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# Dewey's Democratic Economy: A Pragmatic Justification for Uber

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DEWEY'S DEMOCRATIC ECONOMY: A PRAGMATIC JUSTIFICATION FOR  
UBER

By

Christopher Maxwell Nard

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of  
the requirements of the Sally McDonnell Barksdale Honors College.

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## ABSTRACT

This thesis investigates the changing regulatory environment around the ride-sharing platform, Uber. As Uber continues to expand, it poses a challenge for existing regulatory systems. This thesis offers a policy recommendation for regulatory agencies under the framework of a Deweyan Democratic Economy. Research was conducted in the three steps: a literature review; quantitative analysis of Uber's wage, demographic, and surge pricing data; and a series of interviews with Uber drivers, consumers, and policy experts. In the literature review, it was found that a company could move towards a more democratic economy by increasing public access to information and economic participation. Analysis of Uber wage, demographic, and surge pricing data offered evidence that Uber does in fact increase access to information and economic participation. The experiences with Uber, characterized by interviews, revealed that primary method of addressing public concerns and increasing public benefit is encouraging a greater number of individuals to drive for Uber, while ensuring the safety of consumers. Given these findings, this thesis concludes with a recommendation that: licensing requirements be kept low, flexible insurance programs are created for Uber drivers, and municipalities have access to the identity of Uber drivers.

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## Prospectus

The term “Sharing Economy” attempts to capture the phenomenon whereby technological business platforms allow people to better share their time, skills and assets by means of peer-to-peer transactions, in areas that traditionally involved middlemen. The popular ride sharing service, Uber, is a prominent example, allowing individuals to directly provide transportation to others without purchasing a taxi medallion. The sharing economy has begun to expand rapidly. Forbes estimated the amount of revenue flowing directly to and from sharing economy participants to be \$3.5 billion in 2013, a 25% increase from 2012 (Geron). However, in Uber’s expansion it is stretching traditional ideas about regulation and business practice, often times facing legal and political challenges. Across multiple forums, these challenges have resulted in a wide variety of outcomes.

Uber has experienced widespread success in some areas. In September of 2015, Queens Supreme Court Justice Allan Weis shut down a case brought forward by four Queens credit unions. This case challenged the legality of Uber’s operations in New York City. Judge Weis ruled that Uber may continue to use electronic street hails to compete with traditional yellow taxi cabs. Erik Enquist’s article, *Judge Rules on Taxi Industry Lawsuit: Compete with Uber or Die*, while morbidly named, details the stance of the Judge as well as the plaintiffs’ positions and response to a fairly decisive ruling. The survival of the Taxi Companies was not a pressing concern for Judge Weiss, who

expressed indifference as to whether or not the \$10 Billion worth of taxi medallions became worthless. He was quoted as saying, “Any expectation that the medallion would function as a shield against the rapid technological advances of the modern world would not have been reasonable. In this day and age, even with public utilities, investors must always be wary of new forms of competition arising from technological developments.” He also added that it was not the courts job to monitor the competing interests disturbed by new advances in technology.

The Credit Union’s Lawyers were expectedly dismayed at the Judges position, calling it an “immense abdication of leadership and responsibility”. Indeed, this ruling will have a huge impact on the plaintiff’s operations. No new taxi medallions had been sold since February, in the past a surefire investment. If competition with Uber leads to a huge decline in these medallions value, owners could cease to be able to repay their loans. In some instances these medallions make up the majority of an entities investment portfolio, as in the case of one of the plaintiffs, Melrose Credit Union, whose portfolio is 78% medallions.

Uber isn’t just experiencing success in legal challenges, but political ones too. In 2015, New York Mayor Bill De Blasio proposed a cap on the number of new drivers Uber could hire. However, in response to backlash from the company and public he has temporarily stepped away from the proposed cap. The New York Times’ Matt Flegenheimer chronicled the aftermath in his article, *De Blasio Administration Dropping Plan for Uber Cap, for Now*. The proposed cap was intended to limit the growth in Uber drivers to 1% a year. This would have been a staggering cutback compared to the 63% growth rate Uber maintained from 2011 to 2015. Uber responded with ads critical of the

Mayor, painting him as a protector of the yellow cab lobby who contributes to his campaign, while the mayor portrayed the company as a Wal-Mart on wheels. Yet, Uber has received a growing amount of support from political offices in New York, with Governor Cuomo calling the company “one of the great inventions of this new economy”. The City Comptroller and the Brooklyn Borough president also came out against the cap. The Mayor’s office was quick to state that the dropping of the cap is not a defeat, but simply a considered delay until the results of a traffic study are in.

However, Uber has not been so fortunate in every case. Just a few short days after taxi drivers were burning tires and stopping traffic in protest of Uber operations across France in June of 2015, Uber lobbyists found themselves negotiating with the French Ministry of the Interior. Uber’s operations in France have gone in a drastically different direction than New York, with two of the companies top executives facing jail time. Sam Schechner has been continuously reporting on these developments for the Wall Street Journal. His article, *Uber Meets Its Match In France*, highlights why things have gone so wrong for Uber in France. The key is Uber’s “strident brand of Silicon Valley exceptionalism” as Schechner puts it. Uber’s typical *modus operandi* has been to operate in a region in accordance with its own standards and practices, regardless of existing regulations. The hope is that once firmly entrenched, the value and quality of their service will sway public opinion and the rules and regulations will eventually evolve and adapt to Uber. This particularly strategy worked well in areas like New York, where Uber’s response to the proposed cap involved a ‘De Blasio View’ filter on their app that showed no cars available, and garnered enough public support for their service, along with the backing of favorable judicial rulings, to firmly entrench themselves (Fleggenheimer). It



has not achieved the same results in France. In the process of butting up against an entrenched business culture and flouting a law that made one branch of Uber services illegal in France, Uber's Chief of Western Europe and their general manager of France have been indicted on charges of enabling illicit taxi services.

Concerns over Uber's regulatory discrepancies are not without merit. Yet, the success of Uber might promise great benefits to workers and consumers alike. New platforms, like Uber's ride sharing services, have the potential to move towards a democratic economy, a Deweyan notion that the best interests of American citizens lay in policy experimentation and a pragmatic focus on human growth. This process begins with the institutions that comprise our economic environment and the regulatory structure in which they operate. *In my research, I aim to ultimately determine what changes in regulatory behavior and attitudes towards the operation of Uber in the U.S. are needed in order to move towards a more democratic economy.*

My investigation into what steps U.S. regulators should take regarding the increasing expansion of Uber will be framed by the following research questions

- A. What are the necessary qualities an institution must promote in order to be moving towards a democratization of the economy?
- B. Does Uber display these necessary qualities?
- C. Should we make regulatory changes and to what extent in order to facilitate the operation and expansion of Uber?

The above research questions are crucial in making a conclusion about U.S. regulatory attitudes. The first question, "What are the necessary qualities an institution must promote in order to be moving towards a democratization of the economy?" deals

directly with the philosophical justification for policy decisions I wish to employ. The primary basis of this outlook is the work of John Dewey. His book, *The Public and its Problems*, written in the context of a post depression America, provides a prescription for how to approach democratic governance in the face of technological advances and a rising corporate tide. His key contribution is taking the form of democracy and participation out of the abstract sense and relating them to key social and economic factors. Robert Dahl's, *Democracy and its Critics*, makes many of the same points. In an attempt to refine and defend the American conception of Democracy, Dahl recognizes the close relationship between democracy and the economy and makes several suggestions for the best steps forward. My research question is important in so far as it identifies the key factors that Dewey and Dahl have suggested and their manifestations in an institution. This approach will be evaluated against alternatives, specifically the familiar classical liberal approach and Gibson-Graham's neomarxist framework. These alternatives suggest ways for an institution to further economic interests, but differ drastically from Dewey and Dahl in their desiderata. It is only after identifying these necessary qualities that I may begin to apply them to specific cases in order to analyze the extent that they democratize the economy.

My second research question, "Does Uber display these necessary qualities?" is the empirical base from which the ultimate conclusion about regulatory attitudes can be made. After identifying the qualities an institution must have in order to move towards democratizing the economy, it is necessary to apply these qualities to Uber and see if it fits the bill as an institution. This examination will come from both internal and external sources. Uber provides data regarding its business practices that include demographic,

economic, and geographic information. In addition to this, I will use rulings from relevant lawsuits and aggregated data about consumer opinions in order to discern the extent to which these qualities are manifested.

The third research question “Should we make regulatory changes and to what extent in order to facilitate the operation and expansion of Uber?” is the heart of my thesis and the ultimate justification for any policy recommendation made. I will be approaching this question from a viewpoint that attempting to further democratize the economy is a boon for American society. However, change is often conflict, and opinions differ on the method and extent of regulatory changes. Through collecting responses from policy makers regarding the challenges posed by Uber to our existing regulatory system, I plan to compare their responses within the Deweyan framework established in my first research question.

My thesis will consist of four primary chapters, the first of which will be a comprehensive literature review. This literature review will attempt to establish and describe the current philosophy surrounding the ‘Democratic Economy’. The primary works used will be *The Public and Its Problems* by John Dewey and Robert Dahl’s *Democracy and Its Critics*. These works are foundational in the concept of the democratic economy and provide for specific principles to move towards that state. As well, several supporting works will be utilized that refine the conception of the democratic economy or point to practical manifestations of its qualities.

The second and third chapters will be empirical chapters. The second chapter will be focused on the qualities of Uber, whether its operation contains the qualities and produces the effects that move toward a democratic economy. Uber by nature of its

platform collects large quantities of information about its operations. This information has been made available and provides a valuable tool for this sort of quantitative analysis. The third chapter is another empirical chapter but in a qualitative sense. It will contain the interviews of Uber consumers, drivers, policy makers, and policy experts. This chapter will attempt to collate this information into goals in a framework from which conclusions about specific policy steps may be drawn.

