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## **GUERRILLA CAPITALISM AND THE PLATFORM ECONOMY: GOVERNING UBER IN CHINA, TAIWAN, AND HONG KONG**

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### **Background and Method**

Platform firms, such as Uber and Airbnb, are emerging economic actors that aim at re-organizing the economic sectors they enter through challenging existing regulatory frameworks *politically* (e.g., Pollman & Barry, 2017; Rahman & Thelen, 2019). Platform firms gain their political power in the dual process of "platformization of infrastructure" and the "infrastructuralization of platforms" (Plantin, Lagoze, Edwards, & Sandvig, 2018). The former denotes that platform-specific properties, such as algorithms and the massive amount of user data, are not only capable of creating economic value but also political value to the firm (van Dijck, Poell, & de Waal, 2018; Pollman & Barry, 2017). The latter suggests that platform firms' priority is to make their services ubiquitous, widely accessible, and indispensable in people's everyday life *even at the expense of temporary profit lost* (Plantin et al., 2018; Rahman & Thelen, 2019).

Accordingly, this paper introduces the concept of "guerilla capitalism" to describe how platform firms attempt to make a profit through exploiting legal grey zones or openly violating established laws. Following Hall and Soskice (2001), we adopt the "social production system approach," in which the general behaviors of the firm are the key to identify different forms of capitalism. Our conceptualization draws insights from Pollman and Barry's (2017) notion of "regulatory entrepreneurship" to highlight how platform firms' profitability lies at their uncertain legality. Yet, we also argue that such a desire for "guerilla growth" widely happens in different political regimes of the world.

Recent scholarships have discussed platform firms' discourses and political playbooks (e.g., Rahman & Thelen, 2019; van Doorn, 2019) and called for a new regulatory framework for the emerging platform economy (e.g., van Dijck et al., 2018). Most

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studies focus on how platform firms' political playbooks operate in European and North American democratic contexts (Pollman & Barry, 2017; van Doorn, 2019), while ignoring the regulatory and contestatory stories in non-Western and non-democratic contexts (de Kloet, Poell, Zeng, & Chow, 2019). What explains why certain platforms successfully gained enough political power to navigate legal gray zones and alter laws in favor of them, while others fail to do so?

This study aims to fill this lacuna by examining the governance over Uber in China, Hong Kong, and Taiwan. The three cases provide a comparative basis to how Uber's political playbook works in authoritarian (China), semi-authoritarian (Hong Kong), and democratic systems (Taiwan), respectively. A comparative approach has proven particularly fruitful in analyzing the contextual factors that shape different outcomes of corporate governance (Rahman & Thelen, 2019). Accordingly, we conduct a critical discourse analysis (CDA) of Uber's public marketing materials, news coverage about Uber, and the government's report about the ride-hailing industry in three cases. CDA draws attention to how powerful actors—and their political coalitions—control and negotiate the texts and contexts of public discourses (van Dijk, 2015), which shape regulatory outcomes. Our analysis focuses on convergence and divergence across three cases. We aim to delineate (1) the convergent discursive and political strategies Uber used to legitimize its business to change the law and (2) the divergent, contextual factors that lead to different regulatory outcomes.

## **Findings and Implications**

Below we present a preliminary analysis of the three cases. Uber launched its ride-hailing service in Taiwan in 2013 and Hong Kong and China in 2014. Like Uber's initial operation in the United States and Europe (Rahman & Thelen, 2019), Uber neglected local transportation and taxi regulations. In all cases, Uber had public promotional and branding campaigns to position itself as an innovative technology company that would help to solve local transportation problems (e.g., the poor quality of taxi services). The company also attempted to build political coalitions with local actors (e.g., policy-makers and local taxi companies) and consumers when its services were rendered illegal. For instance, Uber used a third-party survey to demonstrate "public opinions" about how the company brings the potential of technology and innovation to fuel urban development. Uber, similarly, conducted a territory-wide survey to understand Hong Kong citizens' satisfaction level with ride-hailing and taxi services in 2019. The company then used the survey findings to urge the government to legalize its business.

Governments in these three cases accordingly responded with either a defense or strategic adaptation of existing regulatory frameworks to make Uber comply with local regulations. For example, although the Chinese government granted legal status to ride-hailing services in 2016, Uber was under even stricter control of its pricing and data assets than before (Kirby, 2016). Uber eventually sold its business to Didi—a national ride-hailing company that has managed its service to align with the Chinese economic and security interests (Chen & Qiu, 2019). In Taiwan, Uber has gone from unregulated to regulated. The Taiwanese government suspended Uber's operation from February to April in 2017 because the company violated the local transportation company. To maintain its status as a technology company—rather than a transportation company—

Uber has started to partner with locally licensed taxi companies to operate its services. As a response, the Taiwanese government introduced the so-called “Uber Clause” in 2019, which has required all Uber drivers to have professional driving licenses. In Hong Kong, Uber remains illegal, but it has attempted to partner with local taxi drivers and launched a new service called “Uber Flash” to match passengers with either Uber drivers or taxi driver-partners to avoid regulations. In short, we contend that Uber’s operative logic lies at the swift accumulation of a large number of politically mobilizable customers and the formation of political coalitions with their customers; however, governmental responses to Uber’s political playbook vary with regulatory contexts.

By studying Uber’s operative logic in Asia, we aim at demonstrating that the desire for guerilla growth is central to today’s platform economy, but it is also channeled through “different trajectories along the vectors of infrastructure, governance, and practice” (de Kloet et al., 2019, p. 254). This study offers a nuanced inquiry into the comparative politics of platformization, and therefore contributes to understanding how platformization is contested in different regulatory regimes.

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