

The Democratic Principle
In the Age of Cyber:
Can ‘The Law’ be used to promote on-line
Economic Democracy?

Yifat Solel, Adv (L.l.b, L.l.m)

PHD candidate - Haifa University Law School;

**Chairperson - ILCA – The Israeli Cooperatives Alliance for Social,
Economic and Environmental Justice**

**Board Member, Director of Regulation, Governance and Democracy –
Ofek – Credit Union**

Yifat.solel@gmail.com



Introduction – 21st Century's Democracy

The concentration of wealth, and the power accumulated in the hands of multinational corporations compromise the objectivity of political decision making.



Introduction – Economic Democracy

“If democracy is justified in governing the state, then it is also justified in governing economic enterprises. What is more, if it cannot be justified in governing economic enterprises, we do not quite see how it can be justified in governing the state.”

Robert Dahl, 1985



Platforms are in this day and age what land was in agrarian times and means of production for the Industrial Revolution – basic resources - as such, the prime questions to be addressed today are the same as ever:

- **Who owns the resources?**
- **Who makes profits?**
- **Who makes the decisions?**



Platform Capitalism vs. Democracy part 1:

The city of Austin, Texas vs. Uber and Lyft

- **2014 – Uber and Lyft started operating in Austin;**
- **December 2015 – The City Council decided to apply safety, reporting and accounting requirements (finger prints);**

Platform Capitalism vs. Democracy part 2:

Uber and Lyft fight back proposition 1

- **Uber and Lyft initiated a proposition to be voted by the residents of Austin- Proposition 1 – suggesting to revoke the city council resolution and allow Uber and Lyft to continue operating in the city of Austin, regulation free.**
- **Lounged a public campaign to support it which cost 8.6 Million\$**

Uber offering horse and buggy rides to protest regulations

Hannah Thornby

Updated November 5, 2015 Filed in [Uber](#).



Credit: Uber Austin

If you ask Uber, trying to regulate its service and other ride-hailing companies would be to undo progress on how people get around nowadays.



