HOW TO COOP THE DIGITAL ECONOMY

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Over the past few years, investor-funded internet firms have continued to push unabated into market sectors such as food delivery, home health care, house cleaning, and data entry, offering customers much-appreciated, immediate convenience. Just take the geo-location-driven ride-ordering capabilities that Uber’s app offers, with all its fare splitting between friends and automatic carpooling. These technological features are a meaningful improvement over the low-tech cab riding that was brought to you by way of hand waves, phone calls, and whistles. The potential benefits for an Uber driver are also clear: she can work when she wants, and it is easy for her to be reached via the app. The company subjects drivers to the same five-star rating system as customers, potentially shielding them from abuse. Fares and fees are charged automatically, avoiding the need for awkward exchanges of loose change. For one thing, Uber’s model is reasonably beneficial, providing the opportunity to earn a supplemental income for people in between jobs and others in need of immediate and somewhat flexible work. For another, there is now a subgenre of books, news articles, blog essays, and research papers that have provided ample evidence of the harm caused by the extractive platform economy.\(^1\)

The list of wrongs is long. It includes meager pay, predatory market practices, unlawful operations such as gray balling,\(^2\) and a misogynistic work culture (think: #susanfowler). There have been lawsuits by workers demanding their reclassification from independent contractors to full-fledged employees, as well as the strikes of thousands of Uber and Ola drivers in India. In Capetown, South Africa, Uber drivers sued the company, and are likely to set up a cooperatively owned platform.\(^3\) With the notable exception of a handful of cities and a ruling by the EU court, municipalities and governments have been eager to embrace the extractive platform economy.\(^4\) Though Austin, Texas stood its ground against Uber and Lyft, and Barcelona has repeatedly fined Airbnb while crafting policy in favor of a more just sharing economy, these efforts still have to develop into coordinated global dissent.

The Economy is not Working for Most People

Why do we need platform coops? A discussion about platform capitalism that only considers platforms is as inadequate as a narrow study of the mechanics of the assembly line meant to explain Fordism. The platform economy is inseparable from the condition of labor and the market failures and broader challenges of capitalism that platform coops challenge.

\(^1\) https://platform.coop/resources/tags/platform-capitalism.
\(^2\) ‘Gray balling’ is based on Uber’s algorithmic blacklisting of municipal policy makers.
\(^3\) The Platform Cooperativism Consortium is supporting the efforts of local activists and a union to form a platform coop.
Income inequality. Unsurprisingly, the sharing economy emerged against the background of deliberate shockwaves of austerity that followed the global inflation of the 70s, the explosion of public debt in the 80s, and the 2008 financial crash. Income inequality has continued to grow as capital gains have outpaced those of labor.\(^5\) In 2015, sixty-two people controlled the combined wealth of 3.5 billion people.\(^6\) Women are overrepresented in the bottom half of the economy in most countries. In addition, the lowest paid workers dominate the service sector, bringing about a neo-feudal servant culture. In 2014 in the United States, the median adjusted income for households headed by blacks was $43,300, and for whites it was $71,300.\(^7\)

Platform monopolies and the monetization of surveillance. The Web has hit rock bottom; the concentration of power and surveillance are at odds with how Tim Berners-Lee had envisioned the World Wide Web in 1989. The concerning power of platform companies enabled through network effects, and data concentration weakens competition and creates vast power asymmetries. Why should a small number of owners and investors be the main benefactors of the riches of the Web? And this question not only concerns those who are toiling in the digital economy to make a living but it also applies to the users of Google, Facebook, Twitter, or Microsoft who don’t have control over the very platforms that organize their lives. Workers and internet users toil under conditions they do not choose, for CEOs they cannot ouster.

