What we can learn from Uber and Lyft's
Austin recall and initiative efforts

by JOSHUA SPIVAK

Technology companies have faced years' worth of criticism for being behind the times in dealing with political pressure. Unlike other, more old-line industries that saw regulations, taxing and spending policy and government contracts as critical to their success, tech has not been known for its lobbying efforts or for getting involved in political campaigns.

This head-in-the-sand attitude began to change, especially following the Justice Department's attempt to break up Microsoft in the late 1990s. The most recent political campaigns showed politicians the importance of having an online expertise, and the knowledge has resulted in some cross-pollution. Even more recently, tech companies have opened their wallets to hire the boldface names of the DC world, like Barack Obama's former campaign manager.

Despite these recent efforts, tech is clearly still punching well below its weight in the political arena. Much of the real-world fight in politics is on the state and local level, where tech has not bothered to get involved. But a current battle in Austin, Texas against ridesharing companies may show the way that tech can really be involved in politics.

The fight started with some traditional pushback by an established and politically well-connected industry. Austin lawmakers voted to require that drivers for ride-hailing companies like Uber and Lyft undergo fingerprint-based criminal background checks before they are allowed to pick up passengers.

Ridesharing companies have faced increased political and regulatory hurdles in recent years. Much of this opposition has been brought by the traditional taxi and limousine industry, which is quite concerned about new competitors in the space. This has occurred globally — as can be seen by violent protests in Indonesia and attempts to clamp down on the use of ride sharing in France, U.K., Australia, India and Canada — as well as in the U.S.

Ridesharing companies have faced potential regulatory actions for a number of issues, from how they pay their drivers to their use of surge pricing. Most notably, there has been a steady drumbeat of calls for background checks for drivers. This is likely to be a big issue throughout the country for the ride-hailing companies, especially after the mass shooting by an Uber driver in Michigan.

The companies have occasionally backed these legislations, but have still come under criticism for how significant the background checks are. The Austin proposal has led to a different response: The two companies have stated that they will leave the city before submitting to these rules.

Instead of simply accepting the fate, supporters of the companies have launched two seemingly successful petition campaigns. One is quite straightforward -– it put on the ballot an initiative that would repeal the background-check requirement. Uber and Lyft donated in the neighborhood of $30,000 to get signatures for this effort; they needed 19,965 and got more than 25,000. The vote will be held on May 7 and could easily result in a complete win for the companies.

Industries have long used the initiative process to try to pass favorable laws. The Initiative and Referendum Institute at the University of Southern California notes that the alcohol industry tried to use initiatives to strike down prohibition laws, and chiropractors needed initiatives to be allowed to practice in some states.

Over the years, the gambling lobby has been extremely active throughout the country in using initiatives and other ballot measures to expand it legalization. And in one of the more bizarre and famous cases, in 1963, theaters owners supported a successful initiative for "free TV" that banned any cable TV (this law was later tossed out by the courts).

Though they have succeeded in getting on the ballot, the ridesharing companies have reason to be pessimistic. The Initiative and Referendum Institute notes that a study by political scientists Todd Donovan, Shaun Bowler, David McCuan and Kenneth Fernandez found that voters approved 40 percent of all initiatives in California from 1986-1998 — but the initiatives dominated by special interest groups did much worse; only 14 percent passed.

Most of the efforts by special interest groups fail; they are much more likely to kill an initiative than get one passed. So, while the initiative is a good idea from the ridesharing companies' point of view, it could be that voters are not that likely to care.

The initiative is one side of the political coin. The other, also being used in Austin, is a recall. Ridesharing supporters handed in close to 53,000 signatures needed to recall one of the bill's sponsors, Austin councilwoman Ann Kitchen. The signatures were rejected on a technicality (the petitioners didn't have each page notarized), but they may appeal — and the sheer number of signatures collected suggests that they have good reason to try again.

It is not clear who is leading the recall effort and who is paying for it. Reporters' attempts to contact the leaders have shown an effort to conceal the supporters, though we have seen that Austin-based Trilogy Software's CEO has given $20,000 for the recall. It is telling that proponents of the ridesharing services, including drivers themselves, have sought the power of the recall to punish members of the council and ward off future actions.

In recent years, we've seen this type of action taken in other industries. The most prominent have been labor unions, such as in Wisconsin against Governor Scott Walker in 2012, but there have been plenty of other examples: gun rights advocates who have used recalls against lawmakers in Colorado and California; opponents of hydraulic fracking; and teachers' unions against school board members. In the same vein as the initiatives, recalls that are perceived to be launched by special interest groups appear more likely to fail, but simply the threat of putting a recall on the ballot can force officials to modify their actions.

Direct democracy efforts like recalls and ballot measures would seem to be perfect weapons for technology companies. Part of the reason for the recent boom in recalls is because of the personal technology revolution.

The biggest hurdle for recall campaigns is the time, money and effort needed to gather enough signatures to get on to the ballot. But campaigning, fundraising and getting voters angry and engaged have become much easier thanks to the digital revolution. Emails and social media allow previously unconnected voters to get drawn into a fight and to organize signature gathering efforts. Smartphones, spreadsheets and demographic data allow for a more precise targeting of campaigning efforts, giving proponents more bang for their buck.

The fact that the Austin lawmakers felt they could take action against ridesharing harkens back to the weaknesses that tech companies have faced in dealing with political bodies. But the actions of Uber, Lyft and various supporters to repeal the law and remove at least one official shows that this may be the start of a new day for tech companies in the political world.

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