

Ph.D. Dissertation of Political Science

**The Rise of New Interest Groups
and the Politics of Platform Business:
Case Studies of Cryptocurrency Exchanges
and Uber in Korea**

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**Graduate School of Seoul National University
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Abstract

The advent of platform businesses has led to a significant transformation in the existing market structure and the political dynamics of regulatory processes. Platform businesses offer their services through online websites or apps and often circumvent traditional regulations, enabling consumers to participate in production activities by reducing legal and regulatory entry barriers. By bypassing traditional channels and operating outside of specific legal or regulatory frameworks, platform businesses reduce the need for new service providers to obtain government approval to enter the market. These unique characteristics of platform businesses pose challenges to the current economic and political structures, blurring the distinction between market and consumer and undermining the government's control over the market.

The expansion of platform businesses, which have disrupted the market, has led to increased organized resistance from both established interest groups and government entities. Unlike platform businesses, incumbent market players have offline-based support groups that they use to exert political pressure on the government to regulate these new entrants. However, the government's lack of understanding of platform business services and their regulatory framework results in the absence of designated entities to address the expansion of these businesses in the market. Moreover, the government's tendency to hold negative attitudes towards new market entrants that do not abide by regulatory rules exacerbates the issue. As a result, faced with the need to regulate and pressure from established interest groups, the government may issue an initial regulatory announcement to regulate platform businesses.

The initial regulatory announcement by the government to regulate platform businesses is often met with opposition from established interest groups and the government's own regulatory will. However, some platform businesses without formal interest groups have been successful in adjusting these regulations. This raises the question of why some of them have been able to affect the government's initial regulatory direction despite the challenges. Given that platform businesses operate through online, they are unlikely to form formal interest groups, leaving them at a disadvantage in terms of their ability to influence policy decisions. Nonetheless, there are instances where the government has altered its initial regulatory intent in regards to specific platform businesses. This leads to the research question of this study, which is: "Why do some platform businesses succeed in affecting the government's initial regulatory direction in the face of opposition from established interest groups and the government's regulatory will?"

In this study, I propose the concept of the "IIG (Invisible Interest Group)" to answer the question of why some platform businesses are successful in influencing government regulations. This informal interest group is made up of both primary and secondary groups, and operates without a formal structure or membership. It is characterized by its unique organizational format, political purpose, participant characteristics, and mobilization features. Comprised of voluntarily mobilized online-based masses, the invisible interest group supports platform businesses in affecting the government's regulatory process. Its objective is to sway the government's initial regulatory intentions through ad hoc online mobilizations that are supported by a diverse range of participants, including platform business service providers and consumers.

The IIG is a new form of interest group that differs from both traditional interest groups and online-based social movements. Unlike traditional interest groups, which are collections of individuals with similar interests pursuing a single goal, the IIG consists of participants with shared goals and differentiated interests. The primary group of the IIG is made up mainly of platform business employees and producers, whose internal goals are to secure their own direct interests by supporting a particular platform company. The derivative group, made up of consumers and the general public, participates in the IIG's activities to secure indirect public benefits from using platform business services. The IIG's mobilization of the mass public aligns it with public interest groups, as it seeks to represent the interests of both consumers and the public. This represents a new and unique form of interest group that challenges traditional views of interest groups and demonstrates the potential for the mass public to actively participate in the political process.

The organizational format of the IIG is a unique combination of traditional interest groups and online-based social movement features. Unlike conventional interest groups, the IIG lacks a formal structure and is comprised of producers and consumers who voluntarily come together online. Despite its informal nature, the formation of the IIG is reminiscent of traditional interest groups, as it is initiated by an announcement from a specific platform business calling for supporters to resist government regulation. However, unlike other forms of collective action, the IIG is not immediately apparent and only becomes visible in response to official policy announcements from the government that threaten the interests of its participants through proposed regulatory measures. In response, IIG members mobilize voluntarily to form ad hoc online activities in support of the specific private interests of the platform business, aimed at securing their direct or indirect interests.

Moreover, the IIG is a unique form of collective action, as it achieves its goals through discouraging the government from implementing regulations that would negatively impact existing platform businesses. This focus on preventing regulatory change sets the IIG apart from other forms of collective action, which typically aim to influence policymaking by pushing for the creation or modification of policies that better align with their interests. The success of the IIG in preventing government intervention in the market is a noteworthy aspect of the policymaking process, as previous research has demonstrated the ability of collective action to shape government policies. In this sense, the IIG provides a new lens through which to understand the influence of interest groups on the policymaking process, highlighting the power of groups to prevent regulatory change as well as push for it.

The success of the IIG in influencing government regulations is contingent upon the magnitude of the political pressure exerted by it. This study proposes that the size of political pressure can be evaluated through three key variables: mobilization, organization, and political messaging power. These variables play a crucial role in determining the government's response in instances of intense conflict between platform businesses and established interest groups or government entities.

Mobilization power refers to the potential manpower that a platform business can leverage, as well as the actual number of participants in the mobilization activities. It encompasses an estimation of the relative number of producers and consumers who utilize the platform business services to calculate the available manpower.

Organization power pertains to the centralization of the IIG's activities, implying an evaluation of the concentration of influential activities through

focusing its influence through a limited number of channels. The level of organizing power can be gauged through the number of representative online petitions initiated by the platform business or its supporters, as well as through online campaigns that involve social media message posting. Additionally, the amount of time required to achieve the mobilization target and the repetition of mobilization efforts for the same issue over time are also important factors to consider.

Finally, political messaging power refers to the IIG's ability to formulate effective political messages that resonate with its participants. This variable can be analyzed through an examination of the shared messages among IIG participants and the political timing of their activities. The political messaging power of the IIG is crucial in determining its ability to effectively communicate its goals and objectives to relevant stakeholders.

The study aims to examine the impact of the IIG on the platform business regulatory process through a comparative case study of Korean cryptocurrency exchanges and Uber in four global cities: Seoul, New York, London, and Paris. The research utilized a mixed-methods approach, incorporating both quantitative analysis through social media data and text analysis, as well as qualitative analysis through expert interviews. The results of the study indicate that the size and influence of the IIG are dependent on their mobilization power, organizing power, and political messaging power. When the government announces regulatory intentions, platform businesses tend to mobilize their service users to form an IIG, with the aim of influencing the regulatory process. The study findings suggest that the greater the political power of the IIG, the more likely it is to affect the government's initial regulatory intentions.

The study's findings demonstrate that platform businesses tend to form an IIG in response to regulatory threats. The effectiveness of the IIG in influencing government regulation is contingent upon its ability to exhibit a higher potential for political influence relative to established interest groups. The size and potency of the IIG's participants, which encompass both producers and consumers, and the actual number of individuals participating in specific mobilization activities initiated by the platform business, are crucial determinants of the IIG's influence in the regulatory process.

The results of the study indicate that the success of the IIGs lies primarily in their ability to mobilize and organize their participants effectively. The number of producers and consumers, as well as the number of participants in a representative online petition, emerged as key factors in the success of the IIGs. The case studies of Korean cryptocurrency exchanges and Uber in New York and London provide evidence of the significance of having a substantial user base, whether producers or consumers, and the ability to quickly gather tens to hundreds of thousands of signatures within a few days of a government announcement. These findings highlight the importance of mobilization and organizing power in the success of the IIGs in influencing government regulation.

This study contributes to the political science literature by exploring the newly emerging phenomenon of IIGs in the digital era and their impact on the regulatory process. The paper presents a unique perspective by proposing a new framework for analyzing the emergence of digital technology-based entities and their effect on established political and economic structures. The traditional political science discipline has faced challenges in comprehending these new developments, and this research endeavors to bridge this gap by

introducing a new concept of interest groups and providing a theoretical lens for political scientists to examine political issues in the rapidly evolving digital era. The study represents an advancement in the academic discourse within traditional political science and lays the foundation for further research in this area.

Keyword : Interest group, Online mobilization, Regulatory policymaking process, Platform business, Cryptocurrency, Uber

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Chapter 1. Introduction

The emergence of platform businesses has been recognized as a crucial development in the current market and political landscape. This is due to the transformative impact they have on both the market structure (Mair & Reischauer, 2017; Parker, Van Alstyne, & Choudary, 2016; Sundararajan, 2017) and the political dynamics (Collier et al., 2018; Thelen, 2018). Platform businesses challenge the established norms and regulations of both economic and political structures, as their profit-gaining and distribution systems disrupt the traditional agents and entities involved in conflict resolution. Consequently, changes in the nature of interests lead to a concurrent transformation of the characteristics, goals, and roles of the actors involved in interest representation and the regulatory process. The main reason for the platform businesses' market success lies both in their unprecedented characteristics of providing the services online and in the fact that they present not only a direct linkage between providers and consumers of the goods and services but also opportunities for the consumers to become producers by lowering the existing legal and regulatory entry barriers, letting the public become producers of the platform businesses' goods and services without difficulties.

Platform businesses challenge not only the market structure but also the political dynamics, and in the process, new types of voluntary interest groups emerge to support them. The platform businesses' profit-gaining and distribution system roles pose one of the biggest challenges to the established rules of the game in economic and political structures by disrupting the entities and agents of the traditional conflict framework. The main reason for

platform businesses' market success lies both in their unprecedented characteristics of providing services online and in presenting opportunities for consumers to become producers by lowering the existing legal and regulatory entry barriers. When this unusual way of causing market disruption becomes influential in the existing market, both the government and the established interest groups begin to take action to form legal grounds to regulate its services.

However, because platform businesses lack both legal and political structures that are prepared to deal with the newly emerging phenomenon, regulatory decision-making attitudes and regulatory outcomes are rather inconsistent. Accordingly, the major issue between the platform businesses and both the existing market and government authorities is whether to regulate the original operation models of the platform businesses or to kick them out of the market, marketing their services as illegal. Platform businesses, however, unlike traditional market players, do not have any strong interest groups to support their operations. In other words, platform businesses do not have interest groups with a formal structure, but they hold conflicts against the government's regulatory will or established interest groups' resistance. Accordingly, government authorities tend to make regulatory announcements that are supported by the traditional market leadership's established interest groups.

This appears to be throwing straws against the wind, but it sometimes produces unexpected results, such as platform businesses successfully pressuring the government to abandon its initial regulatory policy direction. Then, how do the platform businesses influence the government's regulatory policy decisions? To explain this unusual policy outcome, the existing studies

considered the platform businesses' public mobilization power as the immediate factor that influenced the government's regulatory process. These studies focused on specific messages that the platform businesses were providing to mobilize the mass public, considering them as a coalition (Collier et al., 2018; Thelen, 2018). In other words, previous research focused on *how* the mass mobilization, which led to the platform businesses' success over the regulatory process, could take place from the platform businesses' point of view. That is, from their arguments, a mobilized public was simply the outcome of the platform businesses' political or economic messages toward them.

This study, however, argues that the unprecedented characteristics of the newly emerged forms of mass public mobilization themselves hold important political meanings. Because, regardless of the participants' internal interests, ***voluntarily formed mass public mobilization in support of a specific company's interests*** could not be explained by any existing interest group or online-based social movement discussions. Their formation can be initiated by the platform businesses' requests for their support, but the factors that influenced the public, who had long been *considered the latent group as they do not tend to become organized since they can enjoy freeriding*, to act as the political entity for a particular private company's interests should be considered academically significant.

The conflict between established interest groups and platform businesses is often palpable during conflicts, which at times can escalate to severe levels. However, on occasion, platform businesses are permitted to operate without regulation in the market through the mobilization of a new type of interest group.

Cases such as Korean cryptocurrency exchanges and Uber demonstrate the emergence of platform business conflicts. The conflicts share similarities in that the platform businesses were involved in the public's lives through their unregulated platform services. Their businesses generate the existing market destruction that leads to opposition from the government authorities as well as the established interest groups, even without formalized interest groups for their own businesses. This incident causes the government to respond with the initial regulatory policy announcement, as either they consider the platform businesses to lack solid political support or cannot estimate their potential to form political forces.

New interest groups' importance lies in the fact that their forms and features present atypical political pressures on the government's regulatory process. Even though the new type of interest groups serve as support groups for a specific private company, they lack formal organizations and have not gone through a definite coalition process with the company, making it difficult for the government to contact their leadership for negotiations or estimate their size of political impacts in comparison to that of existing interest groups. In addition, their mobilization takes place only when the government's initial regulatory announcement is presented, making it even more difficult for the government to preliminarily respond. Accordingly, the government's policy decisions on platform business issues with similar market-disrupting business structures can be rather inconsistent.

The study focuses on the rise of new interest groups and their unprecedented characteristics that present different types of political dynamics between the interest groups and government authorities, as well as

the inconsistency within the regulatory process. This paper aims to analyze the unique features and roles of the new interest groups that could only emerge in the platform business era. This study focuses on the effects of new interest groups that bring together people with similar goals to support a specific platform business company that is unregulated and has different internal interests, as well as online-based unformalized forms and structures. In other words, the study, in particular, criticizes existing interest groups and social movement discussions for only being able to discuss the activities of groups of people who share similar homogeneous interests. That is to say, with the rise of new interest groups, it is important to realize that this differing group of people share heterogeneous types of interests, including private and public interests, which is an unprecedented feature and phenomenon, while acting like an interest group that supports the platform business. The following is the main research question: “Why do some platform businesses succeed in affecting the government’s initial regulatory direction in the face of opposition from established interest groups and the government’s regulatory will?”

This study focuses on the emergence of new interest groups and their distinct characteristics, which introduce new political dynamics. The research will begin by exploring the characteristics of platform businesses and the political dynamics that occur when the government seeks to regulate their services. The study will then examine the limitations of existing literature on interest groups and online-based social movements in explaining the emergence of a new type of collective action. To better understand these unprecedented phenomena, the study introduces the concept of a new type of

interest group, which it names the **“Invisible Interest Group (IIG).”** The study defines and characterizes IIG, as well as identifies key success factors that present a difficult regulatory foundation for the government’s policymaking process. Additionally, the study will analyze the representative successes and failures of platform businesses in Korea, specifically the Korean cryptocurrency exchange and the Uber case, and provide case studies of Uber in major global cities such as New York, London, and Paris as supplementary analysis. The study will also examine the political dynamics that arise when the government first intends to regulate platform businesses’ services, as it is at this time that political conflicts among various actors first become visible and exert pressure on the government's regulatory process.

Chapter 2. The Rise of the New Interest Groups

2.1. Platform Business Politics as the Political Disruption

Why use collective action discussions as a way to analyze platform business cases? Before delving into a new type of interest group, one could argue that the discussions in the interest groups do not appear to have important meanings, but rather other arguments such as the country's political economic structure or the characteristics of the government's policymaking process. However, this study contends that the platform's unique features not only serve as the foundation for the rise of new interest groups but also raise the need for discussions of mass public mobilization that are quite different from existing political science studies.

Limitations on the Existing Political Structure Studies

To understand the limitations of the governmental structure in managing the platform business issues, it is important to acknowledge that the platform businesses enter the market through the Internet, including smartphone applications, presenting unregulated forms of services directly to the public. Using this structure, people simply download apps and start using them, without any opportunity for government intervention. As a result, both producers and consumers can enjoy the benefits of the new business prior to the discussion about regulating the service, causing the government to struggle in resolving platform business issues without absolute political leadership in the regulatory process and presenting regulatory decisions *ex post* (Frenken & Pelzer, 2020).

Accordingly, the cases of platform businesses are somewhat difficult to explain through political institutionalism. Existing institutional theories assert that platform businesses encounter institutional complexity (Mair & Reischauer, 2017; Greenwood et al., 2011), resulting in legitimacy challenges when entering the market (Kuratko et al., 2017). Because they are likely to lack cognitive legitimacy (Aldrich & Fiol, 1994), and because these new business models are not adaptable to regulations designed for traditional business models (Sundararajan, 2016), they also lack sociopolitical legitimacy (Aldrich & Fiol, 1994). These phenomena of lack of legitimacy disrupt traditional political dynamics, causing government entities and structure, as well as the legislature and judiciary, which were previously regarded as influential in forming regulatory decisions, to lose political clout in the policymaking process for platform businesses.

These arguments can be explained through the government's regulatory decisions for platform businesses that show inconsistency between similar platform business cases. For instance, different types of regulatory decisions are made under similar governmental structures and regulations, or similar decisions are made even with different levels of existing related industry infrastructure. According to Thelen (2018), the regulatory results of the representative platform business, Uber cases in different countries, can be a reliable example that indicates the limitations of existing political economy studies. While Germany and the United States shared extensively regulated taxi markets, they had drastically different outcomes. Moreover, the Swedish taxi industry, on the other hand, was less tightly controlled than that of the US markets, but the Swedish market increased regulations toward Uber.

Likewise, an alternative comparative political economy argument of the “Varieties of Capitalism (VoC)” framework also lacks the power to explain (Thelen, 2018). According to the VoC framework, “Liberal Market Economies (LMEs)” such as the United States could be expected to be more receptive to Uber than “Coordinate Market Economies (CMEs)” in Europe with a denser organizational landscape. The actual outcomes, however, did not fall into the corresponding category. Prior to the advent of Uber, the taxi industry in Sweden actually had far looser regulations than it did in the US. Furthermore, despite the fact that Germany and Sweden are both CMEs, their regulatory responses to Uber were extremely dissimilar. While Germany fiercely upheld the status quo and its service providers, Swedish officials were more accommodating to Uber, finally barring UberPop but also modifying taxi regulations to let UberX operate continuously (Thelen, 2018).

This study further argues that such results occurred due to the unique characteristics of the platform businesses. Among the many different aspects of the platform business compared to that of the traditional market players, particular characteristics make it hard to discuss platform business issues based on existing political structure discussions. The specific distinguishing features of platform businesses are their lack of or vague legal basis, as well as their tendency to blur the boundaries of public and private interest definitions, affecting the government's regulatory process. These factors destabilize the roles of the government structure and legislative branch, which were regarded as significant political actors with critical influence in determining regulatory direction and rules for any specific industry or business.

Platform businesses enter the market via the Internet, ambiguously positioning themselves between multiple regulatory and legal areas, insisting on being either a component of an information network system or a provider of information communication services. As platform businesses do not hold a stable traditional legal basis, it is difficult for the government and the legislative branch to regulate the service due to its vagueness regarding the legal boundaries at the moment it is released to the market. In other words, due to its legitimacy deficit, entering the market is permissionless for regulators to introduce goods and services that are in violation of the law (Thierer, 2016). More specifically, the legislature as well as the judiciary would confront the difficulties of dealing with the platform business issues independently. They lack specific yet firm legal grounds for regulating platform businesses, and platform businesses typically argue that their services do not violate traditional market regulatory rules with public support. Accordingly, they have no choice but to wait until the government's regulatory will and direction on the issues are delivered.

The government authorities, however, also suffer from a lack of knowledge as well as the designated government authorities and personnel to handle the platform business issues, resulting in rather diverging regulatory outcomes. Not only do new businesses fall into one specific legal and regulatory area, but they also enter the market unregulated, presenting the government with the challenge of needing to regulate the issue as soon as possible without much expertise or clear public support. Moreover, as the government does not have specific government departments or personnel for the issue, it is even more difficult for it to present regulatory decisions based on the existing government structure. This would lead to the government

facing hardships in providing a clear and definite regulatory will and decision to share with the legislature and judiciary, resulting in hesitation or inconsistency in the initial regulatory direction announcement.

Last but not least, because the government lacks a firm basis for estimating the public's opposition, political entities tend to avoid being chosen as the designated party or department in charge due to the political burden. As the services of the platform businesses were enjoyed by the public unregulated, it is quite obvious that the users of the businesses would resist once the government made regulatory decisions. It is because the public, who are users of the platform business, *can estimate how much more benefit they could enjoy* when using the new service compared to the existing service. That is, they can acknowledge their *expected potential loss* if the legalization process for the new business fails—or when it is regulated. It is critical to recognize that because producers and consumers are already using the platform business service, they are likely to recognize the amount of financial and service benefits they would *lose* if the platform business is regulated. Moreover, people value gains and losses differently, placing more weight on perceived gains versus perceived losses (Kahneman & Tversky, 1979) or not being willing to lose the existing welfare benefits (Pierson, 1994). Based on the prospect theory of Kahneman and Tversky, actors tend to become much more risk-seeking in areas of loss since they recognize that losses are more hurtful than equal gains. People are generally willing to take a risk for the possibility of a gain if they are offered roughly two and a half times the amount of a loss. As a result, consumers, who were already enjoying profits before the regulation took place, are expected to protest. There is a political burden that government authorities must bear when they act as the main body.

Consequently, to manage the issues arising from the expansion of the platform business, the governments have a tendency to designate the role of regulating the platform business to specific personnel, a government organization, or an improvised task force formed among the diverse government authorities. In other words, the regulatory direction would be presented through the temporarily shaped government entities or particular political personnel, not through the traditional regulatory structure. As a result, it is reasonable to expect that designated personnel or government organizations would be likely to present ad hoc or responsive policy directions to deal with platform business issues based on the public's and established interest groups' understanding of the changing situation rather than exhaustive regulatory discussions. More likely, they are likely to announce their initial regulatory direction rather than state their firm regulatory decision right away.

Rising Importance of the New Form of Interest Group Discussions

Because the established political structure lacks the political knowledge and power to manage platform business issues, most of the time, platform businesses succeed in securing their services from regulation primarily through mass public mobilization and support (Culpepper & Thelen, 2020; Garud et al., 2020; Tzur, 2019; Collier et al., 2018; Thelen 2018). That is, the only factor that could explain the government's modification, delay, or cancellation of its initial regulatory direction is public support, who was previously regarded as a mere latent group that is difficult to mobilize voluntarily or become an influential political entity in the government's policymaking process.

Then, why should public mobilization in support of platform businesses be acknowledged as different from existing types of public mobilization and considered as having a significant impact on government policymaking for these businesses? The study insists that there are a few systematic results that are caused by the platform business structure that builds the unprecedented structural basis for the new type of mobilization. First, the expansion of the platform business blurs the existing boundaries between public and private interests. The platform businesses are likely to lower the entry barrier for the service providers, expanding the range of producers, which results in the expansion of public interests by sharing what are traditionally considered to be private interests. To be more specific, as customers can provide services without spending time and effort to meet the existing legal requirements, more service providers enter the market and compete against the traditional market participants. Simultaneously, established interest groups can no longer enjoy exclusive interests, resulting in unexpected public interests being provided by consumers who entered the market and participated in it as producers without legal licenses. As a result, traditional policy classification could hardly be used by the government as the conflict shifts from traditional private interest-seeking interest groups to illegally entered new types of producers providing unexpected public interests. This would become the logical basis to criticize the existing policy classification theories that insist policy forms politics (Lowi, 1972; Wilson, 1980) as platform businesses' market entry can share the interests that were originally enjoyed exclusively by a limited number of market ruling entities' producers with a wider range of producers and consumers to enjoy public interests together.

Furthermore, while governments struggle to form clear policy positions because there is no formal entity organization that supports the platform businesses' interests, established interest groups are likely to pressure governments to form specific regulatory decisions to halt the platform businesses' further expansion. As the government is challenged by the vague boundaries between private and public interests, the government is likely to look for negotiating entities for both sides of the parties. On the one hand, the government is pushed by the established interest groups' influence, on the other hand, it is highly difficult for the government to find specific organizations that are responsible for the political negotiation from the side of the platform business. It is because, unlike traditional businesses, platform businesses do not hold physical interest groups that can support their businesses. As a result, the government can no longer preliminarily estimate both sides' size of political influence and provide a negotiation table to settle the problem prior to the government's regulatory decision. This pushes the government to present its initial regulatory decision announcement and wait for the resistance from the newly emerging mass public-based platform businesses and supporting interest groups and present responding regulatory decisions.

In the end, the government relies on the level of public mobilization that supports a particular platform business to decide whether to pursue, modify, postpone, or cancel the proposed regulatory decision, making the size of public mobilization the single most important factor to analyze the success of the platform business company in securing its services as being unregulated even after the government's initial regulatory announcement.

2.2. Limitations in Interest Group and Social Movement Discourse

Then, why are the existing discussions about interest groups and social movements insufficient in explaining the roles and effects of the public mobilization supporting the platform business? Since Olson (1965) presented the collective action discussions, political scientists have considered interest groups as one of the important factors in determining political decisions in the policymaking process (Dur & De Bièvre 2007). The study of how interest groups influence government regulation and legislation in congress or parliament has long been a research topic in political science (Ainsworth, 2001; Stewart, 1985). The role of interest groups in policy and the regulation-making process has been considered an important variable to be included. Similarly, online social movements studies demonstrated how new technologies altered the forms of protests and demonstrations in changing public policy or political outcomes (B. Bimber, Flanagin, & Stohl, 2012; B. Bimber, Flanagin, & Stohl, 2005; B. A. Bimber, 2003; Kahn & Kellner, 2004).

However, this study highlights their limitations by criticizing their lack of explanations for the unique characteristics of this newly emerging type of public mobilization. Most importantly, they both fail to analyze how the participants of traditional interest groups and the latent group with different internal interests could gather up and participate in activities to achieve the same policy target as an shared external goals. Moreover, new type of mass mobilization's external policy goal and its formation timing are rather different from that of existing studies. Furthermore, the traditional interest

group discussions are insufficient in examining the broad range of participants being able to be mobilized without formal organizational structure. Lastly, the online-based social movements also cannot provide explanations for the new type of public mobilization's policy aims and political messages within the activities.

Challenges in Explaining Public Mobilization for Private Interests

One of the biggest limitations that both the interest group and social movement discussions hold in explaining the new phenomenon in the platform business is that they hold hardships in explaining the mass public's voluntary mobilization with an aim to achieve a particular private company's interests. While interest group discussions focus on a small number of people aiming to achieve private interests, the social movement arguments mainly concentrate on a large number of citizens mobilize themselves to accomplish public interests.

The mass public's support for a specific company's interests is hard to explain through existing interest group discussions. Traditional interest groups are known to be formed based on sharing an exclusive collective good or selective interest among a small number of participants (Olson, 1965). It is because while the small market groups avoid free-rider problems while providing selective incentives for their exclusive members that exceed the fixed costs of the organization's formation, the public becomes the latent group by being free-riders and failing to seek their interests against the small groups' collective action activities. A new type of interest group that supports the platform's business services has, however, successfully mobilized the mass public to support their own private services. Accordingly, perspectives

of the traditional interest group discussions cannot be used effectively as the public, which could be considered the opposite concept of the selective people, voluntarily mobilized themselves for what seemed like exclusive interests, overcoming the cost of mobilization. Consequently, Olson's (1965) argument that small groups are more successful than larger ones can be considered wrong (Lupia & Sin, 2003).

There are, of course, studies that show the possibility of collective action among the public and criticize Olson's arguments, but their arguments can be applied under certain conditions where social systems hold importance; these studies lack the ability to explain the new interest group phenomenon as their *participants aim to achieve private interests, which are supported by the mass public*. More specifically, Olson's argument about the failures of a nonmarket public, which he refers to as a "latent group," in mobilization is frequently criticized by studies that show that a larger number of participants can cooperate to preserve existing public goods—public interest groups. Ostrom (1990) figured out that there is a possibility of cooperative collective action through the existence of successful communities with common pool resources (CPRs). She has demonstrated empirically that common resources can be well managed when mutual monitoring and punishment within the communities that benefit from them take place. Putnam (1993, 2000) also saw the possibility of collective action among the public, and he stated that the dilemma of collective action could be solved through the formation of social capital through trust and cooperation within a voluntary community or association. He defined social capital as encouraging cooperative behavior based on trust, norms, or reciprocity-based networks, and the formation of social capital in the community as an important factor in democratic

consolidation. Both of these public interest group discussions, however, still hold difficulties in explaining why and how the public decided to act as a part of the specific company's lobbying activities without mutual monitoring and punishment system or social capital to pull them together.

On the other hand, while online-based social movement discussions may appear relevant for explaining public mobilization, they still lack a sufficient explanation for their support for private goods. These online-based movements argue that without the Internet, public mobilization for democratic and social rights cannot be organized (Margetts, Hale, & Yasseri 2015; Chadwick & Howard, 2009). It became possible as the increased use of social media caused information aggregation and transaction cost reductions, allowing for bottom-up voluntary collective action (Benkler, 2006; Shirky, 2013). With the expansion of online channels, the expected cost and benefits of information gathering have changed (Bennett & Segerberg, 2012; B. Bimber, Flanagan, & Stohl, 2012; Lupia & Sin, 2003). In short, the advent and expansion of the Internet make a more flexible format of organizational membership possible and further solve the Olsonian free-riding problem for larger organizations. However, these online-based social movements had goals to achieve public interests, and that was the reason that they could mobilize the public. Accordingly, based on these arguments, it is still difficult to explain why the mass public would organize themselves to reach a specific company's interests.

Lack of Theoretical Grounds to Discuss Shared Goals with Differing Interests

Another interesting yet significant phenomenon that is introduced by the new type of interest group is that **their participants consist of immediate beneficiaries who seek private interests and secondary recipients who aim for derived public interests.** That is, the participants of the new interest groups engage in mobilization activities with differentiated interests, **which are different from the any of existing collective action theories that have only focused on explaining the actions of the participants with homogenous internal interests.**

Both traditional interest group and social movement discussions are known to explain the mobilization features of specific groups of participants. They may hold differences in such areas as their participants' aims and characteristics as well as their ways of mobilization, but both studies agree that their participants have similar internal interests, demonstrating **homogeneity** among themselves. Participants in traditional interest groups are likely to be direct beneficiaries of the specific company or industry and will be mobilized to achieve their private interests by supporting the goods of the private entity in which they are gaining direct interests. On the other hand, the discussions of public interest groups and social movements are likely to aim for the public interest, sharing the same goal among their members.

The new type of public mobilization, however, shows significant differences by inviting both the ones that can directly advantage from the services or the ones who can enjoy the benefits indirectly by only using the service. This is rather different from the existing collective action theories not only their participants' composition includes both the service producers

and consumers but also their internal interests for participating in mobilization activities. **In short, the new interest groups gather both producers and consumers of the particular companies or industries to achieve either private or public interests by participating in the same mobilization activities. Therefore, now the interest groups can mobilize the mass public with differentiated interests and this fact alone can make this new type of interest groups to be considered *differently from the existing collective action discussions.***

Challenges in Linking Online Mobilization with Quasi-Lobbying Activities

Last but not least, even though the online mobilization activities are actively discussed through online-based social movements, their activities are different from the ones that the new interest group performs. It is because those new activities include such things as petitions or opinion postings online with a specific goal to influence the government's specific policies by targeting particular individuals or organizations with **specific messages to influence the government to postpone, modify, or reverse its initially announced regulatory direction.**

Traditional interest group discussions are hard to be used to explain online-based activities acting as quasi-lobbying activities. The interest groups theories argue that there are three major types of the interest group activities: monitoring, Political Action Committee (PAC) giving, and grass-roots lobbying (Nownes & Freeman, 1998). Among them, the new interest groups focus on the last part of lobbying: grass-roots lobbying. These activities, however, had been mainly explained as offline-based activities.

