8 Conclusion[1216]

Abstract

The penultimate, concluding chapter of this dissertation summarises the chapters of this dissertation, with a particular focus on their social and scientific contributions. It subsequently draws together the legal and policy recommendations made throughout this dissertation with a view towards how they can contribute to realising a democratic platform economy. Finally, I discuss some avenues for future research.

8.1 Scientific and Social Contributions of this Dissertation

Aside from the introduction and conclusion, each chapter of this dissertation was written as a stand-alone article or research paper that makes original scientific and social contributions. After an initial introduction, chapter 2.2. provided a brief tour of platform capitalism and sought to establish what makes platform capitalism distinct from earlier forms of capitalism. Three distinguishing features were identified. First, platform companies in both the gig and social media sectors, to varying extents, concentrate ultimate control over their corporate governance in the hands of a few persons and the more prominent actors exploit their dominant market position for, often, socially harmful ends. Second, through their capacity to collect, process and use personal data to mediate interactions and sell goods and services, platforms are able to reach and create new markets. Thirdly, and crucially for this chapter, it was argued that the business model of platform capitalism seeks to benefit from platform users experiencing what Merton terms role conflicts and role-set conflicts. Chapter 2.3. provided an overview of the core concepts of role-set theory and applied them to the platform economy, drawing on illustrative examples from a specific gig work platform, Uber, and a particular type of user, its drivers. Chapter 2.4. reflected on whether

1216 An earlier version of the author’s benchmarking study appeared as an appendix in Trebor Scholz, Morshed Mannan, Jonas Pentzien & Hal Plotkin, *Policy Recommendations to Support Cooperative Ownership in the Digital Economy* (Berggruen Institute [forthcoming]). Some of the ideas presented in the conclusion are also in Morshed Mannan, ‘Towards a Legal Framework for Platform Cooperatives: Potential and Obstacles’, written submission to the United Nations Department of Economic and Social Affairs for the forthcoming Report of the UN Secretary General on Cooperatives in Social Development (2021), <https://bit.ly/2TaKS8v>.

the reconfiguration of decision-making and financial rights in a platform company through cooperative membership can address these role conflicts and role-set conflicts to the user's benefit, while also redressing platforms' accountability crises and data use practices. The chapter then evaluated the opportunities and challenges afforded by the status of cooperative member in addressing the numerous challenges posed by platform capitalism and concluded by summarizing and presenting directions for future research.

In other words, chapter 2 focused on how system-level and enterprise-level developments in the platform economy, described as 'platform capitalism', has had significant implications for the identity of individuals, in how they are characterized, how they perceive themselves and how they relate to others within their 'role-set'. It made a novel contribution to the literature on platform cooperativism by framing this counter-movement's emergence as involving the creation of a new status of member that subsumes other statuses – e.g., worker, investor, owner, data subject to name a few – within its remit. While there are limits to the extent to which membership can be a panacea to all the widely-reported ills that platform capitalism has brought forth, this analysis of members' statuses and roles demonstrated how the pursuit of micro-level changes can have a countervailing impact at the enterprise-level (e.g., creation of new business models) and the system-level (e.g., formation of a new population of platform cooperatives). In doing so, this chapter responded to the call of Limnios and colleagues to extend the nascent literature on member identity formation within producer cooperatives to other industries. It did so by focusing on the worker and multi-stakeholder cooperatives that predominate within the platform cooperativism movement.[1217]

Summary of Contributions of Chapter 2:

- ▷ Theory was developed for why there is an interest in the formation of cooperatives in the platform economy, grounded in a desire for persons to change their status in relation to online platforms.
- ▷ New typologies of cooperative-run platforms and platform cooperatives were presented based on the collection of new data from the Internet of Ownership directory, business registers in the European Economic Area and the Internet.
- ▷ Limitations of cooperative membership in resolving role-conflicts and role-set conflicts caused by the platform economy were identified and analysed. Suggestions were made as to how these limitations may be mitigated.

Chapter 3 turned to one of the most visible sectors of the platform economy: local gig work in the form of on-demand food delivery and cleaning. Having explored some of the normative arguments for why platform cooperatives are needed in the previous chapter, this chapter set out to

1217 Mamouni Limnios and others (n 178) 31.

empirically explore whether a latent demand for such cooperatives exists. As platform cooperatives are a new category of organisation that have yet to gain widespread public prominence, a forecasting method known as a Delphi study was used to assess whether there is a latent demand for broad-based worker ownership among stakeholders in these two sectors. This method brought together a diverse range of highly knowledgeable stakeholders – from corporate managers to platform workers to trade unionists – to have an anonymous, moderated conversation on the prospects and viability of extending financial rights and control rights to platform workers. As Delphi studies seek to achieve consensus among participant panellists, while still leaving room for dissensus, this method revealed the specific organisational decisions and participation rights that are most important for platform workers. The Netherlands was a particularly intriguing site for such research as it is a country that, on the one hand, has a long history of coordinated industrial relations and workplace participation, but on the other, lacks a strong culture of employee ownership. The literature (Chapter 3.2.) shows that there is a nascent interest in workplace voice and collective organising among gig workers, but such efforts are stymied by unfavourable regulations and worker representation institutions that were developed for more traditional employment arrangements. This raises the hypothetical possibility that self-help organisations such as cooperatives will fill this vacuum in representation, but it remains unclear if workers would wish to take on all the challenges of entrepreneurship that come along with it.