A lack of digital workplace democracy. Democracy is at the core of the rhetoric of Silicon Valley, and yet it is a far cry from being a reality on the Net. While the project of political democracy made inroads in many countries in the 20th century, the idea of workplace democracy has skipped the digital workplace. In fact, insofar as workers on app-mediated factory floors fall outside of the National Labor Relations Board’s definition of ‘employees’, workers in the sharing economy have lost the ability to unionize and collectively bargain — a step backward from the democratic gains of the labor movement.\(^8\)

Stalled rights. Those working on digital labor brokerages like TaskRabbit pay brokerage fees of 30% on each transaction, yet as independent contractors they do not benefit from workers comp, unemployment benefits, health insurance, or minimum wage protections under the Fair Labor Standards Act.\(^9\)
Stagnating wages. Over the last forty years, real wages of most American workers have stagnated and there is a growing sense that capitalism is not good for most people. The expansion of demands by the #FightFor15 campaign, which began with a focus on fast-food workers and expanded to a push for a more than 100% increase in the federal minimum wage, is evidence that the rate of seven dollars and twenty-five cents an hour, instituted in 1991, is not viable. Models of digitally-mediated work which evade even this meager existing protection further exacerbate the problem.

Systemic racism. Consumers have found themselves equally in the wild, with African-American Airbnb guests expressing their frustrations on Twitter through the hashtag #AirbnbWhileBlack.\(^{10}\) One study found that booking requests by African-American users are 16% less likely to be accepted than their white counterparts.\(^{11}\) Another study showed that the problem of catching a cab as a person of color persists on ride-hailing platforms, with increased acceptance times on Lyft and twice as many canceled rides on Uber for users with ‘African-American sounding’ names.\(^{12}\)

The myth of choice. ‘Flexible workers’ not only include Uber drivers but also baristas, crowd workers, fast-food cooks, models, and adjunct professors. Workers in the platform economy can decide when to work but the choice of which fourteen-hours in a day to work, and on which low-paying, platform is little choice at all.

Shift away from direct employment. Over the past decades in the United States, labor markets have increasingly shifted to the internet. In 2016, an estimated fifty-five million Americans were freelancers, representing a steady shift away from direct employment toward an economy dominated by independent contractors. In the same year, 24% of Americans reported earning money from the digital platform economy, which is increasingly dominated by the Big Five.\(^{13}\)

Invisible labor. ‘486,679 floors made flawless in Manhattan’, the ad by a cleaning service platform boasts in the New York City subway. The cleaning professionals who power the app are not mentioned — your apartment will simply be clean after a swipe on your on your mobile phone. Law professor Marion Crain emphasizes that, ‘invisibility has physical effects on workers and their bodies. If workers are symbolically invisible, then no one sees their health conditions.’\(^{14}\)

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Risks are shifted onto workers. Airbnb is the largest hotelier and yet, it owns no hotels; Uber is the largest taxi company and owns no cars. Drivers for Uber do not ‘share’ their cars with passengers: it is the assets these workers own which are rented out through these firms. The costs of fixed-capital depreciation have been outsourced onto the workers. Sharing economy firms have been running on your car, apartment, labor, and importantly, time. Uber and Airbnb are logistics companies where all participants pay up the middleman.

Rights for the disabled. Americans with disabilities have also been victimized by the platform economy. As it scaled up, Uber maintained that, as a technology company, the onus of fulfilling the requirements of the Americans with Disabilities Act lay squarely on its contracted workforce. Lawsuits in California, Texas, Arizona, and Illinois have led to the creation of services like UberASSIST, but the number of accessible vehicles on the road is nowhere near those required of licensed taxi companies. Using the slogan ‘Nothing About Us Without Us!’; disabled people fight back.

Market appropriation of social reciprocity. Social practices that were once outside of the realm of market transactions have become subject to capital. Canadian technologist Tom Slee observes that ‘the sharing economy is extending a harsh and deregulated free market into previously protected areas of our lives’. The sharing economy could be a boon to the communities and individuals who constitute it, but extractive speculation has led to outcomes quite different than those originally proposed by the likes of BlaBlaCar and Couchsurfing.

The smokescreen of counterculture. The gig economy is morphing into a dangerous fantasy; the television show Silicon Valley is frightfully accurate in its satire. By now, only few people still fall for the sharing theater of the extractive platform economy and its deceptive ‘peer’ rhetoric. Sharing economy monopolies promote their companies as a #woke friend, with their CEOs delivering a ‘we are all connected’ voiceover, ending with mystifying references to environmental sustainability or Occupy Wall Street. Their community managers highjack the values and social capital not only of open source and peer-to-peer projects but also the cooperative movement. The language of innovation is equal part of this linguistic obfuscation. How is a firm innovative when its main focus is the creation of short-term benefits for shareholders? We need to downplay this kind of innovation and instead promote a focus on broader, long-term impact, actual needs, and a people-centered economy.