Furthermore, despite recent studies that examined traditional interest groups and advocacy groups' activities through digital political practices, **they were unable to determine the significance of online-based lobbying activities.** The platform business supporters actively used the new technologies to change public policy or political outcomes, as in the case of protests and demonstrations (B. Bimber, Flanagin, & Stohl, 2012; B. Bimber, Flanagin, & Stohl, 2005; B. A. Bimber, 2003; Kahn & Kellner, 2004), by using either mobile or web-based technologies. These movements can take many forms, including blogs (such as Naver blogs), social networking sites (such as Facebook, Twitter, or Instagram), content-sharing sites (such as YouTube), online search engines (such as Google, Naver, and Yahoo), or even simply using emails (Bullert, 2000). However, the recent online-based collective action studies still insist that **digital platforms do not attract the same level of interest and mass participation as petitions that mostly take place on popular not-for-profit platforms. They argue that formal organization still matters,** even for understanding episodic, crowdsourced, connective exemplars of participation—like petitions or crowdfunding campaigns (Vromen, Halpin, & Vaughan, 2022).

On the other hand, in the case this new phenomenon, the participants are able to target specific government personnel or organizations and try to influence them by stating specific arguments and needs through online mobilization activities right after the government's regulatory announcement, even without formal organizations or platforms. To be more specific, after the government announces the initial regulatory direction, then they set the detailed political messages that they need to pressure the government based either on the platform business company's announcement

or on the participants' online communication. As a result, unlike previous online-based mobilizations, the unprecedented type of mass public mobilization could function as a new interest group by presenting quasi-lobbying activities, such as online petitions and campaigns—social media postings—to actually influence government policymakers to change their regulatory attitudes in a specific direction.

2.3. Introduction of the IIG

Now, the following question would be, “What is the IIG, and why should it be considered an important, newly emerging interest group?” This study considers the “Invisible Interest Group (IIG)” to be the most important variable in the process of platform businesses' resistance success to both the government's regulatory will and the opposition of established interest groups. The IIG is a new type of interest group that is comprised of primary and derivate groups, holding unique organizational format, political purpose, participant characteristics, and mobilization features. The IIG is quite a unique form of interest group as it does not fit perfectly into the criteria of traditional interest groups and online-based social movement discussions. Rather, it not only holds features that come from both sides of the groups but also shows its own unprecedented characteristics in terms of the types and goals of its participants. More interestingly, the IIG should be considered *in the process of forming and acting as an interest group and not as a completed version of the interest group*. Above all, what is important is that this extraordinary mixture of features *sometimes succeeds in discouraging the government from pursuing its initially announced regulatory direction*.

To begin with, the foremost differentiation the IIG provides is that it challenges the basis of the idea of *shared interest among participants of both traditional interest groups and social movements*. When we talk about an interest group, we refer to a singular interest (Holyoke 2020, p.27). Interest groups and social movements share this similarity, as they both are collections of people with essentially the same shared interest amongst their participants, **pursuing homogenous interests**: private or public interest. *The IIG, however, shows a somewhat different participant format with differing participation goals: **shared goals and differentiated interests**. The introduction of the IIG showed the possibility of dividing the external and internal interests of participants. In other words, while IIG participants share an external goal of supporting a particular platform business service, their participants hold different internal interests, dividing the group into two: the primary group and the derivative group.*

Shared External Goals

The shared goal of the entire participants of the IIG is to present political pressure to influence the government's initial regulatory policy to ***keep the platform business unregulated***. In other words, they form interest group activities to ***hold back the government from pursuing its initially announced regulatory direction***. This unified external goal is significant because the goal is to secure selective interests for a specific platform business in order to stay off the radar of the government's regulatory direction while also providing critical criticism of the policy feedback theory.

As the immediate external shared goal of the IIG is to present political pressure to the government on behalf of the platform business, its activities could

be considered similar to those of the traditional interest groups. This fact alone could make both the government and the established interest groups consider the IIG as the particular platform business' informal interest group. Furthermore, the specificity of the goal to target the government's specific regulatory announcement is a highly significant feature that traditional interest groups would hold in order to perform their roles in policymaking. That is, it fits better with the goal of typical interest groups to "promote and defend [their interests] through the political process" (Holyoke 2020, p. 32) using lobbying. Accordingly, one can define interest groups to hold capabilities to perform direct influence on policymaking without becoming governments themselves. This is quite different from the principal interest of the social movements, which is to focus on "winning legitimacy in the eyes of the public and attention from the leaders" (Holyoke 2020, p. 64). Recently developed online-based social movements also focused on political activities for democratic and social rights (Margetts, Hale, & Yasseri 2015), which was for the good of the whole. Here, even if all types of traditional interest groups and social movements—both online and off—can promote themselves as protecting the good of the people publicly, the difference between the two groups is that while the former focuses on influencing the government policy system for a specific issue that can provide their members with direct interests, the latter aims to achieve somewhat abstract indirect public goods. **Therefore, the IIG's ultimate goal lies in the fundamental difference between the interest group and the social movement in that it aims to achieve both immediate private interests and derivative public interests, as well as the incorporation of its goals into the political system.**

Moreover, the IIG's external goal presents criticism of the policy feedback theory that focuses on how current policies affect the gradual creation of interest groups having a stake in the policymaking process (Pierson 1993: 598-605). The theory states that policy experiences affect these drivers of political participation, as well as additional factors that influence political behavior as that newly implemented policies, can support state-building in a way that encourages future policy extension through self-reinforcing processes (Skocpol, 1992; Béland, Campbell, & Weaver, 2022). In short, since the IIG tries to stop the government from forming a policy on which they do not have a clear knowledge of its impact yet to prevent its potential expected loss, the emergence and the political influence of the IIG cannot be explained by the existing policy feedback theory (Schattschneider, 1935; Pierson, 1993; Hacker, 2002; Mettier, 2005).

Two Types of Participant Groups and Differentiated Internal Interests

One of the biggest differentiators that IIG holds is that it consists of two different types of participant groups with differentiated internal interests which are private interests and public interests, respectively. Traditional interest groups build on their members' private interests so they tend to represent a moderate number of people (Holyoke 2020, p.19). On the other hand, social movements pursue dramatic changes in the existing system and focus on the interest that are common or universal interests, representing the comparatively mass number of people. Here, the IIG positions between the two by mobilizing both parties together to reach the same external aim of securing a particular platform business services being unregulated.

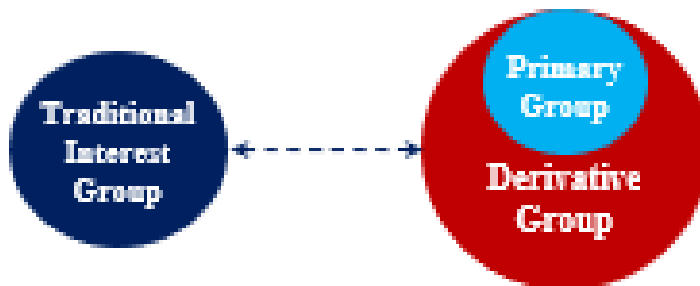
The participants of the IIG primary group are mainly platform business company workers and producers, who are the direct beneficiaries of the platform business operation. They are the ones who actively participate in the platform business either by working at the firm directly or working as producers within the platform and earning income. Accordingly, they tend to hold direct (economic) interests that are strongly related to the operational status of the platform business. Therefore, their internal goals for participation are to secure direct, immediate, and private interests by supporting a particular platform company's interests. For this reason, those who are taking part in the primary group of the IIG, tend to support the platform business in order to secure their immediate private interests, just as the traditional interest group members would do.

Participants in derivative groups, on the other hand, are consumers and the public who support the platform business, and this part of the mass was never considered to hold the potential of becoming a part of the political forces as a part of an interest group. Consumers could only have been able to be part of social movements where their goals are to change the public's understanding of specific public issues that they consider underrepresented with critical attitudes against bureaucratic and state solutions, which could not be solved under the existing political arrangements.

They are not getting much direct interest from the use of platform businesses' products and services compared to those from the primary group. They still, however, can take advantage of the opportunities that are provided by platform businesses to enjoy products and services that are similar to or better than those of traditional companies, with a lower price or better quality. **Hence, participants of the derivative group focus on enjoying indirect derivative public interests by supporting a particular platform company's interests.**

The participants of the IIG's derivative group, however, actively take part in the interest group activities, including online petitions and movements, as they intend to secure their opportunities to enjoy the public goods that are spun out of the use of the platform business services. In other words, the mass public consumers who benefit from the better services and goods provided by unregulated platform business services voluntarily join the supporter group to engage in mobilization activities to persuade the government *not to regulate the existing platform services* as if they were part of the interest group. In short, the derivative group participates in the interest group activities to maintain taking use of derivative public interests provided by the existing platform services.

Figure 2.1. Traditional Interest Group vs. IIG Conflict



An Organization without Formal Structure

While the IIG's organizational format is similar to that of online-based social movements, its mobilization format is similar to that of traditional interest groups, and its timing of formation differs from both types of collective action movements.

One of the foremost acknowledgeable features of the IIG is that it is not a fixed structure of the organization but rather an organization without organization (Margetts, Hale, & Yasseri, 2015). To be more specific, it is a voluntarily

assembled public – both producers and consumers – forming an ad hoc interest group online without any central organization nor closed membership to secure their interests by supporting the platform business that they use from being regulated. Unlike Olson’s argument upon how “most (though by no means all) of the action taken by or on behalf of groups of individuals is taken through the organization” (Olson 1965, p.5), the IIG participants could gather and exchange the information they needed with low transaction cost based on the usage of the online channels (Shirky, 2009). Furthermore, unlike interest groups with “greater organizational rigidity and (...) more hierarchical structures” (Diani 1992, p. 14), the IIG is formed without physical offline organization or closed membership to form movements with the vast majority of participants (B. Bimber et al., 2012; B. Bimber, 2003). In other words, the IIG forms an organizational format without formal structure online just as social movements lack “the precise membership subscription” (Hague, Harrop, & McCormick 2019, p. 316).

The IIG’s organizational formation, however, is somewhat similar to that of a traditional interest group as it is initiated by the specific platform business’ announcement to gather the public for their interests against the government’s regulatory will. As soon as the government’s initial regulatory plan is released, then the company presents the mobilization message to their producers and users through the application. This is rather close to what traditional interest groups may perform to initiate public lobbying.

While traditional interest groups form public organizations without formal structure, as online-based social movements do under the initiative of the particular platform business company, the IIG emerges after the regulatory announcement is presented. This is what makes the IIG different from other types of collective actions. It is *invisible* until the government jumps into the market to

provide some regulatory barriers to the existing platform businesses. Yet, it finally becomes *visible* as soon as their participants feel the direct or indirect interests that they are currently enjoying are threatened due to *the government's market intervention*. This is significant not only because the IIG operates under the radar and does not reveal the possibility of organizational formation or current political pressure, but also because it voluntarily gathers to prevent the government from making regulatory decisions that would restrict existing unregulated platform business services.

Online-based Indirect Lobbying Activities

The behaviors of the IIG are highly similar to that of the online-based social movements. The IIG mobilizes the public to hold collective action activities through holding blogs, social network websites, content-sharing websites, and online search engines (Margetts, Hale, & Yasseri 2015) without central leadership. As soon as they emerge ad hoc, they perform their political influence mainly through online activities, including online petitions, and online campaigns, leaving hashtags and comments through social media, and sending emails to government officials. This is quite comparable to what the social movements do as they tend to use non-institutionalized means like protests to obtain political attention due to the informal networks.

It is, however, important to acknowledge that interest groups tend to expand their means of lobbying to online-based activities, making their activities become less prominent than that of online-based social movements. They not only use the traditional means of lobbying of direct contact with policymakers but also more engaging in using non-traditional or indirect, public-facing activities like protests and demonstrations to form indirect pressure on policymakers (Grossmann, 2012;

Kollman, 1998). The literature on interest group advocacy has generally divided organizations' activities into two main categories: direct, or "inside" lobbying and indirect or "outside" lobbying. While direct lobbying activities focus on building relationships with policymakers and communicating directly with those policymakers to persuade them to support issues or policies (Walker, 1991), indirect lobbying activities influence policymakers by informing and mobilizing members of the public who in turn put pressure on policymakers to act (Kollman, 1998). While most interest groups engage in a mix of both direct and indirect lobbying activities, scholars have found that business and professional groups focus more of their efforts on direct lobbying, while citizens' groups and unions are more likely to engage in indirect lobbying activities (Grossmann, 2012; Kollman, 1998; Walker, 1991). According to Chalmers and Shotton (2016), the more an interest group organization focuses on shaping the public debate, and the more it uses indirect lobbying techniques, the more likely it is to be active on social media.

Here, it is important to acknowledge that the IIG roles as the indirect or outside lobbying groups for the platform businesses along with the traditional inside lobbying that the companies perform directly influence the policymakers. This is quite interesting as the only direct beneficiary of the platform businesses that would have been considered as the traditionally mobilizable entities, while the derivative group with a vast amount of public voluntarily mobilized themselves to behave as the indirect lobbying forces of a particular business. They share the information by themselves and reach out to each other to better mobilize the people to be engaged in the activities.

Furthermore, the IIG's mobilization activities are similar to those of traditional interest groups, not because of their formats, but because of the

activities' specific messages. The IIG tends to target particular governmental personnel or organizations and propose specific policy directions, as the activities of interest groups do. It is because, like traditional interest groups, IIG specifically aim to achieve regulatory goals, making them able to have specific targets and messages to influence policymakers directly. Accordingly, unlike social movements, the IIG is stating clear reasons for the mobilization and the ways that they want to influence the government's policymaking process.

2.4. Definition of the IIG

The IIG is a new type of interest group that cannot be explained from the traditional collective action theory in terms of mobilizing the latent group ad hoc and voluntarily without a central organization, with the use of the Internet as their tools for information sharing and forming activities. More importantly, the IIG not only holds external characteristics that differentiate itself from the established interest groups, but it also has unique internal characteristics. That is, due to the fact the characteristics that platform business holds, it presents both the producers and consumers to experience the benefits before the government regulation takes action. Accordingly, the producers and consumers, who were once considered as either a latent group or the public, have a clear need to take part in the IIG's activities, pursuing both private and public interests. Accordingly, the study defines the IIG as follows:

IIG is an informal type of interest group with no formal structure or membership to achieve its political objective of preventing the government's pursuit of its initially stated regulatory intention. This loosely defined form of interest group includes participants with a range of

interests, including platform business employees and producers seeking to protect their direct interests (primary group) and consumers and the general public aiming to preserve their opportunities to enjoy the derivative benefits they get from the platform business (derivative group). It organizes ad hoc online mobilizations supported by both types of participants to present its effects on the government's regulatory process and influence it to adjust—postpone, modify, or take back—its initially announced regulatory policy.

2.5. The IIG's Influence on the Regulatory Process

The IIG shows the unprecedented roles and influence in the regulatory process with its informal structure and its impacts as seeking both public and private interests. IIG plays its role as an opposing interest group against the established interest groups without an explicit form of structure such as organization or membership, which causes difficulties both for the government and the traditional interest group to find a responsible entity for communication and negotiation. Furthermore, the IIG seeks to secure private interests along as to provide public interest at the same time. Public interests that are sought by the IIG have a different meaning from the message of seeking the public interest superficially presented for their own interests. It is because IIG's supporting platform businesses tend to enhance the public benefits by presenting digital platform-based goods and services with better prices and quality compared to the existing products and services, resulting in the expansion of the size of general public benefits.

As this new type of interest group emerges ad hoc with a flexible format, it affects not only the government's role in the regulatory process but also the process itself. Considering the IIG's unorganized format and the size of participants, the government no longer holds insights to preemptively negotiate with the related entities before forming regulatory actions. Furthermore, because the IIG is not a tangible organization and its participants' actions are difficult to predict, the government cannot see how much political power the IIG would have against the established interest group. That being so, the emergence of the IIG challenges the government's role as the rule-setter in the market by not letting the government be able to preemptively analyze the situation and present the regulatory decision that would have the least political risk. That is to say, the government can no longer examine the issue thoroughly before making the regulatory decision, which leads to the government's inconsistency in the regulatory process. Thus, in this case, the government becomes the responsive entity in the policymaking process for the platform business that adapts the already announced market policies based on its post-analysis.

2.5.1. Existing Research Methodology

The existing framework explains the emergence of established interest groups and their influence on the policymaking process. One of the most important factors in the existing methodology is that it assumes the existence of the regulatory policy or the legal basis for the regulations for the issue. In other words, existing market political conflicts occurred within previously

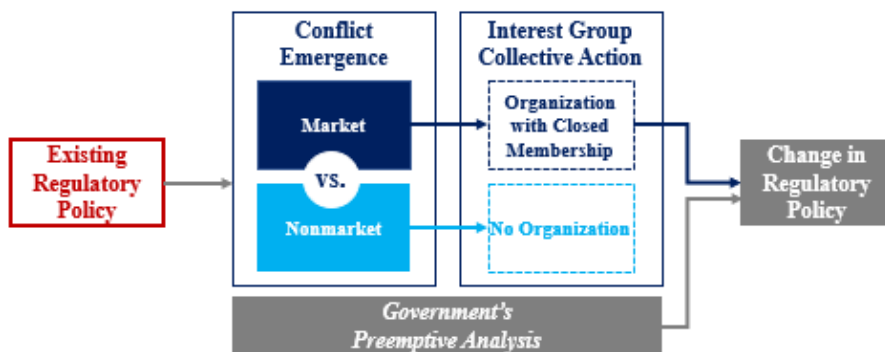
established legal boundaries, laying the groundwork for having stable legal entities on the settled regulatory process. Furthermore, because responsible legal entities and a policymaking process are already in place, no specific personnel or organization is required to create new rules for a game, becoming the exposed target to the public and resisting entities, but rather to update or slightly change the existing regulatory system or legal clauses.

Moreover, in most of the cases of the existing studies, the conflict takes place between the market and the nonmarket. In this case, the term “market” refers to a small number of market participants who seek their own private interests, while the term “nonmarket” refers to the general population who aims to achieve public interests. Here, different kinds of actions are taken between the two different forces due to the cost and benefits of collective action. More specifically, market participants are likely to form a formal interest group organization, which would incur high costs. The motivation factor for the interest group participants lies in the fact that the interest group could provide them with selective interests based on its closed membership. Accordingly, the interest group for market participants is likely to form an organization that would make it possible for them to present collective action through regular and long-term activities.

On the other hand, the nonmarket confronts the cost problem since it would have to build an organization to secure its interests while the interest group organization costs a lot of money for the organization and its operation. Nonmarket public has the goal of securing public goods, which leads to another problem of gathering participants so that the gains they achieve are inclusive to everyone, not excluding those who do not participate in collective action activities—this is known as the free-riding problem.

In the meantime, the government holds the preemptive analysis of the major conflicting points between the market members and the nonmarket and evaluates each party's level of political influence. During this process, it may hold meetings to hear different opinions from each party or form a consultative group to deal with the problem with the lowest risk possible when it presents the policy. There, the important point that should be emphasized is that while the market can exert influence on the government's regulatory policymaking process to secure its interests through its organized interest group, the nonmarket cannot do so, letting the government present the policy that favors the interests of the market over that of the public. As a result, for the traditional regulatory policy process, based on the preemptive analysis, the government could announce the rule-setting decision, holding the absolute power to make the market policy decisions.

Figure 2.2. Traditional Research Methodology



2.5.2. Modified Research Methodology

With the advent of the platform business, however, a paradigm shift takes place within the market structure as well as regulatory processes. This is an important consideration because it alters the structure of the conflict, influencing the subjects and actors involved. As the types of conflicting entities change, it leads to a transformation of the roles and influences of the interest groups on the regulatory process, as well as the role and responses of the government.

The total reform of the research methodology begins with the fact that there is no existing regulatory policy or legal basis to regulate the newly emerging platform businesses. It is because platform businesses, despite the fact that their services are online-based, provide similar or the same services that were previously provided offline. Accordingly, the government does not have designated personnel or organizations to deal with emerging conflicts that hold unique characteristics or cannot be dealt with under the existing legal basis. This forms the fragile basis for the government when trying to make corresponding legal or regulatory actions, leading the government to make abrupt responses, making initial regulatory decisions with specific government personnel or organizations, but not presenting decisive formal regulatory decisions.

The first reform in the conflicts arose as a result of the emergence of a new type of market participant known as the latent group-based market, which is invisible while it is still enjoying the platform business that is unregulated. That is, this new type of market entity is composed of the mass public, including both producers and consumers, who are seeking to expand

the range of users for their platform business, while the traditional market is formed by the selective market players that would like to reject as many competitors from the market as possible to expand their interests. This distinction in participants is critical because it is supported by the public for their interests against the traditionally organized market players. However, the bigger difference is that *it does not make any visible movement or mobilization during the conflict or while the established interest groups begin to influence the government with their established interest groups.*

Because latent group-based IIG does not make any specific movements while enjoying non-regulated platform businesses, established interest groups form organized resistance. The established interest group is likely to be the first mover to influence the government's regulatory policymaking process by showing their opposition to the platform business' market destruction. In summary, once the conflict in interests occurs between the traditional market players and the latent group market players, the established interest group that supports the former would first present their objection to allowing the latent group market players' entry into the market. Those interest groups seek to secure their exclusive interests by pressuring the government to make regulatory decisions that regulate the existing platform businesses. Based on their closed membership, they actively participate in forming lobbying activities for regulatory entities. They frequently present offline mobilizations such as protests.

Then, the government is somewhat forced to make initial regulatory decisions by designating specific personnel or organizations. As there is no legal basis for regulation, *no parliamentary or congressional influence could be made, leaving the government the only entity to make regulatory decisions*

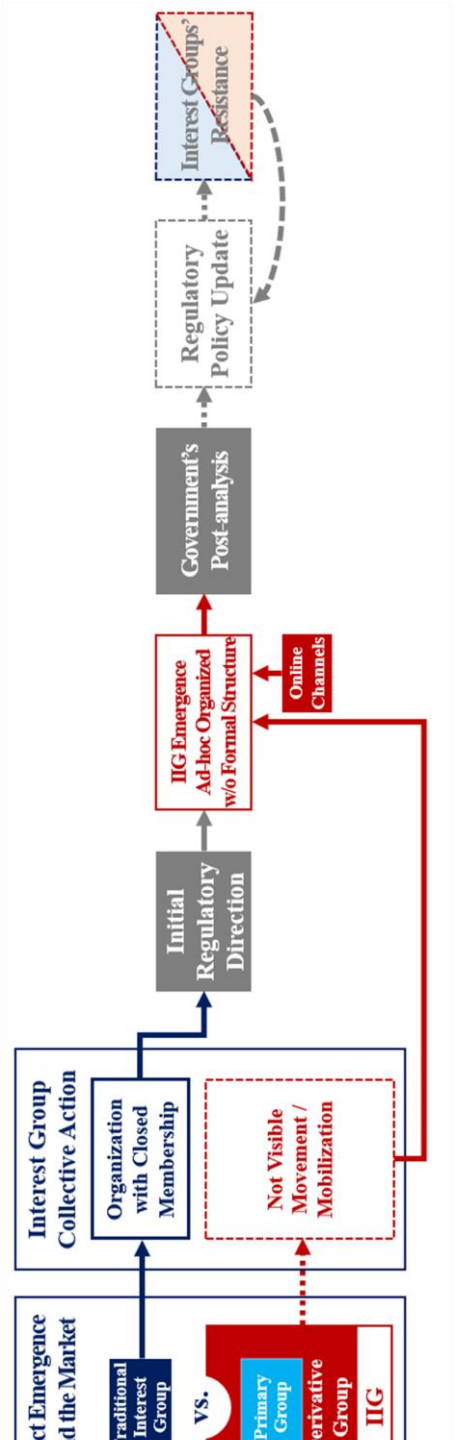
to deal with the challenge. Accordingly, representative government authority is to be left to form an initial regulatory basis with a low level of confidence from government authorities. The problem that the government faces is that it has to engage in a battle with an entity that does not reveal its silhouette before the encounter begins. There, traditional interest groups tend to push the government with their clear level of political influence against platform companies that are unsure of the size of their potential political power. In other words, at that time, the platform business does not hold any kind of interest group to present their ideas to secure the existing business to the government, the government tends to and even forced to form initial policy decisions based on the traditional market's influence, without any further preemptive analysis, resulting in the announcement of the initial policy that supports the established interest group's policy opinion. Accordingly, government officials announce the regulatory strategy, rather than making an immediate formal decision, which supports the established interest groups' arguments.

However, after the government's first policy move, the IIG becomes *visible* to secure its own interests by showing (explosive) resistance to the policy direction. Contrary to the established interest group's interest group organization with a closed membership, the latent group market's collective action – the IIG – occurs ad hoc and voluntarily without having any central organization. Rather, the IIG is organized without an organization through the use of online channels, being decentralized and connected at the same time. This became possible since, by utilizing online channels, the IIG can enjoy low costs for information gathering and sharing, and further, it can provide non-exclusive benefits if their collective action succeeds. It is, however,

important to emphasize that the IIG does not realize the need to be assembled and take action unless the government takes regulatory action towards the platform business that they have been using.

Then, the government takes the post-analysis by re-analyzing the situation based on the IIG's level of responsiveness and presenting its regulatory policy update. Again, the traditional interest group's resistance may take place afterward as a response. The situation persists until the government reaches a final decision to resolve the situation.

Figure 2.3. Modified Research Methodology



Chapter 3. The IIG Mobilizations and Their Impacts as Unprecedented Interest Groups

Then, what are the key factors that led to the IIG's success in making the particular platform's business services unregulated by pressuring the government to either postpone or halt the initial regulatory direction that it announced? This study indicates that the IIG's size of political pressure is the meaningful variable that affects the government and holds it back from pursuing its initial regulatory will. Accordingly, this study analyze several specific variables that would shape the political influence of the IIG visible to the policymakers.

3.1. Key Success Factors of the IIG

The size of the IIG's political pressure can be estimated through *its mobilization, organization, and political messaging power*. In other words, the success of the IIG depends on how much public support they get, how organized their activities are, and how much politically influential messaging the activities contain. Through these variables, the government can assess the potential size of the IIG's political power against the established interest groups and the regulatory entities even without a formal organization to directly hold negotiations to get further information about the interest group as it did in the past. Further, these will influence the government's reactions to the regulatory status, with severe conflicts between the platform businesses and the established interest groups or government entities.

This study will specify detailed variables for each segment of influence, but there may be such criticisms as the hardships of clearly separating the participants between the primary and derivative groups for each variable. Indeed, the study admits that there are limitations in determining the number of participants and the scale of its impacts for each IIG group. However, the importance of analyzing the key success factors of the IIG that look somewhat vague relies on the fact that it aims to estimate the potential size of the political pressure that the two groups of the IIG can provide to push the government to make a particular regulatory decision. Moreover, it is important to acknowledge that the IIG's size of political pressure can be estimated by looking at the level of mobilization of both of the IIG groups as a whole.

Mobilization Power

The IIG's mobilization power is comprised of the potential manpower that the platform business can rely on and the number of actual participants in the mobilization activities.

To estimate the size of the potential manpower base, the study will look into the relative number of producers and consumers who are using the platform business service. Because the producers are part of the primary group of IIG and have a direct interest in the platform business, their size makes them likely to be considered active participants in securing the existing platform business services. Likewise, if the number of consumers, who are part of the derivative group, is much larger than the number of users of traditional services in the market, it would send out the message that the platform business may be able to mobilize the consumers as part of their IIG to pressure the government's policymaking process.

The number of participants in the actual mobilization activities, however, also holds importance as it shows how many supporters are actually willing to take part in supporting the platform business service through participating in online-based indirect lobbying. Not only the number of participants but the number of postings in specific mobilization activities, such as online petitions or social media postings, can be used to assess its effectiveness. The ones who engage in such activities are likely to be the ones who are part of the primary group, but some members of the derivative group can also be active participants when they believe in the benefits of the platform services that they enjoy. However, a high percentage of the derivative group could be the ones who are inactive in participation but hold interests in supporting the services, leading to the study's checking the number of news articles covered about the issue in order to estimate the size of the public's interest in the issue. Some may argue that this does not have sufficient meaning for the government authority's policymaking process, but when there is an audience for the articles, the press is likely to write as many articles as possible, and if the number of articles increases dramatically, it could indirectly influence the regulatory process.

Organizing Power

By "organizing power," it means how much the IIG's activities can seem centralized. In other words, this means an assessment of whether IIG's activities are able to concentrate on influential activities through a small number of targeted mobilization channels. Accordingly, in order for the IIG to hold a high level of organizing power through its mobilization activities, it should have a few representative, influential activities that can concentrate the mass public for support as a political threat to the government.

This could include the representative online petition that is initiated either by the platform business company itself or by its supporter, or online campaigns that include social media message posting that shares the highlighting messages from the company. As a result, to estimate the organizing power of the IIG, the study will look into the number of online petitions regarding the issue, as it is one of the most popular and easiest ways that the IIG members can use to show their resistance will against the government's regulatory plan.

Moreover, other factors that can be used to estimate the level of IIG's organizing power are the time spent to reach the mobilization target and the repetition of the mobilization for the same issue over the time. When the mobilization is made within a short period of time, it could mean that the activity organizer could gather many people as soon as the activity takes place, showing the intensity of the public's support for the activity. For instance, if the platform business initiates the online petition with a specific mobilization target and the target is met within a few days, it would act as the indirect pressure to the government's regulatory process. Furthermore, if the public mobilization can be formed repeatedly when the platform service puts itself in danger of being regulated, it would also hold political impacts to the government as it shows the potential of organizing power of the mass public to the support of a particular platform business.

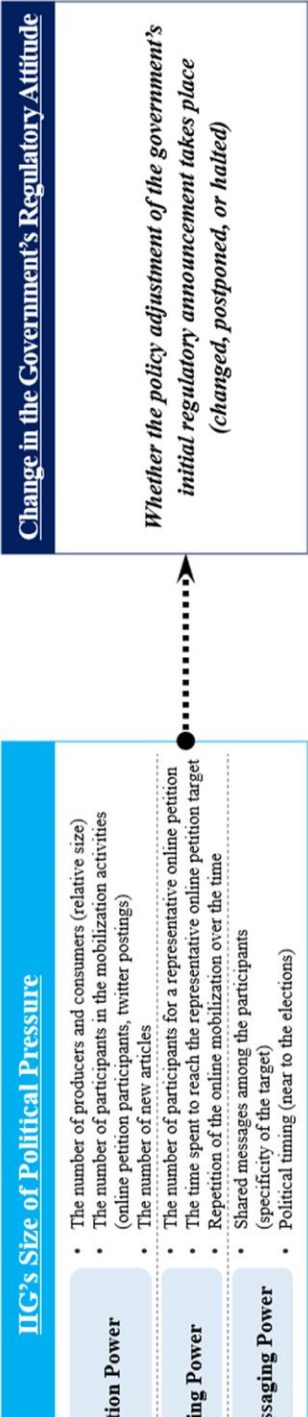
Political Messaging Power

Political messaging power is another important factor in influencing the government's regulatory policymaking process if it can show its potential of forming political messages at the right political timings. That is, when the public mobilization can show the aligned message among the participants that is against

the government's initial regulatory direction, itself can push the government to understand why the IIG members want the government to re-consider the idea of regulating the unregulated market. This would act as the push to the government entities to realize the reasons why the mass public is supporting the idea of *leave the platform business alone*, which could become indirect political pressure.

