and force professionals like me out of business. They count their money and we are driven down into the streets we drive becoming homeless and hungry. I will not be a slave working for chump change. I would rather be dead." He said he had been working 100 to 120 hours a week for the past 14 years.

Schifter and Ochisor were two of the millions of victims of the new economy. Corporate capitalism is establishing a neofeudal serfdom in numerous occupations, a condition in which there are no labor laws, no minimum wage, no benefits, no job security and no regulations. Desperate and impoverished workers, forced to endure 16-hour days, are viciously pitted against each other. Uber drivers make about $13.25 an hour. In cities like Detroit this falls to $8.77. Travis Kalanick, the former CEO of Uber and one of the founders, has a net worth of $4.8 billion. Logan Green, the CEO of Lyft, has a net worth of $300 million.

The corporate elites, which have seized control of ruling institutions including the government and destroyed labor unions, are re-establishing the inhumane labor conditions that characterized the 19th and early 20th centuries. When workers at General Motors carried out a 44-day sit-down strike in 1936, many were living in shacks that lacked heating and indoor plumbing; they could be laid off for weeks without compensation, had no medical or retirement benefits and often were fired without explanation. When they turned 40 their employment could be terminated. The average wage was about $900 a year at a time when the government determined that a family of four needed a minimum of $1,600 to live above the poverty line.

The managers at General Motors relentlessly persecuted union organizers. The company spent $839,000 on detective work in 1934 to spy on union organizers and infiltrate union meetings. GM employed the white terrorist group the Black Legion—the police chief of Detroit was suspected of being a member—to threaten and physically assault labor activists and assassinate union leaders including George Marchuk and John Bielak, both shot to death.

The reign of the all-powerful capitalist class has returned with a vengeance. The job conditions of working men and women, thrust backward, will not improve until they regain the militancy and rebuild the popular organizations that seized power from the capitalists. There are some 13,000 licensed cabs in New York City and 40,000 livery or town cars. The drivers should, as farmers did in 2015 with tractors in Paris, shut down the center of the city. And drivers in other cities should do the same. This is the only language our corporate masters understand.

The ruling capitalists will be as vicious as they were in the past. Nothing enrages the rich more than having to part with a fraction of their obscene wealth. Consumed by greed, rendered numb to human suffering by a life of hedonism and extravagance, devoid of empathy, incapable of self-criticism or self-sacrifice, surrounded by sycophants and leeches who cater to their wishes, appetites and demands, able to use their wealth to ignore the law and destroy critics and opponents, they are among the most repugnant of the human species. Don't be fooled by the elites' skillful public relations campaigns—we are watching Mark Zuckerberg, whose net worth is $64.1 billion, mount a massive propaganda effort against charges that he and Facebook are focused on exploiting and selling our personal information—or by the fawning news celebrities on corporate media who act as courtiers and apologists for the oligarchs. These people are the enemy.

Ochisor, a Romanian immigrant, owned a New York City taxi medallion. (Medallions were once coveted by cab drivers because having them allowed the drivers to own their own cabs or lease the cabs to other drivers.) Ochisor drove the night shift, lasting 10 to 12 hours. His wife drove the day shift. But after Uber and Lyft flooded the city with cars and underpaid drivers about three years ago, the couple could barely meet expenses. Ochisor's home was about to go into foreclosure. His medallion, once worth $1.1 million, had plummeted in value to $180,000. The dramatic drop in the value of the medallion, which he had hoped to lease for $3,000 a month or sell to finance his retirement, wiped out his economic security. He faced financial ruin and poverty. And he was not alone.