Proposition 1

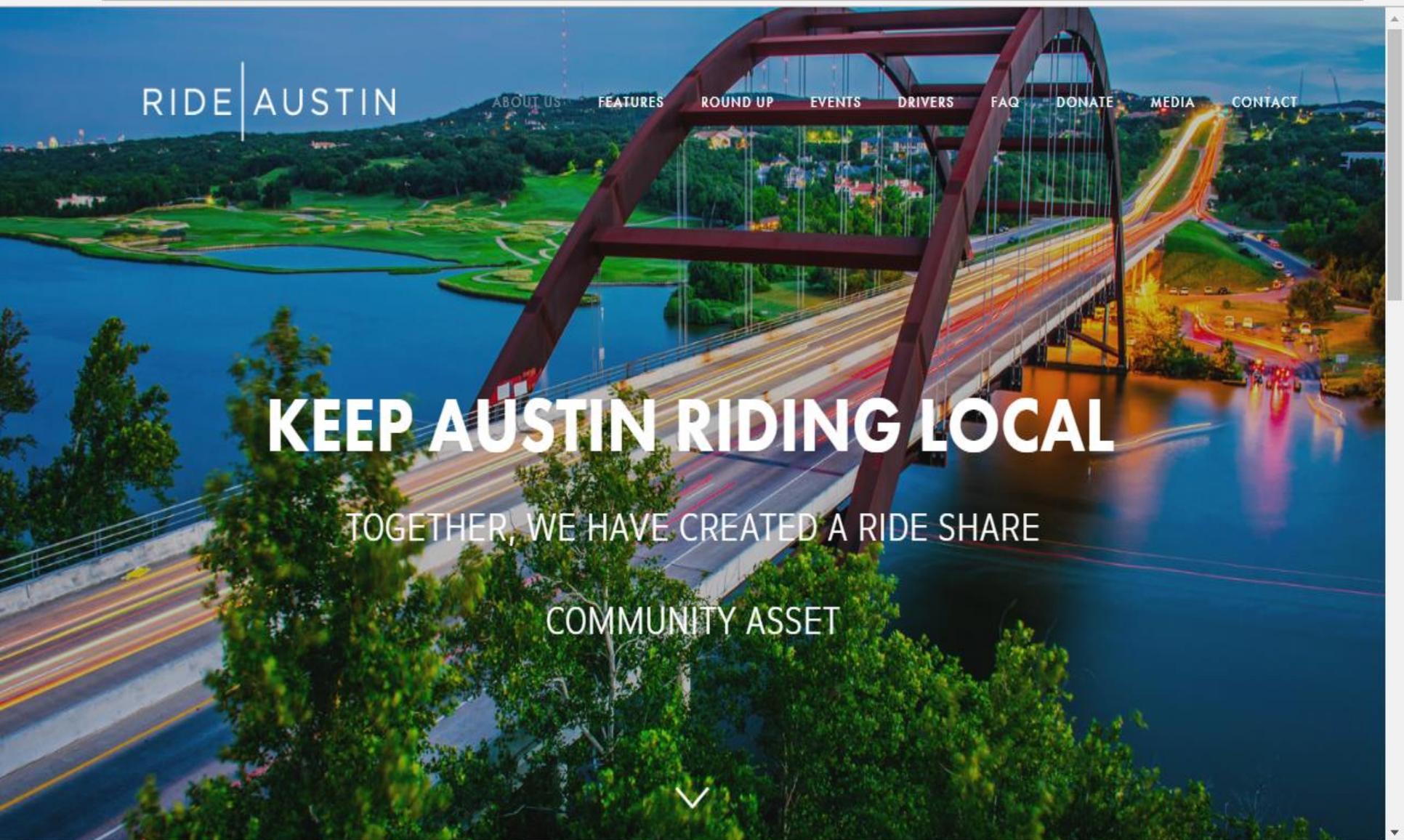
- **May 7th 2016, the people of Austin voted No to proposition 1;**
- **may 9th - Uber and Lyft left Austin;**
- **Other Transportation Companies arrived shortly after – but new initiatives emerged:**



Platform Capitalism vs. Democracy part 3:

RideAustin – Non-profit

- **June 15 2016 - a group of local tech leaders, developers and designers, announced RideAustin – a community driven nonprofit ridesharing company.**



RIDE | AUSTIN

ABOUT US FEATURES ROUND UP EVENTS DRIVERS FAQ DONATE MEDIA CONTACT

KEEP AUSTIN RIDING LOCAL

TOGETHER, WE HAVE CREATED A RIDE SHARE

COMMUNITY ASSET





Platform Capitalism vs. Democracy part 3: RideAustin – Non-profit – organizational model

- **a private Non-Profit.**
- **The drivers in RideAustin receive the total payment the rider pays – unlike drivers working for Uber and Lyft which are deducted 20% of their income by the platform;**
- **The drivers considered as independent contractors;**
- **fixed prices;**



Platform Capitalism vs. Democracy part 4:

ATX – A Taxicabs’ Drivers’ Cooperative

The emergence of TNCs in the city of Austin had damaging effects on taxicab drivers, as might be expected. Taxicabs companies are required to obtain a license and operate according to city regulation.

- **May 19th - less than two weeks after the referendum regarding proposition 1, the city council took the first vote acknowledging the newly created taxi drivers cooperative – ATX – started operating – October 2016.**

ATX COOP TAXI

Serving the Austin Area's transportation needs 24 hours. We are proud to provide both will call and scheduled service.



