The Disruption of Taxi and Limousine Markets by Digital Platform Corporations in Western Europe and the United States

Responses of Business Associations, Labor Unions, and Other Interest Groups

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Abstract
The entry of digital platform corporations, such as Uber, Lyft, and Taxify, into established taxi and limousine markets has severely challenged organized interest groups on both sides of the capital-labor divide as well as public policymakers who regulate these markets. Interest associations in different countries have regarded the market-disrupting strategies of platform corporations as either a unifying threat or as an opportunity to pursue and enforce their particularistic interests, and existing associational fields have shaped interest associations’ responses.

The author compares California and Austria because of their distinctive traditions in valorizing the public participation of nonstate societal groups and interest associations in political and economic fields. By drawing on interest group theory and on sociological field theory, this paper demonstrates that both pluralist and neocorporatist associational fields have the potential to balance societal interests and to moderate power relations.

Associational fields in California and Austria are contested societal orders whose ability to integrate all relevant societal interests has been disrupted. In California, the responses of business associations, trade unions, and labor groups to Uber reflect the fragmented state of pluralist associational fields. While diversity and competitive relations between interest groups are ideal-typical characteristics of pluralist associational fields, state actors do not serve as impartial mediators, and Uber has benefited from more favorable rules and conditions than those applied to taxi and limousine companies. In Austria, the responses of the highly centralized business and labor associations toward Uber reflect the strong disposition of the Chamber of Commerce and trade unions toward the logic of influence. However, that collective bargaining institutions or social partner agreements are not able to control the company points to the fragile and contested character of associational fields. It is nevertheless likely that the ongoing struggle for common rules for all market participants will reinforce neocorporatist associational fields.

Keywords: associational fields, Bourdieu, digital platform corporations, interest groups, Uber

Introduction
The last decade has witnessed an unprecedented rise of digital platforms, run by venture capitalists, that have entered some established service markets and created new ones. Among these global corporations are mobility providers, including Uber, Lyft, Taxify, and Ola. Via websites and mobile phone apps, these companies offer services that complement and partially replace existing taxi and hire-car services. After 2010, these corporations began their operations in hundreds of cities all over the world. This paper focuses on how interest associations—including business and employers’ associations, labor unions, and other societal groups—responded to these corporations’ attempts to establish their driver services as more convenient and cheaper alternatives to traditional taxi and hire-car services. These new services challenged actors on both sides of the capital-labor divide: business and labor as well as public policymakers who govern and regulate these markets. With driver-partners who use their private vehicles, Uber has operated relatively freely in the United States—with the exception of Austin, Texas—and has even shaped market regulations and norms according to its own needs and preferences in California. However, the company has faced fierce

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1 Throughout this paper, the expression “taxis and hire-car with driver services” is used to describe the full range of for-hire services that offer on-demand, exclusive-ride, point-to-point transportation services to the general public in exchange of a fare (Schaller, 2015). This definition also includes app-based transportation companies. The terms limousine, commonly used in the US context, and hire-car with driver, from the European context, are used synonymously.

2 Because these start-ups began in San Francisco, the San Francisco Municipal Transportation Agency and California Public Utilities Commission were the first regulatory bodies to respond to the companies’ strategies to enter and transform established taxi and limousine industries (Dubal, 2017).
opposition by incumbent businesses, labor unions, and political agents in many European countries, including France, Germany, Austria, and the UK; it was entirely banned in Denmark. In a European Court of Justice (ECJ) ruling in December 2017, Uber was classified as a transportation company that must comply with the rules governing traditional taxi companies (Alderman, 2017), a decision that might have far-reaching consequences for policymakers and regulators across European Union (EU) member countries.

The struggles between challengers and incumbents over the restructuring of taxi and limousine markets not only shed light on the practices and boundaries of established and newly applied business models, mobility structures, societal values, and political preferences but also reveal the state and properties of associational fields. Following sociological field theory (Bourdieu, 1989; Kluttz & Fligstein, 2016), an associational field is viewed as a historically created, relatively autonomous social space of power positions in which interest associations have achieved a degree of professional closure and share a common belief in how to collectively represent the interests of their members and constituents. Depending on the position of the associational field within the wider field of power, interest groups’ perceptions of and strategic responses to Uber would vary.

Comparing the United States and Western Europe is especially fruitful because of their distinctive traditions in valorizing the public participation of nonstate societal groups and interest associations in political, economic, and social spheres. The United States has a competitive, pluralist associational field with a high associational density; therefore, interest associations can pressure government for change at all stages of the legislative process (Walker, 2014, p. 332). However, continental Western European countries, such as Germany, Austria, or the Scandinavian countries, are characterized by a limited number of corporatist interest associations that have mostly lost their formerly privileged access because of the shift of political decision-making from the national to the EU level, where pluralist interest structures prevail.

This paper addresses how interest associations have responded to the entry of digital-platform corporations into taxi and limousine markets; whether and why interest associations have regarded the market-disrupting strategies of these corporations as a unifying threat or as an opportunity to pursue and enforce their particularistic interests; and what role existing associational fields play in shaping interest associations’ responses.

Case Selection and Methodological Approach

The empirical focus of this study is on Los Angeles, California, and Vienna, Austria, comparing two “most different systems” (Przeworski & Teune, 1970; Tarrow, 2010). Analyzing the influence of Uber (independent variable) on the responses of interest associations (dependent variable) provides excellent conditions for the study of different associational fields and their effects on the behavior of interest associations. The comparison allows for analysis of two most different associational fields within their economic, political, social, and cultural contexts. The United States and particularly California were early adopters of app-based work arrangements in taxi and for-hire car markets (Bernhardt & Thomason, 2017). A comparison with Austria, where Uber arrived comparatively late, sheds light on the state and properties of associational fields in these particular market sectors.

The case selection is guided by the assumption that the introduction and use of market disrupting innovations by venture capitalists will meet more obstacles in relatively stable, encompassing, and state-sponsored associational fields than in fragmented ones with weak or no state backing. Empirical evidence suggests that the strength of corporatist fields, including organized business and labor, alongside supportive legal-political and cultural institutions can outweigh the economic dominance of transnational corporations (Pernicka, Glassner, & Dittmar, 2018). The relatively stable state of Austrian trade unions, for instance, were found to condition multinational firms’ behavior in the social services sector because these for-profit firms are subject to the same legal and normative
cultural institutions—including collective bargaining agreements—as domestic firms. By comparison, German employment institutions, once perceived as ideal for corporatist associational orders, have begun to erode and thus lost part of their market-constituting function, making incumbent businesses more exposed to market disruption and labor more vulnerable to exploitation by employers who undercut union wages and exploit regulatory loopholes (Holst, 2014).

The United States sharply contrasts with Austria and its highly centralized employers’ associations that firms are legally obliged to join. These employers’ associations automatically fall under the purview of all collective agreements concluded by the Austrian chambers of commerce (Pernicka & Helfer, 2015). However, an increasing number of workers, such as those on fixed-term or self-employment contracts, do not or only slightly benefit from collective wage agreements (Eppel, Leoni, & Mahringer, 2017). In addition to the chambers of commerce, several lobbying associations that primarily represent the interests of large businesses (e.g., Federation of Austrian Industries and Agenda Austria) have emerged since the late 1990s and do not or no longer belong to traditional social partnership organizations but rather compete with them to influence governments and parliamentarians. These associations also oppose compulsory membership in the chambers of commerce.

The United States’ interest associations are more fragmented into rival organizations and groups that almost completely depend on voluntary membership (Spillman, 2012). Political victories of business over organized labor in the 1970s and early 1980s weakened not only trade union membership, which represented ever-smaller proportions of the workforce (Voss & Sherman, 2000), but also the role that organized labor played in facilitating the solidarity and interest cohesion of organized businesses (Mizruchi, 2013; Walker & Rea, 2014). The relatively harmonious working environment after the New Deal and prior to the 1970s, when both trade unions and government regulation were taken for granted, evolved into a much more confrontational system (Aldrich, 2017; Mizruchi, 2013). However, the loss of institutional leverage induced labor unions to organize new members and build coalitions with politicians, community, and faith organizations to overcome the pro-employer bias of labor laws and appeal to the broader public (Waldinger et al., 1996; Voss & Sherman, 2000; Erickson, Fisk, Milkman, Mitchell, & Wong, 2002). The successful attempts of trade unions to organize low-wage workers in janitorial services and more recently in the taxi industry3 are partly explained by solidarity within and between ethnic groups and trust relations among workers (Matthew, 2005; Leavitt & Blasi, 2010; Gaus, 2014). These examples suggest that interest associations can still generate countervailing power against actors who occupy an overly dominant position. However, the lack of mutual recognition and the fragmentation of organized interest groups on both sides of the capital-labor divide contribute to an uneven playing field that undermines the interests of less powerful actors, such as smaller businesses or unorganized workers with less bargaining power.

