

**Developing a Co-op commons alliance  
towards a Collaborative Equitable and Participatory Economy:  
Cooperative digital platforms**  
*Lines of research*

*Lessons from the Conference at the European Economic and Social Committee  
5 December 2017*

Digital platforms are at the heart of the so-called "collaborative" economy. They are powerful tools for networking, sharing and cooperation. Through digital technology and the Internet, civil society is now able to self-organize and create value without intermediaries. ***This collaborative economy based on peer-to-peer operation takes two main forms***, according to Michel Bauwens, co-founder of the P2P Foundation:

- *peer-to-peer "in common"*, which brings together people around a common object (free software, shared design ...), shared, maintained and defended by a community. There are three basic elements: the resource, the community that manages this resource and an active governance that establishes rules;
- *distributed market relations* where people create, through a platform, market relations by replacing the usual intermediaries with a privatized platform. This "netarchic capitalism" allows the creation of a market by direct extraction of the value resulting from human cooperation and the production of common peers, without going through the remuneration of labour.

The problem doesn't necessarily come from digitalisation or automation, but from the redistribution of created value. Furthermore, there are not always benefits from automation, so not always value to redistribute, says Susana Martin Belmonte.

***It is relevant to do more than complaining about the way giant digital firms concentrate the market and capture the value and about the lack of regulations towards these corporations acting above laws and social justice. The 5 December Conference in the EESC in Brussels « Towards a Collaborative Equitable and Participatory Economy: the role and place of cooperative platforms" aimed at shedding lights on the future and for public decision-makers by showing diversified models of more collective, "common" solutions. These often take the form of collective organizations of the social and solidarity economy: cooperatives, associations, mutual societies.***

Everywhere in Europe and around the world, citizens, entrepreneurs and communities invent new forms of sharing and cooperation to create, preserve, or access goods and services in "common". They aim at equity and redistribution for the people. This is fundamentally different from digital platforms that capture the value created by their contributors and users. Using the cooperative model digital platforms ensures fair reward and representation of workers in the collaborative economy. Each user can be one holder of the platform and therefore be part of the constitution of the rules of the platform, i.e. of democratic governance. Each user can benefit from an equitable redistribution of the created value.

The "*Platform Cooperativism*" movement has been launched in this perspective in New-York at the end of 2015 to promote co-operative platforms governed by their users and redistributing value in the communities they animate. It has echoed the movements in Europe which claim for a digital economy of justice and sharing. ***The cooperative model is praised*** for building equitable and

solidarity-based digital platforms; the latter can also enable the social and solidarity-based economy to reinvent its decentralized governance model. **Cooperatives Europe carried out a study, “Cooperative Platforms in a European Landscape: An Exploratory Study”** presented by Louis Cousin, showing that the European cooperative movement is aware about the collaborative economy opportunity, in particular for its potential to generate innovative economic and governing models.

**The diversity of forms** of entrepreneurship is consubstantial with the European social model, as much as social dialogue, recalls Luca Jahier, President of Group III of the European Economic and Social Committee. Encouraging diversified dynamics, avoiding the one-size-fits-all model and polarization implying impoverishment, caring for those who are excluded from transitions, inventing new winning models, these are issues that are part of a preservation of the commons. The most fragile of these «commons» could obviously be that of the construction of social links. The creation of models with a cooperative and mutual prevalence, carried by stakeholders of a different nature, is likely to nurture the European model of social dialogue and to reinsert the concept of social innovation into processes carried by the actors.

**The EESC thus enabled 6 organizations close to the social and solidarity economy and the commons<sup>1</sup> to bring together, on the initiative of La Coop des Communs, on 5 December<sup>2</sup>, nearly 200 people at the EESC. The conference "Towards a Collaborative Equitable and Participatory Economy: Cooperative Digital Platforms" has been an opportunity to :**

### **1 - Discover innovative experiences of cooperative platforms:**

SCIC 1DLab, the first equitable streaming platform, has built an ecosystem to find a collective response to several needs: the reinforcement of cultural diversity and the economic strengthening of those who carry the value (creators, producers, public distributors, public and private members). The "common" shared by all stakeholders is 1Dtouch, the first fair streaming platform where people can access the library through a library card. A mobile application is in preparation. It will allow users to discover the diversity of cities, in a different way from Airb & b and will offer an alternative to the oligopoly of the three majors (such as Vivendi Universal which concentrates 50% of the creative matter in the world).

