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Taxi Cooperatives as an Alternative to Uber

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Abstract The advancement of technology and digitization has enabled the development of online platforms that represent the basis of the emerging sharing economy. Critics of the sharing economy argue that these online platforms do not serve the interests of their users, but mainly the interests of their owners and investors. That is why they propose fostering the development of an alternative to the currently predominant business model within the sharing economy, in the form of online platform cooperativism. The Uber global corporation and local taxi cooperatives are presented as model examples. To serve the interests of its investors and owners, Uber is changing the existing taxi industry, resorting to tax optimisation techniques and evading current regulations, while local taxi cooperatives act in the interests of their members and in compliance with cooperative principles, embodying a well-functioning alternative to Uber.

Keywords: • sharing economy • economy • online platforms • Uber • cooperativism • taxi

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1 Introduction

Smartphones and other smart electronic devices combined with software have resulted in innovations that challenge the concept of traditional forms of passenger transport, both within local communities and over longer distances. With the emergence of online platforms such as Uber and other similar platforms, the user has gained a user-friendly service, the option of non-cash payments, route traceability and payments through registered e-mail, predictable transport costs, and the ability to contribute to a driver's rating. It is virtually impossible to find an averagely mobile person who has not yet had a very bad experience with taxi services in at least one, if not in several countries. At first glance, it would seem that online platforms offer a solution to these less than pleasant aspects of taxi transport. As usual, the first impression does not show the entire picture. Just because a model is successful and very user-friendly, that does not necessarily mean that the holy grail of local passenger transport has been discovered. Online platforms are not limited to the transport sector, as they are taking over an increasing portion of various occasional and temporary services within the newly emerging sharing economy. Through these online platforms, the sharing economy is changing the way consumers interact with service providers. Service providers in the modern sharing economy are also bringing about changes in the labour market. As a result, some aspects of the sharing economy and of the business models that online platforms such as Uber rely on, have been on the receiving end of a great deal of criticism, due to their business practices. Much of this backlash has been directed towards Uber's online platform, which is even embroiled in some legal battles. Sadly, the backlash has spread to the individual providers of transport services who use the Uber platform, as there have been reported cases of physical attacks or attacks on their property (vehicles). Due to its fast growth and global presence, Uber has become a symbol for the criticism of the predominant model of the sharing economy. At the same time, we must acknowledge that it has brought a much-needed breath of fresh air into the taxi passenger transport sector in local communities.

Based on an analysis of accessible primary and secondary sources, we first outline the theory of the sharing economy and its criticism using a case study, after which we use deductive reasoning to move from the general—the theory—to the specific—the case of the Uber online platform. The case study of Uber's online platform consists of an analysis of the company's business model, followed by a critical evaluation of the said business model. On this basis, we proceed to the study of a specific case of opposition to the attempt to bring Uber to Slovenia and unveil the reasons given for this opposition. Then, in order to present a potential alternative way of providing transport intermediary services in Slovenia, we first introduce an alternative solution to the currently predominant business model of companies within the sharing economy by presenting a case study of the proposal of platform cooperativism, which is also the theoretical basis for an alternative solution to the passenger transport intermediary business model offered by Uber, in the form of taxi cooperatives. An alternative model of this kind is already used in Indonesia and in some cities in the US. Therefore, we begin by presenting a policy analysis of these adopted public policies. We conclude our presentation of an alternative solution for passenger transport in the form of taxi cooperatives with a case study of three taxi cooperatives in the United States. In the conclusion, we evaluate each adopted policy currently in place, based on the presented theory, policy analysis and case studies, and recommend the establishment of a taxi cooperative as an alternative to the Uber online platform on the basis of an ex-ante evaluation of the presented public policies.

