

INSTITUTE  
FOR THE  
COOPERATIVE  
DIGITAL  
ECONOMY

**Platform Co-op School**

February 22, 2023

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Dr. Trebor Scholz**

# Policy Recommendations To Support Worker Ownership in the Digital Economy

Insights from Preston (U.K.), Paris (France), Berlin (Germany), &  
Kerala (India)



# Agenda

- Personal Introductions
- Plan for Today's session:
  - Introduction:
    - Academics have long talked about policy changes...
    - Discussion Question 1: Why talk about policy?
    - Policy changes that have been attempted or are underway / Gaps
  - Theory:
    - A Brief History: From Embeddedness to Cooperative Business Ecosystems
    - Discussion Question 2: Are there cooperative business ecosystems in your own countries?
  - Research Design & Method:
    - How we did research for the report and developed our recommendations
- Results & Discussion:
  - Presentation of Four Cases
  - Comparison of Four Cases
  - Discussion Question 3: What kind of policy drivers and obstacles exist in your own countries?
- Findings:
  - 10 Recommendations
  - Discussion Question 4: Policy Recommendations for your own countries?
- Conclusion & Future Work



# Who are we?



Image Source: EUI

## Dr. Morshed Mannan (he/him)

- Postdoctoral Research Fellow at the European University Institute
- ICDE Fellow (1<sup>st</sup> Cohort)
- Lawyer (England & Wales/ Bangladesh)

## Dr. Trebor Scholz (he/him)

- Associate Professor, The New School
- Founder of the Platform Cooperativism Consortium
- Faculty Associate, Berkman Klein Center, Harvard University



Image Source: The New School

Shared Interests at the Intersection of **Law**, **Policy**, and **Platform Cooperativism**

Presentation is based on a **White Paper** written with Jonas Pentzien and Hal Plotkin (Berggruen Institute)



# 1. INTRODUCTION

# Policy for Worker Ownership in the Digital Economy – A Complicated Proposition?



## Calls for policy change become more urgent (in academia and beyond)

- “Carefully crafted policymaking...can help make co-ops more accessible and attractive...A robust cooperative policy agenda should not only target cooperative law reform, but also laws governing taxation, procurement, labor, securities and competition.” (Mannan 2021)
- “Community-owned platforms are unlikely to gain a foothold unless there are barriers in place to restrain better-capitalized competitors that lack the constraint of community accountability“ (Schneider 2020)
- “Given the market leaders' financial and technological advantage, creating ecologically and economically sustainable alternatives in the platform economy can hardly be achieved without enabling policies” (Kagel et al. 2018)

# Policy for Worker Ownership in the Digital Economy – A Complicated Proposition?



## Calls for policy change become more urgent (in academia and beyond)

- “Platform cooperatives can provide essential services, if they receive the necessary political and financial support at local and federal levels” (Scholz et al. 2021)
- “The possibilities for platform co-ops to proliferate are strongly framed by the particular political context in which these platforms emerge and act. States therefore play an important role in structuring the framework conditions that allow cooperatives to thrive – or that keep them from doing so.” (Pentzien 2020)
- A policy framework for platform cooperatives could “draw lessons from the non-aligned movement” that is tailored to the digital age, by “balancing national interests with international solidarity”, with policies including “the use of sovereign wealth funds belonging to the Global South to incubate local cooperatives and employee-owned firms that are active in e-commerce”. (Mannan & Pek 2021)



# Discussion Question 1

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*Do you think policy reform is necessary for promoting platform (worker) cooperatives and, if so, what should that reform look like?*

# Policy for Worker Ownership in the Digital Economy – A Complicated Proposition?



**Federal/national action is often stalled by partisan or commercial imperatives**

THE COOPERATIVE  
ECONOMY ACT

N° 155  
**SÉNAT**

SESSION ORDINAIRE DE 2019-2020

Enregistré à la Présidence du Sénat le 28 novembre 2019

**PROPOSITION DE LOI**

*visant à rétablir les droits sociaux des travailleurs numériques,*





# Developments in the EU...

C 374/2

EN

Official Journal of the European Union

30.9.2022

## COMMUNICATION FROM THE COMMISSION

**Guidelines on the application of Union competition law to collective agreements regarding the working conditions of solo self-employed persons**

(2022/C 374/02)