Besides, one of the most important ways to deliver a political message is to find the right political timing. Even though it would not be planned in advance, when the IIG is formed, it should show its potential for mobilizing the mass public before important political events, such as the elections. In that case, the IIG would likely hold more importance in the regulatory process, becoming a bigger threat than at other times.

Figure 3.1. Research Analysis Methodology



3.2. Mobilization Factors of the IIG

Before examining the effects of IIG through case studies, it seems important to consider how it can mobilize public support despite the lack of selective benefits to participants, which can prevent free-riding problems (Olson, 1965). To understand the mobilization factors for the IIG, it is important to realize that the IIG was developed to support a platform business that could engage the public to become both producers and consumers and let them experience the benefits of using the service before the business puts into the regulation process. That is, due to the unique characteristics of the platform business, a new ground for IIG was able to be formed, making the IIG influential in the government's regulatory decision-making process. Platform businesses differentiate themselves from traditional competitors by allowing producers to reach both traditional consumers and consumers who can also act as producers, and by offering their services without government regulation, allowing both producers and consumers to realize potential gains prior to government regulation.

Here, one of the biggest differentiators that the platform business holds is that it introduces a new group of producers into the market, letting consumers have opportunities to become producers and enjoy immediate and direct economic interests. This is significant because the expansion of the producer scope not only changes the existing nature of the market participant but also increases the number of market participants who engage as producers of the new advent platform business. While Olson presents the comparison between industries or market groups versus non-market groups in terms of their attitudes toward movement in and out of the group (Olson, 1965), he did not

realize the possibility of a new market entrant that could disrupt the existing market by engaging more participants into the market. In the traditional market, “the firm in an industry wants to keep new firms from coming in to share the market and wants as many as possible of those firms already in the industry to leave the industry” (Olson, 1965, p.37). In the case of a new platform business, however, it lowers the entry barrier to the market by offering an online platform to a wide range of individual-level producers to provide the existing market’s goods and services and become competitors to established enterprises. To be more specific, the advent of the platform business blurred the boundary between producers and consumers, creating a new form of group mixing that engages both producers and consumers. This association of producers and consumers shares the interest in enjoying the new business platform, which threatens the existing offline-based established business. Since this new group consists of producers and consumers, the range of participants has been enlarged compared to that of the established firms’ businesses; this has caused a large number of people to share the same interest in supporting the business for their own interests. Accordingly, Olson’s market groups should now be divided into two – the traditional market group and the new advent latent group-based market group; it establishes the ground for the latent group to organize without force or organization. Moreover, as a larger number of the participants are engaged in the market, it made it easier for IIG to assemble a critical mass and become a significant political force in the government’s decision-making process.

In addition, as the platform business is introduced into the market before being regulated, it provides both producers and consumers a chance to experience the service before it is regulated by the government. To begin with,

as platform business generally lies between multiple regulatory business areas, especially being in part of either/both an information network system or/and an information communication service provider, it is difficult for the government to regulate the service due to its vagueness regarding the legal boundaries at the moment it is released to the market. In addition, while innovations in mature sectors like food, transportation, and construction are subject to detailed scientific analysis and normative deliberation, sharing economy platforms have not been subject to such an analysis due to the specific nature of apps, which can be distributed at a very low cost given the widespread use of smartphones. Using this infrastructure, people simply download apps and start using them, without any opportunity for government intervention. As a result, the desirability of new apps—here sharing platforms—can only be assessed *ex post* (Frenken & Pelzer, 2020). As a result, both producers and consumers can enjoy the benefits of the new business prior to the discussion about regulating the service.

Accordingly, as the producers and consumers have already experienced the service, it provides them with enhanced visibility of their *potential loss* once the service is regulated. In other words, the biggest motivating factor that mobilizes the latent group of producers and consumers is the fact that they have already had a chance to experience the service, which helps them realize their *expected potential loss*. This incidence of market introduction *without being regulated ex ante* provides the participants a chance to compare their gains from the established business to those of the new platform business. Hence, the participants who engage in the new advent platform business can estimate how many more benefits they could enjoy when they use the new service compared to the existing service. That is, they can acknowledge their

expected potential loss if the legalization process for the new business fails—or when the business is regulated. It is important to realize that the service is already experienced by the producers and consumers since, as the business becomes regulated, they can easily expect the financial and service benefits that they could have enjoyed otherwise. Furthermore, because people value gains and losses differently, putting more weight on perceived gains versus perceived losses (Kahneman & Tversky, 1979) or not being willing to lose existing welfare benefits (Pierson, 1994), IIG participants are likely to be mobilized to seek their own interests.

Finally, it is critical to recognize that the greater the potential criticality of the issue to the participants, the more likely they are to participate in the mobilization activities voluntarily. For instance, if the potential size of the participants' gains or the potential influence of the issue over the participants' lives are larger, the public will be more likely to participate in whatever possible ways to voice their opinions to stop the government from pursuing its regulatory decision. In other words, such impacts as financial loss would definitely push them to take voluntary action to pressure the government, while the potential loss of a chance to make the payment easier with your phone would not have much influence to motivate the public to take the action when they can simply free-ride.

Chapter 4. Case Selection and Case Analysis Methodology

4.1. Case Selection Criteria

Then, which platform business cases does this study focus on, and why? This paper began with the question of how some platform businesses, which lack formal and supportive interest groups, successfully influence the government regulatory process when they face strong resistance from established market leaders. Then, the study classified platform businesses into four categories based on the level of resistance from the existing business and the level of regulatory strength for the existing business area in order to select appropriate platform business cases. On the one hand, the level of opposition demonstrates how active established interest groups—or businesses—are in opposing the government's decision to legalize the unwelcome new entrant. On the other hand, the level of regulatory strength reflects the government's willingness to regulate the market with such elements as requiring certification and/or setting specific market entry legal requirements.

Three categories for the classification are high, mid, and low conflict zones. The high-conflict zone is where there is a high level of regulatory strength, meaning that the government has been holding strong regulation power in controlling market entry entities and a high level of market resistance, which shows the heavy objections from the established market participants toward the new market entrant – platform business. Not only will the government most likely show the path-dependent regulatory direction, but

established interest groups may become highly aggressive in securing their market advantage. Due to the government's strict legal restrictions, it would have been difficult for a new entrant to meet the criteria that would have let the existing players enjoy their exclusive interests in the market; this also may have given them a monopoly or oligopoly advantage in the market. However, with the platform businesses' market entry without satisfying the existing legal requirements, their market positions and advantages could have been seriously threatened, resulting in their strong resistance to the government. Representative cases for high-conflict zones include cryptocurrency exchanges and Uber.

The low-conflict zone, on the other hand, has low levels of regulatory strength and market resistance, indicating a lower likelihood of conflict arising between the government and established interest groups. The platform businesses that would likely be located in that area would include the ones that do not provide similar services to the existing market, such as Google, Facebook, and Twitter. Since their services do not hold a high level of similarities to that of the established market leaders, it would not evoke the market to oppose the new entrants. In addition, in this case, the government tend not to have specific regulation to restrict the newly advent platform businesses as these new services do not fit the current legal system.

Moreover, there are two types of mid-conflict zones, one with a higher level of regulatory strength and a lower level of market resistance and the other with vice versa. The former zone includes platform businesses, such as YouTube and Netflix, that provide a somewhat new type of service that can be differentiated from that of the current market. That is, even with the higher level of regulatory strength, as the new business model is quite different not

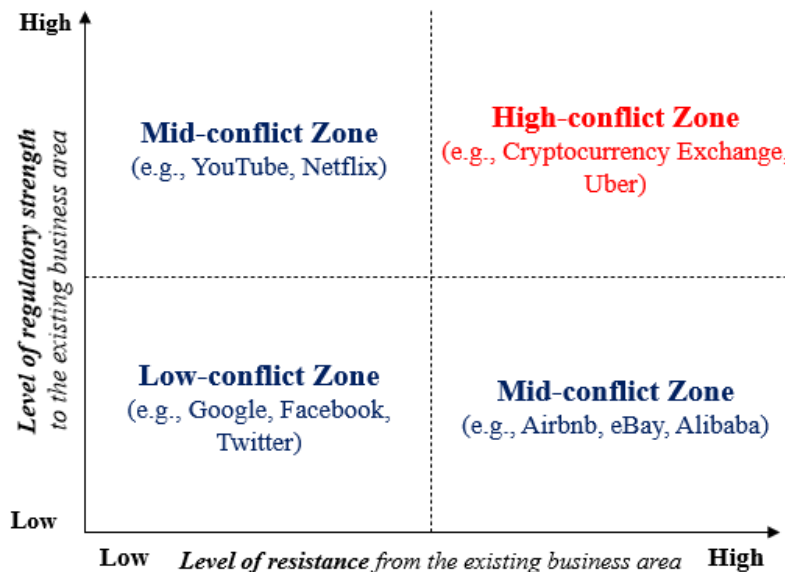
only with its contents but with the entry channels by using online, it results in low resistance from the established businesses. Moreover, another mid-conflict zone with a lower level of regulatory strength and a higher level of market resistance includes examples such as Airbnb, eBay, and Alibaba. In that zone, the platform businesses would provide similar services that the existing market does and enters with ease since the entry barrier is low with the weak government regulations. This would lead to direct objections from the established market leaders. As the new entrants do not hold distinguishing products or services but rather only hold their differentiator through the use of the online channel, however, the existing market would not aggressively participate in interest group activities to enhance the government's regulations throughout the market.

Hence, based on the classification, this study will specifically look into the cases that are located in the area where there are high levels of market resistance and regulatory strength, with specific cases of the Korean cryptocurrency exchange and Uber. It is because that zone is the best area to examine how the platform business without formal interest group support can influence the government's path-dependent – pro-established interest group – regulatory process, winning against the high level of resistance from the existing market participants. Then, the paper will examine whether those selective cases show high levels of conflicts between the new market entrant and the government or/and the established interest groups when they entered the market.

Lastly, this study selects two representative platform business cases, cryptocurrency exchanges and Uber, to analyze the IIG's influence upon the government's regulatory decision-making process. **Both cases are similar**

for both businesses were required licenses to enter. Moreover, the study especially focuses on the Korean cases, as even under the same regulatory circumstances, their regulatory results were rather different. The Korean cryptocurrency exchange case showed the high responsiveness of the new type of interest group, which stopped the government from pursuing the government's initial regulatory announcement of banning the cryptocurrency exchanges. On the other hand, in the case of Uber, even though under the same legal and regulatory structures and similar political conflict dynamics, the government pursued its initial regulatory decision to ban the Uber service in Seoul. Nonetheless, for the case of Uber, the study will include the cases of other major global cities as a supplementary analysis to support its main arguments.

Figure 4.1. Platform Business Classification



To give some brief information about the selected cases, cryptocurrency has not been welcomed by financial authorities in diverse countries around the world since it could be generated by the public, not by the government, destructing the existing currency system. Accordingly, whether to pull the cryptocurrency exchange into the legal financial market has been an ongoing controversy between the market and the government. In 2018, especially, this discussion had become a hot potato in Korean society, involving multi-hundred thousand public – mainly the cryptocurrency trading platform users – and various government departments, starting with the abrupt price growth of the major cryptocurrencies. There was a regulatory decision that was about to be exercised by the government, leading to strong resistance from the public, mainly those who were investing in cryptocurrencies, that finally led to the government's giving up on its initial regulatory direction – banning the Korean cryptocurrency exchanges.

By the end of 2017, with the rapid growth of the bitcoin price, the Korean government began to discuss the need for regulating cryptocurrency markets' instability and insecurity. One of the problems that the government was witnessing with the cryptocurrency issue was that they did not have *any* previous knowledge about cryptocurrency. In other words, from the Korean government's perspective, it would have been difficult to understand the new concept of cryptocurrency issues, so it could not take part in the issue until the bitcoin price rose rapidly, making the cryptocurrency market become a salient subject. Moreover, there was strong resistance from the financial authority to the cryptocurrency issue, especially about cryptocurrency being considered as part of financial products. Accordingly, the Korean government could define cryptocurrency as a challenge to the centralized state power of

the national currency and so it could not recognize the cryptocurrency to be included in the area of ‘official monetary currency,’ the area where the state power still holds the full power of control¹. There was, however, no single government organization that wanted to become the responsible entity. No congressional committee, including Financial Services Commission and Strategy and Finance Committee, was willing to become a competent entity on the cryptocurrency issue. It was because the issue itself was not the one to give credit to the responsible legal entity once it sets the policy upon it, but rather the one that would more likely give them a backlash. Moreover, there were different opinions between the government departments about cryptocurrency issues. Accordingly, although the Financial Services Commission became the one to be dedicated hold practical work, it has not officially named itself so. Then, finally, in January 2018, Park Sang-ki, the Minister of Justice, stepped up to give a press conference to propose the bill to ban the cryptocurrency exchange, since the opinion of the Ministry of Justice was considered politically influential at the moment; this incidence led to a huge backlash from the public, which later resulted in the informal, yet strong pressure to the government’s regulatory process.

As one of the representatives of the platform business, Uber also has undergone quite drastic conflicts with established taxi interest groups of taxi drivers around the world when they unveiled their innovative service named either

¹ This study conducted interviews with a C-level executive at one of the major cryptocurrency exchanges in Korea, former high-ranking government officials, members of association for cryptocurrency exchanges and block chain technology, and legal professionals

UberX² or UberPop³ – the cheapest service of Uber that connects passengers with unprofessional drivers in Korea and Europe respectively. For Uber, the major conflict with the taxi drivers mainly emerged from the fact that it changed the range of service providers from licensed taxi drivers to unlicensed producers. As the unlicensed drivers not only could threaten passengers but also with the strong push from the taxi drivers' interest groups, most of the city governments responded to the initial situation by presenting regulatory possibilities for UberX or UberPop service. Despite organizational shortcomings in influencing government regulations, Uber was able to overcome challenges in some cities by forming a new type of interest group based on its drivers and consumers. Unlike success stories in other global cities, in the case of Seoul, however, Uber was not able to make the issue go viral among the public and become publicly renowned. Moreover, it could not maintain its service in Korea after the government's initial regulatory direction announcement, which was not changed over time.

4.2. Case Analysis Methodology

4.2.1. Mobilization Power Analysis

The mobilization power of the IIG could be estimated through the number of producers and consumers, participants in the mobilization activities (online petition participants, Twitter postings), and news articles.

² In Asian cities, including Seoul

³ In European cities, including London and Paris

The Number of Users and Online Petition Participants (All Cases)

The study will first research the number of users of the platform business service by the time either the government's initial regulatory policy is announced or when the political conflict between the government or the established interest group and the IIG emerges. Moreover, the paper specifies the mobilization activities as online petitions or social media—mainly Twitter—postings and analyzes their numbers through conducting quantitative analysis.

Furthermore, the study looks into the number of social media and online petition posts as well as the number of participants. Moreover, it chooses the most representative online petition, either proposed by the company or by a user, and examines how the number of participants changes. If the company set the mobilization target, the study would search for it as well and compare it with the number of participants who engaged in providing the signatures for the online petition. Along with it, if possible, the study will further search for the final number of participants when the government finally presents the announcement.

Twitter Data Collection: Number of Participants (Uber Case – Global Cities)

This study analyzed Twitter postings during the conflict between the IIG and both the taxi drivers' interest groups and the government's regulatory intention to examine the level of IIG's political pressure in three major cities: New York, London, and Paris. The Twitter data analysis in Seoul could not be held since Uber did not hold a Twitter hashtag campaign in Korea and also because Uber can no longer gather information from Uber Korea's official Twitter account as it is inactive.

As they contain data for the IIG’s online participation to support Uber services against the government’s preliminary regulatory direction, the study scrapped the Twitter data. The paper used the Python library snsrape, which is a scraper for social media. The data was gathered on October 1, 2022, for all three cities. As a result, the collected Twitter posting data would not include the entire set of Twitter messages posted in 2015 or 2016, as well as information about the Twitter account’s number of followers and friends. Regardless of these shortcomings, the data could be valid in understanding the characteristics of the participants and their Twitter messages.

<i>News</i>	<i>Article</i>	<i>Data</i>	<i>Analysis</i>
<i>(Korean Cases – Cryptocurrency Exchanges & Uber)</i>			

To analyze the number of news articles that cover the issues, the study uses Python crawling code. More specifically, through the coding, the study collected the news with the key words “cryptocurrency exchange” and “Uber” in the title, using the Naver website. It gathered the news articles up to around 1,000 pages during the time of the conflict. After the data collection, the study eliminated the duplicate news articles from the collected data to sort out the number of news articles that covered the issue. Based on the filtered articles, the study will then present a visualization of the trend among the number of news articles over the period to show its fluctuations.

4.2.2. Organizing Power Analysis

The organizing power of the IIG is estimated by the number of online petitions, the time spent to reach the representative online petition target, and the repetition of the online mobilization over the time. While the information of the time spent for the online petition target reach and the online petition repetition are to be gathered qualitatively through the news articles analysis and the press release from the company, online petition data analysis will be conducted through quantitative methodology.

Online Petition Data Analysis (Cryptocurrency Exchange Case)

The study used the data archive shared on github⁴ to collect online petition data from the Korean presidential office's online petition website for online petition analysis. Once the petition data is collected, the study looks at the change in the number of online petitions proposed by visualizing the trend. More specifically, the study will sort out the petitions that hold specific keywords that are related to the case study, such as "cryptocurrency," "cryptocurrency exchange," and "Park Sang-ki," within the period when the political conflicts between the IIG and the government entities took place.

[Supplementary Information] Twitter Data Overview

Twitter data was scraped based on Uber's online petition campaign hashtags for each city: #UberMovesNYC for New York, #UberMovesLDN for London, and #ouiPop for Paris. New York City had 4,023 tweets with

⁴ The Presidential Office's National Petition Data Archive,
https://github.com/lovit/petitions_archive/blob/master/README.md

3,736 participants from July 22, 2015 to July 30, 2015. London had 4,279 tweets and 2,656 participants from September 29, 2015 to January 18, 2016. Lastly, Paris showed 1,405 tweets and 1,337 participants. From June 8, 2015 to July 6, 2015.

Table 4.1. Twitter Data Overview

City(#Hashtag)	Date	# of Tweets	# of Participants
New York (#UberMoves NYC)	2015.07.22- 2015.07.30	4,023	3,736
London (#UberMovesLDN)	2015.09.29- 2016.01.18	4,279	2,656
Paris (#ouiPop)	2015.06.08- 2015.07.06	1,405	1,337

4.2.3. Political Messaging Power Analysis

The IIG’s political messaging power will be estimated by analyzing the shared messages among the participants and the political timing. To analyze the social media messages, the study will conduct content analysis as well as sentiment analysis. On the other hand, the political timing will be indirectly estimated through the news article analysis, which will include interviews with government officials, company leadership, and platform business service users or supporters. There, the study will look into the messages to see if the IIG’s activities took place at a politically important time. *Last but not least, to accomplish this, the study conducted expert interviews with government officials for specific Korean cases.*

Twitter Data Analysis: Word Cloud

TextBlob was used to practice sentiment analysis for the collected data. TextBlob is a Python library for Natural Language Processing (NLP). TextBlob actively uses Natural Language ToolKit (NLTK) to achieve its tasks. NLTK is a library which gives easy access to a lot of lexical resources and allows users to work with categorization, classification, and many other tasks. TextBlob is a simple library which supports complex analysis and operations on textual data⁹. Finally, the study further analyzed the results of scraped data by using word cloud code. By showing the word cloud, the study intended to show the most commonly used words and phrases among Twitter messages.

Twitter Data Analysis: Sentiment Analysis

The paper analyzes Twitter content by holding sentiment analysis based on TextBlob. TextBlob returns the polarity and subjectivity of a sentence. Polarity lies between $[-1,1]$, -1 defines a negative sentiment and 1 defines a positive sentiment. Negative words reverse the polarity. TextBlob has semantic labels that help with fine-grained analysis. For example — emoticons, exclamation marks, emojis, etc. Subjectivity lies between $[0,1]$ and quantifies the amount of personal opinion and factual information. The higher subjectivity means that the text contains personal opinions rather than factual information. TextBlob has one more parameter — intensity. TextBlob calculates subjectivity by looking at the ‘intensity’. Intensity determines if a word modifies the next word, adverbs are used as modifiers (‘very good’)⁵.

⁵ “Sentiment Analysis using TextBlob”, Towards Data Science, 2020.06.28, <https://towardsdatascience.com/my-absolute-go-to-for-sentiment-analysis-textblob-3ac3a11d524>

Chapter 5. Platform Business Case Studies

5.1. Case Study of Korean Cryptocurrency Exchanges (2018)

5.1.1. Case Introduction

The introduction of cryptocurrency into the financial market resulted in historically significant and dramatic regulatory conflicts. With the emergence of the cryptocurrency market, the existing financial market mechanism has been challenged. Traditionally, the currency has been considered money in general use in a particular country. One of the most important characteristics of the currency is that it is generated and controlled only by each government's central bank.

The Korean government's cryptocurrency exchange case especially shows how the conflict between the established interest group, the financial authorities, and the IIG emerged and settled. More specifically, because cryptocurrency exchanges lacked strong interest groups to lobby the government, the Korean government was willing to push its initial regulatory decisions. However, the unknown public assembled through online channels and became a political force that acted just like the traditional interest groups for the good of the cryptocurrency exchanges. In the end, the government failed to establish consistent regulatory guidance and the cryptocurrency exchange saved itself from being banned without the concrete support of its own interest group against financial authorities. As a result, the Korean case could be chosen as a suitable example that demonstrated how the IIG's

activities that share both similarities and differences with traditional interest groups' characteristics to resist the established interest groups—in this case, the government authorities—could affect the government's regulatory decision-making process.

Before examining the case, the study would also like to state that the Korean cryptocurrency exchange discussion holds a highly unique position in the market. While there was either less or even no level of conflict between the public and the government in democratic countries, Korea showed an unusual conflict on the issue of the cryptocurrency exchange ban. This incident was possible to take place due to Korea's rather different type of regulatory system compared to other democratically developed countries. This study focuses on the fact that Korean regulations are formed based on the positive list system, while existing studies of policy classification and policy decision-making processes are developed based on the negative list system. A positive list system refers to a regulation that lists what is allowed by law and policy and does not allow anything other than that. Negative regulation, on the other hand, is a regulatory framework that allows all but what is prohibited by law or policy. As a result, when comparing the two regulatory systems, it appears clear that the positive list system provides more intensive and detailed regulation to market participants than the negative list system. The discussion on the comparison between the two systems is essential to understanding why cryptocurrency exchanges could enter the market without government regulation in major western countries but not in Korea. In Korea, cryptocurrency exchange could not be considered an allowed business since there was no such type of business model that was recognized and included in the legal system as being legal.

Major Participants in the Conflict

In the case of Korean cryptocurrency exchanges, the IIG confronted the government's regulatory intentions. The specific participants of each entity are as follows: The IIG's primary group's participants were the people who were directly related to the cryptocurrency exchanges and the users of the Korean cryptocurrency exchanges, and the derivative group consisted of supporters of block chain and cryptocurrency technology and members of the public who were proponents of new technology or opponents of the government's regulatory policies against cryptocurrency exchanges.

On the other hand, the government authorities who were engaged in the conflicts consisted of both specific personnel and political organizations. The personnel included representative government officials who announced their opinions about the cryptocurrency exchange ban regulation, including Minister of Justice Park Sang-Ki, Chief of the Financial Services Commission Choi Jong-Ku, Head of the Economic Coordination Office at the Office of Government Policy Coordination Jeong Ki-jun, and Deputy Prime Minister Kim Dong-Yeon. Moreover, there were specific governmental organizations such as the Presidential Office and the then-ruling Democratic Party of Korea.

5.1.2. The Government's Challenges with Cryptocurrency Issues⁶

From the end of 2017, the Korean government defined cryptocurrency as a challenge to the centralized state power in currency issues. The Financial Services Commission stated that considering cryptocurrency as any form of currency is not acceptable, rather it should be regarded as a new form of digital asset, simply as a means of payment. The important point here is that state power did not recognize the inclusion of cryptocurrency in the realm of “currency” that it controlled with full power previously.

Even with the recognition of its problems, the government entities encountered difficulties in systematically responding to the issue as they were busy simply following the sudden growth of the market. It was only August 2017 when the pan-government (11 ministries) government finally decided to form a joint TF around the Cabinet Office as the price of Bitcoin, which was around 1 million won per bitcoin in December 2016, soared more than 300% to 4 million won in May 2017. At the same time, the Korean National Assembly did not engage in any specific parliamentary activities, holding only a few parliamentary inspections in 2017, owing to a lack of knowledge and political will to actively engage in dealing with the issue at the time.

One of the biggest problems that the government entities were facing was that none of the specific government departments or government officials were willing to take the lead role in dealing with the issue. In other words, ***none of the bureaucrats or government departments wanted to get near or***

⁶ Based on the expert interviews of the CFO (Chief Finance Officer) the head of legal team in one of the biggest Korean cryptocurrency exchanges along with internal industry report from the cryptocurrency industry

touch the issue, not only because they did not have much knowledge and expertise about it but also because the issue was considered nothing more than a trouble. That is, the cryptocurrency issue was a hot topic among many of the citizens in their 20s and 30s, and once the designated entity made the mistake, it was difficult to avoid the resistance from the public. Accordingly, no one wanted to be responsible for the cryptocurrency issue as it was politically important yet not politically helpful. Nonetheless, in the end, the Financial Services Commission has been in charge of practical tasks, but it has not been named as the competent ministry. It has also not been willing to perform active regulatory roles or announce its position in public.

Thus, there were severe conflicts and disagreements among bureaucrats between different government entities until the Minister of Justice, Park Sang-ki, decided to take the lead in the issue. Before Minister Park's remarks, no one, including the Financial Services Commission and the Financial Services Commission, wanted to be in charge because the cryptocurrency-related policy was not an embarrassing policy. As a result, Minister Park held a press conference, claiming to propose a revision to the bill to ban cryptocurrency exchanges.

5.1.3. The Government's Initial Regulatory Announcement

The initiation of the government's stance on cryptocurrency regulation can be traced back to the announcement made by the Minister of Justice, Park Sang-Ki, regarding the proposed ban on cryptocurrency exchanges. This announcement was met with intense resistance from the IIG, demonstrating

the government's lack of preparedness for this new form of collective action.

On January 11, 2018, Minister Park issued an official statement regarding the cryptocurrency market that had a significant impact on the Korean cryptocurrency market and its investors. The key messages conveyed in his statement were the following:

“There are serious concerns regarding cryptocurrencies and the Ministry of Justice is preparing a bill to ban cryptocurrency trading through exchanges⁷. Cryptocurrency trading is similar to speculation and gambling⁸. There is a consensus among the various government departments and parties that the bill to abolish cryptocurrency exchanges should be passed. Although it will take time for the legislation to be enacted, we cannot wait until then. Measures will be taken to mitigate the negative effects in the interim.”

This event is widely referred to as “the Day of Park’s Rebellion.” On the same day, Choi Jong-Ku, the head of the FSC, also expressed support for Minister Park's statement. He had previously expressed his criticism of cryptocurrency, claiming it merely serves as a tool for money laundering, fraud, illegal fundraising, hacking attacks, and irrational speculation, and should not be considered as a medium of payment⁹.

⁷ “Bitcoin drops \$2,000 in value as South Korea announces planned trading ban”, The Guardian, 2018.01.11, <https://www.theguardian.com/technology/2018/jan/11/bitcoin-drops-value-south-korea-trading-bancryptocurrencies-tax-gambling>

⁸ “85% ↓ compared to the highest price... ‘Top 10 Cryptocurrency News’ in 2018”, Hankyung (The Korea Economic Daily), 2018.12.31, <https://www.hankyung.com/it/article/201812317856g>

⁹ “Korea’s crackdown on cryptocurrency sparks backlashes”, Korea Herald, 2018.01.11, <http://www.koreaherald.com/view.php?ud=20180111000658>

5.1.4. The Emergence and the Impacts of the IIG

The Korean cryptocurrency exchange incident provides a unique case study of the interaction between primary and derivative group participants. The primary group, composed of individuals who have direct economic interests in the cryptocurrency exchanges, was the driving force behind the incident. However, a significant proportion of the primary group members also exhibited characteristics of derivative group participants, as they may have been passively supportive of the cryptocurrency exchange business, despite not being actively involved in online pro-cryptocurrency exchange mobilizations. This resulted in a heightened public interest in the issue.

Formation of the IIG

Following the announcement made by Minister Park regarding the proposed ban on cryptocurrency trading through exchanges, the cryptocurrency market experienced a significant crash, leading to widespread opposition from investors. On the day of the announcement, a rapid price fluctuation occurred within a short time period, resulting in a decrease of approximately 30%¹⁰ in the value of bitcoin, from 210 million won to 140 million won. The issue of cryptocurrency exchanges became a socially sensitive issue among investors and the public as the price fluctuation impacted the individual investors' assets directly.

Given the direct correlation between the cryptocurrency exchange issue and their economic status, the public, particularly those in their 20s and 30s,

¹⁰ Based on the Upbit Korean cryptocurrency exchange price

became more involved in the resistance movement. The public became more informed and actively engaged in the issue through social media, allowing them to gather information and participate in online activities, such as petitions, to voice their opinions.

This form of public engagement in the cryptocurrency exchange issue differed from the traditional interest group dynamics, as it was not driven by a centralized organization, but rather through the collective sharing of ideas and opinions through online platforms. This was evidenced by the rapid increase in the use of cryptocurrency-related keywords on Naver, one of the largest Korean search portal sites, with terms such as “cryptocurrency exchange close,” “cryptocurrency market collapse,” and “cryptocurrency” appearing at the top of the real-time search rankings.

The announcement by Minister Park sparked a rapid spread of information among the public, and this led to the emergence of political forces in the market that were previously unforeseen. This was a landmark moment in Korean politics as it demonstrated the inception of the IIG’s impact on the government’s regulatory decision-making processes, which challenged the government authorities’ intended policies. As public discussions on the cryptocurrency issue were ongoing across social media and online communities, most investors expressed their discontent through diverse online channels, including participating in online communities’ discussion websites and forming social media group chats. This resistance further coalesced in the form of online petitions on the Cheong Wa Dae—the Korean name of the Korean Presidential Office—petition website, where investors came together to voice their opposition to the government. This event marked

the first instance in which an organized collective action by the IIG challenged the government authority in the domain of financial regulation.

