

RESEARCH ARTICLE

# When Ants Beset the Elephant: Rent Extraction and Resistance on China's E-commerce Platform

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## Abstract

E-commerce in China has developed and expanded rapidly in recent years. Conflicts and confrontations have accumulated in parallel. Using Taobao e-marketplace – one pillar platform of the Alibaba group – as its case, this article aims to analyse the developmental logic and profit-seeking strategies of e-commerce capitalism in China and beyond. It also investigates how small online merchants responded to and resisted the particular rent-extractive and exclusive mechanisms designed by the platform. I attempt to identify the emerging responses from below to both the creative and destructive sides of this newest capitalist development in China. I argue that, despite the militancy and innovation involved in these movements, and despite the use of Maoist rhetoric borrowed from the past, the contentious collective actions (online or offline) organized by these small online merchants lack the solidarity, the shared identity and consciousness, and the powerful ideological language observed among the “traditional” working class in industrial capitalism, and hence they are more improvised, transient, and easily defeated.

Changing forms of capital, with its particular mechanisms and logic of capital accumulation, are always followed by new conflicts. As Beverly Silver observes, “where capital goes, conflict goes”.<sup>1</sup> The newest development of capitalism, platform capitalism, with its distinct mode of capital accumulation – exploitation and surplus-value extraction happening in the out-of-production sphere and different kinds of rent as profit – has established its relationship with labour on fresh terms.<sup>2</sup> It has also engendered new forms of resistance. Drawing insights from both the Marxist understanding of platform capitalism and the platform labour-resistance literature, this article uses as its case Taobao e-marketplace, the largest and most popular C2C (Customer to Customer) e-commerce platform, part of the Alibaba Group. It asks the following questions: What are the developmental logic and profit-seeking strategies of

<sup>1</sup>Beverly Silver, *Forces of Labor: Workers' Movements and Globalization since 1870* (Cambridge, 2003), p. 41.

<sup>2</sup>Ursula Huws, *Labor in the Global Digital Economy: The Cybertariat Comes of Age* (New York, 2014), p. 29.

e-commerce capitalism in China and beyond? How did the small online merchants – a labour force whose members had various historical origins but itself has been created according to the distinctive logic of capital accumulation of the e-commerce platform – respond to and resist the particular exploitative and exclusive mechanisms designed by the platform? And how does it shed light on our understanding of labour resistance under such new forms of platform capitalism? In answering these questions, this article serves two aims.

First, it aims to examine the distinct mechanism and logic of capital accumulation of the e-commerce platform of Taobao (and Alibaba), by following the specific measures adopted by the platform along its path of growth. As pointed out by many scholars, the platform economy has a distinctive logic and strategy of profit extraction and maximization.<sup>3</sup> Unlike the industrial economy, the first and the most crucial prerequisite for its development are the so-called network effects used to achieve monopoly status. As Nick Srnicek aptly summarizes: “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”.<sup>4</sup> Once monopoly status is achieved, the platform will eventually be able to extract monopoly rent as profit.

For Marx, wage, rent, and profit are the three major categories of income distribution that emerge in capitalist relations. During industrial capitalism under productive capital, wage and profit overshadowed rent and became the two major forms of income/revenue for wagedworkers and capitalists. The current transformation of capitalism, however, is changing the picture. Carlo Vercellone argues that the newest trend of capitalist development is “witnessing the return of a mercantilist and financial logic that is reminiscent of pre-industrial capitalism and of the formal subsumption of labour under capital”,<sup>5</sup> and hence is “characterised by a full-fledged comeback and proliferation of forms of rent parallel to a complete change in the relationship between wages, rent and profit”.<sup>6</sup> On the one hand, the distinction between profit and rent is blurring as new capital is transforming profit into “a rentier mechanism of drawing surplus-value from a position of exteriority in respect to production and/or founded on the creation of an artificial resource rarefaction”.<sup>7</sup> On the other hand, in this process of capital becoming rent, wage, as the major form of income for the working class under industrial capitalism, is replaced, not completely but nevertheless increasingly, by other forms of “independent” yet precarious income.<sup>8</sup> I will analyse these two trends in the developmental strategies and logic of the Taobao e-commerce

<sup>3</sup>Dan Schiller, *Digital Capitalism: Networking the Global Market System* (Cambridge, MA, 1999); Christian Fuchs and Vincent Mosco, *Marx in the Age of Digital Capitalism* (Leiden, 2015); Nick Srnicek, *Platform Capitalism* (Hoboken, NJ, 2017); Christian Fuchs, *Rereading Marx in the Age of Digital Capitalism* (London, 2019); Steven P. Vallas and Anne Kovalainen (eds), *Work and Labor in the Digital Age* (Bingley, 2019).

<sup>4</sup>Srnicek, *Platform Capitalism*, p. 53.

<sup>5</sup>Carlo Vercellone, “The New Articulation of Wages, Rent and Profit in Cognitive Capitalism”. Available at: <https://halshs.archives-ouvertes.fr/halshs-00265584/document>; last accessed 11 December 2020.

<sup>6</sup>*Idem*, “The Crisis of the Law of Value and the Becoming-Rent of Profit”, in Andrea Fumagalli and Sandro Mezzadra (eds), *Crisis in the Global Economy: Financial Markets, Social Struggles, and New Political Scenarios* (Boston, MA, 2010), pp. 85–118.

<sup>7</sup>Vercellone, “The New Articulation”, p. 108.

<sup>8</sup>Vallas and Kovalainen, *Work and Labor in the Digital Age*.

platform in the following part of the article. I argue that it was through the construction of monopoly status that the platform could finally impose itself as a seemingly inescapable intermediary between labour and market, then extract rent as profit by all possible means.

Under this rentier mechanism, conflicts and confrontation between the small online merchants and platform capital accumulated. In 2006–2013, small online merchants from Taobao organized a series of collective contentious protests against the platform in different forms. They were against despotic clauses and monopoly, and in favour of regulating the e-commerce market by establishing relevant laws and guaranteeing the survival rights of small merchants. Despite the turmoil they stirred up at the time, and despite the modest compromises made by the platform – sometimes under the rather vague pressure of the state, sometimes owing to the anxiety of losing traffic volume to other competitive platforms – these protests largely failed to challenge the system or change the rules of the game.

The second aim of this article therefore is to provide a detailed investigation of these resistance movements organized by online merchants against the rent-extractive measures adopted by Taobao, in order to identify the “emerging responses from below to both the creative and destructive sides of capitalist development”.<sup>9</sup> I argue that, despite the militancy and innovation involved in these movements and despite the use of Maoist rhetoric borrowed from the past, the contentious collective actions (online or offline) organized by these small online merchants lack the solidarity, the shared identity and consciousness, and the powerful ideological language observed among the “traditional” working class in industrial capitalism, and hence are more improvised, transient, and easily defeated.

Methodologically, a series of interviews with people who had once been online merchants and had participated in or observed such resistance was conducted during summer 2016.<sup>10</sup> They provided some initial yet rather sporadic accounts of these events. The online anonymity of the participants, the high turnover rate of the group, and the sensitivity of the events themselves have all made a thorough follow-up of the participants at the time impossible. Therefore, the larger picture I provide in this article has been pieced together from materials drawn from various government reports, industrial reports, media coverage, online forums, and relevant secondary literature. I have combed through and carefully examined all the materials dug out from the above resources in order to ensure the relative reliability of the data and the description.