Chapter 3.3. elaborated on the rationale for choosing the Delphi method and presented two hypotheses concerning the type of decisions that local gig workers will wish to be involved in an 'ideal' platform economy, and the appropriate institutional mechanisms for realizing this involvement. The first hypothesis was that stakeholders will prioritise collective bargaining and information and consultation rights over decision-making rights in, for example, the design and governance of platforms. The second hypothesis was that, in the Netherlands, forming platform cooperatives will present a less attractive option for stakeholders than expanding the role of trade unions and works councils. After explaining the research method used (chapter 3.4.), the following two sections presented and discussed the main findings. In short, while the two hypotheses were confirmed, the need to extend voice over certain operational decisions and the attractiveness of equity ownership in platform companies was also acknowledged by some. This reinforced the importance of worker organising and representation, in the form of trade unions and works councils, in achieving important workplace gains such as improved pay and insurance coverage. However, at the same time, the experience of collective bargaining and codetermination in other countries with respect to local gig work also reveals the limitations of these forms of representation. As such, it provides an opening to worker-owned labour platforms, such as a platform cooperative, as a form of collective self-help.

Summary of Contributions of Chapter 3:

- ▷ Application of a relatively underused tool of legal research – the three-stage Delphi study – to investigate the views of platform stakeholders on the availability and desirability of workplace participation for platform workers.
- ▷ A nuanced distillation of the rights, decisions and forms of participation that are most important for platform workers in the Netherlands, according to knowledgeable platform workers and other expert stakeholders. While not foreclosing the possibility that platform cooperatives and other forms of broad-based ownership will be popular in a coordinated industrial system, the study revealed the limits of their appeal in organizing counter-power in such a context.
- ▷ Confirmation of the importance of industrial relations culture in choosing between different forms of worker participation in the context of local gig work platforms.

Having identified the conditions necessary for democratic firms to flourish in the platform economy, chapter 4 turned to the hypothetical example of an archetypical centralised platform, 'CoSocial', to posit ways in which its ownership and control could be democratised.

At a certain stage of growth, CoSocial is confronted with a decision on how it wishes to 'exit', which usually means one of two options: exit to distributed investor ownership by way of an initial public offering or get acquired by another company. As this chapter showed, such exits are often not a sustainable path for technological innovation, business activity or enhancing user experience on the platform. For instance, competitor companies often acquire promising, smaller competitors purely for the purpose of acquiring their intellectual property and shutting down their operations.

Instead, over the course of the chapter, three different strategies were presented for transitioning towards democratic-ownership and -governance by way of an *exit to community*. The three options presented were: (1) the acquisition of shares in the social media company by a trust that represent the company's stakeholders, (2) the transformation of the centralised platform into a federated network operated by a distributed cooperative, and (3) the registration of the company's shares on a blockchain-based network (i.e., tokenising shares) as a step towards a private placement and, eventually, distributed ownership of the tokenised shares. The choice to present more than one strategy was deliberate as the direction that such a platform company may wish to pursue may vary based on several factors, including the level of direct engagement by stakeholders (e.g., users) in governance, the decisions they are given a voice in, and the financial rights that are extended to them. For each strategy, a background section was provided to show how they have a basis in earlier organisations and transfer mechanisms, from age-old cooperative federations to community mesh networks, from employee stock ownership plans to experiments in tokenising company shares. There was also an evaluation of some of the major implications that each strategy will have, in terms of governance and financial rights respectively. Finally, it was acknowledged that each of the strategies require enabling laws, policies and regulatory actions. This ranges from relatively modest interventions, such as modifying the terms on which an individual can participate in private placements, to bold moves, such as ‘breaking up’ a centralised platform, recognising blockchain-based shares, and providing tax incentives for business transfers to stakeholders. By introducing new exit strategies in this chapter – and acknowledging the need for further strategies to be proposed – the conventional understanding of an exit in the business and tech sector was replaced with an older understanding of exit: as an “[e]xodus which invents its own ‘promised lands’ as it goes along”.[1218]

Summary of Contributions of Chapter 4:

- ▷ Positions multi-stakeholder ownership and governance of platform companies within the larger platform regulation discourse.
- ▷ Proposes ‘exit to community’ and a set of three new exit strategies for tech companies, including platform companies, to transition to democratic-ownership and -management. These options draw primarily on US federal, California and Delaware law. While there has been movement-building work to promote the idea of exit to community, this is the first legal, scholarly publication to do so.
- ▷ Evaluates the legal, financial and governance implications of each exit strategy.