The Government's Initial Response

The official comment from the presidential office was a crucial moment in the political discourse surrounding the cryptocurrency issue in Korea. It indicated that the government's stance on the matter was still being evaluated and that Minister Park's statement was not a confirmed policy decision. More specifically, he stated that "Minister Park's remarks are one of the measures that the Ministry of Justice has been preparing, and it is not a confirmed matter. The final decision will be made through discussions and coordination between the ministries¹¹." This was a clear departure from the previous position stated by Minister Park, who had made it seem like the banning of cryptocurrency exchanges was a settled matter.

The press conference held by Yoon Young-Chan, the Senior Secretary to the President for Public Communication, emphasized that the final decision would be made after discussions and coordination between various government ministries. This indicated that there were differing opinions within the government regarding the cryptocurrency issue, with the Ministry of Justice taking a stricter stance while the Ministry of Finance was considering the potential benefits of the technology.

The following day, the Deputy Prime Minister and Minister of Strategy and Finance, Kim Dong-Yeon, reinforced this message by stating that the

¹¹ "“There's no disagreement between ministries”...→ "Will promote the policy after the discussion" ...The Ministry of Justice has taken a step back", JoongAng Ilbo, 2018.01.11, <https://www.joongang.co.kr/article/22279784#home>

proposal to ban cryptocurrency exchanges was still being discussed within the relevant task force and needed further consultation¹² between the various government departments. This highlights the importance of inter-ministerial coordination in policymaking, especially when dealing with complex and multifaceted issues like cryptocurrency.

5.1.5. The IIG's Expansion and Increasing Political Pressure

- **The IIG's Mass Public-based Mobilization Power**

Users of Cryptocurrency Exchanges: Reaching the Critical Mass

On January 30, 2018, four significant cryptocurrency exchanges operating in the country - Upbit, Bithumb, and Korbit among them - were serving approximately 30 million users¹³. At that time, Upbit, the largest cryptocurrency exchange in the country, had a user base of 1.2 million, with an average daily user count of one million and a peak of three million simultaneous users. The average daily transaction volume on Upbit was estimated to be close to 5 trillion won, with a maximum daily transaction volume of 10 trillion won. Similarly, Bithumb, another prominent cryptocurrency exchange, had an average daily transaction volume of 2.5 trillion won in January 2018. These figures demonstrate the significant

¹² “The government only confirmed the difference in the position about cryptocurrency... But did not resolve political turmoils”, Kookmin Ilbo, 2018.01.12, <http://news.kmib.co.kr/article/view.asp?arcid=0012046067>

¹³ “Even if virtual currency real-name system is introduced... a thickening cloud”, Hankookilbo, 2018.01.30, <https://www.hankookilbo.com/News/Read/201801300482340389>

economic impact of cryptocurrency transactions in the country, as the daily transaction volume of these exchanges exceeded the daily transaction volume of the KOSDAQ, which was valued at 6.5 trillion won¹⁴.

Surging Number of Online Petitions

As evidence of the widespread popularity of cryptocurrencies in the Korean public, a large number of related petitions and discussion forums emerged on the presidential office's online petition page. The number of public petitions related to cryptocurrencies and cryptocurrency exchanges reached 4,536, and more than 150 discussion chat rooms were opened online¹⁵.

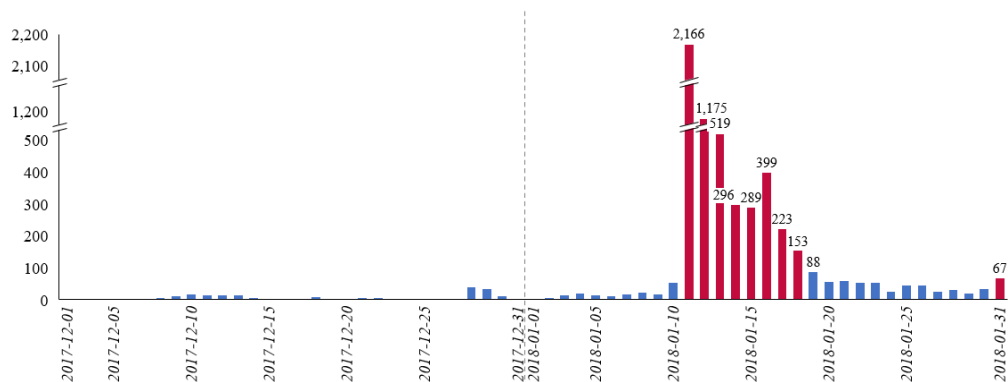
The IIG demonstrated remarkable agility and lucidity in their reaction to the government's proposed regulations of cryptocurrency exchanges. The official channel utilized by the IIG to express their opinions was the online petition platform provided by the Presidential Office. This study analyzed a total of 49,629 online petitions containing the keywords “cryptocurrency” and “Park Sang-ki” that were submitted between December 2017 and January 2018. As shown in Figure 5.1, prior to the announcement made by Minister Park in December, the number of online petitions regarding cryptocurrency issues was minimal, constituting only 1.2% of the total petitions submitted. However, following the announcement, there was a significant surge in the number of online petitions, reaching 2,166 on January 11 and continuing to

¹⁴ “[Special Article] Cryptocurrency sensation...On the other hand, risk ‘warning tone’”. Hyundai Economic Daily, January 22, 2018, <http://www.finomy.com/news/articleView.html?idxno=51209>

¹⁵ “‘No to cryptocurrency regulation’ petition has surpassed 175,000 participants... It may lead to an official answer from the presidential office”, Chosun Ilbo, 2018.01.13, https://biz.chosun.com/site/data/html_dir/2018/01/13/2018011301131.html

increase in the subsequent days. In January, the total number of online petitions related to cryptocurrency issues amounted to 5,993, which constituted 19.2% of the total 31,246 petitions submitted. This data provides evidence of the swift and voluntary mobilization of the IIG members in response to the government's regulatory intentions. They communicated and shared information through the Internet, thereby encouraging each other to participate in collective action such as raising online petitions and providing signatures.

Figure 5.1. Trends of Cryptocurrency Exchange Online Petitions



Evidence of Continued High Public Interest: The Large Volume of News Coverage

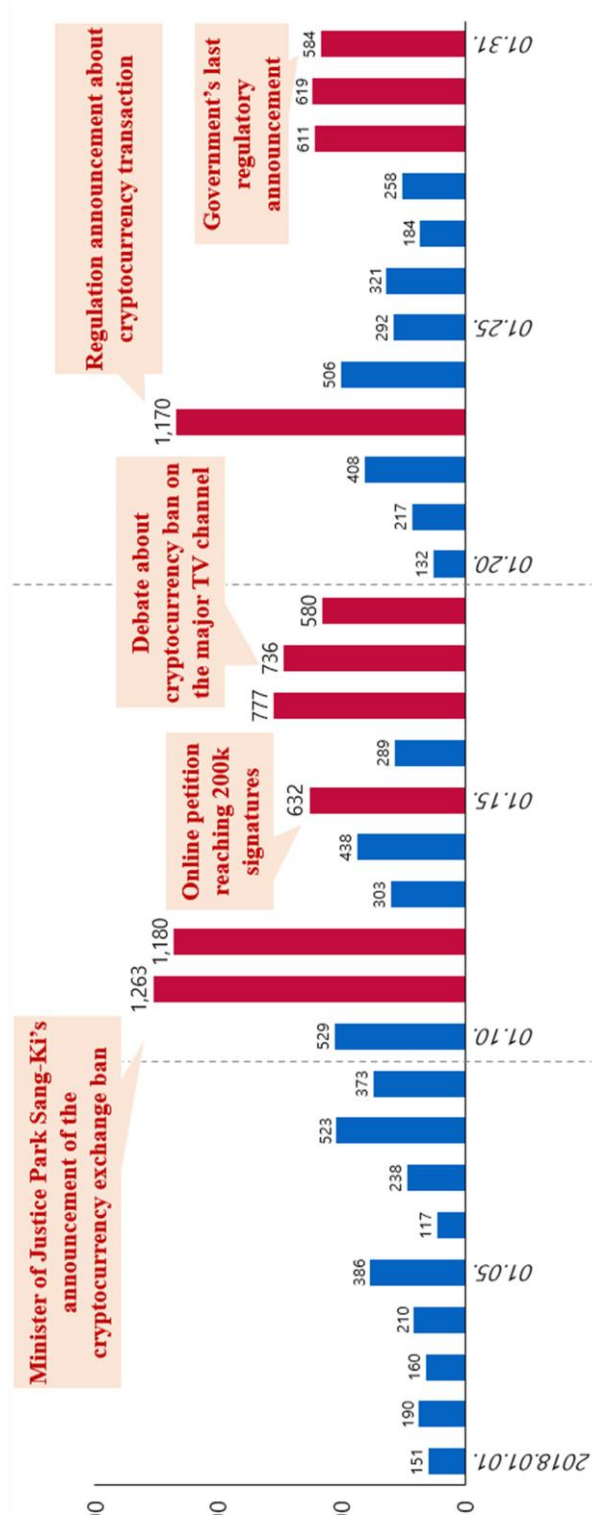
The secondary group of individuals, referred to as the derivative group, demonstrated their support for the primary group's resistance against the government's initial policy towards cryptocurrency through their online behaviors. Specifically, they participated in the resistance movement by reading news articles and making supportive comments on them, as well as

participating in online petitions. The high volume of news coverage about the issue, even after the number of online petitions had declined, serves as a testament to the persistence of the derivative group's involvement. Furthermore, their continued indirect mobilization through reading news articles and posting comments online suggests the potential for repetition of similar behavior in response to future government regulatory decisions on the issue.

To examine the impact of the issue, a study was conducted utilizing the largest online search engine in Korea, Naver, to gather news articles. The keyword "cryptocurrency" was utilized to gather a total of 14,377 news articles from January 1 to 31. As illustrated in Figure 5.2, the first peak in the number of news articles occurred between January 11 and 23, with a range of 130 to over 1,260. Following the announcement by Minister Park, the number of news articles increased significantly, reaching its highest point on January 11 with 1,263 articles and on January 12 with 1,180 articles.

Additionally, it is noteworthy that the frequency of news articles remained at a higher level, surpassing 500, for approximately one week after Minister Park's announcement, indicating the growing discontent among members of the derivative group. This trend was further evidenced by a resurgence in news coverage on January 23, 9 days after the announcement of the regulatory policy, as the government announced its intention to ban cryptocurrency transactions, which garnered 1,170 news articles. Despite fluctuations in the frequency of news articles throughout the period, the derivative group within the IIG continued to demonstrate their potential for indirect mobilization and responsiveness.

Figure 5.2. Trend of News Coverage on Cryptocurrency



Lack of Consensus in Government Regulatory Direction Formation

The government's regulatory stance toward the issue of cryptocurrency was met with significant opposition from the members of the IIG. This resulted in inconsistent and seemingly disorganized policy responses from the government in the following days. On January 15, the head of the Economic Coordination Office at the Office of Government Policy Coordination¹⁶, Jeong Ki-jun, stated that the decision regarding the controversy sparked by Minister Park's remarks on the January 11 would be made after sufficient consultation and coordination of opinions within the government. Despite this assertion, other high-ranking government officials continued to express differing perspectives on the issue, including the possibility of a ban on cryptocurrency exchanges. For example, on January 15, the Chief of the Financial Services Commission, Choi Jong-Ku, emphasized the importance of regulating the cryptocurrency market, while on January 16, the Deputy Prime Minister and Minister of Economy and Finance, Kim Dong-Yeon, stated that a ban on cryptocurrency exchanges was still under consideration. These conflicting statements demonstrate the complexities involved in the government's policy formulation process and highlight the challenges in achieving a coherent and consistent regulatory direction.

¹⁶ "Closer to 200,000 petitions against cryptocurrency regulation... Attention to Cheong Wa Dae's response", IT Chosun, 2018.01.15, http://it.chosun.com/site/data/html_dir/2018/01/15/2018011585050.html

- **The IIG's Quasi-Lobbying Power without Formal Organization**

The IIG's Explosive Organizing Power via Representative Online Petition

The IIG demonstrated its political influence by exhibiting not only its mobilization capability but also by delivering a direct message to the government through quasi-lobbying activities. To be more precise, the IIG members organized a representative online petition that explicitly advocated for the government to reverse its previously announced regulatory direction.

On December 28, 2017, one of the most widely-supported online petitions, titled “No to cryptocurrency regulations - Has the government ever allowed the people to dream?” had already gained 20,000 participants before the pivotal events of January 11, 2018. According to the principles of the presidential office, if a petition garners the support of over 200,000 participants within 30 days, an official response must be issued. However, following Minister Park’s announcement and the subsequent inconsistent government responses to the issue, In the late afternoon of the 11, the number went up to 50,000¹⁷, and within two days, it gathered more than one hundred 70,000 participants, indicating a significant shift in public sentiment.

Furthermore, on January 16, its number of participants resisting the government’s policy direction surpassed the 200,000 threshold, becoming the seventh petition to prompt the government to provide an answer. This held significant meaning for both the IIG participants and the government as it marked the first instance of an online petition acting as an interest group to

¹⁷ “Rush of ‘No to cryptocurrency regulation’ online petitions... Some of them are over 50,000”, Financial News, 2018.01.11, <https://www.fnnews.com/news/201801111700379191>

directly influence the government's regulatory process in securing their private interests without being affiliated with a specific organization.

The Government's Hesitation to Make Further Remarks

The morning of January 31 witnessed a significant development in the discourse surrounding cryptocurrency regulation within the political arena. Some media outlets had predicted that the government was to announce its stance on cryptocurrency regulation and that the Deputy Prime Minister, Kim Dong-Yeon, would be delivering the response. In response, the IIG of the cryptocurrency exchange, closely monitoring the media and the government, issued a warning message to the government by placing the phrase "announcement of cryptocurrency regulation" as the top-ranked real-time search keyword on the prominent search website Naver.

However, the Deputy Prime Minister, in a press release, stated that the regulation issue had not been planned from the outset and that it was not accurate. Instead of assuming responsibility, he chose to distance himself from the issue, without offering a clear resolution to the matter. He stated, "It was never our intention to announce measures for cryptocurrency from the beginning, and we still have no plans to do so." Additionally, he noted that the Office for Government Policy Coordination was responsible for coordinating and promoting cryptocurrency-related policies through the operation of a pan-government task force. He added, "Our intention is not to eliminate or oppress cryptocurrency, however, it cannot be ruled out¹⁸."

¹⁸ "Kim Dong-yeon "cannot rule out of the cryptocurrency exchange... if closed, foreign currency outflow problem can be raised"", Hankyung, 2018.01.31, <https://www.hankyung.com/economy/article/201801319814Y>

- **Aggressive Political Messaging by the IIG at a Politically Important Timing**

The IIG demonstrates the significant political influence that a non-organizational actor can wield within the political arena. The IIG reached the peak of its quasi-lobbying political power when its members mobilized themselves to present a political warning to the government, indicating their willingness to engage in political activism in the upcoming elections. The focus of this warning was directed towards the presidential office and the ruling party, which were held responsible for the recent controversy surrounding cryptocurrency exchanges.

In response to the government's reaction on January 31, the IIG expressed its dissatisfaction through an online protest, exerting pressure on government officials to exercise caution in their decision-making regarding the issue of cryptocurrency regulation. The study posits that both primary and derivative group members may have participated in these online mobilization activities. For instance, the phrase "let's see what happens at the general election¹⁹" was ranked first in real-time search keywords on Naver, occupying the top rank for approximately four hours on that day. Additionally, the IIG participants held discussions and raised their voices through online communities and group chats, asserting that as a result of this controversy, the government had completely lost the trust of those who support cryptocurrency and blockchain technology.

¹⁹ Korea held the 7th parliamentary bi-election on June 13, 2018

5.1.6. The Government's Regulatory Reversal

In conclusion, the IIG was successful in exerting its political influence through an ad hoc, yet intensive, collective action movement. This resulted in the government's reversal of its initial intention to ban existing cryptocurrency exchanges, as no further regulatory plans were announced. The study of the IIG's impact on governmental decision-making provides valuable insights into the dynamics of non-organizational actors without formal structure and their ability to influence the policy-making process. Furthermore, it underscores the significance of ad hoc collective actions in shaping the regulatory landscape for emerging technologies.

5.1.7. The Government Assessment of the IIG Influence²⁰

“In the context of the cryptocurrency exchange in 2018, the emergence of novel forms of quasi-interest group activities, specifically online petitions, indicating public sentiment. Given the nascent nature of the industry, the government lacked a comprehensive understanding of the issue and faced challenges in formulating regulatory decisions. This resulted in the government's need to make politically motivated decisions and respond to the online-based mass public mobilization as election season approached.” – Industry Expert

²⁰ Refer to the expert interviews

In the case of the cryptocurrency exchange issue in 2018, a new form of quasi-interest group activity, specifically online petitions, played a significant role in reflecting public opinion. At the time, the industry was new and the government had limited knowledge, causing difficulties in making regulatory decisions. As a result, the government was compelled to make political decisions and respond to the newly emerging online-based mass public mobilization as elections approached and the public began to pose political threats.

From the government's perspective, the cryptocurrency exchange issue arose in an unexpected manner as the public voluntarily mobilized themselves to act as if they were an interest group for the exchanges. This new phenomenon emphasized the importance for the government entities and politicians to be cognizant of the political pressure that the mass public can present and forced them to make political judgments. The government, in response, became the responsive entity in the regulatory decision-making process due to the online-based mass public mobilization that supports cryptocurrency exchanges without a formal structure.

The issue at hand was able to mobilize a substantial amount of the public, estimated by some government authorities to be around 12 million users, as their financial assets were directly tied to the fate of the cryptocurrency exchange. Therefore, these users, referred to as the IIG, demonstrated a high level of involvement in the issue and posed the most critical political threat to both the government and the politicians. These participants were primarily in their 20s and 30s and framed the government as a political entity that threatened their private interests by regulating the platform business services that they needed for financial investments in cryptocurrencies.

Moreover, others in their 20s and 30s who were against the government's policy direction voluntarily participated in sharing opinions and following up on the issue and indirectly applying political pressure. The activities of the IIG became increasingly important as they became politically threatening as the elections approached. As a result, the government was forced to make political judgments about cancelling its initially presented regulatory direction and refrain from mentioning any future regulatory decisions regarding cryptocurrency exchanges.

5.1.8. Case Conclusion

In the context of the cryptocurrency exchange industry in Korea, the IIG demonstrated an assertive and swift response to the government's proposed regulation, ultimately succeeding in preventing the government from implementing its initial intention to ban the cryptocurrency exchanges. The government officials were faced with the challenge of making regulatory decisions in regards to this new and untested industry, and thus viewed it as a potential threat to the stability of the financial market. As a result, the Minister of Justice, acting as the representative of the government, sought to impose a ban on cryptocurrency exchanges.

The IIG's political pressure was substantial and effective in shaping the government's regulatory stance. The IIG had a massive potential mobilization base, consisting of approximately 30 million users of cryptocurrency exchanges, who were actively engaged in the industry, with domestic cryptocurrency transactions surpassing the daily transaction amount of the

KOSDAQ, worth 6.5 trillion won. This large user base was a formidable source of political pressure for the IIG. The group's mobilization power was demonstrated through its ability to organize, with the number of public petitions related to cryptocurrency and exchanges reaching 4,536 and over 150 online discussion chat rooms established. In addition, online petition data recorded 49,629 instances during the period of December 2017 and January 2018, with keywords related to "cryptocurrency" and "Park Sang-ki." The high level of public interest in the issue was further emphasized by the numerous news articles covering the topic, with 14,377 news articles published in the first month of 2018.

The government's inconsistent opinions regarding regulatory direction prompted the IIG to demonstrate its political influence through mobilization and quasi-lobbying activities. In a representative online petition titled "No to Cryptocurrency Regulations—Has the government ever allowed the people to dream?", the IIG argued for the government to cancel its announced regulatory policy. The petition quickly gained traction, garnering over 170,000 signatures within two days.

The timing of the IIG mobilization was significant, as it took place in close proximity to the elections, with the participants of the IIG making clear their complaints and their connection to the election outcome by stating phrases such as "let's see what happens at the general election." This resulted in the IIG being ranked first on the major search portal's top search list. The government was forced to reconsider its initial regulatory intentions and refrain from announcing further regulatory plans.

In conclusion, the IIG's ability to rapidly mobilize a massive number of supporters was a key factor that influenced the government's regulatory

decision-making process. Despite lacking a formal structure or visibility, the general public voluntarily mobilized to support the interests of private platform businesses in the cryptocurrency sector. The IIG represents a new form of interest group, possessing distinct characteristics from existing interest groups and online-based social movements, yet it was still able to impact the government's regulatory process.

5.2. Case Study of Uber in Seoul (2015)

In this study, a comparative analysis is performed between the regulatory challenges faced by Uber in Seoul as the comparison to the case of cryptocurrency exchanges in Korea. Both of these platform businesses disrupted the existing market by introducing new services, which resulted in political and market tensions. The significance of these cases lies in the fact that they illustrate the growing influence of platform businesses, which often operate outside of regulatory frameworks and can pose a threat to incumbent market players and government officials. The lack of a formal structure, combined with public support from service providers and users, makes these platform businesses difficult to regulate. The conflicts that arise from these cases center on the discussion of whether to regulate these platform businesses in order to secure the interests of established market players.

The Uber conflict in Seoul is similar to the cryptocurrency exchange case in that both platforms entered the market with the potential to disrupt existing industries, leading to opposition from interest groups representing the established players. In the case of Uber, taxi drivers expressed concern over the threat posed by Uber drivers who lacked legal licenses and could provide similar services at a lower cost. The established interest group, consisting of taxi drivers, was well-versed in addressing these types of challenges and mobilized to influence government officials through strong and extensive alliances among members. It is also important to note that the government has long-standing relationships with the taxi drivers' interest group, as it has consistently wielded political power due to its large and active participant base.

5.2.1. [Background Information] Taxi Industry Regulation²¹

This study aims to shed light on the complexities of the regulatory process surrounding platform businesses, particularly those that provide taxi services, such as Uber. The study focuses on the case of Uber in Seoul and compares it to other similar cases in other cities around the world. The objective is to identify the factors that led to different outcomes in the regulation of Uber in these cities.

To achieve this, the study first provides an overview of the regulatory environment surrounding the taxi industry in different cities. The aim is to demonstrate that regardless of the city, the taxi industry is considered a highly regulated industry, with common regulations such as requirements for drivers' licenses, vehicle requirements, company requirements, and regulation of fares. These regulations are designed to ensure the safety and security of citizens and the transportation system of the city.

The study then analyzes the Uber case in Seoul to show how the platform business disrupted the existing taxi industry, leading to controversy and political conflict between taxi drivers' interest groups and the government. The study highlights the long-standing relationship between the government and the traditional taxi drivers' interest groups and how this relationship influenced the government's regulatory decision-making process. The study argues that despite similar regulatory grounds, the cities articulated regulations in diverse ways to implement specific policies to control the system. The mismatch between taxi demand and supply, coupled with the

²¹ This study considers regulations in taxi industry of each city in 2015

need to protect citizens' safety and security, led to a regulatory environment that was challenging for platform businesses like Uber to navigate.

This study examine the medallion system in four cities, namely Seoul, New York, London, and Paris, as a significant entry barrier in the taxi industry. The medallion is a license either to operate a taxi or to drive one, which is considered a minimum requirement to enter the market in all four cities. This study aims to highlight the specificities of each city's medallion system, and how it affects the functioning of the taxi industry.

In Seoul, although there is no legal barrier for drivers to become private taxi drivers, local governments often impose additional criteria, such as no accidents, residency for a certain period of time, and additional taxi or transportation experiences due to the high demand for taxi licenses. The number of taxi licenses is limited and corporate taxis often repurchase private licenses by obtaining better scores and recommendations from governors and associations in a competitive market.

In New York, the medallion operates as a permit to operate a taxi, not to drive one. This means that the majority of medallion holders own multiple medallions and lease them to drivers. These lease payments become the primary source of income for the medallion holders, who bear little to no costs or risks associated with operating a taxi.

In London, the license is only issued to the car owner, valid for five years, and drivers are required to operate from a fixed location. A driver must be 21 years old and possess a driver's license for at least three years to be eligible to apply.

In Paris, drivers must have a license to offer taxi services within a municipality or zone within the municipality. New licenses can be requested from the municipality, which determines the number of licenses in circulation. An existing license (known as “parking” license) can also be purchased from an existing license holder.

The regulatory framework governing the taxi industry in various metropolitan cities has implemented a series of measures aimed at limiting market entry. For instance, in New York, more than 50,000 licensed drivers for the chance to lease one of the roughly \$13,400 available medallions. In London, the total licensed taxis in London was 22,500 in March 2015²², the taxi license cost in Paris was around €190,000²³ but it could cost up to €240,000²⁴, and in Seoul private taxi license cost could cost up to around ₩100 to ₩150 million²⁵. This relatively high price of medallion acted as the entry barrier for new entrants to enter into the market. It is because the taxi drivers had to pay more than several hundred dollars to have a legal license to work as one or maintain its status. For instance, in New York, each driver began his or her shift owing money to the medallion owner, making them earn roughly \$100 per day (not counting fuel and other incidental costs) just to cover the cost of the medallion rental and break even. Accordingly, taxi

²² “Taxi and Private Hire Vehicle Statistics: England 2015”, Department for Transport, 08.25.2015,

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/456733/taxi-private-hire-vehicles-statistics-2015.pdf

²³ ““French public should support their taxi drivers””, The Local, 06.25.2015, <https://www.thelocal.fr/20150625/french-public-should-support-its-taxi-drivers/>

²⁴ “French taxi drivers lock down Paris in huge anti-Uber protest”, The Verge, 06.25.2015, <https://www.theverge.com/2015/6/25/8844649/french-taxi-driver-protest-uber-pop-paris>

²⁵ Expert Interview

drivers who put much money to earn such a license could not welcome disruptive market entrants but rather become aggressive in resisting against their appearance into the market.

In addition to the cost of medallions, the regulatory framework in cities like New York also imposes a series of licensing requirements on aspiring taxi drivers. These requirements, which may include enrolling in instructional courses, passing medical exams and drug tests, obtaining fingerprint clearance, and undergoing a criminal background check, serve to further raise the barriers to entry in the industry.

In London, taxi drivers must pass a challenging license test, known as the green badge, which measures their comprehensive knowledge of the city's road network and topographical features. The requirement for a suburban license further adds to the difficulty of entering the market as a taxi driver. However, the emergence of ride-hailing platforms like Uber has disrupted the traditional taxi industry by bypassing these barriers. Uber operates under a private hire license and commercial insurance, allowing it to offer lower fares to consumers without the need to comply with the medallion and licensing requirements imposed on traditional taxi drivers.

In Paris, the regulatory framework requires aspiring taxi drivers to enroll in a 6-9 month educational training course, organized by the profession's union, which includes theory, practical, and first aid exams. Upon completion of the course, individuals must pass a test to demonstrate their competence as a taxi driver. These requirements contribute to the maintenance of high barriers to entry in the taxi industry, limiting competition and protecting the interests of established industry participants.

5.2.2. Case Introduction²⁶

The launch of Uber in Seoul, South Korea, followed a phased approach, beginning with a pilot service on July 2013. On August 2, 2013, Uber officially launched its service in the city, initially targeting a limited number of international students who were already familiar with the service.

However, the key issue that sparked controversy between Uber and the existing taxi drivers in Seoul was the launch of UberX on August 28, 2014, as a pilot service²⁷. Unlike traditional taxi services, UberX connected customers with private vehicles to provide transportation services, and the drivers were not required to register themselves as taxi drivers. This created a sense of threat among established taxi drivers who were already familiar with similar market entrants, such as carpooling or airport ban services. As a result, they reached out to political officials even before Uber had gathered a significant number of users, claiming that Uber's operations were illegal since they did not comply with the required registration procedures for taxi services.

Additionally, on October 23, 2013, Uber launched UberTaxi, a new option for regular taxi service that collaborated with private taxi operators²⁸. The launch of UberTaxi, however, did not receive as much attention compared to the launch of UberX, as it was perceived as a traditional taxi service and did not challenge the existing market structure as significantly.

²⁶ Refer to the expert interviews

²⁷ "Illegal controversy Uber launches UberX", Chosun Ilbo, 2014.08.28, https://www.chosun.com/site/data/html_dir/2014/08/28/2014082802907.html

²⁸ "'Opposition to Uber Taxi' 3,000 taxi drivers gather at Seoul Plaza", Hankook Ilbo, 2014.11.18,

<https://www.hankookilbo.com/News/Read/201411181818920470>

Upon entering the Seoul market, Uber faced robust opposition from well-organized taxi interest groups with strong political ties to various branches of the Korean government. These interest groups were considered to be social partners by local governments such as the Seoul Metropolitan Government as well as central government branches, particularly the Ministry of Land, Infrastructure, and Transport. Furthermore, the government authorities and taxi industry interest groups had shared experiences in dealing with similar businesses that posed a threat to the taxi industry, such as carpooling and call-ban services. As a result, established taxi interest groups were successful in securing market entry barriers by exerting political pressure on the government to impose restrictions on new entrants.

At the time, **the National Assembly and political parties were cautious about taking up the issue of Uber, as they did not want to appear as if they were supporting Uber against the taxi industry.** This was due to the practice of the National Assembly not discussing issues that have already been negotiated between the government and various interest groups. Such issues only come to the table of the National Assembly when there is an agreement between the government and interest groups, and a resolution can be presented to the Assembly for voting. The minutes of the meetings of the National Assembly are recorded, and politicians avoid engaging in discussions with disagreements, as it could lead to criticisms in the future.

As a result, when Uber entered the Korean market, the taxi industry quickly approached government entities and members of the National Assembly, while Uber remained silent. As a result, both the government and the National Assembly were reluctant to side with Uber even before the offline protests by taxi drivers took place.

Major Participants in the Conflict

In the case of Uber's entry into the Seoul market, there were three key players involved in the conflicts: the Uber IIG, the established taxi interest groups, and the government organizations. The Seoul Metropolitan Government was the specific government entity responsible for the regulatory discussions and negotiations between these groups.

5.2.3. The Government's Initial Regulatory Announcement

The Regulatory Response of the Seoul Metropolitan Government towards Uber Services

The regulatory decision made by the Seoul Metropolitan Government regarding the operation of Uber in the city was influenced by strong opposition from the established taxi interest groups and the lack of visible support for the Uber service. In September 2013 and February 2014, the Seoul Metropolitan Government filed complaints with the police against Uber for violating the Passenger Transport Business Act, claiming that the company was operating rental and private cars for monetary gain through its app in major areas of Seoul, including Gangnam, City Hall, and Itaewon.