In the following part of the article, the first section will explore the innovative forms of extractive and exploitative strategies adopted by Taobao/Alibaba, where competition and monopoly, rent and profit are interwoven in rather tensioned yet creative ways, and how in this process a particular category of labour force – the online small merchants – was created. The second section illustrates and analyses how small online merchants, when facing fierce exploitation and threats of being expelled from the platform, responded and resisted. The conclusion discusses the implication of these collective contentious movements under platform capitalism.

<sup>9</sup>Silver, *Forces of Labor*, p. 20.

<sup>10</sup>It was during these interviews (for another topic) that I became aware of and interested in these online protests.

## From fairy tale to hunger game: hidden forms of extraction and exploitation on e-commerce platform

“The world is flat”, Thomas Friedman declared after his visit to Indian call centres in 2005. Digital connectedness had made the world a level playing field where everybody can play nicely and fairly. The development of e-commerce seems to be making the world even flatter, according to Ma Yun, the Chinese Internet tycoon and CEO of Alibaba. “The era for big corporations to be the single reapers of profit is gone”, Ma emphasized almost every time he gave a speech, declaring that in the new era of the so-called electrical world trade platform (e-WTP) small- and medium-sized businesses will compete fairly with big ones and become the main players and beneficiaries. “Small is beautiful”, a decontextualized phrase borrowed from the British economist E.F. Schumacher, has been selected as the particular fairy tale of Alibaba, which has always branded itself as the “open sesame” for the poor.

However, just as Friedman’s “flat world” guarantees lucrative profits for the global corporations exploiting cheap Indian call-centre workers, the fairy tale of “small is beautiful” has been largely used as the developmental strategy of the platform, especially in its early stage, to maximize traffic volume as rapidly as possible. This section will explore the developmental path and strategy of e-commerce in China, using the Taobao platform as an example. It aims to dig out the hidden logic of platform capitalism beyond the rhetorical fairy tale, and how, after the earlier goal had been reached, it quickly turned itself into a “hunger game”. It will also investigate how in this process a particular group of online labor forces – Taobao’s online merchants – was created.

### *The fairy tale: “small is beautiful” and all for monopoly*

Due to the distinctive developmental logic of platform economy, battling for users is always the first step towards survival and further development, as exemplified by the history of Taobao. When Taobao (Chinese for “digging for treasure”) was established in 2003, eBay had already marched into the C2C market in China by acquiring a Chinese website named EachNet. As a later mover facing strong competition from a global giant, Taobao decided to adopt a strategy of “free for three years”. Unlike eBay EachNet, which charged its sellers listing and transaction fees, Taobao was free of charge to use. This strategy soon turned out to be a huge success: the growth rate of Taobao subscribers in 2003 alone reached 768 per cent, with almost three million registered online merchants that year.<sup>11</sup> Since then, Taobao has experienced fast-track growth. By August 2005, the volume of Taobao’s online merchandise had already reached 9 million items; the volume of daily website traffic broke the record of 80 million items.<sup>12</sup> Then Taobao declared another three years of free use. By March

<sup>11</sup>June Lu, Lu-Zhuang Wang, and Chun-Sheng Yu, “E-auction in China: The Case of Taobao”, *International Journal of Electronic Finance*, 1:4 (2007), pp. 406–419.

<sup>12</sup>CCID Market and Information Center, “2004–2005 Annual Report on China’s E-commerce Market”, *China E-Commerce* (2005). Available at: [http://dzsws.mofcom.gov.cn/article/zt\\_dzshwbg/](http://dzsws.mofcom.gov.cn/article/zt_dzshwbg/); last accessed 1 August 2021.

2006, Taobao finally outpaced eBay EachNet and became the leader in China's C2C market, with a sixty-seven per cent market share in users, whereas eBay EachNet had only twenty-nine per cent. As a result, later that year, eBay shut down its China site, eBay EachNet, and formally withdrew from the C2C market in China.<sup>13</sup> In 2007, Taobao became the largest online retailer in Asia.<sup>14</sup>

Taobao's victory signifies an important and distinctive business model that platform capitalism has adopted today, namely, to attract users and maximize traffic volume as much as possible, as fast as possible, and at any cost, since without traffic no revenue can be generated in the first place.<sup>15</sup> By frantically throwing tons of money at the platform and offering "free use" in its initial stage – seemingly without any consideration of making money – it aims to squeeze out other competitors, gain dominance of its niche market infrastructure, and eventually be able to extract monopoly rent.<sup>16</sup> I will analyse the monopoly rent in detail later, but want to emphasize here that it is exactly this distinctive business model and strategy that has been manipulated and reinterpreted by the platform capital to create the famous "open sesame" and "small is beautiful" fairy tale and to lure more and more users (both online merchants and online customers) and maximize the platform's volume of traffic.

### *The creation of online merchants*

The rapid expansion of the e-commerce ecosystem has therefore created a huge and diversified labour force to achieve its aim. It includes the highly educated young professionals directly working for the platforms, the online merchants, and the derivative service staff, the so-called puppy manufacturing entrepreneurs and their come-and-go workers, the peasants who are encouraged to sell their agricultural products online largely through middlemen, the artists and craftsmen who are eager to monetize their creative works online (and offline), the expanding logistics workers who organize and deliver goods ordered online, and so on. Some parts of this labour force are newly created, and some have always been there but have metamorphosed in certain ways, but all are organized according to various profit-maximizing mechanisms of e-commerce capital. For the purpose of this article, I will focus here on one particular group of this immense and expansive labour force – the online merchants – in order to reveal the particular relationship between them and the platform capital and distinctive rent-extraction mechanism that the platform designed against them.

A majority of the online merchants in Taobao e-marketplace belong to the expansive informal labour force that has steadily grown since market reform in China. In an article written in 2006, Philip Huang argued that there were four historical sources for

<sup>13</sup>Helen Wang, "How eBay Failed in China", *Forbes Media*, 12 September 2010. Available at: <https://www.forbes.com/sites/china/2010/09/12/how-ebay-failed-in-china/>; last accessed 24 July 2018.

<sup>14</sup>Xuan Liu and Xiangqian Zhang, "Analyses of the Profit Model in Taobao" (刘璇, 张向前, "淘宝网盈利模式分析", 经济问题探索), *Inquiry into Economic Issues*, 1 (2012), pp. 148–154.

<sup>15</sup>Ahmad Ghandour et al., "Measuring eCommerce Website Success", *ACIS 2008 Proceedings* (2008), p. 24. Available at: <https://aisel.aisnet.org/acis2008/24/>; last accessed 4 August 2021.