This paper’s underlying research draws on 15 qualitative interviews with interest association representatives from business, labor, and consumer groups as well as public administration and European social partnership institutions; and 10 informal conversations with taxi, limousine, and Uber drivers in Los Angeles, Sacramento, and Vienna that were recorded as field notes; data derived from Uber and taxi driver blogs, and interest association websites; and articles on taxi and limousine markets in newspapers, including the New York Times, the Los Angeles Times, Der Standard, and Die Presse. The qualitative content analysis of these data via MAXQDA used codes that were continuously revised in a back-and-forth process between theoretical elaborations and the analysis of empirical findings to identify the boundaries and practices of associational fields, the various field-

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3 The NYTWA, a labor group that organizes and represents both Uber and taxi drivers contributed to the successful lobbying of the New York City Council to pass legislation for a cap on the number of vehicles Uber and Lyft are allowed to put on the road and another law that will establish minimum earnings for app drivers (The Guardian, 2017).
specific power resources, and the perceptions, interests, and strategic behavior of interest association representatives.

**Theoretical Considerations**

The idea that the structures and practices of organized interest representation can moderate or aggravate power imbalances in democratic societies is neither new nor uncontested. In the United States, a contentious debate on the nature of power in American society arose in the postwar period. The two major scholarly camps, pluralists and elite theorists, were divided on the question of whether particular societal groups, such as business corporations, organized labor, or other interest organizations could consistently maintain a disproportional influence and enforce their interests even to the detriment of the majority (Mizruchi, 2013, p. 14). Pluralists, such as political scientists David B. Truman (1951) or Robert A. Dahl (1965), viewed power as widely dispersed and argued that there were at least two countervailing mechanisms—overlapping membership and potential interest groups that mobilize whenever there might be social need—that prevent any single interest group from abusing its power. By comparison, sociologists like C. Wright Mills (1956) developed a theory of elites that called attention to the interwoven interests of military, corporate, and political leaders and suggested that ordinary citizens were relatively powerless subjects of manipulation by those entities. While pluralist theory primarily focused on the role of interest groups in public policymaking, elite theory developed a wider sociological perspective on the interrelations between powerful agents and major institutions.

The debate between pluralists and elite theorists gained momentum at a time when organized labor had achieved a degree of legitimacy, concepts of industrial democracy were being widely debated, and collective bargaining for wages and working conditions was accepted as an instrument to stimulate the economy from the demand side. While the debate between pluralist and elitist scholars ultimately stalled in part because of its high level of abstraction (Mizruchi, 2013, p. 4), another explanation might relate to the declining strength of organized labor and the neoliberal turn toward free competitive market forces (Freeman, 2011). While pluralism had held that organized labor and democracy were mutually supportive, by the 1980s the public and most economists began to see unions as self-interested special interest groups (Jacoby, 2004, p. 18). And trade unions were no longer perceived as a legitimate economic and political force (Galbraith, 1952).

Furthermore, a fracturing of the business elite accompanied the erosion and decomposition of established institutions of collective bargaining and a weakening of trade unions (Mizruchi, 2013). The diminishing role of moderate business associations weakened the forces of conciliation and compromise, the basis of social and political consensus. At the same time, trade associations that represent narrow self-interests have become stronger, functioning as an impediment to collective action toward political solutions to such long-term problems as social inequality in American society (Aldrich, 2017).

At the time the debate between elite and pluralist theorists reached a stalemate in the United States, a different model of interest group involvement emerged in Western Europe; neocorporatism (Schmitter, 1974) or liberal corporatism (Lehmbruch, 1979) was distinguished from the fascist or corporatist state models of the 1930s that prohibited voluntary associations. Neocorporatism had evolved in the post-WWII era and was revived as a reaction to the economic crisis in 1973, particularly in those countries with a strong corporatist structure of interest groups, such as Sweden, Denmark, Germany, or Austria. Scholars traditionally conceived of corporatism as both an interest-group structure, characterized by monopolistic, centralized, and internally nondemocratic associations, and a particular policymaking process that involves the neocorporatist associations and the state (social partners). (Baccaro, 2003)
However, corporatist politics seemed not to be limited to countries that featured a high level of state-sponsored associational centralization. The 1990s saw tripartite social pacts based on peak-level associational concertation of organized business, organized labor, and the state even in pluralist and mixed-type interest-group regimes such as those in Ireland or Italy. This evidence reveals that corporatist arrangements can be achieved on the basis of different social mechanisms (i.e., democracy and discussion) from those that corporatist theory usually focused on (i.e., hierarchy and coercion) (Molina & Rhodes, 2002; Baccaro, 2003, p. 684).

The supranational EU provides another example of corporatist concertation and social partnership without full-fledged corporatist interest group structures. While pluralist interest group structures are most common in transnational European politics, the European Commission under Jacques Delors played a leading role in establishing a system of multilevel industrial relations that gave unions and business associations influential voices. For instance, the so-called European social dialogues allowed interest associations to achieve social pacts that led to EU directives on part-time work, fixed-term work, and parental leave during the 1990s when trade unions were strong enough to trade their consent to the upcoming European single market for business associations’ acceptance of social protection legislation (European Association of Craft, Small, and Medium-Sized Enterprises, personal communication, February 21, 2018; Falkner, 1998; Keller, 2008). After the most recent financial crisis of 2008, however, the EU position has dramatically changed, and the European Commission—in particular, the Directorate-General for Economic and Financial Affairs—and the European Central Bank have begun to see trade unions primarily as obstacles to efficient market coordination (Keune, 2013, p. 284). These examples suggest that corporatist associational decision-making is possible even in wider pluralist settings; however, it strongly depends on state actors who facilitate or impede interest coordination and concertation and hence, take seriously or ignore their outcomes.

Over the past two decades, associational fields in Western Europe have become increasingly similar to those in the United States: a) both associational fields are characterized by an increasingly weakened labor movement and declining levels of collective bargaining; and b) both face the changing role of the state or EU institutions that partly served as a facilitator of associational conflict resolution or interassociational concertation and coordination. This weakening of associational fields is assumed to have repercussions on the perceptions, interests, and strategic responses of interest groups toward Uber’s arrival. Insights into these effects are drawn from both empirical findings and theoretical reasoning.

Field theory—and in particular Pierre Bourdieu’s concepts of field, capital, and habitus—explains the structures and functioning of interest politics in relation to transforming markets. In Bourdieu and Wacquant (1992, p. 17), a social field is conceived as simultaneously a space of conflict in which participants vie to establish a monopoly over capital or power—economic dominance in market fields; political, bureaucratic, or judicial power in state fields; membership power and representation in associational fields; and so forth—and the power to decree the hierarchy and "conversion rates" between all forms of capital in the field of power. 

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4 European social dialogue refers to discussions, consultations, negotiations, and joint actions involving organizations representing the two sides of industry, employers and workers.

5 Bourdieu (1986) conceives of three basic forms of capital to account for the structuring and functioning of the social world. Economic capital, which is immediately and directly convertible into money, may be institutionalized in the form of property rights. Cultural capital, which is convertible in certain conditions into economic capital, may be institutionalized in the form of educational qualifications. And social capital, made up of social connections and convertible in certain conditions into economic capital, may be institutionalized in the form of a nobility title or, in collective terms, into minimum wage or employment protection legislation.
After WWII, the struggles over the shape and legitimacy of associational fields mainly took place within the framework of the nation state with an overarching power structure that embedded all social fields. For instance, the nation state contributed to unifying the economic space within national borders, which in turn contributed to the emergence of the state (Bourdieu, 2005, p. 223). However, the current state of social fields can only be understood by substituting methodological nationalism for a transnational perspective (Harvey, 2001; Levitt & Schiller, 2004). Researchers need to understand the global interrelations and interdependencies of nation states, markets, organizations, and communities. Associational fields should be regarded as interacting with globalized economic fields, multi-ethnic communities, internationally mobile workforces, and the structures of a transnational field of power where business elites, platform corporations, governments, and international organizations struggle for control of the societal order (Swartz, 2013; Kauppi, 2018).

Given these theoretical considerations, the empirical findings are based on the following working hypotheses.