All too often it seems that all of these challenges — from inequality to exploitation — point to an inevitable future of work in which inequality has significantly sharpened, and the digital economy is in the hand of just four or five players. In his book Average is Over, the conservative economist Tyler Cowen introduces us to one possible endgame for this trend. Soon, he predicts, there will be a superclass of 10 to 15% of the population that will make over $1 million per year. For the bottom 85%, he envi-

15 There have been new developments like the ‘Toronto model’, where Uber has essentially been mandated by the city to subsidize rides for the disabled, but they are far and few between.

sions an annual income along the lines of $5,000–10,000. In Cowen’s vision, there’s nothing that we can do to avert a future in which a tiny ‘hyper-meritocracy’ of Americans enjoy fantastically interesting lives while the rest slog along, tranquilized by free internet and low-paying gigs.

But the future of work is by no means uncontested. As this economy is not working for most people, the need for alternative economic models is as pressing as it is apparent. It is time for cooperatives to speak truth to platform capitalists. They can re-envision the internet–mediated economy as something that can work for the benefit of all its stakeholders, not just shareholders.

**Humane Alternatives to the Winner-Takes-All Economy**

Platform cooperativism is about economics by other means. It is a nascent but growing political and economical movement that builds a fairer future of work by joining the values of the cooperative movement with internet technologies — apps, platforms, and protocols. Building on the successes of the free software movement, coop members, technologists, unionists, and freelancers create a concrete near-future alternative to the extractive sharing economy that is rooted in democratic ownership.

By decentralizing the power of apps, protocols, or websites, platform coops allow low and volatile income households to benefit from the shift of labor markets to the internet. Steering clear of the belief in one-click fixes of social problems, the model is poised to vitalize genuine innovation by joining the rich heritage and values of coops with emerging internet technologies.

Platform cooperatives are owned and governed by those who depend on them most — workers, users, and other relevant stakeholders. In their most common form, platform cooperatives are operated through websites or mobile apps that facilitate the sale of goods or services, not unlike other businesses in the platform economy. Platform coops are based on values of pluralistic, egalitarian ownership and worker self-governance, seeking to create a dignified and sustainable digital economy. By returning control of platforms to those whose lives and livelihoods they impact, platform coops make good on the democratizing aspirations of the early internet.

**Platform Coops Build on an Economic Model that Works — It’s Hidden Around Us in Plain Sight**

Platform coops build on the cooperative business model. Coops offer a clear and successful alternative to the extractive economy, with a history that dates back to the Society of Equitable Pioneers, a consumer cooperative of weavers founded in Rochdale in 1844. Today, coops understand the need for businesses to be responsive to all their stakeholders, which include not only the men and women who work for them but also the consumers who depend on them and the communities in which they live. Coops aim to be sustainable, proving by example that alternatives to predatory markets are feasible.

In the U.S. to date, coops have created close to one million jobs with $25 billion in wages and benefits. One in three Americans is a coop member.\(^\text{18}\) 233 million Americans are served by coop owned and affiliated insurance companies.\(^\text{19}\) Worldwide, AC Hardware, REI Coop, Ocean Spray, Mondragon, Associated Press, and FC Barcelona are well known, but because they project few of their cooperative values outward, there is little public awareness of them being coops.

Cooperative businesses worldwide employ 250 million people.\(^\text{20}\) Mondragon, an often-cited example of a thriving coop in a competitive market, is a federation of worker cooperatives that was founded in 1956 in the Basque region of Spain. It is worker-owned but not worker-managed.\(^\text{21}\) At the end of 2013, it employed 74,061 people in finance, retail, and education. Mondragon cooperatives are united by a humanist concept of business, with the general manager in a Mondragon coop making no more than five times the minimum wage paid in his or her cooperative. Compare that to Walmart’s CEO who is paid 1,034 times more than the median Walmart worker.\(^\text{22}\)

Existing platform coops and the larger ecosystem. Can platform coops overcome the challenges of inequality, crowd fleecing, systemic racism, and invisible labor? A few examples will sketch an overview of the platform cooperative ecosystem.