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1 La Coop des Communs, Confrontations Europe, P2P Foundation, SMart, Ouishare, Cecop



2 See the records and presentations on <http://confrontations.org/reports/towards-a-fair-sharing-economy-the-role-and-place-of-cooperative-platforms?lang=en>

*Beescoop*, a cooperative supermarket, aims at making sustainable food accessible to all. Each customer participates 3 hours per month. *Dynamocoop*, a real estate cooperative for collective creative spaces, serves the creators.

These forms of sharing can also be mobilized between companies. In *France Barter*, TPEs and SMEs trade together using a common currency, the Barter. Some enterprises can use assets underused by others (rooms, staff, unsold). Adjustments require a dialogue between the needs and the responses, in order to find a balance between the emissions and the consumption of *Barter*s. **Hence the importance of tools for consultation and decision-making remotely like Loomio**, a software created *Inspiral*. It can create a community, test the level of commitment or the degree of support to proposals. It complements the actual dialogue, without replacing it and allows a very useful asynchronous dialogue when it comes to talking between time zones.

All these models carry confidence, according to **two axes, not exclusive of each other**:

- **one considers the platform as a cooperative, a common good, owned by the stakeholders who manage them.** They are developing all over the world, involving workers, including poor and manual workers, and their unions. This is particularly evidenced by the Platform cooperativism movement;

- **the other aims, through, for example, multi-member cooperatives, the creation and preservation of common goods.** Beyond the sole interests of workers and users, they seek for a new sharing of value. Knowledge (like *Inspiral*), in-kind contributions (*1DLab*) is reinjected, creates localized jobs (i.e. *Terre de Liens*, which allows organic farmers to develop, build buildings; utilities for designers like *Dynamocoop*). This is reflected in the movement in favor of "Open cooperativism".

**Participatory governance issues are central** to both kinds of experiences, using new techniques such as sociocracy and / or tools like *Loomio*.

## 2 - Exchange on regulatory issues:

**Market regulation is a decisive element for cooperative platforms to compete in peer-to-peer market. However, such element is usually overlooked in the current debate**, explains Guido Smorto, professor of comparative law in Palermo. In order to attain the European Union's objectives of "highly competitive market economy", "solidarity and smart development" and "social cohesion", we must not underestimate the legal aspects that affect:

- *fairness and valued orientation*: which are the distributive consequences of these economic activities, what do platforms do with the surplus generated, how do they serve the community in the strict sense - users and producers - and the society as a whole? And which (non-distributive) values these economic practices foster? What about compliance with the principles of pricing mechanism and metadata?

- *efficiency*: it is generally assumed that platforms are better positioned than traditional firms to address market failures and that self-regulation should have a greater role in regulating the sharing economy. But this is true only in part: there are still many asymmetric information that platforms cannot correct or have no interest to correct. And market failures different from asymmetric information may persist despite the self-governing mechanisms created by platforms, namely externalities and monopolies. Platforms usually argue that they cannot be considered as suppliers, but just a "marketplace", so that rules applicable to

service providers would not be applicable to them. Further, it is important to define who is a "peer" and who is a "professional". This is why they claim that no external regulation is necessary.

**Cooperative platforms may better respond to market failures by empowering consumers and protecting workers.** Rules must promote a democratic governance, but in order to obtain this result platforms cooperatives need a more favorable environment: at the present time, those platforms that try to protect workers or users in a more effective way are in a position of weakness. On the contrary, we need a "level playing field" in which social economy can compete effectively and fairly, without regulatory discrimination ". In this sense, argues Guido Smorto, **self-regulation and external regulation do not oppose but complement each other, and self-regulation is only possible if regulation gives it a chance to exist.**

As a matter of fact, **the current legal environment necessarily leads to situations of monopoly**, explains Bruno Carballa, doctoral student in economics at the University Paris XIII, for at least 4 reasons:

- *A network effect*: the more users of the platform, the more it is supposed to be easy to use,
- *Feedback from users*: the more returns, the more efficient the algorithms are and the quality of the service improves; The costs of moving from one platform to another (learning, insurance and especially the cost of losing the accumulated reputation) lead to reluctance to change,
- *Data collection*, which represents a significant investment, hence a barrier to market entry,
- *Large quantities of data*, which become an essential service and block access to the market.

**Hence the central question of ownership of data.** At present, the law makes the data collector the owner. It is necessary to go towards a public basis of ownership of the data. The collector may be the depository, but that all those who feed also own them. In this model, access to the common base is possible whenever this common base is fed; A non-cooperative platform can use the common base without reciprocity, but it has to pay. In this way, data will be accessible to research and governments. A system of adapted licenses serves the system. An exportable passport allows to switch from one platform to another.