<sup>16</sup>Paul Langley and Andrew Leyshon, "Platform Capitalism: The Intermediation and Capitalization of Digital Economic Circulation", *Finance and Society*, 3:1 (2017), pp. 11–31, 28.

the growth of the informal economy: the rural industrialization, with the rise of informal township-village enterprises in the 1980s; the large-scale migration of peasant workers to informal employment in the cities since the late 1980s; the rapid rise of informal private enterprises and of informally self-employed laborers from the early 1990s; and the large lay-off of state and collective enterprise employees and their transition to the informal economy from the mid-1990s. Altogether, Huang estimated that there were about 250 million informal labourers among the 283 million urban workers employed, or eighty-eight per cent of the total. This large, informal labour force included: 120 million peasant migrant workers; 50 million regular urban residents who worked in the informal economy, many of them being laid-off former state-owned enterprise workers; and 80 million peasant workers employed locally in rural, non-agricultural, informal units (including the town-village enterprises). A majority of them had no security of employment, received few or no benefits, and were often unprotected by labour laws.<sup>17</sup> When Alibaba was established in 1999 and branded itself the “open sesame” for the poor, it talked largely to these people. As one government document declares, e-commerce, especially C2C e-commerce, has always been the most important source of employment and “innovation”, especially for the rural “surplus labour force”, returning peasant migrants, laid-off workers, veterans, disabled people, and college graduates unable to find other employment upon graduation.<sup>18</sup>

By significantly lowering the entry cost for those who had little economic and social capital, the “free use” policy adopted by Taobao during its earlier years provided them opportunities to make a living, escape poverty, and even prosper. Meanwhile, unlike the traditional image of a “normal” company, which has limited capacity, the platform, with its apparently unlimited virtual space, seemingly welcomed everybody. So, people rushed in, with hope or out of desperation. Some reaped the early fruits. The fairy tale became true, while the fierce and destructive competition and exploitation came only later. Ma Yun, who himself had risen from a disadvantaged background, was portrayed and hailed as the hero of the grassroots, the Messiah of the poor, and the godfather of the small entrepreneur. Such an image, in return, conveniently helped the platform attract more users, boost traffic, and, finally, obtain and maintain its monopoly power.

### *Extracting monopoly rent: the hunger game*

The fairy tale was short-lived. Platform capital, like any other kind of capital, aims to maximize profit, but with its own distinctive rhythm and plan. Unlike industrial capital, which draws its profit from surplus labour/value in the production process, platform capital, because of its position of exteriority with respect to production, draws its profit from various kinds of rent. For Marx, rent is one category of revenue

<sup>17</sup>Philip C.C. Huang, “China’s Neglected Informal Economy: Reality and Theory”, *Modern China*, 35:4 (2009), pp. 405–438.

<sup>18</sup>*China E-Commerce Report* (2017), Ministry of Commerce of the People’s Republic of China, Department of Electronic Commerce and Information Technology, 31 May 2018. Available at: <http://dzsws.mofcom.gov.cn/article/ztxx/ndbg/201805/20180502750562.shtml>; last accessed 1 August 2021.

received by those who, because of their control of a material element (land, for example), are able to wrest this revenue from those who use it. That is so-called ground rent. The platform, on the other hand, by taking advantage of the most advanced internet technology, creates another fictitious land – the visual space at its disposal – in order to extract rent. However, such rent can be imposed on its users only after monopoly power has been achieved through the accumulation of network effects. That is why we can say that a tendency towards monopoly is built into the DNA of platforms.<sup>19</sup> If, for Harvey, “monopoly rent arises because social actors can realize an enhanced income stream over an extended time by virtue of their exclusive control over some directly or indirectly tradable item which is in some crucial respects unique and non-replicable”,<sup>20</sup> in platform capitalism, monopoly rent arises from the platform’s control over the most precious traffic volume it has managed to maintain and expand to date.

Once the traffic volume in Taobao far exceeded that of its competitors and hence ensured its monopoly status, the condition for extracting monopoly rent was ready. Step by step, Taobao launched its long-plotted moves to seek and maximize profit. In May 2006, despite the promise of “free of charge”, Taobao introduced a value-added service, named *Zhao Cai Jin Bao* (Bringing Money and Fortune). The service allows Taobao’s online merchants to bid for the specific keywords of their merchandise, so that when online customers search for these keywords, the merchandise with the highest bid will be ranked higher. It was hoped that this web-based auction service would become one important revenue-generating mechanism of the platform.

The logic behind such a move was to extract monopoly rent. As more and more merchants flooded to Taobao because of its network effects and monopoly status, competition among its online merchants became increasingly fierce. On the one hand, such cut-throat competition among online merchants guarantees the monopoly status of the platform, since it usually means cheaper and greater choice of merchandise for online customers and would hence attract more users; on the other hand, it also creates a particular kind of “scarcity”: the visibility of particular merchandise. Online merchants need to showcase their merchandise among millions of other items, but only a few can be allocated the most prominent places (the first few pages, for example); the majority may simply be buried at sea. Since monopoly rent is usually “linked to the natural or, more frequently, artificial scarcity of a resource, i.e. to a logic of rarefaction of such resource”,<sup>21</sup> the scarcity of “visibility” brought by fierce competition thus provides the grounds for the platform to extract rent.

In the following years, more mechanisms of monopoly rent extraction were designed based on such scarcity. For example, in 2008, Taobao launched another service product named *Zhi Tong Che* (Express Train). Unlike the earlier *Zhao Cai Jin Bao*, *Zhi Tong Che* was an advertising service that sellers could buy through a keyword bidding process. For example, when an online customer looking for a summer dress input the keywords “summer dress” on taobao.com, promoted items with the

<sup>19</sup>Srnicek, *Platform Capitalism*, p. 110.

<sup>20</sup>David Harvey, “The Art of Rent: Globalisation, Monopoly and the Commodification of Culture”, *Socialist Register*, 38 (2002), p. 94.

<sup>21</sup>Vercellone, “The New Articulation”.



highest bidding prices were displayed in the right-hand and bottom panes (i.e. “Zhi Tong Che” ad slots) on the first search-results page. Besides the bidding price, sellers also had to pay a particular fee each time potential customers clicked on the display ad. Since there were more than sixty main categories of merchandise on Taobao, and beneath each main category about ten to twenty sub-categories, the service brought considerable revenue for the platform.<sup>22</sup>

Another popular rent-extracting mechanism initiated during this time was the so-called *Diamond Booth*, an ad slot located in the centre of the first page of the Taobao website that displayed five rolling advertisements. Each booth was charged tens of thousands of yuan per day. It is important to emphasize that the revenue generated was far larger than it seemed at first sight, thanks to the huge database that Taobao possesses. Data, as Srnicek argues, has become the most important raw material that can be extracted from the activities of platform users and then be used in various ways to generate revenues for the platform.<sup>23</sup> In this case, Taobao’s database can help the system to select “potential” merchandise for “potential” customers by matching them to their searching and purchasing histories. For example, a customer might browse summer dresses one day; the next day, when she opens the Taobao website, three of the *Diamond Booths* she sees on the first page will be advertisements for summer dresses. This means that each individual tends to see a different *Diamond Booth* when opening Taobao.<sup>24</sup> In this way, data use has successfully multiplied the capacity of the *Diamond Booth* tremendously and hence generated a much larger revenue for the platform.