This response was driven by concerns over the provision of transportation-like services by private individuals through Uber, which was perceived as a threat to the taxi industry. The Seoul Private Taxi Association held a press conference on June 13, 2014, calling for the local government to regulate UberX service²⁹. In response, the Seoul Metropolitan Government

²⁹ "Taking the controversy 'Uber Taxi'...Transportation Revolution or Illegal
93

announced on June 16, 2014, its intention to seek a ban on Uber, citing the illegal nature of the ride-sharing service under Korean law and the perceived unfair competition it posed for taxi drivers.

Uber's Continuation of Operations Despite Regulatory Challenges

In response to the regulatory decision made by the Seoul Metropolitan Government, Uber issued a statement on July 22, 2014, declaring its commitment to continue its operations in the city. The company proclaimed that the government's stance demonstrated a lack of understanding of the smart city trends and the sharing economy movement that was being embraced by global cities. Furthermore, Uber argued that the city was at risk of being left behind in this movement³⁰ as it failed to embrace Uber's technology and improve consumer services.

The Pushback from the Established Taxi Interest Groups

In November 2014, a significant pushback took place from the established taxi interest groups against the UberX service in Seoul. Four taxi organizations, including the Seoul Regional Headquarters of the National taxi Workers' Union, held a "Seoul Taxi Survival Resolution Movement" at Seoul Plaza in front of City Hall, which was attended by over 3,000 taxi drivers. The demonstration was staged under the motto "No Uber taxi" and aimed to call for a strong regulatory decision against the UberX service from the

Transportation?", Kyunghyang Shinmun, 2014.06.19,

<https://m.khan.co.kr/national/national-general/article/201406191703251/amp>

³⁰ "Seoul Is Taking a Hard Line on Uber. Will Other Cities Follow?", Slate, 2014.07.22, <https://slate.com/business/2014/07/seoul-fights-uber-bans-the-service-and-plans-its-own-app.html>

government and the Seoul Metropolitan Government. The organizations argued that the operation of Uber X was infringing on the legal taxi area and threatening the survival of taxi drivers, especially in light of the intensifying crisis in the taxi industry. Despite the demonstration, the government and the Seoul Metropolitan Government maintained a passive attitude toward the issue. The Seoul taxi Private Transportation Association even filed a complaint with the police against an Uber service driver for violating the Passenger Transport Service Act. Similar attitudes were held by the Ministry of Land, Infrastructure, and Transport and the Seoul Metropolitan Government. A high-ranking official from Seoul stated that among the various Uber services, including Uber Black and UberX, only the latter two were considered illegal under Korean law³¹.

The Government's Initial Regulatory Announcement

On December 19, 2014, the Seoul Metropolitan Council enacted a revised ordinance that incentivized the reporting of illegal Uber taxi operations by offering rewards less than 1 million won. Dubbed the “Uparazzi” plan, the rewards for reporting ranged from 200,000 won to less than 1 million won and were intended to be a means of increasing the efficacy of efforts to curtail the operation of illegal Uber taxis. The initial reward amount was 200,000 won, but it was raised during discussions in an attempt to increase the plan’s effectiveness³².

³¹ ““I’m against Uber”... Around 3,000 taxi drivers gathered to protest”, Munhwa Ilbo, 2014.11.18,

<http://www.munhwa.com/news/view.html?no=2014111801071127100001>

³² ““If report an Uber taxi, reward will be given”... City of Seoul introduces ‘Uparazzi’”, 2014.12.17,

https://news.jtbc.joins.com/article/article.aspx?news_id=NB10685101&cloc=bulk

5.2.4. The Emergence of the IIG and its Low Impacts

- **IIG's Relatively Negligible Level of Mobilization Power**

The Limited Representation of Uber Interest Groups in Seoul

In the case of Uber in Seoul, the representation of the primary group of IIG was limited in comparison to the established taxi interest groups. Despite being the third most used online taxi service application, with a smaller number of drivers compared to the leading services Kakaotaxi and TMAP, which had 100,000 and 40,000 drivers respectively. In contrast, there were 90,000 licensed taxi drivers in Seoul alone³³. As a result, it could be estimated that the number of Uber drivers in Seoul was significantly lower than 40,000³⁴.

Additionally, the representation of the derivative interest group, consisting of Uber users, was also limited compared to established taxi interest groups. While Kakaotaxi and TMAP had 2.5 million and 1.7 million users³³ in Korea respectively, Uber declined to reveal the exact number of its users, indicating a potentially lower number of users in comparison to incumbent companies.

Lack of Public Interest in the Uber Conflict

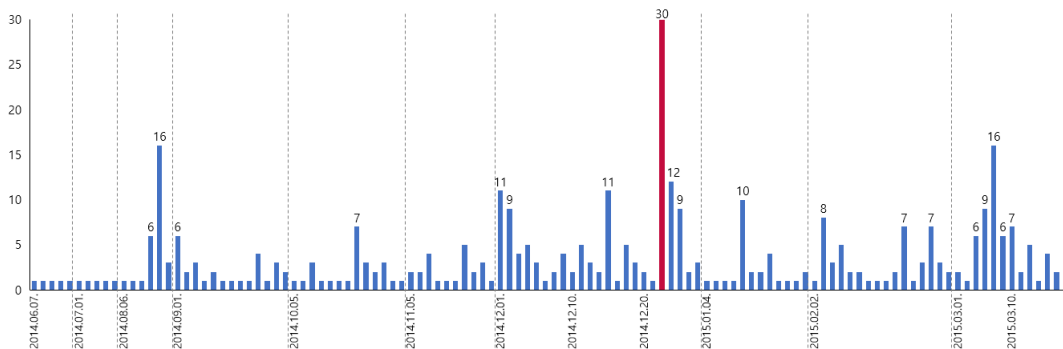
The limited representation of Uber's Interest Groups in Seoul may have been a factor in the lack of public interest in the issue. An analysis of news

³³ "Couldn't Uber coexist with Seoul?," Hankyoreh, 2015.03.14, https://www.hani.co.kr/arti/politics/politics_general/682197.html

³⁴ "[Han Soojin's SBS Observatory] Is Uber at war with the world?," SBS, 2015.06.26, https://news.sbs.co.kr/news/endPage.do?news_id=N1003044884&plink=ORI&cooper=NAVER&plink=COPYPASTE&cooper=SBSNEWSEND

articles about Uber from February 2014 to March 2015 revealed that the highest number of articles was 30, published on December 21, 2014 following the announcement of the Seoul Metropolitan Council's Uparazzi policy. With only a total of 395 articles collected, averaging to roughly one article per day, it can be argued that the IIG's supporting Uber was not influential enough to garner significant media or government attention.

Figure 5.3. Trend of News Coverage on Uber



the Seoul Metropolitan Council. The result of this initiative was hundreds of emails sent simultaneously, sending out around 50,000 mail bombs in total. However, despite the magnitude of emails sent, the number of actual participants was limited as the mechanism of the email campaign resulted in the same 106 emails being sent to all the members of the Council³⁵.

This demonstration of limited participation in the online activity in support of Uber reflects the relatively low influence of the company in Korean society, as previously stated by the Seoul Metropolitan Government that Uber's domestic performance was insignificant. This event highlights the ineffectiveness of Uber's interest group mobilization efforts in preventing the enforcement of the government's regulatory decision to ban its services in Seoul.

5.2.5. The Government's Maintenance of Announced Policy

In an attempt to mobilize more support from its Korean user base, Uber altered its service model by offering free rides on February 25, 2015. The company stated that this change was implemented as a means of protecting its drivers from the Seoul Metropolitan Government's report reward system, while still operating within the regulatory framework³⁶. Previously, UberX had been operating as a paid service since its launch in August 2014, but the conversion to a free model occurred just four months later, in November 2014.

³⁵ "City of Seoul to consider legal action against Uber Taxi's 'Mail Bomb'", Money Today, 2014.12.22,

<https://news.mt.co.kr/mtview.php?no=2014122210335613161&type=1>

³⁶ "Uber converts private call taxi 'UberX' to free... Recognizing the report reward system", Chosun Biz, 2015.02.25,

https://biz.chosun.com/site/data/html_dir/2015/02/25/2015022503343.html

This change was implemented as a result of the Passenger Transport Service Act, which prohibited commercial activities of non-commercial vehicles³⁷.

However, this strategy proved to be short-lived, as Uber was forced to abandon its free service just nine days later, on March 6, 2015. This decision was a result of the formidable opposition from both the Seoul Metropolitan Government and the taxi industry, which put significant pressure on Uber. Although the company stated that this was not a complete withdrawal from the Korean market, it did represent a significant retreat for UberX in the Korean market.

5.2.6. The Government Assessment of the IIG Influence

“The regulatory decision toward Uber services was processed very quickly. Prior to the formation of voluntary forms of interest grouping and interest groups toward the Uber service, the regulations were imposed.” – Industry Expert

Unlike taxi drivers’ interest groups, Uber could not enlist the public’s participation in its IIG activities. As Uber in Korea failed to build public support or provide a customer experience that allowed people to feel the efficacy of the service, there was no time to even form a discussion about the pros and cons of the service. The public did not feel a reason to defend it because it had not yet been experienced, but the taxi industry, which would

³⁷ “Controversial Uber, from landing in Korea to service suspension at a glance”, Chosun Ilbo, 2015.03.21, https://biz.chosun.com/site/data/html_dir/2015/03/20/2015032002783.html

be invaded by this, had already experienced similar territorial disputes several times and recognized exactly that it would pose a great threat to them as soon as they entered the country. Moreover, as Uber could provide a somewhat better service compared to the existing taxi services, it could be considered a low-involvement service for customers, which means that their willingness to participate would have been quite low. Accordingly, *some of the politicians even said that they were amazed that regulatory decisions on Uber services were made so quickly and without any noise.*

5.2.7. Case Conclusion

The political influence of Uber in Seoul was limited due to its inability to mobilize and organize a mass public-based interest group IIG. The company showed a lack of effectiveness in measures of political pressure such as low mobilization, organizing power, and political messaging. Unlike established interest groups that were able to organize movements and influence government regulatory decisions, Uber's pool of drivers and users was limited, resulting in limited public interest in the issue. The number of active members in Uber's primary IIG was likely fewer than 40,000, and the low level of public interest was demonstrated by the limited coverage in news articles, with only approximately 395 articles published during the crisis period of February 2014 to March 2015. Despite attempting a national-level email mobilization, with 50,000 emails sent to the Seoul Metropolitan Council members, the effort was limited by the simultaneous sending of 106 emails to all council members, resulting in limited participation and support for Uber

against the government's regulatory direction. As a result, the Korean government did not reverse its initial decision to prohibit Uber's operations.

This case showed that the relatively weak performance of the IIG against the established interest groups' resistance could not bring the government's interests to bear and further change its attitudes. However, this case is significant in that it demonstrates that the IIG's level of political power is heavily reliant on its public base.

5.3. Supplementary Uber Case Study (1): New York, 2015

5.3.1. [Background Information] Uber Cases in Global Cities

The introduction of Uber's innovative yet market-disruptive business model has faced opposition from established interest groups and government policymakers in cities globally. Despite this, varying outcomes have been observed across cities, reflecting the social tensions caused by the conflict between the taxi interest groups and Uber drivers and supporters. To identify the factor that has enabled Uber to gain the upper hand in these situations, this study posits the significance of the IIG.

This paper aims to investigate the role and impact of the IIG in resolving these conflicts by examining Uber cases in other major global cities as supplementary case studies to the case of Uber Seoul. In particular, it will compare two success cases, New York and London, and one failure case, Paris, for the implementation of Uber's nonprofessional driver service, known as UberPop or UberX. These cities were selected for examination due to their representativeness as large cities and their strategic significance to Uber's global expansion. New York, in particular, was considered the most important city by Uber's CEO, while other cities were the first cities Uber entered in each region. It is noteworthy that despite the commonality of the initial policy discussion, regulatory decisions among cities diverged as Uber expanded its market influence. Despite facing resistance from the existing taxi association, the IIG's activities and policy outcomes varied from one city to another.

5.3.2. New York Case Introduction

By July 2015, Uber had gained significant market influence since its launch in May 2011, presenting a challenge to both established market actors and government authorities. The growth of Uber's market influence was facilitated by its ability to provide low-cost or high-quality quasi-taxi services, as well as its recruitment of a new cohort of drivers who were previously mere consumers. This enabled Uber to offer its customers improved services, making them strong proponents of the platform. For instance, Uber's point-to-point services, which could be reserved in real-time, were particularly popular for airport-to-city center routes and in under-served outer boroughs. Thus, it can be argued that the customer base for Uber services differed from that of taxi services, as Uber focused on providing differentiated services.

At the same time, the self-employed drivers participating in Uber's platform reported a high degree of satisfaction working as non-professional part-time workers. The immediate and direct economic benefits of working as an Uber driver, including a relatively high level of financial gains compared to working hours, as well as the flexible scheduling options, which allowed for freelancing with a reasonable balance of time, money, and convenience, contributed to the high level of satisfaction. These advantages attracted a large number of individuals to serve as Uber drivers, thus actively participating in the provision of Uber services for their own direct benefit. As an example, Uber driver Joel Abreu, 24, stated, "You can just turn on your phone and start working at any time... I make about \$85,000 a year after expenses, driving a luxury SUV for the company—more than double the

salary of an average yellow-cab driver³⁸.”

In the year 2015, as Uber’s market influence continued to grow, existing market incumbents, such as the New York Yellow Cab drivers, began to experience negative impacts and reactions. As a result, government agencies were compelled to develop a regulatory response to address Uber’s unlicensed services. According to data obtained by the Taxi and Limousine Commission (TLC) in March 2015, the number of Uber vehicles in the city’s five boroughs had surpassed that of yellow taxis, with 14,088 cars affiliated with Uber, including luxury SUVs, compared to 13,587 yellow cabs.

In response to this, the New York City taxi industry group, Committee for Taxi Safety, proposed a bill on March 20, 2015 that aimed to place a cap on the number of Uber vehicles in the city until city officials could study the impact that these services were having on traffic, parking, and pollution³⁹. This proposal was a representation of the taxi drivers’ resistance to Uber’s unregulated services and their dissatisfaction with the government’s lack of performance in regulating these services. For instance, Tweep Phillips, executive director of the Committee for taxi Safety, stated that “It’s remarkable that this one company is able to put vehicles on the road willy-nilly without anyone saying what this means for traffic conditions, parking, or the environment... It’s like the city fell asleep³⁹.” Paul White, executive director of Transportation Alternatives, a non-profit organization advocating

³⁸ “More Uber cars than yellow taxis on the road in NYC,” New York Post, 2015.03.17, <https://nypost.com/2015/03/17/more-uber-cars-than-yellow-taxis-on-the-road-in-nyc/>

³⁹ “NYC taxi industry to propose cap on Uber”, USA Today, 2015.03.20, <https://www.usatoday.com/story/tech/2015/03/20/uber-success-taxis-medallions-congestion/25027241/>

for decreased private car use, also expressed concern and argued that “If there is evidence that the proliferation of new services is leading to chaos on our streets, the TLC should more forcefully flex its regulatory muscle³⁹.”

The taxi industry in New York had a significant stake in the entry of Uber into the market, as every taxi in the city was required to have a New York City-issued license, commonly referred to as a taxi medallion. The prices of these medallions had increased dramatically in recent years, reaching an all-time high of over \$1 million each by 2014, up 50% from 2009. The high cost of these medallions was a major factor in the taxi industry’s opposition to Uber, as the entry of the ride-hailing service into the market had a significant impact on the value of these medallions. In the wake of Uber’s entry, the value of the medallions dropped by nearly 40%, falling to \$740,000 by July 2015. The competition posed by the over 20,600 Uber vehicles that could be easily summoned with an app, in comparison to the 13,600 yellow taxis in the city, has sharply cut into the taxis’ customer base, exacerbating the financial losses incurred by the decline in the value of the medallions⁴⁰.

Major Participants in the Conflict

The conflict between Uber and the taxi industry in New York involved three major actors, namely, the Uber IIG, government personnel and organizations, and established interest groups. The responsible government entities, which were Mayor Bill de Blasio and his office, including the city council, became targets of criticism from both the Uber IIG and the established taxi interest groups when regulatory actions were taken.

⁴⁰ “New York City's yellow cab crisis”, CNN, 2015.07.22,
<https://money.cnn.com/2015/07/21/news/companies/nyc-yellow-taxi-uber/>

5.3.3. The Government's Initial Regulatory Announcement

The Government's Regulatory Response to Uber's Market Expansion

In response to the resistance displayed by existing market incumbents to Uber's market expansion, the New York City taxi and Limousine Commission (TLC) proposed new regulations for ride-hailing companies, including Uber, in July 2015. Mayor Bill de Blasio sought to address the issue by proposing a one-year moratorium on the growth of Uber's market in the city, effectively limiting the number of new Uber vehicles operating in the five boroughs of New York. The moratorium was motivated by the data collected by the TLC which showed that the number of Uber vehicles had surpassed the number of yellow taxis in the city for the first time, with 14,088 cars, including luxury SUVs, affiliated with Uber compared to 13,587 yellow taxis⁴¹.

The New York City taxi industry group, Committee for Taxi Safety, supported the moratorium by proposing the first draft of the bill, which aimed to temporarily halt the growth of the Uber market and limit the company's services to pre-arranged rides only until city officials could study its impact on traffic, parking, and pollution. The taxi industry was not satisfied with the lack of action taken by the government to regulate Uber's unregulated services and sought to have the issue addressed. Tweepers Phillips, executive director of the Committee for taxi Safety, stated that the growth of the Uber market was concerning as the company was able to put vehicles on the road without any consideration for the impact on traffic conditions, parking, or the

⁴¹ "NYC taxi industry to propose cap on Uber", USA Today, 2015.03.20, <https://www.usatoday.com/story/tech/2015/03/20/uber-success-taxis-medallions-congestion/25027241/>

environment. This sentiment was echoed by Paul White, executive director of Transportation Alternatives, a non-profit organization that advocates for reducing private car use, who argued that if there was evidence that the growth of ride-hailing services was leading to chaos on the streets, the TLC should flex its regulatory muscle more forcefully.

In response to the rapid expansion of Uber in New York City, Mayor Bill de Blasio and the City Council proposed a moratorium on new Uber vehicles to study the environmental impacts of the ride-hailing service. On June 30, 2015, a hearing was held on the proposal, and Democrats Ydanis Rodriguez, the chair of the transportation committee, and Stephen Levin, a councilman from Brooklyn⁴², proposed legislation to study the potential impact of traffic congestion caused by the growth of the taxi and for-hire vehicle businesses⁴³. The issuance of for-hire licenses would be suspended during the study, which was expected to be completed by August 2016, or earlier.

Based on company base size, the legislation proposed limits on the growth of the for-hire vehicle industry. Companies like Uber, which had six of the nine for-hire vehicle bases in the city with over 500 vehicles, would be allowed to grow by up to 1% per month. Bases with 20 to 499 vehicles would be allowed to grow by 5%, and bases with 19 or fewer vehicles could grow

⁴² “New York City Council Joins De Blasio War on Uber With Bid to Limit Growth”, Bloomberg, 2015.07.01, <https://www.bloomberg.com/news/articles/2015-07-01/nyc-council-joins-de-blasio-war-on-uber-with-bid-to-limit-growth#xj4y7vzkg>

⁴³ “Uber Says Proposed Freeze on Licenses in New York City Would Limit Competition”, New York Times, 07.01.2015, <https://www.nytimes.com/2015/07/01/nyregion/uber-says-proposed-freeze-on-licenses-would-limit-competition.html>

by 15%⁴⁴. The proposed regulations also included a minimum wage for drivers, a cap on the number of cars allowed on the road, and a requirement for Uber to share data with the city.

The proposed moratorium was supported by established taxi drivers' interest groups and government officials, who argued that the regulations were necessary to ensure the safety of passengers and to level the playing field between Uber and traditional taxi companies. TLC proposed similar regulations that included a minimum wage for drivers, a cap on the number of cars allowed on the road, and a requirement for Uber to share data with the city. Mayor Bill de Blasio, Polly Trottenberg, the city's transportation commissioner, and Nilda Mesa, the director of the mayor's Office of Sustainability, all spoke in favor of the legislation⁴⁵.

5.3.4. The Rise of the IIG and Its Swift Responsiveness

IIG's Significant Level of Mobilization and Organizing Power

A Considerable Number of Drivers and Users of Uber

In an effort to assess the potential political impacts of the Uber's IIG and established taxi interest groups, the study analyzed the demographic information of drivers and users, as well as the quality and cost of services

⁴⁴ "Uber Says Proposed Freeze on Licenses in New York City Would Limit Competition," New York Times, 07.01.2015, <https://www.nytimes.com/2015/07/01/nyregion/uber-says-proposed-freeze-on-licenses-would-limit-competition.html>

⁴⁵ "Uber Says Proposed Freeze on Licenses in New York City Would Limit Competition," New York Times, 07.01.2015, <https://www.nytimes.com/2015/07/01/nyregion/uber-says-proposed-freeze-on-licenses-would-limit-competition.html>

provided. As of July 2015, it was found that Uber operated 19,000 vehicles, compared to only 13,000 taxis⁴⁶. These figures were used to estimate the minimum size of the primary IIG and the taxi drivers' interest group, with the results suggesting that the primary IIG holds a more significant portion of public influence.

In order to evaluate the size of the derivative IIG, the study compared the average number of daily trips and services offered by both Uber and traditional taxis. As individuals who engage in the services may not necessarily be active members of either interest group, the study focused on the number of users as a proxy. As of July 2015, the number of Uber users in New York was estimated to be over 2 million⁴⁷, with an average of 100,244 trips per day. In comparison, yellow taxis had an average of 372,979 trips per day⁴⁸. Although these figures suggest that Uber holds a lower level of political impact due to a smaller number of users, it is important to note that Uber's user base has grown dramatically from 60,357 to over 2 million from January 2015, while the number of traditional taxi users has declined from 411,238.

The pro-Uber public sentiment appeared to demonstrate the potential for growth, as Uber was offering superior services even though its average fare was slightly higher than that of yellow taxis. A study conducted in March

⁴⁶ "City Hall and Uber Clash in Struggle Over New York Streets", New York Times, 2015.07.16,

<https://www.nytimes.com/2015/07/17/nyregion/city-hall-and-uber-clash-in-struggle-over-new-york-streets.html>

⁴⁷ "Uber Launches "De Blasio's Uber" Feature In NYC With 25-Minute Wait Times", Tech Crunch, 2015.07.17, <https://techcrunch.com/2015/07/16/uber-launches-de-blasios-uber-feature-in-nyc-with-25-minute-wait-times/>

⁴⁸ "Taxi and Ridehailing Usage in New York City (New York Taxi and Limousine Data Aggregated)", toddwschneider.com, visited 2022.10.31, <https://toddwschneider.com/dashboards/nyc-taxi-ridehailing-uber-lyft-data/>

2015 found that the median taxi ride was \$1.40 cheaper⁴⁹. Despite this, Uber has seen a marked increase in the number of service providers, drivers, and users due to the convenience it offers to the public. Specifically, the Uber app made it easier for riders to find a ride, and the company expanded its service areas to include outer boroughs that were not served by traditional taxis. This expansion was part of Uber's business strategy to increase its customer base by providing services to previously underserved areas. Incentives were offered to drivers to work in these areas beginning in April 2015, and this strategy has proven successful⁵⁰. Alis Anfang, Uber's spokeswoman, stated that "Uber is proud that the communities outside of Manhattan, which yellow taxis go to the least, are our fastest-growing areas... As of July 2015, one-third of all Uber rides started in the outer boroughs and Upper Manhattan — a trend that has been increasing since we first came to NYC⁵¹."

An Explosive Number of Mobilization Participants Gathered in a Week

The online mobilization effort initiated by Uber on July 16, 2015, aimed to mobilize support from the 2 million Uber users in New York City against the proposed regulations by the government. The "de Blasio's Uber" feature added to the Uber app prompted users to send emails to Mayor Bill de Blasio and the City Council in opposition to the new bill, in exchange for access to

⁴⁹ "When a traditional cab is still cheaper than taking Uber", Washington Post, 2015.03.23, <https://www.washingtonpost.com/news/wonk/wp/2015/03/23/when-a-traditional-cab-is-still-cheaper-than-taking-uber/>

⁵⁰ "As Uber battle revs up, NYC mayor backs off", New York Times, 07.23.2015, <https://www.bostonglobe.com/business/2015/07/22/blasio-administration-dropping-plan-for-uber-cap-for-now/X2BuqZi9chopOJySMzlwZN/story.html>

⁵¹ "Uber Is Serving New York's Outer Boroughs More Than Taxis Are", FiveThirtyEight, 2015.08.10, <https://fivethirtyeight.com/features/uber-is-serving-new-yorks-outer-boroughs-more-than-taxis-are/>

services such as UberX and Uber Black⁵².

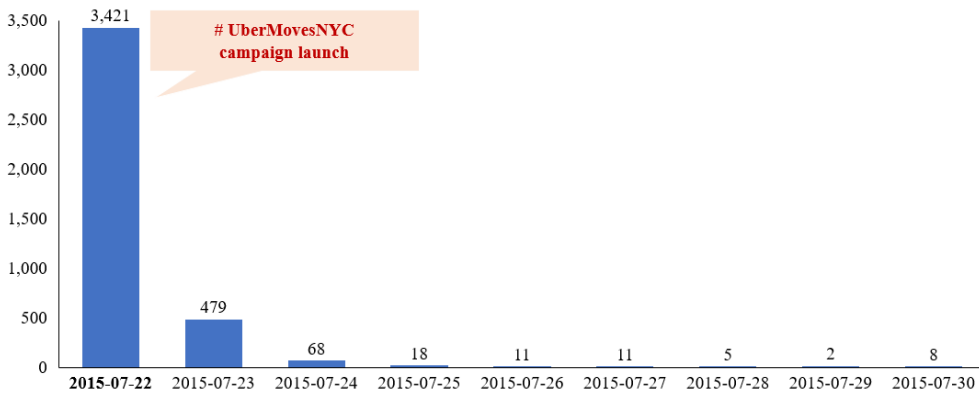
The rapid response from the Uber IIG indicated a clear opposition to the government's regulatory plan. To analyze the level of participation, the study analyzed the number of tweets during the data collection period of July 22 to 24. Online mobilization participants are known to participate in online movements only for a few days after important government announcements or protests by opposing parties, and the same was observed in the case of Uber New York. The study found that Uber was able to mobilize a large number of IIG participants and they actively supported Uber in a short period of time. This served as a political threat to the government authorities seeking to regulate the existing Uber services.

The rapid mobilization of a large number of IIG participants in support of Uber in New York demonstrated the potential for online activism to exert significant political pressure. This was evident in the number of emails and tweets sent to the Mayor's office and City Council between July 22 and 24th in response to Uber's #UberMovesNYC campaign. In just one week, the campaign generated 49,239 emails and 18,623 tweets from New Yorkers, of which 9,300 contained the hashtag #UberMovesNYC. Additionally, the campaign successfully enrolled 35,000 new riders to Uber during this short period⁵³. This large-scale public show of support for Uber posed a potential political threat to government authorities seeking to regulate Uber services.

⁵² "Uber Launches "De Blasio's Uber" Feature In NYC With 25-Minute Wait Times", Tech Crunch, 2015.07.17, <https://techcrunch.com/2015/07/16/uber-launches-de-blasios-uber-feature-in-nyc-with-25-minute-wait-times/>

⁵³ "How Uber fought City Hall, by the numbers", PRWeek, 2015.07.24, <https://www.prweek.com/article/1357604/uber-fought-city-hall-numbers>

Figure 5.4. Trend of Number of Tweets in New York



In order to gain insight into the characteristics of the IIG participants involved in the Uber New York campaign, this study conducted a comprehensive analysis of Twitter data, focusing on the top ten accounts with the highest number of tweets and those with the largest number of retweets. This approach was adopted as it was hypothesized that these individuals, as members of the derivative group, would play a significant role in expressing their support for Uber and similar concerns as other supporters through online mobilization. The results, as illustrated in Figure 5.5, revealed that the top ten most active Twitter accounts sent between three to eighteen tweets, with the majority of the accounts sending less than ten tweets. This result indicates that the number of participants was not exaggerated by a small group of individuals sending a large number of tweets, but rather, the general participants who expressed their interest and support through a few tweets shared with their friends formed the backbone of the IIG.

Additionally, the study also evaluated the impact of celebrity endorsements on the online mobilization campaign by analyzing the number of retweets generated by the tweets from well-known figures such as Ashton Kutcher, Kate Upton, and Neil Patrick Harris. The results showed that a total of 2,029 retweets, equivalent to 50.4% of the total number of tweets, were generated from the tweets shared by these celebrities, which included actors, a model, and a U.S. Senator. This finding suggests that celebrity support likely served as an initiator to encourage inactive or hesitant individuals to take small actions, such as checking out messages, pressing “likes,” or sharing posts, to show their support for the Uber service.

Figure 5.5. Top 10 Twitter Accounts in New York: Tweet Count

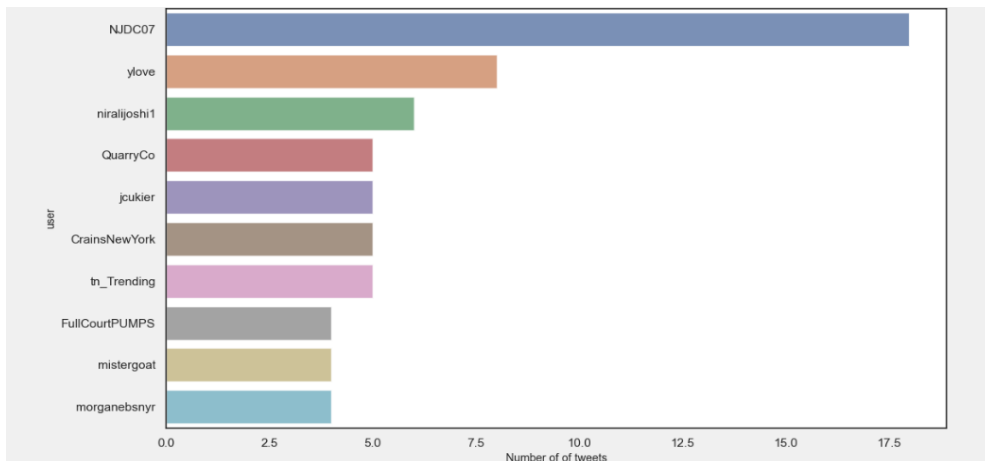


Table 5.1. Top 10 Twitter Accounts' Information in New York

<i>User Type</i>	<i># of Tweets</i>	<i>Key Characteristics</i>		<i>Key Message (The First Tweet Message)</i>
		<i># of Followers</i>	<i># of Friends</i>	
Personal	18	5,599	5,680	@PerezHilton @Billde Blasio HORRIBLE @Uber Lack of Wheel Chair Access Company! http://t.co/0X0AYG0Skz #ADA25 @UnitedSpinal #UberMovesNYC
Personal	8	9,907	3,331	Listen. NYC does not NEED @uber. We need transit. #UberMovesNYC is not a movement, it's PR. @Billde Blasio should #FixTLC, not #saveUBER.
Personal	7	7	2	microsoft office technical support phone Call 1-800-939-9961 #UberMovesNYC http://t.co/CB2UdOptQX
Personal	6	500	4,996	At times I may be critical of @Uber but they're my primary form of transportation and sorry De Blasio but you're 1000% wrong #UberMovesNYC
Personal	6	8,231	1,321	so i was hugely disappointed to read this http://t.co/Pc0h5fqGTm #ubermovesNYC
Corporate (News Channel)	6	55,572	6,583	Albany vexes @Billde Blasio again, this time on @Uber cap http://t.co/QwUA9VGyxi via @andyjayhawk #UberMovesNYC
Personal	6	416	22	#UberMovesNYC on #theneeds: http://t.co/hRguWZ1133
Social Media Influencer	3	64,674	2,083	@Billde Blasio How can you say Uber causes congestion when the avg. # of Uber cars in the CBD from 7am to 7pm is 2,000?