**H1 (position of associational field within field of power)**

*a*) Associational fields that are state-sponsored, stable, and encompassing of all relevant interests are more likely than fragmented ones with weak or no backing of the state to provide for the achievement of “collective goods,” such as a symmetrical distribution of benefits and the stability of socioeconomic outcomes.

*b*) The more contested and fragmented the boundaries and practices of associational fields are, the more likely they are to serve the particularistic interests of overly powerful actors who avoid or even disrupt established practices and beliefs for their own benefit or enforce rules more beneficial for themselves.

**H2 (field-specific relations between positions)**

*a*) In stable pluralist associational fields, membership density, contributions of members (active engagement, money, etc.), and perceived representativeness decisively determine an interest association’s power position and hence, its influence in political and economic spheres.

*b*) In stable corporatist associational fields, the power derived from membership is supplemented by stronger institutional and political support, including compulsory contributions and membership, jurisdiction and control over member behavior, or institutionalized forums of representation in political and economic spheres.

**H3 (habitus of interest association representatives)**

In contrast to rational-choice conceptions of actors’ interests and behaviors, Bourdieu views field actors as acquiring different worldviews, dispositions, and interests (habitus) by internalizing the field structures that inform their actions (Townley, 2014). Representatives of interest associations share a common belief in how to collectively represent the interests of their members and constituencies. Even if one’s habitus facilitates both relating to the familiar and adapting to new situations, existing habitus often persist longer than the field structures that have contributed to their generation. This reasoning explains why, even with declining membership and institutional and political support, labor unions in pluralist fields are more likely than their counterparts in corporatist fields to actively involve their members, organize the unorganized, build coalitions with other groups, or support grassroots initiatives. Thus, corporatist interest associations orient their structures and behavior more toward their major interlocutors (“logic of influence”) whereas pluralist interest association representatives orient themselves more toward the represented group (“logic of membership”) (Schmitter & Streeck, 1999).
Empirical Findings

The following sections will analyze associational fields in taxi and limousine markets in California (USA) and Austria (EU), their relative autonomy vis-à-vis economic and political-administrative fields as well as national and transnational fields of power. As was outlined in Section 3, a high degree of relative autonomy, state sponsorship, and inclusiveness of associational fields is assumed to correspond with an increased probability that associations attempt to accomplish collective goods, such as a level playing field or fair working conditions for all workers. More fractured associational fields, by contrast, contribute to open power struggles over the rules and shape of these markets, and overly powerful actors are more likely to enforce their particularistic interests to the detriment of weaker and more vulnerable groups. The following section discusses associational fields in taxi and limousine markets in California and Austria, the transformation of these markets since Uber’s arrival, and the responses of interest associations toward Uber. The paper concludes with a discussion of the main research findings from a comparative perspective and in light of the working hypotheses and draws some conclusions.

Associational Fields in Taxi and Limousine Markets

Taxi and limousine market associational fields include, on the one hand, business and employers’ associations and, on the other hand, trade unions and labor groups. Besides these associations, potential field participants include consumer groups and others that represent wider societal interests, such as the Austrian Chamber of Labor, representing labor and consumer interests, or worker centers in the United States, representing low-wage workers.

While California and Austria regulate and administer the two markets differently, the regulations are similar: Licensed taxis are allowed to park and circulate on public roads, are obligated to carry any passenger, and are required to adhere to strict and predictable fare regulations. In contrast, hire-cars with drivers or limousines—a term more prevalent in the United States—operate on a prearranged basis and have no fare regulations. Transportation services using digital platforms, like Uber, Lyft, or Taxify, portray themselves as technology companies rather than as taxi or hire-car firms. Rather than joining business or professional associations in the taxi or limousine industry, Uber and Lyft are more likely to join business associations that cut across industries. In the United States, these associations include chambers of commerce and technology associations, such as the California Manufacturers & Technology Association and the new Internet Association. The latter was formed by Amazon, Google, eBay, and Facebook in 2012 and later accepted Uber and Lyft. In Austria, with its compulsory membership in employer associations, Uber Austria GmbH joined the Austrian Chamber of Commerce (WKO); however, Uber did not apply for a taxi or hire-car trade license. Instead, it is licensed as an information technology company and thus belongs to a WKO section different from taxi and limousine companies (Vienna Trade Group of the Austrian Chamber of Commerce, personal communication, March 18, 2018). In Europe, Uber organizes its business activities mainly from its head office, Uber I.V. in Amsterdam, the Netherlands.

California (USA)

Throughout the United States, the taxi and limousine industries are represented by professional associations that operate at state and national levels. The Encyclopedia of Associations identifies two national associations for the taxi and limousine industries—the Taxicab, Limousine & Paratransit Association (TLPA) and the National Limousine Association (NLA)—and two associations at the state level for California—the Taxicab, Paratransit Association of California (TPAC) and the Greater California Livery Association (GCLA). As GCLA representatives explain, these associations have no formal relationship and there is limited collaboration between different state associations and between state and federal associations:
We have limited involvement with associations in other states. Each state is regulated differently. They have different rules, they have different processes, they have different categories of providers. They also have different levels of employment. In some states, some operators are considered independent operators. . . . In California, because of the labor laws here, we have employees. So what applies to one state does not apply to the other. We do learn from each other. We share some common interests and common challenges but . . . I would not say that we collaborate closely with other states. (Interviews 2, 3)

A representative of TPAC articulated a similar perception, but she also mentioned how the national TLPA addresses the challenges posed by transportation network companies (TNCs):

The national group is really the forum of these individual or local groups, and members of these local groups do get together. The national group will have an annual conference. This is where the local groups will get together and speak about TNCs and ride sharing as it was coming up in the country. There were lots of discussions at the national group about how different associations, local ones, were handling those changes. (Taxicab Paratransit Association of California, personal communication, October 18, 2017)

Federal and state-level trade associations in the United States operate as separate legal entities; their boards of directors hire staff directly or, as with TPAC, contract with lobbying firms to handle the association’s issues and pursue its goals, including legislative advocacy and representation with the state. TPAC membership consists of taxi companies, individual taxi owners, and taxi drivers with leased cars (Taxicab Paratransit Association of California, personal communication, October 18, 2017), and evidence suggests that the larger member groups, such as the L.A.-based yellow cab cooperative, have more influence in shaping policy goals (Taxi Workers Association of Los Angeles, personal communication, October 18, 2017). Membership of limousine companies in the GCLA is similarly heterogeneous; however, unlike the taxi business which is overseen by local regulators, city councils, and city governments, the limousine business is regulated at the state level by the California Public Utilities Commission, which might reduce the ability of larger members to influence the legislature and public administration. There are about 5,000 limousine operators in California and although paid membership fluctuates, GCLA represents about 10% of these firms (Greater California Livery Association, personal communication, November 17, 2017).

In addition to the pluralist and highly specialized associations in the taxi and livery businesses in the United States, many chambers of commerce operate at the local, regional, state, and federal levels. As with all business associations in the United States, the various chambers are completely independent from one other. According to a representative of the Los Angeles Area Chamber of Commerce (LAACC), it is southern California’s largest not-for-profit business federation, representing more than 235,000 businesses in L.A. County (Los Angeles Area Chamber of Commerce, personal communication, November 22, 2017). Uber’s and Lyft’s main interest in joining the LACCC was to gain access to the Los Angeles International Airport area where TNCs were banned until 2017 (Nelson, 2016). Though LAACC portrays itself as representative of all businesses, even those that are not members, it is sometimes challenging to find common positions and compromises between opposing interests (Los Angeles Area Chamber of Commerce, personal communication, November 22, 2017). This is particularly true when it comes to balancing the interests of incumbent and challenger organizations in markets like taxi and limousine companies versus TNCs:

The association is interesting, and that happens with a lot of business associations, I think, where you have people who are basically competitors coming together as an industry to push for good things to happen in that industry, things that are going to be better for all of them. That’s really what our role is in this association. What we do is to represent the industry as a whole, not one company over another or small companies over big companies. (Taxicab Paratransit Association of California, personal communication, October 18, 2017)
The relatively low level of coordination among business and professional associations, the partly overlapping interests within the Chamber of Commerce, and the articulated self-perceptions of associational representatives in the taxi and limousine markets reflect “ideal-typical” associational structures and the belief in pluralist fields. Even though many business firms and trade associations are not members of the chambers of commerce—taxi groups are not members of LAACC—their interests are considered equally important when it comes to creating a common position. The Chamber of Commerce holds the field-specific belief that associational policies should be formulated in a way that includes the widest variety of interests, even though this might not be accomplished. This belief guides the perceptions and behavior of associational representatives or at least their justification if their attempt to balance different interests fails.