Furthermore, as time passed and Taobao’s monopoly status was safely guaranteed, the platform’s appetite also grew. Since the small merchants gathered on the C2C e-commerce platform are usually poor, with limited capital, it has always been argued that it is difficult to make a lot of money there.<sup>25</sup> Meanwhile, as I will illustrate in the next section, these merchants, precisely because of lack of funds, tended to be resistant to and militant against unscrupulous rent impositions, which could make the rent extraction even harder. Thus, despite the considerable profit brought by various forms of rent extracted from these C2C merchants, Taobao insistently declared in public that the revenue generated from advertisements and value-added services was negligible.<sup>26</sup> Therefore, more effective and lucrative rent-seeking strategies needed to be launched to exploit as fully as possible the traffic volume and the network effects accumulated in the Taobao C2C e-marketplace over the years.

One way of doing that was for Taobao to expand its business to the B2C (Business to Customer) e-market, where users (both businesses and customers) were much richer and more willing to pay. Therefore, in 2008, Taobao established a new B2C platform, Taobao Mall, first as a second-layer branch within the Taobao E-marketplace.

<sup>22</sup>Yiping Wei, “How Ma Yun Makes Money” (魏一平, “马云是怎么赚钱的”, 三联生活周刊), *Sanlian Shenghuo Weekly*, 37 (2014). Available at: <http://www.lifeweek.com.cn/2014/0911/45009.shtml>; last accessed 11 December 2020.

<sup>23</sup>Srnicek, *Platform Capitalism*, p. 110.

<sup>24</sup>Wei, “How Ma Yun Makes Money”.

<sup>25</sup>Che Wen-wen, “Research on Factors Affecting Revenue of C2C Platforms – from the Perspective of Monopoly Platform Adopting Trading Fees”, *Science Technology and Engineering*, 2 (2010), pp. 55–60.

<sup>26</sup>Liu and Zhang, “Analyses of the Profit Model”.



It aimed to attract larger and brand-named businesses to the B2C platform by taking advantage of the “network effects” and huge traffic volume already accumulated in Taobao. In other words, Ma Yun did not want to start a B2C platform from scratch. Instead, he wanted to make the best use of the traffic volume already accumulated on Taobao in order, to borrow his own words, to “feed the Mall”. Later, in 2010, Taobao Mall gained its own independent web domain, tmall.com, and Alibaba launched a USD 30 million advertising campaign to raise brand awareness among consumers, aiming to differentiate listings by Taobao Mall sellers, who were either brand owners or authorized distributors, from Taobao’s C2C smaller merchants. Despite the claim of “improving the online shopping experiences for customers”, the ultimate goal of this re-branding move was higher profits, since Taobao could charge much higher fees to B2C merchants for listings.<sup>27</sup>

To further highlight the higher-class status of Tmall (Tianmao) and hence accelerate revenue generation, in June 2011, Ma Yun announced another restructuring step by spinning tmall.com off Taobao into an independent business directly under the Alibaba Group. Ironically, despite its “independence”, Tmall still exploits the traffic volume of Taobao. For example, if you search for some merchandise on Taobao, the first items on display will probably be from the big merchants of Tmall instead of the “real” small merchants of Taobao. Such an obviously partial policy towards Tmall merchants therefore forced some small Taobao merchants to leave the “cheaper” Taobao and join Tmall in order to be more “visible” by paying a much higher rate.

Yet, the platform aimed even higher. Only four months after its “independence”, in October 2011, Tmall announced it would increase service fees for online merchants from 6,000 yuan (USD 940) to 60,000 yuan (USD 9,400) a year, and the compulsory fixed sum deposit from 10,000 yuan (USD 1,570) to as much as 150,000 yuan (USD 23,500).<sup>28</sup> It was a fatal blow for many smaller merchants, who were then forced to leave Tmall.com because they could ill afford the fees.<sup>29</sup> Since then, Tmall has become a place only for the rich and the big,<sup>30</sup> while at the same time it still exploits the traffic volume from Taobao.com, the e-marketplace now left for the poorer.

All these moves share a common feature. They all aimed to transfer the traffic volume from small merchants to larger ones who could afford the various fees charged by the platform. As analysed earlier, the initial “free” policy had enabled the platform to attract a lot of traffic and achieve monopoly status, but it also set limits to a sustainable profit-generating model.<sup>31</sup> Facing the urgency of profit-making/maximization

<sup>27</sup>Loretta Chao, “CRT Extra: More on New Taobao ‘Mall’ Site”, *The Wall Street Journal*, 2 November 2010. Available at: <https://blogs.wsj.com/chinarealtime/2010/11/02/crt-extra-more-on-new-taobao-mall-site/>; last accessed 11 November 2020.

<sup>28</sup>He Wei and Tang Zhihao, “Taobao Revises Fee Plan”, *China Daily*, 18 October 2011. Available at: [http://www.chinadaily.com.cn/bizchina/2011-10/18/content\\_13921477.htm](http://www.chinadaily.com.cn/bizchina/2011-10/18/content_13921477.htm); last accessed 31 July 2018.

<sup>29</sup>Dongting Jia, “The Self-contradictory Struggle of Taobao” (贾冬婷, “淘宝的左右手互搏”, 三联生活周刊), *Sanlian Shenghuo Weekly*, 44 (2011). Available at: <http://www.lifeweek.com.cn/2011/1028/35454.shtml>; last accessed 11 December 2020.

<sup>30</sup>Zhongjie Li, “Investigation of the Consequences of Tmall’s New Policies towards Small Online Merchants” (李志杰, “浅析淘宝商城新政对中小网商影响与对策”, 电子商务), *E-commerce*, 12 (2011), p. 4.

<sup>31</sup>Wen-wen, “Research on Factors”.

and the threat of external capital competition, the establishment of B2C with its vast market potential and its more effective rent-generating channels could guarantee stable and lucrative revenue for the platform in the long run. However, as the main cash cow of Alibaba, Tmall needs to be fed. The traffic volume must therefore be transferred from the much less privileged and extractable Taobao e-marketplace to the Tmall B2C platform.

What we witnessed here is the re-establishment of the innate capitalist jungle rule – “big fish eat small ones” and, later, “faster fish eat slower ones” – on the e-commerce platform, after the earliest stage of “open sesame for the poor”. The hypocritical promises made in the beginning turned out to be only the distinctive extractive strategy of platform capitalism per se. Step by step, the small merchants on Taobao, almost all of whom were poorer and had fewer resources, were pushed to the lowest status within the e-commerce ecosystem, rat-racing desperately with each other in order to grasp the crumbs left by the “bigger fish”, while at the same time still contributing to the traffic volume that was largely siphoned off to Tmall. Many of these small merchants became bankrupt in this “hunger game”. The fairy tale was broken: “small” is no longer beautiful and “open sesame” works only for the rich. The poor were abandoned once more: the old story simply repeated itself.

On the other hand, “new agencies and sites of conflict [have] emerge[d] along with new demands and forms of struggle, reflecting the shifting terrain on which labor-capital relations develop”.<sup>32</sup> The new form of platform capitalism, with its more hidden, distinctive, and extractive accumulative strategies, has inevitably aroused resentment and frustration from the exploited and the oppressed. As Alibaba/Taobao steadily steered away from its initial fairy-tale promises and moved towards rent/profit maximization by exploiting and excluding small online merchants, anger and tension accumulated and finally erupted.

### A struggle between the haves and the have nots

Not all capital moves succeed, no matter how creative they are. In a capitalist society, capital usually wins because of the extremely unequal power structure; but sometimes it also needs to make compromises, for various reasons: the innate contradiction of capital itself; resistance from the exploited; and, occasionally, the intervention of another powerful player, such as the state. Class antagonism and conflict under platform capitalism shares these features, albeit in distinctive ways.