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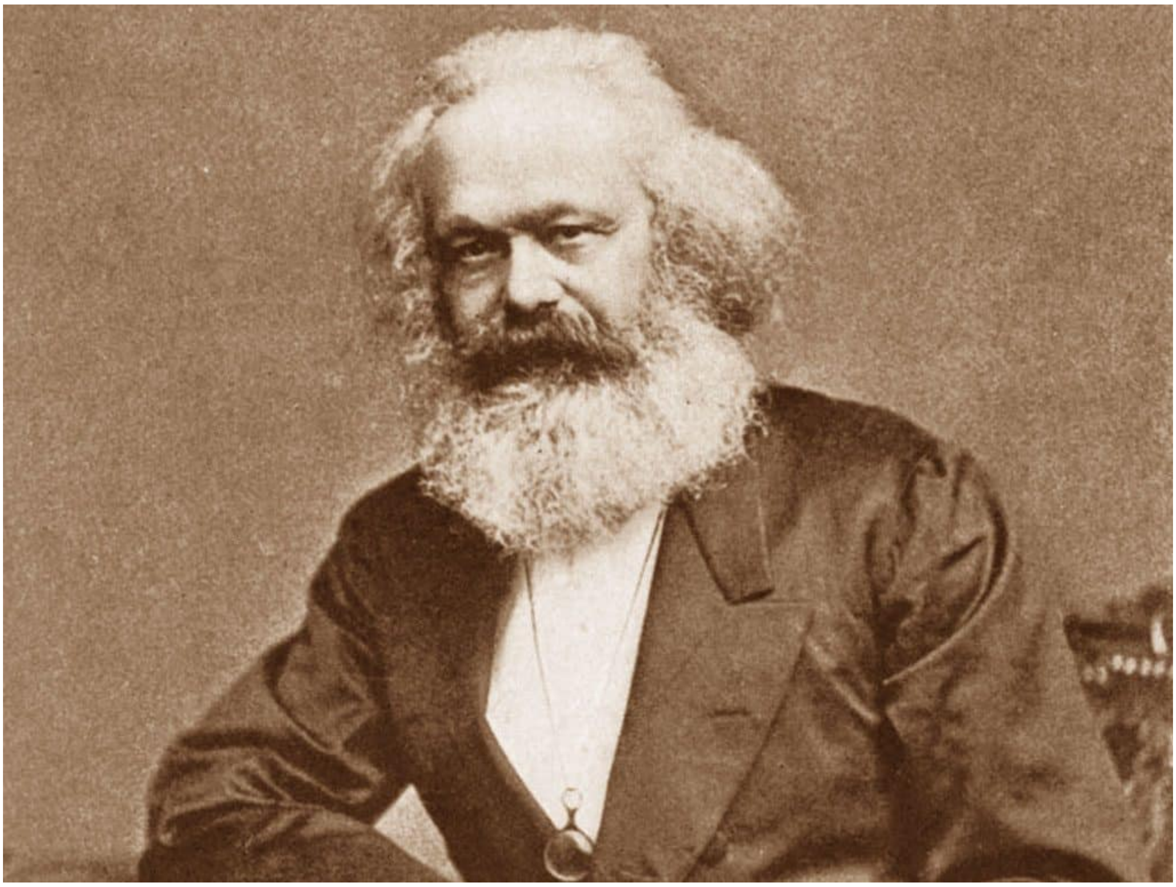

# Robotics, Karl Marx And The Collapse Of Profits And Capitalism

Finally, someone has correctly pegged the role of Marx, robotics, the destruction of capital and hence, the destruction of Capitalism and Free Enterprise itself. Zbigniew Brzezinski in *Between Two Ages: America's Role in the Technetronic Era*, developed the idea that Marxism was a mere stepping stone to the end result of societal evolution, which he called the Technetronic Era, aka Technocracy. Thus, Capitalism will die and be replaced by Technocracy. Charles Hugh Smith has given the first clear explanation of how and why it will happen this way.  TN Editor

Whatever commoditized robots can produce is no longer profitable; rather, the production destroys capital.

Yesterday I discussed how robots only do work that's profitable, as any enterprise buying, programming and maintaining robots to do unprofitable work will soon be out of business.

What few observers seem to grasp is that automation goes through two distinct stages of profitability: when robots/automation first replace high-cost human workers, profits soar. Observers then draw projections based on the belief that these initial profits will continue essentially forever.

But this initial boost phase of profits gushing from automation is short-lived;as the tools of automation are themselves commoditized and become available to anyone on the planet with some capital and ambition, lower cost automated competitors come to market, destroying the pricing power of the first adopter.

Once an enterprise is competing only with other automated enterprises, profits fall to near-zero as lower cost competitors emerge. Competitive advantages are small once a field has been commoditized/globalized, and there is little pricing power left except for brands that establish some cache people will pay extra to have and hold.