2 The Sharing Economy

The sharing economy is characterised by a new wave of companies that use online platforms to connect consumers to providers of various services, such as short-term apartment rental, passenger transport or housekeeping. One of the leading and most recognizable online platforms of this wave of new companies is Uber's online platform. Uber is an extremely fast-growing company that provides passenger transport services and represents the best example of how online platforms can redefine the traditional ways in which industries operate. Besides Uber's online platform, other new platforms are emerging, as other companies operating in many other industries are following suit. Goodwin has famously written that Uber, the world’s largest taxi company, owns no vehicles, Facebook, the world’s most popular media owner, creates no content, Alibaba, the most valuable retailer, has no inventory, and Airbnb, the world’s largest accommodation provider, owns no real estate. The “supporters” of the sharing economy describe it as a new way of doing business and even as a new kind of social movement. At its core, it is a crossroads where trade, providing services and conducting business in the digital world meet. Many of these new online platforms come from the epicentre of the American high-tech sector in Silicon Valley, which has produced some of the world’s richest people, but which has also built its identity on the idea that it is changing the world for the better. Thus, the Internet is making the world a better place and not only gives people new and better devices and wider access to information, but is also reshaping the way our society functions. The sharing economy started gaining attention in 2013 and 2014. It came with the promise of something that many found very attractive—informal exchanges, such as ridesharing, renting an electric drill or running errands for your neighbours with the help of the internet, which makes it possible for many people to connect with each other and depend less on corporations that are out of touch with the common man. Each exchange was supposed to help one of the participants make some extra cash and the other one save some time. By participating in the sharing economy, rather than being passive consumers, people are supposedly contributing to the betterment of their community, thereby co-creating a more open society where everyone helps each other and shares with each other (Slee, 2015).

However, the term sharing economy itself is subject to debate, as there are differing views regarding the appropriateness of the term. The Slovenian term is a translation of the American term sharing economy. In Slovenia, this term has been "adopted by the publications Finance, Delo and Mladina" (ZRC SAZU, 2017), and accepted as the most suitable by the Terminology Dictionaries Section at the Research Centre of the Slovenian Academy of Sciences and Arts (Ibidem). In its European agenda for the collaborative economy, the European Commission notes that the "term collaborative economy is often interchangeably used with the term ‘sharing economy’" (European Commission, 2016: 3). The European Commission also states that this is "a rapidly evolving phenomenon and its definition may develop accordingly" (Ibidem). In its agenda, the European Commission defines the collaborative economy as "business models where activities are facilitated by collaborative platforms that create an open marketplace for the temporary usage of goods or services often provided by private individuals" (Ibidem). At the same time, the Commission states "collaborative economy transactions generally do not involve a change of ownership and can be carried out for profit or not-for-profit" (Ibidem). In this regard, the European Commission states that the collaborative economy involves "three categories of actors: (i) service providers who share assets, resources, time and/or skills. these can be private individuals offering services on an occasional basis (‘peers’) or service providers acting in their professional capacity ("professional services providers"); (ii) users of these; and (iii) intermediaries that connect—via an online platform—providers with users and that facilitate transactions between them (‘collaborative platforms’)” (European Commission, 2016:3).

The appropriateness of the term sharing economy and its definition are just as controversial in the United States, where it originated. Although many in the technology industry and in the media still refer to Uber's online platform as a form of the sharing economy, many others disagree with this label. Steven Greenhouse, a former reporter for the New York Times, argues that the exchange of work for wages has nothing to do with sharing. Venture capital investor Fred Wilson also remarks that Uber is not an example of the sharing economy, but an example of the rental economy, as nobody is sharing anything with anyone and transport services providers are primarily using Uber to make money. Uber employs the term sharing economy primarily as an advertising and PR tactic in its ongoing battles with regulators. Uber's use of the term that has the word sharing in it is driven primarily by its business model’s needs for deregulation and by the hope that the word will impart a sort of false connotation of altruism. The New York Times, the Wall Street Journal and the Washington Post have started to use other terms in its stead, such as on-demand economy and gig economy, which differ in meaning from the sharing economy and are becoming increasingly popular (Roberts, 2015). While the appropriateness of the term may be up for debate, the term "sharing economy" is still largely used to describe this new form of economy and business ecosystem that is present worldwide (PwC, 2015:14). For the purposes of this paper, along with the described reservations, the sharing economy shall be an appropriate syntagm for describing this new form of economy.

The economic system that falls under the umbrella term sharing economy can be described with the following characteristics (Sundararajan, 2016: 26-27):
1. It is largely market-based: the markets enable the sharing of goods and new services and potentially higher levels of economic activity.
2. It has a high-impact capital: it opens up new opportunities for assets, skills, time and money that people can use more directly and at levels closer to their full capacity.
3. It operates through crowd-based networks rather than centralised institutions or hierarchies: the supply of labour and capital is derived from a decentralised crowd of individuals rather than centralised and hierarchical organizations, and exchanges are mediated directly through distributed crowd-based marketplaces rather than through a centralised third party.
4. It blurs the lines between the personal and the professional: the supply of labour and services often commercialises and widens the scope of activities that once used to be considered “personal”.
5. It blurs the lines between full-time employment, occasional work, temporary work, independent and dependent employment, and between work and leisure: many traditionally full-time jobs are supplanted by contract work that features different levels of time commitment, dedication, granularity, economic dependence, and entrepreneurship.