The fourth and final chapter of my thesis will be a conclusory chapter where I use the information gathered from my empirical chapters to draw a conclusion about what changes in regulatory behavior and attitudes towards the operation of Uber in the U.S. we need to make in order to move towards a democratic economy. This conclusion will not be definitive, but it will attempt to be comprehensive and, given its strong philosophical backing given in the literature review combined with extensive empirical analysis, hopefully convincing.

## **Literature Review**

### *John Dewey*

The literature surrounding government institutions' interactions with the economy is diverse, as well as integral to understanding a modern decision making framework in the face of rapidly changing technology. Perhaps the most familiar theory is the approach of classical liberalism. Other approaches, e.g., Graham-Gibson's neomarxist account, offer alternative explanations for our capitalistic democracy (*The End of Capitalism*). However, this thesis understands a Deweyan approach that values the democratization of the economy. Prevailing theories have

not done enough to advance our understanding of the economy in the face of rapid technological advancements, and Dewey's pragmatic, as opposed to idealistic, approach may offer greater insight into taking steps to address the issues these advancements raise.

John Dewey's *The Public and its Problems* addresses the state of American Society in a post-depression economy. In it, Dewey defines the public, a collection of individuals linked by their shared consequences, and how this public moves to create a state. This state has increasingly created economic, social, and political systems that are less responsive to the needs of the public. Dewey describes the conditions and actions necessary to remedy these issues. *The Public and its Problems* deals with the economic as well as the political, and provides a framework for examining how new economic institutions, like Uber, may impact society for better or for worse.

Political phenomena arise from "modifiable and altering human habits" (6). As human activity coalesced into collective group, it was this human characteristic that fueled the formation of the public and a state. As individuals carry on their private business they inevitably end up affecting those not directly involved with their affairs, as a farmer dumping waste upriver may end up harming those farther down. Because of the recognition of evil consequences, there becomes a common interest in creating and maintain certain rules, together with the selection of certain persons as guardians and interpreters of these rules (17) The basis of Dewey's hypothesis follows from this: "Those indirectly and seriously affected for good or for

evil form a group distinctive enough to require recognition and a name. The name selected is The Public” (35).

As the public builds its sets of rules and selects those to govern these rules, they form a state. However, this state is not perfect. The political institutions of the state are not constructions of political philosophy, but rather arise from numerous adaptive accommodations to the needs of the public as they alter and change based on experienced consequences (84). These imperfections were especially apparent to Dewey who wrote this book following the calamity of the great depression. The need for enforcement of the rules that form a state create incentives for those who enforce them to consolidate power amongst themselves, the Great Depression being a drastic example. While democracy is a mode of government designed to guard against this experience, political institutions as the product of gradual adaptations to changing circumstances possess their own inertia; they solve problems for specific circumstances and thus are inadequate for broader, more general practice, and are slow to change. This inertia increased in the wake of the industrial revolution and a developing economy as societal roles became specialized and the public became less able to fully comprehend how the negative consequences of private action affected them as a whole.

Dewey argues that the solution to this is ultimately communication. In his words, “communication can alone create a great community”, the great community being a public best able to meet its needs (142). The rapidly developing economic and technological advances we experience result in asymmetrical information gaps that favor the elite over the public. It is necessary for the results of scientific and

elite knowledge to be made available to the public if the public is not to be eclipsed. This is only possible through public association that demands the dissemination of knowledge, knowledge of the specific consequences that affect the public. How might Uber affect communication with regard to the public? Uber is essentially a tool for organizing public interaction. The application connects those who are willing to give rides with those seeking rides. This service has been provided for decades by taxicabs. While the fares are apparent on the meter, the mechanisms of these fares are hidden behind city ordinances and countless hours of lobbying. With Uber, the fare is prominently displayed within the app, and changes to the price that occur based upon the supply of drivers and customer demand appear before the driver calls his ride. As well, drivers and customers alike are given a star rating by the opposite party. These ratings allow for clear communication of the public opinion.

Dewey strongly supports an experimental approach to changing practices. When our institutions and practices arise from a series of adaptive changes, we should match its natural pace. The formation of the state's rules and regulations must be an experimental process because we do not know what is truly best without experimentation (33). The association that leads to communication isn't possible without experimentation either. We must apply the ideas and modes of governance experimentally in social circumstances if we are ever to truly know the best practices for regulating and governing.

Kenneth Stickers uses a refined sense of these ideas in his article "Dewey, Economic Democracy, and the Mondragon Cooperatives". Essentially, a Deweyan

economy consists of three central features: the notion of economic growth is rooted in human growth; it is organic and evolutionary, not ideological and utopian; and it is experimental and empirical (186). I will refer to this framework as Dewey's 'democratization of the economy'. If we accept the tenets of Dewey's social philosophy, then moving towards these three features should be a policy goal. What this approach offers over others is its pragmatic grounding. It is aimed at improving the world, not just describing what our ideal system would look like. It is interested in a qualitative sense of human growth, not just economic growth. Our economic theories and concepts are ultimately tools to solve the "concrete problems of the living" (190). As those problems evolve, a democratic economy allows us to do away with ideological stands in favor of testing new policies that create qualitative, human growth.

The process of achieving a democratic economy involves two mechanisms, public policy and institutional effect. These concepts are crucial to understanding why economic institutions and our decisions regarding them impact the public so heavily. The political work of Robert Dahl and the institutional work of Scott Bowman and Michael Storper echo the same sentiments Dewey expresses in *The Public and Its Problems*. Together, they provide a description of the medium through which we may democratize the economy.

*Robert Dahl*

Robert Dahl's, *Democracy and Its Critics*, is both an attempt to define what a democracy is and to defend its importance. Throughout the book, he addresses a wide range of democracy's critics. While he is more than fair in acknowledging the



merits of their arguments, he ultimately concludes that a democratic system is the best available. The final section, on what a society must do to advance its democratic state, proves most relevant. He specifically addresses the challenges democracy faces as it encounters increasing complexity from advancing technology and expanding economic institutions. Ultimately, Dahl agrees with Dewey, an attentive, well-informed public and policy experimentation are necessary in this context.

The beginning sections of *Democracy and Its Critics* are a defense of democracy against its critics. Dahl ultimately concludes that the democratic system is the best way to promote human development by advancing and protecting the interests and goods people share with each other as no other feasible alternative can. With this established, we can move on to democracy in its current context, and how it may use public policy to move forward in response to the issues rapid tech advancements pose. Dahl identifies current society as a modern dynamic pluralistic society (or 'MDP'). With an increasing number of groups and changing conditions indicative of a modern society, democracy must adapt. A chief area to be adapted to are these new economic institutions.

Why should the public be concerned with democratizing economic institutions? Dewey introduced the concept that the public is knowledgeable about 'where the shoe pinches', that is that the public is knowledgeable about consequences that directly affect them. Economic institutions that employ the public pinch. Work affects the public's income, consumption, savings, status, friendships, leisure, health, security, family life, self esteem and 'innumerable other crucial interests and values' (327). With. Dahl does not describe exactly what a

democratization of an economic institution would look like. He does however indicate that this process would require favorable conditions to be created. Democratizing the economy would require a large support structure.

This discussion on democratizing economic institutions leads into his stance on social experimentation on policy. Consider an effort to democratize a company. That might necessitate that the employees be the ones to choose the manager. If employees typically make poor choices about who should manage, then that suggestion may be done away with, but if employees are even just as effective at choosing managers as the owners of the institution are, then there is merit in adopting that structure. Dahl concedes that he does not know whether employees can be trusted to competently pick managers, but suggests that decision makers proceed experimentally to find out.

A final key piece to a healthy democracy in the face of technological advancement is an attentive public (this concept is incredibly similar to Dewey's notion of the public and the great community). The biggest problem facing MDP democracies is increasing complexity. Elite individuals benefit not just from money and power, but from the consolidation of specialized knowledge as issues become more numerous and complicated. The issue as Dahl puts it, is that "complexity threatens to cut policy elites loose from control by the demos" (335). The solution to this is a public that possess information about political agendas, has equal access to opportunities, has influence on the subjects which information is available, and is able to participate in a relevant way in political discussions (338). Now these proposals are specifically economic, but in democratizing the economy we can

transit them from one realm to the other. Dahl himself in a slightly antiquated way, sees the benefits that technology brings for the purpose of creating an attentive public, envisioning a future where the public can 'meet' without actually being in the same place through telecommunications.

Essentially, Dahl identifies democracy as being the best possible system to ensure the interests and security of any given public. Given that public interest is in the democratization of the economy, the government is obligated to consider its policies regarding economic institutions against the three qualities that Stickers laid out. What Dahl shares with Dewey is the conception that adequate communication and an experimental approach are necessary to ensure that implemented policies are an effective, accurate reflection of public will.

With a plan for translating public interests into policy decisions, there is another question left to answer. How can an economic entity promote the required qualities for democratizing the economy? Again, Dewey's framework describes an economy that's notion of growth is human growth, is evolutionary and organic, and is empirical and experimental. It is not intuitive how a for-profit company can create this type of social change, or be motivated to pursue it, but Dewey's conception of the public offers some insight. The public, as a group formed out of a collective grievance, takes steps towards addressing these externalities. These steps are the components of social change, and they take the shape of institutions. Whether political (like our system of governance) or economic (like corporations) the details of these institutions influence the texture and degree of social change. Economic Geography, in studying the spatial organization of economic activity, has proved to

be useful in evaluating how economic institutions form and the mechanisms through which they affect social change.