But everything that's been commoditized will no longer be profitable, as the competitive advantage of replacing human workers with robots vanishes once competitors have also replaced their human workers with robots.



Karl Marx described this dynamic of profits cratering and then vanishing in the 19th century. Marx described the consequences of over-investment in commoditized production and the resulting over-capacity: when anyone with access to investors or credit can buy the same machinery—that is, the machines are interchangeable commodities such as sewing machines, power looms, etc.–the capacity to produce rises as every competitor attempts to lower the unit cost of each product by producing more.

In other words, the only competitive advantage in an economy of commoditized machines and products is to increase production by over-investing in productive capacity. If competition has lowered the price of products, those who can double their production will achieve profitable economies of scale.

Over-investment and overcapacity are intrinsic dynamics of production; those who fail to invest heavily in increasing capacity will become unprofitable. Once their capital is destroyed, they vanish in insolvency.

As Marx explained, every enterprise is driven to pursue the same strategy, and the end result is massive over-investment and overcapacity. The flood of products overwhelms demand, and prices fall below the production costs.

Over-investment leads to overcapacity that devalues whatever is being produced.

This leads to a counter-intuitive result: over-investment destroys capital.

The naïve faith that robots will generate so much wealth that humans will have no work has it backward: over-investment in commoditized robots and their commoditized production will destroy capital, not create it.

Recall that enterprises don't have profits, enterprises only have expenses. Robots will never be free, due to their intrinsic complexity and use of resources and energy. As robots and other tools of automation become commodities that anyone can buy, whatever robots can produce is devalued accordingly.

In other words, whatever commoditized robots can produce is no longer profitable; rather, the production destroys capital.
This leads to a startling conclusion: this destruction of capital must be subsidized by taxing whatever is still profitable, i.e. whatever cannot be commoditized or automated.

In other words, enterprises profiting from human labor that can't be replaced by commoditized (interchangeable) robots will be subsidizing intrinsically unprofitable robotic production that destroys capital.

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# Time-Tested Economic Theory Being Thrown Under The Bus

As Technocracy and its Green Economy encroaches on Capitalism and Free Enterprise, traditional economic models are being forever corrupted with non-economic factors. Traditional economic analysis depends on factual historical data. Green Economic analysis factors in unknown and unprovable climate change factors. The result will be absolute gibberish.  TN Editor

The risk posed by climate change would be factored into projections from the government's independent economic forecaster if Labour took office, the shadow chancellor will announce on Tuesday.

John McDonnell will highlight the human and economic costs of manmade climate change, calling it the "greatest single public challenge" and say the government should include the fiscal risks posed by global warming in future forecasts.

The landmark change would, for the first time, put climate change on an equal footing with other complex challenges affecting the public finances such as demography.

Under a Labour government, the Office for Budget Responsibility would be given total independence, McDonnell will announce, saying the forecaster would report directly to parliament rather than the Treasury.

Speaking at the Institute for Public Policy Research on Tuesday, McDonnell will say that meeting the challenges of climate change will require "a transformation of our institutions and how our economies are run".

McDonnell said that Labour "wants to ensure that the overwhelming challenge of climate change is addressed from the very centre of government. This includes the potential losses to the public finances.

"The public deserve to know what impacts we might expect on the national purse from the degradation of our environment. Sound, responsible economic management should already be accounting for this."

Labour Treasury sources said the party wanted to ensure that long-term impacts of climate change and environmental damage, including effects on food prices, flooding and loss of productivity in more frequent extreme weather, could have a direct impact informing economic policymaking.

McDonnell will argue that the effects of manmade climate change are already having an economic effect. Costs in recent years have included more frequent flooding, which the Environment Agency estimates now costs £2.2bn annually.

Over the summer, the Bank of England said it had begun its own investigations into the extent of the banks' exposure to the effects of climate change, announcing it was “initiating a review of climate-related risks in the UK banking sector”.

Several other authorities in Europe, including in Germany and Sweden, have also been examining the financial consequences of climate change. But the UK would be the first country in the world to mandate the assessment done by an independent fiscal council.

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