Personal	3	990	1,068	#UberMovesNYC? Only if you have a credit card, don't use a wheelchair, & don't mind complete lack of regulation. #UberDoesntMoveWheelchairs
Personal	3	1,286	215	#ubermovesNYC #DinahJanePostedOnShots #ShotsByBryant #HarmonizersOnShots @justinbieber

Table 5.2. New York Twitter Accounts with 100+ Retweets

<i>User Type</i>	<i># of Followers</i>	<i># of Friends</i>	<i># of Retweet</i>	<i>Date of Tweet</i>	<i># of Likes</i>	<i>Tweet Message</i>
Public Figure (Actor)	25,491,110	167	546	2015.07.22	1,075	@Billde Blasio: 25K new residents use @Uber_NYC each week. How is a fixed # of cars supposed to serve this demand for rides? #UberMovesNYC
Public Figure (Model)	2,103,166	174	545	2015.07.22	753	@Billde Blasio Why do you want to return to days when only those in Midtown & Lower Manhattan could get a ride? #UberMovesNYC
Public Figure (Author)	115,077	912	411	2015.07.23	60	Thank you @BillDe Blasio: #UberMovesNYC indeed. @Uber, one of my favorite companies of this era! #NYC
Public Figure (Actor)	4,201,080	4	264	2015.07.22	628	Hey @Billde Blasio - where is the forward thinking creative leader we all fell for? Don't. Kill. Progress. #UberMovesNYC
Public Figure (Actor)	851,171	896	135	2015.07.22	224	@Billde Blasio Why have you repeatedly refused to support a plan for congestion pricing to ease traffic? #UberMovesNYC
Public Figure (US Senator)	4,414,518	2543	128	2015.07.22	254	Thanks @Uber for the ride in NYC last night. #ubermovesNYC

High Level of Political and Public Interest

The government's announcement of its intention to regulate Uber led to immediate resistance from both the company and its political supporters. The CEO of Uber, Travis Kalanick, argued that the proposed regulations would harm the company's business by limiting the number of cars on the road, making it harder for riders to find a ride. He also stated that the company was already heavily regulated by the state and that the proposed regulations by the TLC were unnecessary. The intervention of Governor Andrew Cuomo, who supported the company and considered it a great invention and a source of job growth, further escalated the conflict between the government and Uber. He argued "Uber is one of these great inventions, start-ups, of this new economy... It is offering a great service for people, and giving people jobs. I don't think government should be in the business of trying to restrict job growth⁵⁴."

To mobilize public opposition to the government's policy, Uber sent out emails to its users, asking them to attend a protest on June 29. The demonstration was advertised to riders and drivers via email and in-app notifications, and Uber offered users free UberPOOL rides to and from the demonstration from anywhere in the city. As a result, an offline protest with approximately 60 participants took place at NYC City Hall against the bill regulating new driver signups. The results of the study's analysis of Twitter data, including the top ten Twitter accounts with the highest number of tweets, showed that the immediate response to the government's announcement was

⁵⁴ "Comparing the gig economy to sweatshops, Cuomo vows to end the 'fraud'," POLITICO, 2020.01.08, <https://www.politico.com/states/new-york/albany/story/2020/01/08/comparing-the-gig-economy-to-sweatshops-cuomo-vows-to-end-the-fraud-1247392>

a coordinated effort by Uber and its political supporters to mobilize public opposition to the proposed regulations⁵⁵.

- ***IIG’s High-Level of Political Messaging Power***

IIG’s Consistency in the Mobilization Messages

The study aimed to analyze the consistency of the mobilization messages of the IIG members. To this end, sentiment analysis and word cloud methods were used to examine the sentiment messages conveyed and how they evolved over time.

In the case of New York, the sentiment analysis revealed that the majority of tweets were neutral or positively oriented, with a polarity score between 0.0 and 0.50. Additionally, the subjectivity of the tweets was found to increase, indicating that the participants were eager to express their opinions and emotions. The tweets exhibiting high polarity carried positive sentiments toward the movement, employing words such as “keep,” “great,” and “let.” A sample of tweets with the highest polarity is provided below:

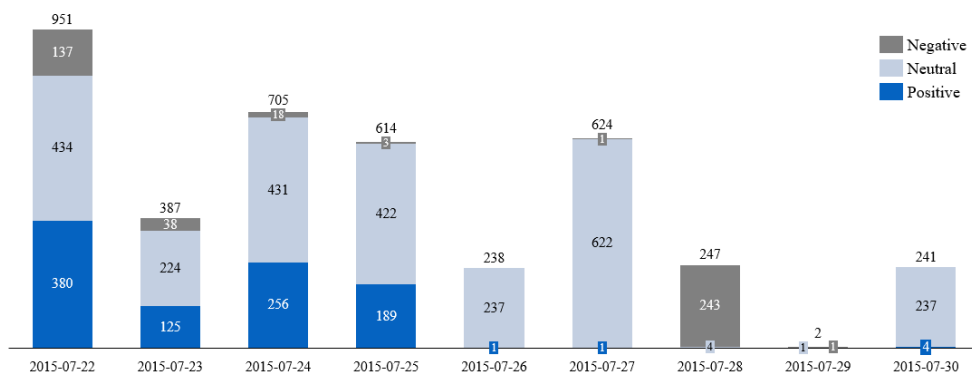
- @BilldeBlasio Why ruin the best car service in NYC?! Keep Uber moving!! #UberMovesNYC
- Great campaign @Uber !! #UberMovesNYC @Uber_NYC @deBlasioNYC

⁵⁵ “Uber Stages Protest At NYC City Hall Against Bill Throttling New Driver Signups”, Tech Crunch, 2015.07.01, https://techcrunch.com/2015/06/30/uber-stages-protest-at-nyc-city-hall-against-bill-throttling-new-driver-signups/?_ga=2.61647084.1384262381.1645450672-1385158818.1643787063

- Let's just allow the market to handle this as well. Deregulation worked marvelously with the banking industry. Oh, wait.
#UberMovesNYC

The results of the sentiment analysis, depicted in Figure 5.6, suggest that the participants in the IIG were exhibiting a neutral to positive attitude towards Uber services in New York, accompanied by a heightened level of subjectivity in their Twitter messages.

Figure 5.6. Sentiment Analysis of New York’s Uber Discussion

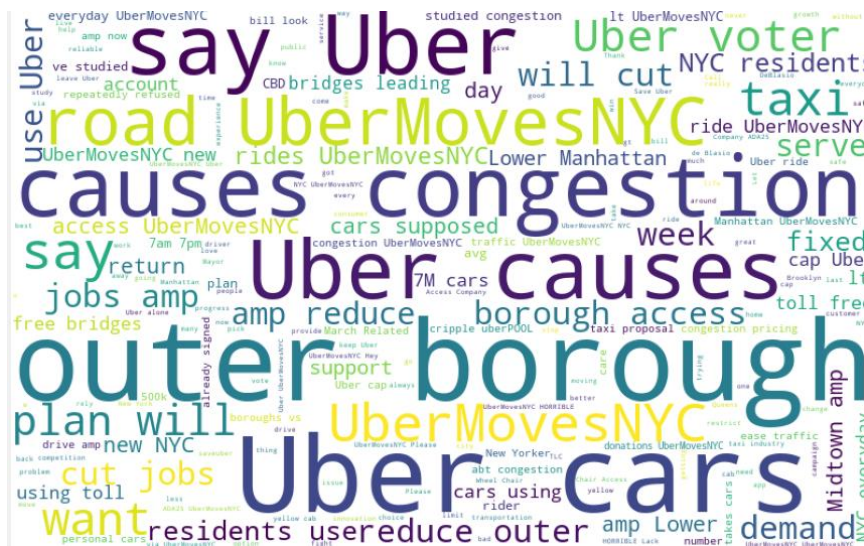


To delve further into the underlying reasons for this supportive stance, a word cloud analysis was conducted on the Twitter messages of the IIG members. The results of this analysis revealed the prominence of phrases such as “say Uber”, “causes congestion”, “Uber causes”, “outer borough”, and “Uber cars”.

This analysis implies that the participants in the IIG, or supporters of Uber New York, were particularly concerned with the congestion issues faced

by the residents in outer borough areas. The provision of Uber services in these areas helped alleviate the congestion and made commuting to the city center easier for the residents. This aligns with Uber's strategy to expand its customer base by serving areas that were previously neglected by the taxi industry. Furthermore, the growth of the Uber customers, as a result of these efforts, laid the foundation for the participants' involvement in the mobilization efforts to support the Uber services. It can be posited that a significant proportion of the IIG participants were using the Uber services to fulfill their previously unmet needs.

Figure 5.7. Word Cloud Analysis of New York's Uber Discussion



5.3.5. The Government's Response

The resolution regarding the potential implementation of a 1% cap on Uber's growth in New York was delayed on July 22, following the proposal by the mayor's office to conduct a year-long study. This decision was made less than a month after the mayor had initially proposed the bill to the City Council. The postponement of the vote highlights the complexity and nuance of the regulatory process surrounding ride-sharing companies, as well as the need for comprehensive examination of the issue prior to the implementation of restrictive measures⁵⁶.

5.3.6. Case Conclusion

The case of Uber in New York provides an illustration of the active influence that IIG can have on the regulatory process. As of July 2015, Uber had 19,000 vehicles operating in the city, compared to 13,000 taxis, and an estimated two million users. This high level of adoption and usage of the service, combined with the voluntary mobilization of drivers and users, enabled Uber to demonstrate its capabilities in terms of mobilization, organization, and political messaging.

The week-long #UberMovesNYC campaign, which took place from July 22, 2015, saw significant support for the company with 49,239 emails sent to the mayor's office and City Council, as well as 18,623 tweets in support of

⁵⁶ "How Uber drove circles around New York City's mayor", PRWeek, 2015.07.23, <https://www.prweek.com/article/1357424/uber-drove-circles-around-new-york-citys-mayor>

Uber, nearly 9,300 of which included the hashtag. This demonstrated the significant level of engagement of the IIG members, who were motivated by their concerns over congestion in the outer boroughs should regulations be imposed on Uber services.

The analysis of the IIG's Twitter messages, through sentiment analysis and word cloud, indicated that participants were supportive of Uber services, and primarily concerned with the congestion caused in the outer boroughs. This aligns with Uber's expansion strategy to target isolated areas, leading to growth in their customer base.

In conclusion, the case of Uber in New York highlights the effective role that IIGs can play in shaping the regulatory environment for innovative services and technologies. With the active participation of IIG members, Uber was able to avoid regulatory sanctions and delay a City Council vote that could have imposed a 1% cap on its growth in the city for a year-long study.

5.4. Supplementary Uber Case Study (2): London, 2015

5.4.1. Case Introduction

London was one of the first cities in which Uber entered the European market, but it was also one of the first cities to face strong opposition from the taxi industry. The launch of the UberX service in 2012 positioned it as an efficient option similar to black cabs, but with prices comparable to minicabs. The taxi industry's opposition was primarily driven by the fact that UberX allowed anyone with a private hire license, a relatively new saloon car, insurance, and the £250 permit issued by Transport for London, to pick up customers for lower fees (£1.75 per mile, compared to £3.50 to £4 for traditional cab companies).

The Expansion of Uber and the Resistance from the Taxi Industry

As UberX gained popularity in London, with over 4,000 drivers signing up in the first six months, taxi drivers organized a protest against the service's expansion in the city on June 11, 2014⁵⁷. The demonstration was attended by thousands of licensed drivers from organizations such as the Rail, Maritime, and Transport Union (RMT), the London Cab Drivers Club (LCDC), and the Licensed Taxi Drivers Association (LTDA)⁵⁸. The demonstration, which took

⁵⁷ "London's anti-Uber taxi protest brings traffic to standstill", BBC, 2014.06.11, <https://www.bbc.com/news/uk-england-london-27799938>

⁵⁸ "Thousands of European Cab Drivers Protest Uber, Taxi Apps", The Wall Street Journal, 2014.06.11, <https://www.wsj.com/articles/londons-black-cab-drivers-protest-against-taxi-apps-1402499319>

place in Trafalgar Square⁵⁹, was a go-slow protest, and it directed the drivers' anger at both Transport for London (TfL⁶⁰) and the government, particularly Mayor of London, Boris Johnson, due to the lack of regulation of apps like Uber. The drivers specifically pointed out that although the app provides taxi services, it does not meet the requirements for using a taximeter, which only black cabs are legally entitled to use, and its drivers do not undergo the same length of training – between four and seven years – as taxi drivers before being licensed⁶¹.

On May 26, 2015, cab drivers in London organized a protest against the lack of government regulation and the expansion of Uber. The United Cabbies Group brought traffic to the streets surrounding the House of Commons to restrict the unlicensed business of Uber. The drivers gathered outside the headquarters of the TfL and argued that the TfL was not fulfilling its duty in ensuring public safety in London taxis.

As a result of the demonstration, TfL issued a statement asking the cab drivers to call off the protest and promised to provide a full response to the concerns raised in the report titled “Future Proof,” which called for a long-term strategy to enforce taxi regulation and prevent illegal toutting⁶². Garrett Emmerson, TfL's Chief Operating Officer for Surface Transport, stated that

⁵⁹ “London taxi drivers in go-slow protest against Uber phone app”, Guardian, 2014.06.11, <https://www.theguardian.com/uk-news/2014/jun/11/london-taxi-drivers-protest-uber-app>

⁶⁰ A local government body that regulates public transport in London

⁶¹ “London's anti-Uber taxi protest brings traffic to standstill”, BBC, 2014.06.11, <https://www.bbc.com/news/uk-england-london-27799938>

⁶² “‘Uber protest’ by black cab drivers brings traffic chaos to Westminster”, Guardian, 2015.05.26, <https://www.theguardian.com/uk-news/2015/may/26/black-cab-drivers-tfl-protest-traffic-chaos-westminster-uber>

the TfL was determined to protect the livelihoods of all legitimate taxi and private hire drivers and would be relentless in improving public safety.

In December 2014, Chair of the Transport Committee Caroline Pidgeon had previously criticized TfL for being woefully inadequate as a regulator and enforcer of the trade, as outlined in the Future Proof paper. TfL claimed that it had already considered the report and was taking action on its recommendations⁶³.

Major Participants in the Conflict

The Uber case in London was characterized by the presence of three primary actors, including the IIG, the government and its affiliated organizations, and established interest groups from the taxi industry. The role of the government and its affiliated entities, namely the TfL, was clearly defined as the primary regulator responsible for announcing policy directives in relation to Uber and its operations in the city. As a result, TfL emerged as a focal point of criticism and opposition from both the Uber-affiliated Interest Group and established taxi interest groups, who sought to challenge and critique the government's regulatory actions.

⁶³ "Taxi drivers announce fresh protest and vow to ramp up central London blockades 'until TfL acts'", Evening Standard, 2015.05.12, <https://www.standard.co.uk/news/london/taxi-drivers-announce-fresh-protest-and-vow-to-ramp-up-central-london-blockades-until-tfl-acts-10245608.html>

5.4.2. The Government's Initial Regulatory Announcement

The Government's Regulatory Will to Regulate Uber Service

In the context of the legal battle surrounding the presence of Uber in London, the primary actors involved were the responsible government entities, in this case represented by TfL, as well as established interest groups including black cab and minicab drivers, and the IIG⁶⁴. The regulatory measures proposed by TfL were a response to the mounting pressure from established taxi interest groups, who had expressed their dissatisfaction with the perceived lack of action by the previous mayor, Boris Johnson, and TfL. On September 29, 2015, TfL announced a set of proposals aimed at regulating Uber's existing business model, which included a minimum interval of five minutes between booking and journey initiation, as well as requirements for drivers to pass an English language test and a map reading assessment. The introduction of these measures was met with criticism by the IIG, as well as concerns from TfL regarding the exponential growth in private hire vehicles, which had risen from 59,000 in 2009-2010 to 20,000 drivers, leading to issues such as traffic congestion, illegal parking, and negative impacts on air quality. TfL's Chief Operating Officer for Surface Transport, Garrett Emmerson, noted that the rapid growth was largely due to Uber's innovative technology. In light of these circumstances, TfL extended the consultation period until December 23, 2015, in order to gather feedback from both the trade and the general public⁶⁵.

⁶⁴ "Uber wins high court case over taxi app", Guardian, 2015.10.16,

<https://www.theguardian.com/technology/2015/oct/16/uber-wins-high-court-case-taxi-app-tfl>

⁶⁵ "Uber says five-minute delay for minicabs 'huge mistake' for London", Guardian, 2015.11.03,

5.4.3. The Emergence of the IIG and its Continuous Impacts

- **IIG's Strong and Immediate Mobilization Power**

Competitive Number of Drivers and Users of Uber

The number of drivers affiliated with the IIG and the established taxi interest group serve as direct indicators of the size of the primary group of the IIG and the established interest group, respectively. In London, as of November 2015, Uber had 20,000 drivers⁶⁶ compared to 25,200 licensed taxi drivers in the city as of March of the same year⁶⁷. This disparity suggests that the potential number of participants in the IIG primary group could potentially outnumber those in the black cab interest group.

To estimate the size of the derivative group, the study analyzed the user base of Uber and London's black cabs. Uber claimed to have transported over one million passengers in 2014⁶⁸, while London's black cabs facilitated over 9 million journeys from 2011 to 2014⁶⁹, averaging approximately 2.25 million per year. While the number of London taxi users exceeded that of Uber, the absolute number of Uber users, exceeding one million, held political

<https://www.theguardian.com/technology/2015/nov/03/uber-five-minute-delay-minicabs-mistake-london-tfl>

⁶⁶ "Uber drivers protest over fee rise in first London demo", The Guardian, 2015.11.12, <https://www.theguardian.com/business/2015/nov/12/uber-drivers-protest-at-fee-hike-in-first-london-demo>

⁶⁷ "Taxi and Private Hire Vehicle Statistics: England 2015", Department for Transport, 2015.08.25,

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/456733/taxi-private-hire-vehicles-statistics-2015.pdf

⁶⁸ "Uber to create 50,000 jobs across Europe", Techmonitor, 2015.01.19,

<https://techmonitor.ai/technology/uber-to-create-50000-jobs-across-europe-4491524>

⁶⁹ "London's 22,500 Black Cabs Go Mobile with HailoPay (Nov. 12, 2015)", FinTech Futures, 2015.11.12,

<https://www.fintechfutures.com/2015/11/londons-22500-black-cabs-go-mobile-with-hailopay-nov-12-2015/>

significance. Additionally, the upward trend in the number of Uber users further emphasized the political importance of this group.

Moreover, Uber offered superior services in terms of both price and quality. Specifically, Uber provided customers with relatively new saloon cars for quicker and lower cost rides at a rate of £1.75 per mile, which was half the cost charged by traditional taxi companies⁷⁰. According to a research paper presented by the LTDA, Uber passengers preferred the company over black cabs due to its more visible arrival time and upfront cost estimates⁷¹. In conclusion, it could be argued that Uber's provision of lower fares and higher quality services broadened the basis for the estimated size of the derivative IIG's potential political influence.

Abrupt and Mass Public-based Online Mobilization Participation

The announcement of the government's regulatory intentions towards Uber in London prompted an immediate online response from the IIG. On September 29, the regulatory body, TfL, issued a set of proposals for regulating Uber's business operations, including a minimum interval of five minutes between booking and the start of a journey. The consultation period was opened until December 23 to allow for stakeholder input.

TfL's decision to grant Uber a two-month license on September 24 and the subsequent regulatory announcement prompted the formation of the IIG, which mobilized to show support for Uber and resist TfL's efforts to restrict the existing service. This was evident in the increase of Twitter messaging

⁷⁰ "How Uber conquered London", The Guardian, 2016.04.27, <https://www.theguardian.com/technology/2016/apr/27/how-uber-conquered-london>

⁷¹ "Saving the Black Cab", The Licensed Taxi Drivers' Association, 2016.10, https://www.ltda.co.uk/assets/files/downloads/LTDA_Saving_the_black_cab.pdf

activity, as demonstrated by Figure 5.8. On the day of the regulatory announcement, there were 600 tweets and this number rose to over 1,600 the following day. These findings suggest that the IIG was able to quickly mobilize in response to the regulatory threat and actively engaged in advocacy efforts to protect the convenience of the Uber service.

- **The IIG's Successful Organizing Power**

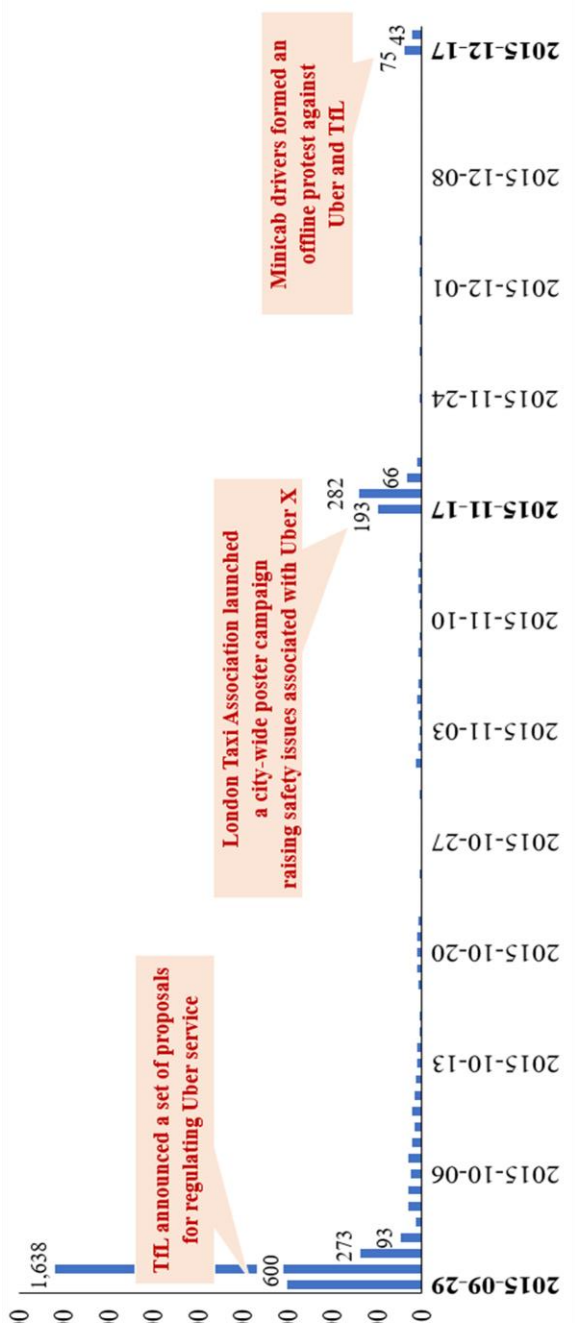
Targeted Massive Participation for the Uber-Led Online Petition

As part of its response to the regulatory measures proposed by the TfL, Uber initiated a multi-pronged approach to mobilize its supporters. The launched an online petition, which was aimed at convincing the TfL to withdraw its proposals. Then, Uber reached out to its London customers through email, highlighting the importance of the service in providing convenient and affordable rides to millions of Londoners, and emphasizing the role of the government in restricting the technology.

In addition to the online petition, Uber also submitted a formal response to the TfL consultation, presenting data to support its argument that the proposed measures would negatively impact its drivers. The company highlighted that over 43% of trips using the Uber app in September started within five minutes of booking, and estimated that the TfL proposal would result in a financial loss of nearly £19 million a year for its drivers⁷², who would have to spend more time waiting for trips instead of earning fares.

⁷² “Uber drivers submit 200,000 strong petition opposing new rules for private hire cars”, Evening Standard, 2015.12.22, <https://www.standard.co.uk/news/london/uber-drivers-submit-200-000-strong-petition-opposing-tfl-private-hire-clampdown-a3143186.html>

Figure 5.8. Trend of Number of Tweets in London



The response from Uber's supporters was overwhelmingly positive, with the online petition garnering more than 60,000 signatures within just 12 hours of the email being sent out⁷³. Over the next few days, the number of signatures continued to rise, gathering 90,000 signatures by the mid-afternoon of the next day⁷⁴, reaching 130,000⁷⁵ by November 3 and 205,000 by December 2⁷⁶. This outpouring of support from the public demonstrated the significant influence of the interest group formed by Uber and its supporters, and their potential political force in the ongoing regulatory debate.

Repetitive IIG Mobilization Activities

In the case of London, the pattern of online activity in support of Uber was similar to that seen in New York, but with a longer time frame of approximately four months. During this time, there were three peak periods of Twitter activity, occurring from September 29 to October 1, from November 17 to 19, and from December 17 to 18. Despite a decline in the number of tweets over time, the IIG demonstrated persistent involvement in pro-Uber online activities.

⁷³ "Uber emailed a petition to all of its customers in London after it was stripped of its licence", Business Insider Australia, 2017.09.23, <https://www.businessinsider.com.au/uber-emails-london-customers-a-petition2017-9-2017-9>

⁷⁴ "Uber fights back with petition after TfL launches consultation", Guardian, 2015.09.30, <https://www.theguardian.com/technology/2015/sep/30/uber-fights-back-petition-mayor-launches-consultation>

⁷⁵ "Uber says five-minute delay for minicabs 'huge mistake' for London", Guardian, 2015.11.03, <https://www.theguardian.com/technology/2015/nov/03/uber-five-minute-delay-minicabs-mistake-london-tfl>

⁷⁶ "Uber backed by competition watchdog in TfL regulation battle", Guardian, 2015.12.02, <https://www.theguardian.com/business/2015/dec/02/uber-competition-watchdog-tfl-regulation-battle>

The first peak in activity was observed from September 29 to October 1, shortly after the TfL announced regulatory proposals for Uber's business. The second peak occurred on November 17, when the London Taxi Association launched a city-wide poster campaign raising safety concerns about Uber X. The advocacy campaign, which was launched in over a dozen downtown London bars and restaurants, as well as on the campuses of Fanshawe College and Western University, encouraged riders to ask questions before taking an unmarked UberX car. Riders were asked: Whose Car Are You Getting Into? UberX? and emphasized the lack of sufficient insurance, full background checks for drivers, and mandatory vehicle inspections⁷⁷. As a response to the opposition party's offline campaigns, the IIG once again gathered online voluntarily to voice for the UberX service.

The last peak in activity took place on December 17, when minicab drivers staged an offline protest against both Uber and TfL over the way the taxi industry was being regulated. The newly formed United Private Hire Drivers (UPHD) organization led the protest, demanding a cap on the number of licensed drivers in the city. In response, a TfL representative stated that UberPool service was not separately regulated and did not need to follow certain laws as it was included in the company's main operating license⁷⁸.

As the consultation on regulating Uber and other non-black taxis was due

⁷⁷ "Media Advisory: London Taxi Association Launches Public Awareness Campaign Around Uber X", GlobeNewswire, 2015.11.17, <https://www.globenewswire.com/fr/news-release/2015/11/17/1263824/0/en/Media-Advisory-London-Taxi-Association-Launches-Public-Awareness-Campaign-Around-Uber-X.html>

⁷⁸ "London cab drivers will protest against Uber and its regulation by Transport for London today", City A.M., 2015.12.17, <https://www.cityam.com/london-cab-drivers-will-protest-against-uber-and-its-regulation-by-transport-for-london-today/>

to close on December 23 and the outcome would determine the fate of Uber in the capital, some IIG members may have felt the need to voice their opinions by tweeting. This activity ended when the TfL announced its decision on January 20, which was not to implement the policy proposals following the consultation. The TfL dropped the most contentious proposals, including compulsory five-minute wait times and the ban on showing cars in apps, along with other discarded proposals such as limiting drivers to registering with only one minicab firm at a time⁷⁹.

- **The IIG’s Meaningful Political Messaging Power**

Shared Political Messages Among the IIG Participants

In addition, even though the Twitter messaging participants included not only Uber’s IIG members but also traditional taxi drivers, the IIG was able to have a chance to win as their messages showed somewhat organized political messages.

Unlike the case of New York, participants in Uber London-related Twitter activities seemed to be both the ones who were actively participating in the activities of the established interest groups and the IIG members supporting Uber London. On the one hand, more than half of the top 10 Twitter accounts that shared the highest number of tweets were sharing negative messages toward the Uber London service. The messages included such things as sharing the car crash photos, articles about a customer who got a threatening

⁷⁹ “Uber hails victory after Transport for London drops restrictions”, Guardian, 2016.01.20, <https://www.theguardian.com/technology/2016/jan/20/uber-claims-victory-after-tfl-drops-proposed-restrictions>

phone call from an Uber driver after the service, stories of Uber drivers charging fees even after cancellation, and arguing that Uber does not care about playing by the rules but is trying to force policymakers to enforce new rules for their services. According to Table 5.3. and Table 5.4, among the top 10 Twitter accounts, approximately six of them were against the Uber service. In addition, two out of the top 10 users' shared Twitter links were not active anymore, resulting in the fact that they were the only ones who were actively participating in supporting Uber.