The sharing economy, with its broad definition of the ecosystem of this phenomenon, already has a strong economic impact, which is expected to intensify further in the future. PricewaterhouseCoopers estimates that this sector is undeniably quickly becoming extremely large and that the leaders of the economy should start taking this phenomenon seriously.

3 Criticism of the Sharing Economy

Critics of the sharing economy find that it has not fulfilled its promises and people’s expectations and even that it has been a failure. The sharing economy has spread, in a callous and deregulated manner, onto a once well-protected market and is becoming a form of control where workers in the service sector are constantly being monitored and where the heads of corporate management in companies that run online platforms talk a good game about the benefits for their consumers and for local communities. Meanwhile, control is becoming increasingly centralised. The sharing economy creates a market for a new form of consumption, where those who are participating in it are treated unequally. Instead of everyone being more free and gaining more control over their own lives, the ones benefiting the most from the sharing economy are large corporations, with most of the revenue going to investors and most of the rewards being reaped by well-paid managers, programmers and marketers. They are able to do this by circumventing the safety systems and regulations that were put in place through years of efforts aimed at improving working conditions for employees or by simply eliminating them and replacing them with increasingly precarious and poorly paid forms of labour for those who actually work within the sharing economy (Slee, 2015). Much of this criticism is mainly directed towards Uber, which is also the best representation of the challenges facing the sharing economy. Uber is one of the fastest growing tech companies in the world, but thanks to its way of conducting business, it has also been the target of numerous massive protests by taxi operators. The Uber online platform has even been banned or restricted by courts, as it poses unfair competition to the regulated taxi industry (Petropoulos, 2016).

Despite the aforementioned criticisms of the sharing economy, the European Commission notes that "In view of the significant benefits that new collaborative economy business models can bring, Europe should be open to embracing these new opportunities. The EU should proactively support the innovation, competitiveness and growth opportunities offered by modernisation of the economy. "(European Commission, 2016: 16). At the same time, the European Commission notes that "it is important to ensure fair working conditions and adequate and sustainable consumer and social protection." (Ibidem). The announced arrival of Uber in Slovenia has spurred a public debate on the functioning of the sharing economy.

Uber's online platform was created in 2009 and first started operating in San Francisco (Hartmans and McAlone 2016). The basic premise behind Uber is quite simple: the user uses a mobile app on a smartphone to request a ride. The app was originally intended as a high-end service to hire luxury black cars, called UberBlack, but Uber has now expanded to include cheaper transport services under the name UberX. According to Uber, the service allows the people who use their online app to earn an income in a flexible way, by providing transport services to the users of their platform. The company's value is constantly increasing, as more and more investors are getting on board, due to the expected profitability. Meanwhile, the company is successfully resisting its competitors and the regulators, and has transformed itself into a sprawling logistics company that remains steadfast under mounting pressure from the taxi industry and its own drivers (Hartmans and McAlone, 2016). The global dimension of Uber's impact, which has also had a strong influence on the development of other services within the sharing economy, has fostered a lot of discussion as to whether such a business model will have a positive or a negative impact on the future of work (Hall and Krueger, 2015:1). Critics of the sharing economy and those who oppose Uber's business model have been warning about the possible negative impact. Uber does not employ its drivers, but considers them instead as independent business partners, who provide transport services to customers through their online platform (Hall and Krueger, 2015; 1). The company does not own the cars used by the drivers, but instead enters into contractual relationships with its partners, who are providers of transport services, and acts as an intermediary between the drivers and the passengers, who request a ride directly through the application. The price is determined by Uber and the financial transaction is carried out through their application, with 70% to 80% of the profits going to the driver, while the rest is retained by Uber (Petropoulos, 2016). A large portion of the criticism has to do with how Uber optimises its revenue from a tax standpoint. According to Fortune magazine, Uber uses a sophisticated fiscal structure, similar to that of other tech companies, such as Google and Facebook, to optimise its revenue in terms of taxes. Whenever a passenger completes a ride via Uber outside of the US, the payment is processed via Uber's Dutch subsidiary Uber B.V., which then transfers the aforementioned 80% to the driver who carried out the service via yet another Dutch subsidiary and keeps the remaining percentages as revenue. Uber's subsidiaries Uber International C.V. and Uber B.V. have a license agreement, in which Uber B.V. has to pay a royalty fee to Uber International C.V. for the use of Uber's online app that connects the passengers to the drivers. Under the terms of this agreement, Uber B.V. is left with an operating margin of 1%, after subtracting the costs of operation. The rest of the profits are sent to Uber International C.V., registered in the Bahamas, while, under Dutch law, Uber B.V. is not taxed for the royalty payment. For example, if a passenger hails an Uber in Rome and pays $100 for the ride via the online app, Uber transfers $80 to the driver. Of the $20 left over, Uber subtracts its operating costs and the remaining income is not taxable. The Dutch company Uber B.V. will only book 1% of the $20 in revenue, or 20¢, as taxable income. The remainder of its own income, minus its costs, will be paid as royalties to Uber International C.V., untaxed. Of the $20 in revenue from acting as an intermediary between the driver and the passenger, Uber only pays the 25% corporate income tax on the 20¢, which is 5 cents from a $20 income from intermediary services between the driver and the passenger. A large share of Uber's revenue is, thus not taxed (O'Keefe and Jones, 2015).