When the TNCs were kind of developing in L.A. . . . they came to the chamber. . . . Under my department, we have different policy councils; we have an energy council, a transportation council, etc., and we bring issues to them, and they kind of enter a debate. . . . And that being said, we try hard not to choose one company or one industry over another. So that is about the decision-making in the councils as regards the constituencies. We try hard not to choose TNCs over taxis. (Los Angeles Area Chamber of Commerce, personal communication, November 22, 2017)

While business associations consider representation of and advocacy for business interests with legislatures and governments important, these associations have paid less attention to relations with trade unions or “alt-labor” groups. However, on some policy issues, the antagonistic and, less frequently, collaborative relations between business associations and labor groups in taxi and limousine markets have come to the fore. In taxi markets, historical events in Los Angeles, the largest metropolitan area in California, have led to conflict between labor groups and the major taxi company operating in the county of Los Angeles, resulting in the complete dissolution of the Los Angeles Taxi Workers Alliance in 2013 (Taxi Workers Association of Los Angeles, personal communication, October 18, 2017). In contrast, the livery association takes a more relaxed stance toward trade unions and labor groups and has even collaborated with them on certain policy issues regarding TNCs in California.

Until the 1970s, collective bargaining between taxi companies and trade unions played an important role in the taxi industry in California and many other parts of the United States. However, with the shift toward a franchise system in most cities and counties across California, the National Labor Relations Board (NLRB) decided that taxi drivers would no longer be categorized as employees but rather as independent contractors. As a consequence, employees lost their entitlement to statutory and collectively bargained minimum wages, and trade unions lost the right to represent drivers, rendering unions even more dependent on the goodwill of local and municipal state actors. In San Francisco, for instance, labor advocates could leverage municipal regulation (i.e., taxi meter fares, leasing rates, and the number of taxi medallions) to exert minimal control over wages and working conditions (Dubal, 2017, p. 108). Los Angeles and Orange Counties have a similar system of rules and

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6 Derived from Max Weber (1978), an ideal type is formed from characteristics and elements of a given social phenomenon. It is not meant to refer to perfect things but to a mental construct that help put the seeming chaos of social reality in order.

7 In response to the decline of trade unions particularly in the service sectors in the United States, unions responded with the creation of entities outside of the traditional organizing model. These groups, which include workers centers, can be loosely termed “alt-labor” (Worker Centers, 2018).

8 See V. B. Dubal’s (2017) seminal account of the historical development of San Francisco’s taxi and Uber economies.

9 A taxi medallion, also known as a Certificate of Public Necessity and Convenience (CPNC), is a transferable permit that allows a taxi driver to operate. Some major cities in the USA use these in their taxi licensing systems, including New York, Boston, Chicago, Philadelphia, and San Francisco. The app-based passenger transportation services compete with the taxi industry and the price of medallions has dropped substantially (Taxi medallion, n.d.).
regulations, but without the medallion system (Los Angeles Department of Transportation, personal communication, November 20, 2017). However, according to a study by Blasi and Leavitt (2006) covering the period from 2000 until 2004, the maximum fare was based on a “faulty and outdated ‘taxi cost index’” and did not take into account “the dramatic increase in fuel prices—all of which are paid directly by taxi drivers themselves” (p. 5).

The regulatory situation completely changed when Uber arrived. California state legislators preempted local and city regulators by creating a separate legal category that made the platform-based companies no longer subject to the regulatory capacity of cities and counties or to collective bargaining: “Unions regressed from leveraging militant tactics to attain a bargain on behalf of ‘the social good’; to employing cooperation with business in the negotiation of a moderate bargain; to losing the business-labor bargain but maintaining a just wage through regulation; to ultimately, in the Uber context, losing regulatory leverage and control over wages and settling for market-based benefits and workplace voice” (Dubal, 2017, p. 78).

Organized labor throughout the United States has been highly fragmented and severely weakened over time. This threat to labor’s existence has increased the willingness of taxi workers and local labor groups to work together under the umbrella of the National Taxi Workers Alliance (NTWA). At the same time, tensions arose between different labor groups about how to address Uber drivers’ interests. The NTWA emerged from the New York Taxi Workers Alliance (NYTWA), which successfully organized independent-contractor taxi workers over the course of two decades in New York City and more recently engaged in organizing and representing Uber drivers (Matthew, 2005; NTWA, personal communication, October 20, 2017). The NYWT, which can be characterized as an alt-labor organization, began its operations in the late 1990s at a time when the largest trade union federation in the United States, the AFL-CIO, and their affiliated unions were deeply suspicious of business-labor relations that deviated from the traditional employer-employee relationship (NTWA, personal communication, October 20, 2017). However, in 2011, the AFL-CIO opened its doors to the Taxi Workers Alliance:

[They] made us a fantastic offer that they were willing to charter us as a new union. It would be the first union that they were chartering since the Farm Workers in the 1960s. They opened up the chartering process to create a brand new national union which was the National Taxi Workers Alliance. (NTWA, personal communication, October 20, 2017)

Six years later, the NTWA had six affiliates, including Philadelphia; two counties adjoining Washington, DC; Austin, TX; and California cities San Francisco, San José, and Los Angeles. This development is noteworthy because in contrast to business associations, trade unions often lack the financial and infrastructure resources to become actively involved with unions and labor groups in other states and cities. This is particularly true for the Taxi Workers Association of Los Angeles, which emerged in 2013 after its predecessor, the Los Angeles Taxi Workers Alliance (LATWA), vanished following protracted struggles with the dominant taxi operator:

For now, we are concentrating our energy and power on the Los Angeles taxi workers area because our problems and regulations are different from other areas. But overall, we have sister companies in San José and San Francisco. We have contacts with them, but we are still trying to strengthen our organization and do not expand that much. (Taxi Workers Association of Los Angeles, personal communication, October 18, 2017)

The associational structures and practices in taxi and limousine markets resemble associational fields in the United States created in the 1970s. Associational fields are highly fragmented, and trade unions particularly lack both recognition by business actors and institutional or political support, rendering labor groups highly dependent on their organizing capacities and membership, while business associations can ignore them as relevant actors. Even though business association
representatives report a strong belief in the value of inclusiveness of all interests in a field, they do not acknowledge trade unions as equal-level interest groups.

Austria (EU)

In contrast to the pluralist United States, trade unions in Western European countries with corporatist traditions, like Austria and Germany, can still partly rely on the institutional backing of collective labor law and highly coordinated labor unions and business associations. Both trade and employers’ associations play a preeminent role, with employers’ associations representing business in labor markets and trade associations representing their members in commodity and service markets. In Austria, the federal Chamber of Commerce (WKO) along with its subunits at state and regional levels combine both functions, representing the interests of their member firms in relation to governments and legislators and in collective bargaining with trade unions. All Austrian companies must join the WKO; therefore, all taxi and hire-car firms are represented by the business association and fall under the purview of collective agreements.

Because all businesses must belong to the WKO, the corporatist business association has an extremely heterogeneous membership whose diverse interests are difficult to unify (Austrian Chamber of Commerce, personal communication, August 4, 2017). Besides the hire-car and taxi businesses, the WKO also organizes the dispatch centers for taxi drivers even though they are licensed under a different trade than taxi and hire-car companies and therefore belong to a different trade group within the business association. The two main taxi dispatch centers in Vienna, Austria’s capital and largest metropolitan area, have been joined by most of the 4,500 taxis run by about 2,700 active taxi companies in the city (Vienna Trade Group of the Austrian Chamber of Commerce, personal communication, March 18, 2018). However, some taxi companies are critical of this market structure because of the high annual membership fees. In 2011, some of these companies joined a new German company, mytaxi, which operates with a mobile phone application. A dispute arose between the new app-based dispatch center and the two dominant dispatch centers that still relied on phone calls by customers and radio communication with taxi drivers. A representative of one of the two dominant centers argued that he was aware of the poor economic situation of many taxi drivers and companies; however, he alleged that “without our dispatch service they would be even worse off. . . . Until recently we have not accepted any more taxi companies because we do not want to increase competitive pressures even more. . . . Everyone who drives for us and at the same time uses ‘myTaxi’ will be instantly dismissed” (Lill, 2011).