# Developments in the EU...

## European Parliament

2019-2024



Plenary sitting

A9-0301/2022

21.12.2022

### \*\*\*| REPORT

on the proposal for a directive of the European Parliament and of the Council on improving working conditions in platform work (COM(2021)0762 – C9-0454/2021 – 2021/0414(COD))

Committee on Employment and Social Affairs

Rapporteur: Elisabetta Gualmini

### Amendment 54

Proposal for a directive

Recital 39 a (new)

*Text proposed by the Commission*

*Amendment*

*(39a) In its 2021 Action Plan for the Social Economy, the Commission has acknowledged the significant economic and social role of social economy entities as an example of participatory-governed businesses which use digital platforms to facilitate citizen engagement and the selling of locally produced goods and services, aiming to achieve better working conditions for their members. Cooperatives could therefore constitute an important instrument for the bottom-up organisation of platform work and could encourage competition between platforms. Member States should protect and promote cooperative undertakings and small businesses by means that aim to safeguard employment and ensure their capacity for sustainable development and growth.*



# Research Gap: Political Enabling Conditions

**Policymakers on the municipal/state level would like to act, but lack clear-cut suggestions**

→ Need for complementary research on the cooperativism-policy-nexus (beyond business models/scaling strategies/ethical aspects)

## **(Policy-Oriented) Research & Practice Gaps:**

- What are the enabling conditions and obstacles for creating platform co-ops?
- How can we identify them?
- How can these conditions be fostered and the obstacles overcome?



# Some Definitions/Clarifications...

- **Enabling Conditions:** Histories, Ideas, Policies, Movements
  1. Policy Drivers → Existing policies that are facilitative of cooperative formation & governance; these are, or could be, conducive to platform cooperatives.
  2. Movement Builders → Existing projects (i.e. platform co-ops) and grassroots actors (i.e. ecosystem activists) that could incentivize policymakers to act
- **To identify enabling conditions, we focus on territories that already act as pioneers. We aim to do three things:**
  - (1) **Generate Insights:** What are the commonalities between the territories that currently act as pioneers? What made them pioneers?
  - (2) **Provide Recommendations:** What can other municipalities/states do to similarly promote platform co-ops?
  - (3) **Build Hypotheses:** Which territories are likely to become pioneers in the future?



## 2. THEORY

# A Brief History: From Embeddedness to Cooperative Business Ecosystems



Source: Public Domain

1920

**Karl Polanyi and the  
Embeddedness  
of Markets**

Economic activity cannot be isolated from its socio-cultural and political context  
→ **Need to study markets as (historically) contingent**



Source: Public Domain

2010

**John Zysman and  
Historically-Rooted  
Trajectories of Growth**

Distinctive national tales of development are integral to the digital era  
→ **Need to compare heterogeneous development trajectories**

# A Brief History: From Embeddedness to Cooperative Business Ecosystems



Source: Columbia University

2010

**Katharina Pistor et al.**  
and the idea of  
**Legal Institutionalism**

Law has a central role in constituting property relations and the firm  
→ **Need to understand how law constructed modern capitalism, even if one wishes to build alternatives**



Source: University of Toronto

**Jason Spicer and the**  
**Vicious Cycle of Cooperative**  
**Business Ecosystems**

Cooperatives face an uphill battle in competing with the dominant corporate form  
→ **Need to analyze explicit and implicit policies**



**James Muldoon and Platform**  
**Socialism**

Inspiration from New Municipalism  
→ **Need to analyze explicit and implicit policies**

2025



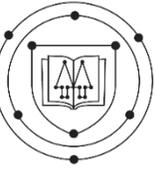
## Discussion Question 2

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*Are there cooperative business ecosystems in your own countries and, if so, what functions do they serve to promote cooperative businesses?*



