The Uber IPO: Billions for investors, increased exploitation for workers

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The valuation of ride share company Uber hit $82.4 billion after an Initial Public Offering (IPO) of its stock on Thursday, one of the largest IPOs in the US since Facebook. The sale further enriched investors while raising some $8 billion for the company.

Major investment houses, including Goldman Sachs and Morgan Stanley, underwrote the IPO. Other wealthy investors stood to gain huge sums, with some Goldman Sachs clients pocketing $1 billion. The stake of Uber founder Garret Camp is now worth $3.7 billion, while cofounder Travis Kalanick owns $5.3 billion in Uber stock.

The current $82.4 billion market capitalization for Uber compares to a market cap of some $52 billion for General Motors and $41 billion for Ford. Major Uber investors include Saudi Arabia's sovereign wealth fund, run by Japan-based Softbank; Alphabet, the parent company of Google; auto giant Toyota; PayPal; and billionaire Amazon CEO Jeff Bezos.

The Uber IPO follows that of rival Lyft, which raised $2.3 billion, with a total market capitalization of around $16 billion.

The public sale of shares of Uber and Lyft means that these companies will now be subject to the direct pressure of market investors, who will demand that they turn a profit. Both Uber and Lyft are currently unprofitable, with Uber losing $1.8 billion last year, the largest loss of any company in the year before an IPO.

The financial speculation over the Uber IPO will be followed by demands from investors for fare increases and further attacks on drivers, already grossly undercompensated. This was spelled out bluntly in a recent Uber management filing with the US Securities and Exchange Commission. Uber wrote, "As we aim to reduce driver incentives to improve our financial performance, we expect driver dissatisfaction will generally increase."

Uber drivers are classified as independent contractors, not regular employees. They are therefore not eligible for health benefits, sick days or vacations. They are also not protected by minimum wage regulations and overtime rules, while the employers are freed from paying Social Security and Medicare taxes and unemployment insurance contributions.

A study by Larry Mishel of the Economic Policy Institute last year concluded that the effective hourly wage of an Uber driver is less than what 90 percent of US workers earn. In other words, they earn a poverty-level income.

Uber and Lyft drivers have mobilized and begun to fight back. On Wednesday, thousands of Uber drivers around the world conducted strikes and protests against low pay, under conditions where executives were stuffing their pockets with cash.

In taking a stand, Uber and Lyft drivers are opposing the casualization of labor that has seen an increasing proportion of the workforce pushed into the "gig economy."

Some 36 percent of US workers are part of the "gig economy" in some form or another, that is, either their primary source of income is casualized, part-time labor with no benefits, or they are forced to look for alternative sources of income to compensate for declining wages and benefits in standard employment.

As an Uber driver in San Francisco told the *World Socialist Web Site*, "Let me say that I'm sick of driving San Francisco tech bros out to dinners that cost more than I make all day, wearing shoes that cost more than I make in a week, from apartments that cost more per month than my entire income… while I am living out of my car, so the CEO can make $45 million a year."

This is part of a broader tendency that has seen part-

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time and on-call work spread to manufacturing and other areas of the economy. A growing percentage of autoworkers are classified as temporary or part-time, depriving them of any job security or basic benefits. In the US, Amazon has instituted a CamperForce, hiring largely elderly migrant workers who have been forced to live in mobile homes for seasonal work.

The same internet and computer technology that has made possible the spread of app-based employment has also facilitated the organization of social opposition through platforms such as Facebook.

The worldwide action of Uber and Lyft employees, who carried out simultaneous walkouts around the world--in the US, UK, Brazil, Kenya, Nigeria, Costa Rica, Panama, Chile, France, Japan and India--is a portent of the future. It demonstrates the objective unity of the international working class, which is bound together as never before in a global economic network. Workers in every country are exploited by the same capitalist economic system and in many cases the same employers.

The action by Uber and Lyft drivers is part of a growing movement of the international working class, including teachers in the United States, *maquiladora* workers in Mexico, the "yellow vests" in France and mass worker demonstrations in Algeria. These struggles have developed largely independently of and in opposition to the existing trade unions.

It is a confirmation of the perspective fought for by the International Committee of the Fourth International that, given the increasingly global nature of production, not only the content of the class struggle, but also its form must take on a global character.

The attempts by the unions to intervene to strangle the fightback by workers in country after country underscore the reactionary character of these organizations, rooted in the nation-state system and the defense of capitalism. They stand as obstacles to the imperative need for the global unification of the working class.

New organizations--rank-and file factory and workplace committees, independent of the unions--are urgently needed to unify the struggles of different sections of the working class on an international level. If Uber and Lyft drivers can begin to organize independently, so can autoworkers, Amazon workers and all sections of the working class.

At the same time, the working class must wage its fight on a perspective based on freeing the productive forces from the grip of the corporate oligarchs.

Under capitalism, the developments of science and technology, such as the internet, the proliferation of mobile phones, GPS and driverless technology, are used to enrich the class of corporate owners and investors, rather than improve the quality of life of the vast majority. Meanwhile, the rivalry between nation-states comes into conflict at every turn with the rational development of the global economy, raising the specter of trade war and world war.

The progressive potential of the achievements of mankind's knowledge can only be realized once the working class, the vast majority in society, takes control of the productive forces and organizes them on a global scale, in a rational and planned manner.

To carry out this transformation the working class requires an international political movement based on a socialist program aimed at placing power in its own hands. This is the fight being advanced by the International Committee of the Fourth International, its affiliated sections and the *World Socialist Web Site*.

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