The WKO’s legal representation is a two-tier system in which each unit—trade associations at the state level and trade groups or guilds at the local level—has a chair and an executive manager. The chair usually owns a company and should represent the interests of all participant firms in the respective market, while the executive manager runs the day-to-day business. In transforming markets, especially when new competitors arrive, the tendency might be to maintain the existing power relations. However, because the WKO legally represents all companies operating in the taxi and hire-car markets, including dispatch centers, it cannot easily favor the interests of some member companies over others. After the “mytaxi” dispatch center became fully operational, two new competitors, Uber and Taxify, entered the Austrian market.

On the labor side, the Transport and Service Union (Vida) represents blue-collar workers, and the Union of Private Sector Salaried Employees and of Printers, Journalists and Paper Workers (GPA-DJP) represents employees in both industries. Both trade unions are organized under the umbrella of the Austrian Trade Union Federation (ÖGB), which has an associational monopoly in Austrian unionism.

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10 ÖGB enjoys the status of belonging to the exclusive circle of social partners. Regarding labor representation, this status is shared with the Federal Chamber of Labor. An implicit division of labor exists: ÖGB sets the
encompassing all of the country’s unions and union membership. The ÖGB has outstanding organizational unity that includes all political factions, enabling the unions to maintain links with all major parties in parliament (Traxler & Pernicka, 2007). Vida and GPA-DJP have coordinated their activities closely in the transportation sectors, especially in railway and international road transport. However, they have comparatively little collaboration with workers in the taxi and hire-car industries, resulting in driver membership rates of only 8% in Vida and below 5% in GPA-DJP. In comparison to other sectors and branches, the workers have a low minimum wage of only €1,200 per month for a 55-hour workweek, including standby duty. According to a social partner agreement between the Chamber of Commerce and the member trade unions of the Austrian Trade Union Federation, wages should be raised to €1,500 by 2020; however, the branch follows its own logic in terms of wages.

This is one of our greatest problems in this sector; the collective agreement is not the best one we have. Three years ago, we agreed on a collectively agreed wage increase of 8.8% for a period of two years in order to come closer to the minimum wage. . . . This is still very low. The WKO pledged that we would reach a minimum wage of €1500 by 2020. However, during the latest bargaining round, this commitment turned out to be rather difficult to reach because there is another issue that we must resolve, namely the equalization of workers and employees. The sector has 95% blue-collar workers and a high level of fluctuation. The WKO has argued that they first want to observe the cost development and to assess the burden that the new regulation might pose for its members before they continue negotiations on wages in mid-2018 at the earliest. (Transport and Service Union, personal communication, March 9, 2018)

According to a Vida trade union official, the WKO and Vida have a good basis for discussion; however, “in the taxi and hire-car sector, businesses and their workers used to sort out [income] distribution among themselves. The collective agreement has never been regarded as important” (Transport and Service Union, personal communication, March 9, 2018).

The cooperation between business and organized labor also extends to the political level, where social partnership still played an important role, at least until a government coalition between the conservative People’s Party (ÖVP) and the populist Freedom Party (FPÖ) came to power in late 2017. Historically, the close relationship between the social partner organizations and federal governments that were formed as grand coalitions between the Social Democratic Party (SPÖ) and the People’s Party (ÖVP), with their respective proximities to labor and business, also affected the taxi and hire-car industries. Even though local and district authorities issue taxi concessions, in the early 1980s, social partners convinced the federal parliament to pass a constitutional law that introduced a needs-assessment clause restricting taxi concessions. However, the constitutional court repealed the legislation in 1989. Since then, licensed taxis and hire-cars do not have quantitative restrictions. A more recent example of the social partners’ political influence relates to a constitutional law passed by the SPÖ-ÖVP majority in parliament in 2007: the federal law that requires membership in the chambers (including the Chamber of Commerce, the Chamber of Labor, and 12 others) was raised to constitutional law (Schellhorn & Aichinger, 2007), making it harder for governments outside the grand coalition to change it.

11 Austrian unions see their political fragmentation into rivaling organizations during the interwar period as one key determinant of their defeat by Austrofascism in 1933–1934, which then paved the way for Austria’s incorporation into Nazi Germany in 1938. With the strong political polarization of the Austrian postwar society, unity could be established and sustained only by internalizing all the existing political camps (Traxler & Pernicka, 2007).

12 All translations of interviews from German into English are by the author.
Since late 2017, the rightwing ÖVP-FPÖ coalition government has challenged social partnership; it remains to be seen if the associations’ disposition toward cooperation and coordination remains intact. However, the Europeanization of politics—the shift in economic policymaking from the national to the supranational level—has also challenged the institutional strength of business, labor, and consumer associations in neocorporatist Austria (Streeck, 2005, p. 34). Transnationally operating corporations and digital business models like Uber’s have challenged established national institutions of interest representation. At the same time, supranational political arenas offer less support to business associations and trade unions than corporatist nation states (Greenwood, 1997). As a result, the structures of business associations, trade unions, and consumer groups have become more like their counterparts in the United States. At the supranational level, European and national interest associations lobby primarily the European bureaucracy and legislature or seek juridical decisions through the European Court of Justice. However, as has been outlined above, the European level also has some elements of corporatist associational fields, including the Sectoral European Social Dialogue in Road Transport and the Section for Transport, Energy, Infrastructure and the Information Society of the European Economic and Social Committee. The European Social Dialogue in Road Transport is made up of the European Transport Workers’ Federation on the side of labor and, on the side of business, the International Road Transport Union, the Urban Public Transport Group, and the International Organization for Public Transport Authorities and Operators.

Though the Austrian corporatist associational field in taxi and hire-car industries has been challenged at the national and European levels, it remains mostly intact. However, business representatives and trade unions have emphasized their representational function (logic of influence) sometimes to the detriment of their membership-related activities (logic of membership), reinforcing tendencies toward social closure, that is, protecting insiders against challengers like mytaxi. With the arrival of Uber, these strategies have turned upside down.

The Structures and Practices of Taxi and Limousine Markets

Along with the state and boundaries of associational fields, the current structures and practices of taxi and limousine markets shape the strategic responses of interest associations and other political and societal interest groups toward Uber’s arrival. Taxi businesses, and to a lesser degree limousine companies, are regionally bound and cannot relocate to countries with lower labor costs. Despite this, the taxi labor markets in both geographical units of analysis, California and Austria, are characterized by low wages, long working hours, and nonstandard employment contracts—especially self-employment and informal agreements between taxi firms and their workers—which can be partly traced back to the continuous influx of migrant labor into the taxi business resulting in an oversupply of workers. The situation is somewhat different in the limousine business. Livery business owners and their drivers tend to characterize themselves as “the luxury transportation end of the business. The drivers wear suits, we drive expensive premium vehicles, and we have a wider range of vehicles. . . . A taxi service and TNCs are much more of a commodity. Their business is to provide transportation basically at the lowest level of costs possible” (Greater California Livery Association, personal communication, November 17, 2017). In California and Austria, limousine drivers are referred to as chauffeurs and are more likely to be hired with employment contracts rather than as independent contractors.

Until the 1970s, most taxi drivers in the United States were white Americans. Since then, “you can almost track immigration waves to America by taxicab [driver] appearances” (Los Angeles Department of Transportation, personal communication, November 20, 2017). The relatively low barriers to labor market entry in California and the United States more generally contrast with the situation in other countries and cities; for instance, driving one of London’s famous black cabs is still regarded as a profession, and taxi drivers have to study for about three years to pass the Knowledge of London test, which effectively excludes immigrants with limited language skills and knowledge.
about London’s complicated road network. The strict regulation and the strong professional unions of black-cab drivers in London differ from minicabs in the UK, which belong to the category of private-hire vehicles and which have relatively low entry barriers for newcomers (International Transport Workers’ Federation, personal communication, January 31, 2018). Vienna occupies a middle position of professional closure and free-market entry. Taxi drivers must pass a less demanding test than London’s; however, stricter regulations determine whether employed taxi drivers can establish their own business. To start a company, taxi drivers must have at least three years of experience and must pass an additional test to obtain a business license. The permit-based system in Vienna and all other major cities in Austria with no quantitative restrictions on vehicles, functions in a city with a well-developed public transport network and where taxis mainly serve as providers of last-mile transport. Only anecdotal evidence exists about the ethnic composition of taxi drivers in Vienna. Since 2015, the WKO Vienna chair of the taxi section is one of the city’s largest business owners who, because of his Turkish origin, portrays himself as a sign of successful integration.