### *Economic Geography/Institutional Theory*

The field of economic geography experienced an “institutional turn” over the past few decades. A key element of this turn is the recognition of how the economy can’t be truly understood without considering the institutions upon which economic activity depends and is shaped. Jonathan March and Johan Olsen were writing about new institutionalism as this turn began. In their article “The New Institutionalism: Organizational Factors in Political Life”, they lay out a definition for institutions: at its core “an institution is a relatively enduring collection of rules and organized practices, embedded in structures of meaning and resources that are relatively invariant in the face of turnover of individuals and relatively resilient to the idiosyncratic preferences and expectations of individuals and changing external circumstances”. Institutions are not just self-correcting contracts between rational actors. As March and Olsen elaborated in a more recent article, institutions are sets of structures and rules that have their own partly autonomous role; they create order and predictability by tying citizens together (4-5). While our political institutions are often the most visible, institutions exist in economic and social spheres as well.

A corporation is one type of economic institution. Its culture, resources, and rules tie its employees together and guide its operation. The corporation grew up alongside the American embrace of classical liberalism. As courts embraced this highly individualistic ideology in early America, the corporate structure became

increasingly cemented in an individual, contractual regard (Bowman 8). As a concept and as individual entities, corporations have been a huge part of American society since the early 1900's. Following 1904, judicial interpretations redefined legal relationships between corporate stockholders and managers, in a manner that secured a corporations right to manage its internal affairs and exercise its external power autonomously (71). This autonomy affords corporations great power in economic affectivity and the early 1900's witnessed the consequences of laissez-faire capitalism that inspired Dewey. Today that autonomy in exercising external power is, in theory, checked by the conception of the corporate social responsibility that permeates our laws and regulations (74). These economic institutions still garner massive influence, but the modern ideal of a corporation is one where this power balance is kept in check.

Corporations, as an institution, have not been static since their inception, but it has been relatively slow to change. The process of change is typically considered under four different categories: single actor design, where single actors specify some objective to pursue; conflict design, in which competing designs produce a result; learning, where designs are adapted as a result of experience; and competitive selection, where different institutional sets compete with and replace each other (March and Olsen 11). These individual concepts are not mutually exclusive. However, they assume a deliberate and intentional catalyst of change, acting at junctures characterized by the failure of the original. March and Olsen challenge this model of punctuated equilibrium. Theirs matches that of Dewey; institutional change does not arise from sudden, idealized changes. A corporation

may change its product focus or marketing strategy on a dime, but the rules that govern how this decision is made and the structure that puts decision makers in place have much greater inertia. It happens incrementally and imperfectly.

Change can be initiated internally and externally. Bowman uses the concepts of Thorstein Veblen, a 20<sup>th</sup> century economist, to examine the process of internal change. Institutional change is not only a “selective and adaptive” process, but is in itself an “efficient factor of selection” (105). What these concepts allude to is that institutional change is the product of human behavior adapting to changing social environments, and that this process transforms the criteria for later institutional change. The increasing specialization of knowledge in industry that Dewey mentioned is an example of this. As the social environment came to include more and greater scientific discoveries, it became a motivator for incorporating scientific experts into corporate institutional structures and institutions, without those structures becoming increasingly obsolete (111).

When it comes to these internal changes, institutions are tasked with balancing exploration and exploitation. Under March’s conception, “Exploitation involves using existing knowledge, rules, and routines that are seen as encoding the lessons of history. Exploration involves exploring knowledge, rules, and routines that might come to be known” (13). In general, exploitation of the given rules leads to the most favorable outcome, as they reflect accumulated experience greater than that of an individual actor. Yet, any institution that sticks solely to exploitation risks being rendered obsolete. Sometimes, breaking the rules proves to be the right choice, and ignoring this risks decay in rule set efficacy.

On the other hand, external change is manifested in government regulation. Where as internal change was influenced by social environments, “Regulation provides a means whereby public interest...can be invoked to subject corporate decision makers to standards of social responsibility” (Bowman 138). As a note, while this desire to regulate according to certain standards is itself a by product of a social environment that endorses corporate social citizenship, the fact that the social environment gets interpreted through a regulatory agency is enough justification to make an internal versus external distinction. Regulation, as an external change, functions differently than a corporation’s own adaptations. By discouraging certain forms of behavior with penalties, regulation implicitly promotes certain forms of behavior. Regulation isn’t just a method of coercing a corporation to act in a certain way, but also a way of defining certain boundaries for self-regulation in order to achieve a desired goal (139).

How do changes in economic institutions affect how an economy as a whole operates? Michael Storper examines this issue through a regional perspective in *The Regional World*, looking at how our economy responds to technical innovations in different geographical spaces. What Storper found is that ‘flexibly specialized’ areas, with large tech industries, arise from certain attitudes that economic institutions and the policies that govern them adopt. Wealthy regions and counties involve very small roles for formal research and development within their economic institutions; instead, it is relational feedback that in production systems that guides innovative performances (33). Storper concludes that, “increasing density and complexity of relations is the means to new forms of collective reflexivity” and it’s this collective

reflexivity that leads to this regional disparity. Economic institutions that embrace relational feedback foster economic environments that encourage innovation and generate success. This economic environment he dubs “the learning economy” (265).

There is a classic problem in western society. Investor returns need to be reconciled with an acceptable distribution of income, whatever that may be. Investors prefer this distribution to occur because of employment, not due to handouts. However, wages and employment have remained relatively stagnant since the 70’s (Storper 263). The policy problem is how to sustain an acceptable level of employment and wages, while at the same time remaining competitive in the realms of profit and growth. Storper suggests that the answer lies in the learning economy. Core learning activities in an economic institution can have propulsive affects on an economy as a whole. When a corporation focuses on relational feedback, it can experience feedback to such extent. One example of this is the production of non-standardized, non-routine goods and services. Employment that could serve as the driving force behind employment and wage growth focuses on such production (265). Firms that learn or foster the notion of learning better within their structures find themselves more competitive, and areas that encourage this sort of focus find themselves better off.

In light of this, Storper offers a policy suggestion for technological spaces. “The object of policy for technological spaces is not simply to install hardware, but to set the economy a trajectory of technological ‘learning’, so as to outstrip the imitator—competitor economies” (268). Policy is important as it allows for the



perpetuation of an institutions impact through the reinforcement of convention. As an institution affects the economy, convention begins to affect the interests, expectations, and actions of the public. It is important to note that in some circumstances, public convention, or common wisdom, run counter to the formal rules of markets and the economy (269). The most effective institutions are those who foster a 'hard' organizational side with strict structure, as well as a 'softer' conventional one.

In summary, the literature reviewed so far has made the following points. Wherever negative consequences impact multiple individuals, a Public is formed. It is in this Public's best interest to create institutions to govern how these problems are handled, and Democracy proves to be the best system for promoting the Public's interest. Within a Democracy, these institutions arise to address specific issues and should be regularly evaluated for relevance and effectiveness. This is a key tenet of Storper, March, and Olsen as much as it is for Dewey. The history of the modern corporation illuminated how these economic institutions developed alongside industrialization, specialization, and the political environment of the 1900's. By evaluating the structure of our economic institutions, we can tweak their function in order to better serve a collective pursuit. When it comes to our economy we should focus on three things: economic growth as human growth; organic and evolutionary institutions, not ideological and utopian ones; and experimental and empirical approaches. Changing how our economy functions, starts with our economic institutions, i.e. corporations and the rules that govern them. Corporations change incrementally based upon historical experiences as well as when prompted by

external regulations, and can ultimately affect the economy as a whole through their actions and the conventions their consistency creates.

### *Alternate Approaches*

However, this is not the only approach to considering the economy and its institutions. In fact, in many ways this runs counter to the ideas of Classical Liberalism that have permeated American culture since the country's founding, which focuses on the market as an ultimate economic institution. Further more, recent alternative views have questioned the true nature of our economic institutions. From a feminist, neo-Marxist perspective, economic geographer J.K. Gibson-Graham proposes a community driven institutional perspective.

### *Gibson-Graham*

Gibson-Graham's approach is laid out in two books *The End of Capitalism (As We Knew It)* and *A Postcapitalist Politics*. She describes herself as both a feminist and a Marxist. This feminist perspective serves to inform her interpretation of typical Marxist conceptions of capitalism and its economic institutions. Gibson-Graham makes a distinction between 'theories' and 'stances', or worldviews. Theories involve conceptions about certain systems, how they manifest and what counts as evidence when describing them. A stance, on the other hand, "is both an emotional and an affective positioning of the self in relation to thought and thus to apprehending the world" (*A Postcapitalist Politics* 1). Feminists were not battling a theory of men and women, but instead a stance that promoted a patriarchal society by influencing how we thought our society should operate.

This conflict characterizes Gibson-Graham's challenge in proposing new ideas about the economy. She seeks to accomplish this by changing stances on the economy that have resulted in an "all-knowingness" of how it should operate (3). The issue is not limited to those who consider our current capital system the only option. Gibson-Graham also lays the blame for undermining non-capitalist futures on the melancholia of the left. "Nostalgia for old forms of political organization (like the international movements of worker solidarity or unions that had teeth) and attachment to the political victories of yesteryear (such as the nationalization of industry or protection for key sectors) blinds us to the political opportunities at hand" (*A Postcapitalist Politics* 5). What is the best way then to change these stances? Gibson-Graham found success in community brainstorming sessions. Simply asking a group to inventory its presuppositions allowed them the opportunity to then construct their own place in society (152). This creates a space receptive to 'weak' theorizing, as opposed to strong theorizing. Theories heavily influenced by a worldview are 'strong' theories (4). They offer ideas about what is without offering any opportunity to move beyond our worldview. Instead, Gibson-Graham proposes the practice of 'weak' theory, asking our theory to help us see openings and possibilities outside our stances. This type of the theory allows us to "deexoticize power" and move past the seemingly mundane (7-8). In the same way that feminists fought "the ways of being in the world that we almost never think about", Gibson-Graham attempts to reconstruct economic thought (128).

