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Sharing the liberal utopia. The case of Uber in France and the US.

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Abstract

This article takes the case of Uber, a global platform specialized in transport technologies, to reappraise the claims of the sharing economy. The case presents a chronology of the struggles over the regulation of these digital markets in the US and France, using Uber’s self-description and web discourse for additional illustrative purposes. It exposes Uber’s business model, the key driving actors and their strategies as well as multi-scalar counter movements. The analysis is framed from a Hayekian and a Polanyian perspective, and the potential of the sharing economy to go beyond market fundamentalism. The Polanyian utopia of sharing as more than market relations based on self-interest is mobilized for legitimizing the platform. The Hayekian utopia of a market society which transforms social relations of friendship and community service into market activities is describing actual development. Finally, Polanyian “counter movements” are described and their potentials are discussed.
1. Introduction

This article critically scrutinizes competing conceptualizations of the sharing economy, a new economic sector, which have spread in the aftermath of the financial crisis of 2008. Sharing activities include time banks, food sharing schemes, urban gardening and makerspaces, but also, renting cars and bedrooms, freelance home tasks, and second-hand trading (Schor, 2014, Schor & Fitzmaurice, 2015). They span from non-profit collaboration to for-profit cooperation that enables new income opportunities. Many sharing activities are organized via platforms – digital infrastructures that enable two or more groups to interact, sharing space, time or private resources. Revenues facilitated by sharing economy platforms in Europe almost quadrupled from €1 billion in 2013 to 3.6 billion in 2015 (PwC, 2016), and the global revenues of the sector are estimated to increase from currently $15 billion to $335 billion (PwC, 2015).

Particularly since Botsman and Rogers’ (2010) “What’s mine is yours”, sharing and collaboration have come into vogue. Proponents painted the vision of a resource-efficient, connected and emancipated society, increased peer-to-peer interactions, and access to ownership (see e.g. Sundararajan, 2016; Wagner & Kuhndt, 2015). The sector involves a broad diversity of actors, from anti-systemic activists aiming at empowerment and transformation, to entrepreneurs and big corporations.

This article is based on a case study of Uber, a tech start-up specializing in transportation technology (see e.g. Cramer & Krueger, 2016; Downes, 2013; Hall & Krueger, 2015). On the one hand, Uber has been referred to as a flagship of the sharing or collaborative economy (Stein, 2015; Stokes et al., 2014; Sundararajan, 2016; Surowiecki, 2013). On the other hand, there has been increasing discontent with Uber. September 2015 brought a first worldwide wave of localized protests. Taxi drivers in Italy, Poland, Belgium, Australia, Brazil, Canada and the UK took the streets to protect their industry and defend their labour and social security rights. To sum it up, the sharing economy has become “a floating signifier for a diverse range of activities” (Nadeem, 2015, p. 13).

The article presents the ongoing struggles about creating and regulating these activities with a focus on concepts, ideas and their underlying socio-economic utopias (Blyth, 2002; Holmes, 2012). Especially the years after the financial crash 2008 have been moments “for contestation and struggle” (Jessop, 2015, p. 249). Interpretation and framing of how to rethink economy after these turbulences have led to competing “problematizations” (Sum & Jessop, 2013, p. 202) that implicitly favour different policy solutions.

We start with method- and data-considerations and, in section three, move on to the Polanyian and the Hayekian understanding of the economy. In section four, we conceptualize the sharing economy and digital platforms. In section five, we narrate the story of Uber in the US and France. In section six, we interpret the data from a Hayekian and a Polanyian perspective. By mobilizing their analytical concepts we deconstruct hopes in the Polanyian utopia and lay open the potential of digital markets for implementing the Hayekian utopia of a market society in hitherto unknown scope.
2. Research Design

In order to make sense of the sharing economy and platforms, we choose Uber as an instrumental case, “a case selected to best understand the problem” (Stake, 1995; Yin, 2009). The case study relates the political economy of global platforms to the respective sense-making of actors in these new digital markets. The Cultural Political Economy approach (Sum and Jessop, 2013) will be used for an intensive research programme (Sayer, 2010, p. 222) that concentrates on adequate abstractions, good conceptualisations and the identification of powerful mechanisms. We focus on the spreading of digital technologies and the resultant societal struggles after the financial crisis of 2008, and search for events and moments decisive for shaping the path of socio-economic development.

The choice of Uber as a case study is driven by data availability, rather than elevating Uber over other platform players (as e.g. Didi Chuxing – the giant China-based competitor of Uber). We take advantage of the abundance of academic and journalistic literature and other materials that allows us to dwell on the interplay of the current struggles and the underlying utopian interpretations.

The analysis is multi-scalar as resistance to Uber is often place-based, while the concrete market order depends on national and EU-regulations. Uber’s communication and PR-activities are scrutinized to analyse Uber’s framing strategy and its self-description (see Appendix A). We focus on Uber’s activities in the US and France, countries that differ profoundly in their institutional settings and welfare regimes (see e.g. Emmenegger et al., 2015; Kersbergen & Vis, 2015). The US has had a liberal welfare regime with a minimal provision of state assistance, a strongly pronounced belief in the power of the market and the individual, and the resultant modest benefits, and stringent entitlement criteria for the beneficiaries, and their common stigmatisation. Contrary, France has developed a specific corporatist and interventionist model of welfare and industrial policy making. It has been characterized by a conservative regime with a corporatist-statist legacy, by earnings- and status-related welfare programs, and a tendency to maintain the existing social stratification. Over the last few decades, both countries have adopted neoliberal policies (Kersbergen & Vis, 2015).