Chapter 5 was primarily concerned with social media users as a stakeholder group. The chapter presented a normative case for user ownership and governance based on a three-fold argument: (1) social media companies extract surplus value from users and this is not adequately acknowledged, (2) social media platforms have a cultural value that users should have a role in managing and preserving, and (3) social media companies are political entities and the absence of democracy within these companies delegitimises their authority and is an affront to human dignity. This three-fold argument was based on a wide-ranging body of literature that critiques the contemporary economy, ranging from Fuch’s scholarship on digital labour to Ellerman’s work on neo-abolitionism. Building on this argument, chapter 5.3. presented a proposal for stimulating user ownership and governance of social media companies: the shareholding trust/foundation.

The first part of chapter 5.3 was devoted to weighing the advantages and disadvantages of a particular organisational form and based on this analysis, the non-charitable perpetual purpose trust was identified as being the most appropriate, given its inherent flexibility and for its capacity to both serve a specific purpose and enable indirect user ownership and

1218 Andre Gorz, *Reclaiming Work: Beyond the Wage-Based Society* (1st Edition, Polity 1999) 79.

governance. As such trusts are not available in every jurisdiction, the *Stichting Administratiekantoor* (STAK) – a type of foundation in the Netherlands used to split the legal and economic entitlement to shares – was introduced by way of comparison. The remainder of the section analysed the attributes of a non-charitable perpetual purpose trust – including the controversies surrounding this entity – before discussing its use as a new vehicle for business stewardship (e.g., in the US states of Oregon, Delaware). A transfer mechanism was then proposed that would make use of this trust, both as an intermediary to acquire voting shares in the social media company and as a democratically elected body to represent users. User representatives would be appointed from a global userbase to a trust protector committee, which would be responsible for directing the trustee in their duties. The option for using a STAK for this transfer process instead was then discussed, due to it being a distinct (yet comparable) entity that is memberless and established for specific purposes.

The penultimate section of chapter 5 engaged with the question of how the trust or foundation can meaningfully participate in the governance of the company they're acquiring. I submitted that this should not be limited to the voting rights of common shareholders but, as a representative body, the user representatives should have the right to consult, advise and consent to a wider range of decisions. Inspiration for such wide decision-making power was drawn from theoretical models, such as Turnbull's stakeholder mutuals, to the examples of client councils and works councils in the Netherlands. Of course, in the interest of good governance, it is necessary for the company, the user representatives and the userbase to be aware of the existence of these rights and for user representatives to be well-equipped to implement them. In view of this, a preliminary 'good governance checklist' was presented to help user representatives to know what rights they have, over what decisions, and the actions a company needs to take for them to implement those rights. As a corollary to this, a diagram was presented to help the global userbase visualise the decision-making process and their potential role in it. The chapter concluded with a reflection on some of the financial and tax policies that would be needed to support such share transfers.

Summary of Contributions of Chapter 5:

- ▷ Builds on the case for transferring existing social media companies to user ownership and governance.
- ▷ Critically evaluates the advantages and disadvantages of using a non-charitable perpetual purpose trust or a STAK for transitioning to user ownership and governance of social media platforms.
- ▷ Presents a checklist for allocating the rights of user representatives and assessing their involvement in governance, after the share transfer process begins and user representatives are appointed as a new group of intermediaries. This is accompanied by a diagram that visually represents the decision-making process.

After chapter 5, chapter 6 turned to another way of organising a democratic firm: the creation of a cooperative, as part of a wider network organisation. The preceding chapter examined type (3) prosumption, and chapter 6 in turn explored type (1) prosumption in the urban mobility sector. This was done through a comparative case study of two firms: (1) Eva Global Corp. and the ride-hailing cooperative Coop de solidarité Eva in Quebec that licenses technology from the former, and (2) The Mobility Factory, a secondary cooperative in the electric car sharing sector and two of their primary cooperatives, Partago and SomMobilitat, which own the intellectual property for their platform through the former entity. The choice of these cases was determined by the fact that they are 'most-similar' cases, in that the two cooperatives are similar in several respects but differ on a few key variables. While they both can be considered part of the sharing, solidarity, collaborative and platform economies in general, The Mobility Factory is tied more closely to citizens' movements for renewable energy and Eva is associated with efforts at building organisational alternatives for local platform labour. Both are interested in making urban mobility more sustainable, while also being for-profit.