## **3. RESEARCH DESIGN & METHODS**



# Research Design & Methods (I)

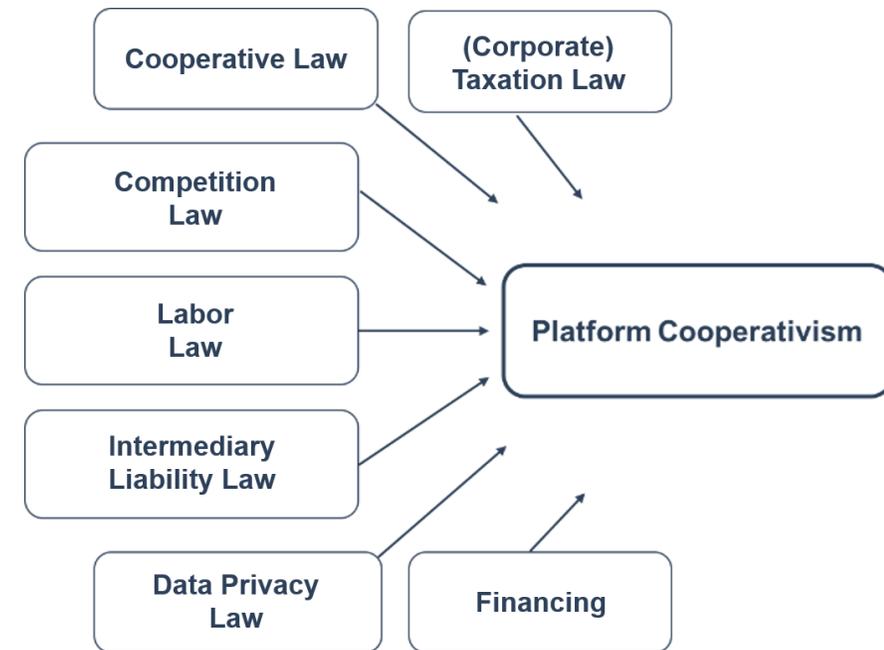
## Criteria for Case Selection

1. Prevalence of cooperatives and platform co-ops
2. Prevalence of startups in the tech sector
3. Conducive legal environment for SSEs

## Choice of Territories

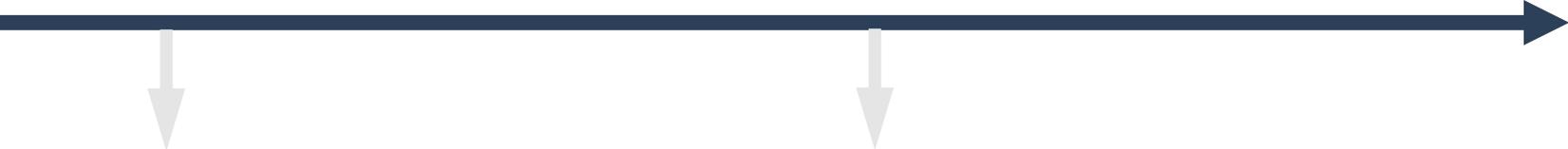
- **Preston, U.K.**
- **Berlin, Germany**
- **Paris, France**
- **Kerala, India**
- California, USA
- Bologna, Italy
- Barcelona, Spain

## Relevant Areas of Law





# Research Design & Methods (II)



## Methods

- Content Analysis (Secondary Sources, Blog Posts)
- Qualitative Interviews (for Paris & Berlin)

(see Pentzien 2020 for details)

## Recommendations

1. Derived from enabling conditions  
→ *what works?*
2. Derived from obstacles  
→ *what needs to change?*

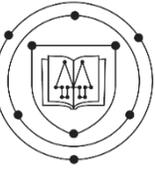


## 4. RESULTS



# Case 1 – Preston, U.K.

	Federal/National	Municipal
<b>Cooperative History/Movement</b>	<ul style="list-style-type: none"> <li>• Early Coops: Rochdale Society of Equitable Pioneers, Hebden Bridge Fustian Manufacturing, CWS</li> <li>• Number of worker coops peaked from mid-1970s to 1980s and then declined steadily.</li> <li>• Has a Co-operative Party. 7,063 Independent Coops with 14 million members (2019).</li> </ul>	<ul style="list-style-type: none"> <li>• Anchor institutions can help revitalize local economy. They can support coops to locally circulate capital.</li> <li>• Guild Co-op Network &amp; Preston Co-op Development Network</li> </ul>
<b>Enabling Conditions (Policy Drivers, Movement Builders)</b>	<ul style="list-style-type: none"> <li>• Modernization and standardization of Co-op Law</li> <li>• Political Interest of Labour, as a means of improving public services and anti-extractive business.</li> <li>• Support from organizations such as Co-operatives UK</li> </ul>	<ul style="list-style-type: none"> <li>• Social value reqs. In procurement docs.</li> <li>• Interest in setting up a new investment fund for coop conversion</li> </ul>
<b>Obstacles</b>	<ul style="list-style-type: none"> <li>• Questions over Platform Worker Organizing when workers are self-employed</li> <li>• Unavailability of Adequate Financing Options</li> </ul>	<ul style="list-style-type: none"> <li>• Potential lack of interest in gig economy focused PCs</li> <li>• Limits to public procurement</li> </ul>
<b>Policy Recommendations</b>	<ul style="list-style-type: none"> <li>• Shifting the burden of proof of employment</li> <li>• Expanding the right to collectively bargain</li> <li>• Setting up a National Co-operative Development Agency and engaging in progressive public</li> </ul>	<ul style="list-style-type: none"> <li>• Explicitly including PCs, as part of social value req.</li> <li>• Dedicating investment to PCs</li> <li>• Digital Hubs to host &amp; support</li> </ul>



