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TITLE PAGE

## **Framing Digital Future: Selective Formalization and Legitimation of Ridehailing Platforms in Estonia**

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# Framing Digital Future: Selective Formalization and Legitimation of Ridehailing Platforms in Estonia

**Keywords:** policy framing, legitimation, ridesharing, informality, Uber, Bolt

## Abstract

The contribution of the paper to the geographical literatures on informalities is to expand the work on transport informalities from transport system reforms and professionalization of informal provisions such as minibus services or taxi provisions to ridehailing, including explicit discursive framings through which formalization operates. Ridehailing platforms have entered various cities around the world extra-legally, forcing public authorities to deal with them. While there is an emerging literature discussing various aspects of ridehailing and platform economies, the literature to date has not analyzed what kinds of discursive frames facilitate the legitimation of these businesses. Analyzing legitimation through frame analysis highlights the affective forcefulness of future visions configured around technology-oriented regulation, employment provision and digitalization. The article argues that the state acceptance of sharing platforms, together with the introduction of the legal framing for them, particularly gains strength from the frame promising digital future. In such policy-framing processes, sharing platforms' extra-legal entry into the market as a form of "elite informality" becomes accepted instead of being considered illegal. This paper analyzes verbatim reports of debates regarding ridehailing legalization held at the Estonian parliament (*Riigikogu*) in April and September 2016. These verbatim reports represent a key event and arguably the most public part of the trajectory from Uber entering Estonia extra-legally in May 2015 to Estonia introducing the "Uber law" legalizing ridehailing in 2017.

## 1. Introduction

“Europe must embrace the digital revolution, and Estonia definitely wishes to be at the forefront of this. So wouldn’t it be reasonable—at a time when much of the world is finding protectionist reasons to prohibit the sharing economy—if we, Estonia, would be the first country to welcome Uber, Taxify, and Airbnb?”

—Taavi Rõivas, Prime Minister of Estonia, 23 February 2016 (Government Communication Unit, 2016)

“Estonians have access to some of the most innovative digital public services in the world, and your country is synonymous with the advancement of digital technology. [...] That Estonia has taken the lead in Europe on regulating ridesharing is a continuation of that proud tradition of embracing the online world.”

—David Plouffe, Senior Vice President of Policy and Strategy, Uber, 22 March 2016 (Tõhk, 2016)

On 15 May 2015, Uber started its ridehailing service in the capital of Estonia, Tallinn. As in other markets, this prompted considerable public debate over Uber’s legal status and its relationship to the existing taxi regulations (Spicer et al., 2019; Collier et al. 2018), because Uber was illegal in Estonia at the time. Nevertheless, unlike some European countries like the Netherlands where Uber was banned (Pelzer et al., 2019), Estonia accepted it. Moreover, Estonia not only accepted such ridehailing services but worked to provide welcoming conditions for them, highlighted by the passing of the ridesharing<sup>1</sup> bill in June 2017—also

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<sup>1</sup> We acknowledge the problematics of the term “ridesharing” (as in reality, not much “sharing” takes place). In this paper, we use the term “ridehailing”. However, we deliberately use the term “ridesharing”, whenever we refer to the Estonian-language equivalent of the term (*sõidujagamine*). In the context of our empirical setting, i.e., the chain of events that started from the arrival of Uber in Estonia in 2015 and led to the debate at the Estonian parliamentary meetings that we analyze, the term “ridesharing” was in popular use.

referred to in the media as the “Uber law” (e.g., Pärli, 2016; see also Ogembo & Lehdonvirta, 2020). This law took effect in November 2017, making Estonia the first European country to formally embrace ridehailing businesses by incorporating app-based for-profit chauffeuring to the legal system not as a kind of taxi industry but as a separate category termed *sõidujagamine* (English translation is “ridesharing”). While such a move does not make Estonia unique, it yet highlights the extent to which techno-optimistic discourses framed around digital future can become a rationale for selective formalization of informal practices and procedures. Through different routes and with various connections, this could happen in many other jurisdictions.

Since the rise of ridehailing, scholars from various disciplines—including law, urban studies, economics, transportation, human geography and information systems—have become interested in how policy treats ridehailing (Cetin & Deakin, 2019; Cockayne, 2016; Rekhviashvili & Sgibnev, 2018; Zwick & Spicer, 2018). As a form of chauffeuring-for-a-fee, ridehailing can be viewed as a type of taxi service and therefore subject to taxi regulations. Otherwise, ridehailing can be viewed as a novel invention largely different from taxis. When it is viewed as such, an entirely different set of regulations (or a lack thereof) is seen necessary. In the taxi industry, there have long been questions concerning the extent and nature of regulations as historically many countries and cities have moved from periods of taxi deregulation to subsequent reregulation (Dempsey, 1996; Mundy, 2018), often creating hurdles to conducting the business. Nevertheless, sharing economies introduced a different momentum. One of the biggest companies in the field, Uber, has in many ways epitomized digital disruption, challenging formal rules of taxi regulations in all markets it has entered (Lashinsky, 2017; Stehlin et al, 2020). The company has expanded across the world and gone through hundreds of legal cases (Collier et al., 2018; Spicer et al., 2018), resulting in legal and semi-legal positions for its existence. Nevertheless, studies have rarely paid attention to

the lawmaking discussions of ridehailing to elaborate on the ways in which such industries are framed. This paper taps into those deliberations, framing them in relation to the literature critiquing neoliberalism as a basis for selective formalization of informalities (Marx and Kelling, 2019).

By taking a look at legal framings in an economically and digitally ambitious small country, this paper shows how the “digital future” has become the dominant framing for such legitimation by entangling corporate and state interests in a symbiotic relationship. This article argues that the state acceptance of sharing platforms, together with the introduction of the legal framing for them, could gain strength from the strong promise of an inevitable, superior, and prosperous digital future. This paradigm is central for the legitimation, which rationalizes formalization of an activity that would otherwise be considered illegal, informal and thus be challenged. We are thus drawing from the literature on informality that has long questioned the simple separation of informal from the formal (Bunnell and Harris, 2012; Roy and AlSayyad, 2004). Instead of informal and formal being clearly delineated, there are rather “institutional bricolages” wherein traditional arrangements and social relations are interwoven with formal regulations (Heinrichs et al, 2018). The definition of formality and informality constitutes a contentious territory with similar activities often falling equally on the side of formal and informal in different jurisdictions or even in the same system but at different times.