What made these two cases of particular interest is their federated & networked structure. Both Eva and The Mobility Factory are network organisations where multiple businesses coordinate to develop a shared technology. In this sense, Eva and The Mobility Factory are 'shared-services' platforms, as they help their member entities to pool costs and share resources. While such shared-services platforms have been recommended in earlier literature, examples are scarce. In view of this, the overarching research objective of this chapter was to understand and explain the motivations for creating network organisations such as a cooperative federation and a social franchise. The intention was to develop hypotheses about the features of a platform cooperative's business model (i.e., variables) that makes being part of a network organisation attractive and determine the specific type of network organisation they belong to. In doing so, I hoped to take steps towards building a theory about why and how platform cooperatives share services. This chapter additionally followed-up on earlier theory-building research by Nelson et al. which encourages empirical research on the involvement of cooperatives in alliances and networks and the impact of such involvement on cooperative identity formation.[1219]

This also contributed to the overall research project of this dissertation as it evaluated whether nascent platform cooperatives, more broadly, need to operate within network organisations to make their business models viable. Given the relative novelty and rarity of shared-services platforms, the case study method was seen as being particularly appropriate for investigating the causal pathways that led to the use of a particular legal and governance structure by these businesses. Out of the small (but growing)

1219 Nelson and others (n 154) 305.

population of shared-services platforms, a purposive sample of two cooperatives was considered to be sufficiently rich in detail to shed light on other shared-services platforms that are emerging. Through interviews with leaders and members of these business organisations, along with an analysis of their formation documents and promotional material, the legal and governance structures of these two novel enterprises were examined closely.

Shared-services platforms embody ICA principle no. 6 ('cooperation among cooperatives') and facilitate ICA principle no. 4 ('autonomy and independence'), by enabling cooperatives to pool resources and build a shared technological infrastructure. The examples of The Mobility Factory and Eva not only show how platform businesses can grow in a cooperative manner, but they also demonstrate how it is possible to reverse the algorithmic gaze. The cooperative members of The Mobility Factory decide what features their car sharing application have and can be confident that the data used to improve it comes from *their* cooperative ecosystem. As Uber drivers go to court to enforce their right to access their collected and processed data and transfer their personal data to a 'data trust',[1220] Eva demonstrates how a cooperative alternative can give drivers access to their data – as well as a voice in the design of the application and setting the transaction fees charged. Instead of being strong-armed into consenting to the arbitration of their employment disputes in a foreign jurisdiction,[1221] Eva drivers know as members that they have several avenues to raise grievances, from public Telegram channels to in-person meetings at Eva's office in Montreal to a local court if necessary.

These case studies not only allowed for an in-depth explanation of the motivations that animated the decision to create a cooperative federation and social franchise, but it also provided an opportunity to analyse the legal and governance structures of each case based on earlier research on the governance of cooperative federations, social franchises, as well as property rights theory. In addition to presenting some of the difficulties these structures present, suggestions were also made about how shared-services platforms can be better governed as operators of shared infrastructure. Based on the aforementioned analysis, the chapter developed seven hypotheses concerning the choice of legal and governance structure of shared-services platforms and the variables that can determine this choice (e.g., in-house/external intellectual property development, need for tangible asset ownership, global/local branding, etc.)

1220 Edward Ongweso Jr., 'Uber Drivers Sue to Gain Access to Its Secret Algorithms' *Vice* (22 July 2020) <https://bit.ly/2TovXYN>.

1221 Tamar Meshel, 'International Commercial Arbitration in Canada after Uber Technologies Inc v Heller' (2021) 37 Arbitration International 361, 362–364.

Summary of contributions of Chapter 6:

▷ Examines the legal and governance structures of two novel network organisations, which I describe as 'shared-services platforms', neither of which have previously been the subject of academic study.

▷ Evaluates some of the opportunities and challenges that the use of these structures raise. Develops seven hypotheses regarding shared-services platforms, which may be tested as more shared-services platforms are formed.

Chapter 7 took its cue from Hansmann's hypothesis that organisational innovations can make worker ownership of firms viable in previously untenable circumstances, by exploring how the use of blockchain technologies by worker cooperatives may diminish the collective decision-making problems typically associated with such cooperatives when they scale in size and geographic scope. In comparison to chapter 5, which built a specific case for extending ownership rights to users, and chapter 6, which explored multi-stakeholder cooperatives and cooperative federations, this chapter focuses on the archetypical labour-managed firm, the worker cooperative. Chapter 7.2. first presented an overview of what a worker cooperative is using the Principles of European Cooperative Law, a set of principles that seeks to synthesise a common understanding of the attributes of cooperatives and cooperative law from across European jurisdictions. The following two sections explained the social and political appeal of worker cooperatives for workers and reviewed the literature that assesses the competitiveness of the labour-managed firm. This chapter thereby showed how the social and economic values contributed by worker cooperatives have precipitated continued interest in cooperatives among European policymakers. That being said, beyond certain regions such as the Basque country and the Emilia-Romagna region of Italy, worker cooperatives are relatively scarce in other parts of the world. This discussion was closed by setting out the main reasons for the scarcity of worker cooperatives, focusing specifically on their low birth-rate (e.g., problem with raising funding) and coordination problems as they scale (e.g., horizon problems). These problems are considered to have inhibited the growth of transnational worker cooperatives and global platform cooperatives.