For each of the settings, a narrative description and a timeline are provided, capturing emblematic moments of implementing new business practices, and efforts to resist or to instil adequate regulations (section 5). The data encompasses nascent academic literature on Uber, selected periodicals (e.g. The Guardian, The New York Times, Financial Times, Le Monde, Le Figaro, etc.), to policy and other official documents (see Appendix B for the list of sources). We performed a two-stage coding process (Saldaña, 2016), starting with structural coding that identified and tracked practices, events, and phenomena in Uber’s history in the two settings. This was followed by concept coding, focused on the areas key to building the Hayekian/Polanyian interpretation. The resulting codes and explanatory memos can be found in Appendix C.
3. Polanyi and Hayek

It comes as a surprise that neither Friedrich August Hayek nor Karl Polanyi are key references in the sharing economy literature. Polanyi’s perspective looms in the vision of sharing as an alternative, while the market-creating activities of platforms resemble Hayek’s vision of the superiority of market cooperation. Polanyi and Hayek both published key works in 1944, reflecting on the crisis of the 1930s, and developed a socio-economic vision for a free society. Analytically, they shared their object of concern: the market and the related “liberal creed” (Dale, 2016, p. 104). Their common analytical concern with the institutional order went hand in hand with a radical opposition with respect to normative evaluation. They profoundly disagreed on how to achieve a free society: the former blamed economic liberalism for the Great Depression, the latter insisted on its lack as the key factor of the crisis (Peck, 2008; Smith, 2008). Politically and ethically, one despised market society, the other equalled it with a free society (Block & Somers, 2014). Polanyi had a pluralist understanding of economic institutions, while Hayek’s evolutionary interpretation justified a spontaneous order, compatible with a “market fundamentalist” (Block & Somers, 2014, p. 42) view on economic institutions. Hayek is considered a “godfather” of today’s widespread neoliberalism, since his Road to Serfdom (1944) “experienced a mystification with the rise of neoliberal politics” (Scholz-Wäckerle, 2014, p. 95). Hayek’s superior influence over the last decades is linked to societal power relations. Sum and Jessop, paraphrasing George Orwell, insist: “while all social construals are equal in the face of complexity, some are more equal than others in their impact on social construction” (2013, p. 163). Our article dwells on an apparent paradox: the sharing economy seem to be inspired by the Polanyian concern to go beyond dominant economic activities, exploring new forms of a more cooperative economy based on a plurality of institutions to “organize the livelihood”, especially valorising “reciprocity” (Polanyi, 1977). This utopian horizon opens beyond currently dominant liberal capitalism. In contrast, the Hayekian frame lays open a radical utopia of universal market relations, invading hitherto non-economic social domains of privacy like bedrooms and private cars. Its predominance would lead to a deepening of neoliberal hyper-globalisation.

Hayek coined the Greek-rooted English term catallaxy to refer to “the special kind of spontaneous order produced by the market through people acting within the rules of the law of property, tort and contract” (Hayek, 1976, pp. 108–109). Catallaxy enables individual economies to mutually adjust to each other, as all relevant information about human circumstances is contained in prices (Valderrama, 2018, p. 143). Catallaxy offers the rationale for the “liberal creed”, the “fanaticism” (Polanyi, 1944, p. 141) to implement market solutions in as many societal domains as possible. Interestingly, not only Polanyi identified the idea of laissez faire as a utopia and the key reason for civilizational collapse. Hayek was clear on this, too: “Probably nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rough rules of thumb, above all the principle of laissez-faire” (Hayek, 1944, p. 18). Even for Hayek, a market economy needs a “strong state with a deliberate constitution” (Dale, 2016, p. 110). Therefore, the discursive and political battlefield is not about laissez-faire or intervention, but about the type of state regulation – be it enabling or limiting to markets and competition. These regulatory battles
and the underlying interpretations are at the centre of this article. How do the competing dynamics and utopias play out in concrete struggles about the extent, form and content of economic activities pursued by Uber?

4. Sharing economy and digital platforms

The sharing economy and digital platforms are related, but distinct conceptualisations of hybrid economic activities. In this section, we first present the concept of the sharing economy with many resemblances to a Polanyian reading of these emerging practices. Next, we present the concepts of digital markets and platforms, and the emerging platform capitalism approach, more in tune with a Hayekian vision of a market society.

4.1 Sharing economy

To begin with, the very term “sharing” brings associations with a perspective going beyond the ethos of homo oeconomicus and individualism as a “narrative of collaboration and community in order to reject stories of the economy as engendering isolation and separation” (Richardson, 2015, p. 122). Doing economics is collaborating. Schor (2014, pp. 2–3) distinguishes four broad categories of the sharing economy: (1) recirculation of goods, (2) increased utilization of durable assets, (3) exchange of services, and (4) sharing of productive assets.

The return to collaborative practices represents an attempt to re-embed current neoliberal capitalism in local communities of mutual help, creating economies which are “genuinely collaborative and communal” (Nadeem, 2015, p. 13), based on peer-to-peer production, primarily non-monetary forms of exchange, reciprocity and redistribution. The fluidity and flexibility brought by contracting via sharing platforms are seen as inherently empowering, and put in sharp contrast with regular day-jobs (Sundararajan, 2016, p. 11). The sharing economy has been looked at as a possible peer-driven antidote to hyper-consumerist culture (Schor, 2015). It brought a “simple consumer proposition. It meets all the same consumer needs as the old model of mass consumption but helps to address some of our most worrying economic and environmental issues” (Botsman & Rogers, 2010, p. 213). The ease with which we have come to share in “the virtual” has become the harbinger of our collaborative world in-the-making. Those reconstructed and redefined sharing discourses have evoked “an ethos towards ownership as common” (Richardson, 2015, pp. 124–126). Participants see sharing as a way to create a different market from the bottom up by fostering personalized exchanges. It brings the market home and, by “domesticating the market”, fosters “moral exchange”, in strong contrast to the alienating dominant economy (Fitzmaurice et al., 2018).

This vision has been appealing to decentralized non-profit networks with global outreach, such as French-based OuiShare or US-based Shareable, which have taken up existing ideas and initiatives on collaborating and sharing, to connect like-minded individuals, groups and communities (see OuiShare, 2018; Shareable, 2018). This relates to the “Sharing Paradigm” approach (McLaren & Agyeman, 2015) geared towards showing “how, with modern technologies, the intersection of urban space and cyberspace provides
an unrivalled platform for more just, inclusive, and environmentally efficient economies” (McLaren & Agyeman, 2015, p. 1). The digital touch of the sharing economy revitalizes the already “well-established repertoires and rhetorics of local exchanges” (Walker, 2015, p. 15), increasing interest in neighbourhood tool-sharing, food-sharing, and time banks, or other forms of non-profit activities built on cooperative governance (Kostakis & Bauwens, 2014; Scholz, 2016).

Against this background, Uber, heralded by some as an innovation that revolutionizes urban transportation (see e.g. Cramer & Krueger, 2016; Downes, 2013; Hall & Krueger, 2015), facilitates a more intensive use of durable goods via enabling ride-hailing services between peer-to-peer providers. These activities are presented as serving the community and fostering relations of reciprocity between peers (see Appendix A).

