



# platform co-ops



## what are they?

They're online marketplaces owned & controlled by their members, and formalised into co-operatives. Often the members/owners are workers, but some are multi-stakeholder platforms involving both workers and users. There can be different tiers of membership. Workers and users can have different rights in terms of governance or profit-sharing. It's good for workers to have customers that are part-owners, as it encourages them to use the platform.

Co-ops force people to think beyond short-term profits, but they can become inward-looking, focusing on members. So if members come from one particular group, their interests can become entrenched. That may not be best for the wider community. This is a challenge, because co-ops have usually functioned best when they have homogeneity of membership. With a more complex system, there's a wider range of interests. If those conflicts can be resolved, the organisation can be much stronger.

**History:** in the 90s, we didn't have the giant platforms we have today. Now, 7 of the top 10 companies in the world are platform companies like Amazon, Facebook and Uber. The idea that platforms are the place to go to get the things we need has grown exponentially.

The origin of the platform is the medieval marketplace. A town would provide a physical space to allow producers and consumers to come and exchange on the physical platform – i.e. the market. Platforms have reinvented the

marketplace for the digital age. Just as in medieval times, owning the town / city square gave you control over the market, today, owning these large platforms has proven to be a potent way of extracting value. Once you have the initial infrastructure, you can bolt on additional bits easily. It's why Uber have been able to jump from city to city. Also, as the platforms grow, their utility grows exponentially, because it produces giant networks with more chances to link customers with producers.

Recently there's been a backlash, as people wake up to the fact that these companies want to dominate completely. Uber's aim is to control transport globally – to make it impossible to compete, or to find alternatives. The same is happening in the food sector, energy sector, finance sector etc. It's dangerous to have such essential things in so few hands.

Two articles in 2014 – *Platform co-operativism vs the Sharing Economy* by Trebor Scholtz and *Owning is the New Sharing* by Nathan Schneider criticised the so-called 'sharing economy' and called for its replacement by a co-operative economy. Scholtz and Schneider later co-edited *Ours to Hack and to Own: The Rise of Platform Cooperativism, a New Vision for the Future of Work and a Fairer Internet*.

## what are the benefits?

They're not extractive. Corporate platforms take a portion of the work of millions of people, suck it out of communities and concentrate it in few hands. By encasing them in the co-operative model, this is prevented.

The giant platforms are poor global citizens – they avoid tax, exploit and shift risk onto the service providers and kill competition and any concept of a free market. These problems are mitigated or removed by the co-op model.

Corporate platforms tend towards monopoly. Think of search engines and social media. But also, Uber want to monopolise taxi cabs, and Amazon want to monopolise the supply of everything. Monopolies are always a bad idea, as monopolies can fix prices. Monopsony power can be even worse – where just one giant company can dictate exploitative terms to thousands of suppliers.

### The experience of Austin, Texas

The city introduced fingerprinting for drivers. Uber didn't like it, and left. A little ecosystem of platforms grew up to replace them, including a successful platform co-op called Ride Austin, which gained a 50% market share. Uber saw what was happening in Austin – happier drivers, meaning more drivers, meaning more lifts for users – no price increases, because of competition. Everyone was happy. Uber, quite rightly, saw this as a major threat. If other cities saw that actually, removing Uber made things better for everyone except Uber shareholders, then more cities might want to ban Uber. They rushed back to Austin, decided they were perfectly happy to comply with the fingerprinting requirement. They subsidised their business in Austin, which you can do if you have deep pockets, so that they were able to undercut the other companies, and they drove Ride Austin back down to 10% of the market. If they allow one example of a better alternative, it could destroy their global business model, and the game's over. So let's do it!



## what can I do?

**Use them:** use platform co-ops rather than extractive platforms. There is a dearth in the UK at the moment, but there are several in other countries, including the US and Europe. In the meantime, try to find non-corporate alternatives - be that person refusing to book an Über. Call a local mini-cab firm, and tell people why you're doing it.

If you love music, you can use Resonate, based in Berlin. They're multi-stakeholder, so listeners can become members, along with musicians and labels. Spotify and Apple Music have an opaque pricing mechanism, with almost no relationship between number of listens and the amount you get paid. Resonate have used blockchain technology to make all their rules/listens transparent, so that any artist can question a public ledger and verify their payment.

There's a global directory of platform co-ops. See [platform.coop/directory](http://platform.coop/directory).

Maybe the most important thing is to explain to people why corporate platforms are problematic, and that the 'sharing economy' is a misnomer.

**Set one up:** it's getting easier to challenge the big boys. The New School is developing a platform co-op development kit, which will be available soon. Über has spent perhaps hundreds of millions on tech, but now you can get a similar package for a tiny fraction of the price.

Is there already a dominant platform operating in your sector? It's much harder to set up a platform co-op providing taxis, food delivery or accommodation - because platforms operating in those sectors have deep pockets, and if anyone

tries to compete, they will out-spend them. Maybe the place to start is in sectors without those dominant players. Also, what do users of the platforms think about them? In social care, for example, the providers, who get paid below minimum wage, know that the system is broken - but so do the users. So a vision of a new system with service at its centre rather than profit, offering users and workers control, is very attractive.

With Über, the drivers have no control, there's no technical support, and 25% of the money they earn will be taken away to give to shareholders (this is increasing to 30% for new drivers). Über are losing money (\$4.6 billion in 2017). They're happy to do so in an attempt to gain monopoly position, but once they have it (and now they do), they attempt to recoup their losses. The drivers understand the exploitative nature of the relationship. Offer them an alternative with drivers' rights at the centre, with a stake in the governance and a share of the profits, and they'll take it. 5% of fares can be used to run the platform, and the drivers keep the rest. Users like Über much more than drivers. It's quick, easy and cheap. To get them to switch is a huge effort and cost. Platform co-ops have to offer the same simplicity and price. There's a risk that if ethical credentials are too prevalent, the mainstream might assume that quality of service or price may be compromised. Get the price and the service right first.

US platform co-ops have proven successful when the unions work with service providers to help create entities that respect them, and their rights, long-term, and give them real power.

We need a level playing field. For example, Über records all of its income in Luxembourg, so pays no VAT. Any co-op alternatives are immediately at a 20% disadvantage, because they will be UK-based, paying taxes properly, being good citizens.

## resources

- [lowimpact.org/platform-co-ops](http://lowimpact.org/platform-co-ops) for more info, advice, links & books, including:
- T Scholz & N Schneider, *Ours to Hack & to Own*
- Astra Taylor, *the People's Platform*
- Nick Srnicek, *Platform Capitalism*
- [internetofownership.net](http://internetofownership.net): Internet of Ownership
- [platform.coop](http://platform.coop): international portal
- [platform6.coop](http://platform6.coop): platform co-op to help develop the co-operative economy
- [platform.coop/directory](http://platform.coop/directory): global directory



*Equal Care Co-op is the first platform co-op in the UK, providing social care in the Calder Valley.*

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