# Case 2 – Berlin, Germany

	Federal/National	Municipal
Cooperative History/Movement	<ul style="list-style-type: none"><li>• Raiffeisen Credit Unions &amp; <i>Förderungs-genossenschaften</i> → lack of worker cooperatives (stronger focus on collectives)</li><li>• 7,500 registered cooperative enterprises count more than 20 million members</li></ul>	<ul style="list-style-type: none"><li>• Strong cooperative presence in the city's housing sector (more than 100 housing cooperatives)</li></ul>
Enabling Conditions (Policy Drivers, Movement Builders)	<ul style="list-style-type: none"><li>• Cooperative „comeback“ in new sectors since 2006 (new law)</li><li>• Government aims at creating European platforms and at fostering cooperativism</li><li>• Public acknowledgement of the idea of PC</li></ul>	<ul style="list-style-type: none"><li>• Culture of Tech Resistance/Movements</li><li>• High number of platform co-ops in the city (Resonate, Fairmondo, Khora, WECHANGE)</li><li>• Government explicitly fosters cooperativism and social innovation</li></ul>
Obstacles	<ul style="list-style-type: none"><li>• Cooperative ecosystem (<i>Prüfverbände</i>)</li><li>• Cooperative code (functional equivalence)</li><li>• Lack of explicit multi-stakeholder models</li><li>• Financing (focus on shareholder value)</li></ul>	<ul style="list-style-type: none"><li>• Policy focus exclusively on the mainstream tech sector (the ‚Silicon Valley of Europe‘)</li></ul>
Policy Recommendations	<ul style="list-style-type: none"><li>• Modernize the law (digital membership)</li><li>• Build incubators</li><li>• Remove institutional discrimination</li><li>• Implement cooperative loan programs</li></ul>	<ul style="list-style-type: none"><li>• Build on the city's promising cooperative ecosystem by providing long-term oriented funding for a platform co-op specific incubator</li></ul>



# Case 3 – Paris, France

	Federal/National	Municipal
Cooperative History/Movement	<ul style="list-style-type: none"> <li>• <i>Economie Sociale et Solidaire (ESS)</i> → collective decisionmaking and limited profitability</li> <li>• 23,000 registered cooperative enterprises count 26 million members (mostly CU)</li> </ul>	<ul style="list-style-type: none"> <li>• Highly centralized political system leaves little autonomy to municipalities/regions</li> </ul>
Enabling Conditions (Policy Drivers, Movement Builders)	<ul style="list-style-type: none"> <li>• History of worker cooperativism (41,000 jobs)</li> <li>• Incorporation Statutes → SCIC as <i>social multi-stakeholder co-op</i></li> <li>• 2014 ESS Law (ESUS label &amp; Co-op Conversion) → focus on democratic governance</li> </ul>	<ul style="list-style-type: none"> <li>• Public procurement (especially for delivery co-ops)</li> <li>• Visibility strategies (through SSE prize money)</li> </ul>
Obstacles	<ul style="list-style-type: none"> <li>• Traditional sources of seed funding disappear as institutions (e.g. Caisse des Dépôts) switch to a VC model</li> <li>• Article 44 of Loi LOM weakens collective bargaining power of riders</li> </ul>	<ul style="list-style-type: none"> <li>• Limits to public procurement (EU principle of equal treatment)</li> </ul>
Policy Recommendations	<ul style="list-style-type: none"> <li>• Fund research that aims at clarifying legal issues surrounding public participation in SCICs</li> <li>• Stipulate workers rights in Article 44 of Loi LOM</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen public participation in multi-stakeholder cooperatives</li> </ul>