**There remains the huge question of products which no longer find merchant outlets.** We still need producing them, either through the state or through communities. Susanna Martin Belmonte, a monetary economist at the Institute of Social Currencies in Madrid, **suggests seeking "sustainable prosperity" via a new monetary and financial system in which money is a common one.** In order to finance the infrastructure necessary to access the goods and services that exist in abundance, citizens can create money. This money has to be accepted (which implies trust and ease of use). Hence proposals (and experiences!) of social currencies which, with a guarantee of buy-back and convertibility on the part of local authorities, make it possible to finance common infrastructures by the citizens. If the system does not finally take place, it only means that the local authority will ultimately finance the infrastructure. If it works, the social currency is used as a means of payment, which is a new way to manage credit and reputation risk.

**And, of course, the question of social rights and the remuneration of workers is central.** It is the increase in the number of self-entrepreneurs that

has reduced the unemployment rate in the United Kingdom, explains Pat Conaty, associate researcher at Co-operatives UK. Their income has decreased from € 16,000 to € 10,000 per year since 2008. The Unions, through "Union Coops", help them to set up cooperatives by providing advice on contract drafting, insurance and training. The support of "Business and Employment Co-operatives" and organisations like SMart promises these Union Coops to a great future.

### **3 - Point out their expectations vis-à-vis the European Union, States and local authorities**

The European Union, explains Carole Ulmer, Director of Studies at Confrontations Europe, makes no distinction between the different forms of sharing economy. Multiple directions of the European Commission are at work: DG Connect, DG Grow, DG Internal Market, DG Social Affairs, DG Energy, DG Research and Innovation, DG Budget. The European Parliament, the EESC, the Committee of the Regions, are also producing reports. The Court of Justice, in a pending lawsuit on Uber, has to determine if Uber is a transport undertaking or a digital enterprise. Member States are either "pro-digital" in favor of "digital liberalism" (Estonia, the Netherlands, the United Kingdom being the spearhead), while Spain, France, Germany, are on a social market economy line. They are encouraged by the EU to avoid unnecessary rules. Four major themes emerge:

- *Data*: personal data, free flow of data, etc.,
- *Financing*: European budget, structural funds, entrepreneurship, Juncker plan, crowdfunding, e-money, e-commerce,
- *Social protection*: market and labor law, social innovation initiative, plus soft law and sharing of experiences between Member States,
- *Regulation of the market*: Digital Single Market, taxation, insurance, liability, consumer protection, intellectual property,

They gave rise to some key texts:

- The Communication from the Commission on digital platforms
- The Communication on Collaborative Economics. The prevailing idea is that there is no need for a new text. Those which already exist can be slightly adapted. The platforms are supposed to be beneficial and actors of the collaborative economy expected to agree on self-regulation.
- Copyright: recognition software is expected to verify that there is no problem.

In conclusion, according to Carole Ulmer, ***the Commission produces a large number of texts. Civil society is expected to express its expectations. Examples can feed the debate. The European Union does not want to legislate at its level***, concludes Marguerite Grandjean, Head of studies at Ouishare and leaves the Member States to do so.

Neil Kay, Head of unit E3 "digitization of the internal market" at DG Grow, explains that, beyond the legal analysis that has already been done, his unit is working on economic analysis of this "market" of collaborative economics, the definition of which could be: a global set of sales of services that are delivered at the local level. This would be the third pillar of the digital economy. Its development depends on three factors: the state of digital development in the country, a critical market size, and a favorable macroeconomic climate for sharing.

The Commission can also afford technological solutions to serve regulatory objectives and new, more sustainable models. Indeed, ***the technology is not***

**neutral**, explains Fabrizio Sestini, expert "New generation Internet" in the DG Networks and communications. It has social and political implications, ranging from power to people to Big Brother, centralized / decentralized models. The economy of the commons is not yet integrated into these arguments, but calls for projects have already been used by cities such as Barcelona. **The new call for proposals ICT-1162017 aims to promote innovative models for sustainable lifestyles.**

#### **4 - Promote possible partnerships between cooperative worlds, commons, cities ..**

The best-performing platforms are those with investment capabilities, says Sandrino Graceffa, Managing Director of Smart. The funds can come from users, from the State (to fund services of general interest) or large companies of the Social and Solidarity Economy -SSE- (co-operative banks, mutual societies). **Alliances are needed to foster experimentation, solutions for transgression and transition.** For example, Smarty promotes alternative solutions to Uber which transforms subordinate workers into self-employed workers at the price of their social protection. Taxing work for social protection is necessary. Consumers should not be their associates.