It is interesting that public relations activities of corporations as well as the self-description of entrepreneurial start-up activities have also been framed as “more than economic”, as sharing, cooperating, helping and contributing to the community (see Kirchner & Schüßler, forthcoming; for the case of Lyft and Airbnb). These are all aspects that go beyond a self-centred homo oeconomicus, organizing the livelihood along reciprocity. All this resembles Polanyi’s claim of re-embedding the economy and his insistence that the economic covers more than exchange relations. Along those lines, Uber’s mission statement, for example, promises more efficient resource use and social closeness:

“Every day we’re making cities safer, smarter, and more connected. And we’re doing that on a global scale – celebrating the communities where we exist, energizing local economies and bringing opportunity to millions of people around the world” (Uber, 2018b)

Uber uses an enticing narrative of “driver partners” and “riders”, or the “Uber community (...) building something big together” (Uber, 2018b). Uber blurs the boundary between the economic and the social, leading to new questions: What is work? What is consumption? While critics describe Uber’s activities as “unregulated freelance work” (Ettlinger, 2014, p. 100), Uber promotes the idea of entrepreneurial individuals freeing themselves from the constraints of more secure employment and encourages the future driver partners to “be your own boss and get paid in fares for driving on your own schedule”, since “your day belongs to you” and you need to “be there for all of life’s most important moments” (Uber, 2018b). This narrative is also strengthened with academic voices, as in Hall and Krueger (2015), praising the benefits of Uber for the labour market.

4.2 Platforms as digital marketplaces

Platforms as digital marketplaces provide “sociotechnical infrastructures that facilitate new forms of Internet intermediation between buyers and external sellers that are not directly employed or contracted by the platform” (Kirchner & Schüßler, forthcoming, p. 1). The success of these platforms resides in extending the general market model by introducing an additional actor: the market organizer who “facilitates market transactions by creating and operating a market order for external sellers and buyers” (Kirchner & Schüßler,
Based on Ahrne et al. (2001 and 2015), Kirchner and Schüßler identify five key elements of how digital markets are organized: (1) account membership (a type of club membership), (2) algorithmic bureaucracy (a regime of rules based on algorithmic governance), (3) user evaluation and process data recording (as a way of monitoring), (4) sanctions in the form of market exclusion or rating impacting on transaction terms and (5) an asymmetrically decided order that gives a decisive hierarchical position to the market organizer. Platforms, thus, are seen as recently emerged digital market organizers.

In another interpretation, Srnicek (2017) contextualizes platforms within capitalism. Classified along five types, platforms span from powerful tech-giants, through industrial and agricultural leading companies, to dynamic venture capital-funded start-ups. Lean platforms like Uber, Lyft, Airbnb and Task Rabbit create digital markets as “meeting spaces” for users and independent contractors. They limit asset ownership to a minimum and maximise profit by reducing fixed costs. As fixed capital is substituted by private assets like cars and apartments, and employees are substituted to a large extent by contractors, these are almost asset-less companies. The remaining asset of lean platforms, however, is crucial: the platform software and, consequently, data. And, it is privatized and commodified.

The boom of digital platforms started shortly after 2008. The tech start-up bubble has been strongly focussed on sharing and platform activities (Srnicek, 2017). The reluctance to enter these new and insecure markets, widespread before 2008, was overcome due to the lack of other promising fields of investment. Fed by the wave of venture capital (VC) funds, platforms are new political, cultural, and, foremost, economic actors, making this interdependence “less an alternative to the centrality of finance and more an expression of it” (Srnicek, 2017, p. 120). Between 2009 and 2015, the number of VC deals for start-ups tripled (Economist, 2015). Lean platforms seem to attract a large part of today’s surplus capital, which is searching for higher returns in a low interest rate environment. The technology boom creates new ways to park surplus capital, thereby opening the door to sustain economic growth in times of poorly performing manufacturing (Srnicek, 2017). With strong network effects (Cusumano, 2015; Kenney & Zysman, 2016; Srnicek, 2017) platforms can continue growing and benefit from early advantages that decide on industrial leadership.

Platforms position themselves as a new business model. They allocate resources, commodities, and services, perform an intermediary role as an interface, bringing together customers, advertisers, service providers, producers, suppliers, and even physical objects (Srnicek 2017, p. 43). Lean platforms rely heavily on piece-wage labour and a deregulation bias in economic policy making, delegitimizing regulations that protect certain sectors (Scholz, 2017; Srnicek, 2017) – all under the banner of autonomous micro-entrepreneurs enjoying their flexible work outside of the straightjacket of monotonous, formal jobs. In Kirchner and Schüßler’s (forthcoming) terms, this ambiguity stems from the vague boundaries of membership status in the platform market organizers. Platforms enable close interaction to not only distant but also heterogeneous actors: Uber connects riders and drivers locally and investors globally, growing on the wave of ICT technologies.
development and the business possibilities brought by it. But platforms are also the basic underlying logic of planetary scale computation (Bratton, 2015) and therefore key actors in ongoing digitalization, technological change and financialization.

Especially commercial platforms have been criticized for furthering precarious and exploratory labour conditions and reproducing class-, gender- and racial-bias (see e.g. Cansoy & Schor, 2016; Eckhard & Bardhi, 2015; Ge et al, 2016; Ravenelle, 2017). Examples of widespread misinformation and misleading marketing practices prevail (see e.g. Scholz, 2017; Srnicek & Williams, 2015; Srnicek, 2017). This ambiguity and the resultant abuse of the rhetoric of sharing (Richardson, 2015; Walker, 2015) have been denounced as strengthening neoliberal discourse (Cockayne, 2016), and co-creating an emergent "nightmarish form of neoliberal capitalism" (Martin, 2016, p. 149).

In this framework, Uber is perceived mainly as a problem, as its collaborative, community-oriented vision is having trouble standing the test of time, once the large-scale and for-profit character of its activities become dominant. Platforms seem to be a perfect business model to not only extract, analyse, use and monopolise data, but also to control and govern what happens to the data, i.e. the “new gold” or the core raw material of 21st century capitalism. The data-driven activities feed directly into what Kirchner and Schüßler term “algorithmic bureaucracy” (forthcoming, p. 13) – a newly emerging regime of rules enforced by digital marketplaces. Srnicek sees platform intermediation as a carefully designed, politically shaped space. It is the collection, analysis and politics of data, rather than the more common cost and price differences that decide on competitiveness. This permits companies to influence societal and political development, dangerously merging economic and political power.