Los Angeles uses the franchise model to regulate taxis. A Los Angeles Department of Transportation (LADOT) executive who oversees the Los Angeles taxi business and was previously responsible for enforcing taxi regulations in San Francisco, notes that the franchise system has some benefits over the permit system or the medallion model, which has been introduced in San Francisco, in a city like Los Angeles with a low density of taxis and high economic inequality between different areas.

One of the benefits we have in the franchise system is that we can push equity concerns. . . . We give . . . particular companies particular areas they have to focus on . . . , regions to pick up customers. South Central, it’s not that easy. You can get a taxi, but it’s not that easy to get one. . . . If you leave it to their own devices, they are going to serve generally wealthier areas, and they are going to leave out East LA, poor areas. (LADOT, personal communication, November 20, 2017)

In terms of market penetration, the relatively low density of taxis and long waiting times in most Los Angeles areas contrast with Vienna, where taxis ordered via one of the two telephone dispatch centers or the MyTaxi app take only two to seven minutes, even in more peripheral regions. Consequently, the potential for employment expansion through Uber has been much greater in Los Angeles than in Vienna (see Berger, Chinchih, & Frey, 2017).

Table 2 presents the data on market shares, workers, and vehicles in taxi, limousine, and app-based personal transportation services in Los Angeles, London, and Vienna and reflects the different regulatory systems to reach public policy aims. The highest political priority in the United States, and particularly in California, is encouraging technology and innovation, while continental European politicians are more likely to prioritize fairness in labor, product, and services markets. The relative strength of organized labor in Western European countries offer a historical explanation of labor market regulations in favor of workers (Korpi, 1989), while Silicon Valley success stories discourage public policy actors from embracing any measure that might undermine innovation. When the California Public Utilities Commission decided to legalize Uber as a TNC in 2013, the fear of possibly losing future opportunities to attract and spur postindustrial economic activity became clear: “The purpose of this rulemaking is not to stifle innovation and the provision of new services that consumers want” (Collier, Dubal, & Carter, 2018, p. 16). Consequently, the arrival of Uber and other app-based passenger transportation services have had the largest impact on existing markets in Los Angeles, where the market share of traditional taxis in the ride-hailing business dropped by more than 30%. In Vienna and London, the number of taxi vehicles decreased only slightly, a fact that has been traced to regulatory changes in Vienna and the strict regulations for black cabs in London, rather than the advent of Uber. However, the number of hire-cars almost doubled in Vienna and

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13 “Last mile” describes the movement of people and goods from a transportation hub to their final destinations.
increased by more than 50% in London (see Table 2). This evidence suggests that Uber relies on these regulatory loopholes to increase its ride-hailing services in these markets.\textsuperscript{14} Even though a for-hire car with driver services has no fixed fare in Vienna, companies that provide these services fall under the same collective agreement as taxi companies, and most drivers are engaged as blue-collar workers rather than independent contractors.

Table 2: Market Shares and Workforce in Taxi and Limousine Markets

<table>
<thead>
<tr>
<th></th>
<th>Greater Los Angeles</th>
<th>Greater London</th>
<th>Vienna</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhabitants, in millions</td>
<td>18.7</td>
<td>8.5</td>
<td>2</td>
</tr>
<tr>
<td>Uber (USA)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational start date</td>
<td>2010</td>
<td>2012</td>
<td>2014</td>
</tr>
<tr>
<td>Percentage of platform-based transportation services (excluding taxis)</td>
<td>66.5 (Efrats &amp; Sullivan, 2017)</td>
<td>100</td>
<td>90</td>
</tr>
<tr>
<td>Drivers in greater metropolitan area</td>
<td>12,000 (Smith, 2017)</td>
<td>40,000 (Murgia, 2017)</td>
<td>700 (“Mytaxi Testet App,” 2017)</td>
</tr>
<tr>
<td>Other app-based services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational start date</td>
<td>Lyft, 2012</td>
<td>Taxify, 2017</td>
<td></td>
</tr>
<tr>
<td>Percentage of platform-based transportation services (excluding taxis)</td>
<td>33.5 (Efrats &amp; Sullivan, 2017)</td>
<td>-</td>
<td>10 (“Mytaxi Testet App,” 2017)</td>
</tr>
<tr>
<td>Taxis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Driver permits</td>
<td>3,230 (Brands &amp; Murray, 2017)</td>
<td>24,900 (TfL 2016)</td>
<td>4,545</td>
</tr>
<tr>
<td>Percent drop in market share</td>
<td>30 (2012–2016) and continues to shrink (Nelson, 2016)</td>
<td>10 (2015–2017) (ORF 2017)\textsuperscript{15}</td>
<td></td>
</tr>
<tr>
<td>Limousine services (hire-car with driver)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of vehicles</td>
<td>77,687</td>
<td>2,280</td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{14} London has a two-tier system differentiating between taxi service and hire-car with driver service, also referred to as private hire-vehicle (PHV) service (European Commission, Growth, 2016). While the famous black cabs have remained under strict regulation, Uber registered under the PHV system. Since the advent of Uber, the number of PHV drivers, also referred to as minicab drivers, has doubled, whereas the number of black-cab drivers has not changed much over the last 10 years (Interview 15).

\textsuperscript{15} The drop in the number of taxi drivers is not related to Uber but rather to 2016 legislation that requires taxi drivers to carry cash register devices to give out receipts, a costly requirement that induced many drivers to exit the taxi business (ORF 2017).
The Uber driver-partners in the US have been found to be more ethnically diverse, younger, and more likely to have a college degree than taxi and for-hire car drivers (Hall & Krueger, 2016). A recent study by Collier, Dubal, and Carter (2017) shows that “as a dispersed, atomized interest group, drivers have been mostly unable to mobilize collectively and to make effective claims in legislative arenas, where concentrated interests are the predominant voices” (p. 2). No systematic study exists on the composition of Uber drivers in Austria, however, drivers are primarily recruited from immigrant communities, a heterogeneous group that trade unions have not traditionally viewed as their core constituency (Krings, 2013).

Responses of Interest Associations to Uber’s Arrival

The findings presented in the previous sections on the fragmented state of the pluralist associational field in taxi, limousine, and TNC markets in California indicate a low level of inclusiveness and thus a strong likelihood that particularistic interests of more powerful actors—incumbents as well as challengers—will be achieved at the expense of less powerful actors in the field. In Austria, by comparison, the respective associational field is more intact; however, the representatives of corporatist interest associations follow the logic of influence. This disposition has weakened the position of the most vulnerable and least represented groups of workers, including taxi, limousine, and Uber drivers. This section provides an overview of the responses of business and employers’ associations, trade unions, labor groups, and political actors toward the emergence of Uber in California and Austria.

California

Business associations, including the Taxicab and Paratransit Association in California (TPAC), the Greater California Livery Association (GCLA), and some chambers of commerce considered the different regulations of taxis and digital-platform passenger transportation providers. Each city and county in California could require a permit from taxi companies and drivers operating in their jurisdiction—California has 58 counties and over 450 cities—whereas TNCs became subject to the oversight of the Public Utilities Commission and could receive only one permit that would allow them to operate statewide.

The more beneficial legislative outcomes for TNCs in relation to taxi companies has been consistently traced back to policymakers’ and the wider public’s strong belief in promoting technology and innovation. A representative of GCLA compared the United States to Western Europe:

There is a distinction I think in California, probably in the United States in general, and that is we are in love with technology. . . . Anything that might impede technological development or implementation is not even considered here. If you go to a California legislature and you say to them, in the spirit of fairness to all drivers of these services, here is what should happen in terms of equal labor market . . . the response is the implementation of that requirement could dampen the technological development. (Greater California Livery Association, personal communication, November 17, 2017)

From a field-theoretical perspective, the high esteem for technological innovation could be successfully translated into political capital for technology firms and their associations vis-à-vis the California legislature. At the same time, taxi and limousine business associations rarely collaborated on collective responses to the emergence of TNCs. A rare example would be when GCLA and TPAC worked together on the issue of background checks for TNC drivers:

We have collaborated with the taxi association specifically on the background-check requirements for TNC drivers. In California, taxi operators, taxi drivers are required to have background checks. The Public Utilities Commission is requiring that the TNC drivers have background checks. Their drivers are
required to take these background checks as well. The taxi folks have a government background check with the Department of Justice. The TNC people have a private sector background check; it’s not a government check. So we have worked with the taxi industry in pursuing regulation and legislation in that regard. (Greater California Livery Association, personal communication, November 17, 2017)

There is an ongoing struggle for a level playing field in which different passenger transportation companies would face similar regulations and have equal chance of succeeding. TPAC successfully lobbied California Governor Jerry Brown and the state legislature to pass Assembly Bill 1069 in October 2017, which shifted the regulatory competence over taxis to the county level everywhere except San Francisco. With this bill, taxi companies will no longer be bound by fixed fares set by a city council but can instead set their own rates.