Most of the criticism of Uber's online platform is directed primarily towards their UberX service, which allows anyone to work as a non-professional driver. Although the low prices of these transport services do benefit the consumers, the providers of more traditional and regulated taxi services warn that they constitute unfair competition and lead to lower safety standards for passengers. A service such as UberX could only fall under the definition of the sharing economy if the driver would be driving the same route in any case, with or without the passenger with whom he connected via the app. When the driver transports the passenger from point A to point B solely because the passenger requested the ride, this fits the definition of a taxi service that uses an online platform (Meelen and Frenken, 2015). Uber's success has been detrimental to the traditional taxi industry. Taxis are heavily regulated: mileage is clearly defined and the drivers must pay a license in order to work. In some countries, these licenses are rare, and have therefore gained value, as the urban population increased. With the arrival of Uber's business model, the value of such licenses has been drastically reduced, as the drivers who use Uber's UberX service are not required to have a license to enter the market. Therefore, their competitors are no longer protected by a license. As a consequence, Uber has made the conditions needed for taxi services to operate successfully much worse. This has prompted taxi companies in Europe to protest and demand legal protection, as they allege that Uber violates local taxi regulations and thus constitutes unfair competition. Following the protest, Uber has been banned or hit with harsh restrictions in Belgium, France, Germany, Italy and Spain. It turned out that regulatory bodies around Europe were not ready for platforms like Uber and failed to react adequately to their emergence (Petropoulos, 2016).

Upon its arrival in the European Union, Uber has had to face many local transport service providers, who did not take too kindly to this modern corporate success story. In two cases so far, the Court of Justice of the European Union (CJEU) has ruled differently than Uber would have wanted. The first court case was started by a professional taxi drivers' association in Barcelona, Asociación Profesional Elite Taxi, which brought action against Uber Systems Spain SL. The referring court, Commercial Court No 3, Barcelona, Spain, asked the CJEU to rule on what kind of services Uber is providing in Spain: whether they can be classified as information society services or transport services. Elite Taxi suggested that Uber Spain should be considered accountable for unfair competition and ordered to cease all activities constituting unfair competition. In particular, the unfair competition allegation referred to the fact that Uber companies allow users to book rides on demand by means of a smart mobile device and the Internet. The referring court found, among other things, that neither Uber Spain nor the owners nor the drivers of the vehicles had the licenses required under the local regulations of Barcelona. Uber Spain defended itself by denying any infringement of transport regulations. Their defence was that Uber's application in Spain, as well as everywhere else on the territory of the EU, is operated by the Dutch company Uber BV. In their view, Uber Spain was only performing advertising duties on behalf of Uber BV.

Directive 2000/31, which regulates the liberalization of information society services, applies to services that are, in principle, entirely transmitted by electronic means. The combination of intermediary services by means of an application and the actual transport service persuaded the Advocate General to rule that this is a case of composite services. Electronic platforms for the purchase of flights or hotel bookings are an excellent example that illustrates when an electronic and a non-electronic service are economically independent or dependent. The intermediary's (electronic) service represents adds value for the trader who provides a non-electronic service, but remains economically independent. The case is different when the provider of the service supplied by electronic means is also the provider of the service not supplied by such means, so that that the two services form an inseparable whole. In this case, it is necessary to determine the main component of the specific service, that is to say, the component which gives it meaning in economic terms. In Uber's case, the main component of its composite service is not the electronic element, but the transport element. Furthermore, we must bear in mind the fact that airlines and hotels operate in accordance with the regulations specific for their sector of activity. In addition, electronic booking platforms do not conduct any prior checks before the start of the activity, while Uber does so with its drivers.