What then is this stance that should be addressed? The stance is our notion of Economy; we accept it as a tightly organized market system. This term has

become the ultimate judge of possibility. Three things have happened as a result: wage labor, commodity markets, and capitalist enterprise are considered the only normal forms of work; capitalism is accepted as the only present form of economy and the only one for the foreseeable future, and we have relatively little to say about systems that fall outside this conception (*A Postcapitalist Politics* 53). Gibson-Graham challenges this stance. What we consider to be the Economy, in truth branches farther out. Economy's of family, volunteering, gift giving, theft, and more all take place outside of traditional market systems. Gibson-Graham uses the family economy as an example. How should we consider the labor of a woman within a household? Is it excess labor appropriated by her husband, or might it consist of a sort of gift giving to her children? Her labor in the household may also be affected by a patriarchal worldview that limited her economic activity outside the home, as was the case in several Australian mining communities (*The End of Capitalism* 212-218). When these are taken into account, it appears that our economy consists of social and market forces intertwined. The economy is not a machine, but "the processes we all engage in as we go about securing what we need to materially function (*Take Back the Economy* 8).

With a new way of thinking about the economy proposed, Gibson-Graham shifts to a prescriptive mode, informed by the style of weak theorizing identified earlier. She introduces the community economy theory, which contains several concepts close to Dewey's own work. For instance the book, *Take Back the Economy (An Ethical Guide for Transforming our Communities)*, focuses on how economic growth relates to human growth. When we think about the economy as involving all

the processes we participate in to survive, a richer picture of economic growth emerges. Surviving well involves more than just monetary gain, but occupational, social, physical, and community well being too (*Take Back the Economy* 22). Gibson-Graham and her co-authors are interested in creating community economies that foster this holistic sense of economic growth, and they are not short of suggestions: businesses in a community economy seek to spread economic surplus in a way that benefits a community and the world, markets promote economic encounters that let us survive well together, property that sustains us is shared as commons, and investment is transparent in building a better future for all (73, 89, 148, 177). Essentially, economic institutions should strive to create economies that prioritize ethical negotiations about our interdependence (13). That is the community economy for which Gibson-Graham is ultimately aiming.

### *Classical Liberalism*

Classical Liberalism, as an ideology, has been prominent in American society since the 1800's. Primarily a response to increasing urbanization and industrialization, the school of thought drew from the work of individuals including Thomas Jefferson, John Locke, and Adam Smith. Its primary focus is the freedom of individuals in politics, economics and life. The Liberal rejects that society consists of connected social networks, instead asserting that society is the sum of its ultimately self-interested individuals (Hunt 44). When it comes to economics, Liberalism takes a similarly individualistic stance. It should be up to the individuals to decide what to produce and how to produce it (47). When it comes to making decisions about our economic institutions in the present, these principles are readily apparent in free

market approaches. Beginning with Adam Smith's economic theories, this approach has been articulated and refined over the years to become a standard in economic discourse.

One of the definitive voices in this field was social theorist and political philosopher, Friedrich Hayek. In 1945, Hayek published an essay, "The Use of Knowledge in Society". This essay, itself a response to proposals for a planned economy, has become representative of classical liberal thought in approaching our economic institutions. The essay begins with a description of a fundamental problem. The information we need to make decisions does not exist in a totality, but are "dispersed bits of incomplete and frequently contradictory knowledge" (I H.3). Hayek then addresses the notion of a planned economy. In evaluating a planned economy versus his own position, the criteria should be which theory offers the possibility for the most effective utilization of the knowledge we have available to us (II H.7). Hayek's conclusion is that his own position, that of a free market system, would prove vastly superior to the planned economy proposal in its utilization of such dispersed knowledge. No individual actor can possess more information than the collective society as a whole. This sentiment is elaborated on in the Essay "I, Pencil". Written by the founder of the Foundation for Economic Education, Leonard Read, "I, Pencil" extolls the virtues of the free market system from the point of view of a pencil itself. The pencil itself is a seemingly simple invention. However, there is not one man with the knowledge required to make one on his own. From the cedar planks of California, to the graphite of Sri Lanka, the assembly of a pencil requires such a breadth of material, machinery, and expertise that only a collection of

individual actors individually motivated can be responsible for the millions of pencils produced each year.

The ultimate result of a free market system is that we can synthesize a great amount of dispersed information based upon collective reactions. The primary measure of this is price. Price is a method of communicating information (VI H.22). It represents the knowledge of every market participant about the product provided, and it allows individuals in the market the ability to utilize this information in a way not possible in a planned economy. Price to Hayek is the critical information. It does not matter *why* some goods are more desirable than others, but price lets the individual know the degree to which they are (VI H.19). That is the relevant information.

What then is the best approach we should take in running our economic institutions? Hayek would advocate for deferral to the power of the markets as the most effective way to utilize or collective knowledge and promote overall well being. This approach is expressed in “I, Pencil” as well, “Leave all creative energies uninhibited. Merely organize society to act in harmony with this lesson. Let society’s legal apparatus remove all obstacles the best it can. Permit these creative know-hows freely to flow. Have faith that free men and women will respond to the Invisible Hand” (Read). According to Classical Liberalism, the institution of the market is the ultimate authority on public desire and perception.

### *Conclusion*

These are two alternative views on how to democratize our economic institutions. Classical Liberalism suggests we leave the creative energies of our

institutions uninhibited, and as a result public opinion will be more perfectly manifested through market forces. From a neo-Marxist perspective, Gibson-Graham proposes that institutions should strive to resolve ethical negotiations about our interdependence as a society, creating a harmonious community economy. These approaches, along with Dewey's three characteristics, all aim for the same goal, to help a society live well as individuals. However, Dewey's approach seems significantly more pragmatic than the relatively idealistic alternatives. The Classical Liberal, in placing great trust in the invisible hand and other market forces, fails to offer any recourse as to the information asymmetry that comes with rapid technological advancement. Where Hayek identifies that rapid changes in circumstance pose a challenge to our economy, Dewey offers a direction for the economy that alleviates these issues in three principles. Gibson-Graham attempts to reframe the conversation about our economic institutions, but she neglects to account for how static our institutions can be, changing only in incremental responses to historical experiences. Dewey frames economic institutions as potential instruments of social change, but also provides clear direction for these institutions to move towards.

As a whole, the literature raises several questions about the different ways to think about corporations and economic institutions outside of their basic operations, how we handle them, and what we ultimately desire from them. Given this Deweyan approach, in the following sections of this paper I will attempt to holistically evaluate a particular case study, Uber. Uber is Transportation Network Company that makes for an interesting case because of its surging popularity while



at the same time running afoul of myriad rules and regulations. Is Uber as an institution consistent with the democratic economy? And if so what changes, if any, should we make in our regulatory attitudes towards it and companies like it.

### **Methodology**

The purpose of this thesis is to investigate the impact of Uber on the American economy and, based on this, conclude what changes in regulatory behaviors and practices should be made in order to move towards a more democratic economy. This will be achieved by answering the following questions:

- D. What are the necessary qualities an institution must promote in order to be moving towards a democratization of the economy?
- E. Does Uber display these necessary qualities?
- F. Should we make regulatory changes and to what extent in order to facilitate the operation and expansion of Uber?

This thesis approaches the problem through an inductive process. Answering each of these questions will involve the observation of qualitative and quantitative data, and from this analysis drawing an ultimate conclusion.

The first research question deals with the Deweyan notion of a Democratic economy identified in the literature review. To reiterate the three features of this economy are: the notion of economic growth is rooted in human growth; it is organic and evolutionary, not ideological and utopian; and it is experimental and empirical (Stickers 186). These features however, apply to the economy as a whole not the specific institutions that reside in it. Each institution is valuable to the Democratic economy insofar as it promotes these principles. When these qualities are identified, I may begin to

search for their evidence in Uber's operations through the analysis of empirical primary sources, and they may inform the questions I ask regarding regulatory practices and changes (I will expand upon these processes later).

What qualities then would promote economic growth as human growth and an organic, experimental economy? While this question supports the potential for a diverse, even fractured, set of answers, the literature supports two holistic categories: qualities that make economic participation more representational of American society and qualities that increase collective public access to information. To elaborate with examples not necessarily relevant, if a company's operations increase the ability for women to enter male-dominated fields or for low-income families to achieve greater utility with their existing incomes, that would satisfy the first category; if their operations were to allow greater clarity in environmental impacts of consumer decisions, that would satisfy the latter.

A key theme in the literature is that a unified, attentive, and well-informed public is key to improving American society. In *The Public and Its Problems*, Dewey highlights the need for public association to demand knowledge of the specific consequences that affect it, as "Communication can alone create a great community" (142). Dahl comes to the same conclusion in *Democracy and Its Critics*. The public needs equal access to opportunity and influence on subjects where information is available in order to function effectively (338). The two qualities identified arise from these conclusions. Increased economic representation allows the public to associate effectively and act upon the consequences it faces, and access to information allows them to make the informed

decisions on these same issues. With these qualities, economic growth leads to human growth and access to information promotes an evolutionary, experimental society.

The next task is to analyze the operations of Uber and identify if they display these qualities. To accomplish this, I will look at a variety of quantitative and qualitative data relating to Uber and its economic impact. This data will include:

- Economic Impact on Employees
  - Demographics employed
  - Wages and Benefits
  - Driver Interviews
- Economic Impact on Consumers
  - Demographics represented
  - Surge Pricing data
  - Consumer Interviews

Analyzing this data will consist of synthesizing it into the two qualities identified in the first research question. Do the details of Uber's operations increase economic representation, or promote public access to information? Demographics information can provide valuable insight into the first question because it shows the breadth of the company and its constituent's economic representation. Further metrics, like comparative wages and surge pricing data, can illuminate the extent of this representation.

The second question will be addressed using qualitative methods, I will be conducting interviews with Uber passengers and drivers. Passengers will be asked the following questions:

1. How frequently have you used Uber in the past year?

2. How frequently have you used a traditional taxi service within the past year?
3. How would you compare the service provided between Uber and traditional taxi services?
4. What effect does Uber's surge pricing have on your decision to book a ride?
5. What effect does an Uber driver's star rating have on your decision to book a ride?