I have talked about the analogy between the ground rent extracted from the land and the monopoly rent extracted from the visual space created by the internet. Although sharing a similar logic and mechanism, these two are different by nature. Unlike physical land, the visual space is artificial: it can expand quickly, but also shrink to nothing overnight. The network effects, the most crucial factor for the platform, can therefore be highly unstable and volatile. The monopoly power of a certain platform needs to be constantly maintained against its competitors, who are always ready to lure away its unsatisfied users; in other words, the platform must manage

<sup>32</sup>Silver, *Forces of Labor*, p. 19.

to keep its network effects by at least persuading its users to stay. This is the inner dilemma faced by platform capital. In a way, that is similar to the dilemma faced by industrial capital, which wants to lower workers' wages in order to cut costs for higher profit but at the same time needs them to buy more products as customers for the final realization of capital, platform capital wants to extract rent as much as possible while also being afraid of scaring its users away and hence losing its monopoly power. This makes rent extraction a tricky game: the platform needs a well-balanced strategy.<sup>33</sup>

Meanwhile, this inner contradiction of platform capitalism also opens up possible forms of resistance for users (the online merchants in e-commerce) to fight the extractive attempts made by platform capital, largely through actions that disrupt traffic volume, drag down the network effects, and hence threaten the monopoly status of a certain platform. Set against various conjunctions, this resistance sometimes succeeds; sometimes it fails. In what follows, I will illustrate two forms of collective resistance organized by Taobao's online small merchants, both responding to the platform's deliberate move towards rent extraction and selective exclusion.

### *First attempt met with first triumphant resistance*

Online small merchants organized their first resistance in 2006 against the *Zhao Cai Jin Bao* value-added service introduced that year. As described in the previous section, this service was the Taobao's first experiment in extracting rent after it defeated eBay in China and hence successfully established its monopoly status. This first act provoked strong resistance from online merchants. Right after its introduction, online merchants organized a public vote on the Taobao BBS, with about sixty-six per cent of users openly voting against the service. The Taobao platform's initial reaction to this result was to immediately delete more than 400 opposing postings. This move only intensified the conflict. Two days later, probably organized collectively, a huge number of protest postings suddenly appeared simultaneously on the BBS, some threatening the platform with a collective strike. Faced with rising discontent, the Taobao platform was forced to declare that it would leave the power of decision completely to its users through a public online vote. Voting started the next day and lasted ten days. More than 200,000 online merchants participated, with sixty-one per cent of them objecting. The platform then had to eat its words and withdraw the service.

An online organization called the Anti-Taobao Union played an active role in this process. Interestingly, this so-called union was not a workers' union in the strict sense, at least initially. Established not by online merchants but by some Taobao customers, it had been based on an online forum to express customers' dissatisfaction with the merchandise and services provided by Taobao merchants. However, during the protest process, this customer-oriented forum was quickly taken over by small Taobao merchants and transformed into a bridgehead against the platform itself.

<sup>33</sup>Thomas Eisenmann, Geoffrey Parker, and Marshall W. Van Alstyne, "Strategies for Two-Sided Markets", *Harvard Business Review*, October 2006. Available at: [https://edisciplinas.usp.br/pluginfile.php/1704705/mod\\_resource/content/1/Eisenmann%20-%20Estrat%E2%80%9Aguas%20para%20mercados%20multilaterais.pdf](https://edisciplinas.usp.br/pluginfile.php/1704705/mod_resource/content/1/Eisenmann%20-%20Estrat%E2%80%9Aguas%20para%20mercados%20multilaterais.pdf); last accessed 11 December 2020.

Although no detailed description about this organization can be found, it undoubtedly played a crucial role in organizing the protest and the voting procedure, as one Taobao platform employee who spied on the union declared in public later that there were definitely people and organizations with “ulterior motives” behind the protest.<sup>34</sup> In fact, after the final vote was revealed and the Taobao platform declared it would withdraw the service and maintain the policy of “free charge for another three years”, the Anti-Taobao Union posted a public letter online claiming: “We recognize and appreciate the responsible attitude adopted by Taobao Platform that valued the opinions of small online merchants. Meanwhile we are glad to witness the first victory of online democracy and feel proud of ourselves as participants”.<sup>35</sup>

The victory against the first rent-extraction move that the platform attempted, however, was based not just on the active and organized resistance from small online merchants, but also on the inner dilemma of the platform economy itself. As mentioned earlier, being a so-called two-sided network, the platform always faces a contradiction between the urgency of maximizing rent extraction and the pressure to maintain monopoly status through network effects. Rent-extracting behaviour that is too predatory might lead to the loss of users and thus threaten the monopoly status of the platform, ultimately ruining the foundation of further rent extraction. It was such contradiction that, to a large extent, checked the unscrupulous greed of platform capital and forced it to be more cautious and retreat, at least temporarily.<sup>36</sup> After the protest, Ma Yun publicly declared that the platform’s decision proved how much it valued its small online merchants and how truthful its claim of “small is beautiful” has been. But Tongyu Sun, then CEO of Taobao, put the issue more honestly: “I never said that Taobao doesn’t want to make money; what I said was we were not interested in making money now, but we have great interest in making money in the future [...]. We will make a lot of money when we become the most successful Internet Company in China.”<sup>37</sup> Platform capital just needed to be patient a little longer.

### *Occupy Taobao / Taobao October Revolution – failed*

Then, several years later, came the establishment of the B2C Taobao Mall (Tmall.com) and the series of moves that Ma and his team launched. As analysed earlier, all these moves aimed to deprive the poorer and smaller merchants of the most precious resource in e-commerce, internet traffic, and to transfer it to businesses with deeper pockets and that were more ready to pay higher rent. Finally, it was time to repay the patience of the platform capital. Again, it encountered great resistance. Anger and resentment quickly accumulated and finally triggered a series of protests

<sup>34</sup>Yi Shi, “Taobao Ended the Charging Program and Withdrew Zhaocaijingbao” (石毅, “淘宝网公投终止收费项目 遵民意取消招财进宝”, 京华时报), *Jinghua Daily*, 11 June 2006. Available at: <http://tech.sina.com.cn/i/2006-06-11/0850984298.shtml>; last accessed 13 August 2018.

<sup>35</sup>*Ibid.*

<sup>36</sup>Wen-wen, “Research on Factors”; Guishui Cheng, Hongming Chen, and Shun Wujun, “Research on Platform Companies’ Behaviors Through the Angle of Two-sided Market” (程贵孙, 陈宏民, 孙武军, “双边市场视角下的平台企业行为研究” 经济理论与经济管理), *Economic Theory and Management*, 9 (2006), pp. 55–60.