The labor-brokerage **Up & Go** is a platform that connects users with professional house cleaning services provided by low-income immigrant women who organized in local cooperatives.\(^\text{23}\) The platform is cooperatively owned and governed by the women who use it. As owners, they decide how they want to provide their services to clients. 95% of Up & Go’s profits go to the workers in a market where corporate platforms take 25 to 50%. Up & Go provides access to dignified work for low-income communities and offers a living wage in an industry of predominantly Latino and African-American women, to the benefit of their families and children.

The music-streaming site **Resonate** offers a stream-to-own model driven by blockchain technology.\(^\text{24}\) Resonate is a multi-stakeholder cooperative that gives stakeholders democratic control: artists (45%), listeners (35%), employees (20%). The coop pays musicians 200% more on 100,000 plays than Spotify.

**Fairmondo** is a cooperative online marketplace for ethical goods and services serving Germany and the UK. It is owned by a diverse group of stakeholders — buyers, sellers, workers, and investors — who exercise democratic control over the platform through the one-member-one-vote principle.\(^\text{25}\) Contentiously, Fairmondo

\(^{19}\) Ibid.
\(^{23}\) https://www.upandgo.coop/.
\(^{24}\) http://resonate.is.
\(^{25}\) http://fairmondo.de.
describes itself a cooperative alternative to Amazon and eBay, with the goal of de-
fying such ‘winner takes all’ marketplaces.

MIDATA is a cooperatively owned, Zurich-based, online platform that seeks to serve
as an exchange for members’ medical data. Using an open-source application, mem-
ers can selectively and securely share their medical data with doctors, friends, and
researchers. For-profit researchers are charged a fee, negotiated by the cooperative,
for the opt-in use of users’ data. These funds are used for the development and ad-
ministration of the cooperative, with all surplus funds directed to public-good projects
selected by the cooperative. The cooperative aspires to use medical data as a proof-
of-concept for how cooperative data-aggregation can provide a safe way of monetizing
user-data for social benefit.

Green Taxi Coop, launched in 2015, is a cooperative taxi service that uses a mobile
phone app. It has 800 members among which are immigrants from thirty-seven coun-
tries. The Communication Workers of America Local 7777 helped clear regulatory
hurdles for them and leased Green Taxi Coop a basement office. The coop received
$2,000 from each driver for startup costs and today, it holds a third of the ride-hailing
market in Denver, Colorado.

These five examples can give you a sense of the various forms of platform coops. But
there is more. For me, 2014 was an intellectual turning point; I developed the concept
of platform cooperativism but a directory of this ecosystem did not yet exist. But it was
immediately clear that as an ecosystem, the organizations that supported platform
cooperatives were equally important actors. They provided them with, for instance,
payment systems (think: GratiPay) or democratic decision-making tools like Loo-
mio. Thanks to the work by the team at Internet of Ownership, close to 200 platform
cooperatives and related organizations worldwide have now been counted. These
businesses operate in sectors like short-term rental, transportation, data, finance, food,
governance, home services, music, and news. Platform coops are part of the scaffold-
ning on which a fairer future of work will be built.

Stocksy United
Let’s have a closer look at Stocksy. In early 2000, Bruce Livingstone founded the stock
photography company iStockphoto, which reached near-immediate profitability. iS-
tock was the first website of its kind and grew to support a vibrant community of free-
lance photographers. In 2006, Livingstone sold the company to Getty Images, one of
the largest American stock photography agencies, for fifty million dollars. Livingstone
resigned just three years later.

27 Out of the 800 members, only about 280 were active in 2017.
28 https://gratipay.com/about/.
29 https://www.loomio.org/.
30 http://ioo.coop.
cnet.com/news/istockphoto-founder-ceo-leaves-getty/.
Though Getty had paid 29% of revenues to photographers in the first year after its purchase, the average rate for stock photographers at the time, the proportion of revenues it paid out would eventually fall to just fourteen. As the reason for his forced resignation, Livingstone would later cite his refusal to enact policies of profit-maximization, to the detriment of iStockphoto’s community. Tensions in the community grew, with calls by iStockphoto contributors for the representation of photographers in the company but Getty Images refused. Brianna Wettlaufer, the number four employee at iStockphoto, said of that period, ‘Everyone had the same story. They were feeling disenfranchised. They weren’t creatively inspired anymore. The magic was gone.