These questions are intended to provide a comparative view between Uber services and those of traditional taxi companies. As well, questions 4 and 5 give the opportunity to evaluate how certain software features of Uber affect consumer decision-making.

Uber drivers will be asked the following questions:

1. How long have you driven for Uber?
2. Have you ever driven for a traditional taxi service?
3. If yes, how have the experiences compared? If no, why not?
4. How important is a passenger's star rating in your decision to accept their ride?
5. Has your own star rating impacted how you drive and the service you provide?

These questions follow a similar format as the passenger questions. The first three questions are intended to provide background and a comparative view between Uber and other taxi services. The final two questions speak to the software features of Uber and

how the information they provide affect driver decisions. From these analyses I will draw a holistic conclusion as to whether Uber displays the necessary qualities to promote a more Democratic economy.

The final task is to conclude what specific changes should be made towards regulatory attitudes and practices. This will be accomplished through the collection of qualitative data in the form of interviews, and the analysis will take place by the application of the principles of a democratic economy identified in the literature review, as well as the necessary qualities to promote these principles from the first research question. There are two types of candidates that I will choose to interview, policy makers and policy experts. Policy makers are those in charge of creating the regulatory rules that govern Uber's operations such as government officials and committee members. Policy Experts are those with expert knowledge on the metrics involved in measuring a company's operations. Policy makers are valuable to interview, as they provide a general knowledge of how specific regulatory decisions affect broader contexts and what regulations are reasonable or implementable. Policy Experts are valuable in that they provide insight into how specific metrics directly influence communities and how closely company behaviors might match said metrics.

While specific interviews may differ depending upon context will follow this general form dealing with six specific topics:

1. What sources of information are important to evaluate when it comes to policy decisions? (Do you take into account representation and how?)
2. How good are economic and operational factors at indicating impacts on a community?

3. How do you view the relationship between regulatory environments and firm behavior?
4. In what specific areas of regulation is there the most conflict with Uber's operations?
5. Given your overall feeling, what specific action or actions should policy makers take?
6. How would you suggest evaluating these actions over a period of time?

As part of the inductive process of this research, these questions are intended to be open ended, and provided the interviewee the opportunity to express their own perspectives and opinions. These questions are also designed with a few goals in mind. Questions 1, 2, and 3 allow the interviewee to establish their own framework of what is ultimately valuable in policy-making decisions and provide a comparison point for the framework this thesis operates under. Questions 4, 5, and 6 speak to where action needs to be taken and what specific actions they would recommend. As well, question 6 is intended to highlight a system for evaluating any conclusions drawn going forward.

#### *Potential Limitations*

There are a few potential limiting factors in my methodology. A primary one is that due to the fact that Uber is a private company, primary sources regarding the company's operations are harder to come by than for a public company. As well, the company itself distributes most of the primary information available. This opens the door for the data analyzed not to display the whole picture and potential bias. However, I believe that the vast majority of these shortcomings can be addressed by looking at

information Uber has made available in conjunction with other agencies and individuals, and maintaining a critical approach to evaluation.

Another limiting factor is the availability of interview candidates. The number of potential candidates is large, but subject to their availability and responsiveness to interview requests. The best way to approach this problem would be to ensure that no matter who the candidates end up being, that an equal balance of policy makers and experts is maintained, and that a diversity of opinions is garnered.

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## **Chapter 1 – The Democratic Economy**

This chapter is a review of the literature surrounding the democratic economy, and is an attempt to unpack the nuances of this theory. For this task, I have chosen a Deweyan conception of economic and political philosophy, as I believe it superior to the alternative classical liberal and neo-Marxist approaches. His work sought to actively apply philosophic principles to actual policy decisions from education to economics. Under this Deweyan conception, the ultimate goal of our policy decisions should be the attainment of this democratic economy. In my introductory pages, I briefly mentioned this concept as one in which democratic principles create an adaptable economic environment and provide people with increased autonomy. This is accomplished through the attainment of three goals: rooting economic growth in human growth; evolutionary and organic goals, as opposed to ideological and utopian ones; and an empirical, experimental approach.

### *Democracy*

As the democratic economy involves incorporating democratic principles into the economy, it is important to understand Dewey's full conception of how Democracy operates. This understanding is laid out in "The Public and Its Problems". In it, Dewey examines the key component of Democracy, the public, and sets a plan for solving the problems afflicting it in the wake of the Great Depression. At their most basic, political phenomena are generated and sustained by constantly altering human habits (6). They are responses, or atleast attempts at responses, to problems, guided by behavior. It is

these problems that bind people together in a state. In recognizing common interests in managing negative consequences, individuals adopt measures and rules for their maintenance and select others as their guardians, interpreters, and executors (17). Any political state is then the organization of the public, effected through officials, for the protections of interests shared by its members. From this we may draw Dewey's thesis on the nature of the public, "Those indirectly and seriously affected for good or for evil form a group distinctive enough to require recognition and a name. The name selected is The Public" (35). This is the Deweyan conception of a political state and how it operates.

Democracy then, is a method in approaching this public focused political state. It seeks to address an essential problem of government: What arrangements will prevent rulers from advancing their own interests at the expense of the ruled? By what political means shall we unite the interests of the governors with the governed (93)? Governments have long been tools for the interests of dynastic powers, but this is perhaps to be expected. The functions of rulership seem to ask for people to seize and exploit the office. Singular persons are subject to influences that determine what they can plan and choose, and the process of governance can pit their own interests against the public's (75). Democracy is a historical rebellion against this trend; it is a system of governance that attempts to keep its political institutions serving their representative functions over its private functions.

Political philosopher, Robert Dahl, supports the point that Democracy is our best option for linking these two interests. In his book, "Democracy and its Critics", he argues that Democracy is the best way to protect and advance the interests and goods that people share with each other. In giving the public some effective say in the agenda of its political

institutions, it keeps them functioning in a representative capacity. It ensures this public input in three ways, as Dahl describes on pages 109-112. The first is effective participation. In the process of making binding decisions, citizens ought to have equal and adequate opportunities for the expression of their preferences. They must have these opportunities for placing questions and for expressing their reasons for endorsement one way or the other. The second is voting equality at the decisive stage. Every citizen's expression of choice should be counted as equally as that of any other citizen; bound together as members of a state, no class of citizens' choices should be counted more than others when it comes to the decisive stage. The third and final is enlightened understanding. Each citizen ought to have equal opportunity for discovering and validating their own opinion on their interests and the choices made with regards to them.

As well, it is just as important to note what these do not specify. The second criterion does not require that all opinions are given equal weight at all times, or even necessarily that majority rules, just that there is always the option at the final decisive stage of policy making. In addition, the third criterion does not require a perfectly educated public. In fact, Dahl wishes for a slightly more informed demos. It just seeks to ensure that our institutions do not cut off or suppress information to its constituents. Together, these qualities give democracy the capacity to keep governing interests aligned with public interest in a way that other systems cannot. It is not perfect, but there is nothing perplexing or discouraging about the mistakes of political behavior along the way, as our democratic institutions brave the way forward (Dewey 68).

### *Applying Democratic Principles*

With the form of Democracy established, why and how do we begin to apply its principles to the economy? Should we not let the utilitarian economic theories rule, and what does effective representation have to do with the economy anyway? In exploring the Deweyan conception of the democratic economy I attempt to answer these questions and others. First I will address why applying democratic principles to the economy is useful and specify the characteristics of the democratic economy. Then, I will address how the concept of the democratic economy can be applied in practice.

At its core, the democratic economy is simply applying democratic principles to our economic practices. However this raises questions of why we bother in the first place. The concept of Democracy is broader than simply the political operations of the state. In order to be realized to its full potential, Democracy has to affect all modes of human association (Dewey 143). Our economy is a part of the sprawling expanse of external consequences that the public together and spur the creation of a political state in the first place. Economic laws like supply and demand, are often considered natural laws, but Dewey contests that they are simply products of the same associations and consequences that guide our political laws (93). These economic phenomena arise as individuals act in their best interests, and we codify rules like laws of property and ownership to protect these modes of association. These economic activities affect more than just quantitative wealth; the way in which we organize our shared interests plays a huge an important part in “forming the dispositions and tastes, the attitudes, interests, purposes and desires, of those engaged in carrying on the activities of the group” (Dewey 221). Economic aspects of life, like where people can work, what they can own, and what they can buy, play a

huge role in what is important to individuals. Industry and technology can also alter modes of behavior in how we associate and behave. They radically change the quantity, character, and direction of their indirect consequences (Dewey 30). Essentially, Democracy and the economy have a two way relationship, where our political institutions govern economic activity in a reflection of the public's interest, and the economy influences our government by fundamentally altering what it is that the public values.

With the understanding that it may be acceptable to apply democratic principles to the economy, it may be important to understand what those principles are and what they look like in an economic sense. The principles I have used throughout this thesis have been those proposed by Kenneth Stickers in his article, "Dewey, Economic Democracy, and the Mondragon Cooperatives". His three principles of a democratic economy are a succinct and comprehensive summary of Dewey's own attitudes towards the economy. The three central features of a Deweyan Economy are: that its notion of economic growth is rooted in human growth; it is organic and evolutionary, not ideological or utopian; and it is empirical and experimental (186). These are the features should be considered when making economic policy decisions.

Human growth is a central tenant of Dewey's philosophy. His support for political democracy is rooted in his belief that other modes of governance involve relationships of suppression and coercion, and that relationship in any sense (economic, psychological, physical, or moral) stunts the growth of individuals (Dewey 218). The public needs to be given the opportunity to reflect and decide upon what is good for themselves in order to make decisions that enhance society as a whole. We see this same sentiment in Dahl's work, when he includes enlightened understanding as a qualification for effective

democracy. It only works as a system when its constituents have at least the opportunity to validate their own opinions (111). As economic activity is a crucial component of how people choose to live their lives, their quality of life affects their contribution to the economy.