5 A short history of Uber

Founded in 2009, Uber provides urban ride-hailing services by enabling drivers and riders to connect on an easy app solution, UberPOP, currently in 82 countries and 633 cities (Uber, 2018a). With a striking resemblance to what the taxi industry provides in a regulated territorially delimited market, UberPOP establishes a market free of labour, social and oftentimes safety regulations. Furthermore, the company provides food delivery services (Uber Eats), develops an autonomous cars division (Otto), and on-demand urban air transportation (Uber Elevate).

Uber has become known for revolutionizing urban mobility. Particularly in the US, Uber offers an alternative to an often inefficient or absent public transport system (Rio, 2016). In New York City, for example, Uber has been serving outer boroughs much more than standard taxis (Bialik et al., 2015). On top of affordability, for many riders, Uber provides urban mobility which is safe, easily accessible, and comfortable (Cox, 2017). Ride-hailing is also claimed to have had a positive effect on the level of drunk driving (Clelow & Mishra, 2017; SUMC, 2016). Uber wants to build a society run by technology, overcoming all political borders.
More important than the core business of transportation (Srnicek, 2017), access to data is crucial. Uber acquires access to data in exchange for membership (Kirchner & Schüßler, forthcoming). Data on the various activities of both drivers and riders has become Uber’s core asset (Srnicek, 2017). It has stretched its “corporate surveillance practices” (see Pasquale, 2015), extending the scope of the data extracted, collecting e.g. traffic data on the rides facilitated by the platform, the riders, and the drivers, both off and on rides, or data fed into the reputation system. Data becomes an asset that opens the door to unaccountable algorithm-based politics of the platforms (Srnicek, 2017, p. 47).

In other words, platforms as digital market organizers operate in a hierarchical manner, where they assume the strongest role and implement their power of asymmetrically decided order (Kirchner & Schüßler, forthcoming, p. 16). Through the constant improvement of algorithm-based efficiency of the services enabled by the platform, Uber has become market leader among ride-hailing platforms, the only exception to global market reach being Mainland China. It perfects the use of data as the “primary means of competition” (Srnicek, 2017, p. 85). Data extraction is crucial for Uber strengthening its network effects, suppressing competitors. Uber has used and abused its strong market position for invasive data-extraction practices, justifying intense surveillance of users with an alluring narrative of providing safety and quality of the services.

As described in section 2, sharing and platform activities had problems in obtaining funding before 2008 (Blystone, 2018; Kirchner & Schüßler, forthcoming). The burst of the stock exchange bubble was followed by a post-2008 tech start-up bubble, with platform activities at the core (Srnicek, 2017). Uber has entered eighteen VC funding rounds, raising over $22 billion, and reaching an estimated investor value of $68 billion. In 2015, Uber, Airbnb and Didi Chuxing jointly accounted for 59 per cent of the total VC funding for on-demand tech start-ups. A significant part of the money invested in Uber is spent on litigation struggles. As Srnicek (2017) underlines, lean platforms have revived the ‘growth before profit’ model. There is a mixed record on profitability, with a $2.8 billion loss in 2016 alone (see e.g. Hook, 2017; Lee, 2017; Sherman, 2017). In 2017, it suffered further due to the high level of legal and other controversies surrounding its activities. The promises inherent in controlling big amounts of data seem to have functioned until recently as the closest thing to a guarantee of economic survival.

Critics insist that Uber further dissolves direct employment and social security, creating more low-wage work. Litigation cases aim at redefining work relations. This questions the content of work and the division of labour “as we know it”, resulting in more precarious and flexible employment (see e.g. Srnicek & Williams, 2015; Weeks, 2011). This casualization, often embraced by drivers themselves, is highly ambivalent, as cooperation via digital markets can lead to greater societal fragmentation (Richardson, 2015).

Nevertheless, it has resulted in broad resistance and opposition which are driven by heterogeneous actors, from taxi drivers (individual and unionized), chauffeur drivers, Uber driver partners (who have also begun to unionize), to governments at different levels – from the EU to municipal (as in the London authorities’ Uber ban). These struggles have
shown a spatial pattern: while Uber has always aimed and argued for universal services, overcoming outdated market borders and limitations on service provisioning and market access, opposition to Uber has often started locally, but has become multi scalar in line with attempts to regulate Uber.

5.1 Uber in the US

Uber started in 2009 in San Francisco, California, originally called UberCab till 2011. It was co-founded by two entrepreneurs, Travis Kalanick and Garrett Camp, well known to the Silicon Valley start-up scene. The story of how the coming up basic idea for Uber services is quite enchanting (Blystone, 2018). In 2007, Kalanick and Camp, while in Paris at a tech-conference LeWeb had trouble getting a taxi ride. This is when their “simple idea—tap a button, get a ride” (Uber, 2018a) was born. Its practical implementation seemed simple too, as in Uber asking “Got a car?”, and providing an immediate lucrative solution “Turn it into a money machine” and “cash in on the [buzzing city] action” (Uber, 2018b).

From the beginning, Uber’s market presence led to regulatory battles. The first widely discussed case is a class suit over whether to classify Uber drivers as independent contractors from 2013, O’Connor vs Uber Technologies, Inc. After years of heated litigation, the case is still ongoing and growing in size, with the coordinated legal team efforts facilitated via the webpage uberlawsuit.com. Other cases came up in the meantime, centred on similar issues as the O’Connor case, e.g. in 2015 the Yucesoy vs Uber Technologies, Inc. ongoing litigation.