Figure 5.9. Top 10 Twitter Accounts in London: Tweet Count

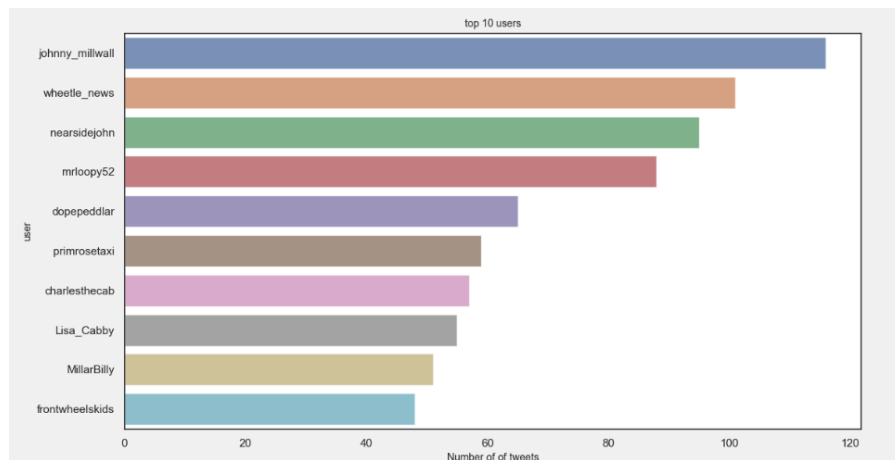



Table 5.3. Top 10 Twitter Accounts' Information in London

<i>UserType</i>	<i># of Tweets</i>	<i>Key Characteristics</i>		<i>Key Message (The first Tweet message)</i>
		<i># of Followers</i>	<i># of Friends</i>	
Personal	116	937	397	#UbermovesLDN https://t.co/ewKXqsAQgn
Corporate (News App)	101	14	421	What 9gag is lately http://t.co/INV503nulH #UbermovesLDN
Personal	95	956	627	#UbermovesLDN My Nine Months as an Uber Customer Service Rep - The Billfold http://t.co/7Bk9hBhUZh
Personal	88	1,075	410	#saveuber #UbermovesLDN http://t.co/qlIPaO3izQ
Corporate (Taxi)	65	1,204	1,939	#saveuber #uberred #UbermovesLDN https://t.co/WBzfoVg2gz
Corporate (Taxi)	59	1,999	2,312	#uberred #saveuber #ubercrash #london #UbermovesLDN @TfLTPH http://t.co/Ky0uTtFCrE
Corporate (Taxi)	57	2,631	4,997	#UbermovesLDN https://t.co/kLOXV9vkKE
Corporate (Taxi)	55	2,155	1,805	#uberred #uberfraud #saveuber #UbermovesLDN https://t.co/IieRYWoWDC
Personal	51	253	1,394	#UbermovesLDN https://t.co/hGAT9WwbWi
Corporate (Taxi)	48	336	445	#UbermovesLDN http://t.co/NftIOKtyk3

Table 5.4. London Twitter Accounts with 100+ Retweets

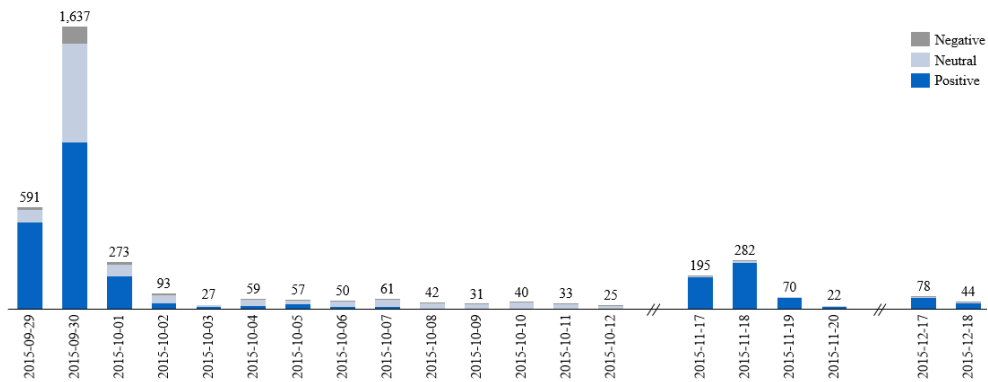
<i>User Type</i>	<i># of Followers</i>	<i># of Friends</i>	<i># of Retweet</i>	<i>Date of Tweet</i>	<i># of Likes</i>	<i>Tweet Message</i>
Public Figure (Youtube Influencer)	81,648	2,176	1,025	2015.10.01	8	If you love @UberUK just as much as I do sign this petition https://t.co/E17P6uKil2 #UbermovesLDN
UberUK (Uber Official Twitter)	41,088	900	444	2015.09.29	253	Uber London needs your support. Sign the petition to let @TfL know riders and drivers come first https://t.co/8zIWGnuMoI #UbermovesLDN
Personal (Black Cab Driver)	2,244	4,161	224	2015.11.05	53	Who's driving you? Another uber rapists... At least this one caught & sent to prison #uberred #UbermovesLDN https://t.co/ZyNIZSS0yM
Personal (Black Cab Driver)	2,244	4,161	125	2015.11.11	39	There's more to this moron...  @TfLTPH #uberred #UbermovesLDN

As conflicts between the IIG and the established interest groups were more severe in online space, unlike New York's case, tweets from Londoners for Uber-related mobilization showed opinions that showed positive sentiment at a higher proportion among the total polarity dynamics. Considering that Uber movements in London had both Uber supporters and taxi drivers, this "positive" sentiment among tweets could mean that they were both actively showing their emotions in the messages that they shared on Twitter. That is, they were conflicting online by arguing their opinions against each other's side not only by sharing the information and reasons but also by sharing their emotions.

However, the important point that should be made is that the result of Figure 5.10 should also be considered. It is quite interesting to acknowledge that subjectivity and polarity go along with each other and maintain a similar level for the three peaks over time by sharing information or their opinions. This would imply that both sides were active on Twitter, each to support their own side, causing confusion for the government in forming or deciding on policy direction. Positive productivity that holds positive sentiments includes keywords such as "brilliant," "awesome," and "fans." Here are some more examples of messages:

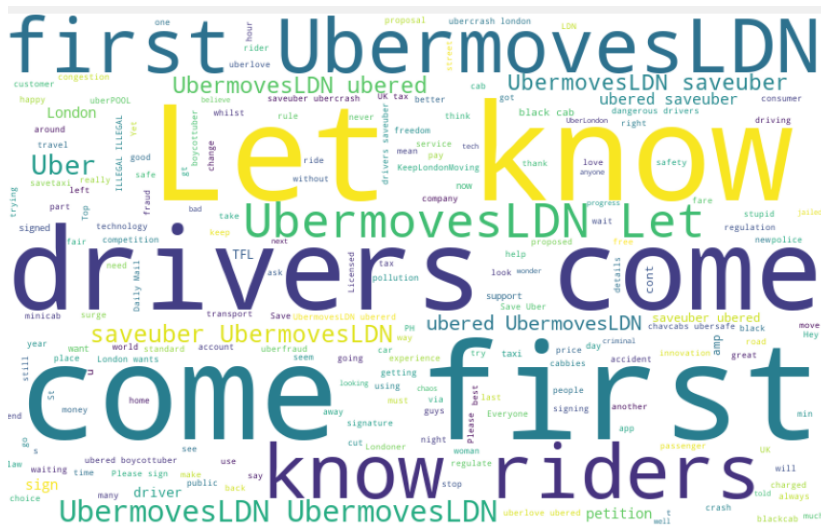
- #UbermovesLDN what a brilliant company!!! @The_LCDC
@TheLTDA <http://t.co/BNms1zoaxV>
- @UberUK awesome job hitting 100,000 signatures in 24 hours!!
#GoUber! @Uber #UberMovesLDN
- Calling all @Uber fans. Now is the time to show your support
for a great taxi company! <https://t.co/WFfEW83qmx>
#UbermovesLDN

Figure 5.10. Sentiment Analysis of London's Uber Discussion



The study also points out that the IIG's messages tended to hold clear information of what the IIG participants wanted to argue against the established interest groups' arguments. In order to figure out which messages could have pushed the government, the study analyzed the specific phrases that appeared repeatedly during the mobilization period by presenting a word cloud. There, phrases like "Let know drivers come," "come first," "know riders," and "UbermovesLDN" were discovered to be used. When combined, these words make up Uber's online slogan, which was "Let TfL know riders and drivers come first." Accordingly, it could be said that while the taxi drivers could not align their messages to fight against the Uber supporters, pro-Uber supporters came together to show their positive attitudes toward the service by sharing Uber's online slogan. In short, the IIG maintained a high level of consistency in their online postings, allowing them to exert greater political pressure on the government.

Figure 5.11. Word Cloud Analysis of Lodon's Uber Discussion



5.4.4. The Government's Final Decision

The study highlights the favorable outcomes that resulted from the strong support received by Uber from both its producers and consumers, which reflected the level of public opposition towards the proposed regulations by the TfL. As a result, Uber anticipated positive decisions from both the judiciary and the government. On October 16, 2015, the High Court made a landmark ruling in favor of Uber by declaring that its privately hired vehicles are not illegal as they are not equipped with taximeters. The study highlights the favorable outcomes that resulted from the strong support received by Uber from both its producers and consumers, which reflected the level of public opposition towards the proposed regulations by the TfL. As a result, Uber anticipated positive decisions from both the judiciary and the government. On

October 16, 2015, the High Court made a landmark ruling in favor of Uber by declaring that its privately hired vehicles are not illegal as they are not equipped with taximeters. Despite opposition from the LTDA, TfL welcomed the clarification provided by the court on the taximeter issue.

The TfL's potential policy direction was significantly impacted by the favorable legal decision and the Competition and Markets Authority (CMA) announcement on December 2, 2015, three weeks prior to the conclusion of the TfL's consultation process. The CMA warned that nine out of the 25 proposed TfL regulations would negatively impact customers and weaken competition. This intervention by the CMA, combined with the 200,000 signatures received by Uber for its online petition, exerted significant pressure on the TfL to make policy decisions influenced by both the black-cab drivers and Uber supporters. It stated that those proposals would "impose regulation that excessively and unnecessarily weakens competition, to the overall detriment of users of taxi and private hire services in London⁸⁰," including fixing fares in advance and a five-minute wait for a car. By then, Uber had gotten around 200,000 signatures for its online petition. The CMA's comments were viewed as an unusual intervention by the TfL, putting significant pressure on the TfL to make policy decisions influenced by both black-cab drivers and Uber supporters.

Finally, on January 20, 2016, TfL announced that it had decided not to implement the proposed policies after conducting a consultation that was

⁸⁰ "Uber backed by competition watchdog in TfL regulation battle", Guardian, 2015.12.02, <https://www.theguardian.com/business/2015/dec/02/uber-competition-watchdog-tfl-regulation-battle>

launched in September. The most contentious proposals, including the compulsory five-minute wait time and the ban on showing cars in apps, were dropped, among others⁸¹. With these outcomes, it can be concluded that Uber emerged as the victor in this political battle.

5.4.5. Case Conclusion

The case of Uber in London shows both similarities and differences with other successful cases of the company pushing back against government regulations. One of the key factors in Uber's success in London was the large base of support it had from both drivers and customers. At the time, the company had approximately 20,000 drivers compared to the number of licensed drivers in March 2015, and had already served around one million passengers in that year. This large user base was instrumental in Uber's ability to mobilize support for their cause through online petitions and social media campaigns.

One of the most effective methods of mobilization for Uber in London was an online petition that the company started in response to the government's regulatory proposals. The petition was widely shared and quickly gained traction, with over 60,000 signatures gathered within 12 hours of the emails being sent out. By the end of the next day, the number of signatures had risen to 90,000 and by November 3, the petition had reached 130,000 signatures. By December 2, the number of signatures had reached

⁸¹ "Uber hails victory after Transport for London drops restrictions", Guardian, 2016.01.20, <https://www.theguardian.com/technology/2016/jan/20/uber-claims-victory-after-tfl-drops-proposed-restrictions>

205,000, demonstrating the public's explosive resistance to the government's proposed regulations.

Additionally, the active engagement of the IIG in the Twitter sphere helped to amplify the public's opposition to the government's proposals. The IIG participants used phrases such as "Let the drivers come," "come first," "know the riders," and "UbermovesLDN" to express their dissatisfaction with the government's intention to impose a five-minute wait time on the allocation of Uber cars. These phrases were combined to form the online slogan "Let TfL know riders and drivers come first," which effectively communicated the public's support for Uber and their opposition to the government's proposals.

Finally, on January 20, 2016, TfL announced that it had decided not to implement the policy proposals after conducting a consultation that was launched in September. This outcome is consistent with similar cases in New York, where the active responsiveness of the IIG and the public's support for Uber helped to prevent the government from pursuing its initial regulatory intentions. The case of Uber in London highlights the power of public mobilization and the importance of considering the perspectives of both the government and the public when crafting regulations.

5.5. Supplementary Uber Case Study (3): Paris, 2015

5.5.1. Case Introduction

Paris, as one of the very first European cities that Uber entered, had undergone a similar process but ended up having a different result. The existing interest groups of taxi drivers presented their resistance against the Uber service, and the government announced its initial regulation policy. Then, Uber launched its online petition as it does in other cities, and the IIG developed as a response, but with much less political influence to stop the government from forth-going with its regulatory policy direction.

In addition, based on the survey that was taken by the end of 2015, the biggest reason for the customers to use Uber-like services over taxi service in Paris was the price of the journey⁶⁵. The difference between the two services was, however, somewhat minimal. The minimum ride with Uber drivers in France was reduced from €8 to €5 as late as October 13, 2015, following a severe conflict between Uber and Parisian taxi interest groups and following fare cuts by local copycat apps as well as standard cab companies. Previously, the minimum fare for an Uber ride was €8, which was even higher than the €6⁸² fare for a Parisian taxi at the time. Therefore, it could be argued that the UberPop services in Paris were not providing a considerable amount of public goods to mobilize both primary and derivative groups of the IIG to become active in supporting the unrestricted UberPop services.

⁸² “Taxis in Paris”, TimeOut, 2015.04.08,
<https://www.timeout.fr/paris/feature/taxis-in-paris>

Traditional Taxi Interest Group's Continued Resistance Against the Uber

The Parisian case of UberPop presents a noteworthy example of the dynamic between established interest groups and supporters of disruptive technology-based services, specifically in the transportation sector. Traditional taxi drivers in Paris vehemently opposed the introduction of the UberPop service in February 2014, as they were required to pay a substantial sum of €230,000 for their licenses, which created a significant point of contention. This resistance manifested in a series of protests, including a major demonstration on June 25, 2014, in which approximately 3,000 taxi drivers blocked traffic into the city center, causing significant disruption to Paris' major transportation hubs such as Charles de Gaulle and Orly Airports⁸³. The demonstration was organized with the specific demand that the government enforce regulations against unlicensed UberPop drivers, thereby leveling the playing field for traditional taxi drivers⁸⁴.

This instance of resistance by the traditional taxi interest group in Paris differs from similar experiences in other cities such as New York and London, in that the level of violence and disruption was particularly intense. The taxi drivers in Paris felt threatened by the rapid growth and popularity of the UberPop service, which they perceived as a direct threat to their livelihoods. The demonstration on June 25, 2014, can be considered a manifestation of this frustration and a plea for government intervention on their behalf.

⁸³ "French Cabbies Violently Protest Uber, Prompting Ban and a Courtney Love Tirade", VICE News, 2015.06.26, <https://www.vice.com/en/article/wja5e9/french-cabbies-violently-protest-uber-prompting-ban-and-a-courtney-love-tirade>

⁸⁴ "French taxi drivers protest against UberPOP", UPI, 2015.06.25, https://www.upi.com/Top_News/World-News/2015/06/25/French-taxi-drivers-protest-against-UberPOP/8591435230999/

The introduction of the UberPOP service in Paris in February 2014, sparked a conflict between the established taxi drivers' interest group and the technology giant. The traditional taxi drivers were protesting against the service, as they had to pay a hefty amount of €230,000 for their license, which put them at a disadvantage in comparison to the Uber drivers who were operating without the required licenses. In response to the protests, on October 16, 2014, the French court fined the French subsidiary of Uber €100,000 for its fraudulent business practices, as it was advertising UberPop as a carpool service instead of a paid transportation service⁸⁵. Although it is not clear how much influence the taxi drivers' protest had on the court's decision, this ruling could have alleviated some frustration they had towards the Uber business.

However, the conflict did not end with the court's decision, as Uber decided to continue operating while waiting for the appeals ruling. The company was seemingly supported by the government, as the Paris commercial court refused to hear a lawsuit brought by Uber's competitors who sought to ban UberPop on the grounds of unfair competition on December 12. The court stated that the emergency request was unjustified and any further actions to ban the service should be examined in a criminal court⁸⁶. At that time, UberPOP had around 160,000 users since its launch in France. The court ordered Uber to make significant changes, including omitting all mentions suggesting it was legal for its drivers to act as taxis and drive around

⁸⁵ "Ahead of taxi protest, France says UberPop to be banned", CNBC, 2014.12.15, <https://www.cnbc.com/2014/12/15/ahead-of-taxi-protest-france-says-uberpop-to-be-banned.html>

⁸⁶ "Ahead of taxi protest, France says UberPop to be banned", Reuters, 2014.12.15, <https://www.reuters.com/article/france-uber-idUSL6N0TZ0PT20141215>

waiting for clients⁸⁷. However, the French taxi associations appealed the December ruling, which allowed UberPop to operate.

Taxi Drivers' Offline Protest

In October 2014, the French subsidiary of Uber was fined €100,000 by the French court for fraudulent business practices and advertising UberPop as a carpool service rather than a paid transportation service. Despite the outcome of the court decision, Uber continued its operations as it awaited the appeals ruling. Meanwhile, the Paris Commercial Court declined to hear a lawsuit brought forth by Uber's competitors, seeking to ban UberPop due to claims of unfair competition. The court ruled that the request was unjustified and any further actions should be examined in a criminal court. The court, however, ordered Uber to make significant changes to its operations, including omitting any mention suggesting its drivers act as taxis. The French taxi associations subsequently appealed the ruling, allowing UberPop to operate.

Due to the unsatisfactory decisions made by the courts, an immediate response from the established interest group emerged, with the taxi drivers announcing another protest, which led to the government's regulatory decision that favors the existing business players. On the morning of December 15, taxi unions announced a one-day protest stating that they would block 260km of roads around Paris city with slowly moving taxi motorcades during the morning rush hour. Hundreds of taxi drivers blocked roads around Paris, preventing access to key roads around Charles de Gaulle airport. Their

⁸⁷ "Taxi drivers block Paris roads in protest over rival Uber", Guardian, 2014.12.15, <https://www.theguardian.com/world/2014/dec/15/paris-taxi-drivers-uber-protest>

key concerns were that, unlike taxi drivers, who are highly regulated, Uber performs similar business with an unfair advantage since its drivers do not follow the same regulations, including insurance and taxes, which presents unfair business grounds against the existing taxi industry. “It is a fight against all Ubers. Enough is enough. Authorizing UberPop puts 57,000 French taxis at risk, and 57,000 families at risk as well. And that is out of the question—we won't allow it,” said Ibrahima Sylla, president of the Taxis of France group, one of the organizers⁸⁸.

Major Participants in the Conflict

As in other Uber cases, there were three main entities in the conflicts: the Uber IIG, the established taxi interest groups, and government personnel and organizations. In the case of Paris, there were diverse entities engaged in the conflicts, including government personnel and organizations, including the French Interior Ministry, Minister of the French Interior Ministry Bernard Cazeneuve, the Commercial Court in Paris, and France’s highest administrative court. This may have made it difficult for IIG participants to target specific entities to target.

⁸⁸ “Anti-Uber taxi strike causes minimal disruption in Paris”, Phys Org, 2014.12.15, <https://phys.org/news/2014-12-anti-uber-taxi-minimal-disruption-paris.html>

5.5.2. The Government's Initial Regulatory Announcement

The Government's Regulatory Will to Ban Uber Service

In response to the repeated protests by taxi drivers, the French Interior Ministry announced that a law had been passed to ban the UberPop service as of January 1, 2015. The Thévenoud Law mandated that all drivers must possess licenses and insurance coverage. Pierre-Henry Brandet, spokesman for the Interior Ministry, stated that not only was Uber's offering of taxi services illegal, but it also posed a significant risk to customers. He stated, "The law that comes into effect on January 1 stipulates two years in prison and a €300,000 fine for anyone organizing a system that connects clients with non-professional drivers⁸⁷."

Uber's Decision to Continue its Services

In response to the regulatory actions taken against its operations in Paris, Uber maintained its stance of continuing its business operations until a definitive decision was made by the court. A statement issued by the company spokesman highlighted the recent ruling by the Commercial Court in Paris, which allowed UberPop to continue operating. The statement emphasized Uber's commitment to providing innovative transportation solutions that are safe, dependable, and affordable, positioning the company as part of the solution rather than part of the problem⁸⁹. The general manager for Western Europe, Pierre-Dimitri Gore-Coty, reinforced this position by asserting that

⁸⁹ "France to ban UberPop after taxis go on strike", The Verge, 2014.12.15, <https://www.theverge.com/2014/12/15/7393473/france-bans-uberpop-after-taxi-unions-protest-uber-paris>

the product remained live and had not been banned, and that the courts would ultimately determine the applicability of the new laws to UberPop.

Despite the regulatory efforts to ban its service, Uber continued to operate under uncertain legal and regulatory boundaries. The Paris court had delayed its decision on the status of UberPop's service until March 31, 2015. Meanwhile, UberPop drivers continued to operate under an ambiguous legal framework, even facing fines, as there was a discrepancy between the court's and the government's decisions concerning the business. Furthermore, the Paris appeals court postponed the decision on the ban of UberPop service until the end of September, following a case brought by three competing car services, LeCab, GreenTomatoCars, and Transdev Shuttle, and taxi unions⁹⁰.

Highest Administrative Court's Decision

On May 22, 2015, the French Council of State, the highest administrative court, issued a ruling on the restrictions imposed on private chauffeured vehicle services, such as Uber. The ruling approved two out of three of the main restrictions and the most significant aspect of the ruling was the allowance of Uber to charge customers by the kilometer, as opposed to declaring the price at the moment of booking. This decision elicited opposition from the French taxi drivers, as it could be interpreted as the court having "confirmed the illegality of Uber's practices." In response to the ruling, the French taxi drivers' organization, UNT, called for the government to shut

⁹⁰ "Paris court delays decision on Uber's unlicensed taxi service -source", Reuters, 2015.03.31, <https://www.reuters.com/article/france-uber/paris-court-delays-decision-on-ubers-unlicensed-taxi-service-source-idUSL6N0WX1SA20150331>

down online platforms that fail to comply with existing regulations⁹¹.

5.5.3. The Emergence of IIG and Its Subpar Participation

- **The IIG's Potential for a Reasonable Level of Mobilization Power**

Relatively Low Number of Uber Drivers and High Number of Uber Users

The study tried to conduct a comparative analysis of the impacts of the IIG primary group represented by Uber and established taxi interest groups in Paris. In order to accomplish this, the number of drivers for each group was analyzed. The data indicated that the accumulated number of Voiture de Tourisme avec Chasseur (VTC) operators was 7,213⁹², while the number of taxi drivers in Paris was 17,702⁹³. This disparity in driver numbers highlights the discrepancy in the potential participant pool between the IIG primary group represented by Uber and the established taxi interest groups.

In order to quantify the size of the IIG derivative group, the study aimed to compare the number of users between Uber and Parisian taxis. However, due to data availability limitations, the research employed an indirect approach to estimate the political impact of each group by examining the

⁹¹ "French court sets rules for alternative taxis such as Uber", Reuters, 2015.05.22, <https://www.reuters.com/article/us-france-taxis/french-court-sets-rules-for-alternative-taxis-such-as-uber-idINKBN0070TV20150522>

⁹² "Study on passenger transport by taxi, hire car with driver and ridesharing in the EU", European Commission, 2016.09.26, <https://transport.ec.europa.eu/system/files/2017-05/2016-09-26-pax-transport-taxi-hirecar-w-driver-ridesharing-final-report.pdf>

⁹³ "Face à la concurrence d'Uber, le vague à l'âme d'un taxi parisien", Le Point, 2015.01.29, https://www.lepoint.fr/societe/face-a-la-concurrence-d-uber-le-vague-a-l-ame-d-un-taxi-parisien-29-01-2015-1900616_23.php

annual number of Uber users in France and the trips served by Parisian taxis.

As reported by the CEO of Uber, 500,000 people utilized Uber taxis in 2014⁹⁴, with 3,500 people obtaining employment in Paris. Conversely, the estimated number of annual trips served by both Parisian taxis and privately hired vehicles, including Uber, was 45 million⁹⁵. Additionally, Thibaud Simphal, the General Manager of Uber in France, announced in May 2015⁹⁶ that Uber had achieved one million regular customers traveling in France. This number represented a seven-fold increase compared to the same period the previous year, with 140,000 regular customers. Furthermore, approximately 400,000 individuals were using the UberPOP service, marking a ten-fold increase in a single year.

These findings suggest that, based on the public's increasing usage, Uber was positioned to continue its business operations despite any government efforts to ban its service from the market. However, it should be noted that Uber users in France represented only about one-tenth of the total number of trips conducted in Paris during the same period, suggesting that Uber's derivative group did not hold a substantial public base compared to that of the Parisian taxi interest groups.

⁹⁴ "Uber "Will create 20,000 new jobs"", News Café, 2015.01.19, <https://newstomato.com/one/view.aspx?seq=528863>

⁹⁵ "Taxis and PHV in large cities", FACTA, 2016.04,

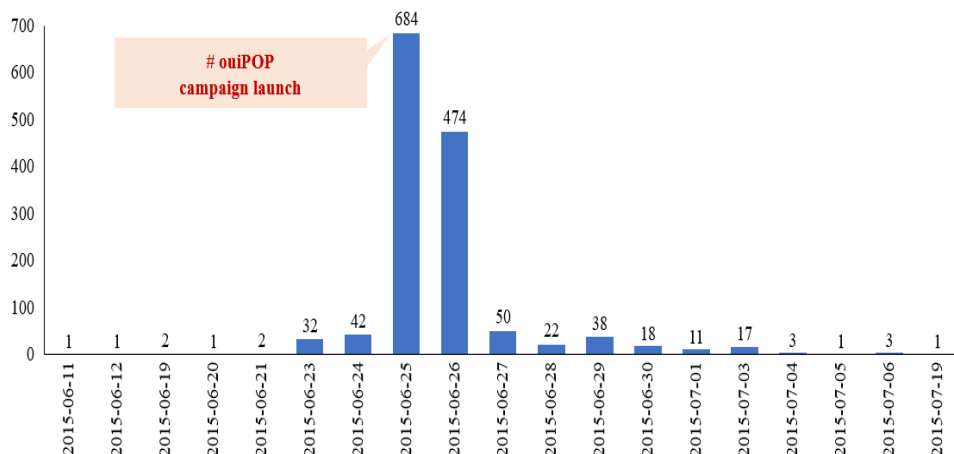
<https://www.stacian.com/wp-content/uploads/2016/06/Rapport-taxis-VTC-201604-VE2.pdf>

⁹⁶ "Nearly a million French people regularly travel by Uber", Tech & Web, 2015.05.20, <https://www.lefigaro.fr/secteur/high-tech/2015/05/20/32001-20150520ARTFIG00165-uber-compte-pres-d-un-million-d-utilisateurs-reguliers-en-france.php>

The IIG's Low Participation Level on Twitter Messaging Activities

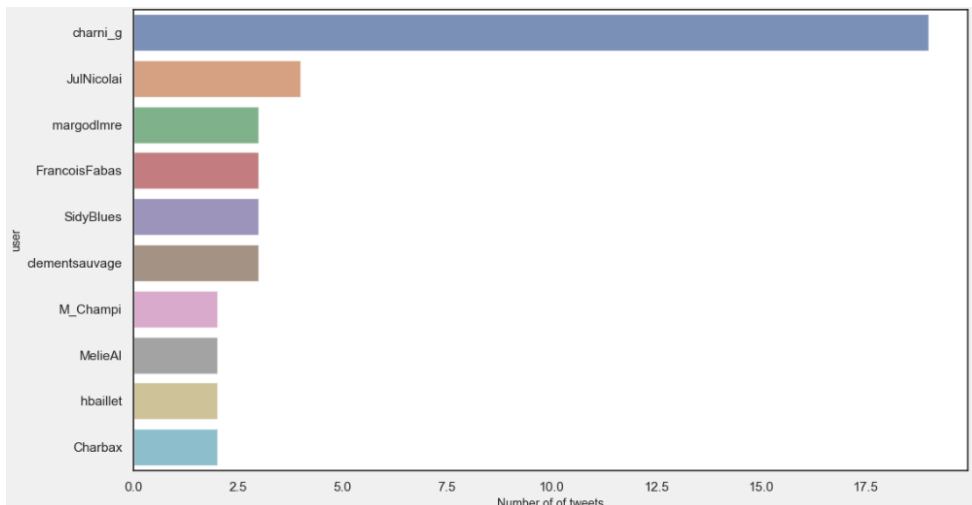
The IIG response to the protest in Paris on June 25, 2014, revealed a limited level of participation from the group. To address the protest, Uber launched an online petition with the hashtag #ouiPop, however, the level of engagement was minimal. The data collected from Twitter shows a peak in the number of tweets in Paris between June 25 and 26, with a total of below 700 tweets, which is a relatively low number compared to the 3,500 tweets in New York and 1,600 tweets in London. The tweet count dropped to below 100 after June 26, indicating a lack of sustained support for Uber Paris from its IIG. Given the estimated number of Uber users in Paris at the time, around 400,000, the response of the IIG can be considered inadequate. This could be a contributing factor to why the online petition (#ouiPOP) failed to reach its target of 100,000 signatures, and eventually led to the withdrawal of Uber's service from the region, and the subsequent arrest of some company members.

Figure 5.12. Trend of Number of Tweets in Paris



The examination of top 10 Twitter accounts⁹⁷ and Twitter messages with over 100 retweets revealed a limited level of engagement from the primary and derivative groups of the IIG regarding Uber Paris. This lack of responsiveness on the part of the IIG that supported Uber Paris potentially contributed to the company’s failure in the city. The analysis indicated a scarcity of active participation from taxi drivers or pro-Uber participants in supporting the Uber services. Furthermore, the only Twitter messages that garnered over 100 retweets were from the official Twitter account of Uber France, indicating that the mobilization effort was led by the company rather than being a result of spontaneous public engagement. These findings suggest that the mobilization was driven primarily by Uber France, rather than through widespread public support.

Figure 5.13. Top 10 Twitter Accounts in Paris: Tweet Count



⁹⁷ Counted only the ones who shared at least three or more Twitter messages

Table 5.5. Top 10 Twitter Accounts' Information in Paris

<i>User Type</i>	<i># of Tweets</i>	<i>Key Characteristics</i>		<i>Key Message (The First Tweet message)</i>
		<i># of Followers</i>	<i># of Friends</i>	
Personal	19	9	12	Parce que cela mérite une petite explication... #ouiPOP #goVTC #taxi #uber http://t.co/OcCKUyRYrG
Personal	4	505	1,122	Signer la pétition #UberPop : https://action.uber.org/uberpop_france/ #ouiPOP #Uber Déjà 66000 signatures !
Personal	3	20	28	Heetch & Uber interdits, mon passe Navigo qui ne veut plus fonctionner. Je fais comment pour me déplacer maintenant ? #Ouipop
Personal	3	371	1,097	Je viens de signer la pétition #uberPOP ! Agissons pour la #mobilité partagée ! #ouiPOP https://action.uber.org/uberpop_france?utm_source=Twitter
Personal	3	245	163	Je viens de signer la pétition #uberPOP ! Agissons pour la #mobilité partagée ! #ouiPOP https://action.uber.org/uberpop_france?utm_source=Twitter
Personal	3	N/A	N/A	@dscreve_ pro personne ne t'oblige à utiliser @UberFR tu sais. Moi j'ai eu quelques exp. négatives en taxi alors #ouiPOP.

