Time to see through Uber

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Uber has replied to criticism of alleged tax dodging by its drivers (*Dagens Nyheter* Debatt 8 July). But the problem with this and other internet-based companies is far greater, writes KTH researcher Anders Gullberg.

Government agencies and politicians face the delicate task of opposing the monopolies that dominate the internet without killing off the positive features of the new technology. As a complement to regulation, the public sector could develop its own digital platforms, from where it could offer its services. Here the transport sector is an interesting alternative.

It is commendable that the taxi intermediary service Uber helps its "driving-partners" to submit tax returns to the Swedish authorities. This detail, however, must not deflect from the huge challenges that Uber and other successful internet-based companies pose for government agencies and politicians.

On one hand internet-based companies have harnessed new technology in a way that has created a huge potential for improved efficiency and climate-change adaption, as well as yielding considerable profits for the domestic economy. Via digital platforms, producers and consumers can connect in new, previously unseen ways in terms of effectiveness and scope. This vast potential is evident in the fantastic growth of these companies, a figure in the hundreds of billions of dollars.

On the other hand the methods used have generated a limited number of monopolies whose global ambition and potential is to dominate everything from news services to personal transport and retailing. By controlling platforms, these companies can dictate transaction terms and use their economic muscle to pursue intensive lobbying and legal processes to broaden their power base. Challenging antiquated institutions and regulations is no bad thing, but not at the price of new self-appointed power holders ruling the world.

Once a company such as Uber conquers a market, conditions for drivers deteriorate at the same time as the company raises its commission, as developments in London have shown (*Guardian* 27 April). When, conversely, Uber abandons an operation, unhappy with official demands as seen in Austin, Texas, a new, decentralized user-controlled transport-sharing alternative emerges.

Across the world stricter regulation is being used to try to cope with these problems, and in Sweden an official enquiry is underway. The big challenge, at the same time, is to strengthen the positive societal effects of digital-platform technology that these monopoly giants are undermining. The idyllic vision of the shared economy, where we share pre-existing goods and services with each other, is false. Instead we have all ended up in the hands of multinationals that dictate the terms of our internet presence and use our data to reinforce their position.

As an untested complement to regulation politics, and as an attempt at power sharing too, the public sector could use the platform technology at the point of delivery for the services it provides. Transport is one obvious alternative, given the public sector's existing responsibility for the basic services of public transport and infrastructure. Here national and local government can work together to offer first-class information, quality assurance, smooth payments and dynamic pricing. This would counterbalance the power of private companies and at the same time prioritize common goals – such as reducing environmental damage, boosting the local environment, improving traffic equality, and reducing public spending – as an alternative to the profit motives of private monopolies.