I think the idea is that they operate like Uber and Lyft, where your rates can change in a day or even from hour to hour at certain times. I don’t think that someone expects that taxicab rates are going to change that often and that quickly, but it will give them the power to say this rate will be that and that. But it does allow a city, if it chooses to do so, to set a maximum rate. So the city of LA decided, okay, you can charge whatever you want; you just cannot charge more than this. You know we will be allowed to do that. Because right now here in LA, your rates are static, you can’t charge higher, you can’t charge lower, you have to charge exactly what it is. And so, this will give them the flexibility to make discounts, special rate, doing whatever they want, if they choose to, and we can choose to set a maximum rate for the meter. (LADOT, personal communication, November 20, 2017)

The new regulatory framework might benefit large taxi fleet owners such as the yellow-cab corporation, who can more easily expand their operations, whereas smaller businesses and workers are likely to lose out in an intensified competition for customers. Taxi companies and drivers dependent on operating in particular areas, most importantly the airports, are especially vulnerable. For instance, franchisees who operate in Los Angeles under LADOT have the right to operate at LAX once every five days so “only 20% of a fleet is there at a given time” (LADOT, personal communication, November 20, 2017). The Los Angeles Area Chamber of Commerce successfully lobbied the city council to allow TNCs to pick up customers in 2017 without such limitations, giving them a significant advantage over taxis.

In response to the emergence of TNCs, taxi companies, have become more willing to communicate with each other, to combine their dispatches, or discuss possible solutions, such as e-hailing. “This is something they would not have done five years ago” (LADOT, personal communication, November 20, 2017). On the labor side, contentious relations prevail though there have been some attempts at cooperation. Labor groups in the taxi business have begun to collaborate more closely between local and state levels and even beyond national borders in order to gain countervailing power in relation to the newly emerging TNCs. This applies especially to a relatively small union, the National Taxi Workers Alliance, that became the first trade union for independent contractors that the AFL-CIO accepted as an affiliate. This union organizes both taxi and Uber drivers to ensure that workers have sustainable jobs providing a living wage. In this regard, an NTWA representative viewed the deregulation of taxi markets in California as highly problematic.

[The taxi company owner’s] method is to try to run small taxi companies into the ground and create a race to the bottom among drivers. Basically AB 1069 has a clause in there which allows the cities or the counties to set the maximum fare on a meter, but the county cannot legislate minimum rates. So the company can get its own meter that sets a minimum rate, and so the big companies can hold it out, but they try to drive some of the smaller companies out of the market, and then take over what is, in their opinion, left of the market. (NTWA, personal communication, October 20, 2017)

16 An earlier failed attempt (AB 650) intended to shift administrative competences to the state level in order to deregulate the taxi industry and have taxis fall under the same jurisdiction as Uber (Interview 6).
According to a LATWA representative, labor groups attempted to build up coalitions with taxi companies to collectively respond to TNCs. However, more powerful market participants had no interest in a collaboration:

The cab companies were working against . . . unions but like I said, now they concentrate mainly on TNCs. And on my part, I mean representing this organization, I asked . . . [the owner of the largest taxi company] to have a meeting with me and to think about a strategy how we can fight or resist the TNCs’ dominance. But that call had been neglected. . . . Other companies, the smaller companies, their leaders, their management, they work with us, share information with us. Mainly the small companies have better communication with us than the . . . [largest taxi company]. (Taxi Workers Association of Los Angeles, personal communication, October 18, 2017)

Besides those labor groups that cooperate under the umbrella of the NTWA, relations between different labor unions since the advent of Uber have become more fragmented and, in some cases, even hostile. Workers in the taxi and TNC businesses are more often independent contractors than employees, a major issue of contention with labor unions, which has resulted in frequent litigation constituting approximately one-third of all lawsuits in the United States against Uber (Collier et al., 2018, p. 20). When the Teamsters union in Seattle came to an agreement with Uber based on a city ordinance that allowed independent contractors to join unions, NTWA criticized this agreement as a “sweetheart deal” whose content is not known to the public and might harm labor interests in the long run. Rather than accepting the drivers’ status as independent contractors, NTWA has challenged what they consider the misclassification of Uber drivers and hence the view that they are not entitled to receive minimum wages, sick pay, or other employment benefits (NTWA, personal communication, October 20, 2017).

The misclassification of Uber drivers has been raised repeatedly in the courts not only in the United States but also in several other countries all over the world. For instance, when Uber lost a case in the employment tribunal in the United Kingdom, the judge criticized Uber’s self-definition as a technology platform that cooperates with independent Uber partners: “The notion that Uber in London is a mosaic of 30,000 small businesses linked by a common ‘platform’ is to our minds faintly ridiculous.” (Butler, 2017) Those who claim that drivers are misclassified as independent contractors argue that Uber has substantial control over workers. Uber, by contrast, stated in an interview that it “will vigorously defend the rights of workers to enjoy competition and choice and for drivers to build their own small businesses,” a perception that is largely shared by the Teamsters (“Legal Battle over Employment Rights,” 2015).

While business associations consistently ignore or even attack labor unions, GCLA is an exception, perhaps because it largely employs its workers rather considering them self-employed.

With regard to labor, we have worked very closely with the California labor federation because . . . the TNC drivers are categorized as independent contractors; therefore, they have none of the requirements that . . . [livery companies] have in relation to their employees. So these TNC drivers don’t have worker’s compensation, they don’t have unemployment insurance, they don’t have minimum wage, they don’t have meal- and rest-break requirements, overtime and double-time requirements, minimum or maximum hours of operation requirements. All those things together, to comply with all those requirements is very costly. So while the labor association is not particularly interested in the costs for the limousine operator of doing business, they are very concerned about the safety and the fairness for the drivers. So we work very closely with them trying to ensure that the drivers are being treated equally, which they are not. (Greater California Livery Association, personal communication, November 17, 2017)

**Austria**

The highly centralized, neocorporatist employers’ and labor associations, the WKO, the trade union Vida, and the Chamber of Labor (AK), which also represents consumers’ interests, all responded to
Uber’s arrival with a wait-and-see approach. Though Uber has been operational in Austria since 2014, the company organizes its activities from its European head office in the Netherlands and its headquarters in San Francisco. Therefore, Uber did not apply for a business license in passenger transportation services but rather offered its UberX services in cooperation with hire-car companies. UberPop, the most popular Uber service in the United States which operates with unlicensed taxis in private vehicles, has been banned in many European cities and countries and has never been operational in Austria. In accordance with Uber’s self-definition as a technology platform rather than a transportation company, Uber Austria GmbH was established and licensed as an information technology services company in 2014.\(^{17}\)

Meanwhile, the European Commission, responsible for proposing legislation within the EU, has issued a number of policy documents urging member states to open their markets to digital-service providers and review existing national legislation “to ensure that market access requirements continue to be justified by a legitimate objective” (European Commission, Growth, 2016, p. 4).\(^{18}\) However, in May 2017, a Spanish taxi association (Asociación Profesional Elite Taxi) representing drivers in Barcelona requested a preliminary ruling of the European Court of Justice. This initial decision favored the taxi drivers association: “Uber cannot claim the benefit of the principle of the freedom to provide services guaranteed by EU law for information society services.” In December 2017, the ECJ confirmed the preliminary ruling. The ECJ also determined that an intermediation service such as Uber “must be classified as ‘a service in the field of transport’ rather than an ‘information society provider’ or a mere technological platform” (Asociación Profesional Elite Taxi, 2017). This ruling is expected to have far-reaching legal consequences for Uber and other ride-hailing apps across Europe.