Table 5.6. Paris Twitter Accounts with 100+ Retweets

<i>User Type</i>	<i># of Followers</i>	<i># of Friends</i>	<i># of Retweet</i>	<i>Date of Tweet</i>	<i># of Likes</i>	<i>Tweet Message</i>
UberFR (Uber Official Twitter)	50,704	4,153	680	2015.06.25	252	Vous soutenez uberPOP ? Faites entendre votre voix, signez la pétition #ouiPOP https://action.uber.org/uberPOP_France/
UberFR (Uber Official Twitter)	50,704	4,153	611	2015.06.25	267	10 érités sur uberPOP > http://t.uber.com/veritepop #ouiPOP

- **The IIG's Failure in Organizing Power**

Failure to Meet Uber's Mobilization Target

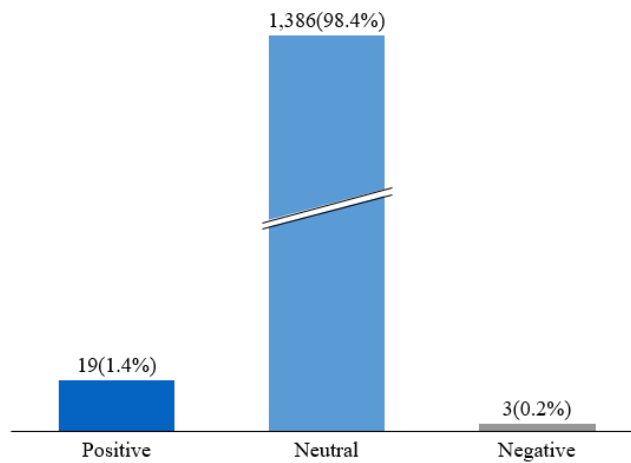
In response to the protest, Uber launched an online petition utilizing the hashtag #ouiPop with the aim of gathering 100,000 signatures from its customer base and supporters. The petition received 74,000 signatures, however, given the estimated number of users for the UberPop service, which was around 400,000, and an estimated total of one million users for all Uber services, the number of signatures collected was relatively low and had limited impact on all relevant stakeholders, including the government and established interest groups.

- **The IIG's Lacking Political Messaging Power**

The IIG's Twitter Messages without Much Information

The analysis of the Twitter messages sent out by participants in the IIG revealed a lack of clear political messaging. The sentiment analysis showed that the vast majority of these messages were neutral, accounting for over 98% of the total messages. This could suggest that the #ouiPOP participants were using Twitter to simply share neutral information, rather than convey emotional messages that could potentially challenge the government's stance.

Figure 5.14. Sentiment Analysis of Paris' Uber Discussion



Moreover, the results of the word cloud analysis provide further evidence of this trend. Figure 5.15 shows that the most frequently repeated phrases pertained only to the online petition, and included phrases such as “la petition,” “petition uberPOP,” “signer la,” and “la mobilite.” These phrases likely served as a means to mobilize the public in support of the mobilization, given that over 1,040 messages (73.9% of the total messages) contained the message, “Je viens de signer la pétition uberPOP ! Agissons pour la mobilité partagée ! ouiPOP,” which translates to “I just signed the uberPOP petition! Let's act for shared mobility! ouiPOP.” This suggests that the IIG participants were active in their support of the Uber service, yet only a limited number of individuals who were heavily involved in the Uber service participated in the mobilization. These individuals primarily shared neutral information, without expressing any emotions or positive thoughts about the Uber service.

Figure 5.15. Word Cloud Analysis of Paris' Uber Discussion



5.5.4. Uber's Resistance and the Government's Strong Sanctions

The suspension of UberPop service in Paris in July of 2015 was a result of significant governmental pressure, which was brought about by intense opposition from the taxi industry. The demonstration of dissent by taxi drivers was so severe that on June 25, the Minister of Interior, Bernard Cazeneuve, ordered the Paris police to enforce a ban on UberPop operations within the city. This ban was later confirmed by the police headquarters, and it also included similar ride-hailing services, such as Heetch and Djump. The response of the French government to the protests by taxi drivers and the resulting suspension of UberPop was rather severe, as demonstrated by the arrest of both the CEO of Uber France, Thibaud Simphal, and the General Manager of Uber Europe, Pierre-Dimitri Gore-Coty, on June 29. Finally, as a result of the pressure from the government, Uber decided to temporarily halt

its UberPop service in Paris on July 3. This case exemplifies the power of opposition groups and the potential consequences for businesses when they fail to adequately address the concerns of key stakeholders, such as the taxi industry in the case of UberPop in Paris.

5.5.5. Case Conclusion

In the context of the Parisian market, the mobilization efforts by Uber, represented by its IIG, were found to be insufficient to counter the resistance posed by taxi drivers' interest groups. Despite boasting a substantial user base, the number of drivers associated with Uber was significantly lower as compared to the number of taxi drivers in the city, estimated to be 17,702. In May 2015, Uber had approximately 40,000 customers in Paris.

However, the analysis of the Twitter mobilization efforts by #ouiPOP revealed a lack of organized messaging and political power. The sentiment analysis showed that the majority of the messages, totaling around 600 to 400, were neutral in nature, mainly sharing information about the online petition. Additionally, the #ouiPOP initiative failed to attain its target of 100,000 signatures, resulting in the withdrawal of Uber services and the arrest of prominent company members.

In conclusion, the inactivity and lack of organized messaging from IIG by #ouiPOP, in comparison to the high level of resistance demonstrated by the taxi drivers' interest groups, would have contributed to the government's resolve to enforce its original regulatory policy regarding Uber services.

5.6. Summary

This study aimed to investigate the impact of the IIG on the platform business regulatory process through a representative case study of Korean cryptocurrency exchanges and Uber in four major global cities: Seoul, New York, London, and Paris. The findings indicate that when the government announces its initial regulatory intention, platform businesses tend to mobilize their service users to act as their IIG members and thus influence the regulatory process. The size and influence of the IIGs are determined by their mobilization, organizing, and political messaging power.

The results highlight that the success factors of the IIG are primarily dependent on their mobilization and organizing power. Specifically, the number of producers and consumers and the number of participants in a representative online petition emerged as the most significant variables in the success of the IIG. The case studies of Korean cryptocurrency exchanges and Uber in New York and London demonstrate the significance of having a substantial user base, either producers or consumers, and the ability to gather several tens to hundreds of thousands of signatures within a few days of the government announcement.

In the case of New York, although the #UberMovesNYC campaign did not result in a significant number of participants for the representative online petition, the mobilization of around 50,000 individuals who actively sent emails to the mayor's office and the City Council, along with around 20,000 tweets, 35,000 new driver sign-ups within a week, and numerous calls to the mayor's office, can be argued to have mobilized an equivalent of at least one

hundred thousand participants. In the end, the mayor's office and City Council decided to postpone its initially presented regulatory policy.

Likewise, in the case of London, Uber's IIG played a crucial role in the regulatory process. The TfL decided to not renew Uber's license due to public safety and security concerns. However, Uber's IIG was quick to mobilize, organizing a massive online petition campaign with the hashtag #SaveYourUber. The petition managed to gather over 800,000 signatures within a few days, showing the significant support for the platform among Londoners. This significant display of support caught the attention of the government, and the TfL eventually granted Uber a temporary 15-month license, with strict conditions to meet in order to have its license renewed permanently.

In contrast, the case of Uber in Paris demonstrated that the inability to mobilize a sufficient number of participants, as well as the absence of organized political messaging, negatively impacted the success of the IIG in influencing government policy. The study found that the IIG's response to the government's announcement to ban the service was not only inactive but also failed to meet the target of 100,000 signatures in the online petition campaign #ouiPOP. Additionally, the Twitter mobilization was limited, with only 600 to 400 messages appearing in the days following the government's announcement.

This evidence supports the hypothesis that the mobilization and organizing powers of the IIG play a crucial role in determining their success in influencing government policy in the platform business regulatory process. Therefore, it is imperative for platform businesses to be proactive in their efforts to mobilize and organize their user base, and to effectively convey

their political messages to the government. Therefore, the study provides a valuable contribution to the field of political science by illuminating the critical importance of the IIG in shaping the outcome of platform business regulation.

Finally, the results of this study indicate that platform businesses, when faced with regulatory threat, tend to engage in online-based mobilization efforts with the aim of forming an IIG. The success of the IIG in influencing government regulation is contingent upon its demonstration of a greater potential for political influence in comparison to that of the established interest groups. The size and potential of the IIG participants, including both producers and consumers, as well as the actual number of participants in specific mobilization activities initiated by the platform business, have been shown to play a crucial role in determining the level of influence that the IIG can exert in the regulatory process. These findings contribute to a deeper understanding of the role that online-based mass public mobilization efforts play in shaping regulatory outcomes for platform businesses.

Chapter 6. Conclusion

This study seeks to answer the research question of how some platform businesses, lacking formal interest groups, are able to thwart the government from implementing its initial regulatory policy, which is supported by established interest groups. To address this question, the paper introduces the concept of the IIG, which allows platform businesses to advance their interests of resisting government regulation without the support of established interest groups.

The unique characteristics of the IIG are highlighted in the study and are defined as an informal form of interest group that lacks formal structure or membership, with the external objective of countering the government's initial regulatory intention. The participants of this loosely defined form of interest group are comprised of platform business employees, producers, consumers, and the public, who aim to secure their direct and indirect private interests. The IIG is able to organize ad hoc online mobilization activities, supported by its diverse participant base, to exert its influence on the regulatory process.

The findings of the study, through a case study analysis of Korean cryptocurrency exchanges and Uber services in four major cities – Seoul, New York, London, and Paris, indicate the key success factors of the IIG, such as mobilization and organizing powers, and the number of participants and producers or consumers. These findings demonstrate the practical impact of the IIG in the regulatory process and the role it plays in shaping government policy.

The formation and operation of the IIG is a significant deviation from the conventional forms of interest groups. The traditional forms of interest groups are typically comprised of individuals who share similar interests and seek to influence government policies or decisions in favor of those interests. However, the IIG stands out as a new and innovative form of interest group due to its heterogeneous composition of members who hold distinct interests and goals. The composition of the IIG can be broken down into two main categories, the primary group and the derivative group.

The primary group, which constitutes the main body of the IIG, is comprised of platform business company workers and producers. These participants have direct and immediate interests that they seek to protect by supporting a particular platform company. Their internal goal is to secure exclusive interests that are specific to the platform company they support. In contrast, the derivative group is made up of consumers of platform businesses and the general public. These participants focus on enjoying indirect derivative public interests by supporting a particular platform company.

The IIG is highly unique as it aims to achieve heterogeneous or multilateral interests within the interest group, which is an entirely new phenomenon in the discussion of interest groups. The existing discussions on interest groups and social movements are limited in their ability to explain this feature of the IIG as they either support private or public interests. However, the IIG is distinct in that the members' intention to secure their exclusive interests results in securing non-exclusive interests at the same time, thereby influencing both current platform users and potential platform users. This makes the IIG a subject of great significance for further study and examination in the field of political science.

Moreover, it is crucial to note that the movements of the IIG tend to improve public goods by supporting platform businesses that provide better services and a higher quality of life compared to the services provided by existing interest groups. This, in turn, attracts public and social support for the platform businesses that the IIG supports, especially as these businesses usually position themselves against established market leaders.

In sum, the IIG represents a new phenomenon within the realm of interest groups, as it comprises of two distinct forms of participants with differing internal goals. Specifically, the primary group of participants is comprised of platform business company workers and producers, who seek to secure direct, immediate, and exclusive interests by supporting a particular platform company's interests. Meanwhile, the derivative group comprises of consumers of platform businesses and the general public - current and potential users - who aim to achieve indirect derivative public interests through supporting a particular platform company's interests.

Furthermore, it is also important to note that the IIG's movements tend to gather public and social support, as the platform businesses that it supports often position themselves against established market leaders. This results in the provision of better services and improved quality of life, which enhances public goods. Hence, the IIG's unique approach of securing multilateral interests within the interest group represents a departure from the conventional understanding of interest groups that either support private or public interests.

Despite the differences in internal goals, both forms of participants in the IIG share the same external goal, which is to prevent or maintain the status quo without regulation, or to roll back a previously proposed regulatory

policy direction. Moreover, the IIG tends to target specific government personnel or organizations, as opposed to diverse government organizations or the ruling class, which is a departure from established interest groups. This is because the government lacks legal authority over the platform business and requires a designated person or organization to make regulatory decisions, thus providing the IIG with a specific target to influence regulatory decisions.

The mobilization format of the IIG is reminiscent of online-based social movements, as it is ad hoc, lacks formal organization and membership, and is characterized by the mass public joining and participating once mobilization occurs. However, the IIG's activities can be initiated by a particular platform business company and emerge only after the government announces its regulatory intentions. Due to the nature of the IIG's mobilization, it can be challenging to obtain information about its participants.

The concept of IIG encompasses two distinct forms of interest groups that share a common external objective: to resist the proposed regulatory policy direction or to maintain the current unregulated state of affairs. These groups exhibit an unprecedented approach to interest group politics as they direct their efforts towards avoiding government intervention in the market, as opposed to traditional interest groups that aim to modify existing regulations. The IIG exerts political pressure on the government to reverse its announced regulatory intentions, allowing the platform business to continue operating without regulation. These external goals are unprecedented in the existing interest group discussions. It is because while other types of interest groups were holding activities to modify existing regulations, the members of IIG are asking the government *not to step into the market*. More specifically, *the IIG seeks to*

exert political pressure on the government to reverse its previously announced regulatory intention, allowing the platform business to continue as is, unregulated.

Since the IIG tries to stop the government from forming a policy, the emergence and political influence of the IIG cannot be explained by the existing regulatory process theories, especially the policy feedback theory.

This phenomenon presents a challenge to existing regulatory process theories, particularly the policy feedback theory, as the emergence and political influence of the IIG cannot be explained by these theories. Unlike traditional interest groups that target a diverse range of government organizations or the ruling class, the IIG has a tendency to target specific government personnel or organizations. This is due to the government's lack of legal authority over the platform business, which requires the formation of a task force team or the designation of specific individuals or organizations to make regulatory decisions.

The mobilization format of the IIG bears similarities to online-based social movements, but it also possesses distinct characteristics. The IIG's ad hoc, online-based mobilization, without formal membership or organization, presents difficulties in obtaining participant information. Mass public participation in the mobilization occurs spontaneously, only after the government announces its regulatory intentions, and the size and influence of the IIG is shaped and revealed through this participation. The activities of the IIG can also be initiated by a specific platform business company, emerging ad hoc after the announcement of government regulatory intentions.

This study has significant academic importance in the field of political science, particularly with regards to the examination of real-world cases that are

unique and distinctive in the digital era. The rapid expansion of digital technology has disrupted traditional political and economic dynamics, leading to the emergence of new forms of market and political order and structures. The characteristic of these cases, that have not been previously observed, pose a significant challenge for traditional political science to understand and examine.

Moreover, with the increasing frequency of the digital era-based events that alter political and economic structures, political science has been criticized for its sluggishness in responding to new phenomena and its inability to analyze them. This study attempts to address this gap by presenting a new academic framework for political discussions in the digital era and examining the concept of interest groups through a critical analysis of key platform business cases.

The study presents a new theoretical lens that allows political scientists to examine political issues in the rapidly changing digital era from a unique and creative perspective, contributing to the enhancement of existing theoretical discussions in the field of traditional political science. The results of the study offer new insights into the basis of political science, providing a more nuanced understanding of how digital technology has impacted and will continue to impact the political landscape. Additionally, this study advances the discussion of interest groups by offering a new understanding of how the size of political pressure affects the ability of informal interest groups to hold back the government's regulatory direction.

In conclusion, the paper provides new contribution to the field of political science and has the potential to be a valuable resource for researchers, policymakers, and students who are interested in the impact of digital technology on politics and society. This study highlights the importance of continued exploration and examination of new forms of political and economic structures in

the digital era to gain a comprehensive understanding of the complexities and implications of the rapidly changing landscape.

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플랫폼 비즈니스 시대의 이익집단 정치: 한국 가상자산거래소 및 우버 사례를 중심으로

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플랫폼 비즈니스의 등장은 규제 프로세스의 기존 시장 구조와 정치적 역학에 상당한 변화를 가져왔다. 해당 업계의 업체들은 온라인 웹사이트나 애플리케이션을 통해 시장에 진출하는데, 이를 통해 전통적인 정부 규제를 우회하거나 법적, 규제적 진입 장벽을 낮춤으로써 소비자들이 생산 활동에 참여할 수 있는 기회를 제공한다. 또한, 플랫폼 비즈니스는 온라인 채널을 통해 서비스를 제공한다는 점과 더불어 특정 법률 또는 규제 영역에 속하지 않기 때문에 신규 서비스 제공업체가 시장에 진입하기 위해 받아야 하는 정부 승인으로부터 비교적 자유롭다. 이러한 플랫폼 비즈니스의 전례 없는 특성은 시장과 소비자의 견고한 구분을 모호하게 할 뿐만 아니라 시장에 대한 정부의 통제력을 약화시킴으로써 기존의 경제적, 정치적 구조에 대한 도전을 제기한다.

플랫폼 비즈니스 기업들이 상당한 사용자 기반을 확보하게 되어 시장 혼란을 야기함에 따라, 기존의 이익 집단과 정부 모두로부터 심각한 수준의 저항이 발생할 수 있다. 오프라인에 기초하여 지원을 제공해 줄 이익집단을 보유하지 않은 플랫폼 사업자들과 달리, 전통적인 시장 참여자들은 기존의

이익집단을 중심으로 정부에 이러한 신규 진입자들을 규제하도록 정치적 압력을 가할 수 있다. 한편, 플랫폼 비즈니스의 시장 진출 초기에 정부는 대체로 해당 서비스와 규제 근거에 대해 충분히 이해하지 못하거나 플랫폼 사업의 시장 확대에 대응할 전담 정부기관을 가지고 있지 않을 수 있다. 또한 정부는 새로운 시장 진입자로서 규제를 준수하지 않는 플랫폼 사업자들에게 부정적인 태도를 취할 가능성이 있다. 결국 기존 이익집단의 규제 요구와 정치적 압박에 직면한 정부가 플랫폼 사업 규제를 위한 초기 규제 방향성을 발표할 가능성이 높다.

이렇게 기득권 이익집단의 압력과 정부의 의지가 초기의 규제 방향성을 형성한다면, 플랫폼 비즈니스가 견고한 이익집단을 보유하지 못한 상황에서 이후 정부의 정책 방향에 어떻게 영향을 미칠 수 있었는지 의문이 제기된다. 플랫폼 비즈니스는 주로 온라인 채널을 통해 운영된다는 점에서 조직적인 이익집단을 구성할 가능성이 낮아 정부 정책의 결정에 유효한 영향을 미치기 어렵다. 그럼에도 불구하고 특정 플랫폼 비즈니스에 대한 정부의 초기 규제 의도가 변경, 연기, 또는 취소되는 사례가 존재한다. 이에 따라 본 연구에서는 “왜 일부 플랫폼 비즈니스는 기존 이익집단의 반대가 뒷받침하는 정부의 초기 규제방향에 영향을 미치는 데 성공하는가” 라는 연구질문을 제시한다.

해당 질문에 답하기 위해, 본 연구는 플랫폼 비즈니스의 맥락에서 발생한 새로운 형태의 이익집단인 ‘보이지 않는 이익집단(IIG : Invisible Interest Group)’의 개념을 제안한다. 이러한 이익집단의 등장은 플랫폼 비즈니스에 대한 정부의 규제 과정에 영향을 미칠 수 있도록 지원하는 온라인 기반 대중이 자발적으로 동원되는 새로운 현상이다. IIG는 구성원의 특징 및 정치적 목적과 동원의 형태에서 기존의 대표적인 집단활동인 이익집단, 온라인 사회운동과는 차별화된다. 먼저, 이와 같은 비조직화된 이익집단인 IIG는 1차적 이익집단(primary group)과 파생적 이익집단(derivative group)으로 구성되며, 공식적인 조직이나 회원가입 없이 운영된다. IIG의 목적은 플랫폼 사업자와 소비자를 포함한 다양한 범위의 참여자들이

지원하는 임시 온라인 동원을 조직함으로써 정부가 처음에 발표한 규제 의도를 조정하도록 영향을 미치는 것이다.

IIG는 전통적인 이익집단과 온라인 기반의 사회운동과 구별되는데, 이는 기존에 하던 두 가지의 서로 다른 집합행동에서 파생된 특징을 보유하고 동시에 IIG만의 독특한 특성을 보여주기 때문이다. 동질적인(homogenous) 목표를 추구하는 개인들을 중심으로 한 조직인 전통적인 이익집단 및 온라인 사회운동과는 달리 IIG는 공통된 목표를 가졌지만 차별화된 관심사를 가진(differentiated) 참여자들을 포괄한다. IIG의 외부 목표(external goals)는 특정 플랫폼 사업자의 사적 이익을 지원하는 것이지만, 해당 그룹의 내적 목표(internal interests)는 주요 그룹별로 상이하게 나타난다. IIG의 1차적 이익집단은 대체로 플랫폼 비즈니스 기업의 직원과 생산자로 구성되며, 이들의 내적 목표는 특정 플랫폼 비즈니스 기업의 이익을 지원함으로써 직접적인 사적 이익을 확보하는 것이다. 그와는 달리 소비자와 일반인으로 구성된 파생적 이익집단이 IIG의 활동에 적극 참여하는 이유는 플랫폼 비즈니스 서비스 이용에 따른 간접적인 공적 이익을 지속적으로 향유하기 위함이다. 한편, 이와 같은 대중의 동원은 이전에는 잠재 집단(latent group)으로 여겨졌던 소비자와 대중 모두의 이익을 대변하기 위해 구성되는데, 이는 이익집단이 아닌 공익집단의 활동 목적과 일치하는 것이다. 따라서 IIG는 전통적 개념의 집합행동을 비판하는 동시에 대중이 정치과정에 적극적으로 참여할 수 있는 가능성을 보여주는 새롭고 독특한 형태의 이익집단의 모습을 보인다.

IIG의 조직화 형식 또한 전통적인 이익 집단과 온라인 기반 사회 운동의 요소를 모두 혼합한 독특한 특징을保有한다. IIG는 온라인으로 동원되는 생산자와 소비자로 구성된 자발적인 대중들이므로, 전통적인 조직의 특징을 보유하지 않는다. 하지만 IIG는 중앙 조직이나 폐쇄적인 회원 가입이 없음에도 불구하고, 정부 규제에 반대하는 지지자들을 모으기 위한 특정 플랫폼 사업자에 의해 결성의 필요성이 제기됨에 따라 조직화된다는 점에서는 전통적인 이익 단체의 결성과 다소 유사하다고 볼 수 있다. 그러나

다른 형태의 집단행동과 달리 IIG는 정부의 시장개입 위협이 공식적으로 발표되기 전까지는 가시적이지 않다(invisible)는 독특한 특징을 보유한다. IIG의 참가자들은 정부가 특정 플랫폼 비즈니스 사업에 대한 최초 규제 방향성을 발표한 이후가 되어서야 동원되기 시작하며 비로소 가시화되는데, 이는 그들이 이용하고 있는 플랫폼 비즈니스에 대한 정부 규제 방향성에 따라 위협받을 수 있는 직간접적 이익을 보호하기 위한 임시적이고(ad hoc), 자발적인 온라인 활동을 위해 동원되기 때문이다.

나아가 IIG 활동의 성공 여부는 기존 플랫폼 사업에 대한 정부의 규제 의도에 영향을 미침으로써 사업의 운영 방식을 규제 이전과 같이 유지하는데에 초점이 맞춰져 있기 때문에 다소 독특하다. 이러한 동원목표는 정책결정과정의 연구에 대한 중요한 비판을 제시하는데, 기존의 정책결정과정 연구에서는 서로 다른 형태의 집단행동이 집단의 이익에 더 유리하도록 정부의 정책에 영향을 미쳐 새로운 정책을 형성하거나 기존의 정책을 변화시킬 수 있다는 점을 검증하는 것에만 집중했기 때문이다. 이에 반해, IIG는 향유하고 있던 기존의 시장 질서가 변하지 않고 유지되게 하기위해 정부의 규제정책의 형성 자체를 막는 것에 집중한다는 점에서 기존 정책결정과정 논의의 한계를 지적한다.

그렇다면 IIG의 주요 성공 요인은 무엇인가? 본 연구는 IIG가 정부의 규제정책에 미치는 영향력은 IIG가 가하는 정치적 압력의 크기에 달려 있다고 주장한다. IIG의 정치적 압력의 규모는 동원력, 조직력, 정치적 메시지 제시력 등 세 가지 변수를 통해 추정할 수 있다. 이러한 변수는 특히 플랫폼 사업자와 기존의 이익집단 또는 정부 주체 간의 갈등이 심화될 경우 정부의 대응 방향을 결정하는 데에 필수적이다. 동원력이란 플랫폼 사업자가 의지할 수 있는 잠재적 인력과 실제 동원활동 참가자 수를 말한다. 여기에는 잠재적 인력 기반을 추정하기 위해 플랫폼 사업 서비스를 이용하는 생산자와 소비자의 수, 온라인 청원 및 소셜미디어 메시지와 참여자 수, 해당 사안과 관련된 뉴스의 개수 등이 포함된다. 조직력이란 IIG 활동의 집중화를

의미하며, 소수의 채널을 통해 영향력 있는 활동의 집중도를 평가하는 것을 의미한다. 조직력의 수준은 플랫폼 사업자 또는 그 지지자들이 게시한 대표적인 온라인 청원 및 캠페인 활동 참여자 수, 동원 목표 달성에 소요된 시간, 동일 사안에 대한 동원 반복 등을 통해 살펴볼 수 있다. 마지막으로, 정치적 메시지 제시력은 IIG가 적절한 정치적 시기에 정치적 메시지를 공식화할 수 있는 능력을 의미한다. IIG의 정치적 메시지 전달력은 IIG 참가자들 사이의 공유된 메시지와 그들의 활동의 정치적 시기를 통해 조사될 수 있다.

본 연구는 대표적인 플랫폼 비즈니스 사례 연구를 통해 IIG의 영향력을 검증하고자 하였으며, 이를 위해 양적분석과 질적분석을 수행했다. 양적연구를 위해서는 트위터를 중심으로 한 소셜미디어 및 뉴스 기사의 동향 분석과 소셜미디어 작성 내용 관련 텍스트 분석 등을 수행하였으며, 심층 연구가 실시된 한국의 가상자산거래소 및 우버 사례 분석을 위해서는 전문가 인터뷰를 중심으로 한 정성연구를 포함했다. 본 연구는 국내 가상자산거래소와 글로벌 4대 도시(서울, 뉴욕, 런던, 파리)의 우버 사례를 대상으로 한 대표 사례 연구를 통해 IIG가 플랫폼 비즈니스 규제정책 결정과정에 미치는 영향력을 검증하였다. 이를 통해, 정부가 초기 규제 의도를 발표했을 때, 플랫폼 사업자들은 서비스 이용자들이 IIG를 결성할 수 있도록 유도함으로써 대중을 동원하여 규제과정에 영향을 미치는 경향이 있다는 것을 알 수 있었다. 또한 IIG의 규모와 영향력은 그들의 동원력, 조직력, 정치적 메시지 제시력에 의해 결정되었으며, 이러한 IIG의 정치적 압력이 커질수록 정부가 당초 발표한 규제 의도를 조정하는 데 영향을 미칠 가능성이 높게 나타났다.

본 연구의 사례 연구 결과에 따르면, 플랫폼 기업들은 규제 위협에 직면했을 때 IIG를 구성할 목적으로 온라인 기반의 동원 노력에 참여하는 경향이 있었으며, 정부 규제에 영향을 미치는 IIG의 성공은 IIG가 기존 이익집단에 비해 정치적 영향력이 더 크다는 잠재력을 보여주는지 여부와

그에 기반하여 나타나는 IIG 정치적 압력의 크기에 달려 있었다. 특히, 생산자와 소비자 모두를 포함한 IIG의 직접적 참여자의 규모와 대중을 포함한 잠재적 지지자들의 수는 IIG가 규제과정에서 발휘할 수 있는 영향력 수준을 결정하는 데 결정적인 역할을 하는 것으로 나타났다.

보다 구체적으로, IIG의 성공 요인은 주로 동원력과 조직력에 달려 있으며, 그 중에서 생산자 및 소비자의 수와 더불어, 대표적인 온라인 청원 참여자의 수가 IIG 성공의 가장 중요한 변수로 도출되었다. 예컨대, IIG의 성공 사례인 한국의 가상자산거래소와 뉴욕과 런던의 우버에 대한 사례 연구에서는 생산자 및 소비자를 포함한 상당한 사용자 기반을 갖추는 것이 중요하게 나타났으며, 나아가 정부의 규제 방향성 관련 발표 이후 수일 내에 대표적인 온라인 서명운동 및 기타 소수의 온라인 동원 활동을 통해 수 만에서 수십만 명의 서명을 모을 수 있는 능력이 중요하다는 것이 입증되었다.

본 연구는 디지털 시대의 맥락에서 새로운 유형의 이익집단의 등장과 이들의 동원활동이 정부의 규제정책 결정과정에 미치는 영향을 고찰한다는 점에서 기존 이익집단 연구가 설명하지 못한 현상을 이해하는 데에 기여한다. 본 연구는 디지털 기술을 기반으로 한 새로운 형태의 이익집단의 출현이 기존의 정치·경제 구조에 미치는 영향을 분석할 수 있는 새로운 틀을 제공함으로써 기존의 이익집단 연구와 정책결정과정 연구 분야에 대해 새로운 관점을 제시하고자 하였다. 특히, 본 연구는 급변하는 디지털 시대에 정치학자들이 정치적 이슈를 분석할 수 있는 이론적 렌즈를 제공하고자 하였으며, 이를 통해 기존 정치학 분야의 학술적 담론 발전에 기여하고, 향후 해당 분야의 추가 연구를 위한 기반을 제공한다는 점에서 그 의의를 가진다.

주요어: 이익집단, 온라인 동원, 규제정책 결정과정, 플랫폼 비즈니스, 가상자산, 우버

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