The geographical studies of transport attend to such gray spaces of formality/informality (Yiftachel, 2009) mostly by investigating (informal) public and semi-public transport arrangements such as minibus services or taxi provisions in the global South. The formalization with regard to these sectors entail, firstly, a replacement of existing primarily informal services through the development of an integrated system, such as BRT (Paget-

Seekins, 2015). Additionally, formalization entails the professionalization of work, replacement of old technologies and necessitating registered permits with sometimes providing access to legal and formal capital within sectors of “informal” transport modes such as minibus systems (Heinrichs et al, 2018; Shlomo, 2017). Moreover, digital tools can enhance the legibility of infrastructures to make them more visible for users but also more governable (see, e.g., Williams et al, 2015). Such formalization of informality can also take place via platform economies. The very same platforms can increase “formalization of more ad hoc mobility infrastructures in the global South” whereas they increase “informalization of infrastructure” in the global North (Stehlin et al, 2020, p. 6). This paper, thus, furthers existing debates on the intersection of informality and transport by attending to ridehailing platforms in operation across global North/South divide. Not only do we highlight informalities beyond geographies of sub-Saharan Africa, Latin-America or South- and East-Asia but we investigate a mode of transport that is not particularly marginalized. This paper shows how in a neoliberal policy-framing with techno-optimistic digital future as an aim, sharing platforms’ extra-legal entry to the market becomes accepted instead of being considered illegal: a process that constitutes “elite informality” (Moatasim, 2018; Roy, 2005) wherein informality is allowed for elite groups and activities via selective formalization but restricted and criminalized for those who are marginalized.

We show this process of legitimation through the case of Estonia, which is a small country at the shifting border of East and West in Europe (Kuus, 2004), characterized as “post-socialist” that eludes simple global North and global South divide (Author, 2016), and with particularly strong dominance of the discourses on digital success (Lember et al., 2018). Hence, the article takes a closer look at Estonia in order to learn from a place where digitalization and the “digital future” have achieved the status of the dominant framing. In order to show that, this paper links processes of neoliberalization and legitimation to the developments of sharing

economies by discussing the complex bordering of formality and informality. After an overview of the method, this paper investigates the case of Estonia more closely and then discusses the parliamentary debates around formalization of platform economies through three frames: regulation, work, and the digital future.

## **2. Neoliberal platform capitalism: formalizing informalities**

### **2.1. Juxtaposing (il)legalities: formalization, legitimation and neoliberalization**

While informality might seem a sphere simply beyond the state, such perspective constitutes a limited one. Namely, states hold the power to define what is legal and what is not, and what is formal and what is not (Roy, 2005; Yiftachel, 2009). That is, states can formally legitimize a practice or a phenomenon: while elite informalities are valorized, those practiced by subaltern are criminalized (Roy, 2011). Legitimacy, as conceptualized by Suchman (1995, p. 574), is a “generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions.” Legitimacy as a process (Suddaby et al., 2017)—also known as “legitimation”—means that legitimacy is not an endpoint but an emergent phenomenon, an active achievement. Legitimacy and legitimation draw a line between different informalities (e.g., Recio et al., 2017; Roy, 2005). In such interlinkages of informal and formal, in which some forms of informality are forced out and other forms accepted and included in the formal registers, informality is not only for those with less power but a means of taking advantage as “elite informality” (Moatasim, 2018; Roy, 2005; Roy & AlSayyad, 2004). Elites have a long history of engaging in many activities that fall into the illegal spectrum, such as tax havens or sidestepping formal planning rules for construction of villas and other buildings. The state does not necessarily simply enforce laws but does so in relation to other concerns (Roy,

2009): the principles of what is seen as the future, what is aesthetically pleasing (Ghertner, 2010), and what provides business opportunity are modes of allowing some essentially illegal activities to exist. Hence, the process of legitimation can also make illegal informality legal. Additionally, previous literature has looked into ways in which informal labor functioning outside formal circuits of money is incorporated to capitalist market via financial technologies, essentially providing a “techno-market fix to bank and tax the previously unknown, unbanked, and untaxed urban sub-proletariat” and in this way reaping the benefits for capitalist economies (Frimpong Boamah and Murshid, 2019, p. 260).

Even despite illegality, informal modes of organizing might appear perfectly legitimate for many actors involved. Thus, some of the illegal activities are considered more legitimate than others, even more legitimate than legal state activities and provisions (Jenkin, 2001; Marx and Kelling, 2019). The publicly provided legitimacy of informality is what enables it to exist in the face of a potential push for its illegality (Webb et al., 2009). For instance, informal transport may operate outside the formal legal framework of passenger transport yet might be experienced as legitimate by the stakeholders involved in it (Yuana et al., 2019). Moreover, informal businesses self-regulate and provide forms of governing that might not be much apart from those associated with state systems of organizing (Heinrichs et al, 2018; Rekhviashvili and Sgibnev, 2018). States themselves, however, are not unitary with different agendas and rationales but also with different vested interest and influences of interest groups (Ferguson and Gupta, 2008; Hilbrandt et al, 2017). An emergent set of studies show, then, how informality is not merely a global South phenomenon—to which the bulk of studies on informality yet attends to—but in many ways matters also for the cities and states of the global North (Hentschel, 2015; Schindler, 2014). Instead of designating one system as formal and another as informal, then, researchers should look how “some ways of doing things have been codified into a legal rule with formal status, and others have not—within the same

context of social organization” (Marx and Kelling, 2019, p. 501). There is, thus, a selective formalization.

Such selective formalization is particularly characteristic to the neoliberal forms of state where instead of the withdrawal of the state (Brenner & Theodore, 2002), there is a regulated deregulation in which some economic agents are given greater freedom from state control, while the market framework itself is regulated (Aalbers, 2016: 517; on platform economies, see Ferreri & Sanyal, 2018). Regulated deregulations lead to the reduction of formal regulations in many spheres but are accompanied by shifts in what is regulated and what is not. With regulated deregulation, the sharing economy is a shift toward a “post-bureaucratic” society (Acquier et al., 2017). This seeks making transactions easier using platforms, while weakening existing regulatory frameworks. The neoliberal movement toward “thin states” thus often intersects with digitalization, which promises efficiency through the reduction of human labor and cutting bureaucracy. For labor relations this has meant that the enhancement of labor responsiveness to new trends actually leads to the misclassification of labor, translating full-time jobs into precarious part-time labor carried out in “gigs” (Zwick, 2017; also Cockayne, 2016). Thus, sharing economy introduces forms of labor that are close to informal ones. Kovács et al (2017, p. 366) conclude that “the sharing economy is ‘merely’ a more technologically efficient version of the informal economy,” driven by the same logic, although being often less socially embedded. Nevertheless, they admit that the digitalization adds another layer of possibilities, often leading to proliferation of activities previously lacking also in informal forms, and having various associations of innovativeness and coolness. This paper shows that the latter two associations, developed here through conceptualization of legitimation, is of crucial importance if we want to understand reasons for formalization of ridehailing.

Sharing economy is a sector that inventively manages the narratives of legitimation of what is otherwise informal and even illegal.