In 2014, the “God’s View” scandal raised data issues, questioning the data privacy treatment by Uber employees. Two years later former forensic investigator for Uber testified on the allegedly regular practices of the employees tracking the locations of users, including politicians, celebrities, and former partners. Gradually, more organized attempts of responding to Uber’s activities emerged. In California, drivers for Uber and other app-operated ride-hailing platforms formed CADA – California App-Drivers Association. Washington DC witnessed protests against platforms like Uber and Lyft, and changes in legislation bringing Uber and the like closer to the regular taxi services. Similar regulation followed in Virginia in 2015, introducing minimum levels of insurance coverage and background checks for drivers. Taxi drivers protested also in Philadelphia, PA. Here, the unionized efforts including Uber drivers themselves led to refunds from Uber in 2016, after the company admitted to having deducted too high commissions from Uber Black car drivers. Just two months later, Uber admitted to similar practices in the case of New York drivers, and hefty refunds followed. This miscalculation of the commission rates was the subject of a class-action lawsuit by the New York Taxi Workers Alliance (NYTWA), filed nearly a year prior to Uber’s self-admission. In November, Uber drivers joined the unionized protests against too low remuneration (the US-wide “Fight for 15” movement) in e.g. Los Angeles, Miami, and Boston. Furthermore, in its home base in San Francisco, Uber held tests of their self-driving cars without the city’s permission.

2017 brought unprecedented problems Uber had to address. In February, demonstrations of taxi drivers, Uber users, and those opposing President Trump, spilled
over multiple cities, from New York City, Pittsburgh, and Seattle, through San Francisco, Palo Alto, and New Orleans. They called for CEO Kalanick to quit Trump’s business advisory council Kalanick had joined in late 2016. They also denounced the company’s ambiguous stand towards the Trump administration’s Muslim ban. In the midst of that, Uber had created a $3 million legal defence fund to support those potentially affected by what they referred to as an unjust immigration policy. In February, Alphabet, the parent company of Google, sued Uber over the alleged technology-proper information theft of Waymo – the self-driving car division affiliated with Alphabet. The data was supposedly leaked by a former Google executive who founded Otto – his own self-driving cars start up – which was quickly purchased by Uber in 2016 for $680 million.

Figure 1: Uber US Timeline (2009 - 2017)

In 2017, Uber agreed to pay $20 million to resolve the charges of the Federal Trade Commission (FTC) on enticing potential driver partners with promises of possible earnings. FTC suggested that similar exaggerations on the expected average hourly earnings are practiced by Uber in sixteen other US cities. In March the “Greyball” scandal exposed a tool used by Uber in its software to deceive city authorities in areas where Uber was violating local regulations through offering its services. In June, firings followed a sexual harassment investigation within the company. Pressured by the VC investors, Kalanick resigned as CEO, and was substituted by D. Khorowshahi, with an outlook of new organizational culture and practices. Nevertheless, Benchmark Capital, an early and key Uber investor, sued Kalanick for fraud, breaches of fiduciary duty, and breaches of contractual obligations.

In October, the Financial Times released an online “Uber Game”, exposing the precarity of Uber drivers, as players can “experience” their daily struggles. In November,
Uber admitted that its system was hacked in October 2016, exposing the data of 57 million Uber users. The company had failed to inform the affected individuals and the authorities about the breach. It had paid a $100,000 ransom to the hackers responsible for the breach. The exposed data included personal names, e-mail addresses, phone numbers, and license plate numbers of ca. 600,000 drivers based in the US. Khorosshahi issued a statement, highlighting that the more sensitive data (e.g. credit card numbers, social security numbers) remained safe. Uber was already sued over the data breach by the state of Washington, and on the EU front by data protection authorities in seven countries grouped to draft an adequate reaction. The breach came to light in the midst of the new shares purchase offer by Japanese SoftBank Group Corp, cutting Uber’s valuation of over $68 billion barely eighteen months before to $48 billion. Though lower than expected, once closed, the deal would still keep Uber among the highest private VC backed companies in the world, right along Didi Chuxing. The deal would be crucial for Uber in the current situation, with the company struggling with a total of 750 litigations.

5.2 Uber in France

Uber introduced their Black Cars service in France already in 2011. With a newly authorized category of transport, the Véhicules de Tourisme Avec Chauffeur (V.T.C.), limited to predominantly black-car services that excluded street ride hailing, the company entered the French market. In February 2014, UberPOP was launched in Paris. Shortly before the launch, a bill obliging transportation services like Uber to wait 15 minutes between the order and the ride with a customer was passed. Uber, along with other start-ups affected, petitioned against the bill. With the critical opinion of the Commission of Commerce (L’Autorité de la Concurrence) that the bill might lead to undue distortions of competition, the document did not survive more than a month. September-October brought another regulatory battle surrounding the Thévenoud Law. Modifications to this main regulatory framework for taxi and car-hire services led to further controversies. Uber was sued by the Union Nationale des Taxis, a taxi trade association, and three traditional professional chauffeur services, and in turn challenged the law constitutionally on three provisions: i) the prohibition of chauffeured vehicles to charge a per-kilometre fee; ii) the prohibition for available chauffeured vehicles to use geolocation, and iii) the obligation of chauffeured vehicles to return to their authorized parking zones. The French Conseil Constitutionnel found the first claim a violation of the freedom of enterprise.

In 2015, policy makers followed the demands of the taxi industry lobbyists and issued a decree banning UberPOP in France. The company refused to respect the ban without the Highest Court’s decision. The police searched for UberPOP drivers in French cities, fining them with up to €5,000. These costs were, in turn, covered by Uber. The police also raided Uber’s French headquarters. Investigations into the company continued, with the frustration of the taxi drivers surging.

June brought the first one-day nationwide, protests against UberPOP services. Taxi unions talked about a 30-40 per cent loss of income due to UberPOP operations. Consequently, Bernard Cazaneuve, Minister of the Interior, again ordered a ban on the low-cost car-sharing service. Uber replied by suspending UberPOP and announcing its future
reintroduction pending on the court’s decision that arrived some months later. What followed put the company’s declaration of adherence to the ban in doubt, leading to another one-day protest of taxi drivers in January 2016, and a €800,000 court fine on Uber for running the illegal UberPOP service and employing unlicensed drivers. In autumn 2016, with a base of 15,000 drivers in France, Uber launched “70,000 entrepreneurs” campaign, promising to create 70,000 new driver jobs, targeting the unemployed and lower-educated, and encouraging flexible entrepreneurship. The regulatory battle continued, with Uber under attack from taxi drivers, the large body of V.T.C. chauffeurs, as well as the V.T.C./LOTI drivers of their own fleet, often unionised. Early 2017 brought a government-appointed negotiator onto the stage, to mediate between the sides involved.