Let us look at the idea of rooting economic growth to human growth in more detail before we move to the other two principles of a democratic economy. Human growth is akin to the economic concept of human capital growth, but slightly more broad. Just as GDP is a useful measure of a country's economic activity, but fails to capture small segments of the economy like gifts and bartering, the skills and knowledge that constitute human capital captures all but a few small segments of human growth. Human growth also involves a refinement of habits that lead to the increased capacity of individuals to represent themselves and their interests. This comes not just from knowledge but is a product of cultural communication (Dewey 158-159). Communication is vital to democracy. One of Dahl's biggest concerns was the complexity of our increasingly pluralized society and the impact that had on the ability of the public to gain and disseminate information related to specialized topics (335). As much as practical skills and knowledge, communication is an economic concern for those in and outside of the labor force. I feel it important to note here that the democratic economy does not ask for the eschewment of traditional economic goals, but just the consideration of the human implications that are innately tied to them.

The other two principles of a democratic economy, that it is organic and evolutionary as well as empirical and experimental, are easier to talk about as a collective. Dewey is quick to point out that although political phenomena arise from our

need to address common issues, that they serve to only address pragmatic and specific problems. Our democratic experiment tends to produce highly imperfect institutions. The experiment must always be retried in the face of changing contexts (35). While we may create individual doctrines, the greatest change that democracy has brought about is “simply the outcome of a vast series of adaptations and responsive accommodations, each to its own particular situation” (84). The recommendation is that policy makers need not be afraid of sticking to any one approach. Instead of sticking to an ideological ideal, be organic in your approach as new pragmatic needs continue to pop up, and engage in fruitful social inquiry on the basis of interactions between observable acts and their results.

I recognize that the journey between democratic principles and economic actions can be fraught with abstraction and ambiguity. However, Dewey’s particular pragmatism is an extensive effort at connecting philosophy to action. One of Dewey’s key contributions as a philosopher was the removal of Democracy and participation from the “limbo of abstraction” and connecting them explicitly with economic and social forms (Hermann 18). With the concept of the democratic economy, I will aim to make the mechanisms through which these principles may be applied to the economy more clear.

#### *Democratic Principles in Action*

With the principles of the democratic economy established as a policy goal the question now raised is, “how can an individual company affect changes towards this goal? Recent literature in economic geography can give some insight into the mechanisms of this process. Economic geography has experienced an “institutional turn” over the past few decades. This institutional turn has shifted some of the focus of the field



to understanding how our economic institutions function and the recognition of their role in the economic system as a whole. Certain practices of these institutions can ultimately contribute to the democratization of the economy.

Institutions are manifestations of the public's habits, and codifications of the rules the public makes to regulate individual actions. They are more than just self-correcting contracts however. They are structures that have their own partly autonomous role in creating order and predictability by preserving the forms of these interactions (March and Olsen 4-5). While political institutions such as the Electoral College or the Judiciary can be more visible in their function, corporations are institutions that deal with the rules of economic associations. Corporations exercise a great deal of autonomy in their operations, checked by a sense of corporate responsibility that permeates our laws and regulations (Bowman 74). As institutions, corporations serve to enforce these sets of rules and practices over those that work and interact in their spheres of influence. Dewey considers transit as an example, the corporations that engage in transit activity end up affecting not just those that use their services, but all who are dependent on what is transported, whether as producers or consumers (Dewey 60). It is in this way that corporations as economic institutions can have an impact on engrained and established behaviors. It is this manipulation of behaviors that can affect change towards a more democratic economy.

A prevalent area of interest for this idea has been the 'sharing economy'. Companies that operate within this space (of which Uber is one) focus on peer to peer sharing platforms to facilitate areas of economic activity from grocery shopping to lodging rentals. In *The Sharing Economy*, Arun Sundararajan tackles the issue of how the

companies in the sharing economy are impacting the structure of the traditional economy. Chapter three focuses on the unique institutional make up of companies in this sector, with his thesis being that the tech platforms of these companies may be contributing to a shift from managerial capitalism to a more crowd-based capitalism (69). The distinction here is a shift from a hierarchical institutional structure to a market centric structure. Sundararajan explains the distinction between these structures with an analogy. Markets are like a farmers market, where individuals can turn their time and money into goods and services by purchasing food directly from those who grow it. On the other hand, hierarchies are like a Whole Foods, where a managerial structure has negotiated a set of contracts and relationships that allow food to be congregated and distributed, ideally more conveniently or cheaply (70). How then does technology change this structure? Its easy to buy something like a stock, you simply need to know a price, a quantity, and a ticker symbol. However, when products are more complex, like an insurance policy, we typically turn to hierarchies, such as a broker, to expedite the process (72-73). By reducing the complexity of products or reducing the specialization needed to obtain these products, the peer-to-peer platforms of sharing economy companies can reduce the need for hierarchical systems (75). This shift in institutional structures that simplify transactions, can lead to a change in the economy overall.

Chapter 5 of *The Sharing Economy*, seeks to identify the economic impact of these institutional changes. Sundararajan identifies four key areas of impact: the impact of capital, greater variety of consumption, changes in economies of scale, and democratization of economic growth (108). Perhaps the most dramatic area is the first, impact of capital. These peer-to-peer platforms are allowing assets to be utilized at a far

greater efficiency than they were before. Consider Napster, while legally dubious, it took music that everyone already had on their computers and simply compiled it in a place where others could negotiate terms for a download (116). It didn't create any new asset, but instead expanded the reach of existing ones. This plays into the idea of the democratization of economic growth. It is hard for anyone with control over only their own labor to ever achieve a compounding rate of return due to their lack of capital. Sharing economy services allow for a democratization of that growth by allowing laborers to use their cars and rooms to generate revenue in times when the assets are not being utilized (123). While these are only a few examples, the companies that make up this space are sizeable in number as shown in figure 1.1, a sampling of the companies operating in the transportation sector.



Figure 1.1

Sundararajan’s work exemplifies the specific ways in which these new institutions can move towards the notion of a democratic economy. They can increase access to information, and they can increase economic participation. As sharing platforms decrease the complexity of economic transactions, they reduce the need for hierarchical systems.

In the wake of this institutional shift, consumers are able to make beneficial and more informed decisions. This shift also allows for individuals with idle assets to find new opportunities for economic activity. Resources, like cars and labor, can be used to generate income in a way previously unattainable.

In sum, the criteria for a democratic economy are: the notion of economic growth being rooted in human growth; it is organic and evolutionary, not ideological and utopian; and it is experimental and empirical. The ways in which our economic institutions can put those into action are by increasing access to information and economic participation. With these criteria for a democratic economy established, the next task is to determine whether or not Uber accomplishes these goals and moves the economy towards democratization. In the following chapter, I will undertake a quantitative analysis of demographic, surge pricing, and wage data in order to determine the degree to which Uber accomplishes this goal.

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## **Chapter 2 – The Democratic Economy in Demographics, Wages, and Dynamic Pricing**

In this chapter, I will analyze demographic, wage, and Uber surge pricing data in an effort to discover to what extent Uber moves us towards a more democratic economy. In the previous chapter, I demonstrated how economic participation and increased communication are two ways in which a company might move towards Stikker's conception of a more democratic economy. The demographic and wage data will be used in comparison to the traditional taxi industry and the rest of the work force, in order to evaluate any increases in economic participation. The surge pricing data will be analyzed with the objective of determining how Uber's surge pricing decisions affect consumer decisions in the face of new information. Taken holistically, this analysis will enable me to draw a conclusion about Uber's steps towards the democratization of the economy.

To begin, I would like to clarify the two concepts of economic participation and increased communication in this context. Economic participation is defined as employment and economic activity in the transportation industry. When individuals are able to hold jobs that were previously inaccessible to them, and when they can reap or sow greater economic benefit from this activity than they may have previously, this is an increase in economic participation. Increased communication, in this context, will refer to the availability of information used to make decisions in economic transactions. A greater

ability to make informed decisions about these transactions qualifies as an increase in communication.

*Demographics*

**Figure 2.1**

<b>Demographic</b>	<b>Uber Driver Partners (BSG Survey) %</b>	<b>Taxi Drivers and Chauffer's (ACS) %</b>	<b>All Workers (ACS) %</b>
Ages 18-29	19.1	8.5	21.8
30-39	30.1	19.9	22.5
40-49	26.3	27.2	23.4
50-64	21.8	36.6	26.9
65+	2.7	7.7	4.6
Female	13.8	8	47.4
Less than HS	3	16.3	9.3
Highschool	9.2	36.2	21.3
Some College / Associates	40	28.8	28.4
College Degree	36.9	14.9	25.1
Postgrad Degree	10.8	3.9	16
White	40.3	26.2	55.8
Black	19.5	31.6	15.2
Asian	16.5	18	7.6
Other	5.9	2	1.9
Hispanic	17.7	22.2	19.5
Married	50.4	59.4	52.6
Having Children at Home	46.4	44.5	42.2
Currently Attending School	6.7	5	10.1
Veteran	7	5.3	5.2
Number of Observations	601	2,080	648,494

Figure 2.1 represents the demographic data used in this chapter. Information regarding Uber Driver-Partners was obtained through a survey conducted by the Benenson Survey Group. This online survey , conducted in December 2014,



encompassed 20 market areas that represent 85% of Uber's total Driver-Partner population (Hall 7). Taxi driver and general workforce information was collected from the American Community Survey, a nationally representative survey based on census data. This data indicates demographic breakdowns of each industry, stratified by multiple age, education, and ethnic groups.

Analysis will be conducted by comparing net differences in demographic representation across multiple workforces. The comparative categories examined are: the net change in representation between Uber and the Taxi workforce, Uber and the total workforce, and the Taxi workforce over the total workforce. This analysis will reveal the size of differences in demographic representation, as well as the number of demographic areas in which there is a difference. Conclusions will be drawn from the comparative results of the magnitude and quantity of the differences.