## **2.2. Sharing economy: narratives and counter-narratives of future promises**

Sharing economy is a debated concept, with various reviews, essays, and journal special issues dedicated to this concept and outlining contested narratives (Acquier et al., 2017; Gobble, 2017; Sutherland & Jarrahi, 2018; Stehlin et al, 2020). While the concept dates from before the 2008 financial crash (Belk, 2010), it became particularly popular in the 2010s with the rise of a wave of Silicon Valley companies (Slee 2017; Bulajewski, 2018). After the 2008 financial crash, “sharing” became identified as a technology-fueled business opportunity. For example, *Time* magazine included the sharing economy in their list of “10 Ideas That Will Change the World” and around the same time, some influential contributions were published (e.g., Botsman & Rogers, 2011; Sundararajan, 2016). Nevertheless, critical voices also arose. Critics such as Evgeny Morozov quickly pointed out that the sharing economy has a dark side (Morozov, 2013a). Morozov described the sharing economy as “neoliberalism on steroids”—a label also favored by others (Murillo et al., 2017). Some academics even argued that the sharing economy is not about sharing at all (Eckhardt & Bardhi, 2015) and that the concept is a “misnomer” (Hira & Reilly, 2017) and a “myth” (Stemler, 2017). Some proposed alternative names such as “neoliberal entanglement economy” (Pedroni, 2019) or the “taking economy” (Calo & Rosenblat, 2017).

There are arguably two competing narratives for sharing economy (Pasquale, 2016). Pasquale identifies the conventional narrative of the ridehailing proponents, emphasizing benefits such as low barriers to market entry, decreasing discrimination, higher quality, economic growth, and flexibility. The conventional narrative holds that platforms promote fairer labor markets.

They further reduce the impact of discrimination by increasing the number of service providers in transportation, housing, and other markets. In this narrative, platforms promote flexibility and thus freedom in one's employment choices, as well as promoting economic growth by drawing the un- and under-employed into the labor market. Finally, the massive market share of large digital platforms is assumed to result from the quality of their service. The counter-narrative, however, argues that platform capitalism reinforces inequalities and promotes precarity. It concentrates wealth in the hands of a few and creates insecurity and instability. This perspective stresses the ways in which platforms entrench existing inequalities by reducing the bargaining power of workers and the stability of their employment. Low-paid gigs force workers to constantly be ready or face missing their chances to work (Cockayne, 2016). At the same time, platforms may increase discrimination with picture-based profiles, revealing race or racially identified names, as ranking and rating systems can also reinforce bias (Hua et al., 2018). Sharing platforms are socially dis-embedded (Rekhviashvili and Sgibnev, 2018). Finally, the critiques point out that the large digital platforms have gained massive market share by sheer luck as well as first-mover advantage, lobbying, strategic lawlessness, and the unusually low cost of investment capital.

Whether embraced or approached critically, platforms have multiple reasons for existence: apart from accumulation, also providing governmental fix for mobility challenges, new hopes for public transit providers or new forms of common mobilities for alternative organizing (Stehlin et al, 2020). Yet, the largest companies, most particularly Uber, have provided a "new regime of mobility" (ibid, p. 4) with wide range of "frictional de/reterritorialization[s] of capital" (ibid, p. 14) marred by inequalities. Following the counter-narrative, then, Uber is not simply a technology platform but a contemporary archetype of policy disruption (Biber et al., 2017). While many large technology companies have sizable resources for lobbying and well-organized public policy activities (Popiel, 2018), the policy story of Uber exemplifies

the ways in which platform economies are legitimated around the world. While it was Lyft whose cars first entered the streets of San Francisco without being stopped by public authorities, Uber quickly adopted the same mode of operation.

The argument for difference from a taxi service has been crucial for Uber. Responding to the cease-and-desist letter in San Francisco, the company stressed (Kolodny, 2010, no page) that it is “cutting edge transportation technology and it must be recognized that the regulations from both city and state regulatory bodies have not been written with these innovations in mind.” Uber recommended “educat[ing] the regulatory bodies on this new generation of technology” (Kolodny, 2010, no page). This emphasis on innovation became the *raison d’être* of Uber, encapsulated in what Stone (2017, p. 195) defined as Travis’ Law (named for Uber CEO Travis Kalanick): “Our product is so superior to the status quo that if we give people the opportunity to see it or try it, in any place in the world where government has to be at least somewhat responsive to the people, they will demand it and defend its right to exist.” Being part of “sharing” gives not only a positive image to ridehailing platforms but also allows businesses to avoid legislative constraints that would otherwise significantly curtail their growth. However, as Dubal (2017, p. 135) aptly points out: “Despite the gauze of innovation and technology, chauffeur work has not changed over the last one hundred years.”

Uber’s expansion into numerous North American cities was fast, aggressive, and generally successful (Collier et al., 2018; Spicer et al., 2019). The expansion in Europe, nevertheless, followed a bumpier trajectory already for many years (Noguellou and Renders, 2018). For example, Uber arrived in Germany in 2014 but was quickly banned (Rawlinson, 2014). Moreover, Uber was unable to influence the taxi legislation in the Netherlands despite extensive efforts (Pelzer et al., 2019). Ridehailing platforms remain generally banned in Denmark and Germany. In Italy and France, these services are partially banned. In London,

UK, Uber has faced numerous challenges ranging from outright illegality to discontinuation of the license renewal due to concerns with the operation of their business. Nevertheless, while not strictly legal, the service is, in one way or another, available in most European countries. It is important to note here that the legalization and formalization of platform economies rests on the legitimation related to narratives present in these places. This is the moment where, firstly, the difference from existing services (taxis) and, secondly, a set of often innovative, digital future promoting business framings make the difference between acceptance (or non-acceptance) of ridehailing platforms.

Arguably, Estonia has been at the forefront of building a neoliberal state through e-government policies (Lember et al., 2018), strengthened by strong techno-optimistic narratives (Pikner and Jauhiainen, 2014). Digitalization provides symbolic value by branding the country as a digital frontrunner. Thus, while investigations of ridehailing regulation have debated whether ridehailing is a continuation of taxi service provision or something entirely different (Anderson, 2014; Rayle et al., 2016), the beliefs and assumptions about what is good practice and what constitutes a potential future have set digital ridehailing on another level of importance compared to regular taxis. Instead of enforcing rules and pushing the activity out of the formal arena, the Estonian state chose to ignore it and let it continue, eventually even revising rules and laws. The state in Estonia thus offered new forms of relaxed regulations for the service despite its formal illegality. The digital future henceforth acts as legitimation for the non-illegalization of activities and leads to them being embraced by Estonian regulators.

### **3. Case and methodology**

#### **3.1. The political field influencing ridehailing in Tallinn**

The history of ridehailing in Estonia and its capital city, Tallinn, is a collaboration between taxi companies and platforms. The market leader, Bolt (named Taxify until March, 2019), started in 2013 as a student firm pooling information from different taxi companies and providing a digital platform for choosing between them. In its beginning, then, various taxi companies were collaborating with Bolt, the aggregator application itself merely enabled easier access to taxi service without the need to call multiple services to check their availability, and one could choose from a range of services of different prices and qualities.