# Case 4 – Kerala, India

	<b>Federal/National</b>	<b>Municipal</b>
<b>Cooperative History/Movement</b>	<ul style="list-style-type: none"><li>• 854,355 cooperatives with 290.06 million members</li><li>• Government has had an important role in forming cooperatives like Amul (milk co-op)</li></ul>	<ul style="list-style-type: none"><li>• Cooperatives are regulated at both the national &amp; the state level.</li><li>• 17% of India's cooperative members in Kerala</li></ul>
<b>Enabling Conditions (Policy Drivers, Movement Builders)</b>	<ul style="list-style-type: none"><li>• Rich history of cooperativism, including worker cooperatives such as the India Coffee Houses</li><li>• 97th Constitutional amendment that promotes democratic governance + Public procurement incentives exist</li></ul>	<ul style="list-style-type: none"><li>• Local traditions of public action, grassroots social organizations, socialist &amp; communist party influence</li><li>• Government-incubated and worker-led apps (e.g., autorickshaw, taxis)</li></ul>
<b>Obstacles</b>	<ul style="list-style-type: none"><li>• Cooperatives need autonomy to operate in certain new sectors</li><li>• Absence of adequate funding</li></ul>	<ul style="list-style-type: none"><li>• Top-down form of cooperativism</li></ul>
<b>Policy Recommendations</b>	<ul style="list-style-type: none"><li>• Promoting cooperative autonomy</li><li>• Co-op law reform + preferential treatment of platform co-ops</li></ul>	<ul style="list-style-type: none"><li>• Promoting cooperative autonomy &amp; reducing bureaucracy</li><li>• Government can make startup funding available + summit</li></ul>

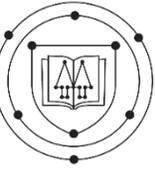


## **5. DISCUSSION**



# Comparison of Municipalities

<b>Cooperative History/Movement</b>	<ul style="list-style-type: none"><li>• Number of worker cooperatives is relatively small, compared to the wider coop movement in these territories. However, in France, worker cooperatives have a more prominent presence.</li></ul>
<b>Enabling Conditions (Policy Drivers, Movement Builders)</b>	<ul style="list-style-type: none"><li>• Government, at national or municipal levels, explicitly supports cooperative business. More recently, this has extended to platform coops.</li><li>• Existence of cooperative incubators</li><li>• Progressive public procurement practices that are beneficial to coops, especially in Preston and Paris.</li></ul>
<b>Obstacles</b>	<ul style="list-style-type: none"><li>• Need for greater legal clarity and support for the particular circumstances of PCs.</li><li>• Lack of adequate financing options that are tailored to PCs</li></ul>
<b>Policy Recommendations</b>	<ul style="list-style-type: none"><li>• Expanding existing financing options to PCs (loan programmes, progressive public procurement)</li><li>• Creating incubators and digital hubs to support PCs</li><li>• Modernize the law (incl. Digital membership) and encourage community participation in PCs</li></ul>



## Discussion Question 3

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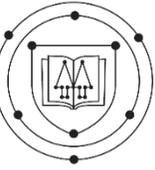
*What kind of policy drivers and obstacles for platform cooperatives exist in your own countries?*



# Findings

## 10 Measures to Support Platform Cooperativism

1. Mandate Government Procurement Policies That Favor (Worker-Owned) Platform Cooperatives
2. Implement Solidarity-Oriented Loan Programs
3. Include Platform Coops in Progressive Public Procurement Policies
4. Strengthen Public Participation in (multi-stakeholder) Platform Cooperatives
5. Fund Research to Identify Legal Obstacles to the Formation & Governance of PCs



# Findings

## 10 Measures to Support Platform Cooperativism

6. Offer Social Benefits that are Tailored to the Particular Needs of PC Members
7. Create a List of Physical Spaces That Could Be Offered for Free or at Low Cost  
Use by Platform Cooperatives
8. Provide Public Recognition to Platform Cooperatives (e.g., awards)
9. Set up Platform Coop Incubators and Development Agencies
10. Include Platform Cooperatives in Political Manifestos



## Discussion Question 4

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*Are there any measures that you would add to support platform cooperativism, particular given the ground realities in your own countries?*

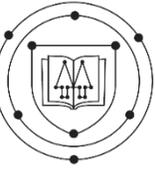


# Conclusion

## Some of the Future Work that needs to be done (Map out the Research

### Agenda for the ICDE 😊):

- 1) Are the enabling conditions for cooperatives in general, and PCs in particular, in the Global North the same as in the Global South?
- 2) If not, what are the enabling conditions for platform cooperatives in territories of the Global South?
- 3) What can the movement builders do to get policymakers to craft policies that are more friendly to PCs? What kind of strategies are they already using?



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