The remainder of the chapter was devoted to exploring to how the organisational innovations developed by blockchain projects can potentially address this coordination and birth-rate problem. For this purpose, chapter 7.3. concisely explained what smart contracts and decentralised autonomous organisations are, before chapter 7.4. presented a case study of a particular project, Colony, to assess what their Ethereum-based protocol for creating and operating internet organisations can offer worker cooperatives. This penultimate section of the chapter delved into what Colony is and the reputation-based governance system they propose for managing interactions and resolving disputes in internet organisations. While the Colony project was still under development at the time of writing, their experiments with reputation-based governance and native crypto-tokens offer useful lessons for worker cooperatives wishing to operate at a global scale. The chapter then concluded by discussing some of the broader potential and pitfalls of using blockchain technology for organisational innovations.

Summary of contributions of Chapter 7:

- ▷ Highlights that addressing the start-up and coordination problems of worker cooperatives is essential for transnational worker cooperatives and platform cooperatives.
- ▷ Introduces the organisational innovations of the Colony protocol, and in particular decaying reputation-systems, to the discourse on cooperative governance as a way of addressing these problems.
- ▷ Explains how worker cooperatives can embed blockchains protocols into their bylaws.

Based on the above research, the remainder of this conclusion is devoted to presenting short-, mid-, and long-term recommendations for the 'democratic platform economy'. The last section suggests some future lines of research on this topic that can, among other things, help materialise the recommendations. The final chapter of this dissertation – the epilogue – is my own provisional attempt at exploring one of my proposals: a benchmarking study on the 'friendliness' of legal frameworks towards platform cooperatives.

8.2 Towards a Democratic Platform Economy: Recommendations for the Years Ahead

As the needs of democratic firms in the platform economy vary considerably across sectors and jurisdictions – even the sectors and jurisdictions that were covered in this dissertation – these recommendations are left at a high level. This is also due to the fact that the needs of these democratic firms are only now becoming clear, with more firms being subject to research and analysis. It would therefore be premature to recommend sweeping new legislation, such as an EU Regulation for a new form of cooperative or an EU Directive on user participation.

8.1.1 Short Term

In the short-term, say, the next five years, education about worker cooperatives and other democratic firms can be expanded in both academic and professional institutions. This would require curriculum development efforts that address both theories on democratic firms as well as practical guidance on how they can be created. The courses that implement this curriculum should be open to students as well as a wider community. Instead of being a footnote on law school and business school syllabi, democratic firms should be featured more prominently, as it is these advisers who play a gatekeeping role in determining whether a capital-managed firm is chosen over a democratic firm. The development of such curricula is well underway, most notably by the 'Platform Cooperatives Now!' online course taught by Trebor Scholz (The New School) and Jose Mari Luzarraga (Mondragon University).[1222] Further iterations or offshoots could tailor such curricula to the needs of particular jurisdictions or professional disciplines (e.g., law, accounting, finance).

For policymakers, this can involve revisiting the administrative procedures through which democratic firms are typically established so as to identify any bottlenecks that make their formation more costly compared to capital-managed firms. As I observe in chapter 7, the lack of an equal footing between capital-managed firms and democratic firms such as cooperatives in formation procedures make the latter less appealing. This more even footing can be achieved by reducing the fees and processing times of formation, as well as by developing optional model bylaws that democratic businesses can use as a foundation for their governance. In jurisdictions such as the United Kingdom, recent procedural reforms by the Financial Conduct Authority (the body responsible for registering cooperatives and other mutuals) and the initiatives of Co-operatives UK have helped narrow this gap. There is detailed, user-friendly guidance available to aspiring co-operators on the Financial Conduct Authority's website about the requirements for registration and many of the formation procedures have been digitised.[1223] However, not all jurisdictions have such a supportive framework.

For democratic firms, such as platform cooperatives, their main benefits for potential members must be communicated clearly and sustained in practice. In general terms, this will involve having transaction fees that are lower than corporate platforms and/or assuring members that their personal data is secure and not being abused. Both of these advantages are important for type (1) and (4) platforms, but the latter is particularly important for type (3) platforms, such as federated networks and social media cooperatives. For cooperatives as legal persons, joining or creating a shared-services platform with other cooperatives can be a way of sharing the costs of building an online platform. Members will have a greater say in the features of a platform, rather than being subject to inscrutable updates that would otherwise be foisted onto them through impenetrable EULAs. This, along with more general feedback, can be communicated through regular remote and in-person feedback sessions. To assuage concerns that future members will not freeride on the honest efforts of early members, sufficient probation periods can be introduced so that mutual trust is built. Examples of such practices have been discussed in chapter 6.

1222 Trebor Scholz, 'Platform Co-Ops Now! 2nd Edition' (*Platform Cooperativism Consortium*, 5 October 2020) <https://bit.ly/36bOiL4>.

1223 Financial Conduct Authority, 'Mutual Society Portal: Simple Steps Guide to Registration' (2021) <https://bit.ly/36aGzx1>; Financial Conduct Authority, 'Finalised Guidance 15/12: Guidance on the FCA's Registration Function under the Co-Operative and Community Benefit Societies Act 2014' (November 2015).