However, while Taxify/Bolt is the primary actor in the business in Estonia, Uber has been central in pushing through changes in policy. When Bolt started, the Estonian legal system did not allow platform-based mobility provision. However, in May 2015 Uber entered the market without hesitations over its legality—in an “extra-legal” form, as it had done elsewhere in the world (Collier et al., 2018). This also prompted Bolt to shift more toward the mobility platform model. Eventually, there was a rift between taxi companies and platform providers, escalating into public protests in front of the parliament in the spring of 2016.

In autumn 2017, however, the platform provision of ridehailing was legalized in Estonia. Since then, the market for offering the service of carrying passengers has been divided into two. On the one hand, there are “regular taxis,” which measure the fares with authorized taximeters. On the other hand, there are the new on-demand “taxis,” which measure the fares with “information technologies,” that is, apps. The regulated ridehailing drivers are now expected to register, and they need to provide a receipt. Still, there are some discrepancies. While “regular” taxis are required to have specific insurance due to the higher risk of traffic accidents, “sharers” can get away without having this; they drive on regular car insurance. Thus important inequalities between the requirements, and thus between the legal treatment of services, remain. In these conditions, some “regular taxis” have shifted to platforms and

become “sharers” with fewer legal regulations such as avoiding the need to have signs on vehicles’ roofs, taxi meters, and so on. Nevertheless, there are still some advantages to being a “regular” taxi, such as being allowed to pick up passengers from the street or to wait for passengers at taxi stands. So currently, many taxis have both taximeters (as well as other characteristics of regular taxis) and apps, allowing them to pick up passengers through different means.

### **3.2. The political landscape of platform economy development**

As pointed out, while Bolt is nowadays the main player in the business of sharing platforms in Estonia, politically the field was shaped in important ways by Uber. The company’s actions—entering the market while fully aware that the business was “extra-legal”—ushered major shifts in the entire business sector in Estonia, with reverberations beyond the country’s borders. There was a clear Uber lobby pushing for the legislation to run through the parliamentary proceedings. Uber established the Estonian Sharing Economy Association together with other companies and organized various stakeholder meetings during the legalization debates. Uber played a very prominent role at the time and reportedly did so behind closed doors as well, leading the media to refer to the act as the “Uber Law” (Pärli, 2016). Nevertheless, there was not necessarily a coherent group influencing policymaking; instead, there were various parties whose positions and aims cohered with those of the platform economy and Uber. Their voice in the political deliberations, unpacked in this paper, were put forward by one politician, MP Kalle Palling (positioned at the center of Figure 1).

The voice of MP Palling we hear in the discussion of frames below articulates not only his own words but those of his political party, the government, and even a loose coalition of different actors pushing for ridesharing legislation (Figure 1). He is part of a network of multiple stakeholders in which he is the focal actor of the lawmaking process. Moving

outward from MP Palling, the network consists of the Reform Party, whose (neo)liberal political ideology is conducive to sharing economies, and the coalition government of the time formed by three political parties. During its more than a decade in power, the Reform Party has always supported businesses interests, favoring low taxes and support mechanisms for enterprises (Feldmann, 2017). The government has, for a long time, supported digital services such as e-government and an ID-card system. Hence the support for legislation for mobility service platforms concurs with former policy directions. Then the assemblage is formed in large part by various sharing economy companies themselves, as well as the Estonian Sharing Economy Association. Uber and ride-sharers' wishes were also accommodated and furthered by consultancy companies, who are an important element of the whole network of ridehailing law and the reasons why the legal changes succeeded. Lastly, the Estonian Tax and Customs Board, whose actions and policies seek to accommodate the sharing economy, is also an element of the ridesharing law assemblage.

[FIGURE 1 ABOUT HERE]

**Figure 1.** The institutional context in which the ridehailing law was advocated

### **3.3. Frames of mobility platforms in Estonia**

We analyzed the material of parliamentary debates by categorizing statements into a set of frames. While frame analysis has its roots in the work of Erving Goffman (1974), frames and framing have become one of the most important constructs in the social sciences in recent decades (Cornelissen & Werner, 2014). In this paper, the use of frames is inspired by studies of platform economies by Martin (2016) and Yuana et al. (2019). Frames denote an analytical schema through which a certain object— in this case, the platform economy—is perceived by actors in the field. In frame analysis, it is common to identify multiple frames and subframes for a given object. Depending on the positions of the actors, some of the frames can become

dominant and form a discourse. In this way, frame analysis falls broadly under discourse analysis. Nevertheless, the latter is arguably more attentive to language and cognition, whereas frame analysis has its own methodological intricacies with regard to being attentive to the strategic and deliberative use of concepts and terms (Lindekilde, 2014). In this paper, this analysis is coupled with the identification of some frames as more central than others, even remaining implicit in discussions.

The data for analysis in this paper consists of a total of three parliamentary meetings on the topic of ridehailing legislation (4 April 2016, 19 April 2016, and 28 September 2016), with the one on 19 April the most significant for its sheer number of statements and topics (and a source for quotes in the following section). The data analysis was not about getting from theoretically produced frames into analysis of material and interpretation; instead, the frames were developed heuristically by engaging with the research material and adding or revising frames. This method accords with the previous uses of frames, as in Yuana et al. (2019), who also utilized an inductive approach in order to capture sharing mobilities in a context where previous research would not necessarily provide suitable framings. Thus the utilization of inductive frames makes it possible to capture the particular narrative framings (Yuana et al., 2019) exemplified by the digital future in the account unfolding in this paper.

This paper relies primarily on parliamentary debates, using verbatim reports as the research material (available on the parliament website: <http://stenogrammid.riigikogu.ee/en/>). While it is common to use textual material in discourse-oriented analysis, the sources are usually media outlets (see on sharing platforms, e.g., Yuana et al., 2019), and attention to political debates in the legislation discussions is often lacking. Nevertheless, each parliamentary meeting constitutes a rich source of data in which members of the parliament express their positions. This material is, in the Estonian case, also recorded and transcribed and fully

accessible (and searchable) through a web interface. Of course, we need to consider that parliamentary meetings are just one place where lawmaking occurs (Latour, 2009; Lumi & Kaju, 2017). Steering groups, lobby meetings, and other smaller face-to-face meetings—constituting the informal processes of state making also in the global North—often shape the law more than the debate in the parliamentary room. Yet the verbatim reports offer a set of materials where parliament members from different political angles and positions voice their opinions, elaborate on various matters, and formulate and generate discourse. As this paper is interested in the making of regulations and the process of their discussion, this is a core set of material for comprehending the elaborations behind regulatory ideas. By attending to the parliamentary meetings, we draw attention to the messy reality of laws at the stage where they are not yet well formulated and polished but only debated and in the process of being made.