<sup>37</sup>Shi, “Taobao Ended the Charging Program”.

from small online merchants afraid that they might, ultimately, be excluded from the new game. In the following part of this section, I will focus largely on one of these protests: the revolt against the sudden and dramatic fee increase by Tmall.com in October 2011. The largest protest organized by online small merchants in the history of platform economy in China, it has been described by the media as “Occupy Taobao – the Chinese version of ‘Occupy Wall Street’”,<sup>38</sup> the “Taobao October Rising”, or simply “a revolution”.<sup>39</sup>

The “revolution” started from a small online voice channel. Right after the sudden announcement of the fee increase on 10 October, a small group of Tmall online merchants immediately set up a channel called “The Forum about Tmall’s New Policy”, an online voice chat channel hosted by a major Chinese video-based social network, YY.com. Angry and desperate merchants soon started to gather there to share their anger and grief. Immediately, word started to spread through the various online networks that these merchants had previously established, snowballing. More and more furious merchants joined the channel.<sup>40</sup> The topics rapidly changed from merely venting grief to calling for organizing a revolt; as one merchant fumed: “our small vendors have no money; we have no other ways; we have to fight!”<sup>41</sup> Various proposals were hotly debated online.

By the evening of 11 October, about 7,000 people had joined the channel, got organized, and planned resistance. They elected a temporary “administration” of the Anti-Taobao Union; about thirty “executive groups” were formed, each with 100 members.<sup>42</sup> At 9 pm sharp, the administration announced the start of the attack. The administration began to post links of certain large online stores and their merchandise, and then various executive groups organized their members to “click and buy” these goods simultaneously, taking advantage of Tmall’s “Cash on Delivery” rule. All the targeted stores were large sellers of branded products listed on Tmall. The plan worked according to the following logic: if the targeted stores did not deliver the goods on time, then the attackers would collectively claim compensation from Tmall; if the stores delivered the goods on time, then the attackers would leave disparaging reviews with zero or one star and ask for reimbursement; all actions were perfectly in accordance with the rules set up by the platform itself and only too familiar to these fighting merchants. All the stores targeted suffered huge losses. By using Tmall’s rules against its own prioritized larger businesses, these actions were aimed, as the organizers claimed, at disrupting the order of the platform and at “let[ting]

<sup>38</sup>“The Chinese Version of Occupy Wall Street: Seven Thousands Merchants Sieged Taobao” (“中国版占领华尔街 7千人围攻淘宝网”), 12 October 2011. Available at: <http://www.sinovision.net/portal.php?mod=view&aid=188932>; last accessed 15 August 2018.

<sup>39</sup>Xiao Yang and Lilinshan Ma, “The Memoranda of Taobao Revolution” (杨潇, 马李灵珊, “淘宝革命事记”, 南方人物周刊), *Southern Figure Weekly*, 28 October 2011. Available at: <http://news.imeigu.com/a/1319803881059.html>; last accessed 4 August 2021.

<sup>40</sup>Xiaoqiao Wang, “Angry Vendors Fight Against Tmall” (王小乔, “愤怒小贩大战淘宝商城”, 南方周末), *Southern Weekly*, 21 October 2011.

<sup>41</sup>Yang and Ma, “The Memoranda”.

<sup>42</sup>“The Chinese Version of Occupy Wall Street”.

Taobao know the strength of our small vendors”, as “even ants can beset the elephant”.<sup>43</sup>

The number of participants in the attack increased to about 60,000 the following day (12 October). The administration even hired professional Hanmai performers (Chinese grassroots rappers) to boost people’s morale. “Don’t Hesitate; Don’t Be Afraid; If you don’t click with us today, you will be bled dry by Ma Yun tomorrow”, one rapper repeated the lyrics passionately to the rhythm of dance music. “The 23rd targeted goods tonight now! Still 30 thousand of them in the stock! Let’s click! See how long it will take us... Wow, all gone! You are awesome! Let’s do another one!” Sometimes, the rappers would play some mournful songs, accompanied by a long soliloquy:

Mr. Ma Yu, we are disadvantaged people in this society, with low status and limited money. We can’t compare with you, or fight with you. When you drink expensive wine, dine on abalone and lobster, live in a hundred million luxury house, drive a ten-million luxury BMW, we have to ride our little bikes to deliver goods no matter if it is windy or rainy [...].<sup>44</sup>

All these lines worked well: participants became increasingly emotional and angry; attacks continued in dramatic and passionate ways. According to the platform’s own subsequent estimates, a total of 112 Tmall stores were attacked during these three days, with 4,869 fake deals; the refund rate rocketed from the usual seven per cent to seventy-six per cent, and the complaint rate from 0.1 to twenty per cent.<sup>45</sup>

At first sight, the attack seemed irrational. Why did the small merchants target the larger brand-name retailers, rather than the platform itself? However, if we remember that large Tmall stores have been regarded as the platform’s major cash cows, attacking them could definitely cause panic, disturb the network effects, and even scare away some already enlisted or potential business users. Besides, it has always been these large Tmall stores whose traffic volume deprived the small merchants. The power relationships between large and small merchants have indeed been highly unequal. As one analogy made by a mass-media article described, in the Taobao “kingdom” the platform capital itself was king; the large sellers were like the nobles and landlords; and the mass of small merchants were like peasants. Hence, the protest was much like the “peasant rebellions” that had happened so often in China’s long dynastic history, all aiming to fight against the king, the nobles, and the landlords for justice.<sup>46</sup> This might be an anachronistic analogy, but it nevertheless grasps the essence of the rebellion as the have-nots against the haves, albeit in new forms, for a new era.

Meanwhile, on 13 October, the anti-Taobao Union made a public statement on its official Tencent Weibo blog. The statement listed the demands of the protestors, which included: abolishing unreasonable despotic clauses based on monopoly; improving

<sup>43</sup>Yixuan Zhang, “Fee Raise in Tmall Triggered Protests: Why Ants Besiege Elephant” (“张意轩, 淘宝商城调价引发中小卖家抗议: 蚂蚁为何围攻大象”), *Renmin Daily*, 14 October 2011.

<sup>44</sup>Yang and Ma, “The Memoranda”.

<sup>45</sup>Jia, “The Self-contradictory Struggle”.

<sup>46</sup>Xiaoyang Wang, “What is the Social Meaning of Taobao-version ‘Peasant Revolt?’” (万晓阳, 淘宝版“农民起义”的社会意义在哪儿?), 14 October 2011. Available at: <http://news.sina.com.cn/o/2011-10-14/135923304203.shtml>; last accessed 10 April 2019.

the rating system; providing a more transparent charging system; conducting hearings before establishing important rules; abolishing the unreasonable credit-deposit system; and separating Taobao and Tmall thoroughly and preventing unfair traffic-volume transfer. It also questioned Ma Yun angrily about whether he knew that what he did had betrayed his earlier promises of creating entrepreneurship, and that the increased fee would kill many small businesses and leave many unemployed; that only the rich can survive on his platform now, no matter how hardworking the small merchants are; lastly, the statement asked whether he had learned greed from Wall Street.<sup>47</sup>

The merchants who protested were the poor. Instead of being the “small and beautiful” vanguard “entrepreneurs” marketed by the e-commerce platform, these online merchants have always been the struggling precarious poor, who hope that, as long as they work hard, e-commerce will provide them with opportunities to escape poverty and desperation. However, the increasingly harsh extractive mechanisms designed by the platform out of the innate nature of capital have greatly squeezed the living space for these small online merchants. One government resource published in 2014 acknowledges that the monthly average turnover of about seventy per cent of the small merchants investigated was below 3,000 yuan (about USD 430), hardly enough to survive after deducting costs.<sup>48</sup> Another mass-media article declared that over eighty per cent of sellers on Taobao did not turn a profit and thousands of online shops closed down every day in 2013.<sup>49</sup> Furthermore, at least until 2014, only 0.1 per cent of small online merchants ever enjoyed any kind of government grant, bank loan on favourable terms, or employment protection funds for the disabled. This means that almost all small online merchants had to totally depend on themselves: they either used their own savings or borrowed from others in order to open an online store. Meanwhile, a majority of small online merchants have not participated in the social-security programme, mostly because they could not afford it, according to the government report.<sup>50</sup> All this has made them even more vulnerable to unscrupulous extractions from platform capital.