On 20 December 2017, the CJEU decided in the case C-434/15 that the Directive 2000/31/EC (Directive on electronic commerce) "must be interpreted as meaning that an intermediation service such as that at issue in the main proceedings, the purpose of which is to connect, by means of a smartphone application and for remuneration, non-professional drivers using their own vehicle with persons who wish to make urban journeys, must be regarded as being inherently linked to a transport service and, accordingly, must be classified as 'a service in the field of transport' within the meaning of Article 58(1) TFEU. Consequently, such a service must be excluded from the scope of Article 56 TFEU, Directive 2006/123 and Directive 2000/31."

The second EU Court of Justice Uber case is the case C-320/16. The request has been made by Tribunal de grande instance de Lille, France in proceedings before a criminal court in a private prosecution and civil action brought against Uber France SAS, in relation to the illegal organisation of a system for putting non-professional drivers using their own vehicle in contact with persons who wish to make urban journeys (UberPop). The request for a preliminary ruling concerned the interpretation of Article 1 and Article 8(1) of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services (OJ 1998 L 204, p. 37), as amended by Directive 98/48/EC of the European Parliament and of the Council of 20 July 1998 (OJ 1998 L 217, p. 18) ('Directive 98/34'), and of Article 2(2)(d) of Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market (OJ 2006 L 376, p. 36).

The court interpreted Article 1 of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services in a way that a provision of national law that lays down criminal penalties for the organisation of a system for putting customers in contact with persons carrying passengers by road for remuneration using vehicles with fewer than 10 seats, without being authorised to do so, concerns a service in the field of transport. The ruling was expected as it followed the path outlined in case C-434/15, whereby Uber has been classified as a company that offers a transport service rather than a digital service. Therefore, both cases have consolidated Uber's status as a company offering a transport service.

4 Uber's Arrival in Slovenia

The laws and regulations governing the sharing economy and the conditions for the potential entry of the Uber online platform on the market proved to be lacking and inadequate once again when Uber announced its arrival in Slovenia. In September 2016, the then Deputy Prime Minister and Minister of Public Administration Boris Koprivnikar and the Executive Director of Communications at Uber Betsy Masiello signed a joint letter of intent between Uber and the Slovenian Ministry of Public Administration (MJU, 2016a). The intention of the letter was to exploit the social, environmental and economic potential of the growing collaborative and digital economy (Ibidem). The letter of intent was supposed to represent the basis for the conclusion of a Memorandum of Understanding between the Government of the Republic of Slovenia and Uber by the end of 2016 (Ibidem). Those involved quickly realised that there were some unresolved issues concerning the key relationships within these modern businesses, as the existing laws make no provisions regarding these relationships (Koprivnikar in MJU, 2016b) and that this could result in confusion in the fields of labour relationships, taxation, supervision and consumer protection (Ibidem). The signed letter of intent required the active participation of both parties, to ensure that these issues are resolved in a clear and fair manner. This is in the interest of the government, which would be able to offer new modern services to consumers, as well as in the interest of the companies that face numerous issues when entering the market in some countries (ibidem). It was pointed out that Slovenia could be a reference case that could be presented to other European countries, as there are significant differences in the basic regulations of these countries, compared to American markets (Ibidem).

The Government of the Republic of Slovenia and Uber have not signed a memorandum since the end of 2016, which would enable Uber to enter the Slovenian market, despite different predictions at the signing of the letter of intent in September 2016. To date, Slovenia has not yet adopted an adequate regulatory framework that would cover the entire field of the sharing economy. Uber is trying to adapt the current regulations to its needs through aggressive lobbying (Konczal, 2014). Different countries and local communities have different attitudes towards this issue: some have given Uber relative freedom of movement, while others are extremely restrictive. One of the countries that have adopted a very interesting type of regulation for Uber's business model is Indonesia. Indonesia has stipulated that online platforms such as Uber must sign contracts, not directly with the drivers, but with a cooperative that unites all the taxi drivers, who then use the app to offer rides to passengers. The cars are the property of the drivers. The ownership of the cars is not transferred to the cooperative and conducting their business through a cooperative allows the drives to have greater economic and social security and ensures better safety for their passengers, as the drivers must have the required statutory licenses for the provision of taxi services, and safe vehicles (LOC, 2016). Another even more extreme example of how taxi services are regulated in relation to Uber, is Austin, the capital of the US state of Texas. The City of Austin adopted such a strict regulation for passenger transport that the Uber web platform decided not to offer its services in Austin, because it was not willing to meet the same conditions as other traditional taxi companies. However, a taxi cooperative was established in Austin, which fulfils all the statutory requirements, and also connects the passengers to the drivers with the help of an online application (Doherty, 2016). All the criticism directed towards online platforms such as Uber and similar models of the sharing economy has prompted proposals for the creation of online platform cooperatives.