There were a total of 348 statements in the three parliamentary meetings, which we classified into three frames: regulations, work, and digital futures. Besides the three frames, an additional one that could be defined is that of mobility sustainability. Nevertheless, we left it out of this paper, as mobility sustainability is often inserted into a narrative as a mere facade rather than substantial content: it is expressed in words, but it is subsumed under the dominant frame of the digital future (see, e.g., MP Kalle Palling’s remarks on inevitability below, citing the *Matrix*). These master frames were subsequently divided into a number of subframes. Table 1 summarizes the devised frames and subframes, divided into conventional- and counter-frames (counter-narrative frames) following Pasquale’s (2016) distinction discussed before. The frames and subframes are elaborated in the following discussion of this paper.

**Table 1. Frames for analyzing verbatim reports**

[TABLE 1 ABOUT HERE]

#### **4. Findings: embracing techno-optimistic digital future**

While many of the statements MPs used to support or criticize the sharing platforms are also widely used in other countries and in the academic literature (sharing as a peer-to-peer activity, work in the “gig” economy as entrepreneurship, the misclassification of taxi driving labor), the materials used in this paper highlight the formation of the discourse in the parliament. Namely, the data analysis reveals the incessant desire to make sharing platforms for mobilities legal, often in the name of soon-to-(inevitably) arrive digital futures for which Estonia needs to be at the forefront.

##### **4.1. Regulation: Digital tools enabling better (government) oversight**

Echoing positions within dominant narratives about ridehailing, MP Palling noted that “ridesharing platforms have done an extensive amount of work on behalf of the state.” In many ways he voiced the wishes and concerns of the companies, in line with the platform companies’ lobbying strategies elsewhere (Collier et al., 2018). In general, this line of argumentation favored less government regulation and instead suggested using those measures introduced by companies:

We can set minimum standards according to what the previous Riigikogu [parliament] discussed, arriving at the conclusion that precisely this is a good reputation for a taxi driver, and these are the requirements that have to be fulfilled. Or we can consider it right that thousands of consumers of ridesharing give feedback after every ride, resulting in, for instance, a situation in which Taxify [Bolt] has cut out from its system a thousand taxi drivers who had fulfilled the requirements in the eyes of the state but did not offer quality service for a client. (MP Kalle Palling)

He argued that “new technology has provided entirely new ways for firm quality standard assurance, doing so without a need for a number of officials standing next to everyone being ready to issue fines.” According to him, there was “no better license than trustworthy consumer and real-time feedback.” He touted the Uber and Bolt control mechanisms requiring every user to evaluate each ride on a scale from 1 to 5 and the platform that disconnected drivers who were rated below a certain score (4.5). This, he claimed, was better than requiring drivers to obtain certain taxi driving licenses and checking them on a regular basis. The argument is that measures devised outside state regulations are more successful in assuring service quality and weeding out “bad apples.” This denotes a subframe highlighting people over government.

He proposed, then, to shape legal regulations based on those done by companies:

I prefer [...] that we set the standard based on the requirements which Taxify [Bolt] and Uber, two of the largest service providers in the market, have set for their own drivers. Let’s set the standard and write those into law. (MP Kalle Palling)

This is lawmaking based on what is already being done by market actors. It is similar to self-formalizations of informal mobility sector (Heinrichs et al 2018, Rekhviashvili and Sgibnev, 2018) but in this case even some state actors accept the superiority of such measures. This strategy is rationalized by suggesting that market actors’ regulations are superior to those that regulators can invent and implement themselves.

Nevertheless, some MPs questioned such lawmaking practices on the grounds that they essentially reduced lawmakers to a voice for a limited set of market players without considering the wider ramifications to society. A further skepticism among MPs rested on questions about relinquishing to companies the handling of quality-assurance systems: “How can we be sure that the day after the law is passed, Uber and Taxify [Bolt] do not abandon

their system?” (MP Andres Ammas, opposition Estonian Free Party). In this way, a fundamental question is raised on the extent to which laws and regulations form a separate sphere of practice distinguished from regulations induced by private companies. Such state rules should have longevity and be firmly controlled by the parliament and other governmental institutions. This MP was asking a question out of concern over the dangers of “technological lock-in,” in which some technological platforms basically create monopoly positions, leading to “corporate path dependency” (Ferreri & Sanyal, 2018). While some MPs evoke a subframe arguing that technology makes government intervention obsolete, counter-narratives highlight the need of governmental oversight.

Nevertheless, while oversight by technology was favored, government’s capacity to regulate on its own was actually questioned, needing the help of digital tools of market actors. Thus MP Palling sought to lubricate business and ensure tax compliance by limiting business transactions only to card payments:

I would like it a lot if the whole shared economy is cash-free. I’m not sure if it is possible that we have only one concrete payment method. [...] I’m saying it as a personal opinion that I would like it a lot, because of the reality within taxi sector that taxpaying morale is not very high. (MP Kalle Palling)

While in many ways skeptical of governmental regulations, this perception actually entails an increase in oversight, yet it does so not through extensive regulations (such as licenses) but through means possessed by companies. There was a desire to root out some informal practices, but not really by simply extending the government’s existing regulations but through new technologies and technology-induced oversight. This is a form of regulated deregulation (Aalbers, 2016; Ferreri and Sanyal, 2018), where state-provided regulation is withdrawn but business-induced and managed regulations are rolled out. The basis of such

regulations, as unpacked below in Section 4.3, is that of digitality: state regulations are cumbersome precisely because they rely on licenses and other slow technologies, whereas businesses roll out those of quick and interactive digital oversight. The process of formalization entails then acceptance of non-state procedures as basis for incorporating informality under state frameworks.

#### **4.2 Work: non-professional labor and additional income**

The conditions in the ridehailing business raised questions of precarity as well as the deprofessionalization of labor (*haltuura*), but the changed work regulations also allow additional income and, as MPs claimed, entrepreneurial opportunities. Again, the aim here in this paper is not to assess the actual situation of work but to delve into the discursive frames.

The crucial question in the debates was how the employer in the sharing industry related to the “traditional” employer. An MP asked:

Looking at other spheres based on this analogy that you claim to be 21st-century regulation, does it make a participant in the sharing economy also to a certain extent an employee with rights and obligations resulting from this? What might be the status of such an individual, as an individual entrepreneur (FIE) or something else—is it rather hobby-work? (MP Andrei Novikov, opposition Center Party)

He asked, then, whether there were ways to provide more secure working conditions for people in the mobility sector, so that they would have rights to health benefits, retirement benefits, insurance in the event that they become unemployed, and other social net features. MP Palling, however, countered the claim that there was any shift from traditional labor to a new and more insecure form of labor by noting the already existing precarity in the taxi

industry, where more than 90 percent of taxi drivers already work for themselves, either as an individual entrepreneur or as a company.