Platform Capitalism vs. Democracy part 4:

ATX – A Taxicabs’ Drivers’ Cooperative – Organizational model

- **A Workers’ Cooperative!**
- **Unlike other taxicab companies in Austin, the fee the drivers pay is for operational costs only;**
- **Prices don’t change when there’s high demand;**
- **ATX meets the regulatory demands regarding services for people with disabilities;**
- **The vehicles meet environmental standards;**
- **The drivers are locals - consider their job as a part of community interests;**

Platform Capitalism vs. Democracy part 5:

The Texas State Legislation

- **May 17, 2017 - the State of Texas Senate passed a bill constructing TNCs regulations. The act determines that “...the regulation of transportation network companies, drivers logged in to a digital network, and vehicles used to provide digitally prearranged rides:**

Platform Capitalism vs. Democracy part 5:

The Texas State Legislation

- (1) is an exclusive power and function of this state;
and**
- (2) may not be regulated by a municipality or other local entity, including by: (A) imposing a tax;(B) requiring an additional license or permit; (C) setting rates; (D) imposing operational or entry requirements; or (E) imposing other requirements.”**



What is the Role of ‘The Law’?

- **‘Awareness’ – the words we use affect the way we conceive reality and maintain it;**
- **Provide clear and practical tools for policy makers to (1) design public policy and the proper regulation derive from it, (2) constructing objective tools for appreciation and assessment of initiatives presented as “Sharing economy” when Sharing Economy enterprises entitled to benefits or support.**



Classification of on-line Economy:

Who owns the resources? Who makes profits? Who makes the decisions?

- **Platform Capitalism**
- **Sharing Economy**
- **Platform Cooperativism**

Classification of on-line Economy

Platform Capitalism

- **Ownership** – Platform Capitalism enterprises are owned by share holders, with no relevance to them being users of it;
- **The Profits** – from the enterprises activities go to the share holders;
- **Decisions** – are made by who ever holds the control core of the company;

Classification of on-line Economy

Platform Capitalism

- **Main goal – maximization of profits, as in any capitalist venture.**
- **In Platform Capitalism, the platforms' users' only role is to use the platform in order to enhance its profits, they cannot affect its operation in any way other than decide to use or not use it.**
- **Platform Capitalism corporations incline to strive to get a hold of as bigger share of the market as possible, like most capitalist firms.**

Classification of on-line Economy

Sharing Economy

Economic and Social interests are not separate!

- **Ownership** - A public authority, or a non-profit, or the users, or some of the users, or a private company;
- **Profits** - **No maximization of profits**, no profits, or small profits for users or some of them, or going back to the enterprise;
- **Decisions** – differs according to the form of incorporation;
- **Main Goal** – to serve social needs with or without financial gain, without maximization of profits; Serves the interests of the users, or some of them, and the community – not of share holders.

Classification of on-line Economy

Platform Cooperativism

- **Ownership** – users, some of the users, a multi-stake holders' of users and public authority, or non-profit;
- **Profits** – users, the community;
- **Decisions** – **democratic mechanism** – all owners;
- **Main goals** – serve the members' interests with concern for the community.

Austin, Texas – a year later

- **Uber and Lyft returned;**
- **The smaller privet companies left;**
- **RideAustin - about 5000 active drivers working;
RideAustin collected via round up more than
250,000\$ for local charities.**
- **ATX – holds about 30% of Taxicabs market.**

Closing Remarks

- **Platform Capitalism's only novelty is the technology that makes exploitation on a grand scale easier than ever.**
- **The same technologies also enable the masses to cooperate – thus they hold a great promise. Platform Economy should not settle for 'Sharing' models with good intentions.**
- **The sense of duress encompassing Western democracies requires a fundamental change that can only develop from the bottom up, as of that the role of democratic enterprises is greater than ever.**



Closing Remarks

Platform Cooperatives should have three goals:

- **create local and specific economic alternatives;**
- **create awareness to the democratic deficiencies of the market and to the artificial separation between economical and social/environmental/cultural issues;**
- **Operate as a movement, not only on-line, but in cooperation with the traditional cooperative movement to achieve the change of mind that could change reality.**



Closing Remarks

Platform based Economy holds great opportunities for enhancing democratic involvement of users in a variety of aspects of their economic and social life, promoting, perhaps for the first time in such magnitude and scale, Economic Democracy.