In March 2013, Livingstone and Wettlaufer founded a new stock photography website, Stocksy United, with the funds from the sale of iStockphoto. For Livingstone and Wettlaufer, Stocksy United was a chance to make a better platform, informed by their experiences at iStockPhoto. The duo chose a cooperative model as a way of protecting photographers' interests and ensuring that a repeat of the Getty Images buyout could not occur without the majority support of the cooperative’s members. Wettlaufer: ‘We realized we could do it differently this time. We could enter the market with a model that ensured artists were treated fairly and ethically.

How it Works. Stocksy United is registered in British Columbia, Canada, as laws in the United States are too restrictive to efficiently manage the payment of photographers in countries across the globe. As Stocksy United’s more than 960 members reside in sixty-five countries, laws amenable to global operations are a prerequisite. If global platform cooperatives are to become a more common challenge to investor-backed firms that incorporate in each national market they enter, there is a an urgency to work with local policymakers to secure regulatory frameworks which can support them.

Stocksy United’s low membership is a strategic decision the cooperative has made in an attempt to sustainably scale itself. It began with 500 photographers and only later opened applications for 500 more, but they still receive around 5,000 applications a year.

38 Cortese, ‘A New Wrinkle in the Gig Economy’.
39 Brianna Wettlaufer, presentation on Stocksy United, notes made by author in attendance, 23 May 2017.
40 Nuno Silva, presentation on Stocksy United in Sydney, notes made by author in attendance, 23 May 2017.
A lot of the other agencies have upwards of a million contributors, and at that point everybody’s uploading the same thing shot in ten different ways, and people are fighting over that one sale because the profit is so dispersed. We wanted to keep the numbers low enough that people’s portfolios could sustainably grow, and their income could similarly grow.\(^\text{41}\)

According to Livingstone, this slow growth has allowed cooperative members to get to know each other on a personal basis, writing to each other on forums hosted by Stocksy United and helping to create a tightknit community. When photographers stop participating in discussions or begin to submit fewer photographs, these interpersonal relationships allow management to reach out and resolve the issue. To ensure there is no rupture in these bonds, prospective applicants are judged specifically on their difference from the already contributing photographers. Livingstone noted that, ‘If someone’s shooting particular content in a particular style, and then we bring in someone who’s doing the same thing, that’s no longer going to be a collaborative relationship — it’s going to get very competitive.’\(^\text{42}\)

In 2015 Stocksy United brought in $7.9 million in revenue, doubling its 2014 revenues, and paid more than half of that — $4.3 million — in royalties.\(^\text{43}\) While most stock photography firms pay 15 to 45% of sales, Stocksy United pays photographers 50% of revenue from non-exclusive licenses and 75% from exclusives.\(^\text{44}\) 2015 was also the first year the platform brought in surplus revenue, which allowed it to pay $200,000 to the cooperative’s membership as dividends.\(^\text{45}\) The trend continued into 2016, with the cooperative generating $10.7 million in sales, allowing it to pay $300,000 in dividends.\(^\text{46}\) As a multi-stakeholder cooperative, there are three different categories of members which are afforded different proportions of this surplus under Stocksy United’s bylaws: the founders and full-time staff each receive 5% and contributing photographers receive 90% divided in proportion to individual photographers’ earnings on the platform.\(^\text{47}\)

As the Stocksy team is not planning to increase the number of photographers beyond the 1,000 mark, it is reliant on the output of that relatively small group. They have to deliver a product that holds up to Stocksy’s criteria. To achieve that, the cooperative runs online training that aims at showing photographers the way to take photographs that will be accepted, a process which develops the talent of the photographers and increases the value of the product. Rather than a race to the bottom with countless photographers competing with ever lower price offerings and huge quantities of images, Stocksy United invests in their photographers. Continuing education, one of the rules that I had defined for good digital work in 2014, is part of Stocksy United’s business model.