Great expectations are expressed in relation to the cooperative world, which, explains Bruno Roelants, Secretary General of CECOP, is accustomed to offer diversified solutions in all ILO member states, where they are recognized. These solutions, which have been proven for decades, are based on members' needs. These have to be precisely expressed. In addition, the 7th cooperative principle adopted in 1995 advocates the involvement of cooperatives in their communities. Bruno Roelants **encourages the world of the commons to identify and express their needs in order to find the cooperative model or models that suits them.** If certain forms of co-operatives do not correspond to the needs identified by the world of the commons, for instance the evoked needs of "changing the rules of the market", he suggests that **the people concerned continue to seek an exact definition of their needs** . It is indeed on this basis that the world of commons can develop its own system

In this sense, he points out that there is no "closed" cooperative model that would oppose an "open" cooperative model. **Cooperatives are open to all who are eligible, ie those who have the needs to which the cooperative is supposed to respond.** Hence the importance of proper identification of needs. The "Commons" seem to him to be a subset of what is called a community in the 7th cooperative principle. Lastly, he stressed the importance of inter-cooperation, groups and co-operative cooperatives, which could give rise to investment funds.

With regard to governance issues, control of common ownership becomes almost more important than the very issue of ownership. Co-operative platforms should specify who makes the decisions and who controls. **Democratic control does not only depend on the principle of "one person, one vote"** (the "agora" component of democracy), **but also through checks and balances between different bodies of the cooperative** ("republican" Democracy, characterized by the balance between different powers).

Concerning the 3rd cooperative principle (financial participation of members), it should be emphasized that the partial redistribution of surplus to members in the form of rebates is a fundamentally different financial instrument from dividends distributed to shareholders. It is based not on the share of capital invested by each member, but on the latter's transactions with the cooperative (buying, selling or remuneration transactions). It must therefore be considered as a system for adjusting prices transactions.

Louis Cousin stresses that the cooperative model, the commons and the collaborative economy are three wide - but still distinct - concepts, encompassing many different organizational forms and specificities. A conceptual reflection aiming to confront those 3 models would be interesting, but it seems that practitioners are now calling for practical experimentations and approaches. In this respect, we should focus on specific best practices demonstrating the possibility and relevance of merging these 3 concepts into one same project and organization. In addition, an advocacy work is needed and currently performed at all levels (local, regional, national and European): there is a need to coordinate the variety of stakeholders around one common vision for the collaborative economy.

Benjamin Coriat, professor of economics, co-director of the research program "Encommuns" and vice-president of La Coop des Commons, addresses the questions from the needs of the commons. The commons essentially develop outside the world of wage-earning and the link of subordination, which authorizes the employer to uptake the surplus value and creates a series of rights for the employee, such as social protection. Commoners are self-employed associates, even if commons working on the market. Producing the commons is too important to be considered as hobbies. Hence the immense interest of formulas such as the cooperatives of activity and employment in France: it **preserves independence while at the same time enjoying the benefits of wage-earning as revenue is generated through, business. The contract of employment shall not be regarded as a service contract.**

**Cooperatives are surely inspiring models. Are they sufficient, particularly for commons that do not create market value? Should new legal instruments be created to meet these needs?** The example of 1DLab uses the French model of SCIC (cooperative society for collective interest), to associate diverse stakeholders, including local communities (essential in areas such as energy). Do we need a new status for the free-lancers, for the self-employed? Can we go deeper in research for social drawing rights as suggested by Alain Supiot, that would give rights to social protection for those who contribute to social welfare activities?

Bruno Roelants explains that the member statutes are not uniform in all countries: sometimes salaried, sometimes self-employed (South America), sometimes both (Spain). The only country where there is a third typology is Italy. It is necessary to take the different categories of labor law in different countries into consideration. In all cases, the cooperative worker has to get access to the broadest possible social protection. Another range of solution, for the production of commons that have no market value, can be searched through social cooperatives. Local authorities may be members. They exist in Quebec, Spain, France, Portugal and Italy. One necessary condition, says Benjamin Coriat, is that a new private economic and social accounting can account for the value created.

If one takes into account the positive externalities created, a whole series of activities carried out by the commoners can become profitable.

The open debate with the participants shows that ***the work between cooperatives and the world of commons must continue to find the most adapted tools according to the scenarios.***

To questions raised by Stacco Troncoso, from the P2P Foundation,

- Cooperatives probably offer a democratic formula, but do they have a thorough reflection on what they produce?

- Cooperatives exist on markets, but the commons are not generally in markets; How to help cooperatives create new commons?

- Do multi-stakeholder cooperatives respond to the case where there is not a single decision-maker, but where does a whole community decide?