Maintaining these distinguishing features are expensive, especially for the democratic firms that operate in highly competitive sectors of the platform economy, such as on-demand food delivery and ride-hailing. Financing options are often limited for democratic firms due to the very features that make them democratic, such as restrictions on including investor members and constraints on conferring them voting power or allowing them to own more than a minority shareholding in the firm. These are important features that help preserve the distinction between capital-managed and democratic firms. There are no easy solutions to this. However, one option could be engaging in what I call *socially beneficial regulatory arbitrage*.

Capital-managed firms regularly engage in regulatory arbitrage, choosing to incorporate or form subsidiaries in jurisdictions that offer laws, regulations and taxation regimes that they view as being favourable. What I propose, as a short-term measure, is for platform cooperatives and other democratic firms to also engage in such arbitrage – but with some key differences. For instance, a worker cooperative could choose to register a Limited Cooperative Association (LCA) in Colorado or an LLC in Delaware to benefit from the flexibility they afford in attracting external investment,[1224] while still committing to being a taxpayer that avoids using labyrinthine corporate structures to lower their tax burden. The LCA statute of Colorado imposes guardrails on investor members, but with plastic entities like LLCs, it is possible to impose these constraints voluntarily, by limiting investor members' voting power or only offering a low, fixed interest for their investment. And this does not have to be limited to the United States. As I explained in chapter 6, the SCE, as a transnational European cooperative, also offers certain advantages in terms of corporate mobility that have been underexplored. One of them is to help a cooperative move to a jurisdiction that has more financing options available. This could be due to the availability of more financial instruments for cooperatives (e.g., withdrawable shares issued through a community share offering in the UK[1225]) or due to the existence of subsidies and funds for cooperatives operating in certain economic sectors. Indeed, as explained while discussing Partago and The Mobility Factory in chapter 6, it is also possible for municipalities to become members of cooperatives and thereby provide a large, reliable source of patronage for the cooperative. To further distinguish orthodox regulatory arbitrage from socially beneficial arbitrage, the choice of jurisdiction may not only be motivated by the flexibility or financial investment opportunities available there, but also the other types of worker representation present in that territory. As I showed in Chapter 3, there are several worker participation and representation models available and some, such as works councils, may help cooperatives serve the interests of their members better.

1224 Jason Wiener and Linda Phillips, 'Colorado – "The Delaware of Cooperative Law"' (*Fifty by Fifty: Employee Ownership News*, 11 July 2018) <https://bit.ly/2TrQXxL>.

1225 Co-operatives UK, *Community Shares Handbook* (Cooperatives UK 2020).

In the past, cooperatives were seen as legal entities that were deeply-embedded in their local communities, and as a consequence legislation was drafted with local requirements in mind. While it is important for cooperatives to continue serving communities, there are now opportunities to think about how they can also serve new, dispersed global communities. In fact, socially beneficial regulatory arbitrage does not have to be limited to cooperatives. As I show in chapter 5, this type of arbitrage can be used to create mission- or stewardship-oriented democratic firms like user trusts and user foundations, through the creative engineering of existing entities like non-charitable perpetual purpose trusts and STAKs. For these entities to be effective in fulfilling their purpose, it is important for them to adequately clarify the roles and decision-making powers of user representatives involved in the governance of platforms. Checklists like the one I present at the end of chapter, along with other governance tools, can be used to help these future user representatives discharge their functions more ably.

8.1.2 Mid Term

Socially beneficial regulatory arbitrage can only go so far in remedying structural issues, as it is limited by the legal and regulatory options that are currently available. Over the mid-term, say 5 to 10 years from now, there will be a need to create more durable incentives for the establishment of, or business transfer to, democratic firms. As experience with existing democratic firms grow, there will also be a need to address the costs of collective decision-making.

At this stage, the educational and promotional activities of earlier years will need to mature. Hopefully, some participants will create advocacy blocs that can call for a more enabling framework for democratic firm and bring democratic firms into the spotlight. This is an urgent need because, by this point, existing democratic firms will need such a framework to scale, and new entrants will expect greater business support. The most obvious support can be through the creation of tax incentives for the formation of, or conversion into, democratic firms. As I have argued in chapters 4 and 5, the experience in the United States in creating such incentives for worker cooperatives and broad-based ESOPs by lowering income and capital gains taxes can be instructive. Similarly, income tax reduction schemes for individuals subscribing to the shares of worker cooperatives could also provide them with a financial boost.[1226] This can be complemented by legal reforms that

1226 In France, the "Madelin" income tax reduction scheme allows subscribers of SMEs (2-250 employees and annual turnover of less than 50 million EUR) – including cooperatives – to reduce their income tax liability by 25%. If, for instance, 1 subscription share in a cooperative is valued at 100 EUR, then the real amount paid by the subscriber is 75 EUR. Les SCIC, 'Fiscalité FAQs' (*Les SCIC*, September 2016) <https://bit.ly/3hydSPR>. A 50% income tax relief and 50% capital gains tax relief is also available to investments of up to £100,000 per annum. Co-operatives UK (n 1225) 106.

draw on best practices from across the cooperative world, such as permitting cooperatives to issue non-transferable, withdrawable shares with a low rate of interest.[1227]