Thus the sharing economy lacks a direct contractual relationship to an employer with guaranteed social safety nets in precisely the same way as the taxi industry: as taxis are also generally without employment relations, the “sharing economy is here in an exactly equal position to the taxi sector” (MP Kalle Palling). Nevertheless, by noting the lack of classical labor relations, he still ignores the aspects of regulations in taxi industries. That is, even if taxi drivers are self-employed in Estonia, there are more restrictions in the taxi business, starting from licenses for both the driver and the car and ending with constant monitoring by the municipality and it ignores the long established social relations in the sector.

Moreover, while noting the similarities in working conditions with taxi drivers, the MP stressed a major difference:

Sixty percent of those offering a ridesharing service do so less than 10 hours a week, and 80 percent of sharing-mobility providers do so only less than 20 hours a week. So we cannot definitively compare them with professional taxi drivers. (MP Kalle Palling)

Thus the work in ridehailing provides potential opportunities for additional income, which constitutes one subframe. Many references suggesting these opportunities could be used in retirement, during parental leave, or even when on another job were made by MP Palling. This means that there are various reasons for doing such work: “There are as many reasons for taking part in the sharing economy as there are people” (MP Kalle Palling).

But additional income has different resonances. A term that popped up in these parliamentary discussions was “*haltuura*.” This term is a slightly derogatory Soviet-era word, referring to

doing the work of professionals, often by non-professionals, solely in order to earn additional income and often not performing the task at a professional level. The dictionary definition is “a work on the side to make extra money; easy money, fozzled, bad work” (Estonian Dictionary, 2018). Thus, it is a counterframe towards ridehailing business. Pushing for the law to legalize ridehailing, MP Palling responded to such critiques calling this type of work *haltuura* by normalizing the existence of ridehailing—claiming that this activity is just there—and stressing that the aim is to merely make the activity legal with the introduced legal changes:

The real situation is that this service is offered, there are consumers who use this service, and there are providers who offer the service. Our aim with this law proposal is to end the *haltuurandus* [the act of *haltuura*] and to create a service with clear rules, with requirements to pay for the service and to pay taxes on it, to bring it to the level of law. (MP Kalle Palling)

The legalization would make the business taxable, in a similar way as technological solutions of mobile money would make informal labour part of capitalist economy in the global South (Frimpong Boamah and Murshid, 2019). Nevertheless, he never responded to concerns of that the work would be done in a haphazard way, which is another important aspect of *haltuura* apart from the fact that it is untaxed and unregulated. The aspect of “doing the job badly” is associated with the deprofessionalization of labor. From various MPs’ responses, it emerged that a taxi driver is generally considered more professional for the job, based, understandably, on the fact that this is their full-time employment, even if they are employed as an FIE (individual entrepreneur).

Nevertheless, MPs favoring the legalization of sharing economies also saw entrepreneurial aspects to the labor. Namely, the additional income is also a business opportunity that uses resources that have been lying dormant:

I think it is very, very difficult to decide in advance who is allowed to offer what service. I would rather make opportunities for people when they have free time and resources they want to share. (MP Kalle Palling)

Ridehailing thus even becomes entrepreneurship. In this framing, support is requested to this activity that perceptively takes people into an entrepreneurial trajectory. This constitutes a powerful subframe within the discussion of work. MP Palling elaborated in the parliamentary meeting:

I think that the sharing economy is a very good opportunity to help people make this first step. You have some resource, you have a paid job, and you have some extra time. Then you go and offer the service, making it your extra income on the side of your main job. I think it is just wonderful if in this way, we get more people into entrepreneurship, so that they would be their own employers. (MP Kalle Palling)

It is notable that here, entrepreneurship is particularly associated with the new types of driving jobs, while the number of positions could just as easily be increased in the taxi industry. A comparison with taxis would highlight here that imagining “entrepreneurship” this way is a traditional (mis)understanding that equates informal labor-for-sustenance to entrepreneurship. Similar lines are echoed in the work on informal labor of the global South (by figures such as Hernan de Soto). Nevertheless, despite the claims of small-scale entrepreneurship, informal labor is often rather survival-driven, marginalized, and necessity-driven (Roy, 2005). In order to respond to such concerns, an MP also tabled thoughts on limiting the amount of work that could be done through the platform. According to one MP

(Toomas Kivimägi, Reform Party), it would accord with the nature of most of the work offered through the platform. In this way, the platform would clearly be for labor intended for additional income and would not allow full-time work activities. However, as the MP highlights, such restrictions would still contradict the liberal worldview, which is an important part of his (and MP Palling's) home party's—the liberal Reform Party's—position: limiting working hours reduces freedom. Thus coalition MPs stressed the rollback deregulatory dimension of the mobility-provision business. Nevertheless, this perspective was accompanied by the roll-out of legalization tackling what were previously informal and illegal activities: ridehailing was accommodated within the scope of government regulations.

The argumentation for the legalization of sharing mobilities highlights a selective liberalization of the economy. Ridehailing is made more liberal by regulating an informal and illegal activity at the same time as the formal business is given a chance to be more open and unregulated. This opportunity would not extend to other sectors, such as street trading or informal labor on construction sites. Importantly, the argumentation for the ways in which the ridehailing businesses differ from taxis and various informal sectors rested significantly on the prospects of the digital future platform economies vowed to deliver.

### **4.3. Digital future**

The digital future constitutes a strong frame in parliamentary meetings (and beyond) for a country that has technological innovation as one of its primary governing aims and external branding measures (e.g., e-Estonia). In general, the digital-future framing proclaims that ridehailing is a legislative opportunity that will direct Estonia toward prosperity. Thus, adding to the elaboration in the previous sections, it is not just that market actors regulate better but that the regulations are considered superior if done digitally. Similarly, it is not just that the increase in entrepreneurship that matters but that entrepreneurship is digitally enabled. So the

digital future is the master narrative, often working in the background of other narratives by guiding their formation as an unnoticed frame. In this section, we explicate the digital-future frame by analyzing it in four subframes.

Firstly, the digital future consists of elements of “solutionism,” a concept adopted from Morozov (2013b). This subframe posits that existing or assumed problems will be tackled with technological solutions. This subframe mostly concerns tax payment. Namely, the sharing economy arguably improves tax compliance, as each transaction leaves a digital footprint. The mobility platforms are in the business sector, where tax payment is an ongoing concern and the digital tools provide a solution from the regulators’ point of view. Thus, in the future, instead of the physical taxi meters that were previously mandatory, there would be app-based taximeters that would enable the seamless measuring of fares as well as tax payments.