Notwithstanding the ECJ's ruling, Uber has so far maintained its claim to be a technology company and delivered its services in Austria in cooperation with licensed companies providing hire-cars. These companies have less strict regulations than taxis regarding their obligation to carry,\(^{19}\) qualification requirements of drivers, and fare systems; however, hire-cars must return to the place of business after each journey, a requirement Uber has been found to violate repeatedly (Szigetvari, 2018). About three years after Uber emerged in Vienna, Austria, several actors, including the Vienna trade group of the Chamber of Commerce (WKW), the dispatch centers, and individual taxi companies, brought lawsuits against Uber and those firms with hire-cars that operate as Uber partners. The highest commercial court in Vienna determined in April 2018 that Uber contributed to a “systematic violation of trade law” by disregarding either the fixed fares set for taxi companies or the obligation to return to the place of business. This decision was also confirmed by the Austrian Supreme Court in October 2018 (Ungerboeck, 2018). It is important to note that the main plaintiff who initiated several lawsuits against Uber was a chair of the Austrian Chamber of Commerce and the Vienna trade group and also owner of one of the two major dispatch centers in Vienna. In a public talk, the WKO chairman pointed out the similarities between Uber and dispatch centers: neither operates its own taxi or hire-car with driver fleets; however, both are obliged to abide by the law for the passenger transportation business. Even though Uber suspended its service for a day following the commercial court’s ruling, it then continued its operations, arguing that their partner companies pledged to follow existing rules. According to a Chamber of Commerce representative, that is unlikely (Vienna Trade Group of the Austrian Chamber of Commerce, personal communication, March 18, 2018).

\(^{17}\) The Austrian company register can be accessed at https://firmen.wko.at/Web (accessed May 5, 2018)

\(^{18}\) The commission also reemphasizes its conviction that “a more flexible regulation of service markets would lead to higher productivity and could ease the market entry of players, reduce the price for services, and ensure wider choices for consumers” (European Commission, Growth, 2016, p. 4).

\(^{19}\) The “obligation to carry” means that companies cannot choose who or what areas they will serve.
Because of the relatively lax law enforcement and the perceived neglect of their problems and needs, in May 2018, about 850 taxi drivers participated in a protest against not only Uber but also their own legal representative, the Chamber of Commerce (“Hunderte Wiener Taxler,” 2018). The drivers were represented by the Taxiverein, an interest group that organizes taxi companies and their drivers independently from the Chamber of Commerce. The drivers’ major aims, which were framed by the latest ECJ ruling, were that Uber align their prices to existing taxi fares and Uber drivers be obliged to take the same test as taxi drivers (Asociación Profesional Elite Taxi, 2017). The Chamber of Commerce first distanced itself from the protest activities because they regard themselves as representatives of both groups—taxi drivers and hire-car with driver (Uber) chauffeurs—but the chairman of the Vienna trade group (WKW) responded that he would take action to achieve a common trade law for all drivers, including Uber drivers. Moreover, a full-time WKW official pointed to the Chamber of Labor as an indispensable coalition partner at the political level when it comes to addressing issues such as Uber:

It is all about optimizing our lobbying activities towards politics, when I say that this issue should not be addressed by our business association alone. This is also a labor issue and . . . with the Chamber of Labor, we have a partner that considers both labor and also consumer interests. (Vienna Trade Group of the Austrian Chamber of Commerce, personal communication, March 18, 2018)

The responsible federal Minister of Transport responded to the protests by announcing an evaluation of existing laws and the imposition of stricter rules for Uber (“Verkehrsminister will strengere Regeln,” 2018). Interestingly, Vida has not yet joined in the taxi driver protests. A Vida official maintained that the union is also representing Uber drivers, even though the membership rate of Uber drivers in Vida is likely below 1%:

Yes, I represent them as hire-car drivers. I even don’t know if they drive for Uber or not. Some of the drivers keep it a secret that they drive taxi and Uber. . . . Taxi drivers are quick to form an opinion. You can see how they resolved it in Paris. (Transport and Service Union, personal communication, March 9, 2018)

While Vida concentrates its limited resources in other areas of national and European transportation issues, especially in railway, busses, and international freight transport, the executive manager of the federal WKO section for passenger transportation has been active in establishing European and international networks of knowledge exchange and collaboration within the International Road Transport Union (IRU)20 and with labor organizations in the European social dialogue (Austrian Chamber of Commerce, personal communication, August 4, 2017; Transport and Service Union, personal communication, March 9, 2018). These efforts have intensified since Uber’s arrival in European markets. The comparatively low international engagement of Austrian trade unions in passenger transport is similar to trade unions in other countries, except perhaps for the NTWA in the United States, and was explained by an International Transport Workers Federation (ITF) representative in the following way:

Personally, I would say that the ones who are more active in ITF are the maritime trade unions and perhaps the road transport, and railway trade unions are less active. This is largely due to the nature of their industry. Maritime is . . . an international industry. . . . We have interrelations to international bodies like the [International Labour Organization] or the International Maritime Organization [IMO]. The decisions they make about labor conventions or the rules or regulations that the IMO adopts also applies internationally, which means that they affect the day-to-day business of the seafarers and the trade unions who represent these workers. That is one of the reasons why the seafarers unions have

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20 The IRU has launched the Global Taxi Network, which aims to bring together taxi industry federations and leading taxi app providers to ensure the creation of a truly global network under the same quality label as the taxi industry (European Commission, Mobility and Transport, 2016).
to be active within ITF. (International Transport Workers’ Federation, personal communication, January 31, 2018)

Discussion and Conclusions

In analyzing the role of associational fields in shaping political, economic, and societal responses to the emergence of digital platform corporations in passenger transportation services, the influence of Uber on the responses of interest associations provided excellent conditions for the study of different associational fields and their effects on the perceptions, interests, and behavior of interest associations. Pluralist and neocorporatist associational fields share the ability to balance societal interests and to moderate power relations. This ability would likely contribute to a more symmetric distribution of benefits and costs within respective social fields and society more generally. Uber’s arrival was regarded as a critical event that not only challenged established models and practices in taxi and limousine businesses but also revealed the state and properties of associational fields in these markets in pluralist California and neocorporatist Austria.

It was hypothesized that a) contested and fragmented associational fields were more likely than relatively stable fields to serve the particularistic interests of powerful actors to the detriment of weaker and more vulnerable groups; b) interest associations and groups who occupied less powerful positions within associational fields and the wider fields of power were expected to be more willing, though not necessarily able due to a lack of resources, to build alliances of interest within their own group and with their traditional counterparts (e.g., interclass coalitions); and c) pluralist and neocorporatist associational fields varied in terms of the socialization and habitus of their participants. Interest representatives in pluralist associational fields were expected to lean more toward “the logic of membership”: to seek active involvement of their members, organize the unorganized, and build coalitions with groups other than their neocorporatist counterparts. Neocorporatist fields by contrast were characterized by a habitus that was more oriented toward the “logic of influence,” which induces association representatives to contribute to social closure and to ignore the changing needs and interests of their weaker constituencies.

Empirical evidence suggests that both associational fields investigated, pluralist fields in California and neocorporatist fields in Austria, are contested societal orders whose ability to integrate all relevant societal interests has been disrupted. In California, the strategic responses of business associations, trade unions, and labor groups toward TNCs reflect the fragmented state of pluralist associational fields in which all interest groups struggle more or less on their own. While diversity and competitive relations between different interest groups are ideal-typical characteristics of pluralist associational fields, state actors do not serve as impartial mediators of contradicting interest groups. TNCs have benefited from more favorable rules and conditions than those applied to taxi and limousine companies. Despite their claim to treat the interests of all market participants equally, business and trade associations have invested more time and energy in representing the interests of TNCs and powerful companies in the taxi industry than those of their weaker members. Labor unions were far less successful in lobbying the legislature and concentrated more on court cases. Unions’ highly fragmented and even competing strategic responses toward TNCs have undermined their position within the associational field as well as their relations to political-administrative and economic actors.

In Austria, the strategic responses of the highly centralized business and labor associations toward Uber reflect the still strong disposition of the Chamber of Commerce and trade unions toward the logic of influence, in this case toward representing all members, companies and workers, in the taxi and hire-car with driver businesses and establishing a level playing field for incumbents and challengers. However, the idiosyncratic behavior of Uber has induced taxi firms and their drivers to protest against their own interest association. That the behavior of Uber and their workers, so-called driver-partners, can barely be controlled by collective bargaining institutions or social partner
agreements points to the fragile and contested character of existing associational structures and practices. However, it is likely that the ongoing struggle for common rules for all market participants will reinforce neocorporatist associational fields as well as their legitimacy and autonomy vis-à-vis the political and economic fields.

Despite the major differences between California and Austria associational fields, the emergence of transnationally operating TNCs has also revealed a potential commonality in the strategic orientations of interest associations: labor and business associations have created or strengthened their transnational networks and cooperation with their counterparts in other countries in order to protect their constituencies from the disruptive behavior of Uber and other TNCs. These associations have begun to extend their scope of action and to seek strategic alliances and cooperation across local, regional, and national jurisdictions.
References