5 Online Platform Cooperatives

Online platforms such as Uber have established a new way of accessing goods and services, while financing their development and growth through venture capital. Although this is in contrast with the image that they like to project, these platforms often do not put the interests of their consumers and drivers first. Uber's business model uses new technologies to ensure a user experience that is significantly better than that of traditional taxi services, but at the same time, it presents itself as something that it is not—an example of the sharing economy in action—and denies what it actually is—a provider of transport services. This is where companies like Uber really differ from cooperatives, which only exist to serve the interests of their members who benefit from a recognised brand, shared resources, lobbying power and collective bargaining power. Uber also offers its drivers a recognised brand, marketing and distribution services, but this is where the similarities between online platforms such as Uber and cooperatives end. From Uber's point of view, their product is a commodity to be dynamically priced to drive greater demand. But from the driver's point of view, the product is a transport service provided by an individual who is not an Uber employee. However, even though the drivers are not their employees, Uber competes with other companies to secure the best drivers, rents smartphones for them, pays them to join their platform, and even offers them the option of buying discounted cars and insurance. Getting the drivers to join the company should only be the first step in a process. The next step should be building a business model that would generate dignity and incentives that accompany co-ownership of those involved in these kinds of online platforms, which is also possible through a cooperative business model (Gansky, 2014).

The development of cooperative online platforms is based on the idea that within the sharing economy, online platforms such as Uber would be organised as cooperatives that would be owned by the people who offer goods and services through them and would not be backed by venture capital investors. This idea was presented at the November 2015 conference organised by Trebor Scholz and Nathan Schneider, who gathered those committed to creating the next generation of shared governance organizations, with the desire of establishing a cooperative structure for online platforms, as an alternative to investor-owned corporations (Sundararajan, 2016: 196-197).

The theory of online platform cooperativism is based on the principles of shared ownership and democratic governance. It combines the tradition of workers' self-management and cooperativism with community network production on the Internet and digital economy. In practice, this refers to online platforms where people spend their free time, work, think, create added value, and to the potential cooperative model of ownership of these platforms. Such a structure could exploit the potential of new technology through cooperative principles and work for the benefit of the local economy. Online platform cooperatives would have to function according to the following principles: common ownership of online platforms; decent work for everyone working for the cooperative; legal certainty, which provides all those involved the right to self-management and expression, and which prevents abusive behaviour, violations and abuse of the rules, as well as excessive control; all workers must have the right to be informed about the activities in which they are involved. Some cooperatives that fit this description already exist and enable workers to become collective owners, so that they no longer have to be in a subordinate position (Scholz v Scholz and Schneider, 2016: 23-26).

The development of the concept of online platform cooperatives is based on:

1. Cloning technologies: such as the Uber online platform, but with the goal of using this technology within a different ownership model based on democratic values, so that the sharing economy does not benefit merely a handful of investors and owners;
2. solidarity: which is currently missing in this sharing economy driven by a distributed and anonymous workforce. Online platforms can be owned and operated by workers, unions, local communities, and various other members of the cooperative;
3. the reframing of concepts such as innovation and efficiency: with an eye on benefiting all, not just generating profits for the few (Scholz, 2016: 14).

Online platform cooperativism will need more than a few great applications to develop: it will require a different kind of ecosystem in areas such as finance, law, public policy, and corporate culture, to support the development of democratic online cooperative enterprises. This means that the cooperative movement will have to seize the opportunities offered by online platforms and by the sharing economy and overcome its obsession with short-term profits (Scholz and Schneider, 2016: 11-13). Since their inception, cooperatives have been responding primarily to the hardships and needs of people and empowering them to address market failures in the form of self-help to members. The raison d'être of any cooperative is to benefit its members. Having this different priority that transcends the pursuit of profit on the market enables cooperatives to achieve different goals on the market than traditional companies (Hunt and Willetts, 2016: 8). A good example of this type of cooperative, which primarily serves the interests of its members and not the interest of outside investors, and at the same time represents a functioning alternative to the business model of the sharing economy of Uber's online platform, are taxi cooperatives in the United States.