I have discussed with the Chancellor of Justice that it would be great for the state if in the service sector there is no chance to operate on a cash basis, because then it is easy to monitor transactions and collect all the taxes. (MP Kalle Palling)

The second subframe of the digital future is the “business opportunity.” A report provided by consulting agency PwC (Pricewaterhouse Coopers), which MP Palling referred to in his parliamentary statement (below), saw the sharing economy as one of the five major growth sectors in the world, with an annual revenue of 15 billion USD. This revenue was forecast to grow to 335 billion USD in 10 years’ time; according to MP Palling, this was even a conservative estimate. He stated that the legislation provides the opportunity for some Estonian companies to grow into “unicorns” with a market value of 1 billion USD. The quote below is particularly intended to inspire.

Dear listeners! Ambitious Estonian entrepreneurs are leaders of big changes and revolutions in the world. Let's start with Skype, which changed the meaning of long-distance calls all over the world. [...] Having grown into a billion-dollar company, TransferWise has transformed the finance sector and has pushed down transaction fees, to the joy of consumers. Taxify [Bolt] already connects people in more than ten countries around the world. [...] There are many entrepreneurs who have enough substance to become the unicorns of the digital revolution and the sharing economy.

(MP Kalle Palling)

The quote highlights various technology success stories such as Skype and TransferWise as models for the country's success. The law, in such framing, forms the blueprint for other such stories to emerge. Taxis are a small-scale business, whereas the sharing economy promises a big and global-scale business. It offers the potential use of untapped resources of spare time and capacity of private cars. Thus, while appearing as a small-scale business opportunity for a driver, it is essentially a business worth billions of dollars, one which Estonia should tap into.

The question for legal regulation in Estonia, then, was not simply increasing tax compliance. Instead, what mattered was the relationship to the country's innovativeness. Thus the third subframe is "innovative country." Being an innovative country means innovations in the state sector, offering export potential, as promoters of the sharing-economy legislation claimed. Moreover, MP Palling proposed that "the Estonian tax agency and Estonian state could export this service to other countries where Uber is active," thus suggesting that the law not only offers the chance to generate business but can itself become an export service. MP Palling thus proposed as an option that some percentage of transaction fees would be earned by the Estonian state. In this way, tax services can be business for a country's state sector.

(See Ogembo & Lehtonvirta, 2020, for an analysis of tax earnings from the platform economy.)

Nevertheless, making ridehailing an element of the digital future also rests significantly on the position of the most important company in this sector in Estonia. Namely, Bolt is an Estonian company, based on Estonian capital, but with global ambitions. Interestingly, then, while the primary lobbyist in Estonia, Uber, is a foreign company, its actions went hand in hand with those of its competitor, Bolt: likewise, the support of the sharing economy means support for Estonian business. An innovative country, thus, is one with innovative businesses that increase the country's general economic performance throughout different sectors, including the state sector.

The frame produces a growth narrative surrounding the platform economy, to which the country should link and reinforce its image as an innovative country moving toward the digital future. MP Palling indicates that “Estonia can be the leader and show the way.” In the arguments presented in the parliamentary meetings, Estonia is posited as the first to legalize with the potential of export. As Estonia sparked a technology revolution with Skype, a similar revolution can be carried out.

Skype would not have been born if we had gone the same way as what the taxi companies offer today—that ridesharing is when you can only share a ride twice a day, when you go to work and when you come from there. The same logic with Skype would be that you can only do two Skype calls, and the others have to be done by Eesti Telefon [the country's former telecom monopoly], because then the money stays in Estonia and Eesti Telefon has more revenue. The revolution would not have happened then. (MP Kalle Palling)

This quote is significant for the ways in which it posits the claims of those favoring taxi-like regulations of ridehailing as part of old technological regimes and as detrimental to innovation. The quote also suggests an inevitable push for innovation.

The fourth subframe thus deals with inevitability: defining ridehailing as an urgent topic for legislative reform. The point it makes is that the future is here and we need to act now. There is no need to debate and discuss; there is an urgency to embrace the future. To make the point, MP Palling evoked the 1999 hit sci-fi movie *The Matrix* and the famous scene where the protagonist has the choice of either taking a blue or a red pill: the former would allow him to go to sleep and continue living in a dream, while the latter would open his eyes and let him see what the world actually is.

We, as lawmakers of the Estonian Republic, have a similar choice here. We can close our eyes and pretend that in Estonia there is no technology-based person-to-person economy, ignore the fact that the sharing economy is already here, that it functions, and that more and more businesses are ready to compete in order to succeed in the world. We can make more parking places,<sup>2</sup> widen roads, and take away from our people the chance to earn extra by banning the sharing economy, but we won't get far with such a machine-breaking policy.

MP Palling, of course, did use the parallel in a simplified way. In *The Matrix*, the answer for liberating the future world quite was machine-breaking. Moreover, the rosy reality that Palling proclaimed would arrive with ridehailing seems very much like what one would see with the blue pill: the red pill would reveal the counter-narrative of the sharing economy characterized by precarious labor and the control of multinational companies. Nevertheless, the quote makes clear that in the dominant narrative, the digital revolution is inevitable and is

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<sup>2</sup> Here the reference is to sustainable mobilities but doing so as a side point to a digital future.

already here, and the only thing we can do is to accept it. We can try to go the other way, but we would face the tide of technological progress and would end up having to turn around and embrace technological innovations. Members of parliament acknowledge that there are fears of embracing these innovations but say that such fears have always been around when new technologies emerge. “Innovation has always been difficult to introduce to the economy,” noted MP Andre Sepp of the Reform Party.

The narratives of innovativeness proclaiming the digital future have significantly framed the narratives of mobility platforms. Thereafter, facing questions by opposition parties on why police did not act despite the clear illegality of the form of business, the Minister of Internal Affairs downplayed the illegality and framed the platforms as “new developments” that would be regulated as soon as possible. MP Palling then commented: “It is clear that the service would not disappear, and a regulated market is better than an unregulated market.” While similar frames could be used for different illegal business activities with longer or shorter histories (such as selling and trafficking drugs), it is significant that the novelty of platform economies, as well as their future promises and use of digitality justifies for regulators the positive approach in the face of apparent illegality. It is a selective acceptance of informalities, wherein the digitalized “elite informality” is accepted but the non-digital forms of informal economic activities remain outside the purview of formalities and are criminalized. It is also significant that no direct counter-narrative subframes related to digital future emerged in parliamentary debates (see Table 1), suggesting then the wide appeal of working towards digital future as a guide for the governmental approach.

## **5. Conclusion: digital future as legitimation for formalizing informal**

This paper looked for the discursive frames that can facilitate the transition of ridehailing from extra-legality to disruptive regulation, remaking the political and economic territory of

chauffeur passengers for money. The approach taken in the country under study here—Estonia—entailed incorporating app-based for-profit chauffeur to state formal frameworks not as an extension to the existing taxi industry but as a separate category termed “ridesharing.” In this paper, we identified the discursive framing for how this formation of a separate category was legitimized in Estonia, bringing forward the most dominant frames of such understandings.