In the near future, regulatory changes in the EU might become decisive for Uber France. Scale-jumping from local protest to European regulation might turn out favourably to opponents of Uber. After years of regulatory battle – commenced by the Associación Profesional Élite Taxi in Barcelona in 2014, and moving on to the EU level in 2015, the European Court of Justice (ECJ) decided in December 2017 that Uber is a transportation service company. As such, Uber is to comply with the individual nation states’ rules guiding the transportation industry, i.e. hiring only licensed taxi drivers, or meeting health and safety regulations. In the ruling, the ECJ considered also the voices of national governments and the European Commission. Since in many countries Uber has already been legally restricted to licensed taxi drivers, the ruling is seen as targeting particularly UberPOP. The ruling grants the EU member states more power and freedom in regulating the market. In France, it opened the door to criminal proceedings against the two Uber France managers.

Figure 2: Uber France Timeline (2011-2018)

From a Polanyian utopia of sharing to a Hayekian utopia of a market society?
The case study has shown that the vision of the sharing economy as a spontaneous order of cooperation and its real-world implementation diverge substantially. The sharing economy is at a "critical juncture" (Schor, 2014). Polanyi’s and Hayek’s interpretation offer insights into understanding and evaluating these widespread hopes and fears.

6.1 The Polanyian utopia of sharing

Polanyi was convinced that in the industrial society, technology and market relations began to define society itself (Polanyi, 1944, p. 258). He was optimistic that technology and markets can be separated; that the end of market fundamentalism – which he observed with the Great Transformation of the 1930s - would allow exploiting the human potential of technology for the “freedom for all”. This would be achieved by regulating the economy in a democratic way. An economy built on the different modes of integration - exchange, redistribution, reciprocity and householding – citizens would be able to shape their respective socio-economic order.

Interestingly, aspects of this vision are guiding Uber’s public relation discourse (cf. section 2), which draws on imaginaries of a future that goes beyond market rationales and insists that economic transactions and social activities in favour of friends and neighbours are entangled. Through supporting the local surroundings, one can actually make urban mobility more sustainable: “Get paid weekly just for helping out the community of riders get rides around town”. Through that, rather than working, you “Know that [you are] helping keep [your] passengers and other drivers safe on the road, [which] assures [you] that [you are] doing something good”. Joining Uber means joining “a world-class collective of problem solvers” (Uber, 2018b). These self-descriptions resonate in the aspirations of workers and users in other practices of sharing (Fitzmaurice et al., 2018; Ravenelle, 2017), especially “symmetrical arrangements” of reciprocity.

But Polanyi’s utopia goes a step further, as it aims at the “freedom of all” (Polanyi, 1944, p. 265). For him, regulation and control are the prerequisite to “enlarge human freedom” (1977, p. xiii). “Freedom through knowledge” (Polanyi, 2018b) was Polanyi’s vision of a democratic society already in 1927. He renewed this vision of democratic cooperation in 1957 in the face of the emerging “technological civilisation” (Polanyi, 2018a). This stands in clear opposition not only to market liberalism, but also to “technocratic oligarchy” (Polanyi Levitt, 2018, p. 40). To Polanyi, algorithmic bureaucracy would most probably represent more of a nightmare than a utopia, whereas his conviction that an industrial society can afford to be free, accepting to be “technologically less efficient” (Polanyi, 1947, p. 117) seems remote from being implemented today.

6.2 The Hayekian utopia of a natural global market order

To our knowledge, the sharing economy and its commercial platforms has not yet been interpreted from a Hayekian perspective. This is striking, as the concrete strategies pursued by Uber have followed the script for implementing a Hayekian catallactic order in which democracy is reduced to serving the market economy.
In current hyper-globalization, digital market organizers complement public authorities in planning for the market. New markets are created, often implemented with the help of local and national authorities, as in the case of the competition-guarding Commission of Commerce in France. They follow Hayek’s imperative “No planning against competition” (Hayek, 1944, p. 43). Markets send price signals to all activities, be it strictly economic or apparently non-economic. Distinguishing between economic and non-economic activities can impede the functioning of the market, as “almost every one of our activities is part of a social process” (Hayek, 1978, p. 103). Therefore, the border between the economic and the social, the private and the public becomes blurred. Restrictions on economic freedom tend to limit personal liberty (Hayek, 1978, p. 35). Restrictions on Uber limit the entrepreneurial spirit of drivers as well as consumer’s choices. The latter often acknowledge not only the comfort of the service, but also the fact that “there is a ride for every price” (Uber, 2018b).

Local and national labour and health regulations are often implemented due to expert advice, civil society lobbying and majoritarian decisions. In a Hayekian framework, such planning and regulation that restricts competition is an assault on personal liberty, even if decided democratically. As knowledge is always limited, Hayek is critical of experts that support democratic government, as their knowledge has to be more limited than knowledge produced by the market. As the role of the state should be limited to providing a “favourable framework for individual decision” (Hayek, 1978, p. 223), majoritarian decisions on how to organize home renting (Airbnb) or mobility (Uber) are illegitimate, if they restrict, substitute or prohibit the market. The key word is choice (Friedman & Friedman, 1990), since “having more options leads to better outcomes” (Uber, 2018b). If a driver decides to drive a whole day and if users accept surveillance of their mobility patterns in exchange for the conveniences of Uber, who has the authority to question this? Borderless choice, technically feasible with platforms and their infrastructure, allows bypassing coercive power of territorially bounded government (Hayek, 1978, p. 103). Global transport platforms actualize consumer sovereignty, offering an “exit” (Hirschman, 1970). If taxis are not convenient and cheap, exchange them for cheaper services. In this sense, “voice”, the democratic option of collectively shaping society is subordinated to choice on the market, the “exit”-option. Democracy is subordinated to market functioning, or more precisely: democracy has to be “market-conform” (Valderrama, 2018, p. 143).