Taxi Cooperatives in the United States

In recent years, there has been an increase in the number of taxi workers' cooperatives in the United States. Hundreds of workers-owners joined forces by forming only a handful of cooperatives and jumped a few steps ahead of other industries in terms of workers' ownership. As a rule, cooperatives were joined by previously independent entrepreneurs and workers who worked as subcontractors. They were motivated to join because of the structural changes in the taxi market and the high degree of exploitation by certain taxi company owners, as well as poor working conditions. Although they found a solution to their problems in the creation of taxi cooperatives, they remain exposed to the regulatory and competitive obstacles posed by online platforms such as Uber, as such corporations have a significant advantage in their efforts to dismantle the existing regulatory framework of the taxi sector. Taxi cooperatives must therefore provide their own online platforms in order to become and remain competitive. At the same time, taxi cooperatives have the potential to develop into larger workers' cooperatives with numerous members. In most cases, taxi cooperatives were established by individuals who were already active in the taxi industry prior to joining the cooperative and have their own vehicle. For them, forming a cooperative was a response to the poor conditions offered by the intermediaries between them and the customers. The newly formed cooperatives modelled the long-standing example of good practice of Union Cab of Madison, Wisconsin (Palmer, 2015: 1).

The Union Cab of Madison Cooperative (Madison, Wisconsin)

The Union Cab of Madison Cooperative began operations on October 29, 1979, following nearly a decade long labour rights battle between the drivers and the owners of a local taxi company. After the owner closed his business in 1978, the workers decided to establish their own taxi cooperative Union Cab. Unlike other taxi cooperatives, it owns both the vehicles and the equipment and the drivers are employed by the cooperative and not independent contractors. Membership in the cooperative after a trial period is a prerequisite for employment. The mechanics, administrative staff, call centre staff and management are equal members of the cooperative, same as the drivers. However, the cooperative has a very diverse internal wage structure, and relations are governed by democratic principles. The cooperative currently employs 250 workers, making it one of the largest workers' cooperatives in the United States. The cooperative developed its own corporate policy, adding to its original hierarchical structure, where a democratically elected management board appointed the management, additional consultative councils and committees that are in charge of quality assurance, internal control and the smooth functioning of the cooperative (McNamara in ICA 2015, 73-76). The cooperative is characterised by broad democratic participation of its members. The structure of the cooperative does not hinder the company's growth, but allows for sustainable growth, thanks to a well-structured corporate policy for development and as such represents a successful example of democracy in the workplace (Young-Hyman, 2013: 8).

Instead of paying traditional taxi companies for expensive intermediary services or spending a share of the revenue on online platforms like Uber, more and more taxi drivers are opting to form their own cooperatives (Cassano, 2015), taking a cue from Union Cab (Palmer, 2015: 1). Among the newly established taxi cooperatives, the Green Taxi Cooperative, which was created with the support of the local union and the taxi cooperative ATX Co-op Taxi, which was created with the support of local authorities, were the ones that received the most attention from the public, because of the circumstances in which they were established. These two cases are discussed in further detail below.

Green Taxi Cooperative (Denver, Colorado)

The Green Taxi Cooperative opened for business in Denver, Colorado, in 2015 (Green Taxi Cooperative, 2017). The local union played a key role in establishing this taxi cooperative, by helping it comply with all the complicated local regulatory conditions (Hansen, 2015). The cooperative is made up of drivers from 37 different countries, most of them from East Africa. By joining forces and with some help from the local union, the members of the cooperative managed to create their own independent business model based on democratic governance and common ownership, in a sector that is shaped more and more by online platforms such as Uber's, thereby securing decent work for themselves, without having to pay commissions to intermediaries such as Uber. When it opened for business, 800 drivers joined the cooperative, 150 of whom started driving immediately, and were employed full-time (Schneider, 2016). Some of them had previously worked as drivers via Uber's online platform or for other taxi companies and sometimes they even worked for several different intermediaries at the same time, only to earn a living wage (Stearn, 2016). Since its inception, the cooperative has built a reputation of quality service and customer loyalty. All the vehicles used by the cooperative are privately owned by its members and must comply with regulatory and contractual standards. All the drivers are full-time employees of the cooperative and duly licensed to provide taxi services and meet all other regulatory requirements for taxi operators, including undergoing background checks and random drug tests (Green Taxi Cooperative, 2017). This kind of partnership between a taxi cooperative and a trade union proved to be a successful example of how workers can potentially organise within an economy that is dependent on online applications (Hansen, 2015).