Some legal reforms will need to be more sector-specific. In jurisdictions where the law inhibits 'employer as a service' models like SMart (see Chapter 1), laws that support cooperatively owned staffing agencies will need to be enacted. As I mentioned in Chapter 4, draft legislation on this is currently under consideration in California. The example of Eva and the Brightly worker cooperative franchise that uses the Up&Go platform show that social franchising is gaining popularity. This may become more common when some democratic firms scale and seek options for expanding their reach with relatively low investment from their putative franchisor. However, franchise law is complex and varies across jurisdictions. Cooperatives wishing to use a social franchise to license their software and/or business format will need support in, for example, drafting a master franchise agreement that strikes a balance between protecting the rights of the social franchisor and potential social franchisees. Some of the difficulties in striking such a balance was discussed in Chapter 6.

In the European Union, a sector that has potential to grow and use cooperative entities is personal data management. Concerns regarding the uses and abuses of (personal) data have led to a growing interest in 'data cooperatives', which are not platforms but are "member-owned data management systems" that seek to limit access to, or reclaim community control over, (personal) data, which may otherwise be extracted by platform companies and others.[1228] An example of such a data cooperative is polypoly SCE, which allows members to co-own the polyPod, a tool that gives members access to a private server to store, analyse, correct, control and license their data. Moreover, the European Commission has recently published a Proposal for a Regulation on European data governance (Data Governance Act) which includes data cooperatives. If the primary purpose of data cooperatives is to enable users (i.e., data subjects) to regain control over their data, gain clearer insight into how it is used, and voluntarily pool the data for mutual benefit, then this proposal seeks to enable the collective exercise of these rights.[1229] With data cooperatives receiving such mainstream interest, there is also an opportunity to revisit the SCE, a legal entity form that has promise for organizing data, but is currently hampered by the costs and complexities involved in formation.

1227 Co-operatives UK (n 1225) 4, 85.

1228 Trebor Scholz and Igor Calzada, 'Data Cooperatives for Pandemic Times' (*Public Seminar*, 19 April 2021) <https://bit.ly/3xjXmtl>.

1229 Proposal for a Regulation on European data governance (Data Governance Act), COM(2020) 767 final, Brussels, 25.11.2020, recital 24.

Finally, as shown in chapters 4, 6 and 7, there is a growing interest among cooperatives in making use of the affordances of blockchain technology. For instance, as some democratic firms scale, they may encounter collective decision-making costs as the membership base becomes more heterogenous and social ties between members become weaker. The use of a decaying reputation system, which is partly on-chain and partly off-chain,[1230] may be a novel way of encouraging good behaviour among a large, pseudonymous group of members. Some cooperatives may choose to use it as a way of preventing the cooperative from tampering with their members' data and a means for giving users access to their own data. However, the use of blockchain is stymied by both the limitations of this experimental technology as well as the uncertainty surrounding its regulation. This particularly applies to financial regulation of crypto-tokens and shares issued on a blockchain. If consumer-facing decentralised applications and blockchain-based governance tools become more common in the next five to ten years, it would be ideal if regulators in more parts of the world issued guidance on the permissible uses of crypto-tokens and the conditions on which shares can be issued on a blockchain. This guidance would need to account for the differences between the corporate and cooperative form, particularly when it comes to issuing, transferring and redeeming equity.

8.1.3 Long Term

In the long term, it is possible to be a bit more ambitious about what a democratic platform economy would look like. If democratic firms are able to establish a strong presence in the platform economy over the next decade, it is reasonable to expect that this will not be in isolation from the rest of the economy. An economy with broad-based participation would not only have participation in workplaces or semi-public institutions like long-term healthcare (see chapters 3 and 5), but across all institutions. In other words, it would be a sea change from how most institutions are governed today.

If these democratic firms prove to be a success, and are accompanied with the necessary movement-building, it becomes possible to think about how nation-states or even national blocs can leverage these organisations as part of policies for the digital economy that balance national interests with international solidarity. As I suggest in a forthcoming book chapter with Simon Pek, there is precedent for this in the history of the non-aligned movement and in efforts at constructing a New World Information and Communication Order (NWICO) under the aegis of UNESCO.[1231] A 21st century policy framework that is tailored to the digital economy could include the use of sovereign wealth funds or taxes from large platform

1230 Rea and others (n 1155) 16.
1231 Mannan and Pek (n 169).

companies to incubate home-grown democratic alternatives.[1232] National cooperative authorities could be responsible for overseeing these large investments.[1233] What makes this option attractive is that such sovereign wealth funds typically have considerable assets under management and long-term investment horizons, which, with on the right terms, would make them the ideal source for patient capital in democratic firms. Access to such large sums of capital may be otherwise unavailable for the democratic firms that seek to internationalise and challenge the cash-rich titans of the platform economy.