Yet, unlike last time, Alibaba disdainfully dismissed the small merchants’ protests and demands, and refused to compromise. Ma Yun simply called the protesters “backward people” and declared that the policy would advance no matter what. Nevertheless, with the escalating confrontation and the widely circulated mass media reports that largely sympathized with the protesters, on 15 October, the Department of Electronic Commerce and Information of the Ministry of Commerce (MOFCOM) finally started to intervene and ordered mediation. The ministry urged Alibaba to actively respond to the legitimate needs of small business owners. It also urged small business owners to protest within legal parameters. It emphasized

<sup>47</sup>“Five Questions to Ma Yun: From Anti-Taobao Union Administration” (反淘宝联盟高层亲笔文稿披露：五问马云), 13 October 2011. Available at: <http://www.ebrun.com/20111013/34064.shtml>; last accessed 10 April 2019.

<sup>48</sup>China Association of Employment Promotion, “The Statistics of Web-based Entrepreneurship and Employment and the Social Security”, 2014 (中国就业促进会研究项目组, “网络创业就业统计和社保研究项目报告”).

<sup>49</sup>Rachel Lu, “For Alibaba’s Small Business Army, a Narrowing Path”, *Foreign Policy*, 10 September 2014. Available at: <https://foreignpolicy.com/2014/09/10/for-alibabas-small-business-army-a-narrowing-path/>; last accessed 11 April 2019.

<sup>50</sup>China Association of Employment Promotion, “The Statistics”.



that, because the central government has always encouraged the development of micro-, small-, and medium-sized businesses, Alibaba should give greater consideration to the rights and interests of these businesses.<sup>51</sup> Agreeing to collaborate, the Anti-Taobao Union immediately declared a truce. In such a situation, Alibaba was forced to change its previously uncompromising attitude and started to engage in online discussions with the protesters. On 17 October, Alibaba announced that the new rates would apply only to newly joined Tmall merchants, while for existing merchants their implementation would be delayed until the following year. Meanwhile, Alibaba would invest in a guarantee fund to help small Tmall merchants obtain bank loans for deposits.<sup>52</sup>

Hardly a real compromise, the announcement avoided the most important appeals that the protesters had raised in its public statement. It undoubtedly brought great disappointment among the protesters. Right after the announcement, loud music suddenly broke out again on the protest channel, which had been silent for two days since the MOFCOM's official intervention on 15 October. This time, it was the rock-and-roll version of "Socialism is Good" – one of the most popular revolutionary songs in 1950s' China: "socialism is good; socialism is good; People are masters in socialist countries!" It was not the first time that the working class in contemporary China used Maoist language to justify their resistance. As observed by some scholars, when facing the deprivation imposed by radical market reform, Chinese workers, especially pensioners, always turn to that particular language as one of their weapons.<sup>53</sup> Yet, unlike the working-class pensioners who had the lived experiences and memory of Maoist era and harboured a strong and romanticized nostalgia for the socialist past, these protesting online merchants, most of whom were much younger, did not. For them, socialism was a rather abstract and vague imagination of a possible better and fairer society that could be used to denounce the injustices they were suffering now. Besides, it was also a rhetoric that was much safer and more tolerable for the self-declared socialist state "with Chinese characteristics" than others. Without any solid and serious foundation and content, the rock-and-roll version of "Socialism is Good" and the act of playing it was like a hollow scream that evoked scarcely an echo. The music quickly died down and the channel fell silent again. Stormy yet transient, this act seemed to be the only protest undertaken against Alibaba's "compromise"; no other organized resistance ever materialized. In a perplexing way, the consecutive gestures made by the state and the platform did successfully split up the protesters: the anti-Taobao administration kept silent following the state's intervention; the online attacks against the large stores also stopped and never resumed; online participants slowly dropped from 60,000 to several thousand.<sup>54</sup>

<sup>51</sup>Zili Pang, "Taobao Mall Suffers from Growing Pains", *People's Daily*, 18 October 2011. Available at: <http://en.people.cn/90780/7620212.html>; last accessed 10 April 2019.

<sup>52</sup>Weiping Ye, "Anti-Monopoly Regulations for Platform Operators" (叶卫平, "平台经营者超高定价的反垄断法规制". 法律科学), *Science of Law*, 3 (2014), p. 108.

<sup>53</sup>Ju Li, "Victory and Defeat: The Contentious Politics of One Generation of State Workers in China since the 1960s", *International Review of Social History*, 61:2 (2016), pp. 197–222; Ching Kwan Lee, *Against the Law* (Oakland, CA, 2007).

<sup>54</sup>Yang and Ma, "The Memoranda". All my interviewees also held this view.

The reasons for such rapid decline were complicated. Rumours had spread among the protestors that some members of the leading administration had been bought off by Alibaba.<sup>55</sup> Meanwhile, the threats from the platform, calling the protestors illegal “rumour-mongers and instigators”, and the ambivalent attitude of the state also scared away some people. Besides, the particular way of protest, i.e. attacking the large stores on Tmall, did not seem to cause any real or long-lasting damage: in almost no time after the attack, the targeted stores reappeared on the first page of the search results, still occupying the most visible space and enjoying the most prestigious status on the platform. In general, fragmentation among protestors caused by divide-and-rule strategies adopted by the platform, lack of strong support from the state, worry about retaliation, and the high cost of time and energy for these small merchants who struggled to make ends meet – all these led to the final defeat of the rebellion.

The resistance did persist in some ways, but with a much weaker force: an organized effort to collectively withdraw money from Alipay (a third-party mobile and online payment platform belonging to Alibaba) was initiated on the online channel on 21 October; a small group of representatives of online merchants travelled to the Taobao headquarters in Hangzhou and submitted a request on 16 November; afterwards, since no response had been received from the platform and the online protest channel had been forcefully shut down, more than a thousand merchants from different parts of the country demonstrated in front of the Taobao headquarters on 23 November.<sup>56</sup> All these efforts were to no avail. Instead, several days after the demonstration, one of the main protest leaders was suddenly charged with selling fake products online and arrested. Many believed it a threatening gesture from the state towards other protesters.<sup>57</sup> The arrest finally ended the rebellion.