ATX Co-op Taxi (Austin, Texas)

In 2014, the local association of taxi drivers in Austin successfully protested against and prevented dramatic rate increases from the three major taxi networks that dominated the city's passenger transport market. In the same year, taxi drivers worked with the city council to make online platforms such as Uber subject to the same passenger safety and security requirements as traditional firms, making fingerprinting and driver background checks mandatory (Doherty, 2016).

Uber, along with their competitors Lyft, strongly opposed this decision by the local authorities, which led to a local referendum in which the two companies spent $8.6 million to persuade voters to change the decision of the city council, but they were unsuccessful and the restrictions remained in place (Hicks, 2016). Shortly thereafter, the two online platforms decided to leave the city, rather than meet the requirements. The local association of taxi drivers decided to take advantage of this move and set up the taxi cooperative ATX Co-op Taxi to fill the resulting gap in the market (Doherty, 2016).

To help the taxi drivers successfully establish a taxi cooperative, the city council adopted a resolution in which it instructed the city's administration to assist in the establishment of the taxi cooperative, within the limits of the available budgetary resources and powers, and thus additionally contributed to the organization of taxi services in the city (Wear, 2016). This gave the taxi drivers the chance to have more control of their work, rather than depend on corporate owners (Austintexas.gov, 2016).

In only two months after it was established, the taxi cooperative had 360 drivers, who were able to control their working conditions and earnings. The members of the cooperative pay a weekly fee of only $131, while other taxi companies in the city charge from $251 to $315 for their intermediary services. This allows drivers to charge less for transport and offer better service for their members. At the same time, the cooperative is able to provide better services to marginalised groups, which were ignored by larger taxi companies and online platforms, making these services accessible to the elderly, to people with disabilities and to people who live in areas of the city where taxis were previously less available. Thus, an additional added value of the cooperative has been its contribution to the improvement of living conditions in the local community. This allowed Austin to join other American cities, including Philadelphia, Denver, Alexandria, and Madison as cities with taxi co-ops (Doherty, 2016).

5 Conclusions

Advances in technology have led to the emergence of online platforms that directly connect the consumers with the providers of different services. However, as critics point out, under the influence of Silicon Valley entrepreneurs, the sharing economy has been evolving in a way that enables international corporations such as Uber to shift the responsibility for their operations onto those who provide their services, undermining workers' rights and reducing wages in the sectors where online platforms are emerging. The business model of these platforms relies on precarious work and on evading the regulatory regimes in force in individual sectors of the economy. Therefore, the proposed solution for the development of the sharing economy in the form of online platform cooperatives is a far more socially responsible and sustainable solution. As democratic companies owned by their members, cooperatives place the interests of their members above those of the investors. The business model implemented by Uber's online platform and the one implemented by taxi cooperatives are an example of the two opposite sides of the sharing economy. Uber takes a steep commission in exchange for acting as an intermediary between the driver and the passenger and later avoids paying taxes from this commission in the country where the transport service was provided, while expecting its drivers to work under precarious conditions. Taxi cooperatives, on the other hand, allow their drivers to be employed full-time and self-manage and they do not act solely in the interest of their investors, but serve as a form of financial self-help for their members who, by combining their common available capacities, are guaranteed decent work and a verified sustainable business model that has a positive impact on the local economy. Therefore, the adoption of public policies, such as in the cases of the regulation of transport intermediary services on online platforms in the city of Austin and the state regulation adopted by Indonesia, can serve as model example of how to strengthen the democratization, social responsibility and sustainable development of the sharing economy. Following the example of Indonesia and Austin, countries such as Slovenia would have to adopt laws that would prevent the deterioration of the working and social conditions of workers in various sectors of the economy, while at the same time encourage the development of local online platform cooperatives, thereby ensuring sustainable and socially responsible economic growth of the local economy. If Slovenia were to implement alternative public policies that would enable and boost the development of online platform cooperatives in the field of the sharing economy, then it might indeed become a green reference country in digital Europe, making its vision a reality. Otherwise, with the arrival of Uber and other international corporations, Slovenia will simply join the rest of the countries, where, under the guise of technological advancement and fake altruism, the social status of workers continues to deteriorate and violations of fundamental labour rights run rampant. The ones who benefit the most from this false sharing economy are international corporations and their investors. Sadly, many taxi services providers are so user-unfriendly that many consumers are eager to welcome Uber in Slovenia simply because its advanced technology and smart devices make it easier and more comfortable for us to plan our mobility.

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