\(^\text{42}\) Ibid.
\(^\text{43}\) Cortese, ‘A New Wrinkle in the Gig Economy’.
\(^\text{44}\) Ibid.
\(^\text{45}\) Ibid.
\(^\text{46}\) Email exchange with the author. June 2017.
\(^\text{47}\) Brianna Wettlaufer, presentation on Stocksy United, notes made by author in attendance, 23 May 2017.
Ownership. Stocksy United is a producer cooperative which is a form similar to but distinct from ‘worker-owned’ cooperatives. While worker-owned cooperatives take the individual as their base unit of membership, classifying members as employees of the cooperative, producer cooperatives are typically comprised of individual businesses that share cooperatively owned infrastructure to gain advantages from economies of scale.\(^ {48}\) For example, farmers who belong to the producer cooperative Land of Lakes share the costs of processing and distribution facilities, as well as a brand name under which to market their goods, but still function as independent businesses with mostly independent paths to market.\(^ {49}\)

Similarly, photographers who are members of Stocksy United are not employees, but rather independent producers who cooperatively own the platform which markets and sells their work. According to Wettlaufer, this producer-cooperative model was chosen because though photographers are interested in having an outlet for their work that treats them fairly and ethically, they tend to not be interested in the demands of the coop model itself.\(^ {50}\) Stocksy leadership is learning how to engage members to teach them about the coop model and to give member-owners more of a sense of co-governance.

To become a member of the cooperative, applicants must submit a portfolio of their work for review through Stocksy’s website. The artists selected from that pool are contacted for a more complete submission of full-resolution sample images.\(^ {51}\) The cap on cooperative membership to one thousand photographers allows for close observation of members’ contributions, part of Stocksy’s goal of supporting career photographers, not just people churning out cheap, ‘stocky stock’ product.\(^ {52}\)

Governance. Stocksy United’s governance structure is broken down into three groups, with each group having a different level of involvement in the scale of the cooperative’s operations. Class A is composed of the founders and senior advisors. Class B is staff: the people who run the day-to-day. Class C is the photographers. Major decisions — such as changing the terms of profit sharing, or business strategy — are presented to the members for a vote in annual general meetings where any member can propose a resolution.\(^ {53}\)

A resolution model based on member votes not only demands organizational transparency, it also gives members tangible voice in the big-picture operations. The pragmatic potential of the resolution process was made remarkably evident when the


\(^{50}\) Brianna Wettlaufer, presentation on Stocksy United, notes made by author in attendance, 23 May 2017.


\(^{53}\) Trebor Scholz and Nathan Schneider (eds), Ours to Hack and to Own: The Rise of Platform Cooperativism, a New Vision for the Future of Work and a Fairer Internet, New York City: OR Books, 2016.
members — by a margin of 400 votes to four — voted to change the profit sharing of extended licenses, accepting a decrease in payment to 75% from 100% profit margin. The member-approved decision to reinvest value into the coop, instead of retaining it as individual members, was, according to Wettlaufer, ‘a really proud moment — of everyone being truly committed to what was best for the company, and what was best for them.’

While the prospect of upwards of a thousand people meeting to discuss strategic planning may sound daunting, Stocksy United’s track record demonstrates that the method of member-based resolution is feasible. Cooperatives aren’t always more work, as some critics have leveled. (Or, as Oscar Wilde put it, ‘The trouble with Socialism is that it takes too many evenings.’) Wettlaufer: ‘It’s a matter of where you invest your efforts, because at the end of the day if you’re a business, you’re always accountable to somebody, and if you can choose who you’re accountable to, I would always want to choose members.’

What differentiates Stocksy United from traditional stock photography websites is its focus on quality over quantity. Wettlaufer says that the cooperative’s members are proud to host only 700,000 photos, an exceptionally low number in an industry where the volume of photos on offer is considered a key to success. Cooperative members use a private channel to examine new submissions, up and down voting them to determine which are appropriate for the site. Content curators reject about 50% of photo submissions and an even higher percentage of video content.

The goal is to avoid the quantity trap of the micro stock industry which iStockphoto invented. Stocksy United claims a certain prestige position in the stock photography industry. It has sold photos to 124 of Fortune 500 firms and its photos have appeared in magazines like Elle and Glamour. By paying its photographers fairly and giving them voice in the cooperative’s operations, the cooperative has been able to avoid a race to the bottom and produce what it calls ‘sustainable stock’ that will not be diluted as the platform’s catalog grows.