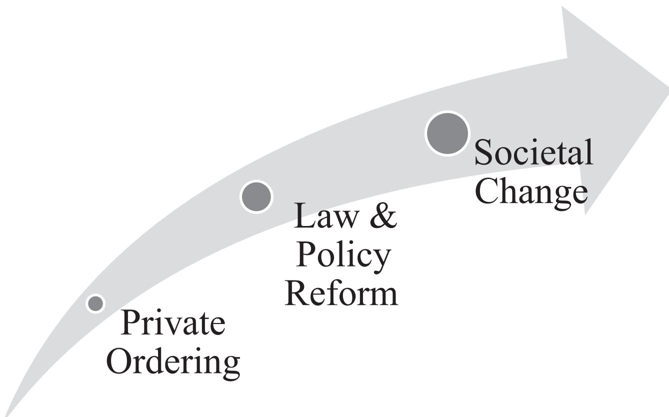

Figure 19: Steps towards a Democratic Platform Economy

8.3 Future Research

The roadmap that I sketched in chapter 8.2 will require, among other things, the support of other researchers – in academia and beyond. An immediate concern is the identification of obstacles to the formation and governance of platform cooperatives and discussing means to overcome them. In the last chapter of this dissertation – the 'epilogue' – I make an effort to contribute to this through the creation of a benchmarking study that evaluates the friendliness of a jurisdiction's legal framework to platform cooperatives.

1232 Christopher Mackin, 'Sovereign Wealth Funds Must Choose a Different Path' *Financial Times* (London, 7 April 2019) <https://www.ft.com/content/1bdec48a-4fef-11e9-8f44-fe4a86c48b33> accessed 11 June 2020; Geoffrey Adonu, 'Catalyzing Digital Economy in Africa: The Role of African Sovereign Wealth Funds' (Social Science Research Network 2020) SSRN Scholarly Paper ID 3631165.

1233 James Muldoon, 'The Co-Operativist Challenge to the Platform Economy' in James Muldoon and Will Stronge (eds), *Platforming Equality: Policy Challenges for the Digital Economy* (Autonomy Research Ltd 2020).

As Chapter 2 showed, studying how platforms impacts individuals' statuses and role perceptions is a useful way of understanding the core problems of the platform economy and the appeal for an alternative status – that of a cooperative member. While this chapter used the example of an Uber driver to illustrate this point, it would be useful to conduct empirical studies to evaluate whether workers in the platform economy experience role- and role-set conflicts. Such research could, among other things, integrate a class analysis. It would also be useful to see if users of, for instance, social media platforms experience similar role- and role-set conflicts.

Chapter 3 explored the appeal of employee ownership in the platform economy in a jurisdiction with a coordinated industrial relations culture: The Netherlands. It would be useful if a comparable study was conducted in a jurisdiction with an adversarial industrial relations culture, such as the United Kingdom or the United States. Moreover, Pencavel, Pistaferri and Schivardi, among others, contend that labour-managed firms have slightly lower wages than capital-managed firms, while having less volatile employment.[1234] An interesting line of future research may be investigating whether worker-owned platform cooperatives (e.g., in the ride-hailing, food delivery or cleaning sectors) are able to consistently provide higher wages than their corporate competitors, given that one of their explicit goals is to increase minimum wages.

Turning to type (3) platforms, such as social media platforms, proposals for user ownership and governance could be followed up with empirical research on (a) how users can best contribute to stakeholder governance and (b) how officials in these companies perceive such proposals. Focus groups, both online and offline, may be an appropriate method for pursuing this research. As discussed in chapters 4 and 5, the cause of user ownership and governance is closely tied to other regulatory efforts (e.g., antitrust action) and would benefit from tax incentives. Here, legal scholars and economists can contribute to this cause by delving into how antitrust and competition law can stimulate cooperative ownership[1235] and the precise types of tax incentives that can be offered (e.g., at the federal level in the United States).

Shared-services platforms are an emerging trend within platform cooperativism, which offers considerable scope for further case studies on the subject as well as ethnographic research. In addition to testing the hypotheses presented in chapter 6, this future research could explore if *trust* is reposed in the leadership of these platforms or if there is mere *reliance*, due to their expertise and skills, rather than stronger, interpersonal bonds of trust.[1236] Another relevant stream of research would be about the choices that these shared-services platforms make about the licensing of their software.

1234 Pencavel, Pistaferri and Schivardi (n 1083).

1235 Vaheesan and Schneider (n 524).

1236 The distinction between trust and associated concepts of confidence, reliance, familiarity etc. are examined here: De Filippi, Mannan and Reijers (n 946).

As chapter 6 showed, there is considerable discussion about whether the software of platform cooperatives should be open source or not. Future research can contribute to investigating an overarching question of cooperative governance: how do cooperatives strike a balance between being a community and a commercial enterprise?

Finally, it would be worthwhile following-up in a few years whether cooperatives do use blockchain technology for governance or financing purposes – or whether it is a passing fad. This research can relate to another longstanding question of cooperative governance: do organisational innovations (such as using blockchain technology) make cooperatives more viable or instead threaten their distinct identity? These are some of the questions that merit further study.