The case shows an example of elite politics (Collier et al. 2018) and elite informality (Moatasim, 2018; Roy 2005). However, we added the dimension of digitalization to understandings of such selective formalizations of informality, noting the ways in which informality in the name of the digital future can be justified and eventually legalized. Namely, the ridehailing service in Estonia appeared, on the one hand, as less formal owing to the delinking from taxi regulations. On the other hand, they became also more formal, with the new formalities often relying on rules and norms of non-state actors considered superior to what the regular procedures of the state have been. Thus, the paper continued the discussions by critical geography literature on informalities regarding complex interlinkage of various informalizations and formalizations but stressing the selective formalizations driven by digital future narratives and legitimation. Moreover, by working with the case of ridehailing in a country that eludes simple global North and global South divide and attending to the transport sector, the case shows informalities at work also beyond the narrow “informal transport” framings dominant in transport geographies, expanding the notion of informality and associated analytical developments to the digital ridehailing business.

By looking into the debates framing the policy in the Estonian parliament, we highlighted the process of legitimation. The legitimation of ridehailing, despite its formal illegality, was in the case discussed here significantly based on the assumed superiority of non-state- and

technology-induced regulations, work opportunities, and promises of a digital future. Thus the parliament, whose debates we analyzed, framed ridehailing as the provider of a gateway toward the digital future, in which Estonia makes use of the potential that sharing platforms provide. The arguments for digital future elucidated in these debates maintain that it is not just that market actors regulate better than the state; their regulations are considered superior if done digitally. The digital future framing also suggests entrepreneurship opportunities which, while very similar to regular taxi riding, appear future oriented because they are enabled by a digital platform. Finally, the digital future constituted a master narrative in the debates of the parliament concerning the inevitable future and potential for business success not only on the individual company level, but also for the whole country. In this way the narratives of digital future can legitimize elite informality, identified in critical literatures on informality, to carry out selective formalizations and legalizations of illegal practices. We thus offered a novel intersection of formal/informal, ridehailing/taxi driving, legal/illegal and digital/traditional via processes of legitimation, to make explicit the extent to which geographies of informality matter in practices of governing neoliberal states.

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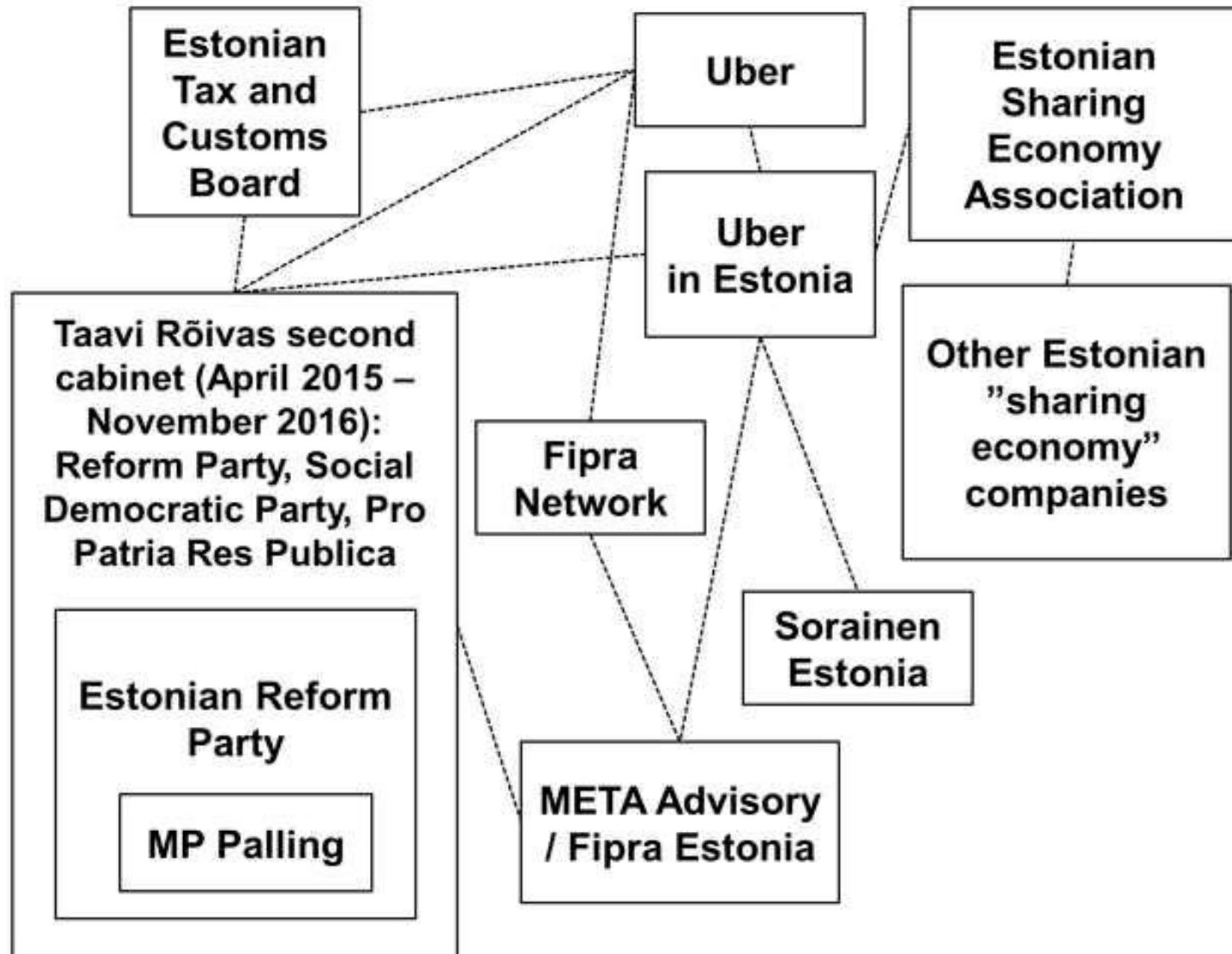
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Figure 1



## Highlights

1. In selective formalization, different informalities are treated unequally.
2. Digital ambitions of Estonia provided welcoming conditions for ridehailing.
3. Ridehailing acceptance despite its illegality rests importantly on elite informality.
4. Frame analysis of governmental debates reveals dominant discursive structures.
5. Narratives of digital future can legitimize elite informality.

Table 1. Frames for analyzing verbatim reports

THEME	CONVENTIONAL FRAMES	COUNTERFRAMES
<b>REGULATION</b>	The people over the government Technology makes government oversight obsolete Lubricating business	
<b>WORK</b>	Entrepreneurship opportunity Additional income  Unemployment	Precarity  (Non-)professionalism ( <i>Haltuura</i> )
<b>DIGITAL FUTURE</b>		

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**Credit author statement**

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