Making Good
Platform cooperativism is only a few years old; it’s still an unproven economic model but its cultural influence is hard to ignore. Cooperativists are working on the ground

54 Anna Bergren Miller, ‘Interviewed’.
55 Ibid.
57 Nuno de Silva, presentation on Stocksy United, notes made by author in attendance, 23 May 2017.
58 Ibid.
59 Ibid.
61 Amy Cortese, ‘A New Wrinkle in the Gig Economy’.
62 Brianna Wettlaufer, presentation on Stocksy United, notes made by author in attendance, 23 May 2017.
and scholars, going beyond advocacy and inspiring articles, founded a new subfield of academic research focusing on platform cooperativism: what works and what does not in terms of novel organizational forms and startup methodologies.\textsuperscript{63}

With the fast-approaching baby boomer retirement wave, where business owners may be amenable to buyouts by workers, the conversion of dated infrastructures into platform coops also becomes a viable strategy to expand the model. Similarly, the taking over of failing venture capitalist–funded platforms has become a possible avenue of conversion.

The \#WeAreTwitter\textsuperscript{64} campaign inspired scores of journalists, geeks, coop leaders to think about ownership and governance of the platforms that we rely on most. It made a name for itself. As a practical proposal, the campaign had only modest success when, in May 2017, Twitter’s shareholders voted on whether to discuss the transformation the platform into a user-owned cooperative. Over 4\% of Twitter’s shareholders voted in favor of discussing the proposal and it is now eligible to be debated again at next year’s board meeting.

The Benefits of the Platform Coop Model
Platform cooperatives have numerous advantages over the traditional start-up model, both in terms of market competition and societal benefit.

\textit{Protection from exploitation}. Workers are protected from exploitation because they co-own and steer the cooperative. Budgets and other financial data are transparent to members in platform coops like Fairmondo.

\textit{Lower retention costs}. Retention is less of an issue on a platform where ownership, transparency, and control protect workers from exploitation. It should surprise no one that, given the extractive practices of Uber, 50\% of drivers quit the platform after six months, and only 4\% of drivers make it a full year.\textsuperscript{65} Stocksy showed that photographers who are well compensated, being trained, and who have a say in what happens on the platform, will stick with it.

\textit{Surplus revenues are transferred to members}. Surplus revenue is seen by extractive platforms as capital to be used for reinvestment or to be doled out as dividends to investors. In contrast, numerous platform cooperatives return surplus revenue to member-owners at the end of the year. Stocksy, which paid dividends of $200,000 to its members in 2015, uses this model but also Fairmondo, which returned 25\% of its yearly surplus to members.

\textsuperscript{63} Fewer millenials tolerate burnout in traditional structures. Top-down firms increasingly fail to hire talent. How can platform coops structure themselves to welcome such young professionals? How can they attract corporate dropouts?

\textsuperscript{64} http://buytwitter.org.

Lower failure rate. 80% of cooperatives survive their first five years in business, as compared to 41% of other business ownership models. On the one hand, this may be because worker cooperatives are themselves more productive than conventional businesses, ‘with staff working ‘better and smarter’ and production [being] organized more efficiently’. On the other, the belief in a cooperative’s mission, can keep the business afloat long enough to achieve success. While Fairmondo is now self-sustaining, its communications-lead, Christian Peters, describes that up to now, Fairmondo was ‘mainly carried by the ideology of the people who work’ there.

Money flows within local communities. Corporate platforms use their intermediary status to exact high rents on workers’ earnings. This means that a large portion of money, which would have passed between the local participants of each transaction is siphoned out of the community.

Against short-termism and the growth imperative. The Silicon Valley model motivated by ‘exit’ rather than sustainable business has been perfected: 1) invest in a startup, 2) develop its technology just enough to grow a user base, 3) sell to a larger company for a golden payday. This mode of thinking breeds apostles of short-termism and growth at all costs.