Pat Conaty replied that every time the cooperative movement is mobilized, it means that we are in a crisis situation. It is true that, ***beyond the question of the sale of products on the market, the cooperative movement should deal with the question of land and rent. Multi-stakeholder cooperatives make it possible to approach redistribution solutions, with horizontal democracy. If one creates common, one must guarantee that they will remain common, not privatizable.*** It is the role of the community that controls the cooperative platform. Benjamin Coriat calls for a "common of the commons", a "common of the cooperatives" which provides guarantee against private appropriation; In this sense, it has something to do with the "Republic" in the strong sense.

Mayo Fuster Morell, from Procomuns in Barcelona, finds out two ranges of dimensions: ***the common as a self-managed, collaborative community, which makes it look like a cooperative; The common as a possibility of access to the common resource, raising the question of whether cooperatives produce public goods.*** Barcelona is currently trying to rethink public services by mobilizing citizens: should they re-municipalize or "commonify"? It is a matter of power: in a cooperative, decisions are made according to the democratic principle "one person, one vote", but the commons are not necessarily democratic: only those who participate decide. If 90% do not contribute, power is assured by the 10% who contribute. She considers that the open source is not so equal and inclusive, specially for women. It is not necessarily a model for the commons.

Benjamin Coriat argues that public services have often become privatized public goods. Declaring water, air, etc. as common goods implies forms of governance that exclude private ownership through the control of management structures: the real power doesn't belong to the management, but to the community.

There is also the question of the integration of the precarious. How do existing cooperatives choose to defend or not certain categories of workers? In response to Michel Bauwens's question, Sandrino Graceffa explains that Smart is setting up an ethics committee. The workers who turn to SMart (eg Airbnb caretakers or delivery drivers) are welcome, but not a platform which comes to seek a solution of regularization of work.

## **5 - Agree on follow-up:**

**Partners such as REVES, cities like Barcelona, the ILO, the European Trade Union Confederation are interested in the follow-up, with the organizers.**

- **REVES**, the European Network of Cities for the Social Economy, is interested in contributing to the exchange with its members. There is a need to raise the awareness of public authorities on the topic – on the *different* forms of this new economy that is emerging, on the potential of cooperative platforms as a general-interest-oriented alternative to purely profit-making interests, on already existing practices and on initiatives to be developed. All of us should also try and spread a new **VISION** to make this kind of economy and platforms accessible to all. Erdmuthe Klaer, Deputy Secretary General, states that she can also build bridges with the Committee of the Regions, the Social Economy Intergroup in the European Parliament and see how to mobilize the Structural Funds.

Mayo Fuster Morell explains that municipal policy on collaborative economics must be collaborative. This is why the Commissioner in charge of SSE in the city of Barcelona is also in charge of digital. **Procomuns** represents 120 recommendations on collaborative economics in Barcelona. Four criteria have been chosen to select projects within the framework of the CAPS project: non-profit making, choice of open technology, existence of social objectives and inclusiveness and parity. She considers it very important for the EESC to support cooperative platforms.

**Thibaut Weber**, ETUC Confederal Secretary, argues that the digital economy is an opportunity for the EU. But the EU is not interested in social issues. We must fight the false self-employment, as the unions do in Germany with IG Metall, the cooperatives in Italy and in the Nordic countries. To do this, cooperatives and SSE in general and unions should stop being strangers. Cooperatives represent forms of solidarity, although labor law can not be limited to cooperatives alone.

This, of course, coincides with the ILO's work on the future of work ahead of its centenary in 2019, explains Simel Esim, Programme manager. Cooperative do not replace public services. They can involve diverse stakeholders and create jobs. We need to work on evidence of the effectiveness of cooperatives.

The organizers of the conference therefore decided to maintain a network between them and the main participants, ESS networks, municipalities, cities, partners in the world of work, cooperatives ... on three axis:

- **To invite one another in the next conferences** and work on cooperative platforms
- **To list sites, forums**, ... which identify and document experiences
- **To deepen the questions**, with researchers working on the questions asked by the practitioners.

In summary, there are some avenues to **be explored**:

- **Define the needs to determine the appropriate types of cooperatives or other forms of organization**, considering two questions:

=> Ownership and right of platforms, right of workers, property .. and

=> Integration of the common interest in the platforms

**With a sub-question on the management of public services.**

**And considering the different national legal frameworks. .**

Nicole ALIX

- ***Deepen the governance issues (cooperatives and common democratic functioning)***
- ***Advocate for a fair environment for experimentation and development of cooperative platforms.***