Digital technologies and the accompanied refining of “scoring, grading and ranking” (Fourcade & Healy, 2017, p. 15) have changed individuals, markets and society by “transforming the categories of perception and appreciation” (Fourcade & Healy, 2017, p. 13). Digital marketplaces have entered spheres hitherto limited to the private domain, offering safety and quality of services via rating systems and detailed user profile verification (Kirchner and Schüßler, forthcoming). The logic of tracking and measurement is permeating everyday life. In other words: “Markets have learned to ‘see’ in a new way, and are teaching us to see ourselves in that way, too.” (Fourcade & Healy, 2017, p. 10)

Digitalization and platforms as new business models actualize Hayek’s market theory. His utopia has a lot in common with Silicon Valley’s start-up tech-culture and its
Californian ideology (Lovink, 2003). The superiority of the market, in this reasoning, results from the limitations of our individual knowledge and the consequent need for actualizing “knowledge which exceeds the capacity of the individual human mind” (Hayek, 1978, p. 66). The market has evolved as the only evolutionary tested institution which is able to digest all individual knowledge going beyond expert knowledge. Platform economies capitalize on knowledge via access and extraction of data, mobilizing the market as a knowledge-processing machine (Hayek, 1980).

6.3 The Polanyian analysis of dysfunctional “self-regulating markets”

Polanyi does not only inspire sharing activities beyond the market as well as a democratic utopia of social freedom. He also offers insights into the dialectics of implementing a market society, as he insisted on the potential of resistance against its destructive consequences. He even assumed that countermovements emerge “spontaneously, in resistance to the market machine” (Dale, 2016, p. 110). Polanyi defined “a market economy” as "an economic system controlled, regulated, and directed by markets alone" (Polanyi, 1944, p. 71). In such an economy self-regulation means that “all production is for sale on the market and that all incomes derive from such sales” (Polanyi, 1944, p. 72). In practice, Polanyi deployed the term “self-regulating market” in three ways: as (1) an ideal type (or model) - a system that operates according to its own rules and no others; (2) as a "utopian experiment" carried out by economic liberals but doomed to failure because the goal is unrealizable; and (3) as an actually existing system (Dale, 2010, p. 73). Digital markets have elements of “self-regulating markets” in all these ways: a model, an innovation and the description of an existing way of doing economics. However, we want to add a fourth reading in line with current digital and financialized global markets: as the politically induced implementation of one Big Market, universal and global. Today, the potential of universal and global markets is powerfully sustained by technological means, financial deregulation and economic power – comparable to the “powerful social instrumentality” of “haute finance” in the 19th century (Polanyi, 1944, p. 10). For Hayek, a catallactic order is a spontaneous order. The case study shows, however, how these digital marketplaces have been planned by private market organizers, centralized in California, and supported by public authorities. Silicon Valley’s quite authoritarian version of economic liberalism seems to coincide not with Hayek’s spontaneous view of market orders, but with Hayek’s (Hayek, 1978, p. 45) conviction that “some must lead and the rest must follow”.

Uber is intimately linked to digitalisation, but also to financialization (van der Zwan, 2014), two processes that foster “rentier capitalism” (UNCTAD, 2017, p. 120). Profitability is not the only driver in these markets. Gaining economic power and deepening liberalizing economic reforms seem to be even more important. Uber systematically tries to overrun local authorities. Access to and extraction of rich pools of data, as well as algorithmic excellence are the base of these digital markets. In times of an unprecedented merging of economic and political power, radicalized by the Trump administration (Bessner & Sparke, 2017), the liberal understanding of freedom is again threatened to “degenerate into a mere advocacy of free enterprise” (Polanyi, 1944, p. 265).
In the 19th century, technology brought “miraculous improvement in the tools of production (...) accompanied by a catastrophic dislocation of the lives of the common people” (Polanyi, 1944, p. 35). Accompanied by the extension of the market, this improvement for some went hand in hand with undermining the “habitation”, the social security of others. And there is currently again a “mythical readiness to accept the social consequences of economic improvement, whatever they might be” (Polanyi, 1944, p. 35) – be it the loss of data privacy, Uber’s legal infringements or further fragmentation of work and life. But this has not been the whole story. Countermovements, resistance as well as the pleas for regulation, have gained in force over the last few years. Once again, while marketization follows a clear plan of spreading the Californian model, the regulatory practices seem to happen ad-hoc, unplanned (Polanyi, 1944, p. 147), often emerging “from below”, from civil society and spontaneously (Burawoy, 2007). But “freedom in a complex society” (Polanyi, 1944, p. 268) requires planning and regulation and, for Polanyi, requires limiting the market where it produces societal harm and concentrates power. “Regulation and control can achieve freedom not only for the few, but for all” (Polanyi, 1944, p. 256).

7 Conclusion

In this paper, we have used all three types of sociology described by (Burawoy, 2007, p. 346): utopian, positivist and reflexive. We have described the spread of Uber in the US and France, examined the regulatory battles, exposed diverse discourses, utopias and imaginaries and analysed the resultant counter movements and the multi-scalar struggles over regulation. The case of Uber shows the structural selectivity in favour of imagining the sharing economy as a universal market solution. But once again implementing such a universal and global market has resulted in severe problems which have triggered counter movements – often simply aiming at conserving existing regulations, cultural practices or socio-economic modes of living.

By synthesizing different analytical perspectives, we have shown the impressive power of the Hayekian liberal creed in founding a market utopia as well as the vivid power of counter movements, centred on concrete practices, policies and regulations, to oppose the destruction of their “habitation.” The case shows that the concrete outcome of current struggles is context-dependent and will also be shaped by ordinary actors - drivers, consumers and citizens. Ongoing financialization and digitalization in a market society are not the end of history.

8 Bibliography


Appendix A

Uber Discourse Samples

Source: https://www.uber.com

Last accessed: 1.12.2017

Driver partners + Riders = Uber community

“Uber needs partners like you”

“Building something big together”

“Get paid weekly just for helping out community of riders get rides around town! Be your own boss and get paid in fares for driving on your own schedule”

“Set your own schedule, so you can be there for all of life’s most important moments”

“Get there! Your day belongs to you!”

“Got a car? Turn it into a money machine”

“The city is buzzing and Uber makes it easy for you to cash in on the action. Plus, you’ve already got everything you need to get started."

“Every day we’re making cities safer, smarter, and more connected. And we’re doing it at a global scale – celebrating the communities where we exist, energizing local economies and bringing opportunity to millions of people around the world”

“There is a ride for every price”

“Because having more options leads to better outcomes”

“When you make transportation as reliable as running water, everyone benefits”
“GPS data is logged for every trip so we know who you’re driving and where you’re going, which promotes accountability and encourages good behaviour”

“Whether riding in the backseat or driving up front, every part of the Uber experience is designed around your safety and security”

“Opportunity for all”

“We want to create a workplace that is inclusive and reflects the diversity of the cities we serve”

“Knowing that I’m helping keep my passengers and other drivers safe on the road assures me that I’m doing something good.