Prospect of a cooperative data commons. For-profit companies that rely on the monetization of users’ data, such as Facebook, FitBit, and personal-genoming service 23andMe, do not pay users for the valuable data that they generate. Essentially, people are performing uncompensated data labor. Unlike corporations, the advantage of coops is that they are explicitly designed to benefit each other. The health data cooperative MIDATA aims to allow users to come together and monetize the health-related data, which they generate, particularly the genetic data of which we all have an equal amount. While MIDATA will donate all its surplus revenue to public-benefit projects, co-founder Ernst Hafen has noted that data cooperatives in developing countries could generate a meaningful revenues for their populations. Amidst a broader discussion about privacy as a right versus privacy as a commodity, a cooperative data commons is in reach.

Advantages Despite Obstacles
While several key obstacles to the proliferation of platform cooperatives pose difficulties to the model’s expansion, they are in no way insurmountable.

Funding. The greatest challenge faced by platform cooperatives is the acquisition of funding in the absence of venture capital investment. So far, member-founders, members of multi-stakeholder coops, and foundation capital have often borne the brunt of startup costs. The Platform Cooperativism Consortium and Outlier Ventures.io are experimenting with a platform coop crypto token that could pay FLOSS pro-

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68 Felix Weth, Christian Peters, Merlint, and Fairmondo staff in discussion with the author, 2015.
grammers. Redundant costs could be greatly reduced if the code bases of platform coops would be made freely licensable for other coops.

**Governance.** The problem of governance of distributed workers is unresolved. Platform cooperatives, however, explore new models of worker representation following the one-worker, one-vote model, but no dominant form has emerged so far. Governance models focus on tools like Loomio and the democratic representation of different stakeholders via the election of board members.

**Marketing.** The marketing resources available to platform cooperatives are dwarfed by those of incumbents like Uber and Airbnb who spend millions of dollars to seed network effects in individual cities. Guerilla marketing projects like Crowdacting should also leverage the vast social networks of conventional cooperatives.69

**Value proposition.** Platform cooperatives must keep their eyes on a strong value proposition. They need to build dignified workplace practices that are also a sufficient draw for consumers.

**Network effects.** As user bases grow, the value of a platform increases exponentially. As platforms accumulate data, the efficiency of their algorithms rapidly increases. One solution for this may be to create federations of local cooperatives, which can scale locally while still benefiting from their participation in larger networks. Alternatively, platform cooperatives may find their greatest success when they are able to enter untapped markets too small to hold interest for the Big Five.

**Regulation.** Finally, the regulatory inroads of incumbent platforms serve as something of a double-edged sword; while, for example, Uber’s challenges to local regulations prohibiting non-licensed ride-hailing services opens up space for ride-hail platform cooperatives, they are also able to lobby to eliminate regulations that favor platform cooperatives.

Broader questions still remain. Will any of the historical disadvantages of coops be offset by the technological affordances of platform cooperatives? What models for democratic governance effectively account for the reality of dispersed gig-workers? What is the reason that relatively few coops have decided to enter the digital economy? Is voting for a board of directors sufficient? Are there existing funding solutions that have been overlooked, such as blockchain-driven social currencies and crypto-tokens? What interface design models can counteract the harmful racial dynamics of online labor markets such as TaskRabbit? What sectors are most promising for the growth of this model? How can the principles of economic democracy — which drove the 20th century cooperative movement — be brought into, and accelerated, in today’s emerging digital economy? How can investors in the digital economy make a fair return while these types of platforms achieve sustainability? How can we find a framework of analysis that goes beyond the success or failure dichotomy given the diverging forms of value creation that may play out over the long- rather than the short term?

69 [https://www.youtube.com/watch?v=u6tqZqoh8DY](https://www.youtube.com/watch?v=u6tqZqoh8DY).
Platform cooperativism can serve as a remedy for some of the corrosive effects of capitalism, serving as a reminder that work can be dignifying rather than diminishing for the human experience. Platform cooperatives are not a panacea for all the wrongs of platform capitalism. They will have to tie in with the diverse efforts of the solidarity economy, the pro-commons movement, b-corps, green activists, localist movements, and others. There is a common fight and platform cooperativism can do its part against the shared enemy of exploitation. It’s time to weave some ethical threads into the fabric of 21st-century work.

References


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