Figure 2.2 represents the comparative data across the categories mentioned in the previous paragraph. The first column identifies the specific demographic group identified. The next three columns compares the difference in percentage of the demographic employed for Uber compared to taxis, Uber compared to the workforce as a whole, and the taxi industry compared to the workforce as a whole respectively. Across 20 different demographic groups, Uber features a greater percentage of representation in 11 categories compared to traditional taxi drivers and chauffeurs, and a greater percentage of representation in 9 out of 20 categories when compared to the total workforce. The taxi industry also demonstrates a greater percentage of representation of over .1% in 9 out of the 20 demographic categories. As to magnitudes of change, the largest net differences between Uber and the taxi workforce lie in age and education. The

Uber percentage of employees in the 18-29 and 30-39 age range was 10 percentage points greater than their taxi counterparts, and almost 15 less in the 50-64 age range. In the education realm, Uber employed significantly more college educated drivers, but less with just a high school education, than the taxi industry. As a whole, Uber and the taxi industry employ significantly fewer whites and females than the total workforce, but more blacks and Asians.

**Figure 2.2**

<b>Demographic</b>	<b>Net Change Uber/Taxi</b>	<b>Net Change Uber/All</b>	<b>Net Change Taxi/All</b>
Ages 18-29	10.6	-2.7	-13.3
30-39	10.2	7.6	-2.6
40-49	-0.9	2.9	3.8
50-64	-14.8	-5.1	9.7
65+	-5	-1.9	3.1
Female	5.8	-33.6	-39.4
Less than HS	-13.3	-6.3	7
Highschool	-27	-12.1	14.9
Some College / Associates	11.2	11.6	0.4
College Degree	22	11.8	-10.2
Postgrad Degree	6.9	-5.2	-12.1
White	14.1	-15.5	-29.6
Black	-12.1	4.3	16.4
Asian	-1.5	8.9	10.4
Other	3.9	4	0.1
Hispanic	-4.5	-1.8	2.7
Married	-9	-2.2	6.8
Having Children at Home	1.9	4.2	2.3
Currently Attending School	1.7	-3.4	-5.1
Veteran	1.7	1.8	0.1

When taken holistically, two pictures of a workforce emerge. Comparatively, they feature a similar number of demographic areas in which they increase economic

participation compared to the workforce as a whole. However, which categories these are differ greatly. The Uber workforce is significantly younger, whiter, and more educated than the taxi industry. Both industries feature smaller groups of females and larger groups of black/Asian Americans. However, within these two categories, Uber hires more females where the taxi industry hires a greater number of different ethnicities.

In conclusion, I would say there is little evidence to support a claim that Uber increases the economic participation of under-represented groups. It provides small boosts in representation for those with children at home relative to the total workforce, but in demographic groups outside of the young, white, and well educated, the taxi industry features higher rates of employment.

*Wages*

**Figure 2.3**

Market	Uber Driver-Partners (\$ Earnings per Hour)	OES Taxi Drivers and Chauffeurs (\$ Hourly Wages)
Boston	20.29	12.92
Chicago	16.2	11.87
D.C.	17.79	13.1
L.A.	17.11	13.12
N.Y	30.35	15.17
San Francisco	25.77	13.72
Avg. BSG Survey Uber Markets	19.19	12.9

Figure 2.3 represents the wage data used in this chapter. Data on Uber Driver-Partners was obtained from 18 of the 20 markets examined in the Benenson Survey Group’s survey. Information about taxi drivers and chauffeurs was obtained from the government’s Occupational Employment Statistics survey. The averages in the bottom

row were derived from median earnings across the 18 markets, weighted to the number of taxi drivers and chauffeurs in the area.

Analysis of this data will be conducted by comparing the net differences in earnings per hour of Uber Driver-Partners to the hourly wages of taxi drivers and chauffeurs across individual markets and as an average.

Figure 2.4 represents the net differences, in dollars, of Uber drivers compared to taxi drivers and chauffeurs. In the highlighted markets and the average of all markets, Uber drivers earn higher wages than their taxi driver counterparts. In fact in 16 out of the 18 total markets, Uber driver’s earnings per hour exceeded taxi driver’s hourly wage. However, while the earnings for Uber drivers are net of the fee’s Uber takes, Uber drivers are not reimbursed for driving expenses, like gasoline, maintenance, and cellular data. While complete data for the extent of these costs is not available, unless they exceed \$6.00 per hour Uber drivers are earning a higher hourly wage on average than taxi drivers.

**Figure 2.4**

Market	Net Difference in Earnings ( \$ Uber-Taxi)
Boston	7.37
Chicago	4.33
D.C.	4.69
L.A.	3.99
N.Y	15.18
San Francisco	12.05
Avg. BSG Survey Uber Markets	6.29

The data in figure 2.4 offers strong support to the claim that Uber increases economic participation by increasing the economic value of participant’s labor. On

average, Uber drivers are receiving \$6.29 more for each hour of their driving when compared to drivers and chauffeurs in the traditional transportation industry.

### *Surge Pricing*

**Figure 2.5**

Column1	Full Data	Surge=1	1 < Surge < 2	Surge > 2
Surge	1.141	1	1.509	2.531
Expected Wait Time (min)	4.118	4.205	3.731	4.046
Purchase Rate (%)	59	62	53	39
Chicago	22	20	29	32
Los Angeles	25	26	20	24
New York	29	31	21	29
San Francisco	24	22	30	25
Evening Rush	8	8	10	13
Morning Rush	6	6	7	14
Slow Nighttime	12	13	10	8
Weekday Day	23	25	15	12
Weekday Evening	14	15	13	10
Weekend Day	15	14	18	17
Weekend Evening	6	6	7	6
Weekend Event	15	14	20	20

Figure 2.5 represents the surge pricing data to be used in this chapter. The first column is a profile of the entire data set. This data set consists of all Uber sessions from the period of January 1<sup>st</sup>-27<sup>th</sup> of 2015, excluding approximately 11.5% of the sample (~6,000,000 sessions) that experienced surge pricing controls in the case of emergencies and other scenarios, numbering about 48,000,000 individual sessions. Sessions here include all Uber ride requests that go as far as to see an approximated price for their ride. The other three columns represent three mutually exclusive data sets, stratified by surge pricing. Surge Pricing is a price multiplier for the ride, based upon the demand for rides and the supply of drivers available.

As surge pricing is a unique feature of Uber services, this data set will not be analyzed in comparison to a similar metric from the taxi industry. Instead, this data will be used descriptively to examine the relationship between surge pricing and consumer decisions regarding the purchase of the ride, measured in purchase rate. As well, expected wait time can be used to measure how effective surge pricing is at quickly allocating rides to those willing to pay for it.

One thing apparent here is that an increase in surge pricing leads to a decrease in the percentage of people completing the purchase transaction. Where the purchase rate is 62% on average for a surge pricing of 1.00, it decreases to 53% when the surge multiplier is between 1.00 to 2.00 and 39% when the multiplier is above 2.00. As prices rise, less people are willing to pay the added expense. Another observable event, is that wait times for surge prices above 1.00 are reduced compared to baseline levels. This may be explained by high surge prices pushing other potential consumers out of the market at the time, leading to expedited trips for those willing to pay the surge priced fare.

This data supports the conclusion that Uber increases access to information about its transactions. Consumers are able to actively see prices as they change, and are better able to make decisions about if their ride is worth the expense; this is reflected in the declination of purchase rates as surge multipliers rise. The driver's themselves are also better able to allocate their labor to individuals who are willing to pay the most for it; this is an inference from the decreased wait times for surge multipliers above 1.00.

### *Conclusion*

The conclusion of this analysis is that Uber makes at least moderate steps towards the democratization of the economy. While Uber did not seem to indicate any increase in

economic participation on demographic grounds, it did increase the total effect of existing participation by providing significantly higher wages than could be earned providing similar services in the traditional taxi industry. As well, Uber's surge pricing algorithm increases access to information beneficial to making a decision about providing or receiving rides. Consumers were able to make choices more akin to their needs, and drivers were able to provide their services to those who were willing to pay the most.

Given that Uber takes steps towards the goal of a democratic economy, what then are policy makers to do? What specific steps should they take with regards to Uber's rapidly growing, sometimes controversial, operations? The next chapter attempts to answer these questions through qualitative analysis of multiple interviews.

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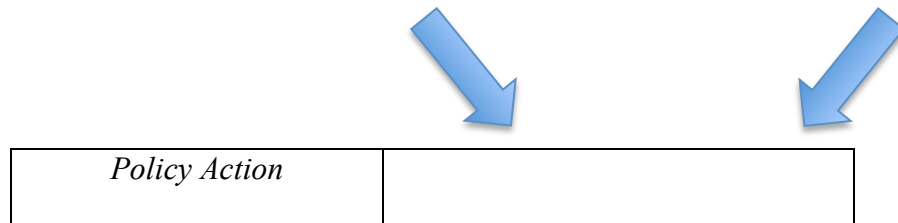
### **Chapter 3 – Characterizing the Uber Experience Through Interviews**

In this chapter, I will use interviews of Uber drivers, Uber consumers, policy experts, and policy makers to identify specific steps forward regarding regulatory decisions. The interviews with Uber drivers and consumers are useful in that they offer insight into what people who use the service value. Ideally, policy decisions should seek to maximize the benefit Uber provides to these individuals, while keeping in mind the issues the regulatory process seeks to address. The interviews with policy experts and policy makers are useful for identifying these key areas of concern in the regulatory process and actions that may be taken to address those issues. Taken together, these interviews can provide a holistic framework for making future policy decisions. Such framework is presented in Table 4.1. The table is a simple matrix ascribing goals and concerns to the categories most directly impacted by Uber: drivers and consumers. To them, it adds policy makers and experts, who play a double role: first they represent society as a whole, and second, they are entitled to act on behalf of their constituencies. At the end of this chapter the table will be filled with the results of the interviews, which will then be used to produce a policy recommendation.