“At Uber, we have brought together a world-class collective of problem solvers”

“We enjoy working on hard problems together because the hardest challenges are often the most rewarding”

“And getting to that bright future means solving some of the most difficult problems of the present; it takes a lot of hard work, a lot of love, and support from colleagues all over the world”

“People matter most to the Uber experience”
Appendix B

List of reviewed literature on Uber

10.10.2017. Available at: https://www.theguardian.com/technology/2017/sep/22/uber-licence-transport-for-london-tfl


https://www.nytimes.com/2017/03/03/technology/uber-greyball-program-evade-authorities.html


Additional academic literature – not coded in MaxQDA:


Appendix C – Coding information

Coding Round 1: Structural Coding

The following codes are a result of a first round of data analysis - structural coding process on the data used for the case of Uber in France and the US. The three broad thematic areas are reflected in the main three codes: taxi (general & issues); Uber (general & issues); and (Regulatory) issues - resistance and support. They map the data material via the more detailed sub-codes assigned to each main code, allowing us for to track and re-construct specific practices, events, and phenomena constituting the grounds for our analysis of Uber.

<table>
<thead>
<tr>
<th>CODE/sub-code</th>
<th>Memo</th>
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<tbody>
<tr>
<td>TAXI (GENERAL &amp; ISSUES)</td>
<td>This code marks the data from general account of the taxi industries in the two institutional settings, through some details and specificities that co-construct the origins of the conflict between taxis (or a more varied group of actors, as in the case of France and the VCT/LOTI/taxis) and Uber.</td>
</tr>
<tr>
<td>Sub: Taxi protests</td>
<td>Accounts of specific protests against Uber where taxi industry is the key opponent of Uber in France and the US.</td>
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<tr>
<td>Sub: Taxi unions vs. Uber</td>
<td>Specific cases of taxi unions and their efforts to push the state to act against Uber.</td>
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<tr>
<td>Sub: Taxi – context</td>
<td>The contextual factors of the particular regulatory setting in France/US with the focus on taxi sector (here: also the role of the state, the approach to free market and regulation)</td>
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<tr>
<td>Sub: Uber impact on taxis</td>
<td>Uber’s effect on taxi sector, e.g. threatening the livelihoods of the drivers, cutting down in earnings, frustration and aggression towards Uber drivers.</td>
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<tr>
<td>UBER (GENERAL &amp; ISSUES)</td>
<td>Broadly reflected profile of Uber, as a business model and beyond.</td>
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<tr>
<td>Sub: Uber world</td>
<td>Uber facts/story/vision/strategy, also via self-representation, as well as e.g. Uber creating more jobs (despite the lack of employment relation with their ‘driver partners); Uber marketing strategies, strategies of targeting the drivers, etc.</td>
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<tr>
<td>Sub: Uber &amp; VC</td>
<td>On Uber’s connections to and dependence on venture capital (VC), also venture capital facts &amp; numbers</td>
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<tr>
<td>Sub: Uber internal/PR/other issues</td>
<td>Including organizational culture, sexual harassment, and ongoing litigation cases (related NOT to the regulatory issues or being banned/illegal etc., but all the other cases, e.g. Waymo), along with Uber reactions to those issues.</td>
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<tr>
<td>Sub: UberPOP business model</td>
<td>On UberPOP (also on Uber in general but regarding the issues of UberPOP service); including the basic concept areas of activity, numbers etc.; issues related specifically to UberPOP.</td>
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<tr>
<td>Sub: Uber drivers</td>
<td>Concerned with the living realities of Uber driver partners, their profiles, views, testimonies, earnings, etc.</td>
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<tr>
<td>REGULATORY ISSUES – RESISTANCE AND SUPPORT</td>
<td>This code marks fragments of the literature which, broadly speaking, refer to Uber regulatory issues/issues in both institutional settings, often centred on the areas of data, employment arrangements, the power of the state also in either delegalizing/restricting Uber activities, or deregulating the market environment.</td>
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</table>
Sub: Data
In terms of data access (and the abuse thereof), data manipulation, data-related scandals and issues of Uber.

Sub: driver status
Very much linked to UberPOP sub-code, but here the focus rests on the information on the status of the drivers, also in Uber's perception; how Uber benefits from such a driver status.

Sub: Uber support
Various actors supporting Uber, primarily state (and other governance) institutions, to consumer voice.

Sub: State – context
The contextual factors of the particular regulatory setting in France/US with the state as an actor in focus; link to the role of the state, the characteristics of the state in a given institutional setting, with changing perceptions (and actualities) of its power.

Sub: Uber reaction
Various reactions of Uber when faced with the state (or other actors from e.g. policy), be it in a form of a statement (e.g. claiming adherence to the rules) or specific practices (e.g. continuing operations nevertheless, making it possible for the drivers to provide services in the grey legal zone); link to the power of Uber, platform capitalism benefits of networks of scale plus the availability of the workforce.

Sub: Uber illegal
Specific cases where Uber business activities are described/defined as illegal/in the grey zone/banned. Link to the role of the state, the strategic choices of different tools and solutions available to use against Uber; the role and interests and power of unions, individual taxi drivers, and other actors in the conflict.

**Coding Round 2: Concept Coding**

*The following codes are a result of the second round of data analysis – conceptual coding, mapping the data analysed according to the broader concepts and areas of investigation highlighted in the Hayekian and Polanyian readings of the case study, as well as additional elements from the platform (capitalism) literature. This coding procedure builds up on the first step of data analysis.*

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<td>- market as one of a plurality of economic institutions</td>
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<td>- &quot;more than economic&quot; in the sense of embedding the market</td>
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<td>- &quot;more than economic&quot; in the sense of alternatives to the market logic, collaborative and communal practices of mutual help, citizens shaping their socio-economic surroundings</td>
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<td>- the superiority of market-based cooperation</td>
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<td>- &quot;everything is economic&quot;: all social relations tend to be economic relations</td>
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<td>- markets should not be limited, universal market relations (also realized by Uber &amp; co.)</td>
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<td>Platform capitalism highlights</td>
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<td>freedom as entrepreneurial freedom</td>
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