The uncompromising attitude of the platform that was so different from 2006 is, of course, due to the fact that, by 2011, the platform had already safely established its monopoly status. The small online merchants who had played crucial roles to create network effects for the platform were, by then, largely losing their value. Surely, for the platform, the more merchants it can keep and the more competitive its online marketplace is, the better are its network effects. Yet, the ultimate goal of the platform is nevertheless to convert network effects into profit. Hence, the decisions of platform capital have always been based on a calculation of the cost of network effects and the potential of profit/rent extraction. The state, balancing between protecting capital's interest and maintaining social stability, adopted an ambivalent role: it largely shut its eyes to the platform's behaviour. Such an attitude from the state also assured the platform that though ants might create a stir for a while, they can never really beset an elephant. This held true for later developments too: small online merchants launched another series of online and offline protests in 2013 by adopting strategies

<sup>55</sup>*Ibid.*

<sup>56</sup>“Thousands of Merchants ‘Attack’ Taobao’s Headquarters in Hangzhou” (千余卖家‘围攻’杭州淘宝总部), *China News*, 24 November 2011. Available at: <http://news.hsw.cn/system/2011/11/24/051165614.shtml>; last accessed 8 April 2019.

<sup>57</sup>Wei Gu, “Anti-Taobao Leader Arrested for Selling Fake; Taobao Protest Stopped” (古卫, 围攻淘宝领头者售假被抓 淘宝商城事件或告结束), 27 November 2011. Available at: <http://www.sootoo.com/content/199476.shtml>; last accessed 8 April 2019.

similar to those of 2011, asking for equal treatment, and sharing traffic volume with the larger merchants, but again to no avail. Instead, online protest posts were deleted and several offline protesters were arrested.<sup>58</sup> No major protests have taken place since. Ultimately, capital wins, again.

## Conclusion

By examining the specific rent-extractive measures adopted by one popular e-commerce platform in China – Alibaba’s Taobao e-marketplace – and tracing the series of collective contentious actions adopted by its online small merchants against these measures from 2006 to 2013, this article has provided a profound case study of labour resistance history under platform capitalism. It has argued that the distinct mode of capital accumulation of this newest development of capitalism, with exploitation and surplus-value extraction happening in the out-of-production sphere and forms of different kinds of rent as profit, has set up a peculiar and shifting relationship between platform capital and its online merchants – one particular group of the direct labour force of the platform. When the platform sought network effects in order to build its monopoly status during its early years, it branded itself as an “open sesame” for the poor, proclaimed “small is beautiful”, and adopted the “free use” policy to attract more and more online merchants. Once its monopoly status had been established, however, the innate capitalist jungle rule “big fish eat small ones” was immediately re-established, as successive rent-extractive measures were imposed upon its online merchants, pushing the poorer and smaller ones to the “bottom of the food chain” or simply out of business. In this process, many felt another door closing to them. No matter how hard they worked, a majority were doomed to fail. As one merchant complained on Tianya, a Chinese discussion forum, “[small merchants] are nothing but a crop in [Alibaba’s] field: they are reaped and burned, then their ash becomes the fertilizer for a new batch”.<sup>59</sup> It was this strong feeling of exploitation, disposability, and, crucially, eventual expulsion – a condition taking us “beyond the more familiar idea of growing inequality as a way of capturing the pathologies of today’s global capitalism”<sup>60</sup> – that pushed desperate merchants to rebel.

So, unlike protesters in the Western gig economy, who demand labor protection,<sup>61</sup> the rebellious merchants of Taobao, many having always been outside the so-called formal economy, demanded the right to be included and hence survive. What they

<sup>58</sup>Ningning Zhu, “Unjustified Implement of Taobao’s Anti-fake Campaign Triggered Protests from Middle and Small Vendors” (朱宁宁, “淘宝整治虚假交易引上万中小卖家围攻, 执法无据难服众”, 法制日报), *Legal Daily*, 9 December 2013. Available at: [http://finance.ce.cn/rolling/201312/09/t20131209\\_1879912.shtml](http://finance.ce.cn/rolling/201312/09/t20131209_1879912.shtml); last accessed 10 April 2019.

<sup>59</sup>Lu, “For Alibaba’s Small Business Army”.

<sup>60</sup>Saskia Sassen, *Expulsions: Brutality and Complexity in the Global Economy* (Cambridge, MA, 2014), p. 1.

<sup>61</sup>Veronica Barassi, *Activism on the Web: Everyday Struggles against Digital Capitalism* (New York, 2015); Callum Cant, *Riding for Deliveroo: Resistance in the New Economy* (Hoboken, NJ, 2019); Kurt Vandaele, “Collective Resistance and Organizational Creativity Amongst Europe’s Platform Workers: A New Power in the Labour Movement?”, in Julieta Haidar and Maarten Keune (eds), *Work and Labour Relations in Global Platform Capitalism* (forthcoming, 2021).

feared most was not exploitation, but expulsion, since it meant that their labour would become surplus to capital's requirements, the result of which could be fatal for many.<sup>62</sup> So they fought, not necessarily for protection from the platform or the state, but rather not to be expelled from the capitalist ecosystem of e-commerce.

I have narrated a series of collective contentious movements organized by the small online merchants against the rent-extractive and expulsive measures of the platform, largely through actions that disrupt traffic volume, drag down the network effects, and hence threaten the monopoly status of a certain platform. I have shown that, despite the earlier victory, the later movements largely failed when confronting platform capital alone. The specific organization of the platform economy, its loose and non-committal relationship with the online merchants, and the supposed "independent" and "flexible" feature of the online merchants: all have made this particular labour force an elastic, blurry, and fluid category. As its members tend to change their identity and exit (voluntarily or forcedly) more frequently, they could become disintegrated in a much faster way than the "traditional" industrial working class did. Even when they organized themselves, the organization – the Anti-Taobao Union, for example – was loose, improvised, and transient. Such lack of long-term solidarity based on a relatively stable labour force has therefore failed to develop a sustained and shared identity and consciousness among online merchants. It has also failed to create a powerful and effective language for the merchants to arm themselves: the rhetoric occasionally borrowed from the Maoist era (the "Socialism is Good" song, for example) was simply too anachronistic to really resonate among participants. All these factors meant that the collective contentious movements organized by the small online merchants were easily defeated in the face of platform capital and insufficient support from the state.

By providing a specific case, this study enriches the current literature on the labour movement under platform capitalism, while also challenging the optimism implied by some scholars.<sup>63</sup> Nevertheless, it does not necessarily imply total defeat for the working poor under platform capitalism. As Frederick Cooper argued, politics does not have to be only about searches for coherence and identity; it is also "about getting people who have little in common to act on the basis of what they do share".<sup>64</sup> It is in this sense that we must understand "the crowd as it was, *sui generis*, with its own objectives, operating within the complex and delicate polarity of forces of its own context".<sup>65</sup> And new forms of imagination, connection, and struggle could therefore emerge from the grassroots in themselves and for themselves.

<sup>62</sup>Tania Murray Li, "To Make Live or Let Die? Rural Dispossession and the Protection of Surplus Populations", *Antipode*, 41:1 (2010), pp. 66–93.

<sup>63</sup>Jamie Woodcock, *The Fight Against Platform Capitalism: An Inquiry into the Global Struggles of the Gig Economy* (London, 2021).

<sup>64</sup>Frederick Cooper, "Farewell to the Category-Producing Class?", *International Labor and Working-Class History*, 57 (2000), pp. 60–68, 65.

<sup>65</sup>Edward P. Thompson, "Eighteenth-century English Society: Class Struggle without Class?", *Social History*, 3:2 (1978), pp. 133–165, 145.