The table collects and systematizes the findings from the interviews, in an attempt to characterize the perceptions and experiences of Uber and their implications in policy decisions. It will then identify the benefits and concerns of Uber within these characterizations. Finally, the table will present only the foals and concerns that are relevant to Dewey's notion of a democratic economy, i.e. flow of information and

participation. The ultimate task of the framework is then to use these goals to identify specific and actionable policy decisions.

<b>Table 4.1</b>	<i>Goals</i>	<i>Concerns</i>
Consumers		
Drivers		
Policy Experts/Makers		



*Uber Consumers*

I conducted interviews with five Uber consumers. Each of the five interviewees is in the age 18-29 demographic. This is due to the fact that individuals I had access to interview, who use Uber services are predominately in that age range. These individuals are based in a broad range of geographic locations including: New Orleans, LA; Chicago, IL; Boulder, CO; Ann Arbor, MI; and Oxford, MS. Each individual was given the chance to respond to five questions.

Several trends emerged from the responses. Four out five respondents used Uber significantly more than traditional taxi services. Of these four, all claimed to use Uber at least once or twice a week. The respondents from larger metropolitan areas used it even more frequently, with the interviewee based in Chicago, IL using the service six times a

week (Langlotz). In comparison, these four individuals recalled using traditional taxi services much less often, with their total number of traditional taxi rides ranging from just five to ten times a year. Only the individual based in Oxford, MS reported some level of parity, using both Uber and taxis only a couple of times per month (Parmer).

In addition, interviewees were unanimous in their comparisons of Uber and traditional taxi services. Each found Uber more desirable in the aspects of service and convenience. Uber cars were viewed as being “nicer and cleaner” than taxis, with drivers taking action “above and beyond”, e.g., offering water or candy (Johnson, Langlotz). The whole process was also generally viewed as “more efficient”, given the removal of the need to give directions or tip (Revord).

While star ratings did not factor greatly into the decision to book a ride, surge pricing was a much larger factor. Generally, surge pricing was considered ok in the 1-2x range, but most responded that a surge pricing greater than 2x specifically would cause them to wait on booking a ride or check another service unless extenuating circumstances, e.g., being drunk or cold (Johnson, Corrigan, Langlotz). On the other ends of the spectrum, one interviewee did not consider surge pricing in his decision until it hit 4x (Revord). However, the individual based in Oxford, MS was generally more sensitive to surge pricing as taxis in his area “generally cap at ten bucks a head” (Parmer).

From these interviews, I make the following conclusions. Uber consumers, at least in the age 18-29 demographic, generally value the cleanliness and service Uber drivers provide and the straightforward convenience of the app itself. Also, while these consumers generally do not factor star ratings into ride decisions, they are sensitive to price changes, like Uber’s dynamic surge pricing system.

## *Uber Drivers*

I conducted three interviews with Uber drivers. Two of the Uber drivers reside in Memphis but offer rides in Oxford, MS. The other driver lives and works in the greater Chicago area. Each driver was given the chance to respond to five questions:

The following trends emerged. Each of the interviewees had at least a years experience driving for Uber, with the Chicago based driver having driven for the longest at three years. However, none of them had ever driven for a traditional taxi service before. When asked, “why not?” the replies were centered on the fact that they found it significantly easier to sign up for Uber as opposed to registering to be a taxi driver. Unlike the permit process for driving a taxi, “Uber is as simple as sign[ing] yourself and your vehicle up” (Haninou). This ease of access was a huge incentive for the drivers interviewed to start working for Uber.

While a passengers star rating only factored into one drivers decision in picking up passengers, each was immensely concerned with their own star rating. They informed me that per Uber’s community guidelines, there is a minimum star rating that each driver has to maintain, lest they be dropped from the service. Drivers described their star rating as a “lifeline” that is constantly monitored, and motivates them to provide the best possible service (Haninou). This likely explains why some consumers interviewed said that they never see star ratings much below 4.7 (Johnson).

In sum, the low barriers to entry seem to be the main drawing point for individuals interested in working for Uber. Once in, they are motivated to provide a high level of service to their riders due to the threat of being dropped from the service should they receive too many low ratings.

### *Policy Experts and Policy Makers*

I conducted two interviews with individuals heavily involved in policy debates and decisions regarding Uber. The first interview was conducted with Dr. Jonathan Hall, Uber's Head of Economic Research. Dr. Hall's job involves conducting economic research for Uber's public policy team. He has co-authored papers about Uber with President Obama's former Chairman of Economic Advisors, Dr. Alan Krueger, as well as others including University of Chicago professor Dr. Steven Levitt. The second interview was conducted with Mayor William "Pat" Patterson of Oxford, MS. Mayor Patterson presided over the city as Uber was first introduced to the city of Oxford and was in charge of municipal regulations and taxes of the industry, at a time when Uber's operation was a contentious issue. While each interview was open-ended to allow for specific viewpoints and insights to be expressed, they took the same general form.

Dr. Hall's viewpoint seemed to be influenced by the varying experiences Uber has had in different areas of the country. Some markets, such as New York, have transportation regulations that haven't changed in years. This lack of adaptation has led to several problems in the New York Uber market. For instance, there is a great social value in insuring Uber cars, however in New York Uber cars are required to be insured commercially; the issue is that there is only one commercial taxi insurance contract available in New York (Hall). As well, the driver, the car, and the organizing company all need to maintain their own licenses in New York (Hall). The end result of these issues is that the Uber market is considerably smaller and employs mostly full-time drivers, as part-time driving becomes financially untenable.

On the other hand, markets like California have adopted specialized regulations alongside Uber and other Transportation Network companies. In California, regulators have come to approve multiple, flexible insurance plans, and have consolidated licensing and background checks into the responsibility of the company that employs the drivers (Hall). Under this type of model, Uber is able to foster a larger base of drivers.

Mayor Pat Patterson's views are based on his experience with Uber's new operations within his city. While he has had pleasant personal experiences with the service, his chief concern is the fact that the city currently has no way to monitor who is driving for Uber (Patterson). In April of 2016, the Mississippi State Legislature passed HB 1381, exempting companies like Uber from municipal taxes and license requirements (Dreher). While this has enabled Uber to operate freely in some cities it had previously ceased operations in, it has left municipalities like Oxford in the dark on some matters of safety.

The dichotomy of the goal here is to keep barriers to entry low, while ensuring that we can also keep drivers insured and consumers safe. This seems *prima facie* plausible with a few specific steps. The actions of the Mississippi state legislature to bypass all municipal regulations were excessive, instead what is needed is a slightly more collaborative approach between Uber and municipalities that: create flexible insurance programs for drivers, reduce licensing requirements for Uber drivers, and for municipalities to have some way to monitor drivers, whether or not they or Uber are the ones conducting the background check. These steps can keep barriers to entry for Uber drivers low, while still accomplishing the regulatory tasks of safety, taxation, and licensing. These low barriers to entry encourage Uber drivers to sign up, and create a

market that can fulfill consumers' needs with cheap and available rides, simultaneously accomplishing the goals of a democratic economy. The whole of this decision making process can be seen in the completed framework below

<b>Table 4.1</b>	<i>Goals</i>	<i>Concerns</i>
Consumers	Normal pricing, excellent service, convenience	Surge pricing, availability
Drivers	Low barrier to entry, flexibility in working hours	Technological limitations, maintaining star ratings
Policy Experts/Makers	Increased transportation infrastructure, safety	Accurate information about who is employed



<i>Policy Action</i>	Flexible insurance programs, lenient licensing requirements, making driver records available to municipalities
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## **Chapter 4 – Moving Forward**

As Uber expands, they continue to stretch the boundaries of traditional transportation regulations and business practices. This thesis has hoped to address the issues that arise from this conflict, through clear regulatory goals informed by the pragmatic philosophy of John Dewey and specific policy recommendations in pursuit of these goals. Three research questions were posed to ultimately determine what changes in regulatory behavior and attitudes towards the operation of Uber in the U.S. are needed in order to move towards a more democratic economy.

The first question posed was, “What are the necessary qualities an institution must promote in order to be moving towards a democratization of the economy?”. With Dewey’s conception of a democratic economy chosen as the appropriate system, the literature review broke the democratic economy down into three key parts. A democratic economy has economic growth rooted in human growth; is organic and evolutionary, not ideological and utopian; and is experimental and empirical. I then identified two ways in which a corporation could move the economy towards these three goals, by increasing economic participation and public access to information. These two institutional qualities help to root our economy in human growth and grow as public needs constantly change.

The next question, “Does Uber display these necessary qualities?” was approached through analysis of Uber’s wage, demographic, and surge pricing data. The Demographic and wage data were used as tool for measuring respective degrees of

economic participation, while the surge pricing data was used as a potential source of information for helping consumers make economic decisions. The wage and demographic data were analyzed comparatively to the taxi industry and the American workforce as a whole. While Uber was not found to have any noticeable increase in employment across demographic categories, it did provide significantly higher wages on average across its larger markets than taxi services. In addition, Uber's surge pricing model did indicate that it was effective in allocating rides to areas with the greatest demand, allowing consumers and drivers to make more efficient decisions. Given its qualification in two out of three data sets, I concluded that Uber did in fact display enough of these necessary qualities to democratize the economy.

The final question addressed was, "Should we make regulatory changes and to what extent in order to facilitate the operation and expansion of Uber?". In addressing this question, I used interviews with Uber drivers, consumers, policy makers, and policy experts in order to characterize their experiences with Uber. From there the benefits that those interviewed drew from Uber were used as goals to be focused on in the regulatory process. This framework and the insight of policy makers and experts led to three policy recommendations. Provide flexible insurance plans, keep licensing requirements relaxed, and allow municipalities access to the identities of drivers in their local areas. This thesis has attempted to take a novel approach in policy justifications and recommendations, but overall hopes to move towards Dewey's pragmatic economic vision by providing a prescription for encouraging the operations of new companies like Uber in a new regulatory environment.

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